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Record 4.5 million SIP closures in Dec, inflows stay strong

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Investors are shutting down mutual fund (MF) SIP accounts at a record pace amid mounting equity market volatility. In December, 4.5 million SIP accounts were discontinued — the highest number ever recorded.

The previous record of 4.4 million closures was set in May 2024.

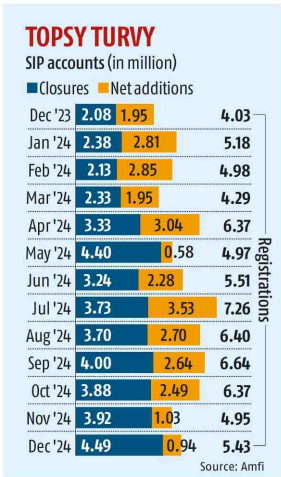
1 Despite the closures and market correction, SIP inflows remain unaffected. In December, investors poured in a record ₹26,459 crore into MF schemes via SIPs. The surge in account closures has weighed heavily on the net addition of active SIP accounts, with the industry adding only 0.9 million accounts in December, the lowest in seven months.

“With the market turning volatile, investors who are new to equity investing could have felt a bit jittery. As a result, the closures may have gone up,” said Anand Varadarajan, chief business officer at Tata Asset Management.

The benchmark Nifty 50 index ended December in the red, marking its third consecutive monthly decline. The index dropped 2 per cent last month and has fallen over 10 per cent from its all-time high in September. The rising base of SIP accounts, according to experts, is another factor contributing to the growing number of closures.

SIP data is often regarded as a key indicator of retail investor behaviour, given that systematic investment plans are predominantly used by individual investors. While closures have surged, the opening of new SIP accounts has slowed after peaking at 7.3 million in July 2024. In December, 5.4 million new SIPs were registered.

For the whole of 2024, active SIP accounts rose by 26.8 million to 103 million, compared to an addition of 15.1 million accounts in 2023. The growth in openings was driven by increased new



investor participation, strong performances across asset classes, and record-breaking new fund offerings.