

October Breakthrough: Mutual Fund Inflows Surge Despite Market Uncertainty

The Indian mutual fund industry posted a remarkable performance in October 2024, with equity mutual fund inflows jumping by 21.69% month-on-month to reach ₹41,887 crore, according to the latest data from the Association of Mutual Funds in India (AMFI). This growth comes despite market corrections, highlighting investor confidence and a shift towards long-term systematic investment strategies.

Key Highlights:

1. Strong Demand Across Equity Segment

All equity categories—including large-cap, mid-cap, and small-cap funds—saw strong demand in October. Large-cap funds experienced nearly a two-fold increase in inflows, while mid-cap funds saw a 50% rise. Small-cap funds also saw a 23% increase in inflows.

2. Hybrid Fund Inflows Surge

Hybrid mutual funds attracted a significant ₹16,863 crore in October, a notable increase compared to ₹4,901 crore in September. This surge indicates growing investor interest in balanced portfolios that offer a mix of equity and debt exposure.

3. Sectoral and Thematic Funds Decline Slightly

In contrast, sectoral and thematic funds saw a small dip in inflows, declining to ₹12,278.8 crore from ₹13,255 crore in the previous month.

4. Fixed-Income Funds Perform Well

The fixed-income category saw a strong rebound. Liquid mutual funds received a record ₹83,863 crore in inflows, recovering from ₹72,666 crore in outflows in September. Corporate bond mutual funds saw steady inflows, while credit risk mutual funds experienced a slight reduction in outflows.

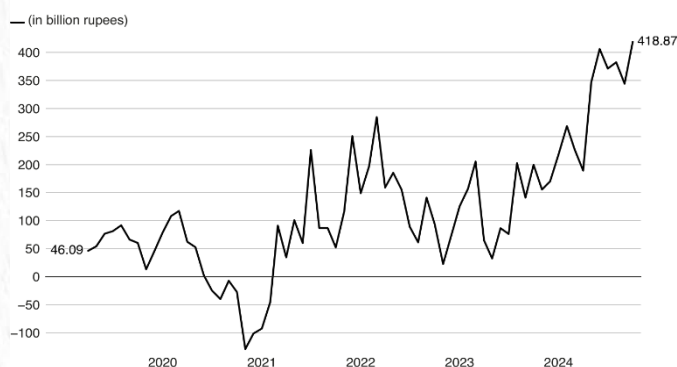
5. Tax-Saving Investments

Equity Linked Savings Schemes (ELSS) saw a reversal from the previous month's outflows, with net inflows of ₹362 crore in October.

6. Decline in NFO Inflows

Inflows into New Fund Offers (NFOs) experienced a sharp decline, falling to ₹6,078 crore from ₹14,575 crore in September.

India's equity mutual fund inflows hit record high in October



Source: Association of Mutual Funds in India

SIP Growth Soars to New Heights

In October 2024, Systematic Investment Plan (SIP) inflows hit a record ₹25,322 crore, up from ₹24,508 crore in September. The number of active SIP accounts also reached a new high, reflecting the growing preference for long-term, disciplined investment strategies. This growth in SIPs is a testament to the changing mindset of retail investors in India, who are increasingly adopting a more methodical approach to wealth creation.

Overall Mutual Fund AUM Growth

The mutual fund industry's Assets Under Management (AUM) reached ₹67.3 lakh crore in October 2024, a slight increase from ₹67.1 lakh crore in September, continuing the positive growth trend seen over the past year. AUM has grown substantially from ₹49 lakh crore in November 2023, reflecting the sector's increasing significance in India's financial ecosystem. Despite market volatility, the steady rise in AUM indicates strong investor interest and underscores the growing role of mutual funds as a central component in many investors' portfolios.

Market Influence and Investor Confidence

Despite the volatility and uncertainty in the global economy, including the impact of U.S. presidential elections and domestic market corrections, the Indian mutual fund industry has remained resilient. The growth in SIP contributions and the steady increase in AUM suggest that Indian investors are maturing, with a clear focus on long-term goals and disciplined investing.

Conclusion

The Indian mutual fund industry's strong performance in October 2024 is a testament to the growing maturity and discipline of retail investors. The increase in SIP contributions, along with a steady rise in AUM, signals that the mutual fund industry is becoming a mainstay in India's financial system. Despite the challenges posed by foreign institutional investor (FII) outflows and market corrections, the sustained growth in mutual fund investments underscores a shift toward long-term wealth accumulation.

Looking ahead, the mutual fund industry is poised to continue its upward trajectory, supported by increasing investor education, the popularity of SIPs, and an expanding base of retail investors across Tier 2 and Tier 3 cities.

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