

# Mutual Funds Monthly Tracker: Equity Funds continue to witness inflows, while debt funds see outflows

June 12, 2021 | BFSI Research

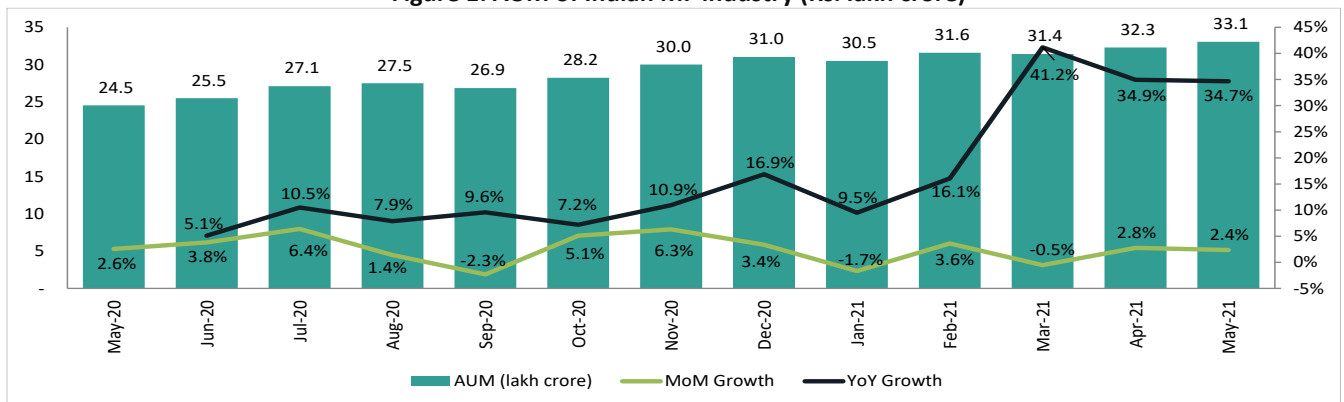
## Key Highlights

- Assets under Management (AUMs) of the Indian Mutual Fund industry continued their growth and reached Rs.33.1 lakh crore growing significantly by 34.7% y-o-y in May 2021 on the back of rising equity markets. This increase translates to an asset base increase of Rs.8.5 lakh crore, while on m-o-m basis it increased by 2.4%.
- The overall net outflows stood at Rs. 38,602 crores in May 2021 as compared with a net inflow of Rs. 70,813 crores in May 2020 and a net inflow of Rs.92,906 crore in April 2021.
- The equity schemes had witnessed continuous net outflow for eight months ended February 2021, which can be primarily attributed to profit booking, however, continuing the trend of the last two months, open-ended equity schemes have witnessed a monthly net inflow of Rs.10,083 crore in May 2021 (highest since March 2020).
- The open-ended debt mutual funds witnessed an outflow of Rs 44,512 crores in May 2021 as compared with a net inflow of Rs. 63,666 crores in May 2020 (inflows of Rs.100,903 crore in April 2021). Meanwhile, close-ended debt mutual funds witnessed outflows of Rs 18,941 crores in May 2021 compared with outflows of Rs. 9,110 crores in the previous year.
- Of that, Liquid funds witnessed an outflow of Rs. 45,447 crores in May 2021 (inflows of Rs. 61,871 crores in May 2020) and an inflow of Rs.41,507 crore in April 2021.

## Industry Size

The figure given below depicts the movement in monthly AUMs for the past 12 months.

**Figure 1: AUM of Indian MF industry (Rs. lakh crore)**

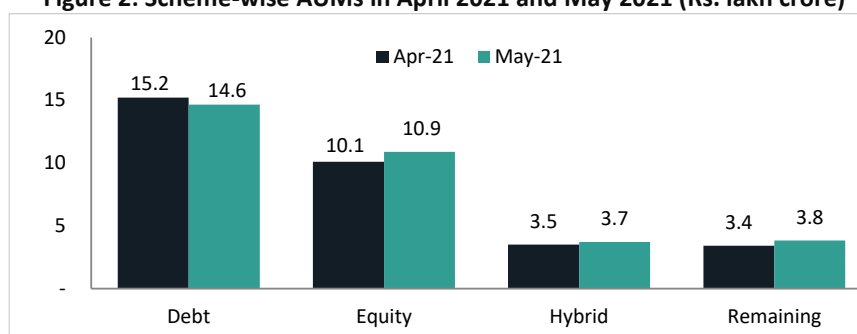


Source: AMFI

Equity schemes have the largest number of folios at approximately 685 lakhs which constitutes 68.2% share of the total number of folios. The number of folios in equity schemes surged by over 31.7 lakhs (~5% y-o-y) from May 2020. Hybrid schemes with 96 lakh folios have the second-largest share at 9.6%, and debt schemes with 82.6 lakh folios have 8.2% share. Solution-oriented and other schemes account for the balance folios. Additionally, the average size per folio under debt-oriented schemes stands at Rs.17.7 lakh in May 2021 vs. Rs.18.2 lakh in May 2020, while the average size of each folio under equity-oriented scheme increased to Rs.1.6 lakh vs. Rs.1.0 lakh in the previous year.

## Schemes-wise AUMs

**Figure 2: Scheme-wise AUMs in April 2021 and May 2021 (Rs. lakh crore)**

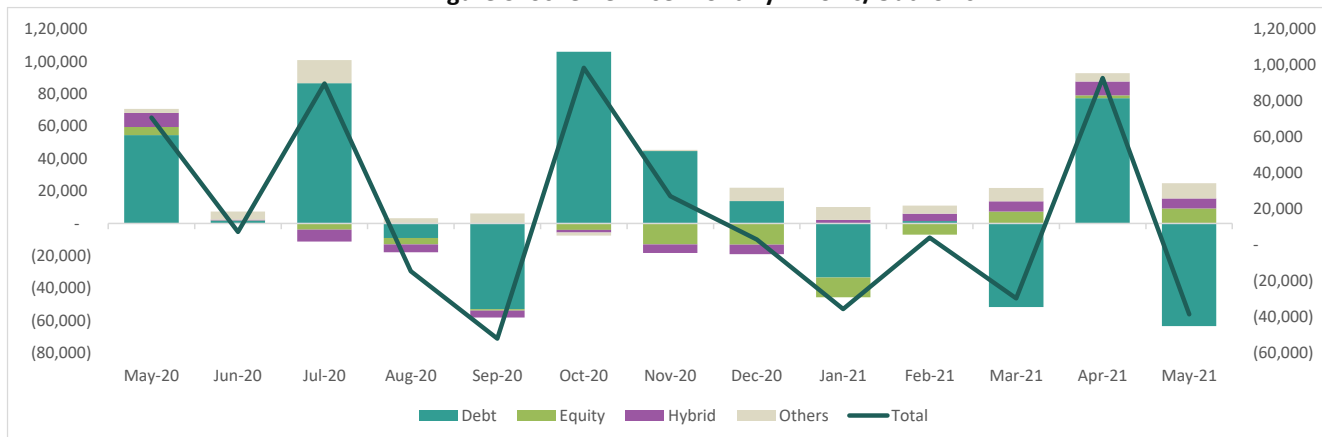


Note: Remaining includes solution-oriented and other schemes, Source: AMFI

Debt schemes accounted for the largest share of AUMs at 44.2% (vs. 52.4% in May 2020), followed by equity schemes with 32.9% (vs. 27.6% in May 2020) and hybrid schemes with 11.2% (vs. 11.8% in May 2020). The balance 11.6% (vs. 8.2% in May 2020) is accounted by solution-oriented and other schemes.

### Monthly Inflows/Outflows

Figure 3: Scheme-wise Monthly Inflows/Outflows

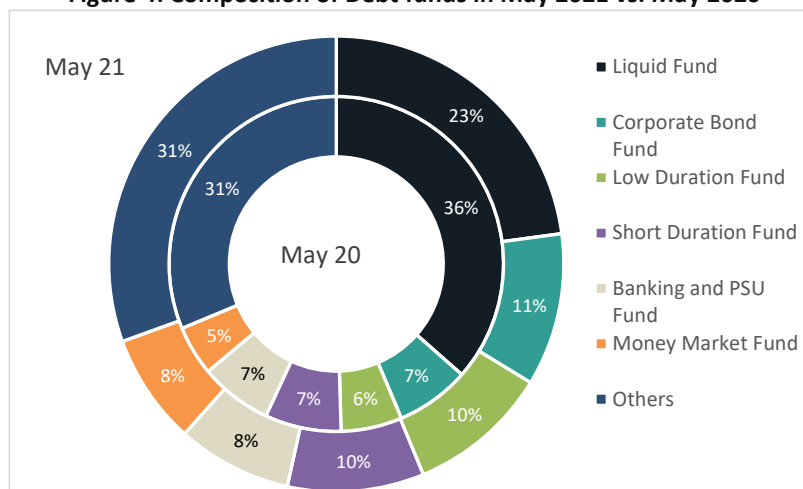


Source: AMFI

During the period ended May 2020 to May 2021, the MF industry witnessed overall outflows in five months, while realizing inflows in the eight months. Generally, the outflows coincided with the outflows in the debt funds. Equity AuMs increased despite witnessing outflows in the earlier eight months as inflows followed for the later period four months, primarily due to increasing valuation of the portfolio stocks.

### Composition of Debt Mutual Funds

Figure 4: Composition of Debt funds in May 2021 vs. May 2020



Source: AMFI

Out of the net assets of Rs.14.6 lakh crore of the debt oriented mutual fund AUMs as of May 31, 2021, liquid funds continue to have the largest share at 23% (share in May 2020: 36.0%), followed by Corporate Bond Fund at 11%, Short Duration Fund and Low Duration Fund at 10% each. Top six debt schemes account for about 91% share of debt AUMs, while the balance thirteen schemes account for the remaining 31.0%.

Furthermore, the open-ended debt mutual funds witnessed significant outflows of Rs.44,512 crore in May 2021 as compared with a net inflow of Rs. 63,666 crores in May 2020 (inflows of Rs.100,903 crore in April 2021). Of all the open-ended debt mutual fund schemes, liquid fund witnessed the highest outflows of Rs.45,447 crore followed by overnight fund (Rs.11,573 crore) in May 2021. This outflow can be attributed to lower short term interest rates which have resulted in lower returns compared to other debt categories (which witnessed inflows).

Credit risk funds have generally reported monthly outflows since April 2019. This category received inflows of Rs 258 crores in May 2021 (last inflow was in January 2021). We would have to review the flows for the next months to determine if the investors have started to return to this category in search of higher yields.

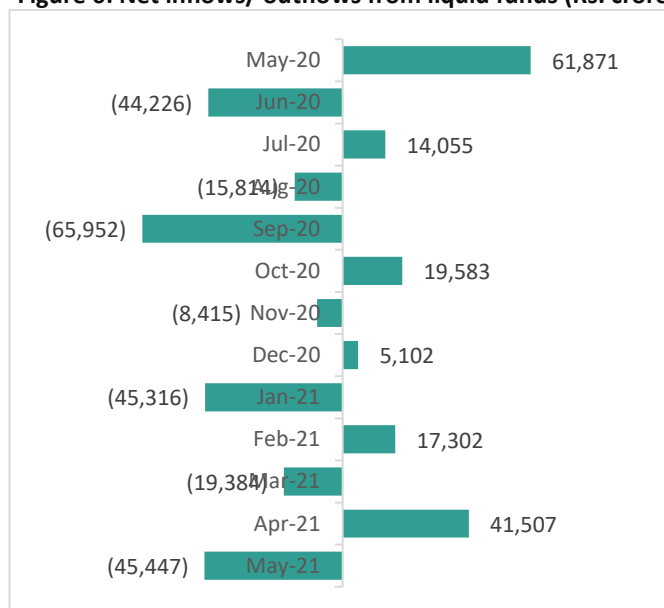
The table given below gives a snapshot of the flows in debt mutual fund categories during May 2020, April 2021, and May 2021.

**Figure 5: Net inflows/ outflows from Open-ended Debt mutual fund schemes (Rs. crore)**

Open-ended Debt Oriented Schemes (in Rs crore)	Net Inflow (+ve)/Outflow (-ve) for the month of May 2020	Net Inflow (+ve)/Outflow (-ve) for the month of April 2021	Net Inflow (+ve)/Outflow (-ve) for the month of May 2021
Overnight Fund	(15,881)	18,492	(11,573)
Liquid Fund	61,871	41,507	(45,447)
Ultra-Short Duration Fund	1,525	8,919	2,924
Low Duration Fund	301	9,322	7,823
Money Market Fund	5,010	20,287	4,334
Short Duration Fund	2,040	1,247	(1,034)
Others	8,799	1,130	(1,538)
<b>Total</b>	<b>63,666</b>	<b>1,00,903</b>	<b>(44,512)</b>

Note: Others include medium duration fund, medium to long duration fund, long duration fund, dynamic bond fund, corporate bond fund, credit risk fund, banking and PSU fund, Gilt fund, gilt fund with 10-year constant duration and floater fund; Source: AMFI

**Figure 6: Net inflows/ outflows from liquid funds (Rs. crore)**

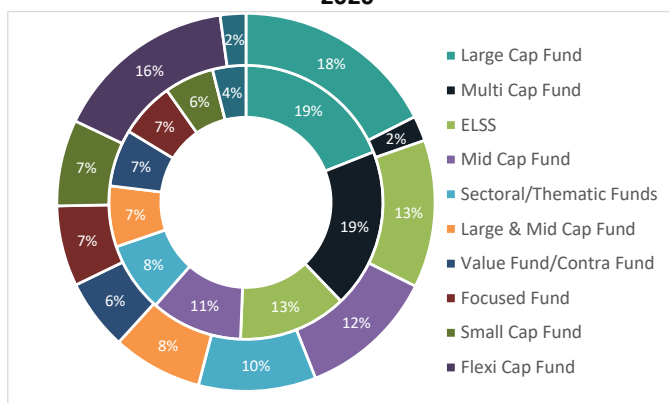


Source: AMFI

Figure 6 depicts the net inflows/ outflows from liquid funds during May 2020 to May 2021 on monthly basis. The liquid funds witnessed a surprising outflow of Rs.45,447 crore in May 2021, vs. Rs61,871 crore inflow in May 2020. As can be seen in figure 5, Overnight Fund also witnessed substantial outflows in May 2021. According to market intermediaries, this outflow could also be attributed to cash flow requirements of corporates. Liquid funds are also expected to witness outflows in June 2021 due to the regular tax outgo of the corporates.

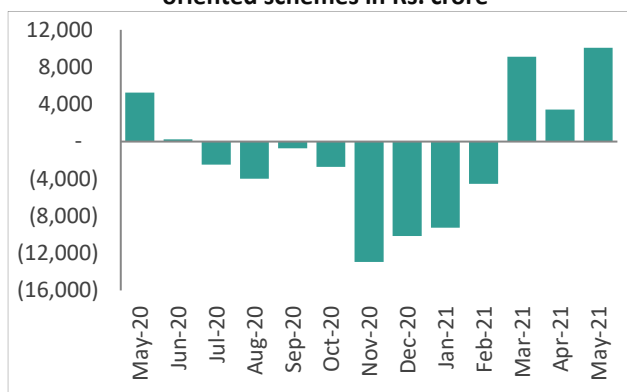
**Composition of Equity Mutual Funds**

**Figure 7: Composition of equity funds in May 2021 vs. May 2020**



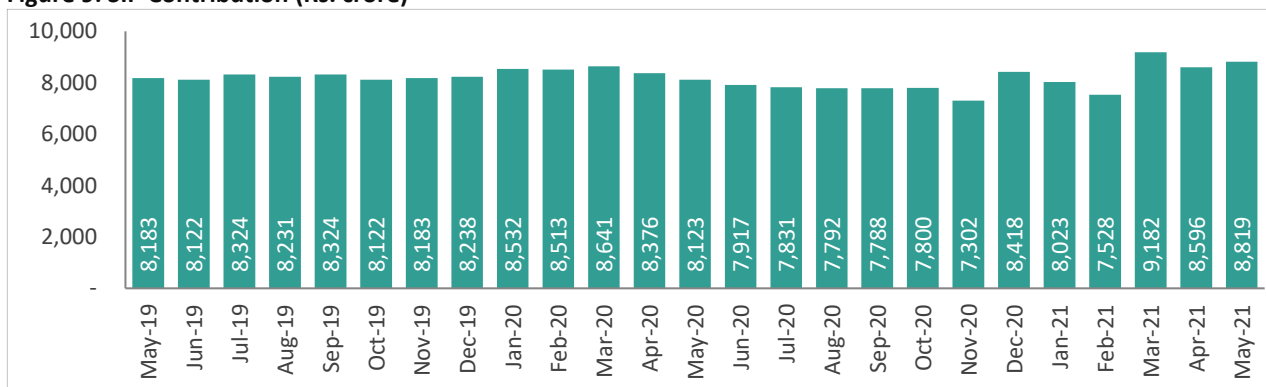
Source: AMFI

**Figure 8: Net inflows/outflows in open-ended equity-oriented schemes in Rs. crore**



Out of the net assets of Rs.10.1 lakh crore of equity mutual fund AUMs, the largest share continues to be accounted by large cap funds with a share of 18%, followed by recently created flexi fund category with a share of 16%; ELSS and mid-cap fund with a share of 12% each. In May 2021, open-ended equity schemes have witnessed a third consecutive monthly net inflows of Rs 10,083 crores in May 2021 compared with Rs.3,437 crore in April 2021 and Rs.9,115 crore in March 2021. In May 2021, Multi Cap Fund witnessed the largest net inflow of Rs 1,954 crores, followed by Mid Cap Fund at Rs. 1,368 crores. Other funds which too received inflows of over Rs 1000 crores include Small Cap Fund, Focused Fund, Sectoral/Thematic Funds and Flexi Cap Fund.

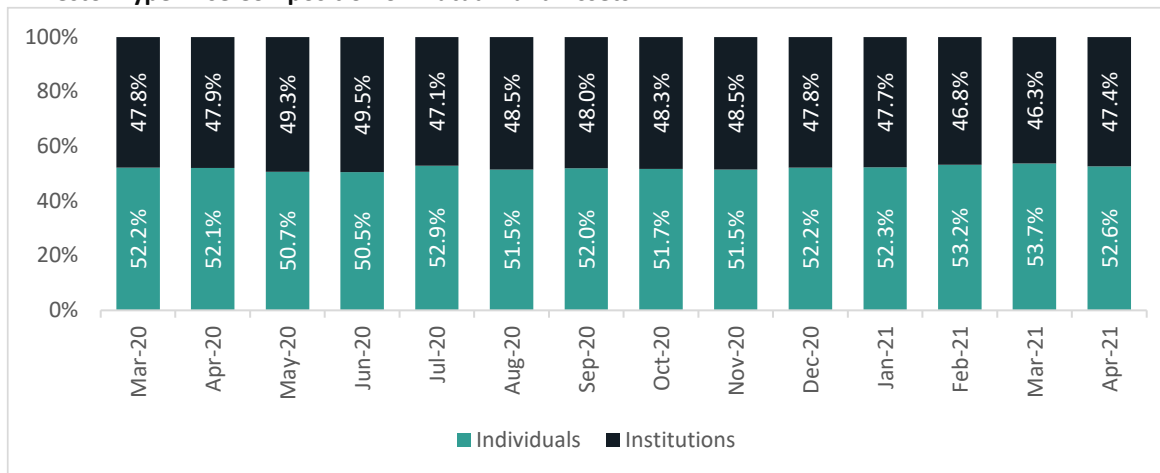
**Figure 9: SIP Contribution (Rs. crore)**



Source: AMFI

Total SIP accounts stood at 3.88 crore in May 2021 in which 15.48 lakh new SIP accounts were registered while around half at 6.66 lakh SIP were either discontinued or completed. SIP contribution declined to Rs.88,057 crore during FY21 as compared with Rs.1,00,084 crore during FY20. For the month of May 2021, SIP contribution increased to Rs.8,819 crore from Rs.8,123 crore in May 2020 implying a y-o-y growth of 8.6%, on m-o-m basis the SIP contribution was higher than the previous month but was lower than March 2021 (Rs.9,182 crore in March 2021).

**Figure 10: Investor Type-wise Composition of Mutual Fund Assets**



Source: AMFI

As per AMFI, equity-oriented schemes derive majority of their assets from individual investors (Retail plus HNI), while institutional investors hold a majority stake in liquid as well as debt-oriented schemes. As can be seen in the above figure, individual investors hold a marginally higher share in overall industry assets, i.e., 52.6% in April 2021 compared with 52.1% in April 2020, whereas institutional investors account for 47.4% of the total assets, of which corporates account for over 90%; and the balance investors include Indian and foreign institutions or banks.

### Concluding remarks and outlook

- The Indian Mutual Fund industry has continued its growth streak and reached Rs 33.1 lakh crore due to a strong tailwind of a strong equity market.
- As per AMFI, the MF Industry's AUM has witnessed a two-fold rise over the last five years which is comparable to the rise in the BSE Sensex.
- During the last 12 months, equity-oriented schemes have largely witnessed outflows as the investors had taken the opportunity to book profits and the category has witnessed redemptions/outflows of Rs.18,659 crore during May 2020 to May 2021 (however these funds have witnessed inflows over the last three months) and valuation gains have supported the rise in Equity AUM. On the other hand, debt-oriented funds have received net inflows of over Rs 2 lakh crores. However, Liquid funds are expected to witness outflows in June 2021 due to the regular tax outgo of the corporates.

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