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INNOVATION – A KEY DRIVER OF MUTUAL FUNDS IN INDIA

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ABSTRACT

This paper analyses the contribution of innovative strategies adopted by the Mutual Funds (MFs) in India, which has led to their phenomenal growth. In order to widen and deepen their asset base, the MF industry has over the years seen the inception of a number of innovative schemes. Besides the product innovations, which cater to the needs of investors with different risk-return appetite, innovative marketing and distribution methodologies have been used to increase awareness & popularity of MF products. The MF schemes in the US are significantly higher than that in India, indicating the tremendous scope of growth of India's MF in the years to come. The econometric tools deployed in this paper confirm the significant role that innovations have played in the growth of the MF industry in India and their important role in the Indian stock market.

Key Words: Innovation, Mutual Fund (MF), Assets under Management (AUM), correlation