

MORE PEOPLE TURN TO EQUITY as returns from real estate and bank deposits disappoint

The Call of the Market: Investors Open Record No. of Demat Accounts

Rajesh.Mascarenhas@timesgroup.com

Mumbai: India saw record demat account openings in the current financial year as individual investors, who have been impacted by a sluggish real estate market and softer interest rates, looked at equities. About 3.76 million fresh demat accounts have been opened so far in the financial year ending March 31, surpassing the previous record of 3 million in 2007-08—peak of the previous bull market.

“There is a fundamental change in behaviour of Indians with household savings increasingly shifting from physical assets to financial assets post demonetisation,” said Shilpa Kumar, CEO,

ICICI Securities. “Declining interest rates and government’s efforts to shift people’s saving in physical form to financial assets have also contributed to the rising interest in equities.”

As on February 28, 2018, there were 14.6 million and 17 million demat accounts at the CDSL and the NSDL, respectively.

“A string of successful IPOs, sharp rally in stocks, ease of opening demat accounts which is paperless in case of many brokerages, feasibility of interface with ease access to data are some of the reasons for many new investors to enter equity route directly,” said B Gopkumar, CEO, Reliance Securities.

So far in the current financial year, 37 companies have raised a record

Total Demat Accounts (in Million)

Year	CDSL	NSDL	Total	% Growth
2012	7.92	12.04	19.96	—
2013	8.33	12.68	21.01	5.26
2014	8.78	13.05	21.83	3.90
2015	9.61	13.71	23.32	6.83
2016	10.79	14.57	25.36	8.75
2017	12.27	15.58	27.85	9.82
2018*	14.62	16.99	31.61	13.50

*As on February 28, 2018



₹66,520 crore from the initial public offers (IPOs).

It’s not just the demat accounts that have seen a surge of registra-

tions. Many first-time investors have chosen to invest in the stock market through mutual funds, which have seen record flows and

investor registrations in 2017.

“The kind of return one saw in equities in the last two years promoted many mutual fund investors also to stock markets,” said Gopkumar.

Brokers said the choice of many investors to hold their mutual fund units in the electronic form could have also led to the surge in the number of demat accounts. Investec Securities said BSE’s mutual fund platform processes around 1.9 million transactions every month and has grown at 106% over the last five years on a compounded basis.

The number of demat accounts with CDSL and NSDL has increased at a CAGR of 13% and 7%, respectively, from March 31, 2012 to March 15, 2018.