



Surge in Demat Accounts: Bright Perspective for Indian Economy

Prof. Pravin N. Phatale

Assistant Professor, Rajmal Puglia Institute of Management and Technology, Chandrapur

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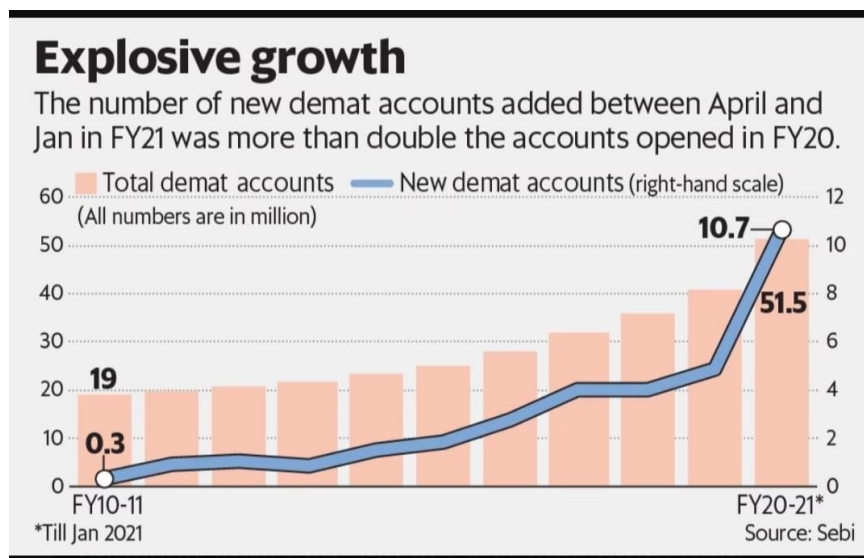
A Stock market, Equity market or Share market is the aggregation of buyers and sellers of stocks (also called shares) which represent ownership claims on businesses. A Demat Account is opened by an investor with a Depository Participant to invest in securities such as stocks (shares) & bonds. The securities are held in Digital format.



Data trends show that after the pandemic, younger or millennial investors in India have started opening demat accounts to start trading, in sync with the global trend. Easy availability of smart phones, use of superior technology, increasing internet speed and access to analyst information, all these factors are facilitating easy access to stock market.

According to Securities & Exchange Board of India (SEBI) data, new demat accounts additions rose to an all-time high of 10.7 mn in the year 2021. In FY - 20, it was 4.7 mn. Around 4 mn new accounts were added each in FY - 19 & FY - 18.

Year	Total Demat Accounts	New Demat Accounts
FY - 11	19 mn	0.3 mn
FY - 18	30.1 mn	6.2 mn
FY - 19	30.6 mn	6.4 mn
FY - 20	40.1 mn	7.1 mn
FY - 21	51.5 mn	10.7 mn



An ASSOCHAM survey reveals that there is a steep rise of over 76% of online trading among the young investors in the last couple of years as a primary source of additional income. According to this survey more and more youngsters are adapting this quick, efficient and hassle free option of stock trading. This Assocham survey reveals that the value of all trades executed through the internet has grown more than ten times in last two years.

Due to the growing need of money and increased level of computer literacy among the youngsters, the financial literacy is also taking place rapidly. In today's Information Technology era, every youngster is having Smartphone in his/her hand. The fad of online stock trading is more intense in the Metro youths. Online share trading has become a major fascination by large number of young, energetic and intelligent population, mostly professionals or un-professionals and employed or unemployed. SEBI says that nearly 77% of new accounts belongs to under the age of 40.

Moreover, several Depository Participants are offering handy, hassle free, easy and convenient Mobile Applications (Apps) which facilitate the stock market trading conveniently and very easily. The notable Apps are Groww, Zerodha, Upstocks, Sharekhan, Angelbroking, etc.

Smooth and easy access to Stock markets because of improved technology, such as e-kyc and Aadhaar e- signing helped the retail investors community to grow. Expectations of a faster recovery in the economy and better corporate earnings instilled confidence in investors, tempting them to pour more money into equities.

Investment is usually made with an investment strategy in mind. But in today's era, due to market uncertainty and high volatility, the stock market is taking the form of trading platform rather than investment platform.

The most notable reason behind the growing stock trading tendency among the youngsters may be probability of higher returns over the short-term period.

The increase in stock trading gradually uplifting the benchmark indices (Sensex, Nifty) of Indian stock market which will enhance industrialization in India with the more market capitalization and generating more employment. The market with the positive approach attracts more foreign investments to grow the Indian economy, generating more employment with the enhanced productivity, increasing the per capita income of the country.

CONCLUSION

The present scenario of surge in Demat Accounts if continued predicts that no obstructions will prohibit Indian Economy to touch the mark of 1 Trillion economy surpassing the US and China economy conferring the status of "Super Power" in near future.