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MFs to have 10-cr investor a/c, Rs. 20-trillion asset base by 2018

Mutual fund industry is set to achieve an investor base of 10 crore accounts in the next five years, while their asset base can touch Rs. 20 crore in just about three years, helped by positive market sentiments and growing interest among retail investors.

At present, the number of folios or investor accounts across the industry stands at a little over four crore.

The overall asset base of mutual funds can reach Rs. 20 trillion by 2018, from about Rs. 12 trillion now, top fund house Reliance Mutual Fund's CEO Sundeep Sikka said.

He said overall positive sentiments in the Indian economy, because of the government's reform initiatives and the growing

confidence of retail investors would fuel the growth in asset base and folios number in the coming years.

"The mutual fund industry folios number will reach to 10 crore in the next five years from four crore currently," Sikka said here during an interaction.

"Overall positivity in the Indian economy and the growing confidence of retail investors will lead to increase in folio numbers. Awareness programmes by the industry will further contribute to growth, in terms of new investors," he added.

Folios are numbers designated for individual investor accounts though in some cases one investor can have multiple accounts.

In the last fiscal 2014-15, the entire industry, comprising 44 fund houses, saw an addition of

22 lakh folios.

Prior to that, the industry had seen a continuous closure of folios for many years.

In the past one year, equity markets gave returns of around 30 per cent and several funds gave more than the index returns.

This brought retail investors' interest back into equities and they started participating through mutual funds. Equity funds accounted for a major part of new folio additions during the last financial year.

Sikka said the total asset base of mutual funds may reach Rs. 20 trillion by 2018 as there is huge scope for expanding the reach of MFs and channelising household savings into them.

At present, only two per cent people in India invest in mutual fund schemes.