

Reaching 200 million Unique Mutual Fund Investors in India



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India's mutual fund industry has crossed a significant milestone with over 5 crore (50 million) unique PAN linked investors. As on March 2025 the number stood at 53.4 million unique investors, a long distance covered since 1963 when it was first started in India by the creation of the Unit Trust of India.

The global mutual fund assets market size was estimated at USD 627.18 billion in 2024 and is predicted to increase to approximately USD 1,217.35 billion by 2034, expanding at a CAGR of 6.86% from 2025 to 2034. India mutual funds market was valued at USD 769.58 Billion in 2024 and is expected to reach USD 1585.29 Billion by 2030 with a CAGR of 12.8% during the forecast period. India's mutual funds market has shown remarkable growth over the past decade and is expected to continue expanding at a steady pace until 2030. This healthy momentum stems from a confluence of regulatory modernization, digital distribution, and an enduring retail investment culture that took firmer root after the pandemic. New frameworks such as

Specialized Investment Funds (SIFs) and Mutual Fund Lite have expanded the investable universe, bridging classic pooled vehicles with portfolio-management-style products while lowering operating hurdles for passive fund specialists. Equity funds continue to anchor the India mutual fund market as investors increasingly shift household savings away from fixed-income deposits toward long-horizon wealth creation. Rapid penetration of UPI-enabled micro-SIPs, coupled with growing comfort among first-time investors who use mobile apps for onboarding, reinforces steady inflows even in volatile markets. Although stricter expense-ratio ceilings and cybersecurity compliance add cost pressure, most asset managers consider technology investments and scale-driven efficiencies adequate countermeasures.

- By fund type, equity captured 58.97% of the India mutual fund market share in 2024 and is projected to advance at an 8.03% CAGR through 2030.
- By investor type, retail investors held 60.65% share of the India mutual fund market in 2024, while their assets are expected to expand at a 7.24% CAGR to 2030.
- By management style, active funds accounted for 74.19% share of the India mutual fund market in 2024; passive strategies are projected to grow at an 8.56% CAGR.
- By distribution channel, online trading platforms secured a 33.16% share of the India mutual fund market in 2024 and are anticipated to lead growth at 9.15% CAGR.

Source: <https://www.mordorintelligence.com/industry-reports/india-mutual-fund-industry>

It is, however, imperative to unlock the full potential of financial inclusion for India and Bharat. For that the next goal must be: 200 million unique mutual fund holders by 2035. This will mean roughly 12% Indians by 2035 will be holding investments in MFs from an abysmal 3-4% today. India needs a comprehensive roadmap to achieve this through digital inclusion, policy reform, education, and product innovation.

Before one looks at the roadmap to achieve such an ambitious target, it will be wise to understand the income distribution in India, not strictly in terms of household incomes but in terms of proxies one can use to determine the affluence in our society. This would require benchmarking of mutual fund ownership against other indicators of financial affluence in India. To put the goal of 200 million mutual fund holders in perspective, let us look at some comparable datasets across sectors that indicate financial participation, consumer spending power, and affluence in India. (Table below)

Category	Estimated Unique Individuals	Source / Year	Notes
Mutual Fund Investors (PAN-based)	~53.4 million	AMFI, 2025	Unique PAN-linked folios; 5.3 crore
Unique Car Owners	~60–70 million	MoRTH, Industry Est. 2024	Based on ~90M registered cars; adjusted for multi-car ownership
Income Tax Filers	~85 million	CBDT, AY 2023-24	Individuals who filed ITRs, including salaried, HNIs, etc.
Unique Credit Card Holders	~45–50 million	RBI / Banks, 2025	~110M cards in circulation, but many hold 2–3 cards
Air Travelers (Domestic)	~55 million	DGCA, 2023–24	~153M total domestic pax; adjusted for 2.5 - 3 trips per customer
Private Health Insurance Policyholders	~50–60 million	IRDAI, 2023	Individual + family floater policy count
EPFO Subscribers (active)	~70 million	EPFO, 2024	Registered for retirement savings, mostly formal sector
PAN Holders (individuals)	~600 million+	CBDT / UIDAI, 2024	Base for tax, investing, banking ID
Demat Account Holders	~150 million	NSDL + CDSL, 2025	Includes active + dormant accounts
UPI Users (monthly active)	~380 million	NPCI, May 2025	Broad base including P2P transfers, not all are investors

The data above might be encouraging but the reality could be that even though the numbers appear impressive, the companies / businesses would be going after the same citizens for their product or services.

One must pause and ponder, how broad-based our income distribution is and if India's consumption story is more hype than substance?

A closer look at the dataset above, however, would show that there are some signs that show the potential India promises. The climb could be slow and steady. India can surely aim to have more MF holders than 4-wheeler owners. Another low hanging cohort is the count for DMAT account holders. However, in order to exponentially accelerate MF adoption, one must look closely at the UPI users (monthly active) and study the UPI story, which is quite remarkable both in its spread and speed in adoption.

The example of India's soaring success and an envy of the world is the digital financial literacy through mass adoption of UPI. On the turn of FY26, there were over 200 million QR codes for merchant transactions and a similar number for P2P (Peer 2 Peer) transactions, aggregating a transacting value of over INR 25 lakh crore or ~US\$300 billion and the volume of transactions totalling over 18 billion. This no longer means that Indians are adopting financial technology; it signifies that India is in effect leading the way in digital payments.

The growth of UPI is a good example of how a supportive policy stance, with some incentive support, consistent communication, significant private investment and effort, and a robust, reliable technology framework has worked wonders for the industry and shown astounding results. Although one cannot overlook the fact that currently the ecosystem doesn't pay for itself and is supported by incentives from the ministry of electronics and information technology (MEITY) to encourage the adoption of RuPay Debit cards and low-value BHIM-UPI transactions and boost digital transactions, especially among small merchants, and promote digital payments for everyday purchases. For this form of payment to remain self-sustaining, the market will have to gradually prepare itself so that one of the stakeholders, customers or merchants, will have to pay for it. Just to draw comparison, the cost of a credit card transaction to a merchant can range anywhere from 150 to 225 bps, a debit card costs about INR 250 for 5 years, besides the cost of handling cash. So, to build a 25 to 50 bps cost for the merchant is not something that can be ruled out, and which hopefully should not reduce the uptake for UPI.

The success for UPI is where the opportunity for 200 million MF holders lies. If the coverage of UPI hits 40% by 2035, one needs to target only about one-third of the UPI subset.

Let us look at the opportunity landscape as it emerges when one sees India's financial footprint. As per the 2025 snapshot, apart from the unique MF PANs of 53.4 million and a UPI user base of over 380 million, we have over 700 million smartphone users, and the penetration of bank accounts is more than 80% (including Jan Dhan), and insurance and pension penetration is about 20%. There exists a massive base of untapped savers, especially in rural and semi-urban areas who are ready to transition from low-return instruments to structured wealth creation. What could help bringing them into the mainstream would be a product innovation solution based on the JAM trinity (the Jan Dhan accounts, the Aadhar identification process and the Mobile penetration) linking smartphones, UPI, and low denomination unit investments for MF.

The following would be the strategic pillars for growth:

Access & Infrastructure

- UPI-Linked SIPs: Seamless investing from ₹100/month using familiar payment rails.
- One-Click Onboarding: Aadhaar + PAN + Digi Locker-based instant KYC.
- Vernacular Interfaces: Mobile apps in multiple Indian languages.

Awareness & Literacy

- National Financial Literacy Mission 2.0: Revamp school curriculum + targeted campaigns to enhance financial literacy, especially in Bharat (Tier II-IV cities)
- Myth-Busting Campaigns: Focus on risk education, compounding, and SIP discipline. AMFI is doing a great job in running MF campaigns, but now it needs to focus on the untapped.
- Creator-Led Education: Partnerships with fintech influencers and local creators
- Eradicate the 'Lack of trust in market-linked instruments' by starting with Debt / Gold funds

Product Innovation

- Capital-Protected Starter Funds: Hybrid funds with lock-in or guaranteed base.
- Goal-Based Micro SIPs: Solutions for weddings, tuition, festivals, etc.
- Instant Redemption Funds: Emergency liquidity products with 24/7 access.

Distribution & Partnerships

- Embedded Finance: SIPs bundled with digital wallets, salary accounts, agri-retail platforms.
- SHG & MFI Networks: Use rural microfinance institutions to distribute mutual fund products.
- Fintech Aggregators: Expand access via neobanks, super apps, and InsurTech platforms.

Policy & Regulatory Push

- Tax incentives for first-time MF investors
- Employer-Mandated SIPs in MSMEs
- SEBI-AMFI Digital Grievance Redressal Systems
- Account Aggregator (AA) Utilization: Cross-product personalization

Neither was Rome built in a day nor can the target of 200 million be achieved quickly. But timely policy interventions can lead India to a steady growth path. Let us assume a year-wise progression:

2025 - UPI-SIP onboarding and vernacular apps should lead us to about a 100 million by 2027.

2027 - Embedded finance, fintech expansion support will add another propellant to this.

2030 - Any education or literacy push and SHG integration, will show results in the next 5 years, adding a significant base.

2035 - Full Bharat penetration, employer schemes, and further incentives can help India achieve the 200 million goal.

No single body can drive such a massive adoption drive. Money is an emotional matter and it needs all stakeholders to come together. SEBI/AMFI needs to play a pivotal role in Regulatory easing, tax incentives and consumer awareness campaigns. Fintech and private sector players need to widespread distribution and ease of onboarding via seamless tech (in vernacular languages), and integrating ease of payments with UPI at the core of it. AMC/Fund Houses are the manufacturers of the products (Mutual Funds), who need to invest in Product redesign, risk simplification and sharper product features. Employers, especially MSMEs, need to enable payroll SIPs that may attract government funded tax breaks. Schools/NGOs to drive financial literacy and other awareness subjects as part of their curriculum.

Finally, achieving 200 million mutual fund investors is not just a financial milestone; it represents a generational leap in wealth-building, financial empowerment, and economic participation. With the right convergence of policy intervention, technology, education, and trust, India can lead the world in democratized investing.