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Mumbai contributes almost one-third to mutual funds kitty

The 2017-18 fiscal had witnessed huge inflow into the mutual fund sector as the bull run on the stock market prompted investors to look at mutual fund as an investment avenue.

Written by **George Mathew** | Mumbai | Published: July 7, 2018 2:42:35 am



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Mutual fund companies saw an overall addition of 32 lakh new investors over the past one year.

(Representational Image)

The commercial capital of the country, Mumbai, has contributed almost one-third of the assets under management (AUM) of the mutual fund industry. Of the total Rs 23,05,000 crore (average for the January-March quarter) AUM of the MF industry, Mumbai has accounted for almost 32.55 per cent as of March 2018, according to figures available with the Association of Mutual Funds Industry (AMFI).

This means, Mumbai investors have invested over Rs 768,000 crore in mutual funds as of March 2018. The 2017-18 fiscal had witnessed huge inflow into the mutual fund sector as the bull run on the stock market prompted investors to look at mutual fund as an investment avenue.

Delhi is in the second place with investors in the nation's capital accounting for 15.92 per cent of the AUM. Bengaluru is in the third place with 6.40 per cent, followed by Kolkata 4.28 per cent, Pune 4.22 per cent and Chennai 3.46 per cent. One reason for Mumbai accounting for the lion's share of mutual investment is that the city is the head office of many corporates, which are large investors in mutual fund schemes.

Pune, which is in the fifth place, is above Ahmedabad (3.20 per cent). Nagpur is in the fifteen place by contributing 0.46 per cent of the total AUM. Three cities in Maharashtra – Mumbai, Pune and Nagpur – command a share of 37.23 per cent of the total AUM.

Of the total inflow, income schemes (Rs 7.95 lakh crore) and equity schemes (Rs 6.92 lakh crore) accounted for the maximum collection. "Given the rising household incomes and higher appetite towards financial savings coupled with long-term India growth story, we are sure that mutual funds would become the investment option of choice of every household in the years to come," said A Balasubramanian, chairman, AMFI.

Meanwhile, mutual fund companies saw an overall addition of 32 lakh new investors over the past one year. The industry also witnessed AUM growth of 25 per cent (Rs 4.25 lakh crore) and 38 per cent (Rs.3.25 lakh crore) growth in retail AUM till February, 2018, when compared to March 2017. The total number of folios and

SIP (systematic investment plan) accounts in the same period saw a growth of 26 per cent (1.05 crore) and 52 per cent (70 lakhs), respectively. Monthly SIP contribution for the industry touched Rs 6,425 crores from 2.05 crore SIP accounts, AMFI said.

The fact that households are accessing these funds is significant as it competes directly with bank deposits, which hitherto were the most preferred vehicle for parking savings. The relatively higher returns on bonds with certain accompanying tax benefits if held for a period of over three years makes them more attractive than bank deposits. "In FY18 it has been observed that there was conscious migration from bank deposits to mutual funds as deposit rates had come down sharply making them less remunerative. In incremental terms mutual funds were able to garner a proportionately higher share of household savings," Care Ratings said in a report.

AUM: Geographical share

Mumbai: 32.55

Delhi: 15.92

Bengaluru: 6.40

Kolkata: 4.28

Pune: 4.22

Chennai: 3.46

Ahmedabad: 3.20

Hyderabad: 2.12

Udaipur: 0.81

Vadodara: 0.77

*Per cent of AUM

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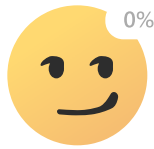
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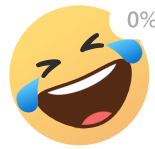
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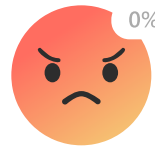
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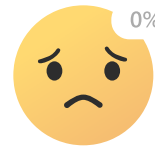
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