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MUTUAL FUNDS

# POSITIVITY IS BACK IN FULL SWING

Local fund houses have pumped in nearly Rs.9,500 crore to negate the action of foreign institutional investors

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**I**s the pull-out of nearly Rs.8,000 crore by the foreign institutional investors from the Indian stock markets last fortnight a cause for huge concern? Not really, feels Sundeep Sikka, President and CEO of Reliance Capital Asset Management Company Ltd.

Well, the domestic fund houses were out there in large measure to play the balancer. According to him, local fund houses have pumped in nearly Rs.9,500 crore to negate the action of foreign institutional investors.

Addressing visiting journalists from India at its annual offsite conference here on Saturday, Mr. Sikka said, "mutual funds have been able to provide a counter-balance." They could do so because of "net investor inflows of more than Rs.70,000 crore into the equity schemes in the past one year," he added.

Mr. Sikka asserted that the 'positivity is back in full swing' in the industry. What had enthused him especially was the return of retail investors to the mutual fund industry. Retail funds mobilised Rs.1.63 lakh crore during 2014-15, up three times the previous year.

The total asset under management (AMU) had gone up by 31 per cent to



**RETAIL FUNDS MOBILISED RS.1.63 LAKH CRORE DURING 2014-15, UP THREE TIMES THE PREVIOUS YEAR**

Rs.11.8 lakh crore during the year under review from Rs.9 lakh crore in the preceding year.

"The glass is half empty or half full," he said, pointing to the potential for the industry in India. "India has 97 crore telecom subscribers. Five crore people have passports and 1.5 crore people travel out of India," he said. But only less than two per cent invest in mutual fund. Even today, over 65

per cent of savings go into physical assets. For Mr. Sikka, this presents a huge opportunity.

According to Mr. Sikka, it is more about creating awareness among people and cracking the mindset of common investors. Asserting that the Reliance Capital was among the few in the industry that had seen a management team existing for a sustainable period, he said that management sustainability was a *sine qua non* for spreading confidence among investors. As it completes two decades in the field, the focus of the company would centre around risk management even as it sought to spread its retail penetration to Tier-III and Tier-IV cities, he said.

Going forward, Reliance Capital would also emerge as reliable gatekeeper for foreign investors who wished to participate in the Indian market. In this context, he hinted at alliances with mutual fund firms across countries on the lines of the one it had recently inked with Samsung in South Korea.

In his presentation, Amit Tripathi, CIO (Fixed Income Investments) felt that "India is a structural interest rate story and not a cyclical interest rate one." He was of the view that happenings of the recent past had all augured good for the economy.

He said that the fiscal deficit and inflation were the lead and lag indicators that impacted the long-term debt market. Both were showing qualitative improvements due to a number of initiatives taken by the government at the centre. "The next round of growth will be far more superior and efficient," he reckoned.

(The Correspondent is in Abu Dhabi at the invitation of the company)

**MUTUAL FUNDS HAVE BEEN ABLE TO PROVIDE A COUNTER-BALANCE. THEY COULD DO SO BECAUSE OF NET INVESTOR INFLOWS OF MORE THAN RS.70,000 CRORE INTO THE EQUITY SCHEMES IN THE PAST ONE YEAR**

— SUNDEEP SIKKA, President and CEO, Reliance Capital Asset Management Company Ltd.

