

Entire MF Industry : Data from SEBI

AAUM movement in last 5 years (Rs in crs)

Asset Class	Mar-11	Mar-16	Oct-16	Mar 11 to Oct 16	% share (Mar 11)	% share (Oct 16)
Equity	205,043	421,133	539,708	163%	29%	32%
Debt	320,992	589,850	764,577	138%	45%	45%
Liquid	170,388	321,286	350,296	106%	24%	21%
Others	12,355	28,323	36,878	198%	2%	2%
TOTAL	708,779	1,360,592	1,691,459	139%		

Folio movement in last 5 years (Count in Lakhs)

Asset Class	Mar-11	Mar-16	Oct-16	Mar 11 to Oct 16	% share (Mar 11)	% share (Oct 16)
Equity	421	385	410	-3%	89%	79%
Debt	43	80	88	104%	9%	17%
Liquid	2	4	7	256%	0%	1%
Others	8	15	14	66%	2%	3%
TOTAL	474	483	519	9%		

Netflow movement in last 5 years (Rs in crs)

Asset Class	Mar-11	Mar-16	Oct-16
Equity	(11,793)	93,769	46,838
Debt	(36,823)	15,900	151,354
Liquid	(3,520)	17,108	63,913
Others	4,795	6,685	4,456
TOTAL	(47,341)	133,462	266,560

Summary:

- While the share in overall assets largely remains constant, the assets under each of the asset class have gone up by around 2.5 times in past 5 years
- There was a significant decline in the Equity folios since 2011, however the same has quickly recovered in the current financial year
- Debt folio count has more than doubled during this period
- Industry, that was dominated by negative netflows during the large part of the 5 year period has now moved on to witness significantly high positive netflows since last couple of years
- One of the primary reasons for significantly high positive Debt netflow possibility is the increase in tenure for long term investment in the last budget

Analysis of different modes of distribution:

Distributor Category	Asset Class	AUM (Rs in crs)			Share in total AUM (%age)		
		Mar 11	Mar 16	Nov 16	Mar 11	Mar 16	Nov 16
Direct	Debt	7,867	62,956	87,451	3%	16%	17%
	Equity	4,133	18,449	28,603	2%	5%	5%
	Liquid	30,632	77,072	139,061	12%	19%	26%
	Others	162	1,033	1,012	0%	0%	0%
Direct Total		42,795	159,510	256,127	17%	40%	48%
IFA	Debt	18,014	25,269	30,368	7%	6%	6%
	Equity	35,645	49,542	57,750	14%	12%	11%
	Liquid	10,677	8,122	11,572	4%	2%	2%
	Others	808	1,300	1,208	0%	0%	0%
IFA Total		65,144	84,232	100,898	25%	21%	19%
Non-IFAs	Debt	39,107	53,805	61,199	15%	13%	12%
	Equity	29,828	59,014	62,818	12%	15%	12%
	Liquid	79,455	42,125	46,524	31%	11%	9%
	Others	1,117	2,248	1,665	0%	1%	0%
Non-IFAs Total		149,506	157,193	172,206	58%	39%	33%
Grand Total		257,445	400,935	529,232	100%	100%	100%

Distributor Category	Asset Class	AUM (In Rs crs)			AUM share (within asset class)		
		Mar-11	Mar-16	Nov-16	Mar-11	Mar-16	Nov-16
Direct	Debt	7,867	62,956	87,451	12%	44%	49%
IFA	Debt	18,014	25,269	30,368	28%	18%	17%
Non-IFAs	Debt	39,107	53,805	61,199	60%	38%	34%
TOTAL		64,988	142,030	179,018			
Direct	Equity	4,133	18,449	28,603	6%	15%	19%
IFA	Equity	35,645	49,542	57,750	51%	39%	39%
Non-IFAs	Equity	29,828	59,014	62,818	43%	46%	42%
TOTAL		69,607	127,005	149,171			
Direct	Liquid	30,632	77,072	139,061	25%	61%	71%
IFA	Liquid	10,677	8,122	11,572	9%	6%	6%
Non-IFAs	Liquid	79,455	42,125	46,524	66%	33%	24%
TOTAL		120,764	127,319	197,157			
Direct	Others	162	1,033	1,012	8%	23%	26%
IFA	Others	808	1,300	1,208	39%	28%	31%
Non-IFAs	Others	1,117	2,248	1,665	54%	49%	43%
TOTAL		2,087	4,580	3,885			
Grand Total		257,445	400,935	529,232			

Summary:

- After introduction of Direct plans, Direct investments in the overall AUM has moved up from 17% to 48%.
- IFAs share in Equity has dropped from 51% to 39%. Direct is up from 6% to 19%
- An average IFA today earns approx. 1.5 lakhs per annum. Although it has improved from approx. 81 Lakh per annum in the FY 2013-14, it is quite clear that an average IFA earns only Rs 13,000 per month which is not an enough motivation for him to take up MF distribution as his full time activity

FY	Count of distributors	Average IFA Income P.A
2013-14		81,294
2014-15		174,946
2015-16		121,734
2016-17 (Extrapolated)		153,116

KCPL data only – Cycle SIPs excluded

Analysis of different transacting modes:

Mode	Count of transactions			Value of transactions		
	FY 10-11	FY 15-16	FY 16-17 (Till nov 16)	FY 10-112	FY 15-163	FY 16-17 (Till nov 16)4
Channel	15%	17%	16%	0.25%	0.31%	0.23%
Online	2%	4%	4%	0.01%	1.15%	0.92%
BSE	0%	7%	7%	0.00%	0.29%	0.24%
NSE	0%	1%	2%	0.00%	0.03%	0.04%
Mobile App	0%	0%	1%	0.00%	0.00%	0.00%
ATM	0%	1%	1%	0.00%	0.00%	0.00%
MFU	0%	0%	0%	0.00%	0.00%	0.00%
SMS	0%	0%	0%	0.00%	0.00%	0.00%
Call Centre	0%	0%	0%	0.00%	0.00%	0.00%
Physical	82%	68%	70%	99.74%	98.22%	98.57%

Summary:

- While, it has been more than a decade since most of the electronic modes of transacting have been made available to the investors, Physical transactions continue to significantly dominate with 70% of count of such transactions
- It is clearly indicative that most people still prefer to carry out high value transactions using the physical mode of transacting only. In spite of approx. 30% market share in terms of count, the contribution of electronic modes to values is a mere 1.45%
- While there is an increase in count of transactions across all the electronics modes, Channel distributor share in this remains constant at 15% - 17%
- After launch of Exchange platform in 2009, after seven years, the two exchanges, in combine contribute to 9% of the overall transactions and their contribution is insignificant in terms of value (approx. 0.3%)

KCPL data only

SIP new registrations and overall share

New Registrations - Apr 15 to Nov 16 (count in lakhs)

Agent category	New registrations	% share
Direct	1.86	6%
Banks	4.66	15%
IFA	7.61	24%
ND-RD	17.20	55%
Grand Total	31.32	

Live SIP accounts - Nov 16 (count in lakhs)

Agent category	Live SIP accounts	% share
Direct	2.29	6%
Banks	6.33	17%
ND-RD	12.35	34%
IFA	15.66	43%
Grand Total	36.63	

Summary:

- SIPs investment options are more retail in nature and is the product for the masses. Although, after launch of direct plans, Direct investments have gained momentum, SIPs have hardly seen any growth in this front
- Almost 95% of the fresh registrations and share in live SIPs are distributor driven, clearly indicating the fact that distributors, due to their widespread network, are able to mobilize more investors into Mutual Funds
- Lower share from IFAs in fresh registrations and higher share in the live SIP accounts clearly indicate the following:
 - Investors mobilized by IFAs in the past have stayed invested for a longer duration in the funds
 - SIP cancellations are higher in case of ND/RD category of distributors
 - In the current scenario, IFAs are not finding it very attractive to mobilize new SIP investors

Redemption ageing

KCPL data only – Only Equity schemes

Redemptions – Apr 15 – Mar 16 (Rs in Crs) – Analyzed period -1

Agent category	0-3 Months	3-6 Months	6-12 Months	1-2 year	2-3 year	3-5 year	>5 Years	Grand Total
Bank-Pvt/Foreign	1250 (23%)	984 (18%)	899 (17%)	1108 (21%)	392 (7%)	425 (8%)	346 (6%)	4,987
Direct	944 (16%)	692 (12%)	3124 (53%)	676 (12%)	101 (2%)	167 (3%)	141 (2%)	11,058
IFA	469 (11%)	415 (10%)	632 (15%)	894 (21%)	409 (10%)	540 (13%)	933 (22%)	4,437
ND-RD	1410 (16%)	1276 (14%)	2516 (28%)	1959 (22%)	391 (4%)	556 (6%)	725 (8%)	6,670
Grand Total	4073 (17%)	3367 (14%)	7171 (29%)	4636 (19%)	1292 (5%)	1687 (7%)	2144 (9%)	27,152

Redemptions – Apr – Nov 16 (Rs in Crs) – Analyzed period -2

Agent category	0-3 Months	3-6 Months	6-12 Months	1-2 year	2-3 year	3-5 year	>5 Years	Grand Total
Banks	716 (14%)	239 (5%)	833 (17%)	1,989 (40%)	422 (8%)	463 (9%)	324 (7%)	5,404
Direct	6,534 (59%)	419 (4%)	2,043 (18%)	1,580 (14%)	274 (2%)	82 (1%)	127 (1%)	5,845
IFA	387 (9%)	291 (7%)	526 (12%)	1,458 (33%)	405 (9%)	509 (11%)	860 (19%)	4,292
ND-RD	1,039 (16%)	530 (8%)	1,115 (17%)	2,221 (33%)	557 (8%)	502 (8%)	706 (11%)	8,833
Grand Total	8,676 (32%)	1,479 (5%)	4,517 (17%)	7,248 (27%)	1,658 (6%)	1,557 (6%)	2,017 (7%)	24,370

Summary:

- To analyze the distributor level performance, we chose to analyze the redemptions for two different periods. In both the analyzed periods, the data shows different trends, however, a few factors were considered and a few key items are worth highlighting:
 - Factors considered:
 - In the analyzed period 1, markets were quite stable
 - In analyzed period 2, various news items turned the markets volatile
 - Key highlights:
 - Under both the scenarios, over 80% of the redemptions were carried out with a holding period of less than one year (In period 2, almost 60% redemptions were in less than 3 months), in case of Direct investments
 - The above clearly indicates that as soon as markets turned volatile, Direct investors decided to move out of Mutual Funds while distributors, esp IFAs, could convince their investors to stay invested for benefits of long term investments
 - In both the analyzed periods, IFAs have the highest value of investors who have redeemed only after a five year holding period. In fact, approx. 40% of their investors had a holding period of more than two years
 - It is clearly evident that Direct investors get worried due to lack of guidance and take a decision to leave the fund as soon as the markets turn choppy. Mutual fund is not a product meant for short term investments

E-Commerce industry – A few key highlights

- Ecommerce industry size has grown from USD 3 billion in 2013 to USD 16 billion in the year 2015
- During this period, the number of ecommerce transactions have moved up from 20 million to 39 million
- There are 371 million mobile internet users in India in 2016. This number has doubled from 150 million in 2013
- While 60% of ecommerce transactions are by way of CoD (Cash on Delivery), 17% are using credit cards. Another over 1% use EMI and other third party wallets (Note: any of these modes are not acceptable for mutual fund investments)
- Availability of proper network bandwidth is one of the major bottlenecks in completing an e-commerce transaction. Payment failures are one of the key concerns amongst customers and sellers
- Expansion into tier 2 and tier 3 cities is a major concern due to non / poor availability of 3G / 4G services

(Source: CII publication - e-Commerce in India : A Game Changer for the Economy, Apr 16)

- Hardly 15% of the ecommerce customers use net banking or debit cards as their payment modes.
- Growth is primarily seen in online hotel booking (165%) and online ticket booking (34%) between 2011 and 2015
- The Indian e-commerce industry is still far from making profit
 - Flipkart was devalued by 27 percent by Morgan Stanley
 - Zomato was devalued by 50 percent, to \$500 million, by HSBC
 - As much as these companies say there is no funding crunch, it is an open secret that most biggies are struggling
 - Jabong – which has been facing severe fund crunch – recently cut down on its low-margin brands
 - Myntra had to migrate back to desktop after its app-only strategy cut down its revenue
- A Livemint report recently stated that Flipkart and Snapdeal in fact are stagnant and seeing a fall in sales. The latter is also scaling down regional operations now.

(Source: IAMAI study : <https://m.yourstory.com/2016/06/e-commerce-iamai-211005cr-2016-study/>)

A few other highlights

Other BFSI (Excl MFs)	Mutual Funds
Account opening – KYC with every Bank / Insurance account	<ul style="list-style-type: none"> Just a one-time KYC and invest in any number of funds With eKYC and Aadhaar based authentication, do everything online
Service Guarantee – Account will be opened within 10 working days	Accounts opened on the Same day and statements issued on T+1
Electronic payments are on a continuous upward trend	Over 90% of the Mutual Fund payouts are through electronic modes
Investor complaint statistics: Banks - 0.40% the total investor base Insurance - 0.75% of the total investor base	Complaints only 0.06% of the total investor base

- KCPL currently settles approx. Rs. 43,000 crs per day
- Average ticket size in Equity schemes is Rs 1.30 lakh. For retail investors it is Rs 67,500
- Average ticket size of retail investors across all schemes is approx. Rs 61,000
- B-15 cities contribute to approx. 17% of total assets
- 95% of the total folios are held by Retail investors, 4% by HNI investors and 1% by Non-individual investors
- In Equity schemes, 84% assets are held by Individual investors
- Average SIP amount is increasing and has reached approx. Rs 2,700 per SIP
- In debt, Retail investors contribute to only 8% of the total debt assets, 31% contribution is from HNI and 61% from Non individual investors
- While any Mutual Fund has less than 200 branches, LIC alone has more than 2000 branches alone and approx 1,400 satellite offices

Alternate Investment Funds

- India has 268 registered AIFs with SEBI as on Nov 2016. AIFs started towards Dec 2012
- Following is the summary of AIFs over period:

Quarter ending	Commitments raised	Funds raised	Investment made
Sep-16	65,013	29,016	24,862
Jun-16	50,441	26,003	20,667
Mar-16	38,879	22,691	18,237
Dec-15	30,687	17,241	14,031
Sep-15	27,484	13,943	11,255

India – Demographic details

SI No	Area	Details	Source
Economy Related			
1	GDP – 2016 (estimate)	USD 2.300 Trillion (Rank 6)	Wikipedia
2	GDP (PPP) - 2015	USD 7.982 Trillion (Rank 3)	Wikipedia
3	GDP Contributors	Services - 57.9% Industry - 24.2% Agriculture - 17.9%	Statisticstimes Wikipedia
4	Per Capita income (PPP)	USD 5,350 (Rank 123)	Wikipedia
5	Per Capita income (Nominal)	~ USD 1,600	Wikipedia
6	Inflation	Retail – 5.39% as on April 2016	
7	GDP Growth Rate	7.3% - Projected by IMF	Economic Times
Secondary Market			
7	Key stock markets	National Stock Exchange (NSE) Bombay Stock Exchange (BSE)	NSE BSE
8	Market Capitalization (BSE)	Approx USD 1.7 Trillion Approx INR 105 trillion	Wikipedia
9	Indices	Sensex: 25,301 as on 20 th May 16 Nifty: 7,750 as on 20 th May 16	BSE NSE
10	Number of Listed Companies	BSE - Approx 5,100 NSE - Approx 1, 650	
Demographic Details			
11	Population	121 Crore as on 2011 132 Crore as on May 2016	Census India Indiaonlinepages
12		Male Population: 68 crore	Indiaonlinepages
13		Female Population: 64 crore	Indiaonlinepages
14	Sex Ratio	943 Females per 1,000 Males	Indiaonlinepages
15	Average age	29 Years	Wikipedia
16	Life Expectancy	66.21 Years	Wikipedia
17	States & Union Territories	29 States 6 Union Territories 1 National Capital Territory	Wikipedia
18	Districts	683	Wikipedia
19	Tehsils	Tehsils – 5,564	Wikipedia / Census India
Mobile and Internet penetration			
20	Mobile users	100 crore subscribers	Forbes
21	Internet users	46 crore	Internetlivestats
22	Mobile internet users	30.6 crore as on Dec 2015 Expected – 37.1 crore by Jun 16	Indian Express
Other Key details			
23	No of Banks in India	Approx 200	