

STEADY RISE After DeMo, savers in search of investment avenues have taken to this instrument in a big way

SIP Investments Touch Billion-dollar Mark in Jan

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Mumbai: Inflows through Systematic Investment Plans (SIPs) in Indian mutual funds (MFs) hit the \$1-billion mark in January, marking sustained retail interest in equities and listed securities as an asset class in a country that had hitherto largely favoured property and bullion as stores of value.

Data by industry body AMFI showed that ₹6,644 crore came into mutual funds in January, capping ten months of robust inflows as benchmark equity indices repeatedly hit records. Until January, the industry mobilised ₹53,500 crore, adding about a million SIP accounts every month, with an average SIP size of ₹3,300.

"SIPs are growing in number and this mode is becoming the preferred way of investing in mutual funds," said A Balasubramanian, CEO, Aditya Birla Sunlife Mutual Fund.

Over the past five years, retail investors have increasingly subscribed to SIPs. Many subscribers are making monthly contributions to meet their various life goals, such as overseas vacations, home purchases, children's education, or super-annuation. Wealth managers believe SIPs bring discipline to investing, eliminate timings and reduce volatility.

About 5.2 million SIP accounts

SIP by SIP

Months	No of SIP (Crore)	Amount (₹ Crore)	Avg Ticket Size (₹)
Mar-13	0.56	1,221	2,171
Mar-14	0.25	1,206	2,322
Mar-15	0.70	1,916	2,737
Mar-16	0.82	2,719	2,945
Mar-17	1.28	3,989	2,121
Jan-18	1.97	6,644	3,300

SOURCE: ApexCAMS, AMFI



mobilised ₹1,206 crore every month in 2014, with an average SIP size of ₹2,322. Now the accounts number 19.7 million, with monthly collections increasing more than five times to ₹6,644 crore.

"The industry has spent time in the last decade educating investors about the importance of SIPs. After the markets started rallying in 2013 and investors saw decent returns on their past investments, conviction was built and the numbers rose thereafter," said G Pradeepkumar, CEO, Union Mutual Fund.

Demonetisation, too, has helped SIPs expand quickly. As investors rushed to deposit cash in their bank accounts, lenders were flooded with funds. With limited avenues to lend and increasing pile of cash, banks reduced fixed deposit rates. At the same time, returns on other assets such as

real estate and gold weren't too great either, prompting savers to turn to mutual funds.

"Demonetisation has been a key catalyst, accelerating the growth in SIPs. With the figures at \$1 billion every month, it is now a safety net for Indian capital markets and the quantum of SIPs will only increase," said Sundeep Sikka, CEO, Reliance Nippon Life Asset Management.

SIPs involve monthly contributions toward a chosen mutual fund scheme and offer the power of compounding. They are a disciplined way of investing regularly and help beat volatility. They offer threshold flexibility and savers can start with as low as ₹500 a month. They also offer savers the choice of tenure and the ability to start, stop or modify investments at any time after they begin an SIP.