INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

IJRCM

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Google Scholar,
Open J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)],
The American Economic Association's electronic bibliography, EconLit, U.S.A.,
Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.
Circulated all over the world & Google has verified that scholars of more than **5220 Cities** in **187 countries/territories** are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

http://ijrcm.org.in/

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to the recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography: Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** ***anytime*** in ***M.S. Word format*** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website (***FOR ONLINE SUBMISSION, CLICK HERE***).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION**:

DATED: _____________

THE EDITOR

IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF _______________________.**

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript titled '____' for likely publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published anywhere in any language fully or partly, nor it is under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to inclusion of their names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR	:
Designation/Post*	:
Institution/College/University with full address & Pin Code	:
Residential address with Pin Code	:
Mobile Number (s) with country ISD code	:
Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No)	:
Landline Number (s) with country ISD code	:
E-mail Address	:
Alternate E-mail Address	:
Nationality	:

* i.e. Alumnus (Male Alumni), Alumna (Female Alumni), Student, Research Scholar (M. Phil), Research Scholar (Ph. D.), JRF, Research Assistant, Assistant Lecturer, Lecturer, Senior Lecturer, Junior Assistant Professor, Assistant Professor, Senior Assistant Professor, Co-ordinator, Reader, Associate Professor, Professor, Head, Vice-Principal, Dy. Director, Principal, Director, Dean, President, Vice Chancellor, Industry Designation **etc**. ***The qualification of author is not acceptable for the purpose***.

NOTES:

a) The whole manuscript has to be in ***ONE MS WORD FILE*** only, which will start from the covering letter, inside the manuscript. ***pdf. version is liable to be rejected without any consideration***.

b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail**:

New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

c) There is no need to give any text in the body of the mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.

d) The total size of the file containing the manuscript is expected to be below **1000 KB**.

e) Only the **Abstract will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.

f) ***The journal gives acknowledgement w.r.t. the receipt of every email within twenty-four hours*** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of the manuscript, within two days of its submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.

g) The author (s) name or details should not appear anywhere on the body of the manuscript, except on the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.

2. **MANUSCRIPT TITLE:** The title of the paper should be typed in **bold letters**, **centered** and **fully capitalised**.

3. **AUTHOR NAME (S) & AFFILIATIONS:** Author (s) **name**, **designation**, **affiliation** (s), **address**, **mobile/landline number** (s), and **email/alternate email address** should be given underneath the title.

4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.

5. **ABSTRACT:** Abstract should be in **fully Italic printing**, ranging between **150** to **300 words**. The abstract must be informative and elucidating the background, aims, methods, results & conclusion in a **SINGLE PARA**. ***Abbreviations must be mentioned in full***.

6. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations etc.

7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aeaweb.org/econlit/jelCodes.php. However, mentioning of JEL Code is not mandatory.

8. **MANUSCRIPT:** Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. *It should be free from any errors i.e.* ***grammatical, spelling*** *or* ***punctuation.*** *It must be thoroughly edited at your end*.

9. **HEADINGS:** All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.

11. **MAIN TEXT:**

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:

INTRODUCTION

REVIEW OF LITERATURE

NEED/IMPORTANCE OF THE STUDY

STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESIS (ES)

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

RECOMMENDATIONS/SUGGESTIONS

CONCLUSIONS

LIMITATIONS

SCOPE FOR FURTHER RESEARCH

REFERENCES

APPENDIX/ANNEXURE

The manuscript should preferably be in ***2000 to 5000 WORDS***, But the limits can vary depending on the nature of the manuscript.

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR**, **centered**, **separately numbered** & self-explained, and the **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. *It should be ensured that the tables/figures are referred to from the main text*.

13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.

14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section e.g. Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.

15. **REFERENCES:** The list of all references should be alphabetically arranged. ***The author (s) should mention only the actually utilised references in the preparation of manuscript*** and they may follow Harvard Style of Referencing. **Also check to ensure that everything that you are including in the reference section is duly cited in the paper**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc., in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italic printing. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parenthesis.
- ***Headers, footers, endnotes** and **footnotes** should **not be used** in the document.* However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders before the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

RECENT SCENARIO OF INVESTMENT IN INDIAN MUTUAL FUND INDUSTRY

R. D. SIKCHI
PRINCIPAL
SITABAI ARTS COLLEGE
AKOLA

ROHIT
RESEARCH SCHOLAR
FACULTY OF COMMERCE
SANT GADGE BABA AMRAVATI UNIVERSITY
AMRAVATI

ABSTRACT

In today's volatile market environment, mutual funds are looked upon as a transparent and low-cost investment vehicle, which is likely to attract a fair share of investor attention. However, the progress made till now by the industry is still far behind compared to other investment sectors in India. The total asset in mutual fund industry is still below 10% (9.08% in Financial Year 2015-16) of GDP (Gross Domestic Product). In financial year 2013-14 Mutual Funds were able to attract only 1.8% of the total financial savings of the household sector. The present study aims to analyze various aspects of the growth experience of the mutual fund industry. It has analyzed the pattern of investment, financial savings of the household sector, fund mobilized, AUM (Assets Under Management), repurchase/redemption etc. in the Mutual Fund industry after year 2000. A comparison between public and private sector has also been made. The study also intends to ascertain to what extent the Indian mutual fund industry was able to withstand the global financial crisis of 2008 and global recession of 2011 and whether it has overcome from this setback till now.

KEYWORDS

AUM, growth, investment, mutual fund.

1. INTRODUCTION

Before 1990 India had a bank dominated financial market under monopoly of the government where the capital market was totally controlled by administrative officers of the government. Since then it has made remarkable progress to become one of the most developed financial markets among emerging economies, however, it still has a long way to go to level the developed economies. The investments can be quickly and efficiently undertaken if investors have access to a well-developed financial market. The Indian securities market gained greater importance when the SEBI Act, 1992 established the Securities and Exchange Board of India (SEBI) as a statutory authority to oversee the Securities market in India. SEBI is mandated with three principal objectives: (i) To protect the interests of investors in securities; (ii) To promote the development of the securities market; and (iii) To regulate the securities market. Before the establishment of SEBI, activities in securities markets lacked a comprehensive regulatory framework and were opaque. Since the establishment of SEBI, the securities market in India has developed significantly. With the implementation of various rules and regulations prescribed by SEBI, access to information has increased, the risk of defaults has gone down and overall governance and ambience have become conducive for protection of investors' interests and the development of the securities market in India (Rakesh M., 2007).

India's investment cycle, was on an upturn since 2003-04 up to the 2007-08. The year 2008 witnessed an unprecedented crisis in an era when the integration of the world economy had achieved newer heights in history as an exceptional phase in the global economic Diaspora. India was comparatively less impacted by the crisis. This can be attributed to India's domestic driven market as against other export oriented economies. Additionally, the Indian banking system has been quite robust and was able to withstand the liquidity crunch.

In this study, various aspects of the growth experience of the mutual fund industry are analyzed. It has analyzed the pattern of investment, growth, the factors contributing and inhibiting to the growth and has made assessment of future prospects of Indian Mutual Fund Industry. The study also intends to ascertain that to the extent the Indian mutual fund industry was able to withstand the global financial crisis of 2008 and global recession of 2011 and whether it has overcome from this setback. The study is mostly restricted to the period of past 16 years, starting from year 2000 to 2016. The data has been collected from the websites of Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and Association of Mutual Funds in India (AMFI). In order to analyze the growth, Compounded Annual Growth Rate (CAGR) and exponential growth rate has been used using MS Excel. The CAGRs have been evaluated for two periods, one from 2000 to 2008 and other from 2000 to the latest time for which data were available in the tables to compare the growth rate pre and post global crisis of 2008.

2. PATTERN OF FINANCIAL SAVINGS OF HOUSEHOLD SECTOR

TABLE 1: % DISTRIBUTION OF FINANCIAL SAVINGS OF THE HOUSEHOLD SECTOR IN THE SPECIFIED ITEMS

Year	Deposits with Commercial Banks	Shares & debentures	Mutual Fund[1]	Small savings	Insurance funds
2000-01	32.5	3.2	0.9	14.0	13.6
2001-02	35.3	1.5	1.2	12.1	14.2
2002-03	35.5	0.9	0.8	14.9	16.1
2003-04	37.4	1.2	-1.1	15.5	13.7
2004-05	36.4	1.4	-0.3	19.5	16.0
2005-06	46.7	1.4	3.5	12.2	14.2
2006-07	47.8	3.7	5.3	2.7	17.7
2007-08	50.4	4.5	7.9	-1.9	18.0
2008-09[R]	52.8	0.7	-1.4	-3.8	20.3
2009-10[R]	36.6	1.2	3.3	4.3	26.2
2010-11[R]	41.3	1.4	-1.2	4.0	22.3
2011-12[P]	48.5	0.4	-1.1	-2.3	23.1
2012-13[R]	51.1	4.1	3.4	-0.7	17.3
2013-14[R]	53.1	2.9	1.8	0.6	17
CAGR-08	6.47%	4.99%	36.39%	---	4.09%
CAGR-14	3.85%	-2.63%	5.48%		1.73%

Source: Various issues of Annual Report of RBI of corresponding years from www.rbi.org.in/scripts/AnnualReportMainDisplay.aspx accessed on 19-09-2016.
Notes: 1- Mutual Funds and UTI combined, R - Revised, P - Provisional Estimates

The **Table 1** shows the distribution of gross financial saving of the household sector among specified items. It shows that share of mutual funds in the total investment in the country was never significant. It was 0.9% in 2000 and it is 1.8% in 2014. The best position was in 2007-08 when it was 7.9%. The percent shares of mutual funds were growing with an encouraging rate with CAGR (Compounded Annual Growth Rate) 36.39% till 2008 but its growth has fallen in year 2014 to CAGR 5.48%, which was around 15% between 2000 and 2006 and reached to 0.6% in 2014. Small sharp decline is seen in small savings which had double digit share till 2006. However, the insurance funds have maintained their share about 18% throughout the period 2000-2014. CAGR reveals that the percent shares of deposits with commercial banks were growing with CAGR 6.47% till 2008 but it came down to the level of 3.85% in 2014. The percent shares of Shares & debentures were growing with CAGR 4.99% till 2008 but it showed a negative growth in 2014 with CAGR -2.63%. However, the percent shares of insurance funds including provident and pension has maintained some growth. While CAGR of insurance funds was 4.09% till 2008 it has reduced to 1.73% in 2014. Deposit with commercial banks still has a bulk share of savings in household sector. It had 32.5% share in 2000-01 and has 53.1% share in 2013-14. The CAGR of the deposits till 2008 was 6.47% and it was 3.85% till 2014. However, in the comparison with Mutual Funds the CAGR of deposits with commercial banks is much lower than that of Mutual Funds. The impact of global crisis of 2008 is clearly visible on the trend of growth in investment in Mutual Funds and although its share is showing upward trend nevertheless it has still not recovered fully.

3. UNIT HOLDING AND INVESTMENT PATTERN

TABLE 2: UNIT-HOLDING PATTERN OF MUTUAL FUNDS INDUSTRY AS ON MARCH 31

Category\Year	% of Total Investors							% of Total Net Assets						
	2010	2011	2012	2013	2014	2015	2016	2010	2011	2012	2013	2014	2015	2016
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Individuals	97.1	97.0	94.5	96.9	97.4	97.3	97.5	39.8	23.4	48.2	45.7	45.1	46.9	46.7
NRIs	2.0	1.9	1.9	1.8	1.7	1.8	1.7	4.5	2.0	6.0	4.7	3.8	3.8	3.6
FIIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.8	0.9	1.0	0.9	1.6	0.9
Corporates/Institutions/Others	1.0	1.1	3.6	1.2	0.9	0.9	0.8	54.8	72.8	44.9	48.6	50.2	47.6	48.8
Share of Public Sector	**34.59**	**NA**	**34.4**	**34.79**	**36.1**	**34.8**	**34.03**	**22.03**	**NA**	**17.6**	**17.4**	**16.8**	**15.2**	**17.10**
Distribution of Public Sector\Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Individuals	98.7	98.7	90.7	98.8	97.5	98.6	98.7	39.9	51.5	51.1	49.0	45.2	50.2	44.9
NRIs	0.9	0.9	0.9	0.9	1.7	0.9	0.9	2.0	3.2	3.4	3.1	3.6	2.5	2.2
FIIs	0.0	0.0		0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	1.2	0.0	0.1
Corporates/Institutions/Others	0.4	0.4	8.4	0.4	0.8	0.5	0.4	58.0	45.2	45.5	47.8	50.0	47.3	52.8
Share of Private Sector	**65.41**	**NA**	**55.6**	**65.21**	**63.9**	**65.2**	**65.97**	**77.97**	**NA**	**82.4**	**82.6**	**83.2**	**84.8**	**82.90**
Distribution of Private Sector\Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Individuals	96.2	96.2	96.3	96.0	97.3	96.6	96.8	39.7	23.4	47.3	45.0	45.1	46.3	47
NRIs	2.5	2.4	2.4	2.4	1.7	2.2	2.1	5.1	2.0	6.6	5.0	3.8	4.1	3.9
FIIs	0.0	0.0	0.0	0.0	0.0	0.1	0.0	1.3	1.8	1.2	1.2	1.0	1.9	1.1
Corporates/Institutions/Others	1.2	1.4	1.1	1.7	0.9	1.2	1.1	53.8	72.8	44.8	48.8	50.2	47.7	48.0

Source: Annual reports of SEBI of corresponding years from http://www.sebi.gov.in/sebiweb/home/list/4/24/0/0/Annual-Reports accessed on 19-09-2016

Table 2 presents unit holding and investment pattern in Mutual funds in the period 2010-2016. An analysis of the pattern shows that the retail investors for whom Mutual Funds were expected to be the primary investment vehicle, held 39.8% of total net assets with Mutual Funds in 2010 which has now increased 46.7% in 2016. It ranged between minimum 23.4% in 2011 and maximum 46.9% in 2015. In contrast, the corporates etc. which had held 54.8% is now holding 48.8% in 2016 which has declined almost to the level of retailers. The pattern of investment in 2010-16 presents an encouraging scenario for the growth of Mutual Funds in terms of increasing shares of retailers. We may also find from the table that the share of NRIs and FIIs has declined in the period. The proportion of the number of individual investor folios as percentage of overall investors' accounts has been at level in the period between 94.5% and 97.4%.

When the pattern is analyzed sector wise, it may be seen that in Public Sector the share of retail investors in the total assets was 39.9% in 2010 which has increased to 44.9% in 2016 oscillating between 39.9% and 51.5% in the period and the share of Corporates etc. has decreased from 58% to 52.8% in between minimum 45.2% and maximum 58% during the said period. The share of NRIs in the period was about 3% and FIIs about.1% in this period. In the Private Sector share of Corporates etc. has declined from 53.8% in 2010 to 48% in 2016 where minimum was 44.8% and maximum was 53.8% in the period and share of retail investors has increased from 39.7% in 2010 to 47% in 2016. Shares of NRIs and FIIs have also declined in the period. Number of Folios of retail investors in private sector were between 96% and 97.3% while that of corporate between 0.9% and 1.7%.

The share of public sector in Net Assets in 2010 was 22.3% which has reduced systematically to reach at 17.1% in 2016. However, number of investors in public sector are almost at level between 34.4% and 36.1% in the period. A reverse phenomenon is found for the private sector.

From these comparisons we find that in Public Sector the share of number of portfolios of retailers are quite large compared to Private Sector but the share of net assets of retailers has considerably increased in Private Sector. It indicates that the in confidence of retail investors has considerably increased in private sector mutual funds compared to private sector Mutual funds.

4. GROWTH OF INDIAN MUTUAL FUND INDUSTRY

Table 3 presents Number of fund houses in operation, No. of schemes, No. of folios, Funds mobilized, Repurchase/ Redemption, Net Inflow / Outflow, AUM (Asset Under Management) on March 31, AUM as % of GDP (Gross Domestic Product) yearly from 2000 to 2016. From the Table we find that the total number of fund houses increased from 35 in the financial year 2000-01 to 42 in 2015-16 and had a CAGR of 1.22%. The CAGR up to 2008 was -0.84% indicating negative growth. From year 2002-03 to 2007-08 many fund houses were met with acquisitions and takeovers.

The CAGR of number of schemes existing is 12.86% for 16 years' period, there were 394 schemes operating under various categories in year 2000-01 and increased to 2420 in 2015-16. Total number of investors' folios increased with a CAGR of 10.33% between years 2000 and 2016. However, it may be seen that number of investor's folios was growing with a CAGR 31.52% during the period 2000 to 2008 being about three times of CAGR in 2016. The decline in the number of investors folios of in years after 2009 was mainly due to huge redemptions made in the post 2008 crisis however it is increasing in recent years.

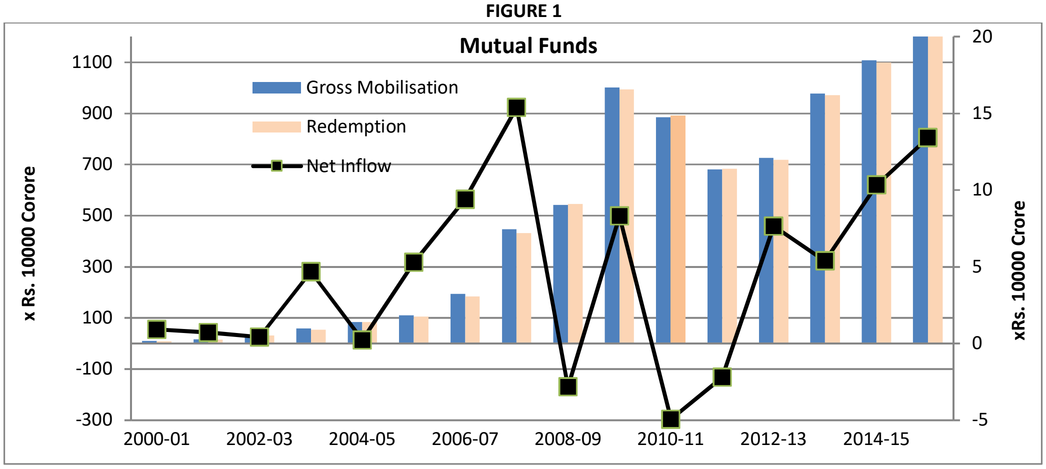
TABLE 3: GROWTH OF INDIAN MUTUAL FUND INDUSTRY

Year	Number of fund houses in operation	No. of schemes	No. of folios	Funds mobilized (₹ in Cr)	Repurchase/ Redemption (₹ in Cr)	Net Inflow / Outflow (₹ in Cr)	AUM on March 31 (₹ in Cr)	AUM as % of GDP
2000-01	35	394	NA	92957	83829	9128	90587	4.177111
2001-02	34	417	NA	164523	157348	7175	100594	4.28364
2002-03	29	406	NA	314706	310510	4196	79464	3.140047
2003-04	29	403	14643324	590190	543381	46809	139616	4.919694
2004-05	29	450	13845292	839708	837508	2200	149600	4.614138
2005-06	29	592	21788215	1098149	1045370	52779	231862	6.277791
2006-07	30	755	30366707	1938493	1844508	93985	326388	7.599775
2007-08	33	956	43796078	4464376	4310575	153802	505152	10.12919
2008-09	35	1001	47964617	5426353	5454650	-28296	417300	7.411995
2009-10	38	882	48174920	10019023	9935942	83080	613979	9.508216
2010-11	41	1131	47233262	8859515	8908921	-49406	592250	7.717469
2011-12	44	1309	46452064	6819679	6841702	-22024	587217	6.630872
2012-13	43	1294	42828315	7267885	7191346	76539	701443	6.93586
2013-14	46	1638	39548410	9768401	9714318	54083	825240	7.267589
2014-15	43	1884	41740203	11086260	10982972	103288	1082757	8.670237
2015-16	42	2420	47663024	13765555	13631375	134180	1232824	9.08085
CAGR00-08	-0.84%	13.50%	31.51%	73.86%	75.57%	49.70%	27.83%	13.56%
CAGR00-16	1.22%	12.86%	10.33%	39.54%	40.41%	19.62%	19.01%	5.34%

Source: Various issues of SEBI Annual Report, RBI database http://dbie.rbi.org.in/DBIE/dbie.rbi?site=home (accessed 19-9-2016) and Various issues of AMFI MONTHLY from website http://www.amfiindia.com/AmfiMonthly.aspx(accessed 19-9-2016)

The CAGR of total funds mobilized from 2000 to 2016 is 39.54% but the CAGR was 73.86% till 2008. Total redemptions/repurchases had a CAGR of 40.41% in 2016 which was 75.57% much higher in 2008 than its current growth rate. The Net inflows which were growing with CAGR of 49.70% till 2008 have come in the negative segment due to huge redemption in the period after 2008 till 2012. However, overall CAGR has of Net inflows from 2000 to 2016 has been recovered to the level 19.62%. **Figure 1** presents the growth of Gross Mobilization, redemption and net inflow as visual diagram.

FIGURE 1



The AUM was growing from 2000 to 2008 at CAGR 27.83% however in the whole period of 16 years its CAGR is 19.01%. **Figure 2** presents the growth of AUM from 2000 to 2016 and a trend line has been fitted with exponential model. The R-square a measure of goodness of fit is.944 indicating nice fitting of exponential model. The fitted exponential model also reveals that the AUM is growing with exponential growth of 18.5% yearly in the whole period. We may also see that the AUM also declined due to Global financial crisis and recession. The AUM at the end of the financial year as percent of GDP (Gross domestic product) at current price has been calculated and shown in the last column of **Table 3**. We find that AUM was always below 10% of the GDP except in 2007-8 when it was 10.13%. Here also the growth of this ratio was remarkable till 2008 with CAGR 13.56% which has declined to 5.34% in 2016 measured from 2000.

FIGURE 2

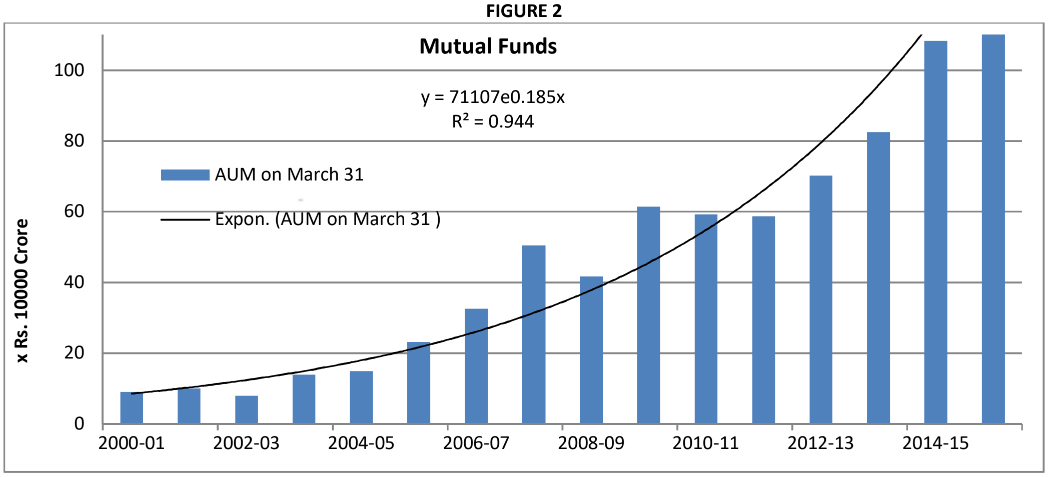


TABLE 4: SECTOR-WISE COMPARISON OF GROWTH OF INDIAN MUTUAL FUND INDUSTRY

Year	Public Sector[1]			Private Sector		
	Gross Mobilisation (₹ in Cr)	Redemption (₹ in Cr)	Net Inflow (₹ in Cr)	Gross Mobilisation (₹ in Cr)	Redemption (₹ in Cr)	Net Inflow (₹ in Cr)
2000-01	17948	18670	-722	75009	65160	9850
2001-02	16725	22600	-5875	147798	134748	13050
2002-03	30611	38484	-7873	284096	272026	12069
2003-04	55540	51277	4264	534649	492105	42545
2004-05	103245	108644	-5399	736463	728864	7600
2005-06	183446	173644	9803	914703	871727	42977
2006-07	338620	323673	14947	1599873	1520836	79038
2007-08	683624	663126	20497	3780753	3647449	133304
2008-09	1133603	1127882	5722	4292751	4326768	-34018
2009-10	2320539	2292387	28152	7698483	7643555	54928
2010-11	1936591	1966782	-30191	6922924	6942140	-19215
2011-12	1135935	1142514	-6578	5683744	5699189	-15446
2012-13	1339939	1328501	11438	5927947	5862845	65102
2013-14	1718703	1713758	4945	8049397	8000559	48838
2014-15	1942297	1942710	-413	9143962	9040262	103700
2015-16	2639279	2596491	42787	11126277	11034883	91,394
CAGR (2000-08)	68.20%	66.53%	--	75.07%	77.71%	45.09%
CAGR (2000-16)	39.48%	38.96%	---	39.56%	40.79%	16.01%

Source: Various issues of SEBI Annual Report from http://www.sebi.gov.in/sebiweb/home/list/4/24/0/0/Annual-Reports accessed on Dated 19-09-2016

Note: 1. Includes units of UTI

From the **Table 4** we may analyze the growth of Mutual Funds sector wise. The CAGR of the funds mobilized in public sector in 2016 is 39.48% but the CAGR till 2008 in this sector was 68.20%. While the CAGR of the funds mobilized in private sector in 2016 is 39.56% but the CAGR till 2008 in this sector was 75.07%. Clearly the growth rate was higher in private sector compared to public sector. The amount mobilized by private sector in 2016 was ₹ 1,11,26,277 Cr. about 4 times higher than ₹ 26,39,279 Cr. mobilized by public sector in this year.

The trend of redemption is found to follow similar pattern as that of funds mobilized. The growth of redemption in public sector had CAGR 66.53% in 2008 and 38.96% in 2016 and in private sector the redemption had CAGR 77.71% in 2008 and 40.79% in 2016. The CAGR of Net inflow in private sector was 45.09% in 2008 and 16.01% in 2016. The effects of Global financial crisis in 2008 and global recession in 2011, is clearly visible in the growth of funds. We may witness from the **Table 4** that huge redemptions were made in 2010 and 2011 in both sectors. The growth of the funds mobilized, redemption and net inflow in public sector have been presented in **Figures 3** and that of private sector in **Figures 4.**

FIGURE 3

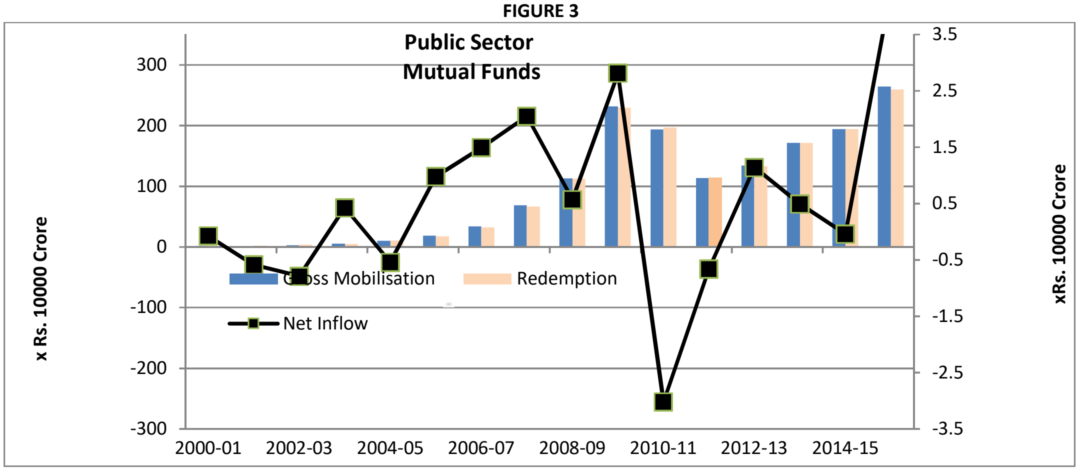
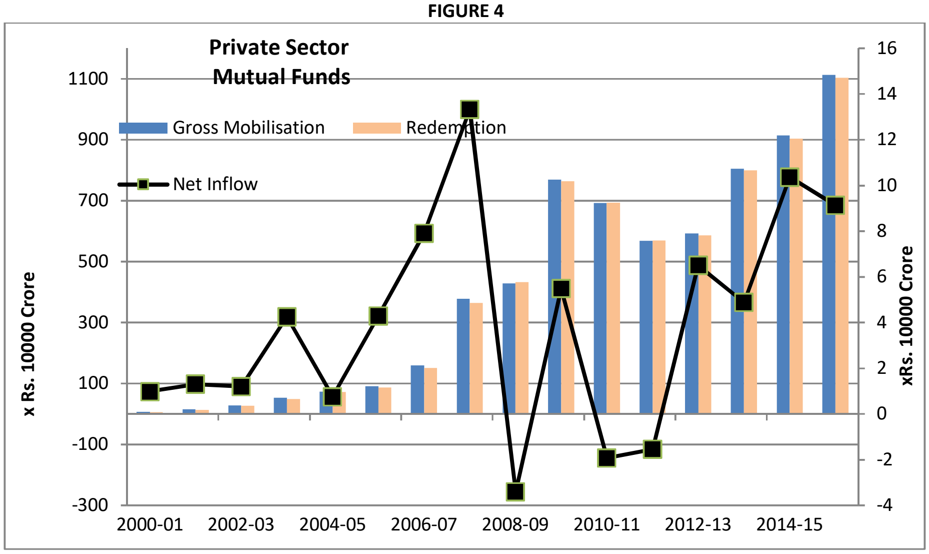


FIGURE 4



From **Table 3** we find that there is a downtrend in Net funds mobilized, AUM, AUM as percentage of GDP during the years 2002-03, 2008-09 and 2010-11 due to bifurcation in UTI in February 2003, Global financial crisis in 2008 and recession in 2011 respectively. By considering overall trend (except in few years), the performance of Indian Mutual fund Industry is good for the period of 16 years i.e. 2000-01 to 2015-16.

5. CONCLUSIONS AND REMARKS

We have seen that after Global financial crisis and recession, AUM (assets under management) has indicated vibrant growth levels posting a growth of 19.01% in the period 2000-16 compared to 27.83% in 2000-08 measured as CAGR and the aggregate funds mobilized during the period also grew at the rate of 39.54% in 2000-16 compared to 73.86% in 2000-08. Number of schemes was found growing with the CAGR 12.86% and number of folios with CAGR 10.33% in the period 2000-16 The proportion of net assets of retail investors being 46.7% in 2016 has now come to the level of institutional investors which is 48.8%. These statistics testify that the Indian mutual fund industry has weathered the financial crisis well, but it cannot be denied that the industry still requires to effectively overcome the challenges of low retail participation and penetration levels.

Our study has also revealed that private sector has made larger contribution in the growth of mutual fund industry compared to public sector after liberalization. The private sector has mobilized more than four times funds than the public sector. However, another study made to measure the competition in the Indian mutual fund industry for the period March, 2003 to March,2009 has found that funds within Private Joint Venture Indian Dominated were highly competitive; funds within Private Joint Venture Foreign Dominated were found most of the times moderately competitive and funds within Bank-Institution, Private Sector Indian and Private Sector Foreign were found concentrated.(Khurshid, S.M.Z., Rohit and Singh, G.P., 2009.)

One of the major reasons for relatively low activity of Mutual Funds in India is that of penetration which is negligible especially in the rural areas. Thus, if the sector has to grow fast, it needs to devise appropriate schemes to attract the saving of low-income groups in urban as well as rural areas. This is the only way to ensure participation of all categories of investors in the financial markets, which is crucial for sustained development, both of the financial sector and the economy as a whole.(Gokarn, S.,2011, Purandare J., Mehra G., 2010)

The share of mutual funds as a percentage of GDP in developed countries are quite high mostly above 50% compared to India where we have seen that assets of mutual funds as a percentage of GDP are about 10%. However the mutual fund industry is growing at a much higher rate in India as compared to the other major countries. (Mitra, A., 2009. Rohit, 2012) This shows the tremendous scope and potential for growth of mutual funds in India. However, the industry requires more competition, transparency, penetration and schemes being capable to attract from vast area of common and retail investors.

REFERENCES

1. AMFI web site http://www.amfiindia.com/visited on Dated 19-09-2016
2. Gokarn, S. (2011): "Mutual Funds and Market Development in India," CII 7th Edition of Mutual Fund Summit 2011 on June 22, 2011 at Mumbai, http://www.rbi.org.in/scripts/BS_SpeechesView.aspx?id=584, accessed on January 9, 2015.
3. Khurshid, S.M.Z., Rohit and Singh, G.P. (2009): "Levels and Trends of Competition Among the Mutual Funds in India," Research Journal of Business Management, V0l. 3, pp. 47-67.
4. Mitra, A. (2009): "Mutual Funds – Are They For Mutual Benefit?", NSE Newsletter, Sep. 2009, http://www.nseindia.com/archives/news/newsSEP2009.pdf download on January 9, 2015.
5. Purandare J., Mehra G. (2010): "Indian mutual fund industry - Towards 2015", Technical report, Mutual Fund Summit, CII and PWC, https://www.pwc.in/assets/pdfs/financial-service/towards_2015.pdf, accessed on January 9, 2015.
6. Rakesh M. (2007): "Development of Financial Markets in India," Speech Delivered at the first Indian-French Financial Forum in Mumbai, May 16, http://www.bis.org/review/r070523e.pdf accessed on January 19, 2015.
7. RBI web site https://www.rbi.org.in/ visited on Dated 19-09-2016
8. Rekha, B. U. (2012): "Growth and Prospects of Indian Mutual Fund Industry - A Review," International Journal Of Research In Commerce & Management, Vol. 3, N0. 8, pp 171-175
9. Rohit, (2012): "A Study of the Pattern and Trends of Investment in Indian Mutual Fund Industry," International Journal of Commerce & Social Sciences, Vol. 2, No. 2, pp. 7-15.
10. SEBI web site http://www.sebi.gov.in/ visited on Dated 19-09-2016

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as, on the journal as a whole, on our e-mail **infoijrcm@gmail.com** for further improvements in the interest of research.

If you have any queries, please feel free to contact us on our e-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward to an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-
Co-ordinator

DISCLAIMER

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals