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A STUDY ON MUTUAL FUND INDUSTRY IN INDIA – 2025

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ABSTRACT
Mutual Fund Industry is one of the important financial industries in financial sector in India. It plays a significant role in transformation of funds from surplus sector to deficit sector by providing investment related services. This study analyses the trends in fund mobilisation, redemption, and net inflow within the Indian mutual fund industry over an eleven-year period from 2013–14 to 2023–24, using data sourced from SEBI Annual Reports. The analysis covers both private and public sector mutual funds, highlighting their relative performance and contribution to the industry's growth. The findings indicate that the private sector has consistently dominated the mutual fund landscape, accounting for approximately 75–80% of total fund mobilisation and redemption annually. This dominance is attributed to its wider investor base, stronger distribution networks, and greater product diversification. Overall, the mutual fund industry exhibited robust growth, with Assets Under Management increasing more than six fold from ₹8.25 lakh crore to ₹53.40 lakh crore over the study period. The findings underscore the sector's resilience, rising investor participation, and the critical role of private sector mutual funds in driving industry expansion.
KEY WORDS: *Mutual Funds, Fund Mobilization, Redemption and Net Inflow*

1. INTRODUCTION

Mutual fund is one of the investment avenues in financial market for investors. Mutual funds are referring to the process where savings of large number of people are pooled for collective investment in diversified securities to give good rate of return on investment. The asset management companies are designated companies which are collecting savings under different schemes. There are different types in schemes and these are designed according to the requirements of different types of investors and their objectives. The equity, debt and balanced schemes are basic types of schemes and under each basic type of scheme there are again sub-types based on different criteria.

Mutual funds are different from other kind of investments. Mutual funds facilitate small and medium savers to invest in stock market through SIP (Systematic Investment Plan). Besides, it provides an opportunity of indirect ownership in joint stock companies to investors. While, other kind of an investment is complex in nature and carrying high risk with more procedural aspects. These investment options seem not easy for investment, especially for common people. Therefore, mutual funds are best and simple investment avenues to small and medium savers. They must be promoted more and more, and it is also very much required in India's context to achieve financial freedom by common people.

2. LITERATURES REVIEW

Chawla and Gupta (2020) examined the growth trajectory of mutual funds in India, highlighting the significant rise in the retail investor base. Their study emphasizes the role of regulatory reforms, such as enhanced transparency and investor protection measures, in promoting mutual fund investments. The authors argue that these regulatory changes have fostered investor confidence, driving growth in both the number of investors and the assets under management. The paper concludes that the evolution of the mutual fund industry is intrinsically tied to the regulatory environment, which continues to evolve in response to market needs. Sharma and Kumar (2019) focused on the critical role played by asset management companies (AMCs) in managing mutual funds. They discuss how operational efficiencies within AMCs influence the performance of mutual funds, particularly in navigating volatile market conditions. The authors emphasize that AMCs must adopt efficient fund management strategies to ensure consistent returns for investors. They suggest that the success of mutual funds depends heavily on the ability of AMCs to maintain operational excellence while adapting to changing market

dynamics and investor expectations. Raghavan (2018) investigated the factors influencing investor preferences towards mutual funds in India, particularly focusing on risk tolerance, investment objectives, and past performance. His findings suggest that younger investors are increasingly favoring equity funds due to their higher potential returns, despite their inherent volatility. Raghavan's study highlights the growing trend of risk-taking among younger demographics, which is reshaping investment strategies in the mutual fund industry. The paper underscores the need for investors to align their portfolio choices with their financial goals and risk appetite. Patel (2021) conducted an analysis of the performance of equity mutual funds in India, identifying their potential for high returns but also their higher volatility compared to other fund types like debt and hybrid funds. Patel stresses the importance of diversification and risk management strategies for investors opting for equity funds. He suggests that while equity funds can offer substantial long-term gains, their volatility necessitates a more cautious and strategic approach to portfolio management, particularly for those with lower risk tolerance.

Singh and Reddy (2017) assessed the regulatory framework governing mutual funds in India, focusing on its impact on investor protection. They argue that the introduction of stronger regulations has significantly bolstered investor confidence, thereby promoting growth in the mutual fund industry. Their study emphasizes that regulatory measures such as enhanced disclosure norms and the implementation of direct plans have created a more transparent and secure environment for investors, which has contributed to the increased participation of retail investors in the market. Bhattacharya (2020) explored the risk-adjusted returns of various mutual fund categories in India, with a particular focus on hybrid funds. His analysis suggests that hybrid funds offer a more balanced risk-return profile compared to pure equity funds, making them more attractive to conservative investors seeking stability. Bhattacharya's findings indicate that investors who are risk-averse may benefit from the diversification provided by hybrid funds, which combine the growth potential of equities with the stability of debt instruments. Ghosh (2019) studied the impact of global financial markets on Indian mutual funds, particularly those with international exposure. His research found that mutual funds with global investments experienced heightened volatility during global economic downturns, which significantly impacted their returns. Ghosh's study emphasizes the importance of understanding the correlation between global and local markets, especially for investors in mutual funds with international holdings. He concludes that while global exposure can offer diversification benefits, it also introduces significant risk during periods of global economic instability.

3. NEED FOR THE STUDY

Here it is important to note that Indian mutual fund industry witnessed a lot of growth since from the inception. Now it has become one of the important financial industries and it consists of so many asset management companies. There are public, private and foreign asset management companies in mutual funds. These asset management companies are started by banks, NBFC and corporate houses. The mutual funds and its industry are regulated and controlled by Association of Mutual Funds in India (AMFI).

Investment and withdrawal is regular process in mutual funds. Investors make investment through SIP and one-time investment option. SIP is best option where investors invest specified amount on specific date of every month for a particular period. The investors withdraw their investment as and when required. This process of both investment and withdrawal affects growth of mutual fund industry. Therefore mutual fund industry is dynamic and its status is changing from time to time. In this context, the study on mutual fund industry is undertaken to torch a light on fund mobilization and withdrawals. This study certainly provides fruitful information to its users for better and effective decision making.

4. OBJECTIVES OF THE STUDY

The main objectives of the study are as follows

a) To analyse the fund mobilization trend in mutual funds
b) To analyse the fund redemption trend from mutual fund investment

5. RESEARCH METHODOLOGY

The study is based on secondary data which has been collected from the websites of NSE and BSE, annual reports of SEBI, books relating to mutual funds etc,. The collected data has been analysed and presented in tabulation for interpretation. The data collected belongs to period of ten years from 2015 to 2024.

6. DATA ANALYSIS AND INTERPRETATION

This section gives the details about fund mobilization by mutual funds and fund redemption from mutual funds from 2015 to 2024 for ten years.

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a) Fund Mobilization by Mutual Fund Industry

The below table provides the gross fund mobilization by mutual funds with sector-wise and year-wise from 2013-14 to 2023-24.

Table 1. Category-wise Resource Mobilisation by Mutual Fund [₹ in crore]

Year	Gross Fund Mobilisation		
	Private Sector	Public Sector	Total
2013-14	80,49,397	17,18,703	97,68,101
2014-15	91,43,962	19,42,297	1,10,86,260
2015-16	1,11,26,277	26,39,279	1,37,65,555
2016-17	1,42,47,937	33,67,612	1,76,15,549
2017-18	1,73,82,189	36,33,049	2,10,15,238
2018-19	1,96,53,000	47,41,374	2,43,94,374
2019-20	1,49,89,990	38,23,467	1,88,13,458
2020-21	70,15,519	16,23,648	86,39,167
2021-22	72,02,278	21,15,227	93,17,505
2022-23	77,54,926	27,52,442	1,05,07,367
2023-24	88,41,565	26,06,650	1,14,48,215

Source: SEBI Annual Report – 2024

Table 1. highlights the **category-wise gross fund mobilisation by mutual funds in India** from 2013-14 to 2023-24, showing a consistent dominance of the **private sector** over the **public sector** in mobilising resources. Over the 11-year period, both sectors experienced growth, but the **private sector mobilised significantly higher funds** each year, averaging around 75–80% of the total mobilisation annually. From 2013-14 to 2018-19, there was a **steady rise** in total mobilisation, peaking at ₹2.44 lakh crore in 2018-19. This period reflects growing investor confidence and expansion in the mutual fund industry. However, in 2020-21, there was a **sharp decline** in total mobilisation to ₹86.39 lakh crore, likely due to the **economic impact of the COVID-19 pandemic**. Both sectors were affected, but the **private sector saw a steeper fall**, though it also recovered faster in the following years. By 2023-24, the total mobilisation rebounded to ₹1.14 lakh crore, led by a strong performance from private mutual funds. The **public sector's share**, while improved since the pandemic low, remains comparatively modest, indicating a need for strategic improvements.

b) Fund Redemption from Mutual Fund Investment

The Fund redemption refers to withdrawal of funds by investors from mutual fund investment. The details of redemption from 2013-14 to 2023-24 is given in the below table.

Table 2. Category-wise Mutual Fund Redemption [₹ in crore]

Year	Redemption*		
	Private Sector	Public Sector	Total
2013-14	80,00,559	17,13,759	97,14,318
2014-15	90,40,262	19,42,710	1,09,82,972
2015-16	1,10,34,883	25,96,492	1,36,31,375
2016-17	1,39,68,549	33,03,951	1,72,72,500
2017-18	1,71,53,718	35,78,796	2,07,32,514
2018-19	1,95,91,495	46,93,178	2,42,84,673
2019-20	1,49,65,931	37,60,226	1,87,26,157
2020-21	68,73,141	15,51,283	84,24,424
2021-22	70,53,991	20,16,784	90,70,775
2022-23	77,38,933	26,92,199	1,04,31,132
2023-24	85,32,667	25,60,207	1,10,92,874

Source: SEBI Annual Report – 2024

The table 2. presents the **redemption trends in mutual funds** from 2013-14 to 2023-24, split between the **private** and **public sectors**. Similar to mobilisation patterns, **private sector mutual funds consistently recorded higher redemption volumes** than public sector funds throughout the decade. This reflects their larger asset base and wider investor participation. From 2013-14 to 2018-19, both sectors witnessed a **steady increase in redemptions**, in line with higher fund mobilisation during the same period. The **peak redemption year was 2018-19**, with total redemptions reaching ₹2.42 lakh crore. However, there was a **sharp decline in 2020-21** to ₹84.24 lakh crore, likely due to the **COVID-19 pandemic**, when investors may have chosen to stay invested amid market volatility.

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Post-pandemic, redemptions began to **rise steadily again**, reaching ₹1.10 lakh crore in 2023-24. The private sector accounted for around **77% of total redemptions**, a consistent trend over the years. The data suggests that while the industry is growing, **investor churn remains high**, especially in the private sector, possibly due to short-term investment behaviour or switching between schemes.

c) Net Inflow of Mutual Fund

Here is a detail about net inflow of funds which is a result of subtraction fund redemption from gross fund mobilization for last ten years.

Table 3. Category-wise Mutual Fund Net Inflow [₹ in crore]

Year	Net Inflow			Assets at the End of Period
	Private Sector	Public Sector	Total	
2013-14	48,838	4,944	53,783	8,25,240
2014-15	1,03,700	-413	1,03,288	10,82,757
2015-16	91,394	42,787	1,34,180	12,32,824
2016-17	2,79,388	63,661	3,43,049	17,54,619
2017-18	2,28,471	43,326	2,71,797	21,36,036
2018-19	61,505	48,196	1,09,701	23,79,663
2019-20	24,059	63,241	87,301	22,26,203
2020-21	1,42,378	72,365	2,14,743	31,42,764
2021-22	1,48,287	98,443	2,46,730	37,56,684
2022-23	15,993	60,242	76,236	39,42,031
2023-24	3,08,898	46,442	3,55,340	53,40,195

Source: SEBI Annual Report – 2024

The table 3. provides insights into the **net inflow of funds into mutual funds** by category (private and public sector) along with the **total assets under management (AUM)** at the end of each financial year from 2013-14 to 2023-24. Over the period, the mutual fund industry has shown significant growth, with AUM increasing from ₹8.25 lakh crore in 2013-14 to ₹53.40 lakh crore in 2023-24 — a more than **six fold increase**. **Net inflows**, which represent the difference between gross mobilisation and redemptions, fluctuated across the years. A strong upward trend is seen from 2013-14 to 2017-18, peaking in 2016-17 at ₹3.43 lakh crore. A notable dip occurred in 2018-19 and 2019-20, likely due to market volatility and economic slowdown, before a strong resurgence in 2020-21 and 2021-22. The **highest net inflow was recorded in 2023-24**, reaching ₹3.55 lakh crore — a strong sign of investor confidence. The **private sector consistently contributed the majority of net inflows**, except in 2019-20 where public sector funds outperformed in net inflows (₹63,241 crore vs ₹24,059 crore). While the public sector has shown improved inflow performance in some years, its overall contribution remains lower compared to the private sector.

d) Consolidated Statement on Mutual Fund Industry

This section gives comparative details about fund mobilization, redemption and net inflow with private and public sector from 2013-14 to 2023-24.

Table 4. Category-wise Fund Mobilization, Redemption and Net Inflow [₹ in crore)

Year	Gross Mobilisation			Redemption*			Net Inflow			Assets at the End of Period
	Private Sector	Public Sector	Total	Private Sector	Public Sector	Total	Private Sector	Public Sector	Total	
2013-14	80,49,397	17,18,703	97,68,101	80,00,559	17,13,759	97,14,318	48,838	4,944	53,783	8,25,240
2014-15	91,43,962	19,42,297	1,10,86,260	90,40,262	19,42,710	1,09,82,972	1,03,700	-413	1,03,288	10,82,757
2015-16	1,11,26,277	26,39,279	1,37,65,555	1,10,34,883	25,96,492	1,36,31,375	91,394	42,787	1,34,180	12,32,824
2016-17	1,42,47,937	33,67,612	1,76,15,549	1,39,68,549	33,03,951	1,72,72,500	2,79,388	63,661	3,43,049	17,54,619
2017-18	1,73,82,189	36,33,049	2,10,15,238	1,71,53,718	35,78,796	2,07,32,514	2,28,471	43,326	2,71,797	21,36,036
2018-19	1,96,53,000	47,41,374	2,43,94,374	1,95,91,495	46,93,178	2,42,84,673	61,505	48,196	1,09,701	23,79,663
2019-20	1,49,89,990	38,23,467	1,88,13,458	1,49,65,931	37,60,226	1,87,26,157	24,059	63,241	87,301	22,26,203
2020-21	70,15,519	16,23,648	86,39,167	68,73,141	15,51,283	84,24,424	1,42,378	72,365	2,14,743	31,42,764
2021-22	72,02,278	21,15,227	93,17,505	70,53,991	20,16,784	90,70,775	1,48,287	98,443	2,46,730	37,56,684
2022-23	77,54,926	27,52,442	1,05,07,367	77,38,933	26,92,199	1,04,31,132	15,993	60,242	76,236	39,42,031
2023-24	88,41,565	26,06,650	1,14,48,215	85,32,667	25,60,207	1,10,92,874	3,08,898	46,442	3,55,340	53,40,195

Source: SEBI Annual Report – 2024

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Table 4. provides a comprehensive overview of the **mutual fund industry's financial flows** across private and public sectors from 2013-14 to 2023-24, covering **gross fund mobilisation, redemptions, net inflows**, and **assets under management (AUM)**. Over the 11-year period, there has been **consistent growth** in all parameters, especially in AUM, which grew more than sixfold from ₹8.25 lakh crore in 2013-14 to ₹53.40 lakh crore in 2023-24 — indicating increasing investor participation and market maturity. Private sector mutual funds have **consistently dominated** in terms of gross mobilisation and redemptions, reflecting their broader outreach and stronger investor base. Net inflow trends show significant fluctuations — with **high inflows in 2016-17 and 2023-24**, reaching ₹3.43 lakh crore and ₹3.55 lakh crore respectively, signaling strong investor sentiment during those periods. Notably, the **public sector has shown improved net inflows in several years**, even surpassing the private sector in 2019-20. However, in most years, private sector funds contributed the majority share of inflows. The **COVID-19 period (2020-21)** witnessed a temporary dip in mobilisation and redemptions, but also a surge in net inflows, likely driven by retail investors seeking long-term investment avenues during market volatility.

7. FINDINGS AND SUGGESTIONS

a) Findings

i. Private sector mutual funds have consistently dominated the market, contributing over 70% of total gross fund mobilisation across the decade, indicating higher investor confidence and better outreach or performance in the private segment.
ii. Private sector mutual funds consistently see higher redemptions, indicating both greater investor participation and possibly more short-term or active investment strategies compared to public sector funds.
iii. The mutual fund industry has witnessed massive AUM growth over the decade, driven primarily by net inflows into private sector funds, reflecting stronger investor preference and trust in private fund houses.
iv. Despite temporary fluctuations, the mutual fund industry has shown strong and sustained growth, with net inflows and AUM peaking in 2023-24 — driven largely by private sector fund houses, which continue to lead in both scale and investor engagement.

b) Suggestions

i. Public sector mutual funds need to strengthen their competitive edge by enhancing investor outreach, improving digital infrastructure, offering diversified schemes, and ensuring better performance transparency.
ii. To reduce frequent redemptions, fund houses—especially in the private sector—should promote long-term investment awareness, strengthen SIP-based products, and improve investor education to enhance portfolio stickiness and stability.
iii. To balance growth and expand participation, public sector mutual funds should focus on building investor trust through transparent performance reporting, innovative schemes, and stronger distribution networks, especially in Tier 2 and Tier 3 cities.
iv. To sustain and democratize this growth, the public sector must enhance its competitiveness by improving product innovation, leveraging digital platforms for outreach, and building stronger investor trust — especially in underpenetrated rural and semi-urban markets.

8. CONCLUSION

The private sector has maintained a clear lead in all key parameters — mobilisation, redemptions, and net inflows — owing to broader reach, greater scheme variety, and investor trust. That said, public sector mutual funds have shown commendable improvements in recent years, particularly in net inflows, which indicates growing investor confidence and the potential for further market penetration. Despite temporary disruptions such as the COVID-19 pandemic in 2020-21, the industry has demonstrated resilience and quick recovery, with 2023-24 recording the highest-ever net inflow of ₹3.55 lakh crore, showcasing a robust investor appetite for mutual fund investments. The Indian mutual fund industry is on a solid growth path, driven by increasing investor awareness, digital access, and product innovation — with ample opportunities for both private and public sector fund houses to expand and deepen their market presence.

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