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Rally in mid-, small-caps boosts SIP contributions

● Monthly contributing SIPs rise by 3 mn to cross 100-mn mark

KUSHAN SHAH
Mumbai, September 17

A STRONG RALLY in mid- and small-cap stocks has kept systematic investment plan (SIP) flows buoyant in FY27 even as the benchmark indices have struggled for momentum.

The mutual fund industry garnered SIP contributions of ₹1.58 lakh crore in the first five months of FY27 through August, up 15% year-on-year. The number of contributing SIP accounts also increased by 3 million during the period, from 97.2 million to 100.2 million.

The resilience of SIP flows stands out against the relatively subdued performance of the broader market amid the West Asia conflict and foreign institutional investor outflows.

The BSE Sensex and Nifty 50 were up just 2.86% and 3.53%, respectively, in FY27 as of September 15.

Market participants attribute the continued expansion of the SIP book to greater financial awareness, wider digital reach and a growing tendency among retail investors to stay invested through market cycles.

Anand Vardarajan, managing director and chief executive, Tata AMC, said the increase in SIP contributions has been aided by expanding digital reach and investor-awareness campaigns, which have also improved investors' understanding of market cycles. He expects the trend to continue.

Peshotan Dastoor, head of sales, UTI AMC, said awareness initiatives by the Association of Mutual Funds in India (Amfi) and fund houses, along with the emergence of fintech platforms, have taken mutual funds to a new set of investors across the country.

Akhil Chaturvedi, executive director and chief business officer, Motilal Oswal AMC, said the widespread distribution network has also helped handhold investors, encouraging many to use recent market declines to add to their investments.

But the sharp divergence between large-cap and broader-market performance has provided another tailwind to SIP flows.

While large-cap benchmarks have remained subdued, the BSE MidCap and SmallCap indices have surged 16% and 32%, respectively, in FY27. The two categories also have a high share of investments routed through SIPs.

SIP assets accounted for 47% of mid-cap fund assets and 55% of small-cap fund assets in FY26, according to Amfi data.

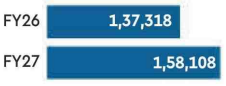
Chaturvedi said muted large-cap returns alongside the rally in mid- and small-cap stocks have encouraged more investors to participate in these segments through SIPs.

Suranjana Borthakur, head of distribution at Mirae Asset Investment Managers (India), said the strength in SIP contributions reflects sustained investor commitment, with allocation patterns showing a clear tilt towards mid- and small-cap funds over large-cap schemes.

SMART INFLOWS



SIP contributions till August
(in ₹ crore)



Contributing SIP Accounts
(in million)



Source: AMFI