

Published Date:	5 Nov 2023	Publication:	The Hindu Business Line [Mumbai]
Journalist:	Suresh P Iyengar	Page No:	1
Circulation:	29,753		

Tier-2 cities beat metros in MF investments

Suresh P Iyengar

Mumbai

Thanks to the attractive incentives and compelling campaigns by the Association of Mutual Funds in India, investments in mutual funds from smaller cities are rapidly gaining momentum, outpacing the growth in major metropolitan areas.

The share of Mumbai in the overall assets under management of the mutual funds industry dropped to 27 per cent in the March quarter from 42 per cent in March 2017.

Pune, which gained market share to 4.04 per cent from 3.70 per cent, toppled Ahmedabad, Chennai, and Kolkata to occupy the fourth position among the top 30 cities in terms of MF asset holdings, according to Geojit Insight.

In contrast, Durgapur, an industrial city in West Bengal, saw its asset base jump 154 per cent to ₹5,585 crore; while MF assets at Kota in Rajasthan more than tripled to ₹5,589 crore in the last five years.

Sriram BKR, Senior Investment Strategist, Geojit Financial Services, said that while the fall in the share of top cities in overall AUM can anecdotally be attributed to competition from other asset classes such as bitcoins, non-fungible



tokens and real estate, the inflows from smaller cities were possibly driven by equity investments, he said.

ONE-YEAR TREND

Though ranked last among the top-100 cities, Alwar in Rajasthan registered a 51 per cent growth in MF assets at ₹2,306 crore in the year ended September 30.

Coimbatore retained the 16th place with an AUM of ₹17,699 crore, while Madurai and Tiruchi were ranked 57th and 77th with assets of ₹4,639 crore and ₹3,256 crore, respectively. MF assets in Jammu jumped 22 per cent to ₹3,232 crore in one year.

Mumbai, which logged a growth of 10 per cent in AUM at ₹12.62-lakh crore, accounted for 27 per cent of overall in-

dustry assets of ₹46.58-lakh crore as of September-end.

B-30 INCENTIVE

Though SEBI recently suspended the B-30 incentive, the mutual fund industry sees a big opportunity in tapping smaller cities. Prathit Bhohe, MD and CEO of Tata Asset Management Company, said that despite ending the B-30 incentive there has been phenomenal expansion in these markets. In the last 18 months, Tata MF has started a virtual relationship manager channel through which a set of ARNs are mapped to centralised sales teams for reaching out to distributors in smaller towns, and the response has been very good given people's affinity to the Tata brand, he added.