



# A Study On Growth and Development of Mutual Funds Industry in India at Icici Bank

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**Abstract** – The mutual fund industry in India has grown a lot in the last ten years and has become one of the most important parts of the country's financial system. Mutual funds help people and big organizations save money and then invest it in different kinds of securities. This study looks at how the industry has grown, how its structure has changed, and what factors have helped it develop. The industry has grown very quickly in terms of the total money it manages, known as Assets Under Management (AUM). It went from about ₹12.7 trillion in 2015 to more than ₹80 trillion by 2025–2026, which is more than six times the amount. This growth has been because more people are aware of investing, they know more about finance, and they are using Systematic Investment Plans (SIPs), which help them invest regularly. Also, the number of people investing has more than doubled in recent years, showing that more individuals, especially in cities and smaller towns, are getting involved.

**Keywords** – Net Asset Value, Asset Under Management, Systematic Investment, Diversification.

## I. INTRODUCTION

The mutual fund industry in India has emerged as a vital component of the country's financial system, playing a significant role in mobilizing savings and facilitating investment in capital markets. A mutual fund is a professionally managed investment vehicle that pools money from various investors and invests it in diversified financial instruments such as equities, bonds, money market securities, and other assets. This mechanism provides investors, especially small and retail participants, an opportunity to access professionally managed portfolios with relatively lower risk through diversification.

The origin of mutual funds in India dates back to 1963 with the establishment of the Unit Trust of India (UTI), which was the first mutual fund entity in the country. Over time, the industry has evolved through various phases, including the entry of public sector mutual funds, private sector players, and foreign asset management companies. The liberalization of the Indian economy in the 1990s and the establishment of the Securities and Exchange Board of India (SEBI) as a regulatory authority have significantly contributed to the structured growth and transparency of the mutual fund industry.

In recent years, the mutual fund industry in India has witnessed rapid expansion in terms of Assets Under Management (AUM), investor base, and product diversification. The introduction of innovative schemes such as Systematic Investment Plans (SIPs), Exchange Traded Funds (ETFs), and index funds has made mutual fund investments more accessible and attractive to a wide range of investors. SIPs, in particular, have gained immense popularity among retail investors due to their affordability, convenience, and long-term wealth creation potential.

## II. REVIEW OF LITERATURE

**1. Sharpe (1966)** Sharpe explained the relationship between risk and return in investment decisions and laid the foundation for modern portfolio evaluation. His work is highly relevant to mutual funds because it helps in assessing fund performance on a risk-adjusted basis. In the Indian mutual fund industry, Sharpe's contribution is important for understanding how investors compare different mutual fund schemes. The Sharpe Ratio continues to be used as a major tool for evaluating the efficiency and attractiveness of mutual fund investments.

**2. Treynor (1965)** Treynor introduced a method to evaluate portfolio performance by measuring returns against systematic risk. This concept became useful in mutual fund analysis because investors want to know whether a fund is generating adequate returns compared to the market risk involved. In India, this model is often applied to compare the performance of equity mutual funds. His study supports the idea that fund growth depends not only on returns but also on effective risk management practices.

**3. Jensen (1968)** Jensen developed the alpha measure to evaluate the excess return of a portfolio over expected market returns. This study is significant for the mutual fund industry because it provides a way to identify whether fund managers are able to outperform the market. In the Indian context, Jensen's Alpha is widely used to assess actively managed mutual funds. The concept also highlights the role of fund managers' skill in driving the long-term development and reputation of mutual fund institutions.

**4. Friend, Blume, and Crockett (1970)** These authors examined institutional investment behavior and portfolio diversification. Their findings showed that professional fund management improves investor confidence and leads to better allocation of resources. This is relevant to the



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Indian mutual fund sector, where investors rely on professional expertise for wealth creation. Their research supports the importance of mutual funds as intermediaries that reduce individual investment risk. The study also shows that efficient diversification contributes to industry expansion and increased participation.

**5. Ippolito (1989)** Ippolito studied the performance and investor behavior related to mutual funds, concluding that mutual funds play a crucial role in offering diversification and professional management. The study highlighted that investors are attracted to funds due to convenience and expert decision-making. In India, these observations are highly relevant as more retail investors move from traditional savings to mutual fund investments. This work supports the view that convenience, accessibility, and professional management are essential drivers of industry growth.

### III. NEED OF THE STUDY

The mutual fund industry in India has undergone significant transformation in recent years, making it essential to study its growth and development. With increasing investor participation and rapid expansion of Assets Under Management (AUM), mutual funds have become a preferred investment avenue for both retail and institutional investors. This study is needed to understand the factors driving the growth of the industry and the changing investment behavior of investors.

Additionally, the study helps in analyzing the role of mutual funds in financial inclusion and capital market development. It provides insights into how mutual funds contribute to mobilizing household savings and channelizing them into productive investments. Understanding the impact of regulatory policies, technological advancements, and financial awareness campaigns is also crucial for evaluating industry performance.

### IV. SCOPE OF THE STUDY

The scope of this study is limited to analyzing the growth and development of the mutual fund industry in India over recent years. It covers various aspects such as trends in Assets Under Management (AUM), types of mutual fund schemes, investor behavior, and the role of regulatory authorities like SEBI. The study focuses on both equity and debt mutual funds, along with hybrid and passive investment options such as ETFs.

This study also includes an examination of the impact of technological advancements and digital platforms on mutual fund investments. It considers the increasing popularity of Systematic Investment Plans (SIPs) and their contribution to long-term wealth creation. Additionally, the study evaluates the role of financial awareness initiatives in promoting mutual fund investments among different segments of society.

However, the study is confined to the Indian mutual fund industry and does not cover global mutual fund markets in detail. It primarily relies on secondary data sources such as reports, journals, and official publications. The findings of the study aim to provide insights into the current scenario and future growth potential of the mutual fund industry in India.

### V. OBJECTIVES OF THE STUDY

- To analyze the growth and development of the mutual fund industry in India.
- To study the trends in Assets Under Management (AUM) and investor participation.
- To examine the factors influencing investment in mutual funds.
- To evaluate the role of mutual funds in capital market development.
- To identify the challenges and future prospects of the mutual fund industry.

### VI. RESEARCH METHODOLOGY

**Research Design:** A descriptive approach is used to look at how the mutual fund industry has grown and changed over time.

- **Type of Data:** Information is collected from existing sources.
- **Where Data Came From:** Annual reports from mutual fund companies, AMFI reports, SEBI publications, journals, websites, and articles about finance.
- **Time Frame:** The past 5 to 10 years, roughly from 2015 to 2026.

#### • **Tools and Methods:**

- Using percentages to compare data
- Looking at trends over time
- Comparing different parts of the industry
- Making charts like bar graphs and pie charts to show data visually.

### VII. LIMITATIONS OF THE STUDY

- The study is based only on secondary data, which may have limitations in accuracy.
- It focuses only on the Indian mutual fund industry and excludes global comparisons.
- The study period is limited and may not reflect long-term fluctuations.
- Market conditions and investor behavior may change over time.
- Limited access to detailed primary data from mutual fund companies.



### VIII. DATA ANALYSIS AND INTERPRETATION

Growth of Assets under Management of Indian Mutual Fund Industry

Financial Year	Industry AUM (₹ lakh crore)	YoY Growth (%)
FY15-16	12.33	-
FY16-17	17.55	42.34
FY17-18	21.36	21.71
FY18-19	23.80	11.42
FY19-20	22.26	-6.47
FY20-21	31.43	41.19
FY21-22	37.57	19.54
FY22-23	39.42	4.92

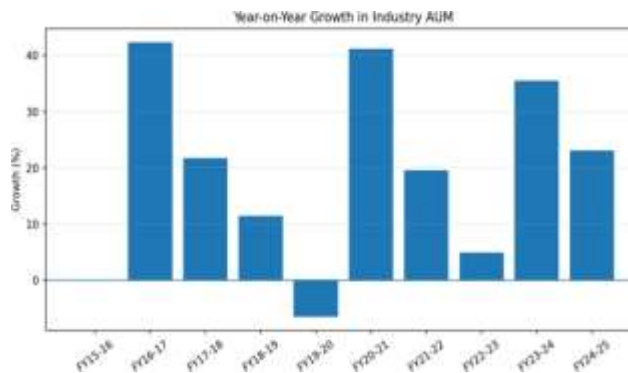
FY23-24	53.40	35.46
FY24-25	65.74	23.11



**Interpretation:** The table shows a strong long-term upward movement in the size of the Indian mutual fund industry. AUM rose from ₹12.33 lakh crore in FY15-16 to ₹65.74 lakh crore in FY24-25, an absolute increase of ₹53.41 lakh crore. The sharpest expansions are visible after FY20-21, reflecting a combination of stronger equity participation, wider retail onboarding, higher SIP activity, digital investing convenience, and mark-to-market gains. The mild dip in FY19-20 indicates the market stress period, but the subsequent rebound confirms the industry's resilience.

#### Year-on-Year Growth Analysis

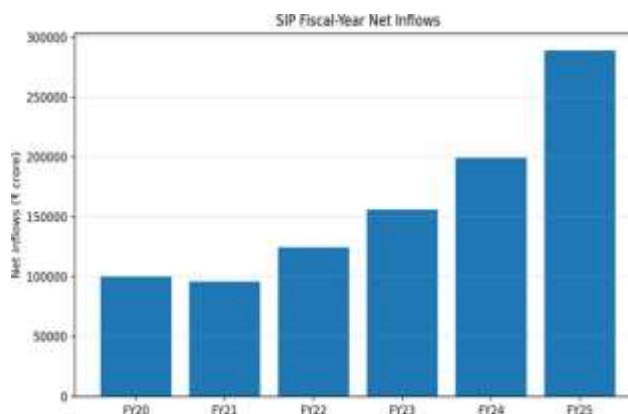
Financial Year	AUM(₹ lakh crore)	Previous Year AUM	Growth / Decline %
FY16-17	17.55	12.33	42.34
FY17-18	21.36	17.55	21.71
FY18-19	23.80	21.36	11.42
FY19-20	22.26	23.80	-6.47
FY20-21	31.43	22.26	41.19
FY21-22	37.57	31.43	19.54
FY22-23	39.42	37.57	4.92
FY23-24	53.40	39.42	35.46
FY24-25	65.74	53.40	23.11



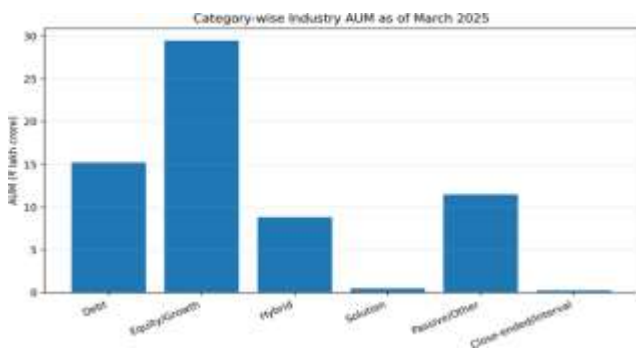
**Interpretation:** The year-on-year analysis reveals that industry expansion was not uniform; rather, it moved in waves. Growth remained healthy in the early years, moderated in FY18-19, declined in FY19-20, and then accelerated sharply in the post-pandemic period. FY20-21 and FY23-24 stand out as major growth phases. This pattern indicates that mutual fund industry development is affected by both structural factors such as investor awareness and cyclical factors such as market performance.

#### SIP Fiscal-Year Net Inflows

Fiscal Year	SIP Net Inflows (₹ crore)
FY20	100,084
FY21	96,080
FY22	124,566
FY23	155,973
FY24	199,219
FY25	289,000



**Interpretation:** SIP inflows have become one of the strongest structural engines of mutual fund growth in India. After touching about ₹1.00 lakh crore in FY20, annual SIP inflows rose to nearly ₹2.89 lakh crore in FY25. This steady increase is important because it indicates recurring retail participation rather than one-time speculative flows. The data also implies rising investor discipline: more households are using mutual funds as a periodic savings and wealth-creation mechanism.



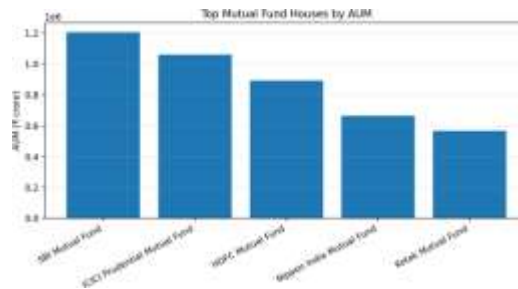
Category-wise Industry AUM as of March 2025

Category	AUM (₹ lakh crore)	Share of Listed Categories (%)
Debt	15.21	23.14
Equity/Growth	29.45	44.80
Hybrid	8.83	13.43
Solution	0.51	0.78
Passive/Other	11.47	17.45
Close-ended/Interval	0.27	0.41

**Interpretation:** Equity/Growth-oriented schemes form the largest part of industry AUM, followed by Debt and Passive/Other schemes. This composition indicates a balanced but growth-seeking market structure. Equity remains the core wealth-creation engine, debt provides liquidity and stability, while passive products are gaining traction as lower-cost and transparent alternatives. Hybrid and solution-oriented funds add depth to the industry by serving investors with moderate risk appetite and long-term goals. The mix reflects a more mature industry with broader product adoption across risk profiles.

Comparison of Leading Mutual Fund Houses

AMC	AUM (₹ crore)	Share within selected top-5 (%)	Observation
SBI Mutual Fund	1,207,585.39	27.49	Industry leader by scale
ICICI Prudential Mutual Fund	1,060,746.84	24.15	Strong number-two player with broad product depth
HDFC Mutual Fund	893,027.31	20.33	Large and diversified franchise
Nippon India Mutual Fund	663,682.73	15.11	Strong retail and ETF presence
Kotak Mutual Fund	566,980.84	12.91	Solid multi-category presence



**Interpretation:** The peer comparison shows a concentrated market structure where a few large AMCs command a major share of assets. Among the leading fund houses, ICICI Prudential Mutual Fund remains firmly placed near the top, which supports its selection for the company profile in this project. Large size matters in this industry because it usually indicates investor trust, stronger distribution reach, better brand recall, and wider product availability. However, competition is also intense, and category leadership can shift depending on equity performance, debt flows, ETF demand, and digital distribution strength.

### IX. SUMMARY OF FINDINGS

- The total money managed by mutual funds in India has been growing steadily and a lot over the past 10 years, showing that more people are confident in investing. The mutual fund industry has grown quickly because of the popularity of Systematic Investment Plans (SIPs), which help individual investors save regularly and invest wisely.
- Most of the mutual fund companies are from the private sector, and they play a big role in collecting money compared to those from the public sector.
- Mutual funds that focus on stocks have grown more than those that invest in bonds, showing that people are willing to take on more risk these days.
- ICICI Prudential Mutual Fund is among the best-performing companies in the industry, with strong growth in the money they manage and good results across their different investment schemes.
- Digital tools and finance technology apps have made it easier for more people to invest in mutual funds and have helped the industry grow a lot.
- Campaigns like "Mutual Funds Sahi Hai" have helped raise awareness and brought in new investors to the mutual fund industry.

### X. SUGGESTIONS

1. Mutual fund companies should increase awareness programs in rural and semi-urban areas to attract new investors.
2. Asset Management Companies (AMCs) should focus on simplifying investment procedures to make mutual funds more accessible to beginners.
3. Investors should be educated about risk and return trade-offs to make informed investment decisions.



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4. The government and regulatory bodies should strengthen policies to ensure transparency and investor protection.
  5. Mutual fund companies should introduce more innovative and customized investment products to meet diverse investor needs.
  6. Digital investment platforms should be further enhanced for better user experience and security.
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## XI. CONCLUSION

The mutual fund industry in India has witnessed remarkable growth and transformation over the past decade, becoming a vital component of the financial system. The increasing Assets under Management (AUM), rising investor participation, and expansion of investment products clearly indicate the growing importance of mutual funds as a preferred investment avenue. The role of regulatory bodies such as SEBI and initiatives by AMFI have contributed significantly to enhancing transparency, investor protection, and awareness.

The study reveals that factors such as digitalization, financial literacy, and the popularity of SIPs have played a crucial role in driving industry growth. Companies like ICICI Prudential Mutual Fund have established strong positions through consistent performance and innovation. Despite challenges like market volatility and limited awareness in certain areas, the industry continues to expand steadily.

In conclusion, the mutual fund industry holds strong potential for future growth and will continue to contribute to capital market development and economic progress in India. With increasing awareness and technological advancements, mutual funds are expected to become an even more integral part of investment portfolios for Indian investors.

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