Growth of Mutual Funds In India

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Abstract- *The Indian mutual fund industry has come a long way since its inception in 1963. The industry witnessed sufficient growth on all parameters - the number of fund houses, the number of schemes, funds mobilized, assets under management, etc. Given the critical role of channeling household savings, the question is - has the Indian mutual industry succeeded in achieving its' goal? This study addresses this concern. The detailed nature of the current study suggests that the mutual fund industry has recorded significant progress on all fronts yet it has not been able to utilize its potential fully.*

Keywords- Funds, Growth, India, Mutual Funds

I. INTRODUCTION

Mutual Fund is considered as a safe investment vehicle that will carry the a pool of funds collected from many investors to the risky capital market and many market instruments such as stocks, bonds Government securities. Mutual funds are operated by professional managers, who with their rich experience plan and diversify invests for safer, regular, stable returns. A mutual fund's portfolio is generally structured and maintained to suit the investment objective/attitudes of the investors thus the greatest advantage of mutual funds is that they give small investors access to professionally managed, diversified portfolios of equities, bonds and other securities, which would be otherwise difficult to create with a small amount of capital. Each unit holder participates proportionally in the gain or loss of the fund. Mutual fund units, are issued and can typically be purchased or redeemed as needed at the fund's current Net Asset Value (NAV) per share, which is sometimes expressed as NAVPS. Mutual funds are financial instruments that link savers of all categories and the capital seekers. There by playing a vital role in the economic development of a country. They also provide informed decision making mechanism to the investors. Thus they encourage to risk average investors to participate in the financial inclusion capital market on the other hand and contribute the financial inclusion and on the other thereby enhance market efficiency. Further they contribute to financial stability and help in enhancing market transparency.

Parties to Mutual fund: The following diagram illustrates various entities Involved in organizational structure of mutual fund

Investors: Every investor, given his/her financial position and personal disposition, has a certain inclination to take risk. The hypothesis is that by taking an incremental risk, it would be possible for the investor to earn an incremental return. Mutual fund is a solution for investors who lack the time, the inclination or the skills to actively manage their investment risk in individual securities. They delegate this role to the mutual fund, while retaining the right and the obligation to monitor their investments in the scheme. In the absence of a mutual fund option, the money of such "passive" investors would lie either in bank deposits or other 'safe' investment options, thus depriving them of the possibility of earning a better return. Investing through a mutual fund would make economic sense for an investor if his/her investment, over medium to long term, fetches a return that is higher than what would otherwise have earned by investing directly.

Sponsors: Sponsor is the company, which sets up the Mutual Fund as per the provisions laid down by the Securities and Exchange Board of India (SEBI). SEBI mainly fixes the criteria of sponsors based on sufficient experience, net worth, and past track record.

Asset Management Company (AMC): The AMC manages the funds of the various schemes and employs a large number of professionals for investment, research and agent servicing. The AMC also comes out with new schemes periodically. It plays a key role in the running of mutual fund and operates under the supervision and guidance of the trustees. An AMC's income comes from the management fees it charges for the schemes it manages. The management fees, is calculated as a percentage of net assets managed. An AMC has to employ people and bear all the establishment costs that are related to its activity, such as for the premises, furniture, computers and other assets, etc. So long as the income through management fees covers its expenses, an AMC is economically viable. SEBI has issued the following guidelines for the formation of AMCs:

a) An AMC should be headed by an independent non-interested and nonexecutive chairman.
b) The managing director and other executive staff should be full-time employees of AMC.
c) Fifty per cent of the board of trustees of AMC should be outside directors who are not in any way connected with the bank.

d) The board of directors shall not be entitled to any remuneration other than the sitting fees.
e) The AMCs will not be permitted to conduct other activities such as merchant banking or issue management.

Trustees: Trustees are an important link in the working of any mutual fund. They are responsible for ensuring that investors' interests in a scheme are taken care of properly. They do this by a constant monitoring of the operations of the various schemes. In return for their services, they are paid trustee fees, which are normally charged to the scheme.

Distributors: Distributors earn a commission for bringing investors into the schemes of a mutual fund. This commission is an expense for the scheme. Depending on the financial and physical resources at their disposal, the distributors could be:

a) Tier 1 distributors who have their own or franchised network reaching out to investors all across the country; or
b) Tier 2 distributors who are generally regional players with some reach within their region; or
c) Tier 3 distributors who are small and marginal players with limited reach.

The distributors earn a commission from the AMC.

Registrars: An investor's holding in mutual fund schemes is typically tracked by the schemes' Registrar and Transfer Agent (R & T). Some AMCs prefer to handle this role on their own instead of appointing R & T. The Registrar or the AMC as the case may be maintains an account of the investors' investments and disinvestments from the schemes. Requests to invest more money into a scheme or to redeem money against existing investments in a scheme are processed by the R & T.

Custodian/Depository: The custodian maintains custody of the securities in which the scheme invests. This ensures an ongoing independent record of the investments of the scheme. The custodian also follows up on various corporate actions, such as rights, bonus and dividends declared by investee companies. At present, when the securities are being dematerialized, the role of the depository for such independent record of investments is growing. No custodian in which the sponsor or its associates hold 50 percent or more of the voting rights of the share capital of the custodian or where 50 per cent or more of the directors of the custodian represent the interest of the sponsor or its associates shall act as custodian for a mutual fund constituted by the same sponsor or any of its associates or subsidiary company.

II. GROWTH OF MUTUAL FUND INDUSTRY IN INDIA

The mutual fund industry in India started in 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank. Unit Trust of India (UTI) was established on 1963 by an Act of Parliament. It was set up by the Reserve Bank of India and functioned under the Regulatory and administrative control of the Reserve Bank of India. In 1978 UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. The first scheme launched by UTI was Unit Scheme 1964. At the end of 1988 UTI had Rs.6,700 crores of assets under management. In 1987 public sector mutual funds set up by public sector banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). SBI Mutual Fund was the first non- UTI Mutual Fund established in June 1987 followed by Canbank Mutual Fund (Dec 87), Punjab National Bank Mutual Fund (Aug 89), Indian Bank Mutual Fund (Nov 89), Bank of India (Jun 90), Bank of Baroda Mutual Fund (Oct 92). LIC established its mutual fund in June 1989 while GIC had set up its mutual fund in December 1990.At the end of 1993, the mutual fund industry had assets under management of Rs.47,004 crores. The entry of private sector funds in Indian mutual fund industry Indian investors are give a wider choice of fund families. This was the year in which the first Mutual Fund Regulations came into being, under which all mutual funds, except UTI were to be registered and governed. The erstwhile Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993.The 1993 SEBI (Mutual Fund) Regulations were substituted by a more comprehensive and revised Mutual Fund Regulations in 1996. The industry now functions under the SEBI (Mutual Fund) Regulations 1996. The number of mutual fund houses went on increasing, with many foreign mutual funds setting up funds in India and also the industry has witnessed several mergers and acquisitions. As at the end of January 2003, there were 33 mutual funds with total assets of Rs. 1,21,805 crores. The Unit Trust of India with Rs.44,541 crores of assets under management was way ahead of other mutual funds. Indian mutual fund industry has grown at a Compounded Annual Growth Rate (CAGR) of 15 per cent from FY07 to FY13, the growth performance in the recent years have been rather subdued. However, Assets under Management (AUM) as a per cent of GDP for India is about 5 to 6 per cent, significantly lower than some other emerging economies. The Indian mutual fund industry has shown relatively slow growth in the period FY 10-13 growing at a CAGR of approximately 3.2 per cent. Average (AUM) stood at INR 8,140 billion as of September 2013. However, AUM increased to INR 8,800 billion as of December 2013.Lackluster stock market performance, rising inflation and anticipation of a rise in interest rates has led to a tapering of growth in the Indian mutual fund industry in the recent years. In comparison to global markets, India‟s AUM penetration as a per cent of GDP is between 5-6 per cent while it is around 77 per cent for the U.S., 40 per cent for Brazil and 31 per cent for South Africa. Despite the relatively low penetration of mutual funds in India, the market is highly concentrated. Though, there are44 AMCs operating in the sector, approximately 80 per cent of the AUM is concentrated with 8 of the leading players in the market. There have been recent instances of consolidation in the market and market concentration is expected to remain in the near-term.

The evolution of mutual fund industry can be broadly put into four phases. Each phase is briefly described as under.

Phase I (1964-1987) UTI: The first mutual fund scheme started was US 64 which is an open ended scheme this is the largest scheme started by UTI. During 1970's and 1980's UTI started tailor made schemes to suit the needs of different classes of investors. Unit Linked Insurance Plan (ULIP) was launched in 1971. Six new schemes were introduced between 1981 and 1984. During 1984-1987,UTI lunched innovative schemes like Children's Gift , Growth Fund (1986) and Master share (1986). Master share could be termed as the first diversified equity investment scheme in India. The first Indian offshore fund, 'India Fund' was launched by UTI in August 1986. During this phase the net investible funds of UTI increased from Rs. 2467 crores to 4,563.68 crores from 1964 to 1987.

Phase II - 1987-1993 (Entry of Public Sector Funds) :UTI was the monopoly is the Mutual Fund industry being phase-I i.e upto 1987. Phase-II witnessed the entry of non –UTI, public sector mutual funds there by bringing in competition in Mutual Fund industry with the opening up of the economy there by the new industrial policy 1991,many public sector banks and financial institutions were allowed to establish mutual funds. SBI was the first to enter into the Mutual fund services - SBI Mutual Fund was established by the State Bank of India in November 1987 to lunch the schemes. This was followed by Canbank Mutual Fund (1987), LIC Mutual Fund (1989) and Indian Bank Mutual Fund (1990), Bank of India Mutual Fund, GIC Mutual Fund and Punjab National Bank Mutual Funds.

The entry of public sector banks into the Mutual Fund industry helped to enlarge the investor community and the investible funds. Consequently Bank deposits as percentage of savings in financial assets dropped from 41.5 per cent in 1985-1986 to 29.3 per cent in 1991-1992. However the share of Life Insurance funds, pension and provident funds went up marginally. But significant increase took place in the share of stock market securities and units of UTI which was up from 7.8 per cent to 22.1 per cent.

Phase III - 1993-2003 (Emergence of Private Funds): Phase-iii witnessed by the entry of private sector funds in 1993, giving a choice to the Indian investors to invest private sector. Foreign fund management were also allowed to operate mutual funds through joint ventures with Indian promoters. The first private sector mutual fund launched was Kothari Pioneer Mutual Fund. During the year 1993-94, five private sector mutual funds - Kothari Pioneer, ICIC, 20th Century, Morgan Stanley and Taurus launched their schemes. The total assets had grown to Rs. 74.315 crores at the end of 1995 In the year 1993 the Mutual Fund Industry was opened to Private Sector, leading to a new era of Mutual Fund Industry. At this juncture, the Investor had the choice of investing in Unit Trust of India, the Public Sector Mutual Fund and the Private Sector Mutual Fund. In 1993 the Mutual Fund Regulations came into existence, which covered all the Mutual Fund except Unit Trust of India. The Mutual Fund now comes under the purview of SEBI

Phase IV [2003 -2013]: Since the year 2003 from which the present stage of bull run in the Indian capital markets began, the Mutual fund industry While the growth in terms of the AUM was subdued over the period from 2009-2013, it has gained unprecedented momentum over the four year period until March 2013. Over this latter period of four years, the assets under management have grown from Rs 417,300 crores to as high as 816,657 crores as at the end of March 2013. The compounded annual growth rate of the industry over this period is as high as 40%. This high level of growth has obviously been triggered by the stupendous growth of the Indian capital markets over this period. The NSE index of select 50 stocks over this period has been around 42.60 percent and the Nifty – 50 indexes grew from 2674.6 points to 5697.35 points over the same period. According to AMFI, the growth of the capital markets in terms of BSE-30 share Sensex has been still higher, in absolute terms; this index grew from 3,301.67 points to 18,835.77 points.

GROWTH OF THE MUTUAL FUND BUSINESS INDUSTRY: Table 2.1 presents the growth of Indian mutual fund industry in sales and Assets Under Management during the study period and Table 2.2 depicts the growth schemes floated by mutual funds in India from 2014 to 2018

It is evident from the analysis that Sales and Assets under Management are the two important variables which indicate the growth of the Mutual Fund Industry. The table 2.1 depicts that the sales of Mutual Fund Industry in India have registered positive growth during the study period. The highest growth rate recorded was in the year 2014-2015 (124.42), Though, the rate of increase in sales shared ups and downs during the period of study the rate of increase has been positive over the base year. More or less

TABLE 2.1 GROWTH OF THE MUTUAL FUND BUSINESS INDUSTRY (Rs in crores)

S.NO .	YEARS	SALES Rs.	Growth over base year (%)	AUM Rs.	Growth over base year (%)
1	2012-2013	44,64,376	100	5,05,152	100
2	2013-2014	54,26,353	122.21	4,17,300	82.60
3	2014-2015	10,019,023	224.42	6,13,979	121.54
4	2015-2016	8,859,515	198.44	7,00,538	138.67
5	2016-2017	6,819,679	152.75	6,64,792	131.60
6	2017-2018	7,267,885	162.79	8,16,657	161.66

(source- www.SEBI.com)

similarly trends are observed is the Assets Under Management except in the year 2013-2014 in which a negative growth was recorded.

TABLE 2.2 NUMBER OF SCHEMES IN MUTUAL FUND INDUSTRY

S.NO.	TYPE	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1	A .INCOME/DEBT ORIENTED SCHEMES	414		1055	1224	857	1178
2	B .GROWTH/EQUITY ORIENTED SCHEMES	355				347	363
3	C. BALANCED SCHEMES	37		32	30	32	30
4	D EXCHANGE TRADED FUND	18		28	35	37	40
5	E FUND OF FUNDS INVESTING (OVERSEAS)	12		16	20	21	27
	TOTAL	832	882	1131	1309	1294	1638

(Source-(SEBI Annual Reports)

Table 2.2 depicts the number of mutual fund schemes in India during 2013-2018

The number of schemes floated by the Mutual Fund Industry in India has been increasing except the balanced schemes. This is deposited in Table 2.2. The number of Income/Debt Oriented schemes rose from 414 in 2012-2013 to 1178 in 2017-2018 registering a growth rate of 284 percent. From this analysis it is evident that the Mutual fund investors in India favor fixed returns, safer and loss risky schemes rather than risk oriented schemes like growth/equity schemes in which category the number of schemes registered only a marginal increase 355 in 2012-2013 to only 363 in 2017-2018. The number of schemes in the balanced category has count down from 18in 2012-2013 to 30 in 2017-2018. The increase in the number of exchange traded funds 18 in 2012-2013 to 40 in 201-2018indicate that the investors have been sharing interest towards more safer schemes operated through exchange .The increase in the number of funds of funds from 12 in 2012-2013 to 27 in 2017-2018 indicate investors growing interest in obverses investment overall, increase in the number of schemes indicate that mutual fund schemes are being contributed by the investors as safe investments which will carry their savings to capital markets

TABLE 2.3 GOWTH IN FUNDS MOBILIED BY PUBLIC AND PRIVATE MUTUAL FUND COMPANIES

S.NO	YEARs	PUBLIC SECTOR Rs.	Growth over base year(%)	PRIVATE SECTOR Rs.	Growth over base year(%)
1	2012-2013	2,62,193	100	16,73,220	100
2	2013-2014	14,38,688	548.71	76,98,483	460.09
3	2014-2015	11,52,733	439.65	69,22,924	413.74
4	2015-2016	6,13,482	233.98	56,83,744	339.68
5	2016-2017	6,46,646	246.62	59,87,889	357.86
6	2017-2018	7,97,633	304.21	73,75,940	440.82

(souw.SEB

(Source: SEBI Annual Reports)

Table 2.3 depicts the growth in mobilization of Funds by the public and private sector Mutual Funds in India. During 2012-13 to 2017-18 it is evident from that table that the funds mobilized by the public sector Mutual Funds are increased from Rs 2, 62,193 Cr in 2012-13 to Rs 7,97,633 Cr in 2017-18 registering an increase of 204.21 percent intact 2003-14 the funds mobilized public sector suddenly increased over the base year i.e. increase of 448.71 percent, but from the year 2014-2015 the mobilized funds by the public sector started declining compared to the previous year. In case of private sector Mutual Fund also similar trend is observed, that the funds are increased from Rs 16,73,220 Cr 2012-13to Rs76,98,483 Cr in 2013-14 registering an increase of 360.09 percent. During the next two years a down word trend is observed in the mobilized funds. But from 2016-17 onwards the trends started increase by end of the study period i.e. an of increase 340.82 percent was registered in mobilized funds.

METHODS:

III REVIEW OF LITERATURE

A brief review of past research studies on Mutual Funds in general and SBI mutual funds in particular are presented here to identify the research gaps and bring out the significance of the present study .

There is a vast body of literature on research works carried out by eminent scholars and financial experts on different aspects of the capital market. But, the literature on mutual funds is scanty.

Binod Kumar Singh (2012)1 has observed various factors influences us the investor's attitude towards mutual funds. The study revealed that due to lack of awareness about the various functions of mutual funds, most of the respondents are still confused with the mutual funds and have not formed any attitude towards the mutual fund for investment purpose. The study further revealed that, the demographic factors like gender, income and level of education have significant impact on the attitude of investors towards mutual funds than age and occupation.

Agapova (2011)2 has examined the cross-sectional differences among money market mutual funds (MMMFs) in the context of sponsoring fund families and found that flows to family non-MMMFs are negatively related to family MMMF flows, and family non-MMMF cash flow volatility is positively related to family MMMF cash flow volatility. The study has further suggested that fund family investors also use family MMMFs as cash centers by utilizing free asset transfers within the family.

Raju and Rao (2011)3 evaluated the performance of selected mutual fund schemes in India during January 2008 to December 2010 by using various performance measurements like Treynor Ratio, Sharpe Ratio, Jensen and Fame methods. The monthly net asset value of 20 mutual funds schemes which consist of four sectors i.e. banking, FMCG Index funds and Infrastructure for a period of three years were used to calculate the rate of return of selected schemes and compared with the bench mark returns represented by S&P CNX Nifty and Rate of return on 91 days treasury bills. The results revealed that many schemes failed in performing better than the market. According to the study Low average beta, disproportionate unsystematic risk, miss – match of the risk return relationship in some schemes, failure of infrastructure and index schemes were the causes for under performance.

James P.M. (2009)4 in his thesis made an attempt to examine the financial performance of 29 Asset Management Companies (AMC) in India and evaluated the performance of 581 schemes floated by them. The study was both analytical and descriptive in nature. The study pointed out that in the Indian scenario category of schemes is more important rather than sectors of AMCs investment in analysing the performance. The study also found that only less than 50% of the schemes of the AMCs manifest an average skill of market timing ability and reasonable degree of portfolio diversification

Sujatha,(2007)5 in her article discussed the SEBI guidelines for Real Estate Mutual Funds (REMFs) with regard to investment criteria, regulatory safeguards and structure of the REMFs. The study found the evolution of REMFs in India and highlights the pros and cons of investing in these funds. The study explored the impact of these funds on the growth of real estate industry in India and highlighted the importance of REMFs in the growing real estate industry.

Shukla, (2006)6 in his study observed that Indian MFs industry is dominated by institutional investors who hold about 65% of the Indian mutual fund assets, whereas retail investors account for only 1.3 percent. In the last decade, High Net worth Individuals (HNWIs) have emerged as prominent players in the MF segment. The study aims to identify factors that drive Indian HNWIs to invest in Mutual Funds.

Muthappan and Danodharan (2006)7 have made an attempt to evaluate the performance of selected Mutual Fund schemes in India during the period 1995 to 2000. They applied various performance measures such as Sharpe ratio, Treynor ratio, Jensen measure, Sharpe differential return and Fama's components of performance to examine the risk and return of selected mutual funds. The study concluded that the risk and return of mutual fund schemes are not in conformity with their stated investment objectives due to inadequate diversification. The funds are able to earn higher returns due to selectivity. However the researchers observed that proper balance between selectivity and diversification is not maintained. The analysis made by the application of Fama's measure indicates that the extra returns out of diversification are very less. The empirical investigation in the study also revealed that the Mutual funds in India are not strictly adhering to the portfolio investments mentioned in their offer documents.

Tripathy, (2004)8 has evaluated performance of 31 Equity Linked Savings mutual fund Schemes in India over the period 1994-95 to 2001-2002. She examined the investment performance of Indian mutual funds by applying six performance measures. The study concluded that the fund managers have not been successful in either reaping returns in excess of the market or in ensuring an efficient diversification of portfolio which was attributed to fund manager's acumen of selectivity and poor investment planning of the Fund.

Paitpal Singh and Singla (2000)9 have evaluated the performance of 12 growth oriented mutual funds which were selected on the basis stratified random sampling. He compared the monthly returns generated by mutual funds with benchmark returns and applied various risk adjusted performance measures suggested by Jensen, Treynor and Mazuy and Sharpe. The study revealed that most of the selected mutual funds have underperformed their benchmark indicators except UGS 5000 and Master plus 91. In general the growth oriented mutual funds offered the advantages of diversification, market timing and selectivity. compared to debt schemes. But, under the study among all selected mutual funds only two schemes UGS 5000 and Master plus 91 were found highly diversified which led to low risk portfolio.

Narasimhan and Vijayalakshmi (2000)10 have made an empirical study of fund managers timing ability and diversification benefits on the performance of 76 mutual funds selected. It was observed from the analysis that Mutual funds portfolio has shifted from holding a large diversified to a lean diversified portfolio. The study also examined the impact of this change on the performance of funds. It is also revealed from the study that large number of schemes of mutual funds could not show superior performance compared to top performing stocks of the stock markets. The study concluded that many mutual funds have outperformed the BSE-30 Index (SENSEX) in 1999 which is attributed to the restructuring their investments and negative performance of Sensex during the study period.

DC Anjaria & Dhaivat Anjaria (2000)11 deals with the history of mutual funds in India, types of mutual funds, marketing of mutual funds and SEBI guidelines regarding mutual funds. It provides many factors of mutual fund and it functioned as a workbook for distributors and employees of mutual funds in India under the sponsorship of Association of Mutual Funds in India. SEBI (2000) deals with the main amendments in the regulation of mutual funds in India under 'Mutual Funds 2000 Report'.

Sethu, (1999)12 has examined the market timing ability. A Mutual Fund managers excess returns after adjusting for systematic risk and portfolio adequacy of 18 open-ended growth schemes during March 1985 to July 1999. The analysis revealed that percentage of beta risk (73.38 to 44.43) and percentage of diversifiable risk (55.57 to 26.62) indicated poor diversification. The excess return earned by the funds is statistically insignificant. Majority of the funds showed negative returns. However, some funds reported positive returns. No fund exhibited any ability to time the market. These findings negate the claims by mutual funds that their professional management team can sight and exploit investment opportunities better than a naïve investor. An investor who invests in a basket of risk-free securities and an equity index can match the fund's return performance and can beat the fund's diversification performance.

M.S.Turan and B.S. Bodla (1998)13 has analyzed the growth of mutual fund industry in terms of number of schemes launched, resources mobilized, and number of investors, gain to investors in terms of average return on NAVs and the risk associated with these returns. The study revealed that rise in number, the growth schemes continued to be at second rank and income schemes maintained their dominance. Further, they analyzed the risk and return adjusted performance of 37 mutual fund schemes selected during 1995-1998 by applying Sharpe, Treynor and Jensen. The study revealed that risk and the return are positively related during the entire study period except the year 1997 when return have increased despite the risk decreased.

Warren Boroson (1997)14 observed that very few investments are as widely appealing as mutual funds. According to him mutual funds facilitates individuals - including those with limited knowledge of financial markets, those planning to invest relatively small amounts and those seeking long-term fiscal stability to join larger groups by purchasing a variety of securities and reap the twin benefits of safety and assured returns.

Sadhak (1997)15 analyzed the marketing strategies and investment practices of mutual funds in India. The study shows the marketing strategies, the history and management of mutual funds in India and abroad.

Madhusoodanan (1996)16 has examined the relationship between the expected return and risk by using portfolio method instead of individual security approach. The study revealed that the risk and expected return in the Indian market are not positively related as they normally should be In Indian stock market, the investors rationality and risk aversion do not appear to be important. It is found that higher risk is not priced and investing in higher risk securities with the expectation of high returns in future may not produce good results always. In case of yearly test periods, as against quarterly ones, the securities, which had produced high returns in the past, did not perform well in the next period.

Bogle (1994)17 presents a guide to investors in developing and implementing an intelligent investment programme through mutual funds. It covers equity funds, income funds and money market funds. According to Bogle Mutual Fund is the ideal vehicle to mitigate substantially the risk of holding specific stocks and bonds and market risk. The central task of life - time investment strategy is to optionally allocate financial resources so as to balance different market risks among stocks, bonds and money market instruments. An intelligent approach to allocating assets among these three investment classes is the key theme of this book.

Gupta (1993)18 made a Household Investor survey with the main objective of soliciting data on the investor preferences for mutual funds and other financial assets. such as bank deposits, shares, mutual fund schemes, life insurance and other savings schemes. He observed that the Mutual funds have unique features compared to other marketable financial instruments. They provide greater safety for investment through their diversified portfolio of investments and after more or less assured returns and hence are gaining popularly among small and medium investors in particular.

G Raju (1993)19 in his study observed that only 23 percent of the investor population covered are aware of mutual fund schemes and the awareness level is less than that of government bonds.This is quity in contrast to the observation made by Gupta.

Devakumars (1987)20 study reveals that prior to 1985, there were very few investors who are knowledgeable. During 1985 boom, thousands of new investors invaded the market. The new investors suffered heavy losses compared to the professionals. A good number of new investors have walked out of the stock market to safer areas like UTI units. NSC etc. There is a mild shift of investment preferences to mutual funds also.

Review of the past research studies on Mutual Funds revealed that, even though there are many research studies on the performance of Mutual Funds in general, there are very few research studies on the performance of mutual funds in banking sector . In particular, research studies on the performance of SBI Mutual Fund , which is the first Mutual Fund in India in the banking sector are conspicuous by their absence. Hence, the present study assumes significance. The specific objectives of the study are

1. To analyse Growth and Development of Mutual Fund Industry In India.

IV.METHODOLOGY AND TOOLS OF ANALYSIS:

The present study focuses on the Growth of Mutual Funds schemes floated by Mutual Fund during a span of five years i.e from April 1, 2013 to March 31, 2018. For the purpose of analysis of secondary data s relevant financial ratios and simple statistical measures like percentages and averages have been used at the appropriate places.

This study is completely based on the secondary data. This data are collected from various sources - Mutual Fund research articles on Mutual Funds, websites on mutual funds.

The literature has been collected from text books on Financial Services, Mutual Funds, published and un published research works on Mutual Funds.

V. RESULTS

After the liberalization, privatization and globalization measures initiated by Govt of India in 1991 and consequent reforms undertaken in the financial sector have thrown up companies, banks and financial institutions to a greate level of competitive environment . The Mutual Fund Industry is not an exception this. Mutual Funds which began in India in 1964 establishment of UTI was the only organization offering Mutual Fund products upto 1986. With entry of Public sector banks into Mutual Fund industry in1987 and Private sector Mutual Funds in 1993 into the Mutual Fund Industry, the competition has grown enrmacily. By 2017-2018 thery are 46 Mutual Funds operating in India with 1639 schemes of different nature. State Bank of India was the first to enter in mutual fund industry in 1987. The present study focused on evaluation the performance of selected equity and Debt schemes floated by SBI. The emergence of an intensely competitive structure in the place of the earlier monolithic scenario as stated earlier structural change in the Indian Mutual Fund Industry (IMFI) during the last decade.

VI.DISCUSIONS:

This research paper presents the growth and development of Mutual Fund Industry in India. It also explains the growth and development of mutual fund industries in India as depicted in this chapter , the mutual fund industry in India started in 1964 with the formation of Unit Trust of India, at the initiative of the Government of India and the Reserve Bank. The first scheme launched by UTI were Unit Scheme 1964. At the end of 1988 UTI had Rs.6,700 cores of assets under management. In 1987 public sector mutual funds set up by public sector banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). SBI Mutual Fund was the first non- UTI Mutual Fund established in June 1987 . The sales of Mutual Fund Industry in India have registered a positive growth during the study period. The highest growth rate recorded was in the year 2014-2015 (124.42 percent). By 2017-18 the AAUM have registerd (6234 percent) Rs. 8,16,657 crores with the growing contribution in the industry. The number of schemes floated in Mutual Fund Industry in India has been increasing and registerd an increase of 284 percent during the study period. Along with the number of schemes the mobilisation of funds also have registerd a high growth of 340.82 percent during the study period.

VII. CONCLUSIONS:

Mutual fund industry has recorded significant progress on all fronts, yet it has not been able to utilize its potential fully. On almost on all parameters, it is far behind the developed economies and even most of the emerging economies of the world. The industry is confronted with a number of challenges like low penetration ratio, lack of product differentiation, lack of investor awareness and ability to communicate value to customers, lack of interest of retail investors towards mutual funds and evolving nature of the industry. Therefore, if the industry has to utilize its potential fully, it has to address these challenges. To meet these challenges, the need is to penetrate into the tier II & tier III cities which among other things would require seeking more awareness of the investors through strategic initiatives and investor education drives. Apart from this, the mutual fund industry has to continually deliver superior risk-adjusted returns to the investors. This would require the fund managers, on the one hand, to exhibit superior stock selectivity and market timing performance consistently and on the other hand to keep the fund costs under check. Delivering superior risk-adjusted returns consistently will automatically create a niche for the mutual funds

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