

# 5 states, UTs see sharp decline in MF assets

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Mumbai, 16 March

The mutual fund (MF) industry's witnessed investment holdings from some states and Union Territories decline at a faster pace after the stock market hit its peak in October last year.

At least five states and UTs have seen their assets decline by a tenth or more from what they were during October 2021, showed an analysis of the numbers put up by tracker PRIME MF Database. These are Manipur (-11.5 per cent), Sikkim (-14.6 per cent), Dadra and Nagar Haveli (-21.1 per cent), Daman and Diu (-29.5 per cent), and Lakshadweep (-75.3 per cent). The country's total assets under management (AUM) grew 0.9 per cent during the same period.

The average assets under management for these five frontier states and UTs were at ₹677.8 crore.

The S&P BSE Sensex had hit a peak of 62,245.43 on October 19. It has since been under pressure because of various factors, including inflation, the spectre of global central banks turning hawkish and pushing up rates, and the ongoing war between Russia and Ukraine.

Higher interest rates globally would mean a reversal of foreign money that has helped push the Indian markets higher. Foreign portfolio investors have been net sellers to the tune of ₹1.49 trillion since October. The S&P BSE Sensex ended at 56,816.65 on Wednesday.

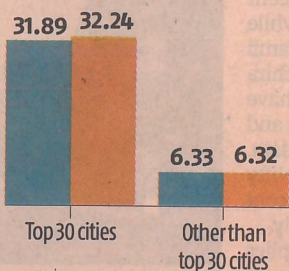
The analysis looked at how MF investors from different states have reacted to the change in sentiment. Mutual fund investments had seen a surge of interest following the stock market boom which began in 2020. It looked at the available data on total assets under management. Many states with a small assets base are largely invested in equity.

For example, Manipur accounted for ₹600 crore in assets as of February 2022, of

## TOP 30 CITIES HAVE DONE BETTER

(Assets in ₹ trillion)

■ Oct 2021 ■ Feb 2022



Note: Shows change in assets under management since October 2021, when the S&P Sensex hit its all-time high  
Source: primemfdatabase.com

which 87 per cent was equity. Sikkim had ₹1,300 crore in assets of which 68 per cent was equity.

The trend holds true to a lesser degree if one looks at the trend in AUM for the top 30 cities versus others. The top 30 cities added ₹34, 982.97 crore in assets. The others saw AUM drop by ₹653.44 crore.

MFs have continued to see equity inflows on an industry-wide level. Total inflows into open-ended equity funds in February were ₹19,705.27 crore. The numbers may well vary for individual states.

Systematic investment plans (SIPs) have driven inflows, noted a March 9 research report entitled 'India MF Flows Feb-22: Equity flows strengthen against the tide' from financial services major Jefferies India. The SIP allows investors to make a fixed, regular investment contribution every month instead of allocating capital in a lump sum manner.

"Despite market weakness, Indian equity mutual funds sustained strong flows.... Even as expectations of redemptions build up, the past 2 months' inflows in declining markets suggest retail investors' appetite to ride volatility and invest at lows. At the other end, flows into passives also picked up after a breather in January and this trend should sustain," said the report.

## CHANGE IN ASSETS UNDER MANAGEMENT

Since October (%)

|                           |       |
|---------------------------|-------|
| Lakshadweep               | -75.3 |
| Daman and Diu             | -29.5 |
| Dadra and Nagar Haveli    | -21.1 |
| Sikkim                    | -14.6 |
| Manipur                   | -11.5 |
| Tripura                   | -8.6  |
| Rajasthan                 | -6.2  |
| Arunachal Pradesh         | -5.5  |
| Puducherry                | -3.7  |
| Odisha                    | -3.4  |
| Nagaland                  | -3.3  |
| Mizoram                   | -2.7  |
| Andhra Pradesh            | -2.2  |
| Meghalaya                 | -1.9  |
| Kerala                    | -1.6  |
| Jammu & Kashmir           | -1.2  |
| Andaman & Nicobar Islands | -1.0  |
| Punjab                    | -0.7  |
| Chandigarh                | -0.7  |
| Maharashtra               | -0.4  |
| Goa                       | -0.3  |
| Himachal Pradesh          | -0.1  |
| Tamil Nadu                | 0.7   |
| Uttarakhand               | 0.8   |
| Madhya Pradesh            | 0.8   |
| India                     | 0.9   |
| Bihar                     | 1.6   |
| West Bengal               | 1.6   |
| Assam                     | 1.7   |
| Telangana                 | 1.8   |
| Chhattisgarh              | 1.9   |
| Karnataka                 | 2.0   |
| Gujarat                   | 2.1   |
| Others                    | 2.4   |
| Uttar Pradesh             | 3.0   |
| Delhi                     | 3.7   |
| Haryana                   | 6.5   |
| Jharkhand                 | 8.6   |

Note: Shows change in assets under management since October 2021, when the S&P Sensex hit its all-time high  
Source: primemfdatabase.com