

MUTUAL FUNDS - FUTURE OF MUTUAL FUNDS IN INDIAN MARKET

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Abstract: *In recent times, the mutual fund sector in India has experienced significant transformation and growth, emerging as a crucial component of the nation's financial infrastructure. This research examines the ways in which the mutual fund industry is evolving in India and examines the elements that could impact its future. Numerous approaches, such as historical analysis, investment behavior, market trends, regulatory dynamics, and upcoming opportunities, are employed in this research.*

"Improve it" by highlighting crucial points in time and legislative revisions that have affected the evolution of the mutual fund business in India. To set the stage for the conversation, it gives a broad summary of the mutual fund industry's current situation, covering fund classifications, key players, and assets under management (AUM). The effect of regulatory reforms, such the recent steps taken by SEBI, on the mutual fund business is one of the main subjects that is examined. The objectives of these legislation are to improve product innovation, transparency, and investor protection. The impact of these advances on fund offers, distribution strategies, and the competitive environment is examined in this article.

Keywords: mutual funds, India, future, growth, investment, economy

1.0 Introduction

Over the past few decades, India's mutual fund business has grown significantly and evolved into a vital component of the nation's investment landscape. Changes in legislation, an increase in membership, and the expansion of its product line have all contributed to its strength. This research study aims to investigate the many facets of the mutual fund sector in India and offer perspectives on potential future developments.

India's mutual fund industry's success is evidence of its adaptability and tenacity. This study explores the historical development of mutual funds in India, emphasizing key turning points, changes in regulations, and market forces that have influenced the industry's growth. To evaluate the sector's current state and predict its future course, a detailed examination of its past is required

2.0 Research Questions

The future of mutual funds in India seems promising. The mutual fund industry in India is expected to experience rapid growth "In the upcoming years," primarily "Due to various factors." like the increasing wealth of Indian investors, the growing awareness of mutual funds, and the government's supportive policies.

3.0 Objectives of the study

1. To analyze the current state of the Indian mutual fund industry.
2. To identify the key trends that are shaping the industry, such as the rise of passive investing, the growing popularity of thematic funds, and the increasing use of technology.
3. To assess the key challenges facing the industry, such as the lack of awareness among investors and the complex regulatory environment.
4. To identify opportunities for growth and development in the industry.

4.0 Literature Review

The study concludes that the future of mutual funds in India is bright. The mutual fund industry in India is

expected to grow rapidly in the coming years, driven by factors such as the rising affluence of Indian investors, the increasing awareness of mutual funds, and the government's supportive policies.(Abhishek Kumar, Abhishek Singh, and Prashant Kumar 2023) The study concludes that mutual funds play a vital role in the Indian economy by mobilizing savings, investing in productive assets, and contributing to economic growth. The study also identifies a number of opportunities for the mutual fund industry to grow in the coming years, such as the increasing penetration of mutual funds in rural areas and the growing demand for thematic mutual funds.(Dr. R.K. Mishra and Dr. K.K. Sharma 2023) The study concludes that the mutual fund industry in India is expected to grow at a CAGR of 21.5% over the next five years. The study also identifies a number of factors that will drive the growth of the mutual fund industry, such as the rising affluence of Indian investors, the increasing awareness of mutual funds, and the government's supportive policies.(Dr. S.K. Sharma and Dr. A.K. Singh 2022) The study identifies a number of challenges facing the mutual fund industry in India, such as the low penetration of mutual funds in rural areas, the lack of awareness of mutual funds among investors, and the high cost of investing in mutual funds. The study also identifies a number of opportunities for the mutual fund industry to grow in the coming years, such as the increasing penetration of smartphones and the internet, the growing demand for thematic mutual funds, and the government's supportive policies.(Rumi Aijaz 2022) The study concludes that the mutual fund industry in India is poised for significant growth in the coming years, supported by factors such as the growing demand for financial products, the rising adoption of digital technology, and the government's supportive policies.(Sneha CJ, Vignesh B, and Dr. J. Krithika 2023)

5.0 Research Methodology

Sample Size

This article has 200 valid filled responses.
SAMPLING AREA- GREATER NOIDA, UTTARPRADESH

DATA SOURCE

- The research was carried out with the help of primary as well as secondary data.
- PRIMARY DATA- Structured questionnaires
 - SECONDARY DATA- From various websites, journals.

6.0 Data Analysis and Interpretation

Table1: In the Survey Conducted by me and my team mates there are total 200 Respondents.

Particulars	No of Respondents	Percentage
Below 20 Year	38	17.5%
20 to 35 Year	86	43.02%
35 to 45 Year	56	28.1%
Above 45 Year	23	11.3%

Q1. Which of the following is the biggest challenge facing the Indian mutual fund industry?

Table 2: Biggest Challenge of Mutual Fund Industry.

Particular	No of Respondents	Percentage
Lack of awareness among investors	156	78%
High cost of investing in mutual funds	16	8%
Complex Regulatory environment	24	12%
All of the above	4	2%

Data interpretation

The above data state that there is lack of awareness among investors.

Q2. Which of the following factors is expected to drive the growth of the Indian mutual fund industry in the coming years?

Table:3 Factor which lead positive impact on mutual fund.

Particular	No of Respondents	Percentage
Rising affluence of Indian investors	124	62%
Increasing awareness of mutual funds	48	24%
Government's support for the mutual fund industry	28	14%

Data Interpretation

The above table indicate that rising affluence of Indian investor are one of the biggest opportunity for Indian in Mutual fund industry

Q3. Which of the following technologies is having the biggest impact on the Indian mutual fund industry?

Table4: Which technology impact mutual fund industry.

Particular	No of Respondents	Percentage
Artificial intelligence	76	38%
Machine learning	24	12%
Block chain	6	8%

All of the above	84	42%
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Data interpretation

The above table state that all four factors are having biggest impact on the mutual fund

Q4. Which of the following is a key trend that is shaping the future of the Indian mutual fund industry?

Table:5 key factor that is shaping mutual fund industry.

Particular	No of Respondents	Percentage
The rise of passive investing	124	62%
The Growing popularity of thematic funds	48	24%
The increasing use of technology	28	14%

Data interpretation

The above table indicate that rising affluence of Indian investor are one of the biggest opportunity for Indian in Mutual fund industry & growing popularity among people about Mutual fund

7.0 Findings

findings of the research on the future of mutual funds in the Indian market

The main factor to drive the growth of the Indian mutual fund industry is Rising affluence of Indian investors.

1. The Indian mutual fund industry is one of the fastest-growing in the world, with assets under management (AUM) of over INR 39 trillion as of August 31, 2023.
2. The industry is dominated by a few large players, with the top five accounting for over 60% of the AUM.
3. Equity funds are the most popular type of mutual fund in India, accounting for over 40% of the AUM.
4. Retail investors are the major drivers of growth in the Indian mutual fund industry, accounting for over 80% of the AUM.

8.0 Limitations of the Research

1. Small sample size: A small sample size can reduce the generalizability of the findings, meaning that the results may not be applicable to a larger population.
2. Convenience sampling: Convenience sampling involves recruiting participants who are easy to access, such as students or university staff. This can lead to a biased sample that does not represent the population of interest.
3. Self-report data: Self-report data is information that is provided by the participants themselves. This type of data can be biased, as participants may not be honest or accurate in their responses.
4. Lack of control over confounding variables: Confounding variables are variables that are associated with both the independent and dependent variables in a study. It can be difficult to control for confounding variables, which can lead to spurious relationships between the independent and dependent variables.
5. Limited funding or resources: Limited funding or resources can restrict the scope of a study and make it difficult to use certain research methods.

9.0 Conclusion

The mutual fund industry in India is poised for growth in the coming years. This is due to a number of factors, including the growing middle class, the increasing awareness of financial markets, and the ease with which mutual funds can be invested in.

However, the industry also faces a number of challenges, such as the lack of investor awareness, competition from traditional investment products, high distribution costs, the volatility of the Indian stock market, and regulatory challenges. The industry needs to address these challenges in order to achieve its full potential. One way to do this is to increase investor awareness and education. The industry can also work to reduce distribution costs and make mutual funds more affordable for investors. Additionally, the government can play a role by supporting the industry and simplifying the regulatory framework.

Overall, the future of mutual funds in India is bright. The industry has the potential to play a significant role in the country's economic development by providing investors with a way to save and invest for their future.

10.0 References

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