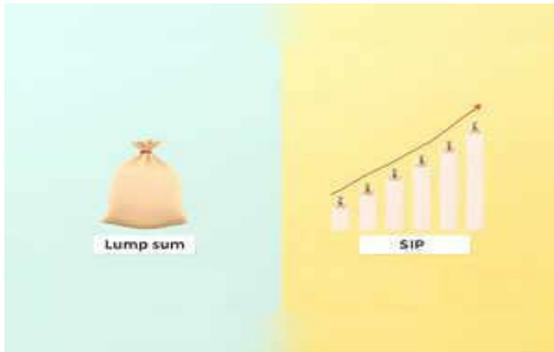


Lumpsum vs SIP: Is caution killing the case for lumpsum?

By Surbhi Khanna, Published on 12th June 2025



With mutual fund SIP inflows reaching record highs in May amid a market rally, a key question arises: Why are investors moving away from lumpsum investments? An expert explains that geopolitical tensions, trade concerns, and fears of a global slowdown—along with muted earnings and valuation worries—have made investors more cautious about lumpsum investing.

A combination of geopolitical uncertainty, trade wars, and fears of a global slowdown have made investors less confident about investing in lumpsums and more inclined towards SIPs in the current environment. Additionally, the slowdown in corporate earnings and concerns over the valuations of mid- and small-cap stocks are pushing investors to prefer SIPs as their investment strategy,” said Vishal Dhawan, CEO of Plan Ahead Wealth Advisors, a Mumbai-based wealth management firm, in a conversation with ET Mutual Funds.

In May, mutual fund SIP inflows rose marginally by 0.21% to Rs 26,688 crore, compared to Rs 26,632 crore in April. On a yearly basis, SIP inflows have surged nearly 28% from Rs 20,904 crore in May 2024. In the current financial year so far, total SIP contributions by investors stand at approximately Rs 53,320 crore. For the calendar year to date, total SIP contributions have reached nearly Rs 1.31 lakh crore, up from Rs 98,571 crore during the same period last year.

The benchmark indices—Nifty50 and BSE Sensex—are down about 4% from their 52-week highs. With markets hovering near record levels, is the fear of buying at the peak discouraging lumpsum investments? Addressing the trend, Dhawan noted that investors often anchor to index highs, and their past experience of corrections from those levels tends to impact their willingness to invest in lumpsums.

According to the latest monthly data from the Association of Mutual Funds in India (AMFI), equity mutual funds witnessed a 22% drop in monthly inflows, receiving Rs 19,013 crore in May compared to Rs 24,269 crore in April. Debt mutual funds saw an outflow of Rs 15,908 crore in May, a sharp reversal from the inflow of Rs 2.19 lakh crore in April. Meanwhile, hybrid mutual funds attracted higher inflows than equity mutual funds in May, with inflows rising 46% to Rs 20,765 crore from Rs 14,247 crore in April.