**<u>Speaking Notes of Shri Amarjeet Singh, WTM, SEBI at the 17th Mutual Fund Summit organized by ASSOCHAM</u>**

***Theme - Capitalizing on India's Economic Ascent for Viksit Bharat***

*July 03, 2026*

1. Good morning, distinguished Members of ASSOCHAM, industry leaders, representatives of the mutual fund industry, investors, ladies and gentlemen. It is a pleasure to be here. I thank ASSOCHAM for inviting me.

2. The theme of this 17th Mutual Fund summit on *Capitalizing on India's Economic Ascent for Viksit Bharat* raises an important question: what role can the fund-management industry play in the economic and institutional development of a country?

3. It is heartening to note that the MF industry in India is an important force in our financial markets today and is shaping up nicely on three important dimensions.

4. First, it is enabling households to participate in long-term wealth creation in a transparent and cost-efficient manner. Second, as we have seen, it provides stable and patient domestic capital for India's growth. Thirdly, it plays a significant stewardship role as an increasingly important shareholder in listed companies. There is scope for doing more in these three elements in the journey towards Viksit Bharat.

5. My remarks today are in three parts. First, I will talk about how the domestic institutional investors including mutual fund industry have played a key stabilising role in the recent tumultuous times. Second and the connected point, I will share some reflections on the growth of the mutual fund industry. Then, I will outline recent initiatives undertaken by SEBI to support and strengthen this growth.

### *A. Resilience and long-term orientation*

6. The resilience of domestic investors, led by mutual funds has become increasingly evident during periods of market volatility. Equity mutual funds recorded net inflows

for 63 consecutive months through May 2026 — spanning the Covid recovery, the global tightening cycle of 2022, episodes of FPI outflows and heightened geopolitical uncertainty in early 2026. Even amidst heightened global uncertainties in March 2026, domestic institutional investors invested nearly INR 1.43 lakh crore in Indian equities in March 2026, while equity mutual funds recorded inflows of over INR 40,000 crore. The Indian mutual fund industry has come of age as a shock absorber for our capital markets.

7. Systematic Investment Plan (SIPs) have been an important part of this resilience. In the current financial year, SIP inflows have averaged over INR 31,000 crore per month. As on May 30, 2026, there were over 10.4 crore SIP accounts, with SIP AUM of over INR 17.1 lakh crore. This reflects the growing acceptance of disciplined investing across market cycles.

8. The patience of investors is important in volatile times. Holding-period analysis indicates an increasing long-term orientation among retail investors, with more than 61% of retail AUM remaining invested for over 24 months. This is an encouraging sign that mutual funds are increasingly being used to pursue longer-term financial goals rather than short-term market opportunities.

9. Such sustained domestic participation has provided an important countervailing force during periods of FPI selling. This is also reflected in ownership trends. As at the March 2026 quarter, domestic institutional investors held 19.6% of the NSE-listed universe, exceeding FPI ownership of 15.8%, which was at a 17-year low. The share of domestic mutual funds reached a fresh high of 11.4%. In short, the growing domestic institutional base is helping make Indian capital markets deeper and more resilient during periods of global uncertainty, such as that witnessed recently.

### *B. Growth of Mutual Funds*

10. The mutual fund industry has witnessed significant growth over the past decade. The assets under management of the Indian mutual fund industry have increased nearly

six-fold, from INR 13.82 lakh crore in May 2016 to INR 81.58 lakh crore as on May 31, 2026. In the last five years alone, the industry has almost tripled in size. In March 2026, the ratio of MF AUM to GDP crossed 21%, an all-time high.

11. The reach of the industry has also expanded significantly. The number of unique mutual fund investors has increased from a little over 1 crore a decade ago to more than 6 crores — a testament to the industry's growing retail orientation, with individual investors now accounting for close to two-thirds of total MF AUM.

12. Where do these investors come from? The top five states / regions (Maharashtra, New Delhi, Karnataka, Gujarat and West Bengal) account for nearly 68% of the industry's assets in May 2026. AUM from B-30 cities is growing gradually - it now accounts for almost 19% of total industry AUM, compared with around 16%, five years ago.

13. The next relevant question is: how do investors get on to the Mutual Fund journey. For many retail investors, particularly first-time investors, distributors remain the first point of engagement with financial markets. Nearly 54% of industry's AUM is mobilized through regular plans.

14. Despite these encouraging trends, significant headroom remains. Less than 5% of India's population participates in mutual funds as compared to the United States where mutual fund penetration is over 50%[1].

15. The industry's future growth will therefore depend on reaching investors, across geographies, income segments, and demographic groups. Recognizing these structural realities, SEBI has accordingly adopted calibrated incentive frameworks - including Beyond-30 (B-30) location incentives, additional incentives for onboarding new women investors, and the introduction of the Chhoti SIP framework - to support responsible expansion.

[1] https://www.amfiindia.com/Themes/Theme1/downloads/VisionPaper_2025.pdf

## *C. Recent Initiatives of SEBI*

As the investor base matures and deepens, the product and regulatory ecosystem must evolve along-side. I would like to highlight key developments in this regard:

16. **Deepening the Ecosystem: New products**

<u>SIFs</u>

a. The regulatory framework for Specialized Investment Fund (SIF) was introduced last year. The early response has been encouraging. As on May 31 2026, SIFs have already garnered net assets under management of over INR 13,500 crore, spread across more than 56,000 investor folios. Across 21 investment strategies launched, the maximum funds have been mobilized under the Hybrid Long Short investment strategy. This indicates a growing investor appetite for differentiated investment solutions within a well-regulated ecosystem.

b. In this context, SEBI and NISM are working together to bring out a Combined Mutual Fund–SIF Distributor Certification Examination, which will be a single certification for distributors intending to distribute both mutual fund and SIF products. This initiative aims to strengthen professional competency and ensure that the entities involved in distribution of Mutual Funds and SIFs possess the requisite information about these products.

<u>Life Cycle Funds</u>

c. SEBI's recently introduced revised framework for categorization of mutual fund schemes introduces Life Cycle Funds, which follow a pre-defined glide path and progressively alter their asset allocation as the target date approaches. This can support more disciplined, goal-based investing over longer time horizons. It is encouraging to note that AMCs are starting to offer this product to investors.

d. In this context, let me also highlight that investment decisions need to be guided by financial goals, risk appetite and investment horizon — not by short-term trends that are currently in fashion. In an environment where social media can amplify eye-catching returns and drive FOMO (fear of missing out), goal-based products such as life cycle funds can help investors remain focused on suitable asset allocation and long-term financial objectives.

e. Let me add a disclaimer here, that as a regulator, we are agnostic to the product or scheme chosen by an investor. Our role is to ensure that the ecosystem is fair and transparent, and that investors have access to adequate information to make informed decisions.

17. **Enabling third party payments**

a. The current regulatory framework requires that all mutual fund payments originate directly from the investor's own bank account, which, while sound from a compliance perspective, has inadvertently restricted certain genuinely beneficial use cases.

b. SEBI has therefore issued a consultation paper to address three specific scenarios: enabling employers to invest on behalf of their employees through salary deduction, enabling AMCs to pay distributor commissions in the form of mutual fund units and facilitating charitable contributions through mutual funds.

c. Each of these is a targeted expansion that preserves regulatory integrity while enabling new pathways for participation. The proposal maintains robust safeguards relating to KYC, audit trails and anti-money laundering requirements. This is the kind of calibrated innovation that deepens markets without compromising their integrity.

18. **Reducing operational friction**

A continuing objective of SEBI's regulatory approach has been to reduce avoidable operational friction for investors, while preserving necessary safeguards. The recent simplification and standardization of the transmission framework for securities, including for mutual fund units, is another step in this direction. The objective is to make the process faster, simpler and less burdensome with minimal documentation for legal claimants.

### *D. Concluding Remarks - The road to Viksit Bharat 2047*

19. Let me conclude by saying that the progress of the mutual fund industry cannot be measured through AUM, folio counts, or transaction volumes alone. What matters ultimately is outcomes: better financial returns for investors, more productive allocation of household savings, and stronger governance in investee companies.

20. We have made substantial progress, but the opportunity ahead remains considerable - millions of Indian households are yet to invest in mutual funds. Reaching them will require innovation in product design, distribution, and investor communication, alongside a steadfast commitment to investor protection, because trust, once lost, is very difficult to rebuild.

21. I am confident that through the collective effort of all stakeholders - the regulators, industry participants, distributors, investor associations and educational institutions, we can build an investment ecosystem that is aligned with the aspirations of a Viksit Bharat. Together, we can make mutual fund investing not a privilege of the few, but a foundation of the many.

Thank you !