

| Date | Publication | Headline | Edition |
|-------------|---------------------|--|---|
| 18 May 2015 | Financial Chronicle | Reliance MF bats for jan dhan-like schemes | Delhi / Ahmedabad / Mumbai / Kolkata / Bangalore / Hyderabad / Pune / Chennai |

Reliance MF bats for jan dhan-like schemes

KUMAR SHANKAR ROY
Kolkata

ENTHUSED by the success of Jan Dan Yojana and other financial inclusion programmes, domestic mutual fund industry major Reliance MF is batting for a government scheme that would help achieve deeper penetration for such investment products and promote equity culture.

Mutual fund penetration in the country continues to remain relatively low with just 4.2 crore folios against 97 crore telecom subscribers and 21 crore bank accounts, and it shows that the potential for the mutual fund industry is huge. Reliance Mutual Fund CEO Sundeep Sikka said.

Folios are numbers designated for individual investor accounts though one investor can have multiple ones. As on January 31, 2015, as many as 12.5 crore



Steps to empowerment

- Mutual fund penetration in the country continues to remain relatively low with just 4.2 crore folios
- As on January 31, 2015, as many as 12.5 crore accounts were opened under Pradhan Mantri Jan Dhan Yojana
- A government scheme on the lines of Jan Dhan would provide the right impetus for the MF industry

accounts were opened under Pradhan Mantri Jan Dhan Yojana, with around Rs 10,499 crore (\$1.7 billion) deposited under the scheme. "A government scheme on the lines of Jan Dhan would provide the right impetus for the MF industry. The government has

already done quite a bit of work on the social security front. While we are mindful of the fact that you cannot say go and invest in stock markets, mutual funds are a great low-cost investment option for the masses. Every household should have exposure to mutual funds in

some form or the other," said Sikka, whose fund house oversees investor assets over \$20 billion. Reports have shown that India lags behind many countries like US, Brazil, UK and Japan in terms of AUM/GDP ratio, he added.

Recently, Sebi chief U K Sinha had also floated the idea of following the footsteps of Jan Dhan Yojana to increase penetration of mutual funds. Generally, the average Indian investor prefers safety and capital protection. Bank fixed deposits and life insurance policy are usually the first choice, followed by gold and real estate. Equities and equity-related products like mutual funds are still low in their priority list. Consequently, the Rs 12 lakh crore Indian mutual fund industry has been excessively reliant on institutional money for gathering assets though profitability in that segment

is much lower compared to retail assets that stay on for longer periods of time.

A Nielsen 2014 report had highlighted that consumers in the metro areas are leading the slow and steady growth of mutual funds in India. In the past three years, consumer investment in mutual funds has increased five cent in the metro areas. Growth in non-metros has been increasing a mere two per cent since 2010.

kumarshankar
@mydigitalfc.com