

## **INDIAN MUTUAL FUND INDUSTRY: CURRENT SCENARIO & FUTURE OUTLOOK**

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### **Abstract**

The Indian Mutual fund industry has witnessed considerable growth since its inception in 1963. It is one of the fastest growing sectors in the Indian capital and financial markets. Mutual funds as an investment vehicle have gained immense popularity in the current scenario, which is clearly reflected in the robust growth levels of assets under management. Today, India's financial system is considered to be sound and stable as compared to many other Asian countries where the financial market is facing many crises. During last one decade or so, role of Indian mutual fund industry as a significant financial service in financial market has really been noteworthy. In fact, mutual funds have important segment of financial market of India, especially as a result of the initiatives taken by Govt. of India for resolving problems relating to UTI's US-64 and liberalize tax liabilities on the incomes earned by the mutual funds. They now play a very significant role in channelizing the saving of millions of individuals into the investment in equity and debt instruments. This paper aims at making a study of the Indian Mutual Fund Industry: its current scenario and future outlook.

**Key words:** Mutual Funds, Mutual Fund Schemes, Asset under Management

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## **Introduction**

Mutual Fund is an investment intermediary set up in the form of a trust that collects funds from investors, pools it and allocates the funds to the financial market instruments like Equity, Debentures etc. It issues securities (known as units) to the investors (known as unit-holders) in accordance with the quantum of money invested by them. Every Mutual Fund is managed by a fund manager, who, by using his investment management skills and the necessary research work, ensures better returns than what an investor can manage on his own. The capital appreciation and the other incomes earned from these investments are subject to market risk and every fund manager is expected to design the portfolio keeping in view the investment objective of a particular mutual fund scheme. The SEBI (Mutual Fund) Regulations 1996 defines a mutual fund as “a fund establishment in the form of a trust to raise money through the sale of units to the public or a section of the public under one or more schemes for the investing in securities, including money market instrument.”

Presently, there are 46 Mutual Funds in India. The total number of schemes which were 756 in number in March 2007 increased to 1638 in March 2014. The total AUM of mutual funds was Rs 326388 crores in March 2007 that went up to 825240 crores in March 2014. Due to the benefits accrued by investments in mutual funds, they have gained popularity in the Indian market.

## **Objectives of the Study**

- To study current scenario of Indian Mutual Fund Industry.
- To study the recent development measures given by regulatory authorities.
- To know the issues that impeded its growth.
- To know the future outlook of the Indian Mutual Fund Industry.

## **Research Methodology**

The research method involves visiting of websites of RBI, AMFI and SEBI to collect latest data required for the study. The study is based on secondary data. Various books and journals are referred for the study. The various aspects studied included current scenario of the Indian mutual

fund industry, recent development measures given by various regulatory authorities, issues impediment to its growth and future outlook.

### **Indian Mutual Fund Industry: Current Scenario**

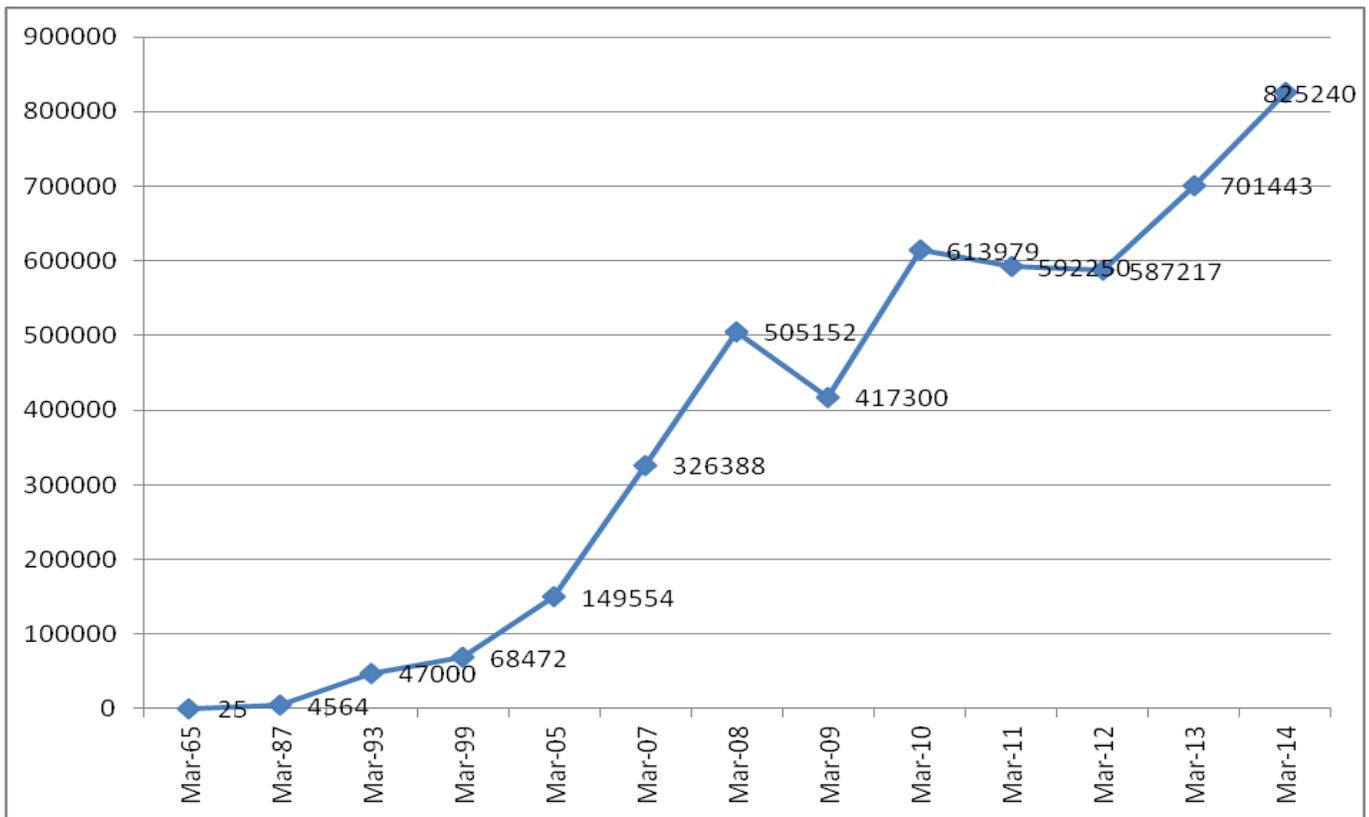
The Indian Mutual Fund Industry is one of the fastest growing sectors in the Indian capital and financial markets. The mutual fund industry in India has seen dramatic improvements in quantity as well as quality of products and services offering in recent years. Mutual funds as an investment vehicle have gained immense popularity in the current scenario, which is clearly reflected in the robust growth levels of Assets under Management. The Indian Mutual fund industry has witnessed considerable growth since its inception in 1963. The assets under management (AUM) have surged to Rs 825240 crores as on 31<sup>st</sup> Mar, 2014 from just Rs 25 crores in March, 1965. The impressive growth in the Indian Mutual Fund Industry in recent years can largely be attributed to various factors such as rising household savings, comprehensive regulatory framework, favourable tax policies, and introduction of several new products, investor education campaign and role of distributors.

In the last few years, household's income levels have grown significantly, leading to commensurate increase in household's savings. The considerable rise in household's financial savings, point towards the huge market potential of the Mutual fund industry in India. Besides, SEBI has introduced various regulatory measures in order to protect the interest of small investors that augurs well for the long term growth of the industry. The tax benefits allowed on mutual fund schemes (for example investment made in Equity Linked Saving Scheme (ELSS) is qualified for tax deductions under section 80C of the Income Tax Act) also have helped mutual funds to evolve as the preferred form of investment among the salaried income earners.

Besides, the Indian Mutual fund industry that started with traditional products like equity fund, debt fund and balanced fund has significantly expanded its product portfolio. Today, the industry has introduced an array of products such as liquid/money market funds, sector-specific funds, index funds, gilt funds, capital protection oriented schemes, special category funds, insurance linked funds, exchange traded funds, etc. It also has introduced Gold ETF fund in 2007 with an aim to

allow mutual funds to invest in gold or gold related instruments. Further, the industry has launched special schemes to invest in foreign securities. The wide variety of schemes offered by the Indian Mutual fund industry provides multiple options of investment to common man.

**Chart 1: Assets under Management held by Mutual Funds**

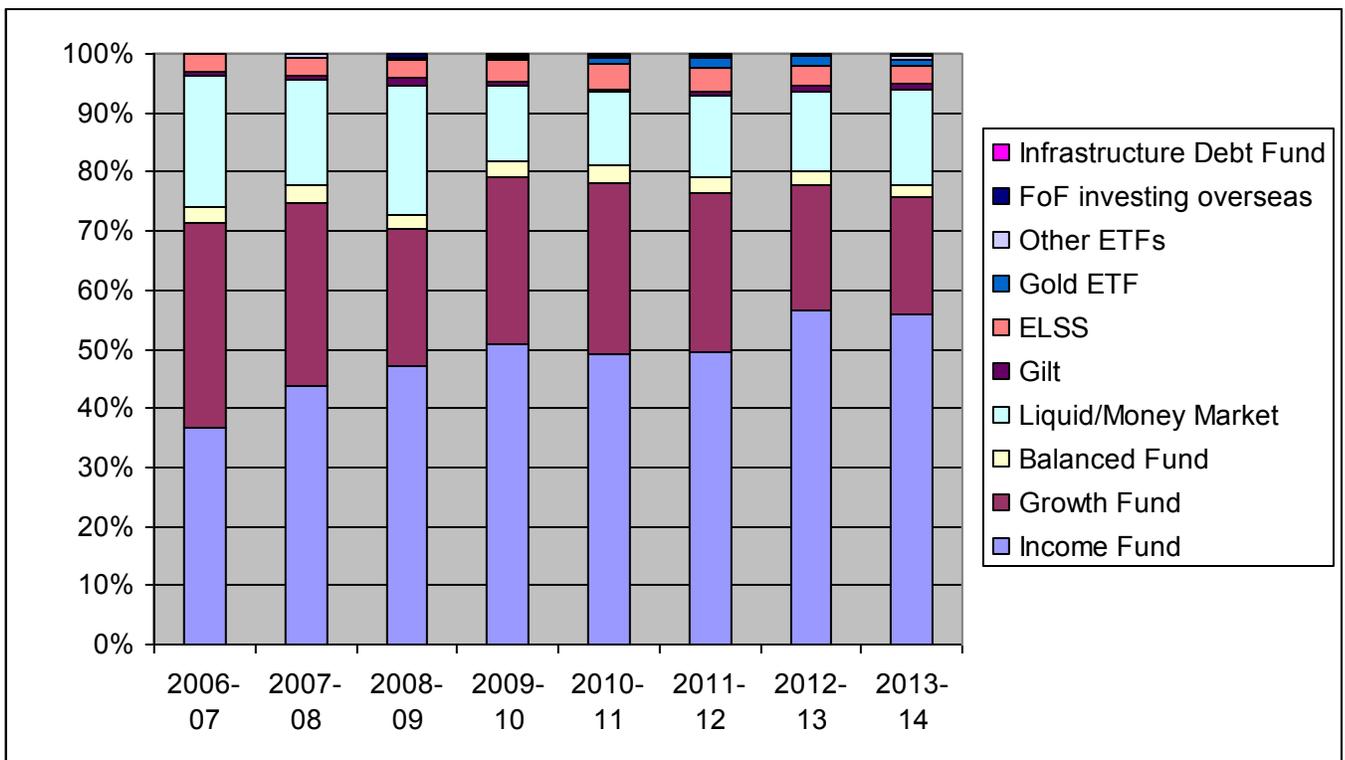


Source: AMFI

The mutual fund industry in India has grown manifold. Since its inception in 1964 this industry has grown leaps and bounds in terms of AUM. As the above graph shows, the AUM was just Rs 25 crores as at March 1965 which has grown to as high as Rs 825240 crores as on March 31, 2014. In between, this industry has seen many ups and downs but on a collective basis it has continued to grow. The industry has experienced setback after the stock market crash of the year 2008 and in the year 2009 it goes down by Rs 87852 crore nearly 17.39% to the last year. Thereafter it managed to reach at Rs 613979 crores but again it has shown relatively slow growth in the year 2011 and year

2012 i.e. Rs 592250 crores and Rs 587217 crores respectively. Poor performance of stock market, rising inflation and anticipation of a rise in interest rates has led to tapering of growth in the mutual fund industry. Despite all this, industry recorded an AUM of Rs 825240 crores as on March 31, 2014.

**Chart 2: AUM Composition by Product Category**



Source: AMFI

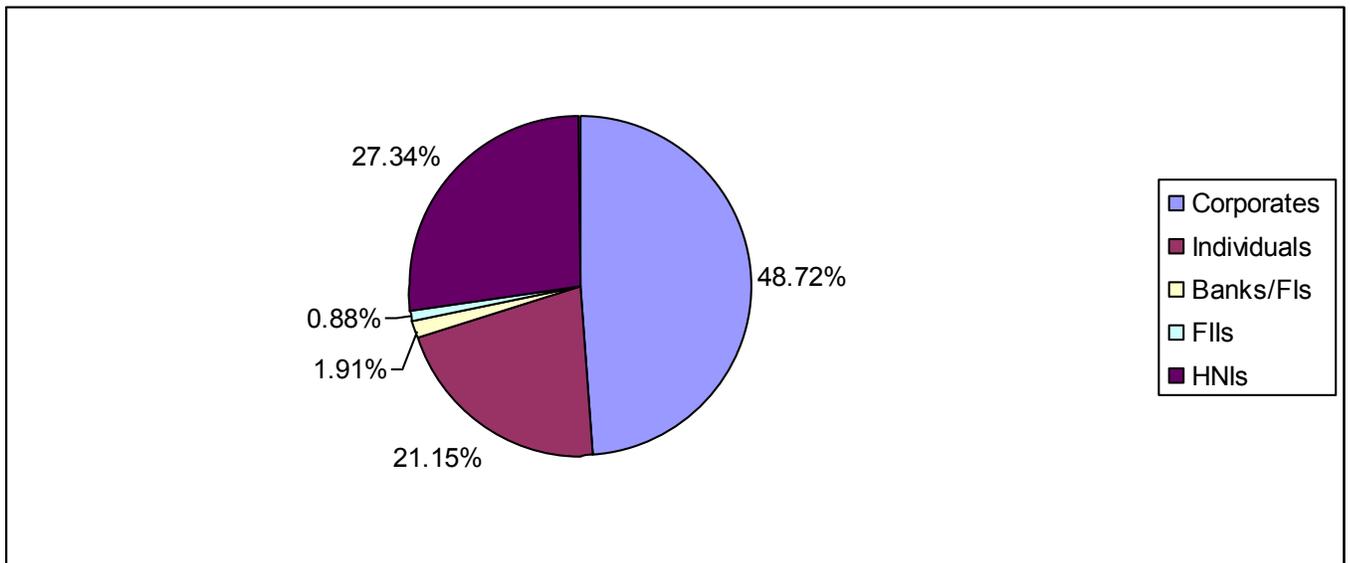
Asset under Management in income and liquid/money market funds have seen an increase in financial year 2013-14 due to anticipation of RBI rate cuts and desire for investors to seek a fixed return. Income Funds have gained most traction in absolute as well as in relative terms with an absolute increase in AUM of Rs 341349 crores (Rs 119322 crores to 460671 crores) over a period of 8 years i.e. from 2006-07 to 2013-14 indicating a clear shift in investors' interest from equity in

recent times. In the financial year 2006-07, income funds constituted 36.56% of total AUM whereas in financial year 2013-14, it recorded 55.82% of total AUM.

Over a period of time investors' interest in growth funds have declined in relative terms. In the financial year 2006-07, it constitute 34.75% of total AUM whereas in financial year 2013-14 it was just 20.06% of total AUM. Gold ETFs have grown at an extremely fast pace over the last few years albeit from a much smaller base i.e. from 0.02% in financial year 2006-07 to 1.05% of total AUM in financial year 2013-14. These have gained popularity due to the popularity of gold as an investment for Indians as well as due to lowering of administrative charges and distribution

expenses which makes it easier for the product to be distributed as well. But investment in Gold ETFs have declined in financial year 2013-14 i.e. 1.05% of total AUM as against financial year 2012-13 when it was 1.66% of total AUM. It was mainly due to the fluctuations in gold prices during the financial year 2013-14.

**Chart 3: Investor-wise Asset-holding Pattern of Indian Mutual Fund Industry (%)**



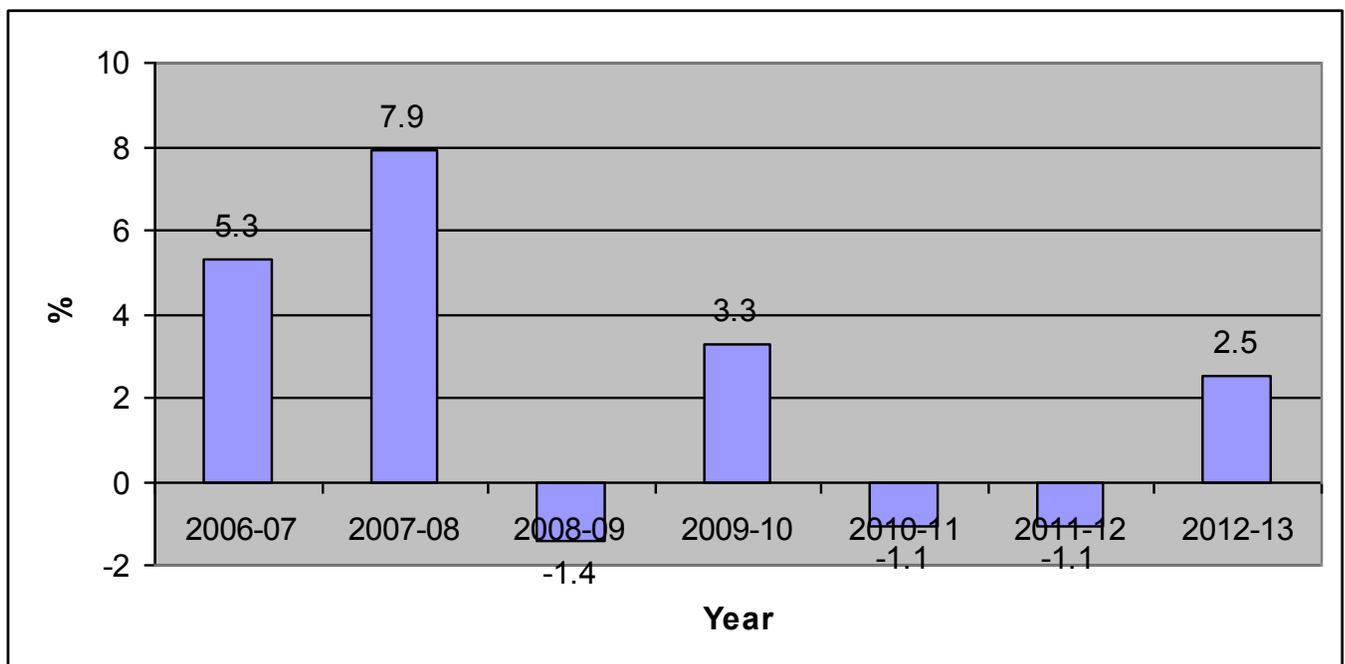
*Note: Figures are as on 31-Mar- 2014*

*Source: RBI*

The investor-wise Asset-holding Pattern reveals that corporate investments contribute Rs 401996.84 crores i.e. 48.72% of AUM as on March 31, 2014 whereas individual investors contribute Rs 174547.19 crores which is 21.15% of total AUM as on March 31, 2014. The comparatively lower share of net assets of individual investors in total net assets is mainly because of lower penetration of mutual fund as an investment instrument among individual investors. Individual investors could not be able to understand the difference between equity investments and mutual fund investments. Fund Houses still have a long way to go and capture the retail investors. High Networth Individuals (HNIs) have emerged as the fastest growing investor segment having AUM of Rs 225624.07 crores which is 27.34% of total AUM.

Despite a rise in net FII (Foreign Institutional Investors) inflows in the domestic mutual funds, FIIs constitute a very small percentage of investors' accounts i.e. 0.88% and contribute Rs 7276.17 crores to the total net assets of the Mutual Fund Industry as on March 31, 2014. Banks and Financial Institutions (FI) also constitute a very small percentage of total AUM i.e. 1.91% (Rs. 15798.33 crores).

**Chart 4: Share of Mutual Funds\* in Households' Gross Financial Savings**



\* Mutual funds including UTI

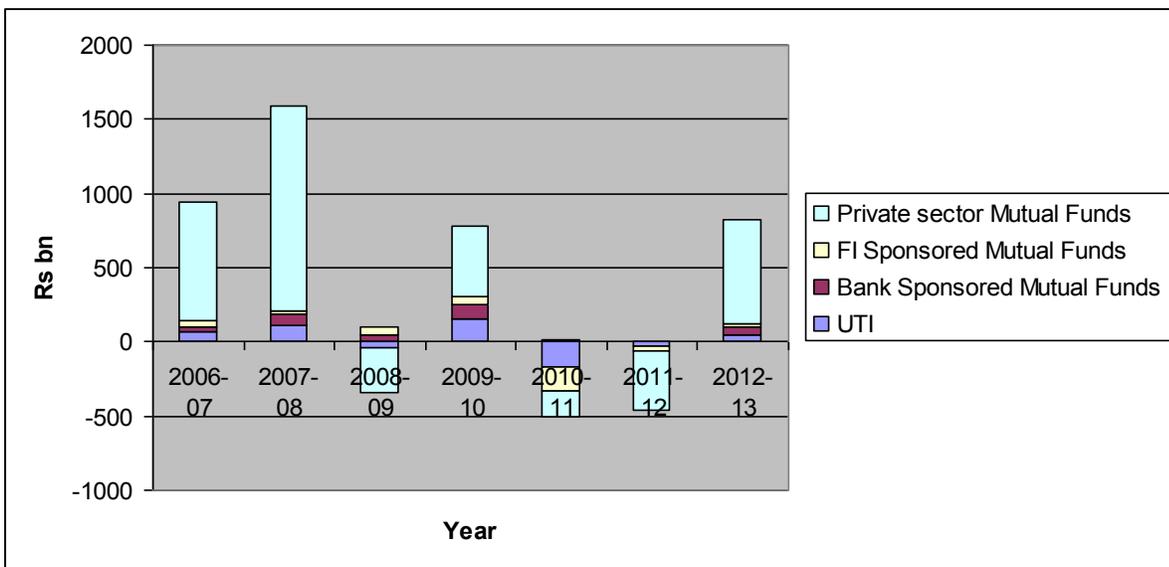
Source: RBI

Note: Percentage for the year 2012-13 is projected

The share of mutual funds in households' gross financial savings was on rise till financial year 2007-08 but it declined, not only declined but also came down to a negative percentage in the financial year 2008-09. Again it was due to the stock market crash of the year 2008 and lack of investors' awareness about mutual funds. Individual investors don't able to draw importance of mutual funds as an investment instrument. Industry has witnessed many ups and downs in terms of its share in gross financial savings till the financial year 2012-13.

Share of mutual funds in households' gross financial savings has reached to 2.5% (nearly Rs 274 billions) in 2012-13 as against -1.1% (nearly Rs -106 billions) in 2011-12.

**Chart 5: Net Resources Mobilized by Mutual Funds**



Source: RBI, SEBI, AMFI

# Figures for the year 2012-13 are provisional

Note: Bn- Billions

The resource mobilization by mutual funds registered strong growth during financial year 2007-08 as it increases to Rs 1586.77 billions in 2007-08 as against Rs 940.62 billions during 2006-07.

But in the financial year 2008-09 net resources mobilized turned negative as strong volatility was witnessed in the domestic stock markets led to decline in resource mobilization and there was a net outflow of Rs -242.08 billions. The uncertain conditions in stock markets coupled with redemption pressures from banks and corporates amidst tight liquidity conditions resulted in significant outflows. This led the RBI to announce various liquidity augmentation measures to provide liquidity support to mutual funds through banks. With the easing of overall liquidity conditions, net resource mobilization by mutual funds again turned positive in the financial year 2009-10. But the financial year 2010-11 (Rs -486 billions) and 2011-12 (Rs -454.13 billions) again witnessed decline in net resources mobilized as stock market in India was not performing up to the satisfaction level

of investors. But the net resources mobilization by mutual funds grew considerably during financial year 2012-13 i.e. Rs 825.24 billions which shows that mutual fund industry is again gaining confidence of investors.

The data reveals that the increase in revenue and profitability of the Mutual fund industry has not been commensurate with the AUM growth in past few years. The increased expenditure on marketing, distribution and administration exerted upward pressure on the operating expenses, thereby impacting AMC's margins.

## **Recent Development Measures**

The Indian mutual fund industry is undergoing a transformation, adapting to the various development measures that are coming about. Following development measures have been undertaken in the industry which impacted the industry as a whole. All measures have been taken keeping interest of the investors in mind.

**Abolishment of Initial Issue Expenses and Entry Load from Mutual Funds:** In recent years, the industry regulator, Securities and Exchange Board of India has focused more on investor protection, introducing a number of regulations to empower retail investors in Mutual Funds. SEBI began by prohibiting the charging of initial issue expenses, which were permitted for closed-ended schemes, and mandating that such MF schemes shall recover sales and distribution expenses

through entry load only. These steps aimed at creating more transparency in fees paid by investors and helping make informed investment decisions. Subsequently, w.e.f. August 1, 2009, SEBI banned the entry load that was deducted from the invested amount, and instead allowed customers the right to negotiate and decide commissions directly with distributors based on investor's assessment of various factors and related services to be rendered. The objective was to bring about more transparency in commissions and encourage long-term investment. Though the intent of the amendment was to benefit the investor, it has hit the margins of the Asset Management Companies (AMCs). Further, higher distributor commission on Unit Linked Insurance Products (issued by Insurance companies) is giving tough competition to the business of mutual funds.

### **Facilitating transactions in Mutual Funds schemes through the Stock Exchange**

**infrastructure:** From the time when the mutual fund started in India, if an investor wants to invest in mutual fund he has to go through offline investment mode. Investor has to fill the application form for each particular scheme separately. Suppose an investor wants to invest in a particular scheme he has to fill the application form for that particular scheme, issue a cheque/demand draft along with it and complete all the formalities with it. If that particular investor has to invest in any other scheme of other AMC, he has to go through all the process again. This was the only mode that was available to invest in mutual funds. By this process mutual funds have grown many folds. It has seen a huge participation of retail as well as HNI investors. More and more AMCs and schemes have been launched since the beginning. AMCs have opened their offices in all the big and major cities in the country. But the problem with this system was that the mutual fund houses have reached only in the big and major cities of the country, as it was not feasible for AMCs to open their offices in small cities or villages of the country. So they were not able to tap the customer of these far-flung areas. Even if an investor of these far areas wants to invest money into mutual fund he has to go through all the offline process of the mutual fund and submit the application form where there was facility of the AMCs were available. So they were not able to get the regular benefits of mutual funds, as it was difficult for them to go through the process.

From November 2009, SEBI made a new provision of investing into the mutual fund by online mode through the terminals of NSE & BSE. As the NSE & BSE has more reached in the remote areas of the country it is feasible for the investors to invest through this mode. Moreover it is not

very difficult process to take the trading terminal of NSE & BSE. Many companies provide online terminals through Internet. Investors have to open there demat and trading account with the particular trading house and he can then trade online into the mutual funds.

**Valuation of Debt Securities by Mutual Funds:** With a view to ensure that the value of debt securities reflects the current market scenario in calculation of net asset value, SEBI has brought down the discretionary mark up and mark down to the level as per SEBI regulations.

**Systematic Investment Plans to be exempted from PAN:** SEBI has advised that the investment in micro schemes such as Systematic Investment Plans of Mutual Funds up to Rs. 50000/- per year per investor shall be exempted from the requirement of PAN.

**Introduction of Rajiv Gandhi Equity Savings Scheme:** As the penetration on Indian Investors is very low in stock market and mutual funds in India, Government has introduced Rajiv Gandhi Equity Savings Scheme (RGESS) to encourage flow of savings of small investors into the equity capital market directly or through mutual funds. By investing in this fund a new investor who has not previously invested in the stock market can get an additional tax deduction u/s 80 CCG over and above deduction u/s 80 D. New retail investors with gross total income less than or equal to Rs. 12 lakhs can claim tax deduction of 50% for investments upto Rs. 50000. This scheme can invest the money in equity shares of companies which are included in either CNX-100 or BSE-100 or equities of public sector enterprises which are categorized as Maharatna, Navratna or Miniratna by the central government. Follow on public offers of the above said companies can also be subscribed in this scheme. An investor can claim deduction by investing in RGESS for the three consecutive years. In February – March of 2013 many AMCs came up with the NFOs of RGESS and collected money from the investors. So the government is taking these kinds of steps to increase the penetration of Indian investors in equities and mutual funds in India.

**Introduction of Direct plans:** If an investor wants to invest some money into mutual funds he can either invest through a certified distributor of the mutual fund or he can go directly to the customer service centre of the particular AMC and invest directly into any of their scheme. AMC take the money from the investor and invest according to the objective of the scheme. AMC deduct the recurring expenses from the fund (within the prescribed limits by SEBI) and give the returns to the investors. If an investment is made through any distributor, the brokerage or incentive of that

investment is paid to that distributor and if the investment is made directly by the investor in that case no brokerage is paid to anyone. But in both the cases AMC's deduct similar recurring expenses from the investments of investor. So if an investor has not taken any kind of financial advice or services from any distributor he still had to bear the same recurring expenses. As SEBI is taking many steps in favour of investors, it has instructed AMC's to introduce DIRECT plans of all their schemes from January 01, 2013. After this if an investor is not taking any kind of financial advice or services from any distributor and taking his own decision while investing, he can invest in these direct plans of the same schemes.

AMC's have been instructed by the SEBI to limit the recurring expenses in these DIRECT plans as they do not have to pay any kind of brokerage or incentive to any of the distributor in these plans. So previously wherein a direct investor have to bear the same expenses now he can invest in these direct plans and take the benefit of the saving in expenses as he is taking his own investment decisions.

**Classification of Top 15 and Below 15 cities AUM wise to increase the penetration:** Although mutual funds (MF), as a financial instrument, is supposed to be available in every nook and corner of the country, the reality is that it's hard to find a distributor selling MF's just about anywhere or any MF's office in, say, remote areas. The capital market regulator, Securities and Exchange Board of India (SEBI) wants to change this and have incentivized fund houses to go to what is commonly referred to in MF parlance as—B15 cities. While B15 stands for beyond (top) 15 cities, T15 stands for top 15 cities. Association of Mutual Funds in India (AMFI) has analysed inflows of fund houses, geography-wise, and has classified cities as T15 and B15 in the order of inflows that come from these places. Traditionally, fund houses have been hesitant to penetrate beyond top 15 cities. High costs in setting up branches and in some cases, lack of branding and/or track record have been the main reasons why many small- and mid-sized fund houses have not been able to make inroads in India's hinterland. AMC's with corpus size of less than Rs.10000 crore have reported just about 10% of their assets that come from B15 cities on an average, though there are notable exceptions here as well. According to AUM report of March 31, 2014, the Top 15 cities accounts for 86.35% of total AUM of mutual fund industry. If we go through the data the Top 5 cities accounts for

72.92% of total AUM of the industry. This shows that penetration of mutual funds in India is very low in small cities.

During 2011-12, SEBI allowed fund houses to charge an additional 30 basis points (bps) in the total expense ratio if new inflows from B15 cities are at least 30% of gross new inflows in the scheme or 15% of the average assets under management, whichever is higher. After SEBI's nudge, lot of fund houses has revised their commission structure for distributors in B15 to incentivize them to get more people to invest in MFs. However, high commission is paid mainly for equity-oriented funds and monthly income plans where the fund houses feels it can earn enough for itself, before passing out the rest to distributor as commission.

**Documentation:** In December 2009, SEBI had made it mandatory for all AMCs to maintain a copy of full investor documentation including Know Your Customer i.e. KYC details. Such documentation was earlier maintained by the respective MF distributors who have now been asked to give a copy of the same to the fund houses

**Disclosure of Investor Complaints in the Annual Report:** In order to improve the transparency in the 'grievance redressal mechanism', SEBI has recently issued a Circular that requires MFs to include details of investor complaints in their Annual Report as part of the Report of the Trustees, beginning with the annual report for the year 2009-10. MFs provide abridged booklets of the Annual Reports to all the unit holders.

**Fund of Fund Schemes:** In the past, AMCs had been entering into revenue sharing arrangements with offshore funds in respect of investments made on behalf of Fund of Fund schemes. Recently, SEBI has issued directions stating that since these arrangements create conflict of interest, AMCs shall be prohibited from entering into any revenue sharing arrangement with the underlying funds in any manner and they have been prohibited from receiving any revenue by whatever means/ head from the underlying fund. Further, SEBI is also in discussions to raise the AMC fees from the present cap of 0.75% of the net assets in the case of FoF schemes.

### **Issues need to be addressed for future growth**

Performance of the industry has been strong and it is well-placed to achieve sustainable growth levels. The way forward for the next couple of years for the mutual fund industry would be influenced hugely by the journey undertaken till this point of time and the changing demographic

profile of investors. There are certain areas of concerns which need to be addressed in order to grow at the rapid pace. The factors that could turn out to be the major impediment going forward are:

**Limited innovation in product offerings:** Though over the years, the Indian Mutual fund industry has introduced a range of products, it has limited focus on innovation and new product development. It is still to launch green funds, socially responsible instruments, fund of hedge funds, enhanced money market funds, renewable and energy/ climate change funds, etc. Multi-manager funds that are among the most hybrid funds world-over have also not grown in India due to the prevailing tax structure.

**Multiple Regulatory Frameworks:** Besides, multiple regulatory frameworks governing financial services sector verticals have affected the Mutual fund industry in India. For instance, the mandatory PAN card requirement for an investment of Rs 50000 and above in mutual funds has restricted the Mutual fund industry's ability to tap small investors. On the other hand, Unit Linked Insurance Plans (ULIPs) which is a competing product do not have the mandatory PAN requirement. In addition to the PAN card requirement, the customers are required to procure KYC acknowledgement which requires submission of several documents and an extensive paper-work. Moreover, while the payment for investment into mutual fund is required to be made only through banking facility, no such requirement exists for ULIP. These complicated regulations restrict potential customers from investing in mutual funds. Further, this calls for an urgent need for government to harmonise policies and processes across different verticals in the financial services sector.

**Low Level of Customer Awareness:** Low levels of customer awareness are the biggest challenge in channelizing household's savings into mutual funds. A majority of investors in Tier 2 cities as well as metros lack understanding of mutual fund products and can draw little distinction in their approach to investing in mutual funds and direct stock market investments. As a result, they are generally unwilling to undertake even minimal risk.

**Inadequate reach of funds /distributors to retail investors:** The mutual funds in India have historically raised funds by targeting the institutional investors segment that accounts for 48.71% share in AUM as on March 31, 2014. This can primarily be attributed to the tax arbitrage available to corporates on investing in money market mutual funds and easy access to institutional customers concentrated in Tier 1 cities. Besides, raising funds from retail investors require a significant distribution capability. In fact, the retail investors residing in Tier 2 & 3 towns, though aware and willing are unable to invest in mutual funds due to limited access to suitable distribution channels and investor servicing. However, with the deepening of the global financial crisis, many mutual funds witnessed sudden redemption pressures due to their dependence on institutional AUM. This is expected to lead AMC's to start focusing on retail investors' segment.

### **Future Outlook**

- The low penetration level of domestic AMC's and limited share of mutual funds in the households' financial savings point towards the future potential of the Mutual fund industry in India. Further, given the rise in income levels and households' financial savings, an increasing number of households are expected to invest in mutual fund products that yield higher returns with reasonable risk.
- The continuous process of urbanization, enhanced financial literacy and a huge young population with an increased risk appetite are also likely to be instrumental in the long term growth of the retail segment of the Mutual fund industry. Further, the public sector network of nationalized banks and post offices are likely to increase their focus on the distribution of mutual funds in Tier 2 and Tier 3 towns. This will enhance the reach of mutual funds to the rural population.
- In case of institutional segment of mutual fund, rising corporate earnings, maturing capital markets and increased demand for sophisticated treasury management products are expected to play a key role in accelerating the growth of the Indian Mutual fund industry.
- Profitability margins of the Mutual fund industry in India is expected to witness a gradual decline as AMC's' focus on low margin products to attract risk-averse investors will affect revenue generation. At the same time, AMC's' focus on increasing their penetration in rural population beyond Tier 2 cities will lead to increase in operating costs.

- Furthermore, with the entry of global players, competition for the domestic mutual funds is expected to increase. In view of the intense competition and shrinking margins, the industry is likely to witness some consolidation as AMCs will review business strategy and explore exit/mergers in case of no significant competitive advantage.
- Asset Management Companies are expected to introduce a new range of offerings in the market in order to attract investments. The new age investor today looks for returns higher than the traditional bank deposits. Fund houses focus on designing products which suit investor requirements of a higher return and with better diversification of risk.
- Exchange Traded Funds are expected to be given a boost and brought into increased focus for the investor. Gold ETFs serve as a good investment option in times of market volatility. These products prove to be a viable solution for risk averse investors, without diluting the urge to have the physical asset.
- Fund houses are likely to assign an increased budget for investment in technology, which will help them streamline their distribution networks and increase efficiencies in their business. Use of technology, is a must to come up with a feasible cost-benefit business model.
- It is an unspoken responsibility of the Asset Management Companies to spread financial literacy among investors, which will inevitably lead to increased penetration of their products. Awareness campaigns and education drives will be more regularly undertaken.
- Optimum operating efficiencies are expected to exist in Asset Management Companies, and for this, cost containment measures will be undertaken by them. Outsourcing could be looked upon as a possible measure to reduce costs, provided the risks emanating from this are better managed.
- Disclosure requirements are expected to be held consistently across all asset management companies in order to institutionalize greater transparency in the system. Information will be readily available and communicated effectively to investors, for them to take informed decisions.

## **Conclusion**

The Indian mutual fund industry has seen a lot of changes in past few years. From an AUM of Rs 25 crores in March 1965, it has grown to Rs 825240 crores in March, 2014. But the mutual fund industry has not witnessed a one way growth instead the industry has seen many ups and downs.

The drive to expand reach beyond Tier 1 cities and make mutual fund offerings available to people in smaller towns and cities has indeed taken up the attention of the industry. Share of AUM in households' gross financial savings need to be improved by making investors' aware about mutual funds. However, several components of such an initiative, like investor awareness, broadening investor participation and product innovation, need to be aligned in order to fully establish inclusive growth. The industry needs to give due emphasis on the above factors, drawing out an efficient business and operating model to ensure that the inherent challenges that the industry is facing is efficiently dealt with. Designing a competent and all pervasive business model has all the more become important in the current scenario of changing business and regulatory legislations. At a time when amendments to key regulations are being analyzed in terms of impact on the business of the industry, it remains to be seen, how the pace and pattern of growth of the industry takes shape.

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