

Best of times for mutual fund industry in India

Swarup Mohanty, Chief Executive officer, Mirae Asset Global Investments, summarises the performance and development of mutual funds industry in India and what the future looks like for it.

INDIA IS KNOWN TO HOUSE A SIZEABLE MIDDLE-CLASS population, which is very aspirational and is coming of age in terms of its participation in financial markets as incomes continue to grow.

One indicator of the financial participation is that an



SWARUP MOHANTY
Mirae Asset Global Investments

increasing number of households are now keeping their savings as active investments in mutual funds (not cash in bank or gold at home).

In the year 2017, mutual funds gained massively, and one of the reason was the growth in newcomers to the game.

Mohanty hopes that these new investors ride through the wave of volatility the industry has seen in recent few weeks and stick around as mutual funds gains show up to those who keep invested in the longer term.

“One of the major changes has been and continues to be digitalisation of business,” says Mohanty, talking about how the industry is evolving.

The modern Indian is digital savvy. With the growing popularity of direct investment plans, an Indian can enrol into a mutual fund in a span of ten minutes from the comfort of his bedroom and never have to sign anywhere or visit a physical branch.

One another much talked about change is the introduction of long-term capital gains tax in India in the recently announced budget. Although Mohanty maintains that the overall the impact is not much, it will be interesting to see how the investors’ actions pan out when faced with the tax.

The most significant contributor to the growth of mutual funds in India has been the Systematic Investment Plan (SIP). It’s the equivalent of EMI on the investment side, and most Indians from large metros to small towns seem to have taken a liking to it.

The industry likes it too as it provides stability to fund management and brings an assurance to investors’ minds that they if they remain invested, they will reach their goals. ■