

# One SIP at a time: Unlocking the potential of mutual fund industry



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India today stands at a defining moment in its economic journey. A nation energized by its demographic dividend, rising incomes, and a growing digital infrastructure is well poised to reimagine its financial future. As we envision a fully developed “Viksit Bharat” by 2047—India’s centenary year of independence—there lies a unique opportunity to catalyze inclusive financial growth. One of the strongest levers in this transformation is the mutual fund industry.

For decades, India’s investment story was driven by traditional preferences: fixed deposits, gold, and real estate. But over the last ten years, mutual funds have quietly, and steadily, emerged as a new pillar of financial inclusion and wealth creation. The growth has been nothing short of remarkable.

## A decade of trust and growth

From just ₹12 lakh crore in assets under management (AUM) in January 2015, the mutual fund industry has expanded over five-times to ₹67 lakh crore as of January 2025. This 18% compounded annual growth rate (CAGR) isn’t just a financial metric—it reflects deepening investor trust, improved access, and a regulatory ecosystem that encourages transparency and integrity.

A significant portion of this growth has come from the rise in systematic investment plans (SIPs), which have reshaped how Indians approach investing. SIPs promote disciplined, long-term investing, moving the focus from timing the market to spending time in the market. Today, over ₹15.30 lakh crore is invested through more than 9 crore SIP accounts. Every month, approximately ₹25,000 crore flows into the industry via SIPs—a strong endorsement of investor confidence.

## The untapped landscape

Despite these gains, the mutual fund story in India is still in its early chapters. Mutual fund AUM currently accounts for 19% of India’s GDP, a modest figure compared to developed markets like the U.S., where mutual fund assets surpass 100% of GDP.

Rather than being a cause for concern, these figures underscore the untapped potential lying ahead for the mutual fund industry.

## From metros to the heartland

Mutual funds have done more than just gather assets—

they’ve democratized access to market-linked wealth creation. Innovations such as “sachetisation”—enabling investments of just ₹100 or ₹500—have broken the myth that mutual funds are only for the affluent. This low entry barrier has helped bring first-time investors from smaller cities, towns, and even rural areas into the fold.

Today, more than 24.31 crore investor folios exist across 1,791 mutual fund schemes. Many of these accounts belong to individuals in Tier-2 and Tier-3 locations, marking a significant shift in investment culture. For a country where investing was once synonymous with real estate and gold, this shift toward financial assets is both cultural and generational.

The SIP revolution, in particular, has changed how Indians think about money. Instead of one-time bets, investments are becoming habitual, goal-based, and long-term. Whether it’s planning for a child’s education or building a retirement corpus, SIPs are helping people translate their aspirations into achievable financial goals.

## The building blocks of trust

A crucial part of this transformation is the solid regulatory framework established by the Securities and Exchange Board of India (SEBI). Over the years, SEBI has introduced rules that emphasize transparency, better disclosure, fair pricing, and higher accountability from asset management companies (AMCs). This has built investor trust—a vital foundation for any long-term financial ecosystem.

Equally important has been the digital revolution. With 80–90% of mutual fund purchase transactions now happening online, investors can research, compare, and invest from the comfort of their homes. Mobile apps, e-KYC, and real-time dashboards have made the investment process seamless, intuitive, and fast. As a result, even a young college student in a remote district can begin their investing journey with as much ease as someone in Mumbai or Bengaluru.

## Challenges that remain

Despite this momentum, several hurdles must be overcome if mutual funds are to truly become a nationwide investment mainstay. The first is investor awareness. While digital tools have enabled access, financial literacy has not kept pace. Many potential investors still view mutual funds with skepticism—associating them with market volatility or high risk.

This is especially true in rural and semi-urban regions, where traditional investment choices continue to dominate due to familiarity and perceived safety. While there has been lot of efforts to drive investor education to accelerate the pace of the same a more targeted, culturally resonant communication is needed—especially in regional languages and through trusted community channels.

Offering short, digestible educational content could provide users with the necessary knowledge to make informed decisions. These guides could be integrated into the user journey, providing context and clarity at crucial decision points.

The second challenge lies in addressing past experiences. Many Indian households carry shared financial memories shaped by past hardships. Tales of lost savings, speculative missteps, or market downturns often become part of family lore, fostering a deep-rooted caution toward investing. For example, a family that experienced significant losses during an economic crisis may pass down a legacy of financial reluctance that endures for generations.

Some investors who entered the market during bullish periods and faced corrections soon after were left disillusioned. Rebuilding this trust requires product simplicity, better risk communication, and a customer-first approach. For mutual funds to become long-term companions on the financial journey, they must offer more than returns—they must offer clarity, comfort, and credibility.

Despite commendable efforts by the mutual fund industry to bridge information gaps, there's still significant scope to make investing more intuitive and relatable. Can the industry simplify mutual funds further for investors.

Beyond English and Hindi, nearly 400 million Indians primarily engage in regional languages. These individuals aren't fringe participants — they represent vibrant economic communities that are often left out of mainstream financial dialogue. While investment terminology can be nuanced, it's still possible to explain key concepts more clearly without diluting their meaning.

Likewise, while digital platforms have made investing more accessible than ever, they may overwhelm users with too many choices. Can these platforms build de-cluttered interfaces with less jargons. Can we move from a developer-first approach to one built around how real people absorb and act on information.

Therein lies a powerful opportunity — not just to streamline interfaces, but to rethink how financial communication is designed. The goal should not just be simplification, but smarter storytelling that helps investors make confident and informed decisions.

### **The road ahead: Innovation, networks and a billion possibilities**

As India strides into the Amrit Kaal, the mutual fund industry's role must evolve from being just a beneficiary of economic growth to a catalyst shaping that very growth. The future demands not just scale, but also intelligence, inclusion, and agility. By 2047, India's mutual fund industry could manage assets equivalent to over 110% of GDP—surpassing \$33 trillion in AUM and serving more than 25 crore investors. But this transformation hinges on our ability to innovate at the edges—where technology, trust, and culture intersect.

### **Unlocking distribution through the ONDC Network**

One of the most promising frontiers is the convergence of mutual funds with digital public infrastructure like the

Open Network for Digital Commerce (ONDC). Just as UPI revolutionized payments, ONDC could create new touch points by onboarding regional fintechs, neighborhood banks, and even non-financial platforms into a common interoperable investment network. This would allow mutual funds to be embedded where the user already is—whether that's a farmer's marketplace app, a local grocer's POS system, or a WhatsApp chatbot.

This kind of open architecture democratizes access and can allow smaller AMC's and start-ups to compete on innovation, not just distribution muscle.

### **The Kirana Store: Unlikely investment ally**

Imagine walking into your neighborhood *kirana store* and topping up your SIP like a mobile recharge. With the right tech stack and last-mile integrations, this isn't far-fetched. India has over 13 million *kirana stores*, many already digitized through UPI and connected to GSTN systems. These stores are trusted nodes in their communities—acting as informal advisors and information hubs.

By enabling these small retailers to also serve as mutual fund facilitators (with easy-to-use vernacular tools, assisted onboarding, and compliance-lite interfaces), investing can be embedded into everyday commerce. This unlocks access for communities where formal distribution may not reach. However, regulators would need to build the right guardrails that enable innovation, but also ensure investor protection.

### **From saving to investing: A mindset shift**

Ultimately, India's financial future rests on a broader cultural transformation—from passive saving to active, goal-based investing. For decades, Indians have saved diligently. Now, the task is to make those savings work smarter through better asset allocation and informed risk-taking.

Mutual funds are uniquely placed to lead this shift. They offer accessibility, diversification, and the professional management needed to navigate increasingly complex financial landscapes. More importantly, they align with the life goals of a new generation of Indians—who dream not just of financial security, but also financial freedom.

### **Conclusion: India's true financial revolution**

India's development story will be co-authored by millions of everyday investors—individuals who, through consistent investing, will build a secure foundation for their families and the country. Mutual funds are not just financial products—they are instruments of financial empowerment. As India marches toward 2047, the journey to Viksit Bharat will be built one SIP at a time, one goal at a time, and one empowered investor at a time.