



**MONEY MANAGERS**

## Products, access and literacy have been key



**AJAY SRINIVASAN**

Over the past 25 years, the savings environment in India has witnessed several changes. From an era of fixed income products such as fixed deposits, we have seen a steady increase in retail investor participation in the capital markets and in Indian mutual funds (MFs).

The Indian MF industry's assets under management (AUM) has grown from ₹246 million as on March 31, 1965 to ₹22.60 trillion as on May 31, 2018. The AUM of the industry has grown from ₹5.05 trillion as on March 31, 2008 to ₹22.60 trillion as on May 31, 2018, about four-and-a-half fold increase in a span of 10 years!

The strong growth can be attributed to concerted efforts across three crucial pillars – products, access and literacy. Product offerings like dynamic equity allocation funds and equity savings funds have lowered risks associated with purely equity-oriented products. Process improvements like instant know your customer, instant redemption and increased transparency of returns and portfolios, have also contributed to improved trust and ease in investing.

In terms of access, while fund houses have traditionally relied on brick-and-mortar business, the increasing focus on digital channels has made access easier and more inclusive. Lastly, the effort in creating customer awareness through targeted campaigns such as 'Mutual fund sahi hai' has also significantly aided the adoption of mutual funds among retail investors, especially from smaller cities.

A large part of the credit for this goes to the distributors such as banks and independent financial advisors. The introduction of systematic investment plans (SIPs), and the subsequent sharp rise in SIP investments, have ensured sustainable growth for the industry as more people move away from large lumpsum investments to regular investments.

Over the past 25 years the MF industry has come a long way. Geographic reach has increased, many more customers have been added, more channels have been opened up and the product basket is full.

*The writer is chief executive, Aditya Birla Capital*