

Bite-sized SIPs generated from growing household savings are billowing sufficiently to push India's mutual fund industry to double its AUM in 5 years, expects Axis Capital's Praveen Agarwal

Mumbai, 23rd February, 2024: *A new report by Axis Capital, 'AUM on the Double: Closing in on Rs 100 tn,' underscores how the cumulative power of bite-sized systematic investment plans (SIPs) from households will lead a doubling of AUM for India's mutual fund industry to ~Rs 100 tn by 2030E. Authors Praveen Agarwal, Amit Jain and Shailesh Prasad see this trend gaining traction given the better profile of returns that equity AUM has generated for retail investors relative to overall AUM across traditional investment instruments. Underscoring the large opportunity, authors point out that mutual fund penetration is at just ~15% of GDP, far below the global average of ~74%.*

[Click here for the abridged report](#)

Report Highlights

AUM doubling faster with increased retail participation and digitization

- India's mutual fund industry doubled its AUM in just four years to reach a landmark Rs 50 tn. in Dec'23. Prior, the industry took five years to double its AUM from Rs 12 tn to Rs 25 tn.
- Industry AUM well on its way to ~Rs 100 tn by 2030E, assuming ~14% CAGR.
- The authors expect retail participation, which has seen a substantial increase over the years. (~60% vs 45% in 2016), to accelerate with rising savings.
- Digitization is enabling this exponential growth in retail participation.

SIP democratizes equity investing, everyone is an investor

- Household savings are likely to grow 11% CAGR as India's GDP reaches ~USD 7 tn by 2030E.
- The report assumes the prevailing ~USD 200 mn gross monthly SIP flow will grow over 3x by 2030E as Indians deploy more into financial savings.
- ~4 mn new SIP accounts were created in Dec'23; Jan'24 saw ~4.6 mn new demat accounts.
- Share of equities in household assets has doubled in the past 10 years (to ~4.7%), outlining significant opportunity for AMCs.

Underpenetration outlines significant room for growth

- Limited penetration compared to global peer mutual funds, with current penetration at ~15% vs a global average of ~74%.
- With ~42 mn unique investors, mutual funds penetration in India covers less than 5% of the working-age population at very low ticket sizes (India's average SIP ticket size: ~Rs 2,300 p.m.).

Big will become bigger

- The Top 8 AMCs by AUM manage ~73% of industry AUM. The authors expect this dominance to sustain given their operating leverage led by strong distribution franchise (mainly bank-led).

[Click here for more.](#) 'AUM on the Double: Closing in on Rs 100 tn' – Praveen Agarwal, Amit Jain, Shailesh Prasad. February 12, 2024, Axis Capital Ltd.

About Axis Capital:

Axis Capital is a wholly-owned subsidiary of Axis Bank, one of India's largest private sector banks. Axis Capital offers investors, companies and government entities solutions in the areas of Equity Capital Markets, M&A, Private Equity, Structured Finance and Institutional Equities. For further information on Axis Capital, please refer to the website: <https://www.axiscapital.co.in>

The Axis Group includes Axis Bank, Axis Mutual Fund, Axis Securities Ltd., Axis Finance, Axis Trustee, Axis Capital, A.TReDS Ltd., Freecharge and Axis Bank Foundation. For further information on Axis Bank, please refer to the website: <https://www.axisbank.com>

Media contact:

Axis Capital	Adfactors PR
Gisele Castelino Gisele.Castelino@axiscap.in +91 99202 59427	Sailee Nayak Sailee.nayak@adfactorspr.com +91 99301 67115 Siddhanth Unnikrishnan siddhanth.unnikrishnan@adfactorspr.com +91 90043 80023