



# LIC MUTUAL FUND ASSET MANAGEMENT

## Pocket SIP

### Abstract

India's financial inclusion journey has noted remarkable progress through initiatives such as the Pradhan Mantri Jan Dhan Yojana (PMJDY), which enabled millions of citizens to access formal banking systems. However, despite the proliferation of bank accounts, a significant gap persisted between savings access and long-term wealth creation opportunities for low-income households, daily wage earners, gig workers and first-time investors. Traditional Systematic Investment Plans (SIPs), typically structured around monthly contributions of ₹500 or more, frequently exclude economically vulnerable segments with irregular cash flows and daily earning patterns. LIC Mutual Fund Asset Management Limited addressed this challenge via "Pocket SIP," an innovative micro-investment initiative launched in October 2024.

Designed specifically for first-time earners, gig workers, blue-collar workers, millennials and Gen Z investors, Pocket SIP is intended to promote financial discipline, expand access to mutual funds and enable wealth creation through compounding.

**Introduction** LIC Mutual Fund launched Pocket SIP, a low-denomination Systematic Investment Plan to make mutual fund investing accessible to underserved and emerging segments in India. It was operational from 1 August 2024 and introduced to the public in October 2024. Investors could participate with as little as ₹100 per day, ₹250 per month or ₹1,000 per quarter, with no upper limit.

The initiative was created to close a key gap in India's financial inclusion ecosystem. Although nearly 54 crore Jan Dhan accounts existed nationwide, many account holders earned only 3.5 percent on their savings and lacked real opportunities for wealth creation.

Pocket SIP targeted gig workers, blue-

collar employees, daily wage labourers, first-time earners, millennials and Gen Z groups lacking the financial capacity to join standard SIPs. By permitting daily investments suited to variable income patterns, the initiative intended to develop disciplined investment habits and strengthen long-term saving.

The project used fintech platforms, LIC's investor app, digital onboarding, RTAs and payment gateway integration to build a simple, scalable micro-investment ecosystem. In one year, the initiative grew investor accounts by over 300%. It initially crossed 1.11 lakh accounts and later surpassed 1.30 lakh registrations.

**The Problem Statement** India has achieved significant advancement in expanding financial access through banking inclusion initiatives. However, access to banking alone has not translated into meaningful participation in long-term investment and wealth creation ecosystems. A significant proportion of low-income households, daily wage earners, gig workers and first-time earners continue to remain outside formal investment markets despite possessing savings accounts.

Traditional SIP structures in the mutual fund industry were largely designed around monthly investments of ₹500 or more. While suitable for salaried middle-class investors, these structures often failed to accommodate the cash flow realities of daily earners and economically vulnerable groups whose incomes are irregular and incremental.

The challenge wasn't just financial but also behavioural and structural. Many from low-income backgrounds saw mutual funds as inaccessible, confusing or prohibitively expensive. Small daily savings rarely seemed like authentic investment capital capable of generating future wealth.

India's economic system faced a bigger policy challenge: how to make savings more productive. Despite 54 crore Jan Dhan accounts, idle balances often earned returns of just 3.5 percent. That limited low-income households' ability to build wealth or protect against inflation.

The lack of accessible micro-investment products also limited retail participation in capital markets among underserved communities. This difference between formal financial access and actual financial empowerment persisted.

**Solutions Stack** Pocket SIP created a micro-investment ecosystem that combined flexible contribution structures, fintech-driven onboarding, digital accessibility and behavioural finance principles. The first component involved flexible low-denomination SIP structures. Investors can begin investing with as little as ₹100 per day, ₹250 per month or ₹1,000 per quarter, with no upper limit.

Pocket SIP matched-investment structures with the cash-flow realities of daily earners. Unlike conventional SIPs designed around salaried monthly income cycles, the initiative enabled daily contributions compatible with gig workers, blue-collar workers and daily wage earners. The initiative integrated technology through leveraging LIC's investor application, fintech onboarding systems, digital transaction mechanisms, Registrars and Transfer Agents (RTAs) and Payment Gateway (PG) integrations to allow seamless low-ticket transactions.

The initiative proactively educated investors and strategically positioned Pocket SIP as a means to change financial behaviour. It emphasised that consistent investments of ₹100 per working day amounting to ₹25,200 annually, assuming 252 working days, can generate significant wealth through compounding.

The scheme illustrated long-term outcomes through financial projections, showing how an annual investment of ₹25,200 compounded at 12 percent could grow to ₹4.6 lakh in 10 years, ₹11 lakh in 15 years, ₹25 lakh in 20 years, ₹48 lakh in 25 years and ₹88 lakh in 30 years.

These projections themselves are connected to relatable social aspirations such as purchasing a first family car, funding a daughter's wedding, making a home down payment, acquiring a 1-BHK flat in a Tier-2 city and financing children's education alongside retirement planning.

## Strategic Vision and Organisational Philosophy

LIC Mutual Fund approached Pocket SIP with a wider strategic vision: democratising wealth creation and extending capital market participation to underserved segments of society. The organisation recognised that financial inclusion must evolve beyond account ownership toward investment participation and long-term financial empowerment. LIC Mutual Fund, therefore, conceptualised Pocket SIP as the “Phase-2 of PMJDY,” a framework created to enable millions of Indians not only to save but also to grow wealth systematically.

The initiative defined four strategic objectives. The first objective prioritised affordability, enabling investors to begin wealth creation with small ticket sizes. The second emphasised convenience through easy digital onboarding and management.

The third objective encouraged financial discipline and regular savings

behaviour among low-income and first-time investors. The fourth highlighted how compounding could turn even small daily investments into substantial wealth over long investment horizons.

The initiative also corresponded with LIC Mutual Fund’s philosophy of financial inclusion and broad-based accessibility. Beyond affluent investors, Pocket SIP aimed to enroll blue-collar workers, daily wage earners, mothers, farmers and young professionals into India’s formal investment field.

## Implementation Journey

In the first phase, LIC Mutual Fund conceptualised and structured the product. The team identified the need for an investment product specifically designed for low-income and irregular-income customer segments. They tackled affordability, accessibility and behavioural barriers together.

The second phase entailed technology integration and operational coordination. LIC Mutual Fund collaborated extensively with Registrars and Transfer Agents (RTAs) and Payment Gateways (PGs) to enable smooth processing of small-ticket transactions at scale. In the third phase, the LIC Mutual Fund team optimised investor onboarding processes through digital channels. They simplified participation for first-time investors and lessened operational friction.

Simultaneously, awareness efforts featured the concept of micro-investing and the enduring advantages of compounding. The initiative stressed the message that “Small is Big,” encouraging investors to perceive even modest daily contributions as meaningful long-term wealth-building tools. Over approximately 1.5 years of implementation planning and execution, the initiative scaled rapidly across investor segments and geographic markets.

## Implementation Challenges

The implementation process encountered numerous operational and ecosystem-level challenges. One of the primary challenges was competently handling low-ticket transaction economics. Existing financial infrastructure systems were traditionally optimised for larger SIP transactions, requiring operational coordination with RTAs and payment gateways to support smaller daily investments sustainably.

The initiative also faced initial implementation delays due to technical and operational “teething issues” associated with system integration and transaction processing at scale. Another challenge involved behavioural adaptation among investors. Since mutual funds had historically been perceived as products for higher-income investors, significant effort was

required to build confidence among low-income and first-time participants.

Operational scalability presented additional complexity because the initiative targeted a highly distributed customer base across multiple socio-economic segments, including gig workers, blue-collar workers and daily earners. The organisation also recognised the ongoing divergence in investment needs across India’s socio-economic groups, drawing attention to the need for deeper micro-investment penetration and customised financial inclusion models.

## Highlights

- LIC Mutual Fund launched Pocket SIP in 2024 to democratise mutual fund investing by enabling micro-investments starting from Rs 100 per day, Rs 250 per month or Rs 1,000 per quarter for underserved and first-time investors.
- The initiative addressed the gap between banking inclusion and wealth creation by targeting gig workers, blue-collar employees, daily wage earners, millennials and Gen Z investors who were excluded from traditional SIP structures due to irregular incomes and low savings capacity.
- Pocket SIP combined fintech integration, digital onboarding, RTAs, payment gateways and behavioural finance principles to create a scalable micro-investment ecosystem aligned with the cash-flow realities of low-income households.
- The scheme promoted disciplined investing and financial literacy by demonstrating how small daily contributions could generate substantial long-term wealth through compounding, while linking investments to relatable life goals such as education, housing and retirement.
- Within one year, Pocket SIP achieved over 1.30 lakh registrations and more than 300% growth in investor accounts, significantly expanding mutual fund participation and advancing financial inclusion and wealth creation among underserved communities.

**Outcomes** Pocket SIP generated major financial inclusion and retail participation outcomes within a short implementation period. The initiative achieved over 300 percent growth among investor accounts within one year, reflecting rapid adoption among target customer segments. Initially crossing 1.11 lakh accounts, the initiative subsequently surpassed 1.30 lakh investor registrations under the SIP framework for smaller denominations.

The project successfully expanded mutual fund participation among low-income groups, newly employed individuals, gig workers and young professionals who had previously remained outside formal investment ecosystems. Pocket SIP likewise strengthened awareness regarding disciplined investing and the power of compounding among first-time investors. The initiative demonstrated that systematic investments of ₹100 per working day could create wealth ranging from ₹4.6 lakh over 10 years to ₹88-100 lakh over 30 years, assuming an annual return of 12 percent.

Operationally, the initiative validated the feasibility of low-ticket SIP processing through coordinated fintech and payment infrastructure ecosystems. The initiative also contributed to broader social inclusion goals by extending wealth-creation opportunities beyond Tier-1 cities and into emerging and underserved investor segments.

**Conclusion** Pocket SIP represents an important innovation in India's financial inclusion and retail investment ecosystem. By lowering entry barriers and aligning investment structures with the earning realities of low- and irregular-income households, LIC Mutual Fund successfully transformed mutual fund investing into an accessible wealth-creation tool for neglected communities.

The initiative demonstrates that meaningful financial inclusion must go beyond savings access toward investment participation and long-term asset creation. Through daily SIP structures, digital onboarding, fintech integration and behavioural positioning, Pocket SIP created a workable pathway for millions of Indians to participate in formal investment markets.

The product additionally highlights the growing role of micro-investment innovation for closing the gap between banking inclusion and wealth inclusion. Through leveraging compounding, even small daily contributions were reframed as instruments of long-term economic mobility.



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