

# Stocking up on equity, SIP by SIP

Partha Sinha | TNN

**Mumbai:** Taking a cue from the success of systematic investment plan (SIP) in the mutual fund industry, broking houses are pushing a similar concept that they believe can help inculcate long-term investment and wealth creation practice among investors. The scheme, often called equity SIP, allows investors to directly buy one or more stocks, or exchange-traded funds, of their choice at regular intervals at no extra cost. While the concept was first introduced about a year ago by ICICI Securities, over the last few months, HDFC Securities, Reliance Securities, Kotak Securities and Geojit BNP Paribas Financial Services have also launched similar products.

An investor has the option

## Going The MF Way

- ▶ Select one or more stocks from a basket of about 250 liquid stocks to be bought daily, weekly, fortnightly or monthly
- ▶ Pre-set the total amount of money your broker can spend to buy the selected stocks
- ▶ Pre-set the number of shares of a company your broker can buy
- ▶ Pre-set the maximum price for each stock above which your broker will not buy the stock
- ▶ Similar parameters could be set for ETFs and gold ETFs



to put a fixed amount of money with his broker, who would buy one or more stocks of the investor's choice on a daily, weekly, fortnightly or monthly basis. The investor could

also set a limit on the number of shares of a company to be bought or the amount of money to be invested in the selected stock at the pre-set interval. The investor can even set

a price above which a stock should not be bought, called limit order in market parlance. Top officials at broking houses said this gives retail investors, who are mostly lured into the market near the peak of a bull market, a better option to participate through

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the ups and downs.

"Over the last 6-8 months, retail investors have not been participating in the market," said Vikrant Gugnani, ED, Reliance Securities. The equity SIP intends to inculcate "the practice of investing a small amount regularly in any fundamentally good stock and accumulate wealth over the long term," he said.

To start with, Reliance Securities has got about 6,000 clients through its pilot project, and now aims to get about 10,000 customers per month under this product category.

For I-Sec, investors in Gold ETFs form the largest chunk under this category, while a large number of customers have opted for the top index stocks, said Vineet Arora, executive VP, ICICI Direct, the broking arm of I-Sec. "This is one of the best ways for retail investors to invest in the stock market," Arora added.

The concept is similar to mutual fund SIPs. And like in MF SIPs, which were introduced in early 2000, it's been a slow start for equity SIPs too. However, top broking house officials are hopeful it would also go the mutual fund industry's way.