



Growth and Performance of Indian Mutual Fund Industry during Past Years

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Abstract

Mutual fund sector in India has witnessed a significant growth since its evolution in the year of 1963. Mutual fund industry is the most flourishing sector of Indian financial market. The industry indicates growth in all parameters such as the number of schemes, funds mobilized, the assets under management and institution-wise assets of mutual fund. The present study is an effort to examine the growth of mutual funds for the last 8-year period from April 2014 and March 2022. The results indicate that assets mobilized through mutual funds has increased to 36,78,325 crores in the year 2021-22 from 10,85,486 crores in year 2014-15. Further, the overall compound annual growth rate of all the mutual fund assets has turned out 16.4% which is quite high and represents substantial contribution of mutual fund industry. Similarly, the total number of schemes in year 2014-15 were 1884 which has increased to 2841 in the year 2021-22. Thus, the assets under management of mutual funds have observed a continuous rise in the recent past.

Keywords

Mutual fund, Investment, Mobilizations, Growth rate.

JEL Classification Code: F21, G11, G24.

I. Introduction

Saving plays an important role in the economic development of a country. It constitutes the proportion of disposable income which is in fact the present sacrificed consumption of consumers. Thus, the savings are simply the amount of difference between the disposable income and the actual consumption. Whatever the savings are made by individuals, these are invested

into some form of securities. Every investor is rational and in that way, investments are effected in such a manner that total risk is minimized while return is maximized.

In the whole process of individual savings and investment decisions, the major question is how to manage the investments so that the objective of minimum risk and maximum return is attained. The answer to this question lies in the services that can be availed through mutual fund. Mutual fund consists of the experts and professional managers who are having expertise in the field of investment decisions. Mutual fund is an important link between the investors on the one hand from whom the savings are pooled and the industry on the other hand for which the investment is actually required. From this discussion, it can be maintained that mutual fund is that service providing agency which pools together the small savings of the individuals and then through its expertise explores the sources of investments consisting of debt and equity for making the sound decisions regarding investments. The whole process is a win win game for both investors and industry. Investors get expert services to manage their investments while industry gets the funds that are needed for financing its projects. Hence, it can said that mutual fund aids in bridging the financial gap of the industry.

Relevance of Mutual fund analysis

The study focuses on analysis of growth of mutual fund industry in India based on growth of mutual fund units (assets under management of mutual fund) and mutual fund schemes covering a period from April 2014 to March 2022. In today's context, it is relevant to evaluate the growth of mutual fund industry since it has observed



substantial growth through expansion of various mutual fund schemes.

Objectives of the Study

This paper attempts to examine the growth of mutual fund sector for the period from April 2014 to March 2022. The objectives are mentioned as below:

1. To analyse the growth of mutual fund assets.
2. To analyse the growth of mutual fund assets with reference to particular institution and scheme.
3. To examine the expansion of mutual fund schemes.

II. Research Methodology

The study is based on the secondary data which have been taken from websites of Association of Mutual funds in India (AMFI) and Securities and Exchange Board of India (SEBI). The Compound Annual Growth Rate (CAGR) technique has been applied for examining the growth of mutual fund assets (AUM). The formula for CAGR is being mentioned as below:

$$[(\text{Ending Value} - \text{Beginning value})^{(1/\text{No. of years})} - 1]$$

Analysis and Findings

The growth of Indian mutual fund assets has been analysed using the compound annual growth rate. Table 1 reveals the percentage change of mutual fund assets over the previous year for the period from 2014-15 till 2021-22.

Table 1
Assets under Management of Mutual fund Industry

Year	Assets under Management (in Crores)	Percentage Change over previous year
2014-15	10,85,486	-
2015-16	13,09,630	20.64%
2016-17	16,43,670	25.50%
2017-18	21,47,139	30.63%
2018-19	23,95,496	11.56%
2019-20	25,84,658	7.89%
2020-21	29,23,640	13.11%
2021-22	36,78,325	25.81%
CAGR (% age)	16.4%	

Source: AMFI Quarterly Data.

The results indicate that the assets mobilized through mutual funds were 10,85,486 crores in year 2014-15 which has further increased to 36,78,325 crores in year 2021-22. This clearly shows that the assets under management of mutual funds have observed a continuous rise in the recent

past. Further, the overall compound annual growth rate of all the mutual fund assets has turned out 16.4% which is quite high and represents substantial contribution of mutual fund industry in Indian financial market.

Table 2
Institutional-wise Division of Mutual Fund Assets

Categories	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector								
A. Bank Sponsored								
Joint venture-predominantly Indian	88,803	1,20,036	1,70,517	2,35,947	3,06,277	3,82,889	4,58,476	5,67,134
Joint venture-predominantly Foreign	7,172	9,656	10,324	13,022	-	14,552	15,761	17,657
Others	1,00,095	1,13,144	1,47,945	1,70,004	1,80,280	1,90,330	2,04,913	2,25,989
B. Institutions								



Indian	331	358	-	-	15,820	18,556	20,989	21,834
Joint venture Predominantly Indian	9,313	13,156	21,887	20,768	-	-	25,678	27,654
C. Private Sector								
Indian	2,99,220	3,34,206	2,51,552	4,08,775	5,13,086	6,54,587	7,51,834	7,81,577
Foreign	86,524	81,278	1,18,491	1,53,271	1,92,447	1,96,554	2,05,678	2,56,878
Joint venture Predominantly Indian	5,67,131	6,36,692	10,68,592	12,62,373	12,32,901	12,56,667	14,67,008	18,65,785
Joint venture predominantly foreign	30,101	18,930	14,159	17,457	-	-	15,651	-
Joint venture (Other)	-	25,987	26,117	23,595	7,627	23,491	25,567	27,545
Total	11,88,690	13,53,443	18,29,584	23,05,212	24,48,438	27,37,626	31,91,555	37,92,053

Source: AMFI Quarterly Data.

Table 2 shows institution-wise division of mutual fund assets from year 2014-15 to 2021-22. Bank sponsored Indian joint ventures show 88,803 crores mutual fund assets in year 2014-15 and it increased to 5,67,134 crores in year 2021-22.

Similarly, other institutions and private sector mutual fund assets also indicate significant rise in the recent years. The sum of total mutual fund assets has increased from 11,88,690 crores to 37,92,053 crores over the period of the study.

Table 3
Schemes-wise Division of Mutual Fund Assets

Schemes Category	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Income	5,15,773	5,65,459	7,43,783	7,85,553	7,18,919	12,98,143	15,13,561	13,78,157
Equity (Other than ELSS)	3,05,669	3,44,707	4,82,138	6,69,207	7,96,082	83,199	8,04,517	11,15,718
Balanced	26,368	39,146	84,763	1,72,151	1,80,648	2,10,766	2,54,712	2,78,677
Liquid/Money Market	1,62,562	1,99,404	3,14,086	3,35,525	4,36,224	4,78,997	5,12,110	5,52,780
Infrastructure Debt Fund	1178	1,730	1,908	2,468	2,649	2,399	2,256	1,990
Gilt	14,614	16,306	14,875	11,404	8,099	8,923	16,290	15,285
Equity ELSS	39,470	41,696	61,403	80,583	96,019	83,199	1,25,334	1,41,776
Gold ETFs	6,655	6,346	5,480	4,806	4,447	7,795	14,050	19,369
Other ETFs	8,060	16,063	44,436	72,888	1,34,626	1,56,551	2,78,367	3,97,042
Funds Investing Overseas	2408	1,967	1747	1,451	1,871	2,697	11,327	21,830
Total	10,82,757	12,32,824	17,54,619	21,36,036	23,79,584	23,32,669	32,77,812	39,22,624

Source: AMFI Quarterly Data.

The Table 3 depicts the growth in mutual fund assets with reference to particular scheme. Each product of Indian mutual fund is further comprised of eight types of mutual fund schemes, namely, income, equity (Equity linked Saving

Scheme i.e., ELSS or other than ELSS), balanced, Liquid/Money Market, Debt, gilt, ETFs and Funds Investing Overseas. The resource mobilization that has been pooled under each scheme has witnessed a remarkable growth over the sample period.



Table 4
The Number of Mutual Fund Schemes Floated

Schemes	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	CAGR (% age)
Income	1245	1,730	1,575	1,258	1,252	1,381	1,412	1,756	4.3 %
Equity/Growth	379	413	420	442	485	528	556	610	6.1 %
Balanced	25	28	30	31	27	32	28	27	0.9 %
Liquid/Money Market	52	53	52	52	65	63	55	43	-2.3 %
Gilt	45	41	41	38	27	22	20	17	-11 %
Equity ELSS	55	60	64	72	69	75	89	110	9 %
Other Schemes	79	88	92	96	107	119	197	245	15 %
Infrastructure Debt Fund	4	7	7	9	10	15	21	33	30 %
Total	1884	2420	2281	1998	2042	2,235	2,378	2,841	5.26 %

Source: AMFI Quarterly Data.

Table 4 brings out the total number of mutual fund schemes launched such as, income, equity, balanced, liquid market, gilt, equity ELSS, infrastructure debt fund and other schemes from 2014-15 to 2021-22. The income schemes have recorded an increase from 1,245 in 2014-15 to 1,756 in 2021-22 (4.3%). Similarly, equity schemes have increased from 379 to 610 (6.1%). Likewise, equity ELSS has shown a rise from 55 to 110 i.e. (9%) and other schemes also increased from 79 to 245 (15%). Balanced schemes have not indicated any substantial hike, for instance, has increased just from 25 to 27 in 8 years i.e., only 0.9%. Further, Liquid and Gilt schemes have shown a decrease in number during the period of study. The overall CAGR of total number the schemes has turned out 5.26% which is quite high and represents substantial contribution of mutual fund industry.

III. Conclusion

Mutual fund Industry in India is the most flourishing sector of Indian financial market. It has become a major tool for mobilizing small savings and subsequently investing these saving in the capital market. In fact, the industry indicates growth in all parameters such as the number of schemes, funds mobilized, the assets under management and institution-wise assets of mutual fund. The results reveal that assets mobilized through mutual funds has increased to 36,78,325 crores in the year 2021-22 from 10,85,486 crores in year 2014-15. This clearly shows that the assets under management of mutual funds have observed a continuous rise in the recent past. Similarly, the total number of schemes in year 2014-15 were 1884 which has increased to 2841 in the year 2021-22. The resource mobilization that has been pooled under each scheme has witnessed a remarkable growth over the sample period. Further, the overall compound annual growth rate of all the mutual fund assets has turned

out 16.4 % which is quite high and represents substantial contribution of mutual fund industry in the Indian financial market. From the whole analysis, it can be concluded that the total assets of mutual fund, scheme wise resource mobilization, institution wise resource mobilization and total number of schemes has significantly increased from 2014-15 to 2021-22. This clearly brings out the investors' inclination towards mutual fund assets, thus, it can be concluded that mutual fund assets are being considered as one of safest investments by investors.

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