

LIC MF to grow share of equity AUM to its total business; focus on drawing more retail participation

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Kolkata, May 12 LIC Mutual Fund (LICMF), which is hopeful of completing the proposed [merger with IDBI Mutual Fund](#) by the first half of this fiscal, is looking to increase the share of equity AUM (assets under management) to its overall business to close to 50 per cent in the short-to-medium term. It is also looking to grow the SIP (systematic investment plan) portfolio by attracting more retail investors by ramping up the distributor network.

At the end of 2022-23, LICMF's AUM stood at around ₹17,600 crore. Equity accounted for around 45 per cent of the total AUM at close to ₹8,000 crore while the remaining ₹9,600 crore came from debt schemes.

According to TS Ramakrishnan, MD & CEO, LICMF, the share of SIP to the total AUM is close to 13 per cent at present. This is relatively lower as compared to the industry average of around 15-16 per cent (share of SIP to industry's total AUM).

“Right now we are in the growing stage in terms of SIPs and we hope to be able to catch up to the industry level in terms of share of SIPs to total AUM in the next two-to-three years,” Ramakrishnan told *BusinessLine*.

LICMF has around 45,000 distributors, and out of them more than 50 per cent are [LIC agents](#). The number of active distributors out of the total would be only around 7,000 at present.

“While we give importance to recruiting LIC agents as our distributors, at the same time we are also interested in onboarding other distributors who are selling only mutual funds,” he said.

While the company will try to leverage the huge distribution network of its parent LIC to grow its business and footprint, efforts are also on to increase number of its own distributors who are not LIC agents. It hopes to take the share of active distributors to close to 45,000 in the next 8-10 years.

Merger

Talking about the proposed merger, he said, [Competition Commission of India](#) (CCI) has approved its acquisition of IDBI Mutual Fund in March this year. It is waiting for some more clarifications (regarding the proposed merger) from the regulator. IDBI MF's total AUM was below ₹4,000 crore at the end of FY23.

“We are waiting for some more clarifications (regarding the proposed merger) from the regulator. We will have to give one month exit notice to the investors. We see the completion of the merger

happening some time may be at the end of June or July, if everything goes well. So, hopefully, by the first half of the current fiscal it should happen,” he said.

Once the process of acquisition is complete, schemes that could be commonly identified would get merged.

“Wherever we have gaps (in product portfolio), those gaps will be filled with some of the products that IDBI MF will have. Schemes that can be commonly identified will get merged. IDBI MF must be having some schemes which we don’t have, we will run those as standalone schemes,” he said.

Market share

LIC MF’s market share stands at below 0.5 per cent of the industry’s total AUM. It aims to take it up to one per cent in the next 5-10 years. The company is hopeful of touching an AUM of Rs 27000 crore by the end of this fiscal.

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