

THE ₹74 LAKH CRORE EARTHQUAKE: HOW INDIA'S MUTUAL FUND INDUSTRY COULD FACE ITS JIO MOMENT IN 2025



As 66 asset management companies ride record inflows, silent forces of technology, regulation, and investor behavior are shifting the profit pool. Just like telecom in 2016 and paints in 2024, the industry's moat may soon become its trap.

INTRODUCTION: THE COMING AMC DISRUPTION



Massive Scale Today: India's mutual fund industry has reached ₹74.4 lakh crore AUM (US\$ 848 billion) as of June 2025, with over 4 crore investors and monthly SIPs of ₹20,000+ crore.

66 Players, But Concentrated: Though 66 AMCs operate, the top 10 control 80%+ of assets, creating an oligopolistic but fragile structure.

Historical Parallels: Like telecom (2016, 16 players shrunk to 3-4) and paints (2024, 20+ players shaken by Birla Opus), consolidation and disruption follow predictable patterns.

Forces of Migration: Digital-first distribution, fee compression, passives' rise, regulatory tilt, and new challengers (Navi, Zerodha, Jio-BlackRock) are resetting value flows.

Projected 2028 Landscape: Expect 15-20 surviving AMCs, dominance of cost leaders, passives capturing inflows, and digital-first platforms controlling investor access.

Bottom line: The AMC sector is entering its Jio moment. The question is not whether disruption will come — but which players will recognize and ride value migration before it's too late.

1. THE CALM BEFORE THE SHIFT

At first glance, the Indian mutual fund industry appears to be standing taller than ever before. Its numbers, as of June 2025, are nothing short of breathtaking: a record ₹74,40,000 crore (US\$ 848 billion) in assets under management (AUM), growing at double-digit rates year after year. Monthly SIP inflows now exceed ₹20,000 crore, a figure unimaginable a decade ago. More than 4 crore unique investors now participate in mutual funds — a remarkable rise in financial inclusion in a country where fixed deposits, real estate, and gold were once considered the only safe assets.



THE FOUNDATION LOOKS UNSHAKABLE:

- **66 licensed Asset Management Companies (AMCs)** operate under strong SEBI oversight.
- The **Top 10 control over 80% of industry assets**, giving them the appearance of entrenched power.
- **Distribution strength** through banks, IFAs (Independent Financial Advisors), and online platforms ensures easy investor access.
- **Transparency and regulation** have increased public trust, making mutual funds a default choice for wealth creation.

To the casual observer, this is an industry at its peak — large, stable, and steadily growing. The numbers exude confidence.

But here's the paradox: industries often look most stable just before disruption strikes. Telecom looked healthy in 2015. Paints looked unassailable in 2023. And yet, within months, both witnessed profound shifts that rewrote the competitive landscape.

The real question for 2025 is not how big the AMC industry is — but who will capture tomorrow's value.

2. THE IDEA OF VALUE MIGRATION

Coined by strategist Adrian Slywotzky, value migration describes how profits flow from outdated business models to new ones that better serve customer needs.



THE STAGES ARE PREDICTABLE:

- Incumbents dominate but fail to evolve.
- Challengers redefine the offer with lower cost, better access, or higher trust.
- Customers shift quickly once convinced.
- Profit pools migrate, moats vanish, consolidation follows.

We've already seen this in **India's telecom sector (2016)** and **paint industry (2024)**.

3. LESSONS FROM TELECOM AND PAINTS

TELECOM, 2016

- **The setting:** ~16 operators in 2015. Airtel, Vodafone, Idea led the pack. Voice tariffs were high, data was costly, and churn was low.
- **The disruption:** Reliance Jio entered with free voice, cheap data, and the largest 4G-only network. Within 24 months: ARPUs collapsed, data consumption skyrocketed, and more than 10 operators exited or merged.
- **The lesson:** Value migrated from voice margins to data access.

PAINTS, 2024

- The setting: ~20 organized players and a massive unorganized base. Asian Paints dominated, powered by dealer loyalty and brand strength.
- The disruption: Birla Opus Paints (Grasim Paints) entered with higher dealer margins, comparable quality, and aggressive branding. Dealers quickly shifted, consumers experimented, and Asian Paints' moat weakened.
- The lesson: Even deep distribution moats crack when challengers offer better economics to intermediaries and credible choice to customers.



4. WHY MUTUAL FUNDS LOOK VULNERABLE IN 2025

On the surface, mutual funds appear resilient — strong brands, trusted regulation, and steady inflows. But the parallels are striking:

- Oligopolistic concentration: Top 10 AMCs control most assets. Scale often leads to complacency.
- Distribution lock-in: Investors rely heavily on banks and IFAs, making the industry vulnerable to digital disintermediation.
- Investor inertia: Investors rarely switch — but once trust and access shift (as in telecom and paints), inertia evaporates.

The surface looks calm, but beneath it, cracks are forming.

MUTUAL



FUNDS

5. THE FORCES DRIVING VALUE MIGRATION IN AMCS

Disruption in asset management is not being driven by one factor, **but a convergence of forces**:

1. Direct-to-Investor Platforms

Fintech platforms like Groww, Zerodha Coin, Paytm Money, and ET Money have simplified **direct plan investing** — no commissions, no complexity. The middleman's power is fading, and with it, the AMC-bank-IFA equation.



2. Fee Compression

SEBI's TER caps plus rising investor awareness have shrunk active fund margins. Low-cost index funds charge **0.1-0.3% TER**, compared to traditional funds at 1-2%. Price is now a weapon.

3. Rise of Passives

Passive AUM in India is compounding at **30%+ annually**. Globally, passives have already overtaken actives. Investors are learning: low-cost exposure often beats expensive stock-picking.

4. Technology-First Moats

New entrants are building **digital-first, AI-powered, low-cost platforms**. Incumbents face high adaptation costs, while disruptors scale seamlessly.

5. Regulatory Tilt

SEBI's product standardization reduces differentiation, naturally favoring cost leaders and tech-first distributors.

6. Ambitious New Entrants

- **Navi AMC** — tech-led, index-first, ultra-low-cost.
- **Zerodha AMC** — leveraging India's largest broking base.
- **Jio-BlackRock** — combining Reliance's mass distribution with BlackRock's global ETF/passive expertise.
- Global players like **Vanguard** may follow.

7. Investor Psychology

This is the most underestimated driver. Today's investors are:

Young & digital-native: 70% of SIP investors are under 40, comfortable with app-first investing.

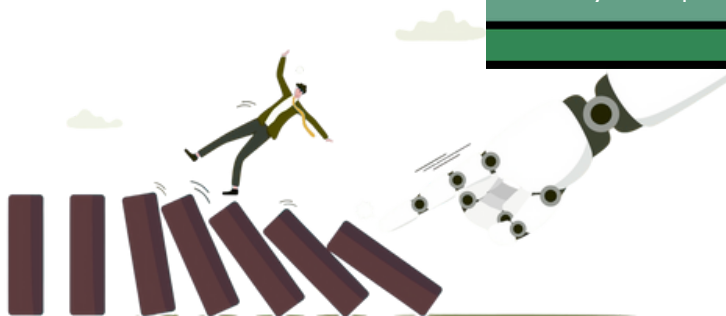


Cost-conscious: They ask, “Why pay 1% when 0.1% gets me the same Nifty exposure?”
Skeptical of claims: In an information-rich world, glossy brochures no longer command blind trust.

Habit-breaking: The same inertia that kept them in FDs for decades shifted them to SIPs. Tomorrow, it could shift them to passives.

6. THE UNIVERSAL DISRUPTION SEQUENCE

Every disrupted sector follows the same cycle:



Incumbent Comfort → Challenger Entry → Cost Reset → Distribution Model Change → Consumer Behavior Shift → Consolidation

7. COMPARATIVE PRE-DISRUPTION SNAPSHOT

Industry	Year	Market Size	No. of Players	Top 3 Concentration	Distribution Advantage	Consumer Behavior
Telecom	2015	₹2.5 lakh cr revenue	~16	High	Spectrum, towers	Loyal, low churn
Paints	2023	₹62,000 cr decorative paints	~20 organized + unorganized	Very High	Dealer loyalty	Brand-preference heavy
AMCs	2025	₹74.4 lakh cr AUM	66	Very High (Top 10 >80%)	Bank/IFA dominance	Low switching

8. TRIGGER & EARLY IMPACT

Industry	Trigger	Cost Reset	Distribution Shift	Early Casualties
Telecom	Jio free voice/data	Yes	Digital	10+ exits
Paints	Birla Opus entry	Yes	Dealer shift	Margin squeeze
AMCs	Navi, Zerodha, Jio-BlackRock expansion	Yes	Direct investing	Mid-tier AMCs lose share



9. POST-DISRUPTION LANDSCAPE (PROJECTED FOR AMCS)

Metric	Telecom (2018)	Paints (2026e)	AMCs (2028p)
No. of Players	3-4	4-6	15-20
Top 3 Market Share	>90%	~75%	~85%
Pricing Power	Weak	Moderate	Weak-Moderate
Consumer Loyalty	Low	Medium	Medium-Low

10. AMC TIMELINE: 2025-2028 (PROJECTED)

- 2025: AUM growth continues; banks/IFAs still central.
- 2025-26: **Navi** , **Zerodha** , **Jio BlackRock Mutual Fund** aggressively expand.
- 2026-27: TER compression accelerates; passives dominate flows.
- 2027+: Digital-first platforms capture most new inflows.
- 2028: 15-20 AMCs remain, dominated by cost leaders and product innovators.



11. WHAT INCUMBENTS MUST DO

- **Scale Passives Now** — prevent disruptors from owning the low-cost space.
- **Go Digital-First** — build direct relationships with investors, not just distributors.
- **Restructure Cost Models** — adapt to shrinking TERs early.
- **Differentiate Products** — thematic, retirement, ESG, smart-beta funds to go beyond plain vanilla.
- **Invest in Trust + Transparency** — tomorrow's investors demand clarity, not jargon.

12. CLOSING REFLECTION

Telecom giants once believed spectrum control was an unshakable moat. Paint leaders once believed dealer loyalty was eternal. Today, AMCs believe brand and distribution are enough to protect them.

But **value does not stay still**. It migrates — to whoever best delivers what investors want in the new context.

In India's mutual fund industry, that migration has already begun. Those who recognize it early will lead. Those who ignore it will watch their relevance — and market share — evaporate.





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