

₹20,000 a month at 8% beat ₹12,000 at 14% over ten years

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Maxim: *Stop fussing over where to invest.* — Dhirendra Kumar

Investors spend hours choosing between funds and minutes deciding how much to save. For most people, in the first decade, that is exactly the wrong way round.

For a new investor, the size of the monthly cheque matters far more than the name of the fund it goes into.

Picture two colleagues who join the same company in the same year. The first spends weekends comparing funds: rolling returns, Sharpe ratios, star ratings, the latest list of top performers. She settles on a sharp, aggressive portfolio and invests ₹12,000 a month, because that is what is left after the car loan. The second reads one article, picks a plain index fund and a debt fund, and sets up a ₹20,000 SIP the week her salary arrives, before she has a chance to spend it.

Dhirendra Kumar, founder of Value Research, used a version of this comparison in a [July 2026 column](#). Suppose the careful chooser's portfolio earns an excellent 14% a year, and the simple saver's earns a modest 8%. After ten years, in his figures, the simple saver has a little over ₹36 lakh and the fund expert about ₹32 lakh. The saver earned a far lower return and still came out ahead, because she put in far more.

The point is not that returns are irrelevant. Over thirty years, the difference between 8% and 14% becomes enormous. The point is about sequence. In the early years, your own contributions are most of your wealth; returns only take over once there is a large sum for them to work on.

Why the fussing feels productive

Kumar's diagnosis is blunt. Comparing funds feels like work, and work feels like progress. Deciding to save more is uncomfortable, because it means spending less on something you want now. So investors put their energy where it is pleasant rather than where it counts. "The boring habit of saving more beats the exciting habit of investing better," he wrote. "Your contributions do the heavy lifting for the first decade or so." He was candid that the financial media, his own publication included, feeds the habit by ranking funds rather than celebrating savers.

He attached two sensible conditions. The argument holds only when the money goes into a reasonable long-term growth asset, not a savings account. And it is no excuse for speculation: crypto punts and options trading do not become sensible just because the saver is disciplined.

There is a national dimension too. Indian households' net financial savings fell to 5.1% of GDP in 2022-23, from 7.2% the year before, a nearly five-decade low, while their financial liabilities rose to 5.8% of GDP, according to RBI data [reported by Scroll](#). Whatever the reasons, a country of borrowers will not be rescued by better fund selection.

Fussing has a price of its own

The obsession with picking the best fund is not merely a distraction. It often costs money directly, because it leads to switching. Every year Morningstar compares the returns funds earn with the returns their investors actually earn, after the timing of their purchases and sales. In its 2024 study of US funds, covering the ten years to December 2023, funds returned about 7.3% a year while their investors earned about 6.3%, a gap of roughly 15% of the total return, [Morningstar reported](#). The shortfall came mainly from buying after good runs and selling after bad ones.

The pattern in the details is telling. The smallest gap, about 0.4 percentage points a year, was in allocation funds, simple all-in-one portfolios that give investors little to tinker with. The widest, about 2.6 points, was in sector funds, a category that tempts investors to chase the latest theme. The data is American, but the behaviour will be familiar to any Indian investor: the more one fusses, the more of the fund's return tends to leak away.

So the investor who keeps hunting for the perfect fund pays twice. Once in the time and attention that could have gone into earning and saving more, and again in the returns lost to switching.

Where the effort should go

None of this means fund choice does not matter at all. A fund with high costs, a muddled strategy or a style that does not suit your goal can do real damage over decades. But good enough is good enough. A low-cost index fund or a well-run diversified fund, chosen once and reviewed once a year, leaves you free to work on the things that move the result more.

The first is the savings rate itself. Decide the share of your take-home pay that goes to investments, and set the SIP to leave your account on salary day, before spending begins. Push the figure higher than feels comfortable; Kumar's advice is exactly that.

The second is the step-up. Many SIPs stay frozen at the amount chosen in the first job, while salaries rise. Raising the SIP each year when the increment arrives can do more for the final sum than almost any fund switch.

The third is staying put. Once the portfolio is set, the most valuable action in a bad year is usually no action at all.

Over time, as the corpus grows large, the balance shifts. Returns begin to dominate contributions, and costs, asset allocation and fund quality deserve more attention. That is the right time to fuss a little more, not the first five years.

If you do one thing: Before you research another fund, raise your monthly SIP by whatever amount feels slightly uncomfortable, and set it to rise again with your next increment. Then leave the fund list alone for a year.

The two colleagues will probably never compare notes. If they did, ten years on, the one who read a single article would be ahead, and she would struggle to explain why. She did not choose better. She simply saved more, sooner, and then left it alone.

That is Kumar's maxim in one line. The question that decides most investors' futures is not which fund, but how much, and how early.

Sources

- [Value Research: Stop fussing over where to invest, Dhirendra Kumar \(July 2026\)](#)
- [Morningstar: Mind the Gap 2024 \(full study, PDF\)](#)
- [Morningstar: Why investors missed out on 15% of total fund returns \(27 August 2024\)](#)
- [Scroll: Household savings fell to nearly five-decade low in 2022-23, RBI data \(20 September 2023\)](#)

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