Assets under Management (AUMs) of the Indian Mutual Fund (MF) industry grew to Rs.23.79 lk cr in March-19 registering a Y-o-Y growth of 11.4%, which translates to an asset base addition of Rs. 2.43 lk cr in FY19. However, this growth rate of 11.4% is the lowest since FY13.

Along with the growth in AUMs, the industry grew in terms of number of folios. As of March-19, Indian MF industry had a total of 824 lakh folios, out of which ~76% were of equity/growth oriented schemes, ~14% of debt/income oriented schemes, ~8% of balanced schemes and remaining ~2% of Exchange Traded Funds (ETFs) and fund of funds investing overseas.

Private sector MFs have continued their dominance over public sector MFs with a share of ~80.7% as of March-19. However, the share has reduced from ~82.6% in March-18.

Scheme wise resource mobilisation

As depicted in chart 2, FY19 witnessed AUMs of debt/income schemes growing by 2.7%, growth/equity oriented schemes grew 18.9%, balanced grew 4.9% and other schemes including Exchange Traded Funds (ETFs) and fund of funds investing overseas cumulatively grew by 78.1%.

A scheme-wise pattern reveals that share of equity in total AUMs has grown to reach 37.5% in March-19, compared with 35.1% in March-18. However, AUM shares of debt and balanced schemes fell to 49% and 7.6% respectively (compared with 53.1% and 8.1% respectively in March-18).

As of March-19, AUMs of debt, equity and balanced schemes stood at Rs.11.65 lk cr, Rs.8.92 lk cr and Rs. 1.8 lk cr respectively.
Deployment of funds by MFs

(a) Debt MF

Chart 3 depicts the funds invested by debt MFs in various instruments in March-18, Feb-19 and March-19. Key observations from the chart are as follows:

- Allocations to GSecs have almost halved since March-18.
- Corporate debt paper which includes floating rate bonds, non-convertible debentures, etc., saw a fall in share from 38% in March-18 to 33% in March-19, but rose when compared with previous month. Total exposure to this instrument is Rs.4.34 lakh cr in March-19.
- 27% of total funds deployed by debt MFs in March-19 are in CPs. As of March-19, debt MFs invested Rs.3.54 lakh cr in CPs, a growth of Rs. 0.48 lakh cr compared with March-18.
- The share of bank certificates of deposit and PSU bonds/debt rose in March-19, compared with March-18.
- Investment in other asset types is back to the same level as March-18 at 8%. However, it almost halved compared with the last month. This category includes treasury bills, other money market investments, equity linked debentures/notes, asset backed securities, bank FD, etc.

Source: SEBI; Others include ETF and fund of funds investing overseas schemes

* Growth/equity oriented schemes include equity funds, ELSS and arbitrage funds
Exposure of MFs to NBFCs

Overall exposure of MFs to NBFCs stood at Rs.2.16 lk cr in March-19, a drop of Rs. 0.49 lk cr since July-18. While the amount has reduced, the percentage share also dropped from 19.04% in July-18 to 16.59% in March-19.

As seen in chart 4, after the liquidity crisis triggered in the NBFC space, MFs withdrew more than 1/3rd of their investments from CPs. The percentage share of funds deployed by MFs in CPs of NBFCs in March-19 is at 8.13% and amount held is Rs. 1.06 lk cr. However, on comparing with the previous month, the amount reduced, while the percentage share rose.

Deployment of funds in corporate debt paper of NBFCs show a different trend (chart 5) wherein Oct-18 onwards the exposure to NBFCs rose, but Feb-19 onwards saw a downward trend. In March-19, funds held in this segment were Rs.1.10 lk cr.
(b) Equity MF

Banks, finance, software, consumer non-durables and petroleum products were the top 5 sectors where equity MFs deployed their funds in March-19 and they cumulatively accounted for ~55% share. The top 10 sectors in March-19 are depicted in chart 6.

Chart 6: Top sectors with highest deployment of funds by equity MFs (% of equity AUM)

Source: SEBI

Concluding remarks:

- AUM of Indian MF industry grew 11.4% in FY19 to reach Rs.23.79 lakh cr, the lowest growth since FY13.
- Deployment of funds by debt MFs in FY19 has undergone a shift, in terms of increased allocations to CPs, banks certificate of deposit and PSU bonds/debt and reduced investments in corporate debt paper and GSecs.
- Overall exposure to NBFCs as of March-19 stood at Rs. 2.16 lakh cr with a share of 16.59% in total funds deployed by debt MFs. During the month, investments in CPs and corporate debt papers of NBFCs have fallen.