

Liquid Funds Offering Instant Redemption Facility are a Hit Now

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Mumbai: Liquid schemes of mutual funds in which unit holders can redeem instantly are catching the fancy of investors.

Schemes such as Reliance Money Manager, DSP BlackRock Money Manager and ICICI Prudential Savings Fund offer this facility where investors get the redemption proceeds up to ₹2 lakh within half an hour throughout the year.

The pitch by mutual funds is that investors can earn 7-8% by parking their surplus money in liquid schemes with easier redemptions as against 4% in a savings bank account. Distributors claimed many first time investors in mutual funds have started



investing in liquid funds through this route. "One-fourth of our new customers are now coming through this route," said Srikanth Meenakshi, founder; Fundsindia.com.

Investors usually park their cash in liquid funds or ultra-short term funds to maximise their returns.

Ultra short-term funds and liquid fund category gave returns of 8.69% and 7.15% respectively in the last one year, according to Value Research.

Compared to this, banks offer zero interest to current account holders, 4% on their savings account, while some private sector banks offer 6%. However, returns from mutual funds are not guaranteed and could vary.

Over the past few months, funds, which have offered this facility, have seen their corpus grow. Reliance Money Manager's assets rose from ₹13,764 crore in June 2016 to ₹16,904 in January 2017. In the same period, DSP Money Manager's assets grew from ₹2,164 crore to ₹3,358 crore, while ICICI Prudential Savings Fund's assets grew from ₹6,080 crore to ₹7,935 crore.