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“Growth of Mutual Fund in India”

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Mutual Fund is a company that acts as a financial vehicle to pool assets from shareholders to invest in securities like stocks, bonds, money market intrument and other assets. The professional bonds, money market instruments and other assets. The professional money managers operates mutual funds and it allocate the funds assets and attempts to product capital gains income for the fund’s investors. Each investors have own units which represent a portion of the holding of the fund. In India, mutual funds are an important part of the financial services. It provide investment products for retail investors. The retail investors can invest their money at lower cost index funds through professional management teams. The first mutual fund company developed in 19th century in Europ. The Robert Fleming set up ‘foreign and colonial investment trust’ in 1868 as mutual fund company. While in Indian, ‘Unit Trust of India (UTI) ‘has started mutual fund in 1963. The formation of UTI in 1963 by an Act of Parliament and functioned under the Regulatory and administrative control of the Reserve Bank of India (RBI). In 1978, Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. The first scheme launched by UTI was US’64 in 1964. The public sector Banks and insurance corporation entered in mutual fund industries between 1987-93. SBI setup the first ‘non-UTI’ mutual fund in June 1987. Thereafter, Canbank Mutual Fund (Dec. 1987), Punjab National Bank Mutual Fund (Aug. 1989), Indian Bank Mutual Fund in Nov. 1989, Bank of India (June, 1990), Bank of Baroda Mutual Fund in Oct,1992, LIC Set up its Mutual fund in June, 1989 while GIC in Dec. 1990. At the end of 1993, the MF industry had asset under management of Rs 47004 Crores.

Securities and Exchange Bord of India (SEBI) has established in 1987 but it came in full power after SEBI Act 1992. SEBI Act to protect the interest of the investor in securities market and to promote the development and regulate, the securities market, SEBI Mutual Fund Regulation Came into being for all mutual fund, except UTI in 1993. The private sector entered in MF industry in 1993. The new era began in the Indian MF industry with wider choice of MF products to Indian investors. The initial SEBI MF Regulations were revised and replaced SEBI (MF) Regulations, 1996. The number of mutual funds increased with many foreign sponsors. There were 33 MFs with total assets under management (AUM) of Rs 1,21,805 Crores, out of which UTI alone had AUM of Rs 44541 crores at the end of January 2003.

UTI was bifurcated into two separate entitled as the specified undertaking of the Unit Trust of India (SUUTI) and UTI Mutual Fund which worked under the SEBI MF Regulation after repeal of the unit Trust of India Act 1963 from Feb 2003. The several managers of UTI move in different private sector funds. The securities market globally melt-down in 2009 and its effected India also. The investors who invested in capital market during peak period had lost money and their faith in MF product was shaken greatly. The SEBI removed entry load from mutual fund for two years. In 2012, a part of the Total Expense Ratio (TER) to be used for investor education and launched Rajiv Gandhi Equity Savings Scheme (RGESS). The SEBI introduced ‘re-energize’ in Setp, 2012 for Indian Mutual Fund Industry to increase MFs. The securities transaction tax (STT) for equity fund have reduced in 2013 and also launched a direct plan for the Mutual fund schemes. While long-term was changed duration from 12 months to 36 months for debt mutual fund.

The number of registered mutual funds increased continuously and reached upto 47 as on June 2023. The name of these are 360 One Mutual Fund, Aditya Birla Sun Life MF, Axis MF, Bajaj Finserv Ltd, Baroda Mutual Fund, BNP Paribas MF, BIO AXA MF, Canara Rebeco MF, CRB Mutual Fund, DSP MF, Edelweiss MF, Franklin Templeton MF, Grow Mutual Fund, HDFC MF, HSBC MF, ICICI Prudential MF, IDBI MF, IDFC MF, IIFCL MF (IDF), IL & FS IDF MF, Invesco MF, ITI Mutual Fund, JM Finance MF, Kotak Mutual Fund, LIC MF, Mahindra Manulife Mutual Fund, Mirae Asset MF, Motilal Oswal MF, NJ Mutual Fund, Navi Mutual Fund, Nippon India Mutual Fund, PGIM India Mutual Fund, PPFAS MF, Principal Mutual Fund Quant Mutual Fund, Quantum Mutual Fund, Sahara

Mutual Fund, Samco Mutual Fund, SBI MF, ShriRam MF, Sundram Mutual Fund, Tata MF, Taurus MF, Trust Mutual Fund, Union Mutual Fund, UTI MF, and whiteoak Capital Mutual Fund. All above registered with SEBI. Thus, it is show that mutual Fund being more popular in investors and they like more invest in this market.

The mutual fund scheme are categorized by SEBI. SEBI issued guidelines in oct 2017 about mutual fund classification. It classified mutual fund schemes as Equity Schemes, Debt Schemes, Hybrid Schemes, Solution Orlented Schemes for retirement and Children, Index Funds Schemes & ETFs and Fund of fund (FOF) Schemes. Equity fund may focus on certain sectors of the market, such as investing in growth stocks. It have higher risk appetile and longer investment horizon. Equity funds have many types : Multy Cap fund (Deversified) Equity funds) which have atleast 65% investment in equity & equity related instruments where Large Cap Fund are called which invest at least 80% in large cap stocks and which investment at least 35% in large cap stocks and 35% in mid cap stock is called large & Mid Cap Fund. Where investment at least 65% in mid cap stocks in called Mid Cap Fund and when invest at least 65% in small cap stocks that is called small cap Fund. Predominatly invest in dividend yielding stocks with at least 65% in stock that called Dividend yield Fund. The Value investment strategly, with at at least 65% in stock is value Fund. Contra Fund Scheme follows certain investment strately with at least 65% in this stocks. The focused Fund that have focused on number of stock (maximum 30) with at least 65% in equity and equity related instrument where sectoral/thematic fund invested at least 80% in stock of particular sector. The ELSS Scheme is that scheme when at least 80% in stock invested in accordance with Equity Linked saving scheme, 2005. Notified by Ministory of Finance. ELSS has loch period of 3 years.

Debt schemes is a fund that invests primarily in bonds or other debt securities. It is issued by government, public Financial institution, companies treasury bills, debentures, commercial paper and certificate of Deposit. The Debt fund also categories by SEBI as per duration (Maturity period). Hybrid Funds is that fund which have mix of equity and debt securities. SEBI has classified it into seven categories, where investment 10% to 25% in equity and 75% to 90% in debt that called convervative Hybrid Fund and when 40% to 60% invest in equity and 40% to 60% in debt instrument that is balanced Hybrid Fund. In aggressive Hybrid Fund there are invested 65% to 80% in equity and 20% to 35% in Debt instrument. Dynamic Asset allocation or Balanced Advantage Fund is that when invest in equity/debt that is managed dynamically (0% to 100% in equity or debt instrument). Investment at least there asset classes with a minimum allocation of at least 10% in each assets. The Arbitrage Fund is that arbitrage strategy with minimum 65% investment in equity instruments and other is Equity Savings that have investment minimum 65% in equity and minimum 10% in debt and derivatives.

The retirement fund have lock in for at least 5 years or till retirement age whichever is earlier and children's fund also have lock-in for at least 5 years or till the child attains aged majority whichever is earlier. When minimum 95% investment in securities of a particular Index is called index Fund/ETFs (Exchange traded Fund). In case minimum 95% investment in the underlying funds is called Fund of Funds.

The operating expenses for managing a mutual fund scheme suchas sales & marketing, advertising, administrative expenses, transaction costs, investment management fees, registrar fees, custodian fees and audit fees are collectively referred to as 'Total Expense Ratio' (TER). It is calculated as percentage of the scheme's average Net Asset Value (NAV). The daily NAV to MF is disclosed after deducting the expenses. The Matual Fund AMC can be increased/changed as per Regulation 52 of SEBI Mutual Fund Regulations the TER has been revised on April, 2020 as follows :-

	Maximum TER as percentage of daily net assets	
Assets Under Management (AUM)	**TER for Equity Funds**	**TER for Debt Funds**
On the first Rs 500 Crores	2.25%	2.00%
On the Next Rs 250 Crores	2.00%	1.75%
One the Next Rs 1,250 Crores	1.75%	1.50%
On the next Rs 3,000 Crores	1.60%	1.35%
One the next Rs 5,000 Crores	1.50%	1.25%
On the next Rs 40,000 Crores	Total expense ratio reduction of 0.05% for every increase of Rs 5,000 Crores of daily net assets or part there of.	Total expense ratio reduction of 0.05% for every increase of Rs 5,000 Crores of daily net assets or part there of
Above Rs 50,000 Crores	1.05%	0.80%

The investors can invest in Mutual Fund through mutual fund advisor in Regular plan or directly without any distributor/agent in a ‘Direct Plan’ Direct plan and Regular Plan are both a part of the same mutual fund scheme and same commen portfolio and same fund manager managed. The Direct Plan has lower expense than the Regular Plan because in Direct Plan no distributor/agent cost/commission charge while in Regular Plan contain agent/distributor cost/commission. But MF agent/Distributor play vital role in development of mutual fund industry. It encourage investors toward investment in mutual fund and advise to investors about better plan of MF product. It explain mutual fund benefits that why invest in mutual fund market. So many investors prefer investing in mutual fund for the following reasons/benefits as

- mutual fund investment are flexible and convenient and have multiple scheme for selecting option that can fit to investors as per his risk bearing capacity.
- MF is easy to diversity a portfolio by investing in MF. An investor can invest in any type of fund.
- It is one to the most liquid investment. The investors can buy and sell any time as per his requirement.
- An investor can invest in M.F. through systematic investment plan (SIP) which removes the need of having a large capital.
- The investors can save income tax to investment in Equity Linked Saving Schemes (ELSS).
- Mutual Funds are regulated by SEBI under Securities and Exchange Board of Indian (SEBI) (Mutual Funds) Regulations 1996. SEBI has laid down stringent rules and regulations, keeping investor protection, transparency with appropriate risk mitigation framework and fair valuation principle.

A Mutual Fund Advisor/Distributors are Qualified Person, wich conducted by the National Institute of Securities Market (NISM). It provide certificate for Mutual Fund Distributor/Agent which can act in Mutual fund industry. Then MF agent/Distributor apply to Association of Mutual Fund in Indian (AMFI) and obtain an AMFI Registration Number (ARN) to being either selling or advising on mutual fund schemes in India and start earning commission for the same. The next step is to enter into agreement with AMFI distributors to sell these funds. Distributors pay a commission that is agreed upon based on the number of mutual fund schemes Sold by advisor. The adviser also has the option to enter into agreements with fund houses or AMCS themselves rather then their distributors, for selling mutual funds.

An investment in Mutual fund through SIP has been gaining popularity among Indin MF investors, asit helps in rupee cost Averaging and also in investing in a disciplined manner without worrying about market volatility and timing market.

SIP Contribution (Rs in Crores)							
Month	**F.Y. (2016-17)**	**FY (2017-18)**	**FY (2018-19)**	**FY (2019-20)**	**FY (2020-21)**	**FY (2021-22)**	**FY (2022-23)**
April	3122	4269	6690	8238	8376	8596	11,863
May	3189	4584	7304	8183	8123	8819	12286
June	3310	4744	7554	8122	7917	9156	12276
July	3334	4947	7554	8324	7831	9609	12140
Aug.	3497	5206	7658	8231	7792	9923	12693
Sep.	3698	5516	7727	8263	7788	10351	12976
Oct.	3434	5621	7985	8246	7800	10519	13041
Nov.	3884	5893	7985	8273	7302	11005	13306
Dec.	3973	6222	8022	8518	8418	11302	13573
Jan.	4095	6644	8064	8532	8023	11517	13856
Feb.	4050	6425	8095	8513	7528	11438	13686
March	4335	7119	8055	8641	9182	12328	14276
Total	**73921**	**67190**	**92693**	**1,00,084**	**96080**	**1,24,566**	**1,55,972**

The investors contributed through SIP in mutual fund Rs 43921 crores in 2016-17 that increased continuously every year except 2020-21 and riched upto Rs 1,55,972 Crores in 2022-23. It show there are tremendous growth upto 2022-23. Thus, it may observed that popularity of mutual fund in investors increased. The mutual fund houses also taking more interest in fund mobilization through different type new issues. The investor also taking interest in mutual fund because professional manager managed all investment where think better investment as per his experience for investor view.

The total number of outstanding SIP accounts in financial year 2021-22 was 527.73 Lakh and 266.36 Lakh new SIP,s registered in this year. The total SIPs assets unit management (AUM) was Rs 576358 Crores and SIP contribution was Rs 1,24,566 Crores. In financial year 2022-23 total number of outstanding SIP account was increased and it reched on Rs 635.99 Lakh and also 251.41 Lakh new SIP's registered. The assets unit management (AUM) in same year Rs 6,83,296 Crores. Where SIP contributions was Rs 1,55,972 Crores. Thus, it may find that new investors also interested to investment in mutual fund scheme.

The Private Sector Mutual fund and Public Sector Mutual fund are mobilising fund in large scale and it grow very fast :

Growth Status of Mutual Fund for the Financial Years

(Rs in Crores

Mobilisation of Funds			
Financial Year	Private Sector Mutual Fund	Public Sector Mutual Funds	Grand Total
2018-19 (as on 31/03/2019)	1,96,52,988.73	47,41,373.75	2,43,94,362.48
2019-20 (as on 31/03/2020)	1,49,89,990.49	38,23,467.28	1,88,13,457,77
2020-21 (as on 31/03/2021)	70,15,518.58	16,23,648.32	86,39,166.90
2021-22 (as on 31/03/2022)	64,88,226.25	18,45,219.24	83,33,445.49
2022-23 (as on 31/03/2023)	77,54,915.50	27,52,441.56	1,05,07,357.06

The table show that private sector mutual funds mobilising more funds in compare to public sector mutual funds. The grand total of fund mobilisation by both mutual funds sector was Rs 2,43,94,362.48 Crores during 2018-19 but it decrease in later years and it reached upto Rs 83,33,445.49 Crores during financial year 2021-22 and it increased next year 2022-23 and it recorded mobilisation of fund Rs 1,05,07,357.06 Crores. So, it will grow in coming years.

Thus, it is find out that mutual fund industry tremendously grown over the year when SEBI take over control of securities market. It passed SEBI (MF) Regulations 1996 which provides protection to investors and it laid down stringent rules and regulations for mutual fund houses in favour of investors. The mutual fund demand increased thereafter. People have also realized that investing in mutual funds are more flexible as compared to traditional investment like fixed deposit because they can withdraw money any time without value loss while fixed deposit, if withdraw before maturity then it get loss. The small saving also can invest in mutual fund through SIP. Thus, SIP contribution has increased in last year that is present, The India financially will be strong.

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