Portfolio management process of mutual funds, History and growth of mutual funds in India.

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Processes of Portfolio Management

Steps	Process of Investment Portfolio Management	Description
Step 1 –	Identification of objectives	For a capable investment portfolio, investors need to identify suitable objectives which can be either stable returns or capital appreciation.
Step 2 –	Estimating the capital market	Expected returns and associated risks are analysed to take necessary steps.
Step 3 –	Decisions about asset allocation	To generate earnings at minimal risk, sound decisions must be made about the suitable ratio or asset combination.
Step 4 –	Formulating suitable portfolio strategies	Strategies must be developed after factoring in investment horizon and risk exposure.
Step 5 –	Selecting of profitable investment and securities	The profitability of assets is analysed by factoring in their fundamentals, credibility, liquidity, etc.
Step 6 –	Implementing portfolio	The planned portfolio is put to action by investing in profitable investment avenues.

Step 7 –	Evaluating and revising the portfolio	A portfolio is evaluated and revised regularly to evaluate its efficiency.
Step 8 –	Rebalancing the composition of the portfolio	Portfolio's composition is rebalanced frequently to maximise earnings.

The fact that effective portfolio management allows investors to develop the best investment plan that matches their income, age and risks taking capability, makes it so essential. With proficient investment portfolio management, investors can reduce their risks effectively and avail customised solutions against their investment-oriented problems. It is, thus, one of the inherent parts of undertaking any investment venture.

History and growth of mutual funds in India

PHASE 1: Formation and Growth of UTI (1964 to 1987) The phase 1 witnessed the incorporation and introduction of Unit Trust of India by passing an Act by Parliament.

PHASE 2: Establishment of Public Sector Funds (1987 to 1992) The year 1987 witnessed the establishment of public sector funds i.e. other public sector institutions like banks and NBFCs were allowed to start mutual fund houses.

PHASE 3: Introduction of Private Sector Funds (1992 to 1997) After the successful introduction of Public Sector Funds, the mutual fund industry opened up and witnessed the establishment of private sector funds from the year 1993.

Phase 4: Growth and introduction of SEBI regulations (1997 to 1999) As the mutual fund sector was witnessing and achieving newer heights, it was important to create a body that created comprehensive rules and regulation for this industry and creating a responsible organisation to overlook the working of this sector.

Phase 5: Emergence of a Large and Stable Industry (1999 to 2004) This phase witnessed the integration of the entire industry with a similar set of rules and regulations.

Phase 6: Amalgamation and Growth (2004 onwards) The mutual fund industry has seen immense growth and globalisation since the day of its incorporation.

Current Status of Indian Mutual Fund Industry

The Indian Mutual Fund Industry has recorded Rs. 13, 460 billion Assets Under Management (AUM) by December 2015 and is reporting a steady growth till date. Initially, corporates had been the main contributor to AUM but soon, the retail segment proved to be the segment that contributed the most to AUM growth in India.

GST rate of 18% applicable for all financial services effective July 1, 2017.