How India Invests 2025

BAIN & COMPANY

As individual investors gain confidence,
India's economy builds strength.

Industry Partner:

Groww

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Executive summary

India's household wealth has seen a structural transformation over the last few years, with a shift from traditional savings to capital market-linked investments. Mutual funds and direct equities have emerged as the fastest-growing asset classes, outpacing deposits, with growth driven by increasing financial literacy, robust market performance, strong regulatory support, and a proliferation of digital-first investing platforms.

However, India still trails developed economies in allocation of assets to capital markets. Mutual fund and equity allocations constitute just 15%–20% of household investable assets. In countries like the US and Canada, this allocation is closer to 50%–60%. Therefore, significant opportunity exists for growth in the Indian market.

Over the next decade, mutual fund assets under management (AUM) in India are projected to exceed INR 300 lakh crore because of existing investors' sustained activity, along with a continued increase in household penetration, especially in B30 cities. This growth can be attributed to an expansion of digitally enabled mutual fund distributors, registered investment advisers, and regulatory support for accessibility and awareness. Meanwhile, direct equity holdings are expected to approach INR 250 lakh crore, with the key enabler being a shift from short-term speculative investing to long-term wealth creation.

At the center of this transformation lies a digitally native, demographically diverse investor base. Over the past five years, digital platforms have emerged as the key channel of investing, accounting for the activity of ~80% of direct equity investors and ~35% of mutual fund investors. Analysis of investor cohorts on digital platforms reveals that there has been a consistent shift from speculative trading in direct equities to long-term mutual fund investing through systematic investment plans (SIPs). The salaried segment shows the highest allocation to mutual funds, especially via SIPs, indicating a preference for professionally managed portfolios and long-term goals. Business owners skew more toward direct equities with higher trading velocity. With mutual funds, SIPs are the dominant mode of investing, and lump-sum investments are gaining market share as investors mature and gain confidence.

> *Our goal is to double India's mutual fund investor base to 10 crore in five years by activating the vast physical distribution network—banks, MFDs, and post offices. Trust-led outreach in semi-urban and rural regions is key, and we're empowering local talent to become distributors through fee concessions and grassroots programs.*
>
> *From "Choti SIPs" to mutual fund-based retirement schemes, we are focused on building inclusive, accessible, and sustainable investment options for every Indian. A crucial pillar of this journey is investor awareness and education: helping individuals understand mutual funds, set their financial goals, and make informed choices. This is how we aim to move beyond financial inclusion to true financial well-being.*
>
> *The next chapter for AMFI is data-driven, using technology and insights to understand how India truly invests and launching initiatives that deepen penetration and participation across the country.*
>
> **— Venkat N. Chalasani, Chief Executive, AMFI**

Executive summary

Investment behavior is also becoming more sophisticated, with a noticeable movement toward higher-risk funds like mid-cap, thematic, and small-cap funds, especially among the younger customer segments. The steady rise in average SIP ticket size reflects growing investor confidence. Sensitivity to market movement is also segment specific, with Gen Z investors tending to be more reactive to market movements, while salaried Gen X investors exhibit more steady behavior.

These evolving behaviors point to a maturing investor base that is more diverse and more oriented toward long-term goals. Such behaviors also offer clear implications for industry participants, highlighting the need for segment-specific products, behavioral nudges, and investor education to sustain engagement and deepen wallet share.

Retail investing also plays a critical role in India's broader economic development, enabling a virtuous cycle across four key areas: capital formation, financial inclusion, capital market resilience, and employment generation. Rising household flows into mutual funds and direct equities are fueling greater access to capital, especially for small and medium enterprises.

Investment access has widened, with growing participation from women, young investors, and investors outside the top cities. Broader access has unlocked job creation across the distribution value chain, with more than 7 lakh jobs expected to be created over the next decade in areas such as mutual fund distribution and wealth relationship management, not to mention the indirect job creation via business expansion supported by capital access. Rising domestic participation has also strengthened India's capital market resilience, with retail investors and mutual funds acting as stabilizing forces during episodes of global volatility.

Retail investment capital will play a foundational role in India's efforts to grow its economy to the $30 trillion mark by 2047, which is key to the Viksit Bharat mission. This activity could cause per capita GDP growth as high as six times the current GDP and help secure the financial future of millions of households across India.

“

India is experiencing a major shift in how people invest their money. More everyday Indians are now investing in the stock market, which is helping the country's economy grow and helping people build wealth over time.

Young Indians are leading this change. They're tech-savvy, eager to learn, and focused on growing their money for the long term rather than making quick profits.

Government regulators have helped make this happen. SEBI (the stock market regulator) has made investing safer and more trustworthy, while AMFI has educated people about financial planning.

Making mutual funds accessible to everyone will be crucial for helping millions of Indian families become financially secure and for reaching India's goal of becoming a $30 trillion economy by 2047.

— Lalit Keshre, Co-founder & CEO, Groww

1 The household wealth landscape in India

There has been a paradigm shift toward an investing mindset

- By the end of FY25, Indian household wealth totaled INR 1,300–1,400 lakh crore (L Cr.), showing ~13% growth over the last five years. Retail investing is undergoing a structural transformation, with mutual fund and listed equity assets growing fastest, outpacing deposits.
- However, India still lags global economies on mutual fund and equity allocation; this activity constitutes 15%–20% of the Indian market, while it is 50%–60% in the US and 40%–45% in Brazil. These comparisons highlight a massive growth opportunity.

Mutual funds

- Mutual fund AUM for individuals reached INR 41 L Cr. by the end of FY25. This growth can be primarily attributed to an increase in household penetration, from 5%–6% to 10%–11% over the last five years. Growing confidence in equity-based funds and systematic investment plans (SIPs) and rising financial literacy have been key to this growth.
- Individuals' mutual fund AUM are expected to continue their rapid growth, reaching INR 300+ L Cr. in the next 10 years, driven by both penetration increase and rising per-household AUM.
  - Household penetration is expected to double to ~20%, with growth coming primarily from mass market and mass affluent segments in top cities and from affluent and mass affluent segments in Tier-2+ cities. Growth in investment participation will come from increasing regulatory support and awareness, strong performance of mutual funds, adoption of retirement-focused schemes, a growing distributor base, and adoption of digital platforms.
  - Per-household AUM growth typically shows a 5- to 10-year lag vs. household penetration, based on the history of developed markets like the US and Canada. With the growing salience of long-term holdings (investments held for five years or more) and the growing share of disciplined SIP-led investing, per-household AUM is expected to grow to 20%–22% over the next 10 years.

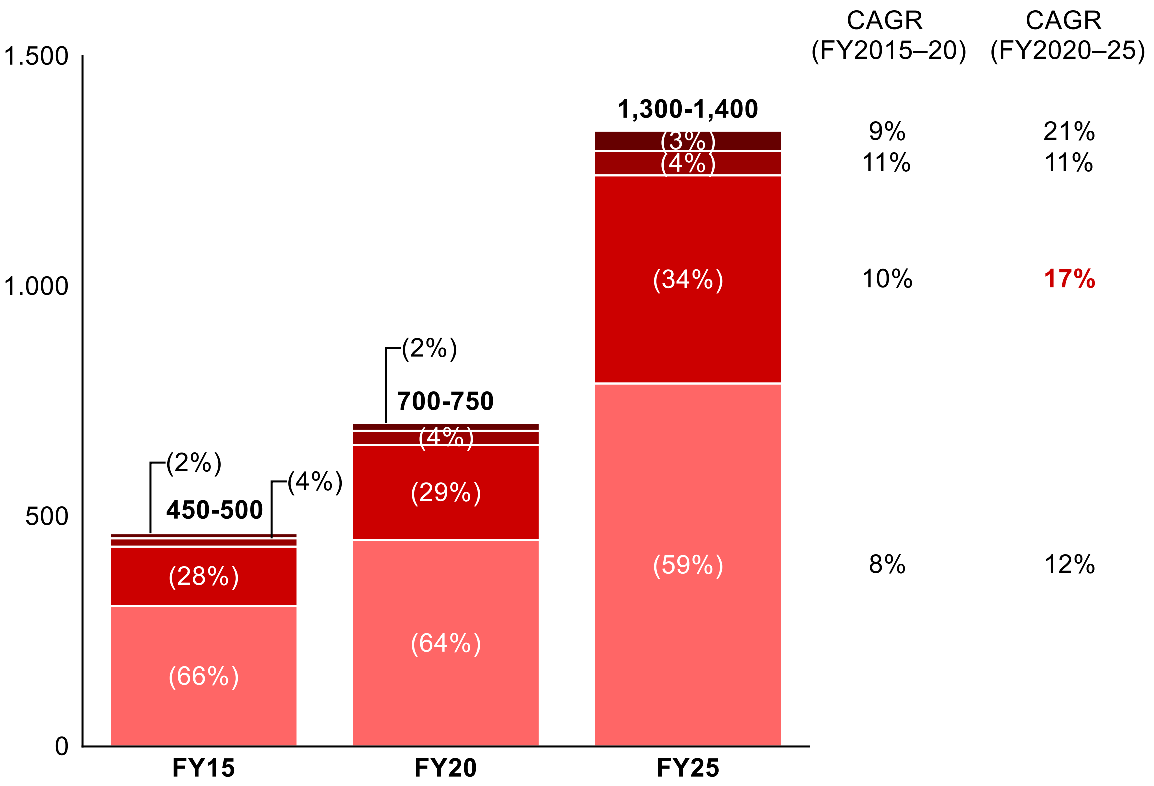
Direct equity

- Individual direct equity holdings reached INR 42 L Cr. by the end of FY25, led by an increase in penetration. Dematerialized accounts grew nearly five times over the last five years, because of a post-pandemic boom in IPOs. Many factors facilitated that boom: ease of access through new-age digital players, shifting demographics in favor of younger investors, growing financial literacy, and digital public infrastructure support.
- The industry is expected to reach INR ~250 L Cr. in the next 10 years, with 12+ Cr. investors expected to enter the market. In addition to continued digitally driven penetration and strong market performance, the shift from speculative trading to long-term investing will be key to ensuring sustained industry growth.

Total household assets in India stand at INR 1,300–1,400 L Cr. in FY25, with investable assets constituting ~35% and growing at ~17% over the last five years

Investable assets constitute approximately 35% of household assets and are growing faster, at approximately 17%

Household assets in India (INR L Cr.)



Rationale for Growth

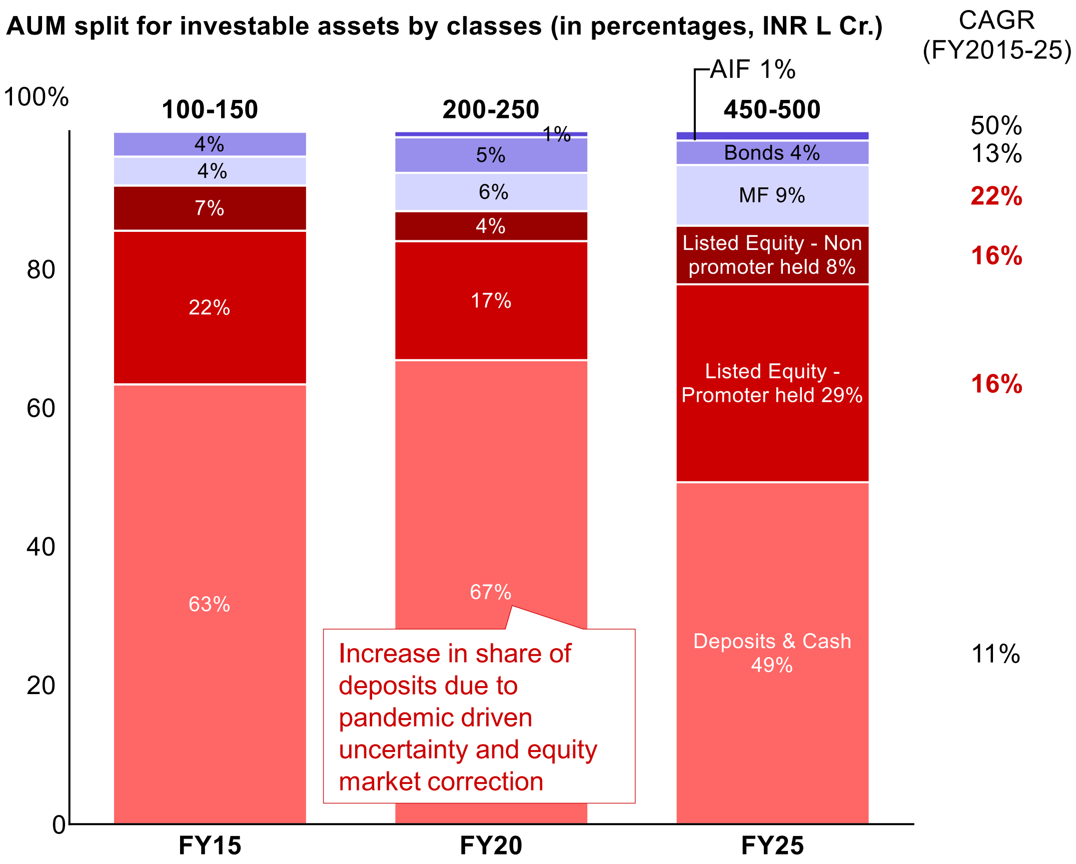
1	**Retirement assets**	• NPS AUM grew by ~30% across government and corporate subscribers over the last five years. This growth was driven by policies related to tax benefits and investment flexibility by asset class. • New EPF subscribers doubled to 1.3 Cr. over the last five years, due to growing formalization of the workforce, stricter enforcement regarding e-Shram database checks, etc.
2	**Insurance assets**	• Growth here was primarily driven by increased awareness (especially post Covid-19), driving a higher need for protection plans under life insurance segments.
3	**Investable assets**	Increasing salience over the last 5–10 years was driven by: • Increased preference for investable assets, due to rising financial literacy and higher returns • A shift in investment behavior, as individuals shifted away from traditional fixed deposits to higher-return saving and investment products
4	**Physical assets**	Declining salience over the last 5–10 years was due to: • Policy and regulatory interventions like demonetization and RERA enforcement increasing compliance costs and the curbing of cash transactions historically prevalent in real estate • An increasing share of millennials and Gen Z in the population; they prefer renting over purchasing a home • A shifting preference toward financial assets, with growing awareness regarding lower real-estate returns of ~6% over the last 15 years vs. 10%–12% in equities However, a recent uptick in real estate assets over the last two to three years was driven by price appreciation of 10+% and increasing demand for luxury projects.

Notes: Estimated asset value as of March 31 of corresponding financial year; Retirement assets include NPS and EPF; Insurance assets include nonterm life funds, unit-linked insurance plans, pension and general annuity funds; Investable assets include mutual funds, equities, alternate investment funds, deposits, small savings and cash; Physical assets include property and gold; AUM is assets under management; EPF is employer provident fund; L Cr. is lakh crore; NPS is national pension scheme; RERA is real estate regulation authority
Sources: Market participant interviews; Reserve Bank of India; Insurance Regulatory and Development Authority of India reports; Securities and Exchange Board of India; Pension Fund Regulatory Development Authority; Employees' Provident Fund Organisation; Jefferies report; Bain-Groww collaborative analysis

There has been a shift from a savings mindset to an investment mindset in the last five years, with mutual funds and direct equity taking share from deposits

Listed equity and mutual funds have gained salience by approximately 10 percentage points and approximately 5 percentage points, respectively, in the last 10 years

AUM split for investable assets by classes (in percentages, INR L Cr.)



Shifting investor preference was driven by improved awareness and investor trust, with digital players driving accessibility

Rationale for growth

	Rationale for growth
Mutual funds	Surge in market participation across multiple income segments, indicated by six times the growth in MF AUM in the last 10 years, which was driven by rising wealth and digital app proliferation
Listed equity	Fivefold growth in the number of dematerialized accounts since FY20, led by the emergence of digital players such as Groww, Zerodha India’s market cap grew fourfold since FY20; this was fueled by robust corporate earnings, large-scale IPOs, and sustained investor confidence in the Indian stock market.
Deposits and cash	Shift of deposits toward MF and equity, because of increasing awareness and accessibility; lower real returns on bank deposits

Regulatory support and strong investor protection measures have led to [an] investor shift toward capital markets. As more outreach efforts—via regulators, digital platforms and influencers—increase, the investor base will expand.

— Monika Halan, Chairperson, IPEF, SEBI

Notes: Financial asset threshold for each wealth segment: ultra-high net worth = INR 50+ Cr.; high net worth = INR 10–50 Cr.; affluent = INR 1–10 Cr.; mass affluent = INR 25–100 lakh; mass = below INR 25 lakh; unlisted equity comprises equity holding in micro-, small, and medium enterprises at book value (INR 9 L Cr.), the notional value of which can be INR 60–70 L Cr.; AIF is alternative investment fund; AUM is assets under management; IBEF is Indian brand equity foundation; MF is mutual fund; SEBI is Securities and Exchange Board of India
Sources: Market participant interviews; 360 ONE presentation; Reserve Bank of India; National Stock Exchange of India; AMFI; Associated Chambers of Commerce & Industry of India; Insurance Regulatory and Development Authority of India; Economic times; Bain-Groww collaborative analysis

Five megatrends have acted as tailwinds, driving the shift toward investing

1

New investor expansion

Growing segment of young, tech savvy investors: The Gen Z segment has emerged as a significant force, with its share of NSE-registered investors below 30 years old increasing to ~40% in FY25 vs. ~25% in FY20.

Tier-1+ expansion: 55%–60% of new SIP registrations are from B30 cities.[1]

2

Proliferation of new-age digital platforms

The rise of app-based platforms like Groww, Zerodha, and Upstox has made investing paperless, accessible and user-friendly.

These platforms contribute ~80% of the total number of retail equity investors in India.

3

Government and regulatory push

SEBI reforms: Removal of the NOC requirement for MFD change, scheme rationalization, and the uniform expense cap have helped build trust with investors.

Support for digital and physical distribution: Fully digital onboarding is possible, with the introduction of platforms like MFCentral and MFD Empowerment, especially for Tier-2+ regions.

4

Growing financial literacy

A surge in regional and digital financial content (e.g., on YouTube, Instagram, and fintech apps) is making investing concepts more relatable.

An awareness push from regulators: Campaigns by AMFI (like “Mutual Funds Sahi Hai” and “Bharat Nivesh Yatra”), with branded buses, have gained significant traction.

5

Strong market performance led trust

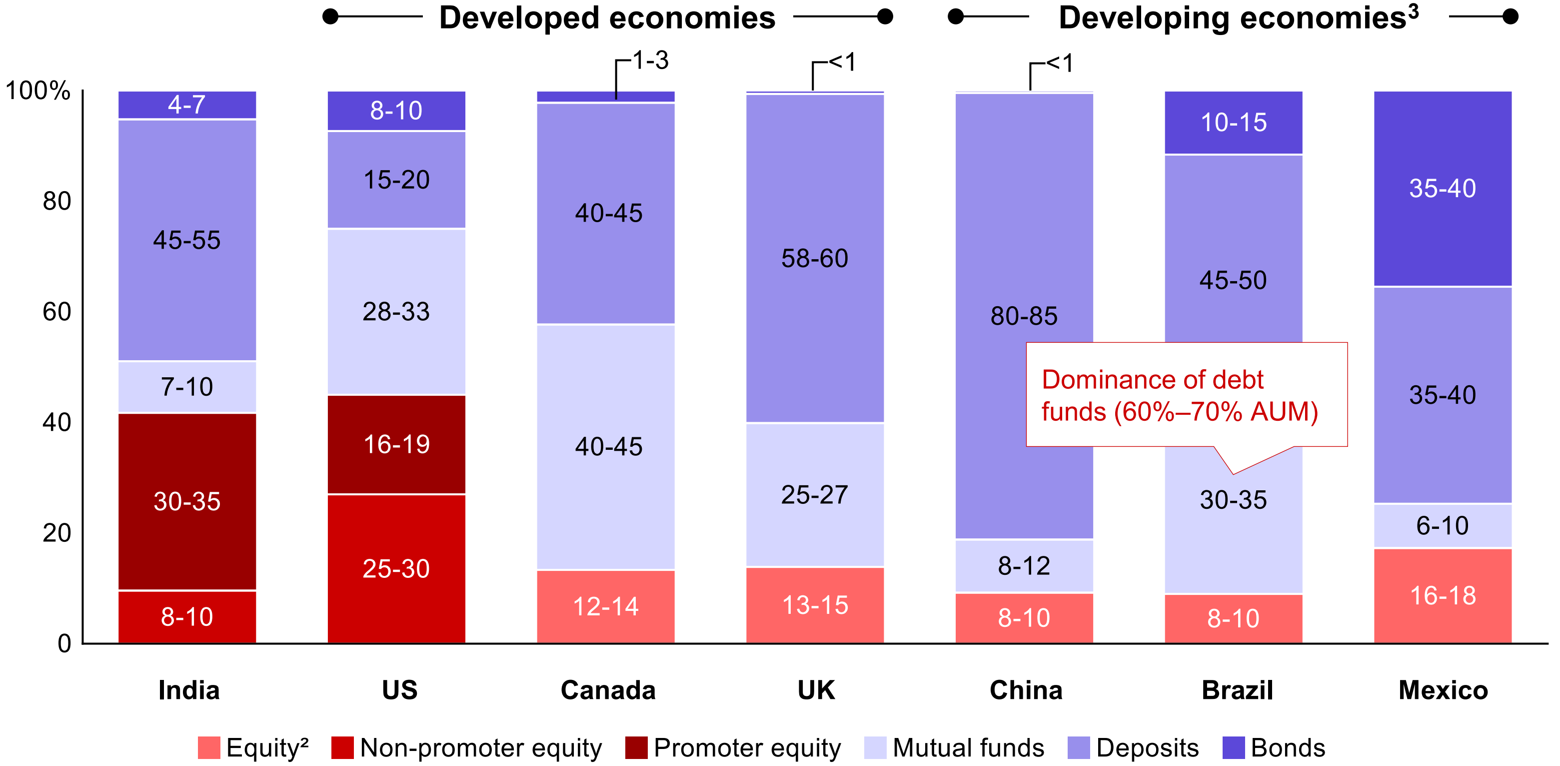
Nifty 50 and Sensex delivered 10%–15% returns in the last 10 years, reinforcing the long-term value of equity investing.

Mutual funds, particularly equity-oriented ones, have outperformed traditional fixed deposits by a wide margin over the past five years.

Notes: (1) B30, or Beyond 30, as defined by AMFI, refers to cities ranked beyond the top 30 cities according to their mutual-fund assets under management (e.g., Pune, Chandigarh); MF is mutual fund; MFD is mutual fund distributor; NOC is no-objection certificate; NSE is National Stock Exchange of India; SEBI is Securities and Exchange Board of India; SIP is systematic investment plan
Sources: Secondary research; AMFI; market participant conversations

India lags developed economies on household asset allocation to mutual funds and direct equity

Percentage of household investable assets, by country,[1] 2024



Integration of retirement vehicles (e.g., 401(k), RRSP) with mutual funds, attractive tax incentives, and scale-up of online services by brokers drove higher MF contributions in developed markets like the US, Canada, and the UK.

In developing countries like Brazil, the rise of interest rates to tackle inflation made debt funds lucrative, with 12%–13% returns at lower risk. (Debt constitutes 60%–70% of MF AUM in Brazil vs. ~20% in the US). Further, tiered taxation and supply support from banks supported MF growth.

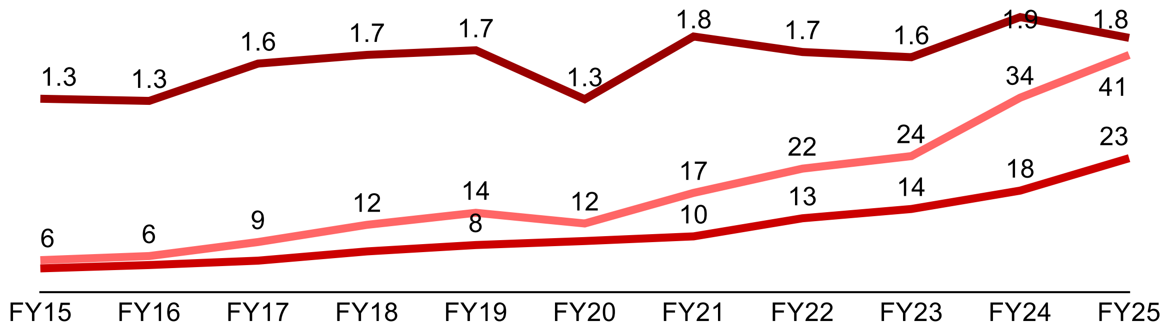
Widespread corporate equity plans (e.g., ESPPs, stock options) boost US non-promoter ownership, while India's ESOPs remain limited to start-ups and select large firms.

Financial literacy in India and China is relatively lower than in countries like the US and the UK.

Notes: (1) Investable assets include bonds (government bonds, municipal bonds, corporate bonds, participation bonds), deposits (excludes currency), equities (direct holdings in listed stocks/shares, excluding unlisted shares, shares in mutual funds, investment trusts), and mutual funds (money market funds, equity funds, bond funds, etc.); promoters includes insider holdings and CEO holdings in the US; (2) Equity for countries, except India and the US, includes both promoter and non-promoter equity holding; (3) Based on classification by the International Monetary Fund; AUM is assets under management; ESOP is employee stock ownership plan; ESPP is employee stock purchase plan; MF is mutual fund; RRSP is Registered Retirement Savings Plan
Sources: GlobalData; Bain-Groww collaborative analysis

Mutual funds: Individual mutual fund assets under management increased to INR 41 L Cr., primarily driven by an increase in folios and investor base

Mutual fund folios increased by five to six times, while per capita assets under management have grown moderately, at a CAGR of 2%–3%, the over last 10 years



	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Household penetration						6%	6%	8%	8%	10%	11%
Number of unique investors (Cr.)						2.1	2.3	3.4	3.8	4.5	5.4

Total household AUM (INR L Cr.) Number of folios (Cr.) AUM per folio (INR L)

> *AMFI has successfully popularized the product with its "Mutual Funds Sahi Hai" campaign, so much so that it has become a pull product now. It continues to be a preferred investment instrument even when market cycles are low.*
>
> **—Varun Gupta, Head of asset management company, Groww**

Key causes of growth

Investor penetration increase

Democratization of access through new-age digital players

- In last five years, the Groww platform added 3.5+ Cr. new SIPs.
- Of investors, ~30% are less than 35 years old.

Rising penetration among B30 cities and women investors

- AUM salience in B30 cities increased from 10%–15% to 20%–25% in the last 10 years.
- The salience of women investors in B30 cities increased from 20% to 25% in the last five years.

Rising financial literacy, bolstered by AMFI/financial influencers, and growing trust

- There are 20+ million followers of the top five influencers on YouTube. SEBI actively regulates this activity to prevent misleading advice and to build trust; there is a mandate that one must be registered with SEBI to give any financial advice on social media platforms. Followers can use Google or Meta to verify the details of such advisers (via SEBI's portal of registered advisers).
- The awareness campaigns of AMFI (e.g., "Mutual Funds Sahi Hai" and "Bharat Nivesh Yatra") are popular, with branded buses traveling to 170 underserved cities.

Moderate per capita AUM growth

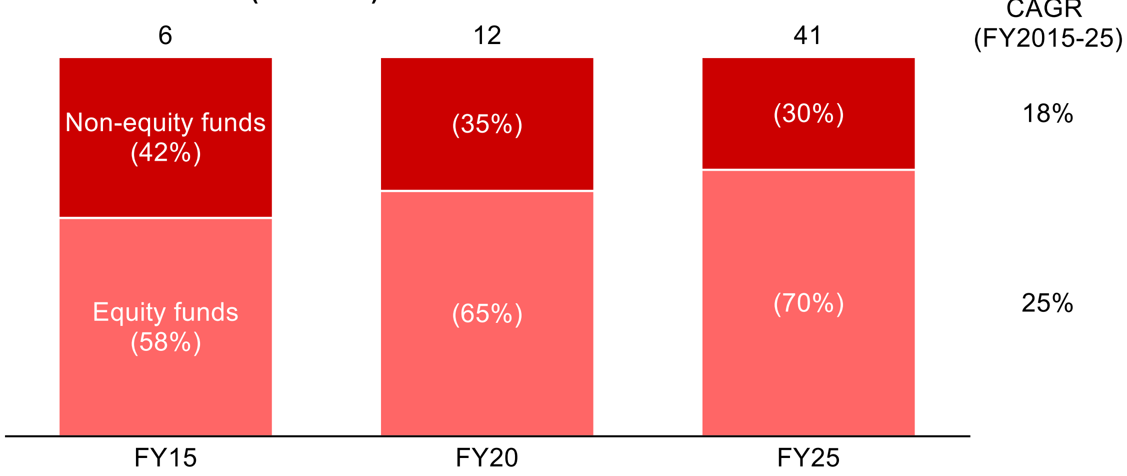
- While the number of folios has increased by 2.5 times over the last five years, overall individual gross flows have grown by only 7% because of new investors with lower ticket sizes.
- The average SIP ticket size fell to INR ~3,000 in FY25 vs. INR ~3,200 in FY15.

Notes: Retail and High network individual constitute 99% of total folios; folios and investors as of March of respective years; AUM is assets under management; SEBI is Securities and Exchange Board of India; SIP is systematic investment plan
Sources: AMFI; Bain-Groww collaborative analysis

Mutual funds: Equity schemes gained salience, with a robust increase in systematic investment plan inflows

Equity mutual funds grew at a 25% CAGR (approximately), constituting 70% of assets under management

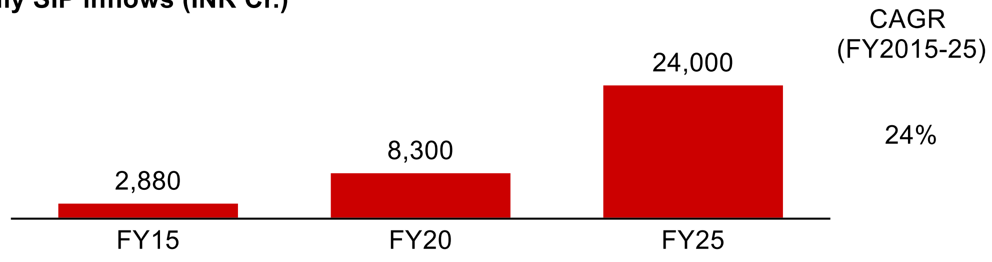
Individual MF AUM (INR L Cr.)



- Higher returns due to a multi-year bull run and market confidence drove investment in equity funds vs. debt funds (Nifty TRI at 6% in FY25).
- Small cap fund and sectoral/thematic fund AUM have grown the fastest, at a 50+% CAGR from FY20 to FY25, contributing to ~25% of total equity fund AUM in FY25 (vs. ~15% in FY20).

Average monthly systematic investment plan inflows grew at a 25% CAGR (approximately) over the last 10 years

Average monthly SIP inflows (INR Cr.)



	FY15	FY20	FY25
Number of new SIPs (Cr)	-	1.2	6.8
Contributing SIP accounts (Cr)	0.9	3.1	8.1
Average ticket size (INR)	~3,200	~2,700	~3,000

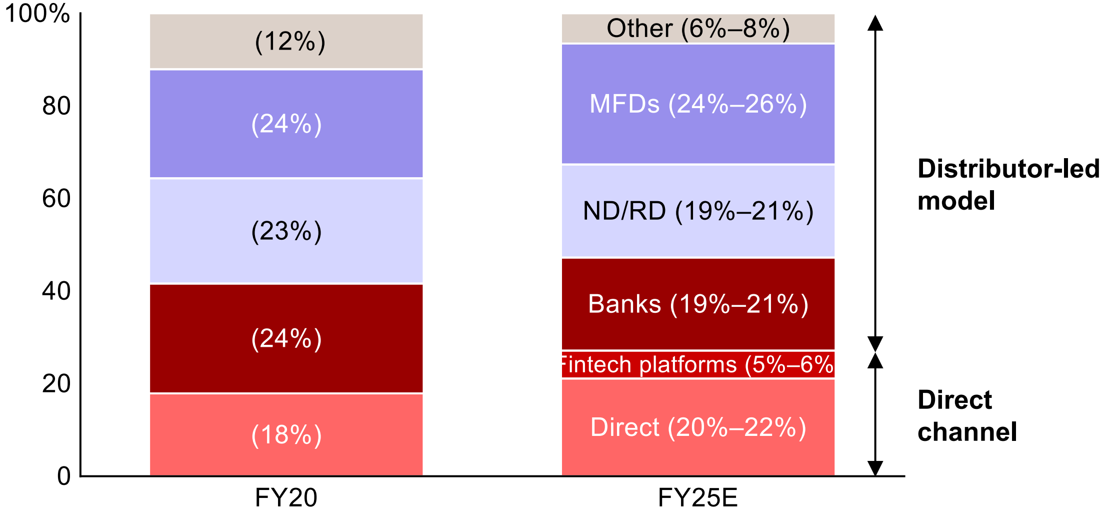
- Demographic shifts drove SIP uptake; 18- to 34-year-olds' SIP AUM doubled in five years.
- Simplified low-ticket SIPs enhanced investor base, allowing reach to Tier-2+ cities.
- There was a shift toward long-term wealth creation and disciplined investing.
- Digital platforms like Groww scaled rapidly, capturing ~8% share of SIP inflows in FY25 (leading NDs and banks like NJ and SBI hold ~7% and ~4% share of SIP inflows, respectively).

Notes: AUM is assets under management; ND is national distributor; NJ is NJ India invest private limited; MF is mutual fund; SBI is State Bank of India; SIP is systematic investment plan; TRI is total return index
Sources: AMFI; secondary research; Bain–Groww collaborative analysis

Mutual funds: While the distributor-led model continues to have a higher share, direct plans are on the rise because of do-it-yourself digital platforms

New-age digital platforms have gained salience in the last five years

Percentage of individual MF AUM split by channel



Direct plans are increasingly getting popular—even private bankers and HNI wealth managers are putting clients' money in direct plans. Having said that, NDs/RDs and MFDs are here to stay and drive penetration for a large chunk of investors.

— Aashish Somaiyaa, CEO, White Oak Capital

Channels have evolved to capitalize on changing preferences

Direct channel rises

- Since the SEBI push for direct plans (2013), there has been a significant increase in direct schemes introduced by AMCs and supported by an influencer marketing push.
- There has been an increase in fintech platforms (Groww, Zerodha, INDmoney) with seamless DIY investing, easy onboarding (e.g., eKYC), and access to direct plans.
- Younger investors prefer the direct route for SIP investments; platforms like Groww and Zerodha claim to have 100% direct AUM with a large base of under-40-year-olds.
- Passive funds' increasing popularity is reflected in the popularity of index funds, and direct plans dominate index funds AUM.

RIAs and MFDs emerge as key factors in B30 cities

- MFDs and RIAs drove ~50% of the inflows in Tier-2+ cities, with RIAs gaining a 7–8 percentage point salience over the last two years, due to their digital accessibility.
- New MFDs are consistently being roped in for investment hand-holding, especially in Tier-2+ cities (~30,000 new MFDs joined in FY25 vs. ~8,000 in FY20).

Banks and NDs/RDs see a decline in share

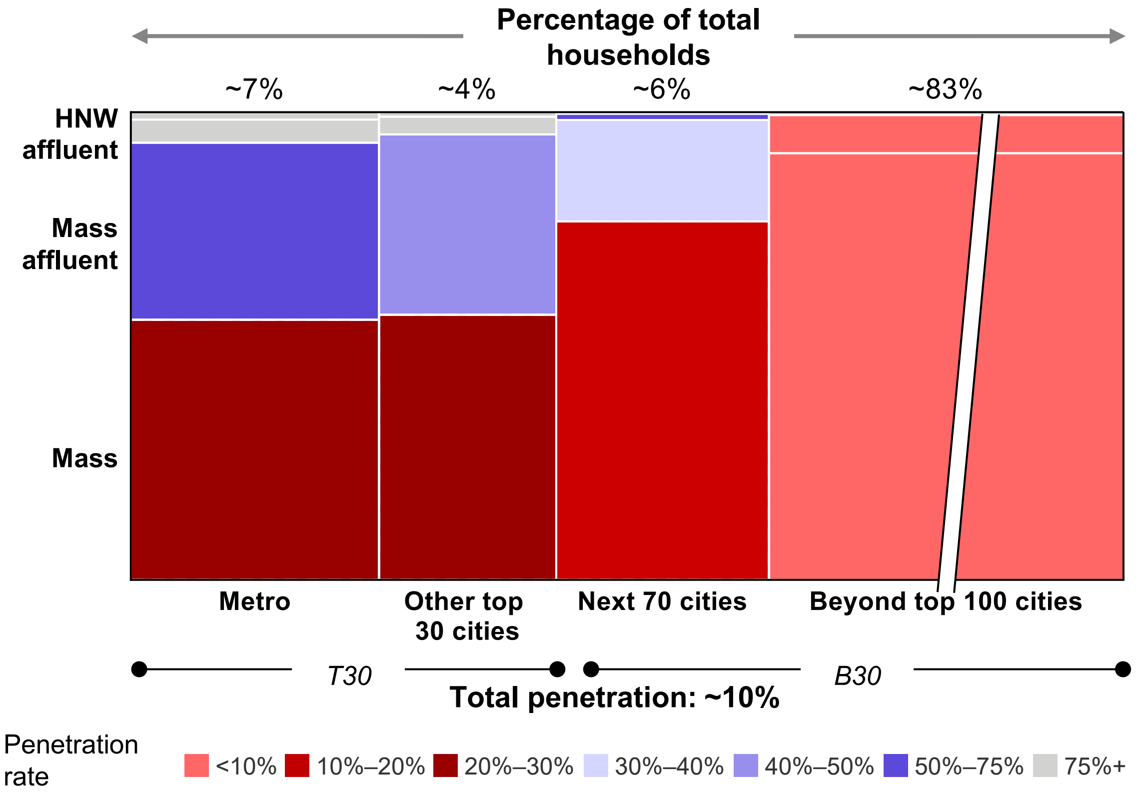
- Facing margin compression, NDs/RDs shifted to the HNI segment, which demands advisory services and product varieties offered by NDs/RDs.
- Banks are fighting back share loss with a digital-led super-app strategy to drive cross-sell with existing customers.

Notes: Fintech platforms include Groww, Zerodha, etc.; Other includes stock exchange brokers, fund of funds investments, etc.; AMC is asset management company; AUM is assets under management; eKYC is electronic Know Your Customer; HNI is high net worth individual; MF is mutual fund; MFD is mutual fund distributors; ND is national distributor; RD is regional distributor; RIA is registered investment adviser; SEBI is Securities and Exchange Board of India; SIP is systematic investment plan
Sources: AMFI; Council of Institutional Investors' Critical Audit Matters report; Karvy; industry participant conversations; Bain-Groww collaborative analysis

Mutual funds: Household penetration is currently skewed toward top 30 cities

There is high penetration in the high-net-worth, affluent segment in metros and other top 30 cities; areas beyond the top 100 cities remain underpenetrated

MF penetration by annual household income x city tier (2025) **Total: ~310M**



Key causes of penetration

Metro, other top 30 cities

- Increasing penetration via banks, wealth advisers, and digital RIA/MFD platforms
- Increasing participation by women (~35% of investors are women in top 30 cities, as of FY25)
- Traction gained by passive funds, given the ease of investing with limited effort in fund selection (salience rose to 7% vs. 1%–2% over the last five years)

Next 70 cities and beyond top 100 cities

- SIP registrations in B30 cities amounted to ~60% of total SIP share in FY25 (vs. <50% in FY23), driving MF growth
- Growing domination of RIAs in B30 cities, with digital channels gaining traction (RIA share of AUM in B30 cities jumped from 10% to 17% over the last two years)
- Younger population increasingly participating, with growing demand from other top 100 cities (55% of investors are under 40 years old, and the 20–30 age group is emerging as the fastest growing in other top 100 cities)

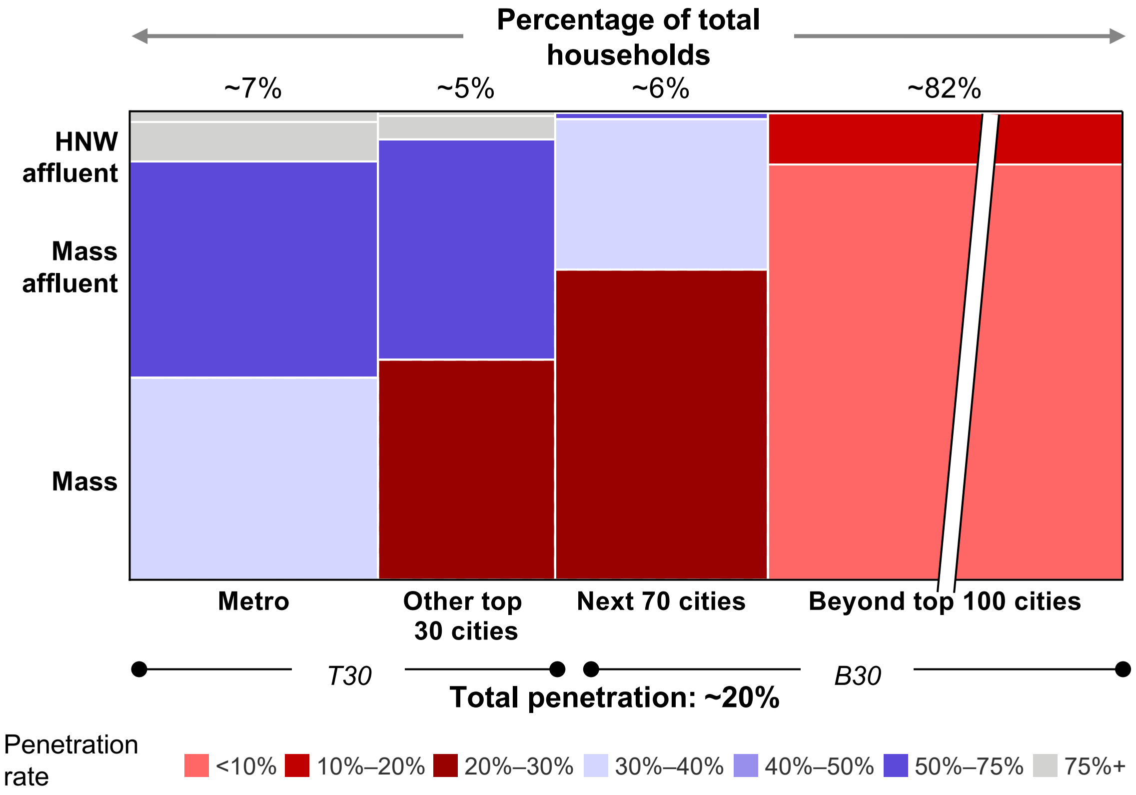
80% Transactions from Groww come from non-metro (B30) cities, underscoring the rising interest in SIPs among retail investors from smaller towns and cities

Notes: MF penetration is defined as number of households investing in MF; financial assets threshold for mass = <25 L, mass affluent = 25 L–1 Cr., affluent = 1–10 Cr., HNW = >10 Cr.; metro (e.g., Mumbai, Delhi, Chennai) refers to top six cities within AMFI's T30 cities, as of March 2025, having a population >1 Cr.; other top 30 cities (e.g., Pune, Chandigarh, Varanasi) refers to AMFI's T30 cities, excluding the metros; other top 100 (e.g., Agra, Mangalore, Satara) refers to next 70 cities reported by AMFI within in the top 100 cities, by AUM, in March 2025; beyond top 100 cities (e.g., Bikaner, Gandhidham) refers to all the cities not on AMFI's top 100 list, by AUM, in March 2025; AMC is asset management company; AUM is assets under management; HNW is high net worth; MF is mutual fund; MFD is mutual fund distributor; RIA is registered investment adviser; SIP is systematic investment plan
Sources: GlobalData; AMFI; Council of Institutional Investors' Critical Audit Matters report; Economix Times; market participant interviews; Bain-Groww collaborative analysis

Mutual funds | Outlook: Next leg of growth expected to come from expansion in mass and mass affluent segments beyond top 30 cities

Penetration is expected to increase in mass and mass affluent segments of metros and other top 30 cities, and tap into affluent segment in next 70 cities

MF penetration by annual household income x city tier (2035) **Total: ~345M**



Key causes of further penetration

Metro, other top 30 cities

- Continued adoption of digital platforms with affordable SIPs for mass segment; push to convert F&O customers to MF through digital means
- Greater adoption of direct passive funds with ease of investing, given limited effort required for fund selection

Next 70 cities

- Increased penetration by digital players, with easy-to-use interfaces and goal-based investing (~55% of investors are under 40 years old in B30 cities)
- RIA penetration expected to drive growth (50% of new SIP registrations in B30 cities are through RIAs; that figure rose from 33% in the last two years)
- Women made up 28% of total investors in B30 cities (vs. 20% five years ago); continued expansion, with increasing participation in workforce
- Expansion of retirement-focused MF schemes with additional tax benefits

Beyond top 100 cities

- Increased financial awareness because of continued regulatory initiatives and awareness campaigns (e.g., “Bharat Nivesh Yatra”)
- Significant growth in the number of RIAs and MFDs, supported by SEBI’s relaxation of norms for RIAs to drive adoption of MFs with trust-based distribution
- Support from banks and post offices, via extensive branch network

> *Household penetration is set to double over [the] next few years, driven by expansion in Beyond 30 cities. Ensuring a mix of [the] high touch model in [the] digital realm will be the key to drive investor base expansion.*
>
> **— Aashish Somaiyaa, CEO, White Oak Capital**

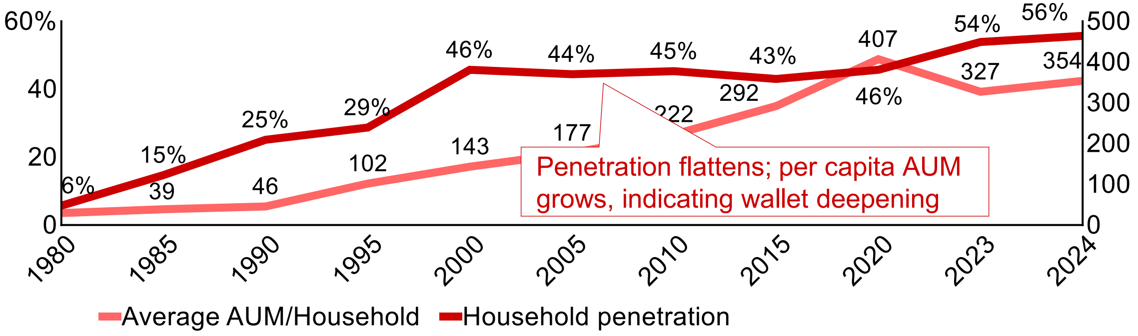
Notes: MF penetration is defined as number of households investing in MF; financial assets threshold for mass = <25 L, mass affluent = 25 L–1 Cr., affluent = 1–10 Cr., HNW = >10 Cr.; metro (e.g., Mumbai, Delhi, Chennai) refers to top six cities within AMFI’s T30 cities, as of March 2025, having a population >1 Cr.; other top 30 cities (e.g., Pune, Chandigarh, Varanasi) refers to AMFI’s T30 cities, excluding the metros; other top 100 (e.g., Agra, Mangalore, Satara) refers to next 70 cities reported by AMFI within in the top 100 cities, by AUM, in March 2025; beyond top 100 cities (e.g., Bikaner, Gandhidham) refers to all the cities not on AMFI’s top 100 list, by AUM, in March 2025; F&O is futures and options; HNW is high net worth;; MF is mutual fund; RIA is registered investment adviser; SEBI is Securities and Exchange Board of India; SIP is systematic investment plan | Sources: GlobalData; AMFI; Council of Institutional Investors’ Critical Audit Matters report; market participant interviews; Bain-Groww collaborative analysis

Mutual funds: Learnings from developed economies show that scale-up of per capita AUM follows deepening penetration, with a lag of 5–10 years

Penetration lags per capita assets under management in the US and Canada

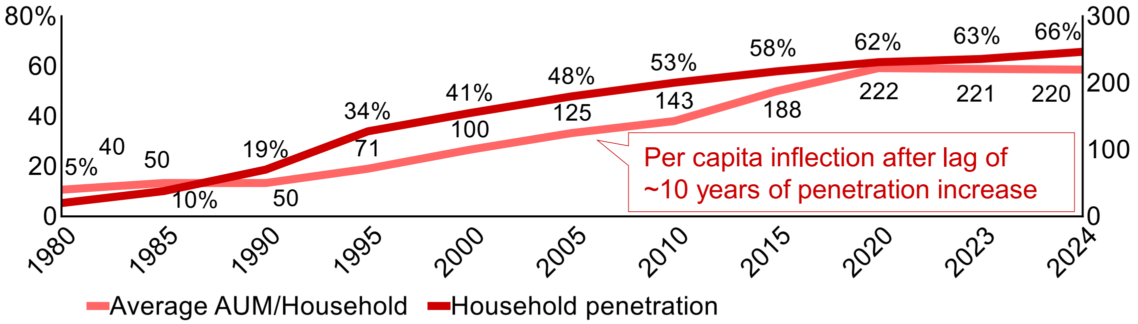
US

Percentage of household penetration | AUM/Household ($ thousand USD)



Canada

Percentage of household penetration | AUM/Household ($ thousand USD)



Retirement assets and independent advisers led to growth of MF in the US and Canada

US

- **1980s:** MFs achieve 10% penetration with the introduction of 401(k) plans and with the bull run from 1980 to 2000 and the S&P 500 index giving 13+% CAGR returns.
- **1990s:** Widespread adoption of 401(k) accounts—with three times the number of active participants in 10 years (10 million in 1985 to 28 million in 1995)—and tax reforms led household penetration to go beyond 30% by 1995.
- **2000s:** Online brokers (Charles Schwab, Fidelity, etc.) expand access, and penetration extends beyond 40% by 2000.

Canada

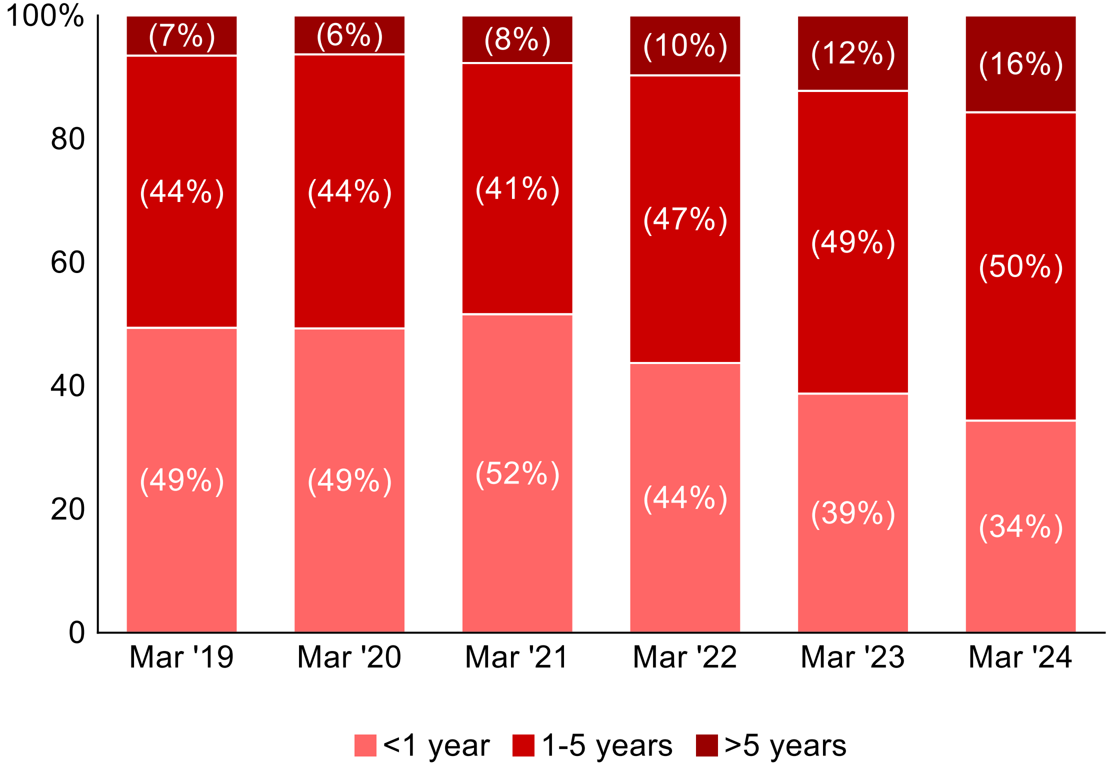
- **Pre-1980s:** Registered Retirement Savings Plan launched, allowing individuals to invest in tax-deferred products, including MF.
- **1990s:** Growth of independent dealers and formation of the MFDA helped MF household penetration extend beyond 25%.
- **2000s:** MF penetration extended beyond 35%, due to rapid expansion of the adviser sales model; banks and independent firms also helped increase penetration.

Notes: The AUM/household numbers and percentage of household penetration numbers are in the ballpark range; AUM is assets under management; MF is mutual fund; MFDA is Mutual Fund Dealers Association of Canada
Sources: Investment Company Institute; literature search; Bain-Groww collaborative analysis

Mutual funds: The rising share of long-term holdings reflects growing investor trust and confidence

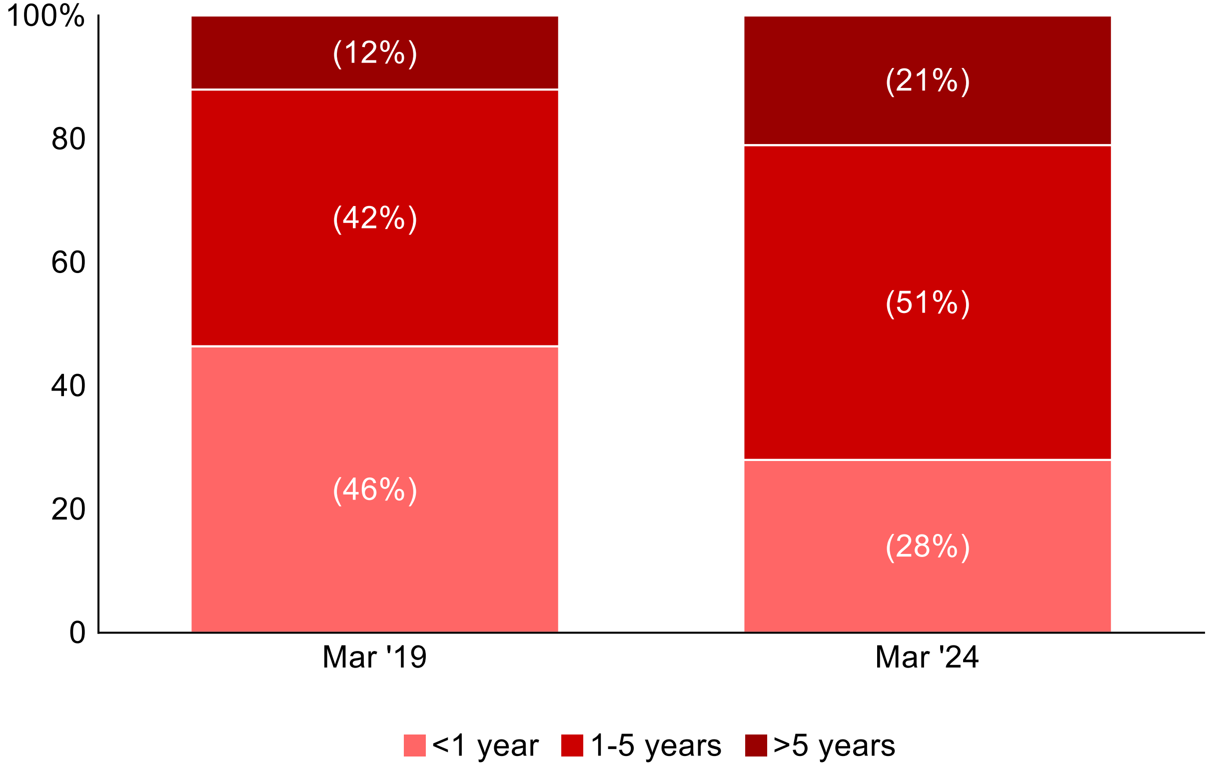
The share of over-five-year holdings in industry assets under management has more than doubled in the last five years

Share of industry AUM across holding periods



Systematic investment plan investors also show stronger long-term commitment, with an increase in the share of over-five-year holdings

Share of SIP AUM across holding periods

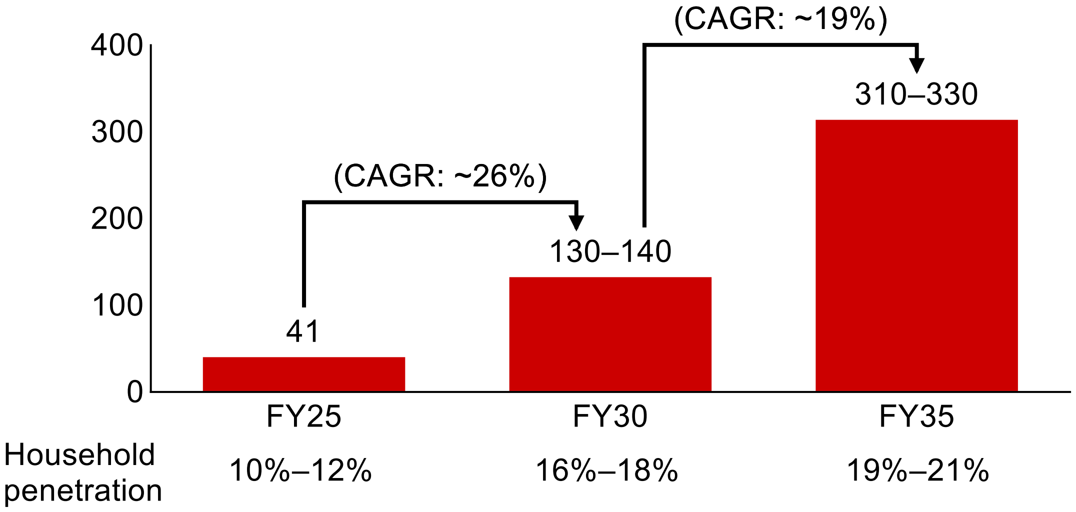


Notes: AUM is assets under management; SIP is systematic investment plan
Sources: AMFI; Crisil; Bain-Groww collaborative analysis

Mutual funds: MF AUM is expected to reach INR 300+ L Cr. over the next 10 years, driven by a rise in household penetration, a regulatory push, and growing investor trust

Mutual fund assets under management are projected to reach INR 315 L Cr. by FY 2035

Total household mutual fund asset under management (INR L Cr.)



> *India's mutual fund infrastructure is future ready—powered by robust systems, seamless digital platforms, and regulatory support. India's strong long-term growth will continue to drive growth of individual investors' wealth.*
>
> **— Sailesh Raj Bhan, President and CIO, Nippon India**

Key enablers for reaching FY 2035 ambition

Continuous digital adoption and wider distribution reach driving penetration

- Approximately 2.5 Cr. incremental MF household base expected to come in mass and mass affluent segments in metro and Tier-1 cities, through continued adoption of digital platforms over the next 10 years
- Approximately 50 L households expected to come from Tier-2 and Tier-3 cities, with need of phygital model; MFDs and RIAs expected to grow more than twofold by FY35

Scaled adoption of emerging products like SIPs; passive funds with expanding noncorporate NPS, supported by growth in AMCs

- Growing adoption of passive funds, with share currently at ~7% (vs. <2% in FY20); passive funds scaled in developed markets like the US to 50+% in 2024 vs. ~3% in 1990s
- New AMCs coming in—like JioBlackRock, Groww AMC—to drive supply of MF schemes
- Continued SIP discipline and transition from micro-SIPs to higher-ticket SIPs
- Expansion of NPS beyond corporate and retirement-focused MF schemes having further potential to unlock MF inflows

Robust regulatory support for investor awareness and penetration

- SEBI and AMFIs push on sachetization of SIPs (like Choti SIP/INR 250 SIP) to potentially drive accessibility, especially for first-time investors and underserved segments; coupled with distributor incentivization on small SIPs, to push supply
- Financial literacy programs in colleges, to drive distributor base, with plan to have 20 distributors in every district
- Awareness campaigns similar to campaigns like "Mutual Fund Sahi Hai," to continue to drive penetration

Strong capital market performance and growing trust

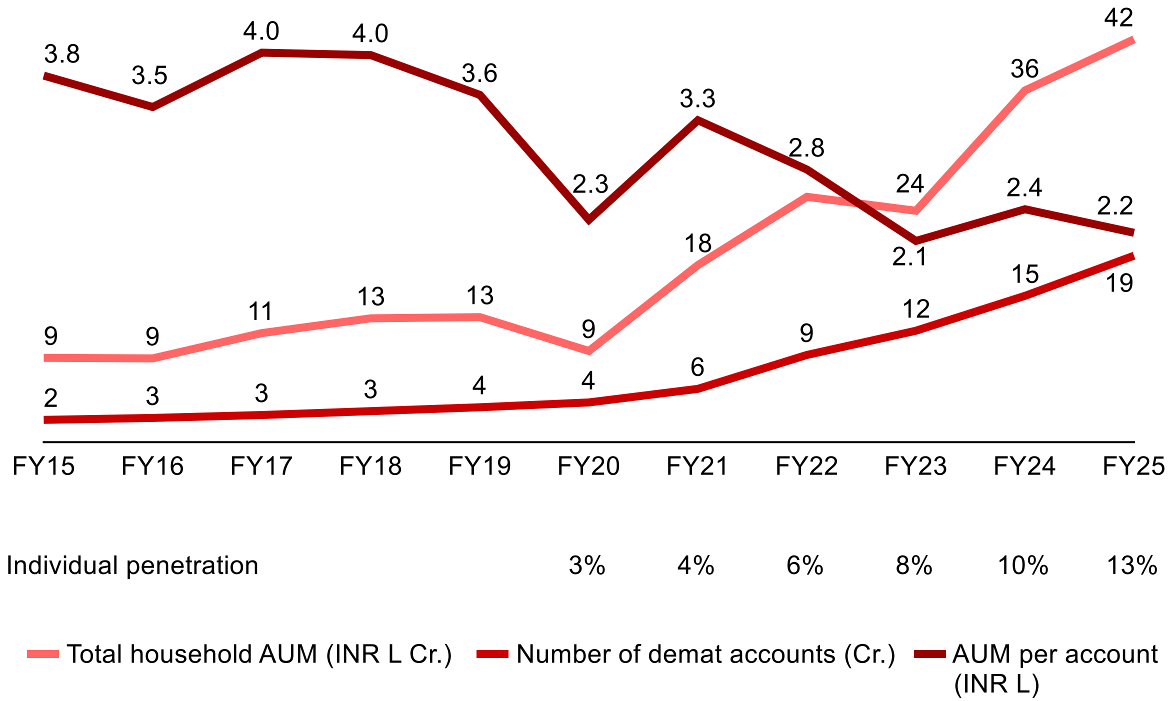
- Rising share of long-term (more than 5 years) holdings (7% to 16% in last five years) reflecting growing investor confidence and reinforcing their trust in MF products
- Strong returns generated by MFs at 10%–11% (10-year returns), attracting allocation from other asset classes (like deposits), with lower return, at 7%–8% in previous decade

Notes: AMC is asset management company; AUM is assets under management; MF is mutual fund; MFD is mutual fund distributor; NPS is national pension scheme; RIA is registered investment adviser; SEBI is Securities and Exchange Board of India; SIP is systematic investment plan
Sources: World Bank DataBank; Euromonitor; AMFI; Crisil; industry participant interviews; Bain-Groww collaborative analysis

Equity: Retail equity participation surges, with an exponential increase in investor base but a drop in per capita investment over the last five years

There has been an exponential increase in investor base, with dematerialized accounts increasing by a 36% CAGR (approximately) over the last five years

Direct equity holding (non-promoter) for individuals



Key causes of growth and per capita trends

Dematerialized accounts penetration

- **New-age tech platforms:** Players like Groww and Zerodha democratizing access and penetration with simple and easy-to-use UI/UX, breaking the brokerage barrier
- **Increased share of younger investors:** Higher-risk appetite among younger segments, driving equity participation
- **Growth in financial literacy and trust:** Rising awareness through social media platforms by financial influencers, with SEBI ensuring investor protection
  - e.g., restricting use of live stock prices, even for educational purposes; prohibiting educators from making stock performance claims without SEBI's approval; removing 70,000+ misleading online posts/accounts[1]

Drop in per capita investment

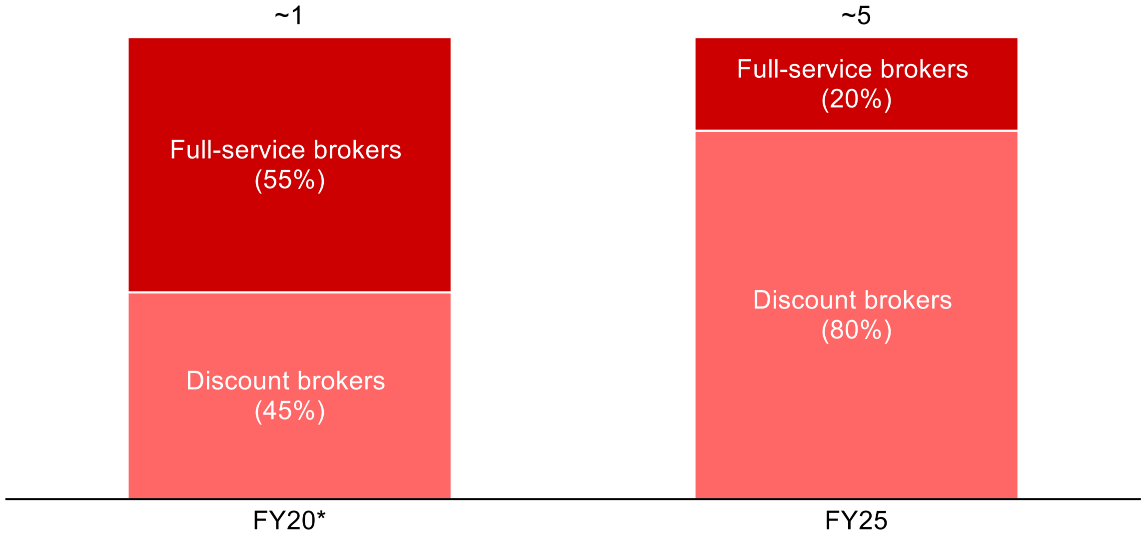
- **Lower-ticket investments from less affluent investor groups:** 50+% of investor base on digital platforms like Groww being from Tier-2+ cities
- **More speculative behavior:** Greater tilt toward short-term trading vs. long-term investing

Notes: (1) From October 2024 to March 2025; AUM is assets under management; SEBI is Securities and Exchange Board of India; UI/UX is user interface/user experience
Sources: National Stock Exchange of India; Securities and Exchange Board of India; secondary research; Bain-Groww collaborative analysis

Equity: Discount brokers are gaining share among active clients, driven by the need for easy and affordable access to the direct equity market after the pandemic

Discount brokers' salience doubled in the last five years among National Stock Exchange of India-registered active clients

Total number of NSE active clients (Cr.)



> *The emergence of new-age tech platforms has enabled widespread participation in the direct equity market, fostering a new investing culture in India. This is driven by a tech-savvy retail investor base that prefers a DIY model on digital-first platforms with user-friendly interfaces, simplified onboarding and ease of transacting.*
>
> **— Harsh Jain, Co-founder and COO, Groww**

Channels have evolved to capitalize on changing preferences

Exponential rise of discount brokers driven by:

- Affordability with flat brokerage fee boosting popularity (flat-fee per transaction of order value vs. 0.3%–0.5% per trade daily brokerage fee by full-service broker)
- Accessibility feature attracting younger investors (40% of investors are under 30 years old vs. 25% five years ago) who prefer DIY investing, supported by user-friendly UI/UX
- Digital public infrastructure support with adoption of eKYC, UPI linkage for IPOs, etc., leading to ease of onboarding and transacting over digital platforms
- Increase in investments using smartphones/Internet via seamless UI/UX offered by discount brokers.

Full-service brokers investing in digital play and product variety

- Preferred route for HNI and affluent segments, given demand for personalized, integrated services for high-ticket investment; variety of products stand out for investors
- Better pricing structures being offered to regain share
- Investment in enhancing UI/UX of mobile/web platforms (e.g., ICICI Securities partnered with TCS to upgrade its trading platform)

*Data available as of Oct 2020,

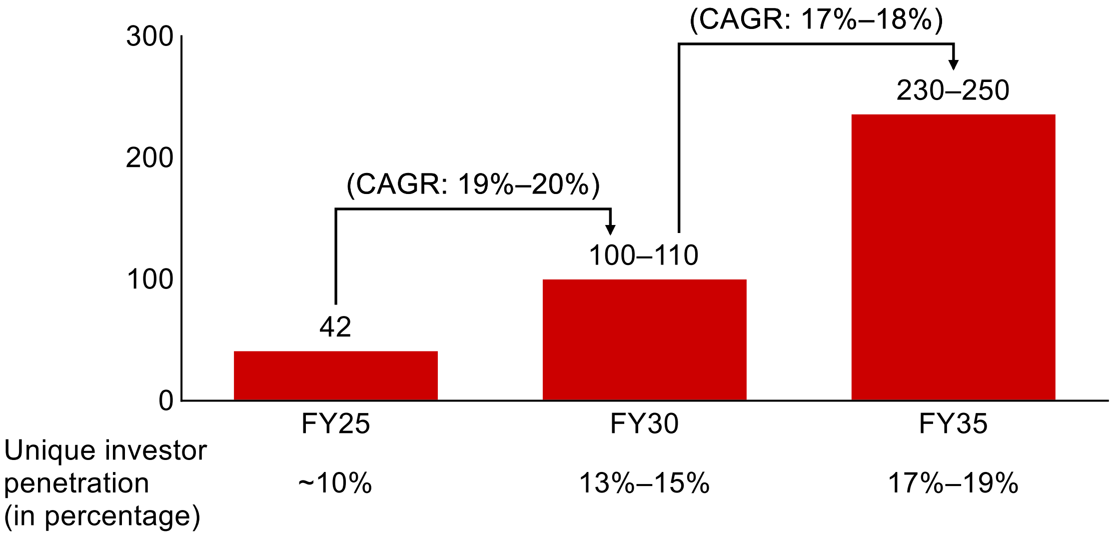
Notes: Active clients are individuals trading at least once in the last 12 months; full-service broker is a licensed firm offering a wide range of services, which may include research advisory services, investment advisory services, wealth management, mutual fund distribution, and PMS (e.g., ICICI securities, IIFL securities); discount broker is a low-cost, digital platforms offering buy and sell of orders (e.g., Groww, Zerodha); eKYC is electronic Know Your Customer; HNI is high-net-worth individual; NSE is National Stock Exchange of India; PMS is portfolio management services company; TCS is Tata Consultancy Services Ltd.; UI/UX is user interface/user experience; UPI is unified payment interface

Sources: National Stock Exchange of India; industry reports; industry participant conversations; Bain-Groww collaborative analysis

Equity: Equity AUM expected to reach approximately INR 250 L Cr. by FY35, driven by a rise in digital adoption, investor behavioral shift, and strong market performance

Direct equity (individual non-promoter) projected to reach approximately INR 250 lakh crore by FY 2035

Total non-promoter equity (INR L Cr.)



> *Regulators and market participants have built a safe, transparent market. Now, the real opportunity lies in driving awareness by building on trust and market performance, helping everyday Indians choose long-term investing over short-term speculation.*
>
> **— Monika Halan, Chairperson of IPEF, SEBI**

Key enablers to reaching FY 2035 ambition

Continuous digital adoption and financial awareness, catalyzing retail penetration

- Approximately 9 Cr. incremental retail investors expected from Gen Z and millennials, led by higher digital adoption and growing financial literacy
- Rise of new-age platforms and discount brokers, enabling frictionless, low-cost participation in equity markets

Behavioral shift from F&O/derivatives to a combination of risk-managed F&O trading, with suitable hedges and direct equity investments

- Retail losses of ~$22 billion in F&O (FY22–24), with 90+% traders incurring losses in FY24 to being critical to drive the shift toward investing
- SEBI's tightening of F&O oversight (e.g., CM liquidity-linked position caps, real-time monitoring, stricter index eligibility norms) to further curb speculative investment and drive shift toward long-term investing

Strong capital market performance and surge in IPOs

- Strong market returns, at 15%–17% (10-year return for Nifty 500), attracting allocation from other asset classes (like deposits) with lower returns, at 7%–8% in previous decade
- Continued surge in IPOs, with more than two times the capital raised in the last four years, at INR ~300 L Cr. (FY21–24) vs. previous four-year period (FY17–20); to continue growing, with ~1,000 IPOs expected over the next two financial years to further drive retail participation

Notes: AUM is assets under management; CM is cash market; F&O is futures and options; IPEF is Indo-Pacific Economic Framework for Prosperity; SEBI is Securities and Exchange Board of India
Sources: World Bank DataBank; Euromonitor; AMFI; Ministry of Statistics and Programme Implementation; Crisil; Bain-Groww collaborative analysis; secondary research

2 Unpacking investor behavior on digital platforms

One market, many considerations:
Unpacking behavior of investor segments

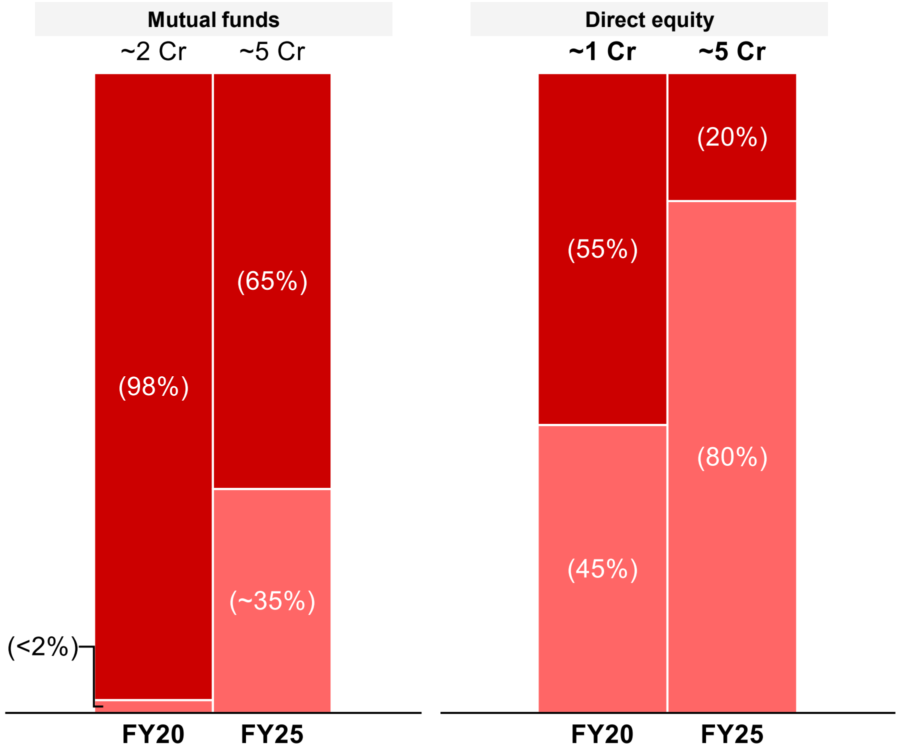
- Digital platforms have been the fastest-growing channel for retail investing over the last five years, with ~80% and ~35% of total equity and mutual fund investors, respectively, onboarded on these platforms.
  - Based on Groww investor data, the salaried segment dominates the user base (45+%), but the share of other segments—including business owners, students, and self-employed individuals—is on the rise. Millennials and Gen Z make up ~80% of the base, with Gen Z growing the fastest. There is an equal split of metro/Tier-1 and Tier-2+ regions, with Tier 2+ growing the fastest.
- While there is one market, the industry should consider many factors. We prioritized seven distinct investor segments (cross sections of age, occupation, and tier) that, together, contribute ~75% of total AUM, to describe investor behavior across the following four dimensions:
- **Investment mechanism:** The investment mix is shifting from direct equity to mutual fund consistently across customer segments. With mutual funds, there is a shift from SIPs toward lump-sum investing, driven by market opportunities and growing trust on the platforms.
  - Salaried segments (except for Gen X in Tier-1 and Tier-2 cities) have relatively higher mutual fund allocation and lower equity turnover, suggesting a disciplined approach. However, business owners have higher equity allocation and demonstrate a higher trade velocity.
- **Risk appetite:** Most segments prefer to invest in equity-based investments (90+% allocation). Investor preference is shifting up the risk curve, with mid-cap and thematic funds surging as investors chase returns and narratives.
  - Salaried millennials in metros and Tier-1 cities remain the most cautious. Business owners and salaried Gen X investors in Tier-1+ cities have amplified their risk through increased mid-cap and thematic fund allocations.
- **Digital adoption growth:** Most of the segments have grown their equity and mutual fund AUM by more than 40% over the last three years. This growth can be attributed to growing inflows, SIP ticket size upgrades, and higher market returns.
  - Gen Z segments have grown the fastest, because of higher inflows and potentially higher returns on small- and mid-cap funds.
  - There has been a significant shift from low SIP buckets (<INR 1,000) to higher SIP buckets (>INR 5,000) across segments, with the average SIP per investor growing ~1.6 times its original size in the last three years. This confidence in SIPs has also been seen with new investors onboarded in the last two years who have slightly higher average SIPs compared to those onboarded in FY21.
- **Market maturity:** Lump-sum flows are market sensitive, while SIPs reflect disciplined, long-term investing behavior.
  - Gen Z students respond the most to market movements, highlighting a value-seeking, reactive behavior.

Digital platforms are gaining salience across mutual funds and direct equity investing, with a mix of investors across occupation, age, and city tier

The share of digital platforms in this user base has grown to 35% in mutual funds and 80% in direct equity

Share of digital platforms

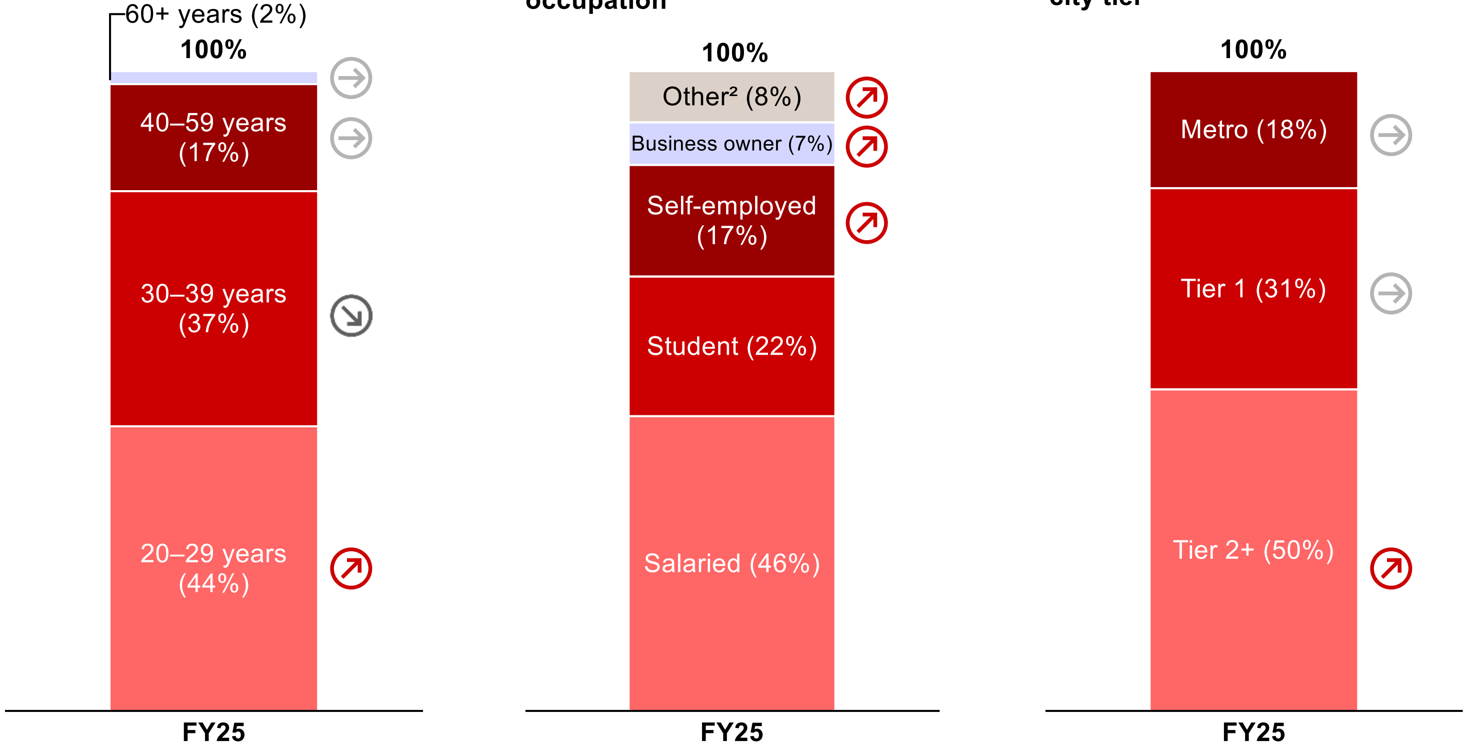
Total MF investors (Cr.) | **Number of NSE active clients[1] (Cr.)**



Gen Z constitutes approximately 45% of the investor base and is growing; the salaried segment dominates by occupation; Tier-2+ city investors are on the rise, forming ~50% of the base

Salience vs. FY22: Increase Decrease Flat / BASED ON GROWW INVESTOR BASE

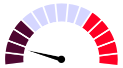
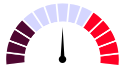
Percentage of investors by age | **Percentage of investors by occupation** | **Percentage of inestors by city tier[3]**



Notes: (1) Number of direct equity investors refers to investors registered on the NSE; (2) Other includes retired investors, housewives, etc.; (3) Metro refers to cities with a population of >1 Cr.; Tier 1 is cities with a population between 1 L and 1 Cr., Tier 2+ is cities with a population <1 L; MF is mutual fund; NSE is National Stock Exchange of India
Sources: AMFI; secondary research; Bain-Groww collaborative analysis

Seven distinct investor archetypes emerge on digital platforms, based on salience and investment behaviors (1/2)

/ BASED ON GROWW INVESTOR BASE

Demographics	Metrics	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6	Segment 7
								
		Salaried millennials in metro, Tier-1 cities	**Salaried millennials in Tier-2+ cities**	**Salaried Gen Z**	**Salaried Gen X in Tier-1 and Tier-2+ cities**	**Self-employed professionals**	**Gen Z students**	**Business owner investors**
Profile	**Share of AUM**	20%	14%	10%	10%	12%	7%	4%
	Average portfolio size (INR)[1] *(Increase from FY23 to FY25)*	3.2 L *(2.6x)*	2.3 L *(2.5x)*	1.8 L *(2.8x)*	3.3 L *(2.3x)*	2.7 L *(2.4x)*	0.9 L *(3.1x)*	2.6 L *(2.4x)*
1 **Investment mechanism**	**Salience of MF** in total AUM			**Maximum (64%)**				**Minimum (39%)**
	Salience of SIP in MF		**Maximum (58%)**					**Minimum (42%)**
	Trading velocity **(low to high)**	**Lowest**						**Highest**
2 **Risk appetite**	**Share of risky MFs in portfolio**							
3 **Digital adoption growth**	**AUM growth/capita** (Mar '23 to Mar '25)				**Slowest growth (50%)**		**Fastest growth (75%)**	
	Average SIP ticket size (Mar '25)	**Largest ticket size (INR 10,000)**					**Smallest ticket size (INR 5,000)**	
4 **Market maturity**	**Sensitivity to market movement** (least to most)				**Least reactive**		**Most reactive**	

Notes: (1) Portfolio size includes holdings of direct equity and MF for FY25; based on investor cohort of users onboarded before March 31, 2022, and active by March 31, 2025; Segment 1: salaried millennials in metro, Tier 1 cities; Segment 2: salaried millennials in Tier-2+ cities; Segment 3: salaried Gen Z; Segment 4: salaried Gen X in Tier 1, Tier2+ cities; Segment 5: self-employed professionals; Segment 6: Gen Z students; Segment 7: Business owner investors; AUM is assets under management; MF is mutual fund; SIP is systematic investment plan
Source: Bain-Groww collaborative analysis

Seven distinct investor archetypes emerge on digital platforms, based on salience and investment behaviors (2/2)

BASED ON GROWW INVESTOR BASE

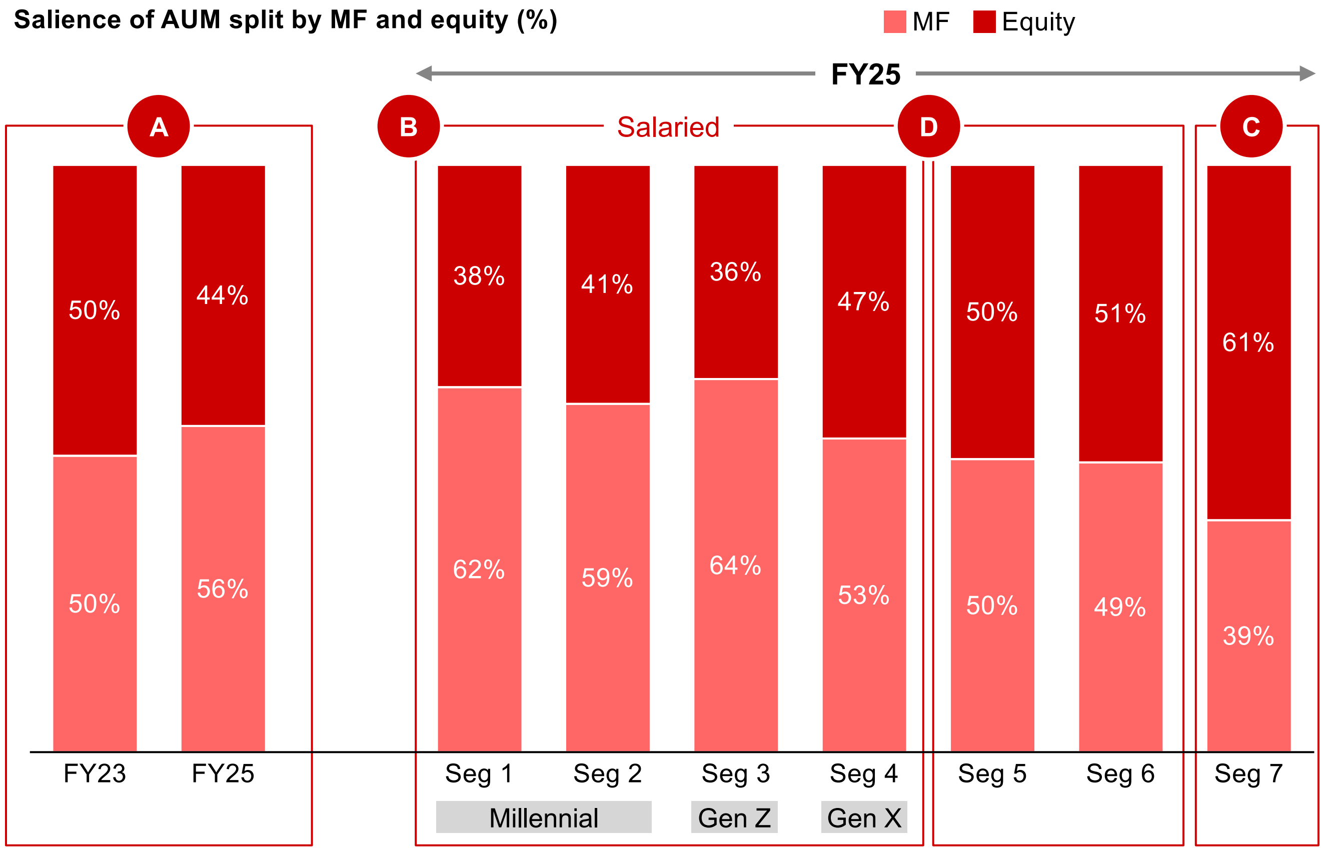
Demographics	 Segment 1	 Segment 2	 Segment 3	 Segment 4	 Segment 5	 Segment 6	 Segment 7
	Salaried millennials in metro, Tier-1 cities	**Salaried millennials in Tier-2+ cities**	**Salaried Gen Z**	**Salaried Gen X in Tier-1 and Tier-2+ cities**	**Self-employed professionals**	**Gen Z students**	**Business owner investors**
1 **Investment mechanism**	Prefer MF over equity—and within MF, SIP over lump sum		Highest salience in MF among salaried segments	Slightly tilted toward MF; have maintained balance	50/50 allocation to equity and MF; within MF, slightly tilted toward lump sum	Maximum movement from equity to MF in last two years	Prefer equity over MF; within MF, prefer lump sum vs. SIP
		Growing shift from trading to sustained investing	Investment mindset with least velocity[1]	Maximum folios and stocks/investments		Lowest folios and stocks/investments—still in growing stage	Trading mindset, with max velocity[1]
2 **Risk appetite**	Most cautious segment, with ~one-third portfolio in low-risk MFs	Highest movement toward riskier MFs after salaried Gen Z	Fastest-moving segment toward small-cap and mid-cap funds	Higher-risk appetite, with movement toward mid-cap and thematic funds	Least movement toward riskier MFs	Increase in risk appetite, in sync with overall market	Higher-risk appetite, with movement toward mid-cap and thematic funds
3 **Digital adoption growth**	SIPs scaling up from <1,000 to >5,000		Higher portfolio growth, driven by risky investments	Diversified portfolios, with high folio depth and big-ticket SIPs	SIPs scaling up from <1,000 to >5,000	Highest portfolio growth, driven by inflows SIPs scaling up from <1,000 to >1,000	SIPs scaling up from <1,000 to >5,000
4 **Market maturity**	Continued SIP investments, with increase in lump-sum inflows when market dips compared to previous quarter			Least reactive to market fluctuations		Most reactive to market fluctuations	

Notes: (1) Velocity is the ratio between buy and sell investment and average AUM (a higher ratio indicates frequent buying and selling of direct equity stocks); based on investor cohort of users onboarded before March 31, 2022, and active by March 31, 2025; Segment 1: salaried millennials in metro, Tier 1 cities; Segment 2: salaried millennials in Tier-2+ cities; Segment 3: salaried Gen Z; Segment 4: salaried Gen X in Tier 1, Tier2+ cities; Segment 5: self-employed professionals; Segment 6: Gen Z students; Segment 7: Business owner investors; MF is mutual fund, SIP is systematic investment plan
Source: Bain-Groww collaborative analysis

1 **Investment mechanism:** The investment mix is shifting toward mutual funds, with salaried segments preferring mutual funds vs. non-salaried segments

/ BASED ON GROWW INVESTOR BASE

Mutual fund salience in overall assets under management increased by 6 percentage points in the last two years



Key insights

A **Overall shift toward long-term investment**

- Investment mix shifting from direct equity to MF consistently across customer segments, indicating inclination toward sustained investment

Salaried segments behaving differently than other segments

B FY25 salaried segment preference for MF (55%–65% of holdings), indicating reliance on professional fund management

- Gen X in Tier-1 and Tier-2+ cities (Segment 4) had the lowest salience in MF within the salaried segment in FY25, exhibiting a trend of inclination toward MF (~45% in FY23 to ~55% in FY25).

C Business owner (Segment 7) preference for equity (~60% of holdings), reflecting a more hands-on investment approach

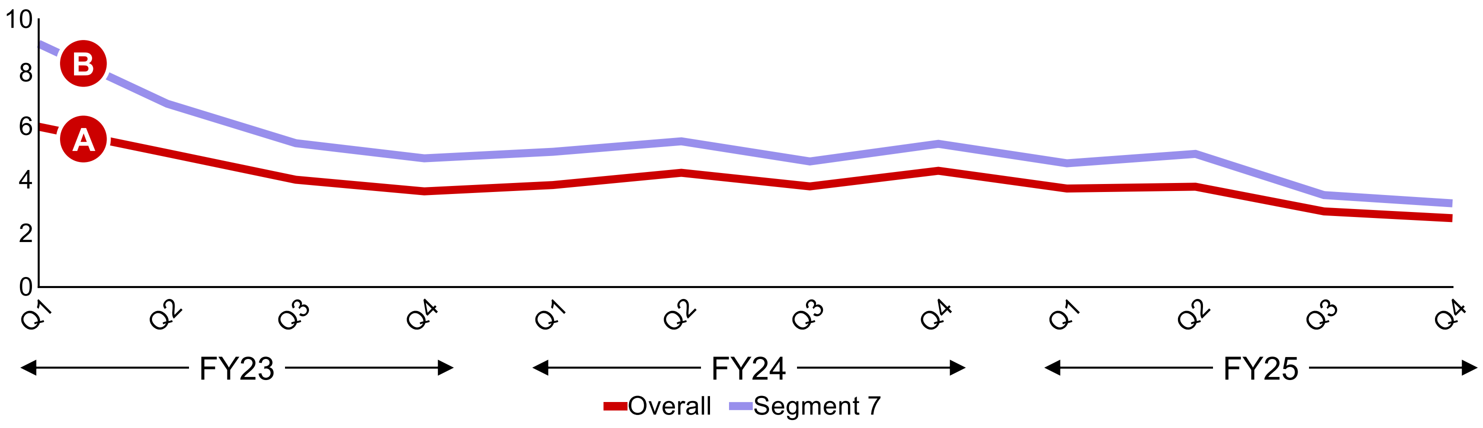
D Self-employed professionals and students (Segments 5 and 6) with a balanced mix of MF and direct equity investments

Notes: Based on investor cohort of users onboarded before March 31, 2022, and active by March 31, 2025; salience is at the end of fiscal year; Segment 1: salaried millennials in metro, Tier 1 cities; Segment 2: salaried millennials in Tier-2+ cities; Segment 3: salaried Gen Z; Segment 4: salaried Gen X in Tier 1, Tier2+ cities; Segment 5: self-employed professionals; Segment 6: Gen Z students; Segment 7: Business owner investors; AUM is assets under management; MF is mutual fund
Source: Bain-Groww collaborative analysis

① **Investment mechanism:** Investors are moving toward long-term investment behavior, with investors in Tier-2+ cities exhibiting higher trading behavior

/ BASED ON GROWW INVESTOR BASE

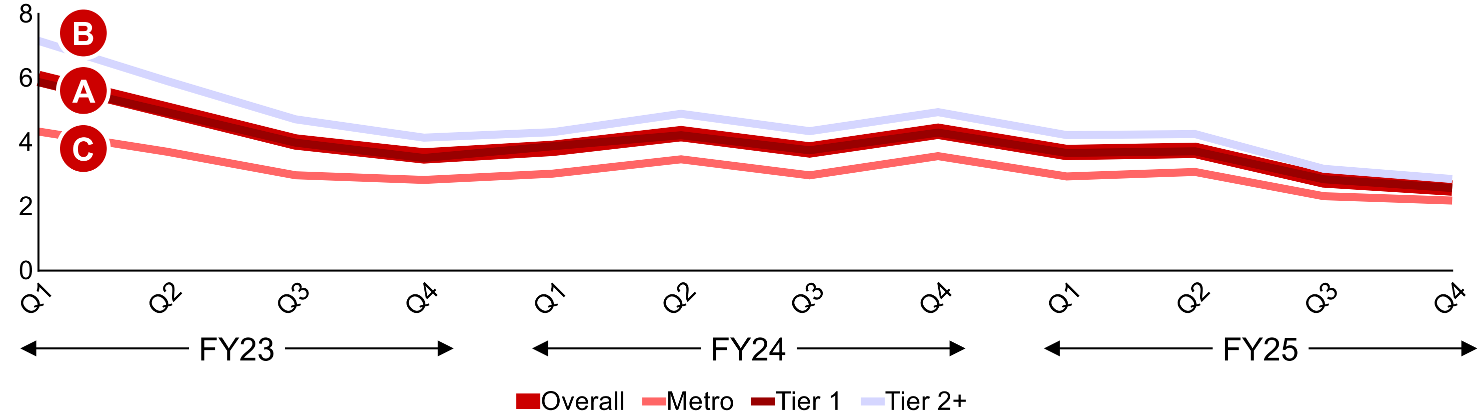
Quarterly average velocity ratio (segment-wise)



Key insights

- **A** Across segments, velocity ratio[1] has reduced from 4.6 (FY23 average) to 3.2 (FY25 average), indicating investors' shift toward long-term investment.
- **B** Business owners (Segment 7) exhibit higher short-term trading behavior, with a larger velocity ratio (FY25 average, 4.0), allocating 60% of their holdings to equity.

Quarterly average velocity ratio (city tier-wise)



- **A** Across tiers, the velocity ratio has fallen, with Tier 1 largely falling in line with the overall trajectory (FY25 average, 4.6).
- **B** Investors in Tier-2+ cities exhibit higher trading behavior, with a higher velocity ratio (FY25 average, 5.5) consistently across quarters.
- **C** Investors in metro cities, having higher financial awareness, prefer long-term investing and have the lowest velocity ratio (FY25 average, 3.5).

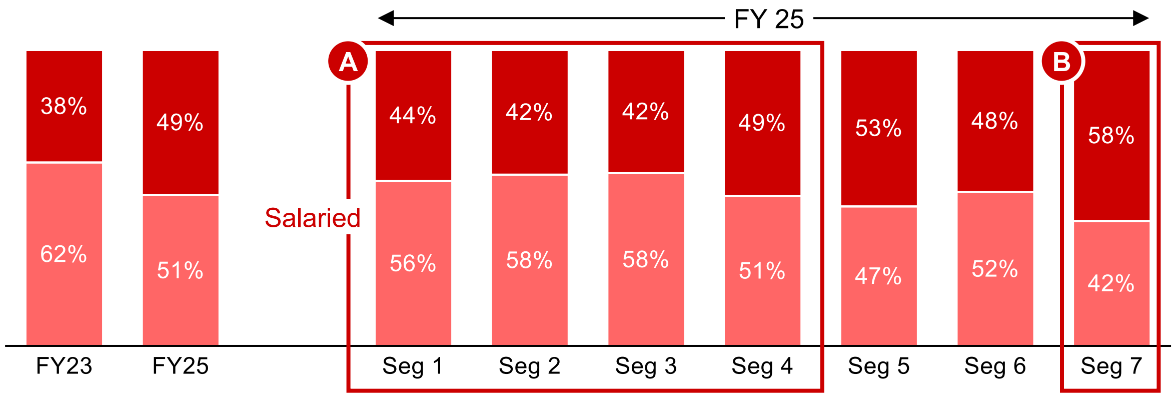
Note: (1) Velocity ratio is the ratio of direct equity total traders (buy and sell) to average assets under management for the period (a higher ratio indicates frequent buying and selling of direct equity stocks); based on investor cohort of users onboarded before March 31, 2022, and active by March 31, 2025
Source: Bain-Groww collaborative analysis

1 **Investment mechanism:** Lump sums are gaining salience among business owners while SIPs are preferred by salaried investors

/ BASED ON GROWW INVESTOR BASE

Lump-sum share in inflows increased by 11 percentage points in the last two years, reaching near parity with systematic investment plans

Percentage of MF inflows, by SIP and lump sum



A SIP continues to dominate among salaried segments (Segments 1–4), driven by predictable regular income flows and long-term investing behavior.

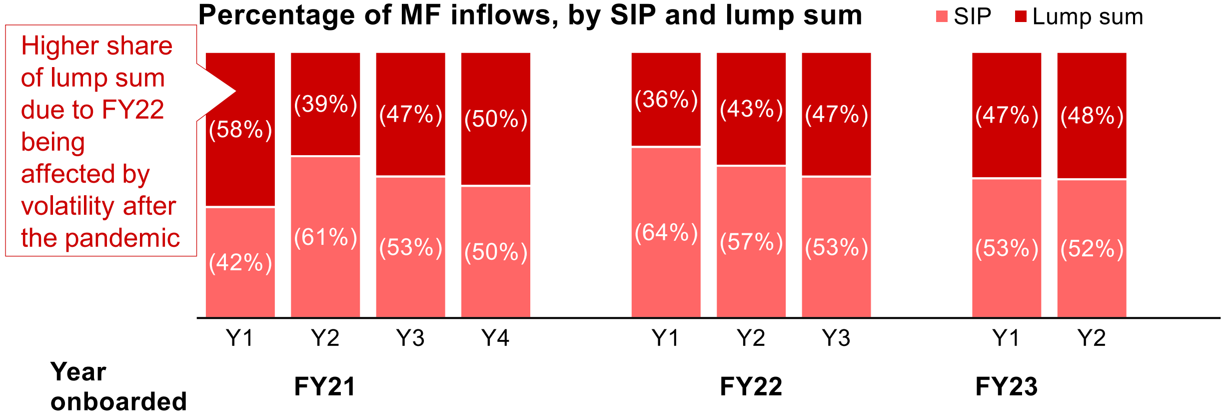
- – Higher lump-sum salience among salaried Gen X investors (~50% vs. 42%–44%) reflects liquidity comfort and seasoned market participation.

- Inflows into equity MFs are driving the overall shift to lump sum (~33% in FY23 to ~45% in FY25) from SIP, reflecting rising investor confidence.
  - – Lump-sum flows skew toward mid-cap and thematic funds (~8.5 times and ~23 times growth, respectively, vs. ~4 times overall equity in the last two years), while ELSS, sectoral, and small-cap funds attract inflows via SIPs.

B Segment 7 (business investors) saw ~5 times growth in lump-sum inflows over the last two years vs. ~3.6 times overall, while SIP growth remained in line with the overall trend (~2.3 times).

Share of lumpsum investing increases as investors mature on platform

Percentage of MF inflows, by SIP and lump sum

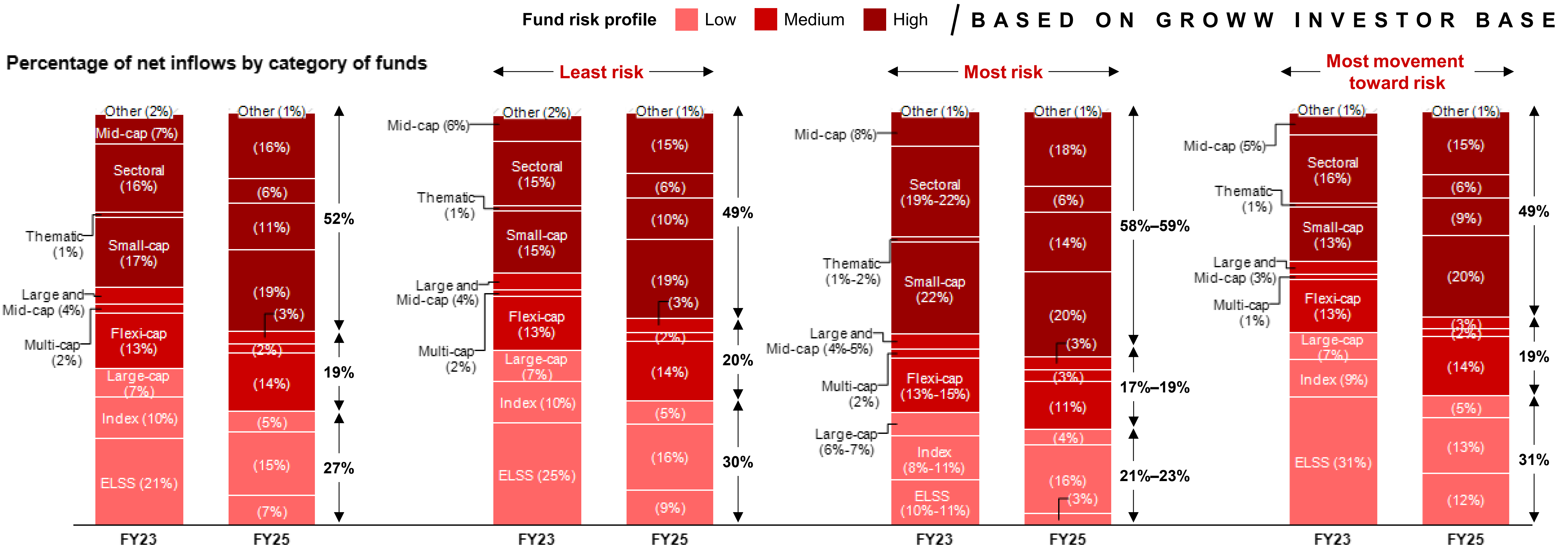


- Lump-sum salience grows from Y1 to Y4 across all years, signaling comfort with discretionary investing as cohorts age.
  - – The FY21 cohort's allocation to lump sum has increased over the years, and their Y2 and Y3 allocations are similar to the overall lump-sum allocation for that year.

Notes: Based on investor cohort of users onboarded before March 31, 2022, and active by March 31, 2025; salience is for the entire fiscal year; for cohorts onboarded in specific years, the year (Y) refers to the year after the onboarding year—e.g., Y1 for a cohort onboard in FY21 is FY22; ELSS is equity linked savings scheme; SIP is systematic investment plan

Source: Bain-Groww collaborative analysis

② **Risk appetite:** Salaried Gen X in Tier-1 and Tier-2+ cities and business owners lead on risk; salaried metro and Tier-1 city millennials stay cautious as Gen Z accelerates



Overall

Investor preference is shifting up the risk curve—mid-cap and thematic funds surge as investors chase returns and narratives, while ELSS loses relevance because of a new tax regime and index funds slow replacement of them in low-risk funds.

Segment 1
Salaried millennials in metro and Tier-1 cities

Salaried millennials from metros and Tier-1 cities mirror the broader shift to mid-cap and thematic funds, with selective small-cap uptake; this remains the most cautious among all segments.

Segments 4 and 7
Salaried Gen X in Tier-1 and Tier-2+ cities and business owners

Already skewed toward small-cap funds, salaried Gen X from Tier-1 and Tier-2+ cities and business owners are now amplifying risk through increased mid-cap and thematic fund allocations.

Segment 3
Salaried Gen Z

Gen Z is accelerating to higher-growth small- and mid-cap funds, driven by digital investing behavior following influencer finance content and reduced tax-saving needs.

Notes: Other includes arbitrage, diversified, global funds, value oriented, etc.; ELSS is equity-linked savings scheme
Source: Bain-Groww collaborative analysis

③ **Digital adoption growth:** Gen Z segments' portfolios are growing fastest across mutual funds and direct equity

/ BASED ON GROWW INVESTOR BASE

Gen Z segments had the highest AUM per capita growth in the last two years, at 65%–75% vs. an average of 55%

Segment	MF AUM per capita CAGR *(Mar '23–Mar '25)*	Annual net inflow per capita CAGR *(FY23 → FY25)*	MF folios per investor *(Mar '23 → Mar '25)*
Overall	**~55%**	**~45% (INR 24K → 51K)**	**3.6 → 5.4** *(1.5x)*
A Segment 3 (salaried Gen Z)	~65%	~45% (INR 26K → 52K)	3.2 → 4.9 *(1.5x)*
Segment 6 (Gen Z students)	~75%	~70% (INR 10K → 30K)	2.6 → 4.1 *(1.6x)*
B **Segment 4 (salaried Gen X in Tier-1, Tier-2+ cities)**	~55%	~40% (INR 26K → 52K)	4.2 → 6.6 *(1.6x)*

A Gen Z segments (3 and 6) have achieved higher per capita AUM growth.
- Growth for Segment 6 (Gen Z students) is driven by higher growth in inflows, at ~70% vs. an overall average of ~45%.
- Segment 3 has achieved higher growth, driven by potentially higher returns with an increasing shift toward riskier funds (salience of net inflows in high-risk assets increased from ~35% in FY23 to ~50% in FY25).
- Both the segments indicate an inclination toward focused investing, with lower folios per investor.

B Salaried Gen X's (Segment 4) portfolio is more diversified across funds, with MF folios per investor at 6.6 (vs. a 5.4 average).

Gen Z segments achieved the highest equity holding per capita; salaried Gen X-ers have more diversified portfolios

Segment	Equity AUM per capita CAGR *(Mar '23–Mar '25)*	Average stocks per investor CAGR *(Mar '23–Mar '25)*	Velocity ratio *(FY23 → FY25)*
Overall	**~45%**	**6.9 → 8.9** *(1.3x)*	**4.6 → 3.2**
C Segment 3 (salaried Gen Z)	~50%	6.0 → 7.8 *(1.3x)*	3.8 → 2.7
Segment 6 (Gen Z students)	~60%	5.3 → 6.9 *(1.3x)*	4.8 → 3.5
D **Segment 4 (salaried Gen X in Tier-1, Tier-2+ cities)**	~40%	8.9 → 11.3 *(1.3x)*	5.4 → 3.6

C Gen Z segments (3 and 6) have grown the fastest in holdings per capita, with a shift toward riskier product segments and focused investing through lower per capita stocks. These segments are also more inclined toward long-term investing, with relatively lower velocity ratio.

D Gen X is the more diversified segment, with higher stocks per investor (~11 stocks vs. an overall average of ~9).

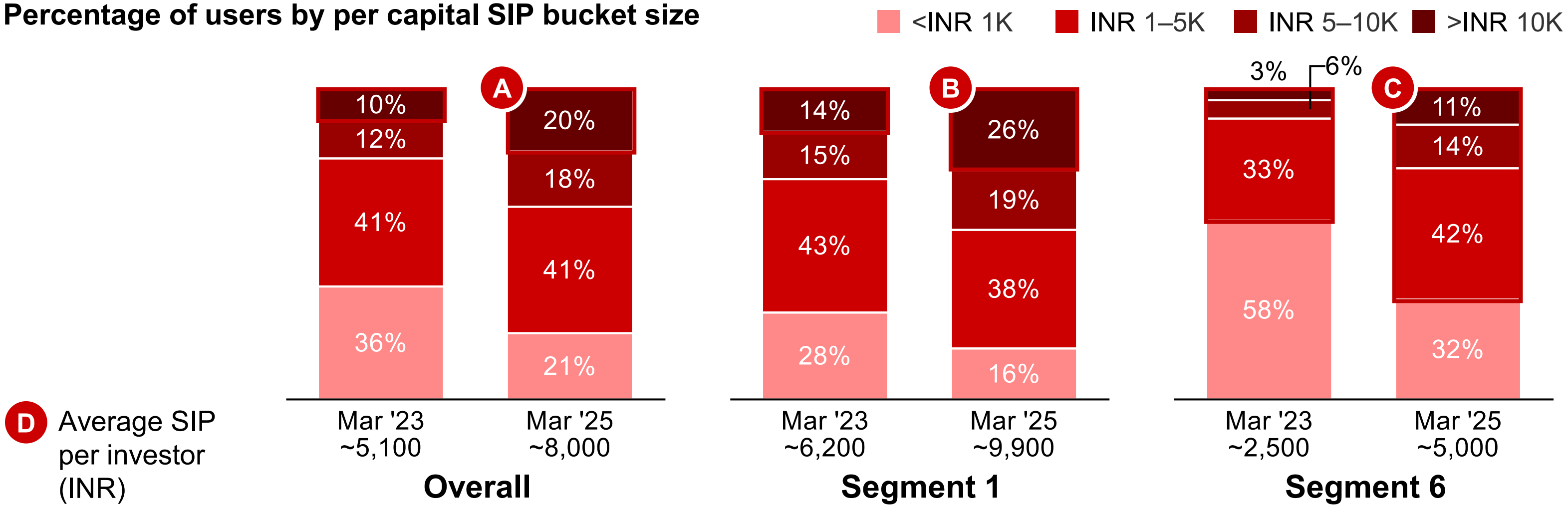
Notes: Based on investor cohort of users onboarded before March 31, 2022, and active by March 31, 2025; AUM is assets under management; MF is mutual fund
Source: Bain-Groww collaborative analysis

3 Digital adoption growth: The user base has shifted to a larger SIP ticket size across segments; new investor cohorts are entering the platform at a larger SIP ticket size

/ BASED ON GROWW INVESTOR BASE

There has been a significant shift from a low SIP bucket (INR <1,000) to higher SIP buckets (INR >5,000) across segments

Percentage of users by per capital SIP bucket size



A Shift toward high-ticket SIPs, with share of INR >10,000 SIPs doubling in the last two years

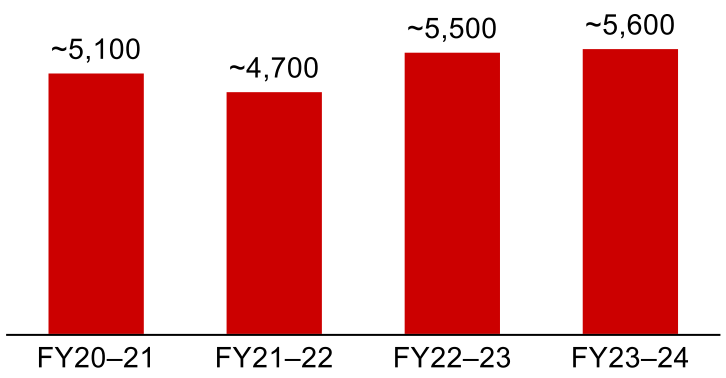
B Segment 1 (salaried millennials in metro, Tier-1 cities) shows stronger salience in higher buckets (INR >10,000), while Segment 6 (Gen Z students) is over-indexed on lower SIP ticket size (INR <1,000)

C Segment 6 is shifting from INR <1,000 to a higher ticket size across buckets, while Segment 1 has moved from INR <1,000 to INR >5,000, driven by rising investable surplus among salaried individuals

D Average SIP per investor grew ~1.6 times since March 2023, driven by Gen Z students (growth more than doubled in the average SIP) shifting to higher SIP buckets

New users are valuable for digital platforms

Average SIP ticket size for new users onboarded in last four years (INR)[1]

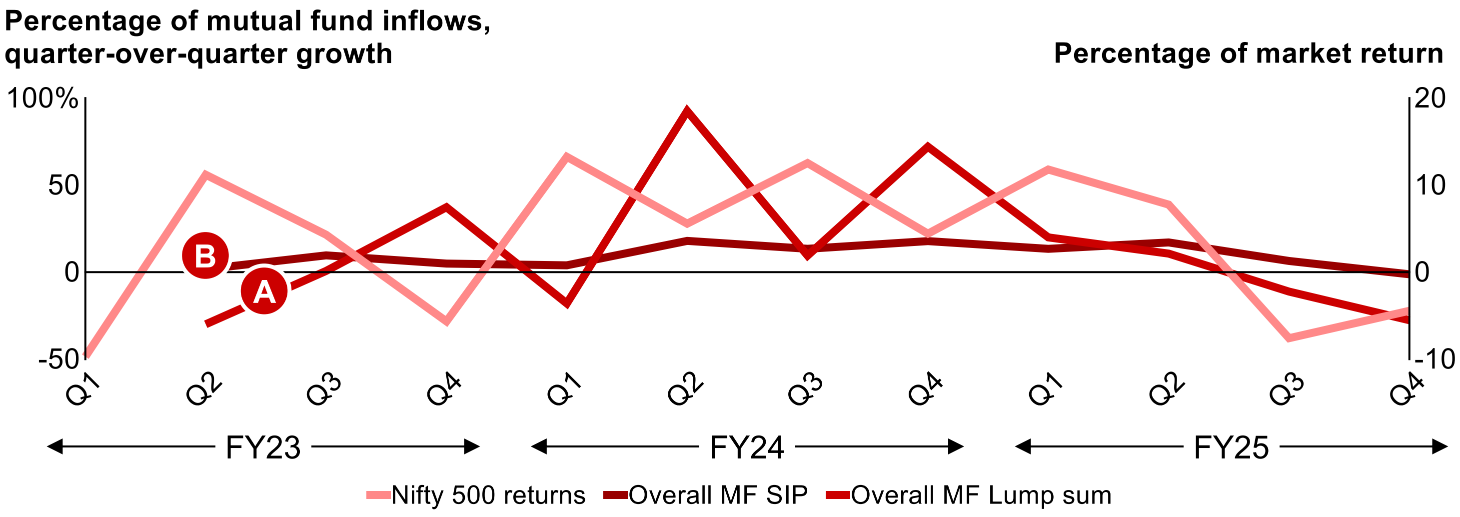


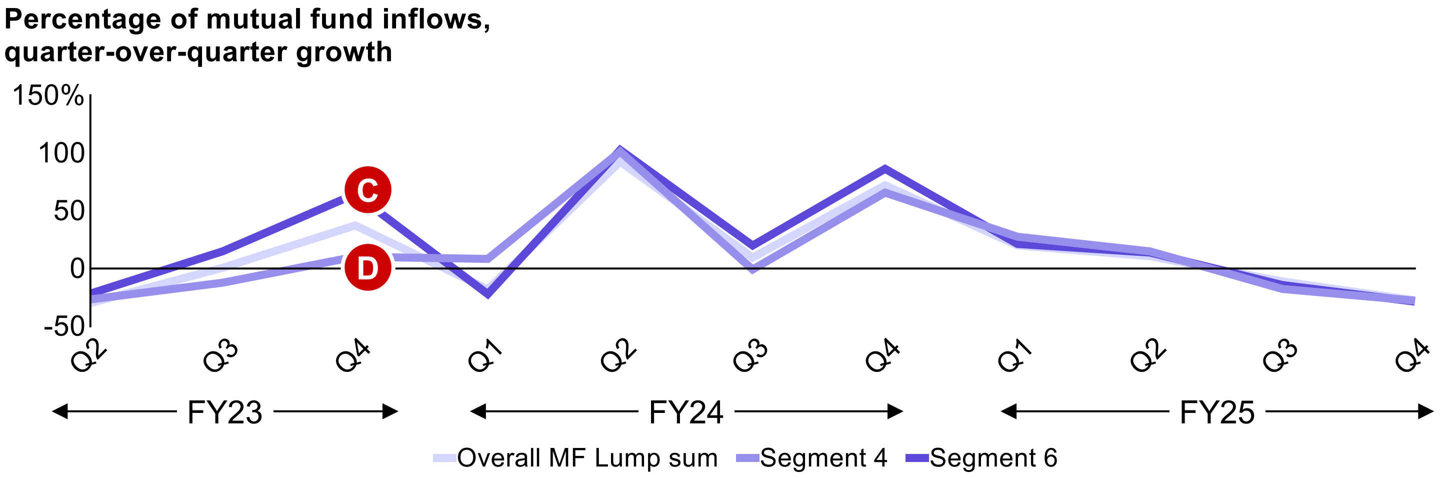
- New investors coming in on digital platforms in the last two years have a higher SIP ticket size.
  - SIP ticket size for users onboarded in the last two years is 10%–20% higher than for users onboarded in FY21 and FY22

Notes: (1) SIP ticket size defined for new user as the end of next financial year in which they were onboarded (e.g., March 2022 for cohort of users onboarded in FY2020–21); based on investor cohort of users onboarded before March 31, 2022, and active by March 31, 2025; SIP is systematic investment plan
Source: Bain-Groww collaborative analysis

④ **Market maturity:** Lump-sum inflows are market sensitive, with Gen Z students responding fastest; SIP flows remain stable with disciplined, steady investing

/ BASED ON GROWW INVESTOR BASE





Key insights

A Lump-sum inflows rise when quarter-over-quarter market returns decline and dips when markets rise, as investors seek value-buying opportunities.

B SIP inflows grow consistently quarter over quarter, reflecting stronger investor stickiness along with rising financial awareness and a discipline-led investment mindset.

– The SIP inflow growth rate shows an approximately three-month lag with market returns, suggesting top-up decisions are influenced by recent market performance.

C Segment 6 (Gen Z students) shows the strongest alignment of lump-sum flows with market movements, suggesting higher risk taking and exploratory investing.

D Segment 4 (salaried Gen X) remains relatively steady, reflecting a more mature investor profile and exhibiting less reaction to short-term market fluctuations.

Notes: Based on investor cohort of users onboarded before March 31, 2022, and active by March 31, 2025; MF is mutual fund; SIP is systematic investment plan
Source: Bain-Groww collaborative analysis

Implications for wealth managers/distributors: Personalized, segment-led strategies are key to driving long-term investor engagement and conversion

							
	Segment 1	**Segment 2**	**Segment 3**	**Segment 4**	**Segment 5**	**Segment 6**	**Segment 7**
	Salaried millennials in metro, Tier-1 cities	**Salaried millennials in Tier-2+ cities**	**Salaried Gen Z**	**Salaried Gen X in Tier-1, Tier-2+ cities**	**Self-employed professionals**	**Gen Z students**	**Business owner investors**
Implications for wealth managers/ distributors	**Build SIP-centric advisory offerings:** Emphasize long-term goal-planning tools and mutual fund discovery aligned with risk-adjusted returns **Sticky digital journeys:** Offer personalized nudges as they scale from INR 1,000 to INR 5,000 systematic investment plans	**Education-led conversion:** Offer content-rich platforms explaining fund categories that create more balanced portfolio allocation **Upsell through dynamic mutual fund discovery**: Use behavioral nudges toward thematic/ riskier fund	**Interactive visual tools based on long-term investing learnings:** Offer easy-to-use simulators/drag-and-drop goal planners **Community-based investing:** Leverage social proof and peer performance benchmarks	**High-touch advisory overlays:** Offer portfolio review services and systematic investment plan customizations **Holistic wealth planning:** Package retirement, tax, and children's education goals	**Build trust through capital preservation narratives and cash-flow-aligned plans**: Offer hybrid bundles with a combination of equity mutual funds, debt funds, and direct stock systematic investment plans **Add-on services:** Offer tax planning and goal-based investing for professional needs	**Behavioral nudges via framing:** Position systematic investment plans not as "boring mutual funds" but as long-term bets on themes Gen Z cares about **Gamify long-term investing:** Give rewards for systematic investment plan streaks	**Legacy and structured portfolio narrative:** Emphasize wealth preservation for next-generation succession planning; Offer portfolios with thematic tilts to allow directional bias while ensuring structure **Adviser-as-CFO positioning:** Position the wealth manager as the "CFO for your personal balance sheet"

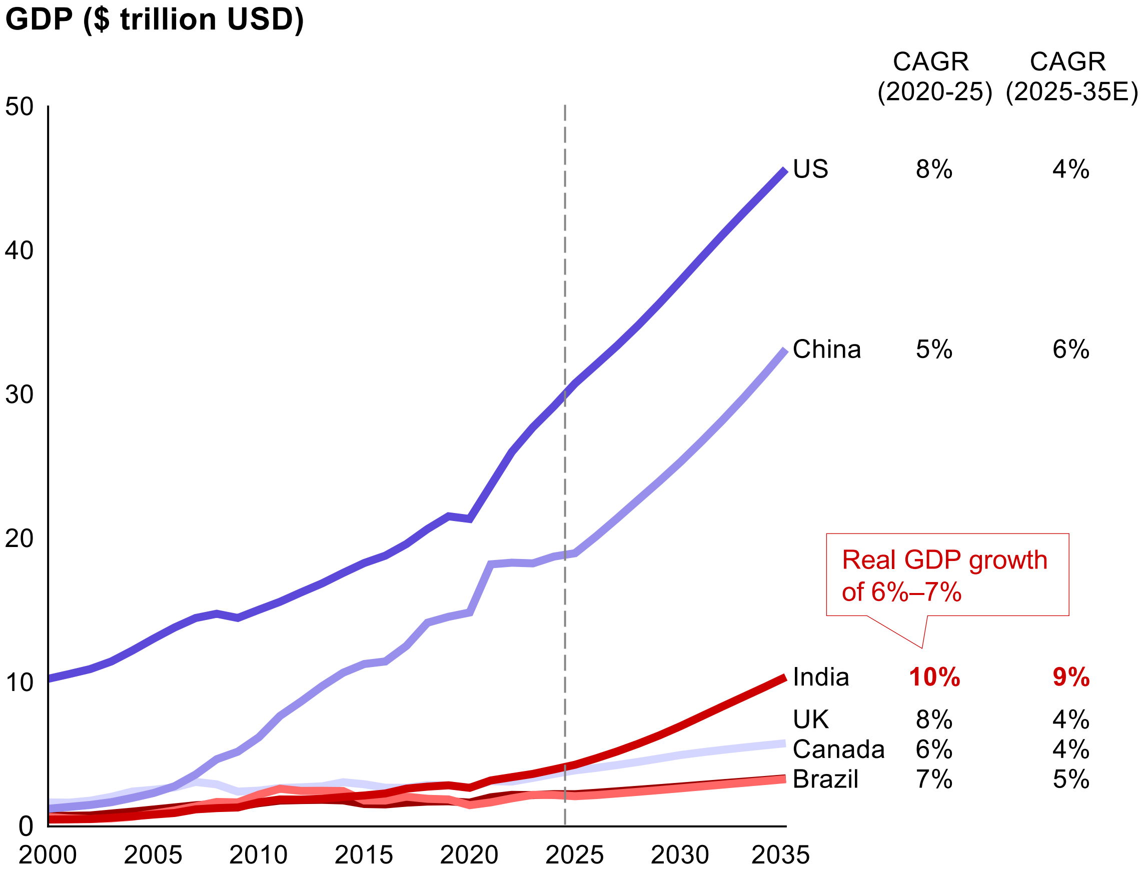
3 Retail investing as an economic incentive in India

Retail investing is a key enabler to $10+ trillion GDP opportunity in the next 10 years

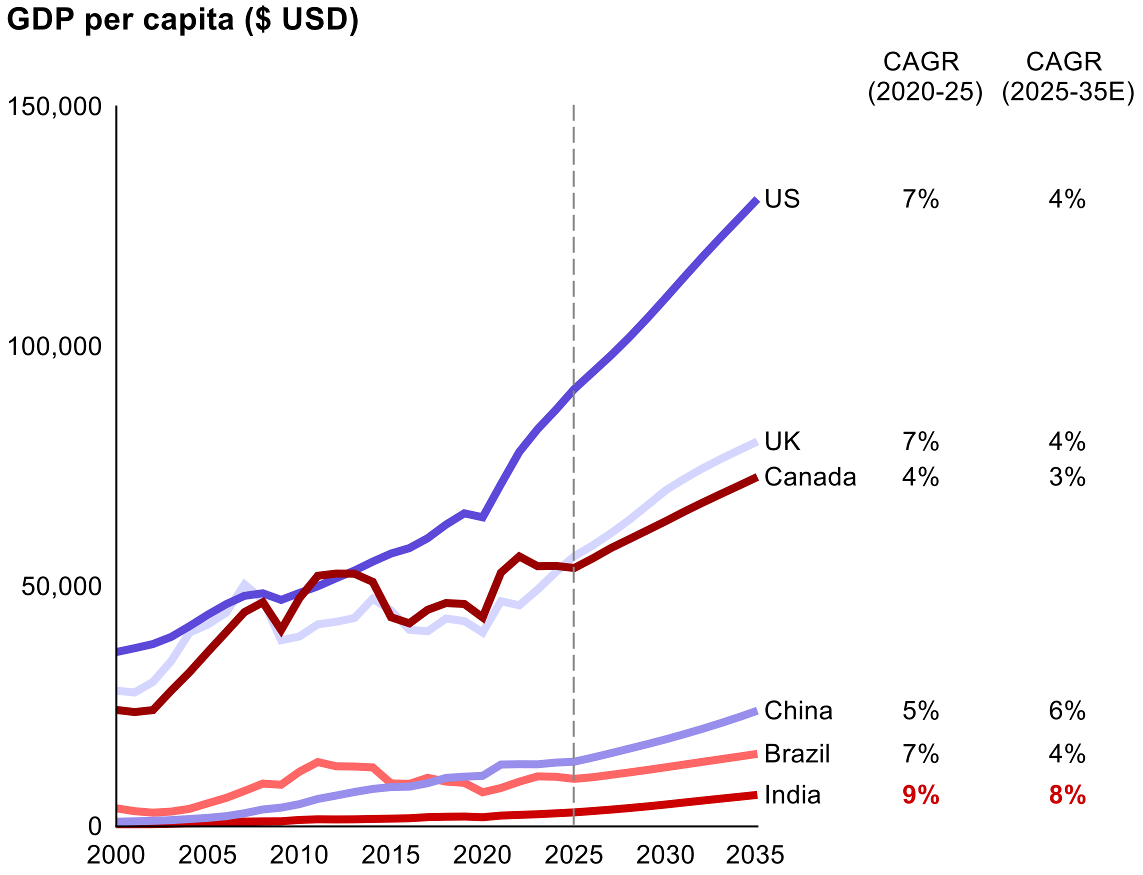
- India is one of the world's fastest-growing economies, with GDP expected to exceed $10 trillion in the next 10 years. Retail investing, which moves closely in sync with per capita GDP—as seen in developed and developing economies like the US, the UK, and Brazil—will play a critical role in India's economic development.
  - Retail investing supports overall economic development across four key areas:
- **Greater access to capital:** Rising retail investment participation provides liquidity to capital markets, which drives more primary issuances that allow firms, especially micro, small, and medium-sized enterprises (MSMEs), to raise capital for expansion. In India, the total value of small and medium enterprise IPOs issued annually has increased dramatically over the last five years, from INR ~1,800 crore in FY19 to INR ~6,000 crore in FY24.
- **Democratization of wealth creation:** With rising financial awareness and increasing accessibility via digital platforms, investors across diverse demographics are participating in capital markets. Increased investor participation from smaller cities allows average Indian households to earn higher returns in investment assets than they would through traditional bank deposits. This shift helps more women gain financial independence and more young people create long-term wealth.
- **Expanding employment:** Retail investing is expected to create 7+ lakh new jobs, both directly and indirectly. In addition to job growth in the financial industry itself (for example, the distributors who help drive increasing penetration and the relationship managers who manage the wealth of the growing affluent and high net worth individual segments) the businesses that are expanding with increased access to capital will also create new jobs.
- **Resilience of capital markets:** The growing salience of domestic mutual funds and rising retail participation act as a counterbalancing force against foreign portfolio investment flows (capital that exits the country through foreign portfolio investors). This rise in domestic mutual fund and retail inflows has shortened the market recovery period after recent downturns. For example, the market bounced back within about two months in 2022 after the start of the Russia-Ukraine war and in 2020 after the onset of the Covid-19 pandemic. In contrast, the Indian financial markets took nearly four months to recover from China's currency devaluation episode in 2015, when the share of domestic mutual funds and retail participation were relatively low.
- Achieving the Viksit Bharat mission calls for India to grow its per capita GDP sixfold by 2047. Growth in capital markets, driven by growth in retail investment activity, will be critical to reaching this goal. Retail mutual fund AUM, as a share of GDP, is expected to grow sixfold as well over the next two decades, surpassing 80% by 2047.

Macro view: India remains one of the fastest-growing economies globally, a trend set to sustain over the next 10 years

India leads as the fastest-growing economy, with 10% nominal GDP growth over the last five years



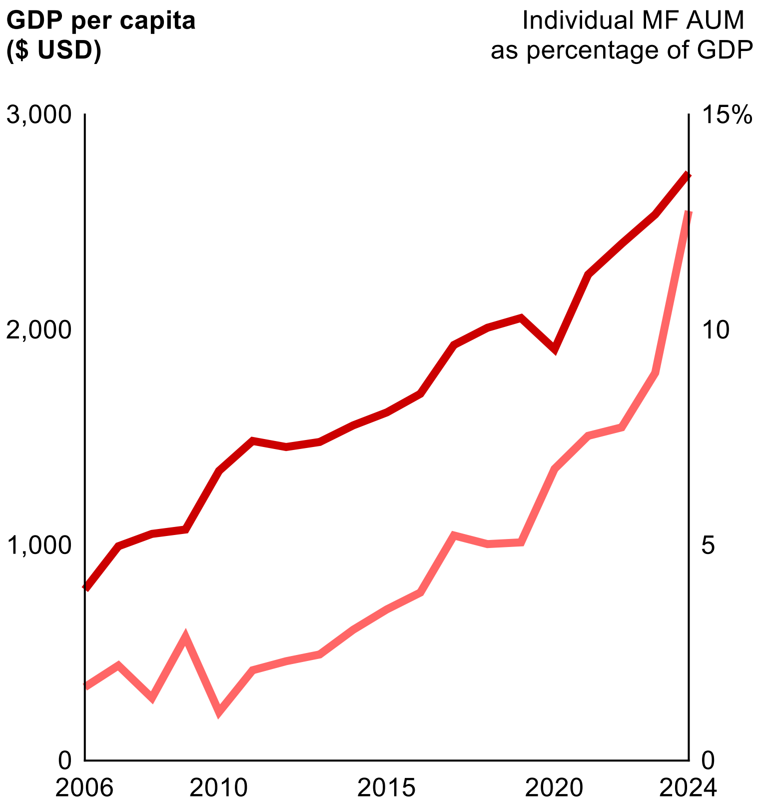
Rising incomes signal growing economic strength, with a 9% increase in GDP per capita over the last five years



Sources: International Monetary Fund; Euromonitor; Bain-Groww collaborative analysis

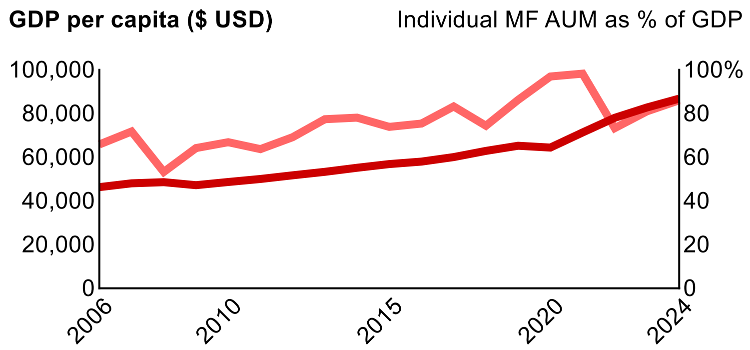
Macro view: In both developed and emerging markets, rising GDP per capita tends to move in sync with retail mutual fund assets under management as a share of GDP

India

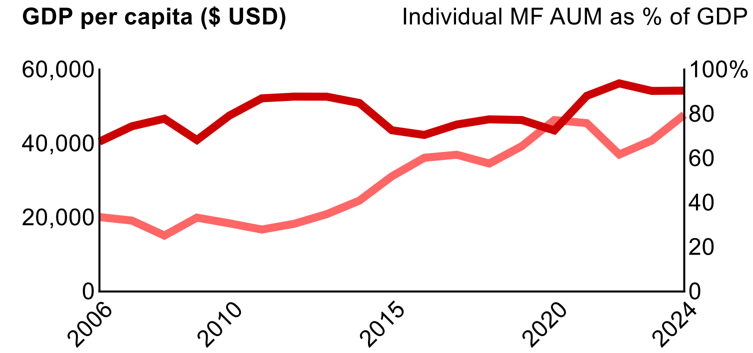


Developed economies

US

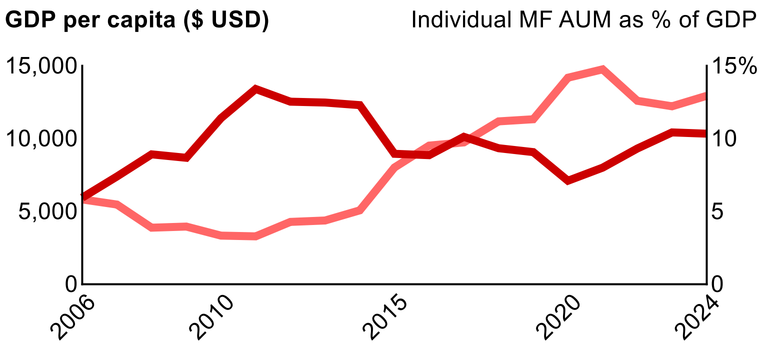


Canada

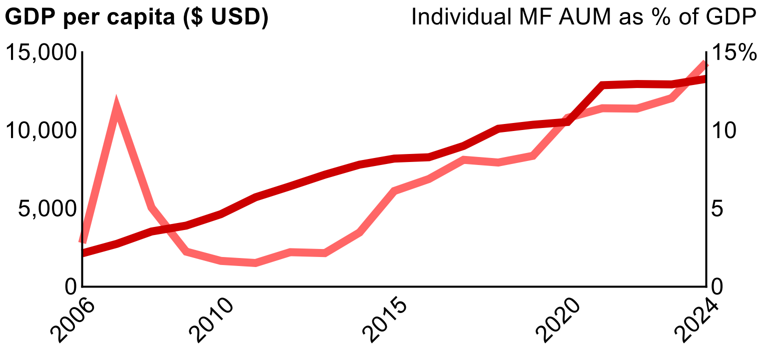


Emerging economies

Brazil



China



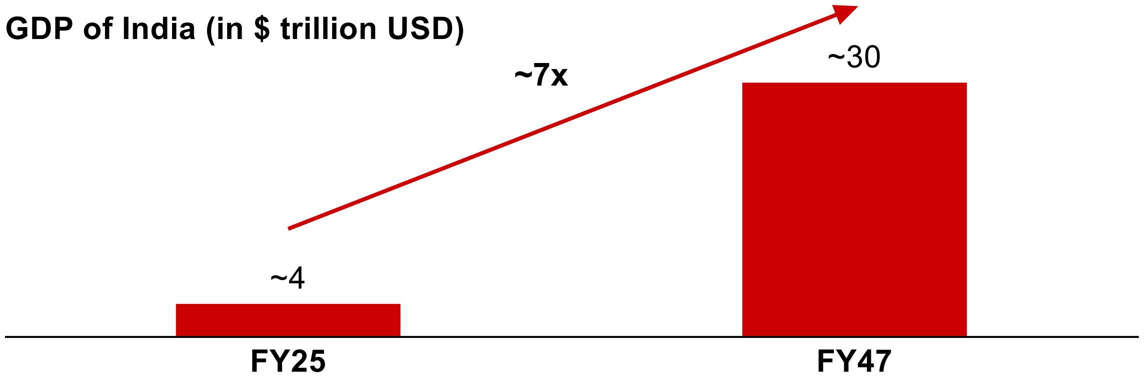
Individual mutual fund as percentage of GDP   GDP per capita

Notes: AUM is assets under management; MF is mutual fund
Sources: GlobalData; International Monetary Fund; Euromonitor; literature search; Bain-Groww collaborative analysis

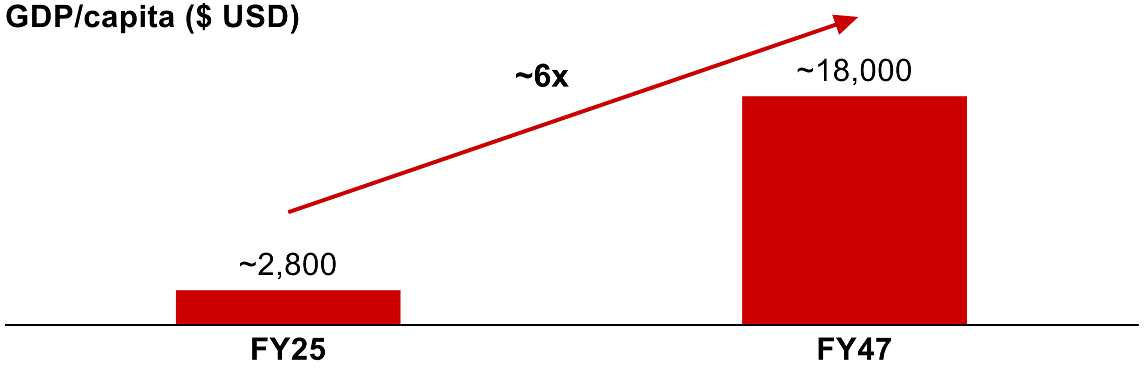
As India's GDP per capita grows sixfold toward the Viksit Bharat 2047 vision, individual mutual fund assets under management are expected to reach ~80% of GDP

India's GDP is expected to reach $30 trillion under the Viksit Bharat ambition …

GDP of India (in $ trillion USD)



GDP/capita ($ USD)



… implying the significant development of individual investors

	FY25	FY47
Percentage of household MF penetration	~10%	~35%
Percentage of MFs in investable assets	~9%	~30%
Individual MF AUM as a percentage of GDP	~13%	~80%

Notes: AUM is assets under management; MF is mutual fund
Sources: International Monetary Fund; NITI Aayog 2047 vision paper; Bain-Groww collaborative analysis

Growing retail participation in the capital market supports economic development across four key areas

A

Greater access to capital

Rising liquidity in the retail market broadens capital access for mid- and small-cap companies and fueling primary issuances.

B

Democratization of wealth creation

Market participation across demographic sections allows broader populations to participate in India's growth story.

C

Resilience of capital markets

Domestic flows have emerged as a buffer to FPI volatility, with retail investors treating MFs as long-term strategic investments aided by market returns and increasing trust in regulatory bodies.

D

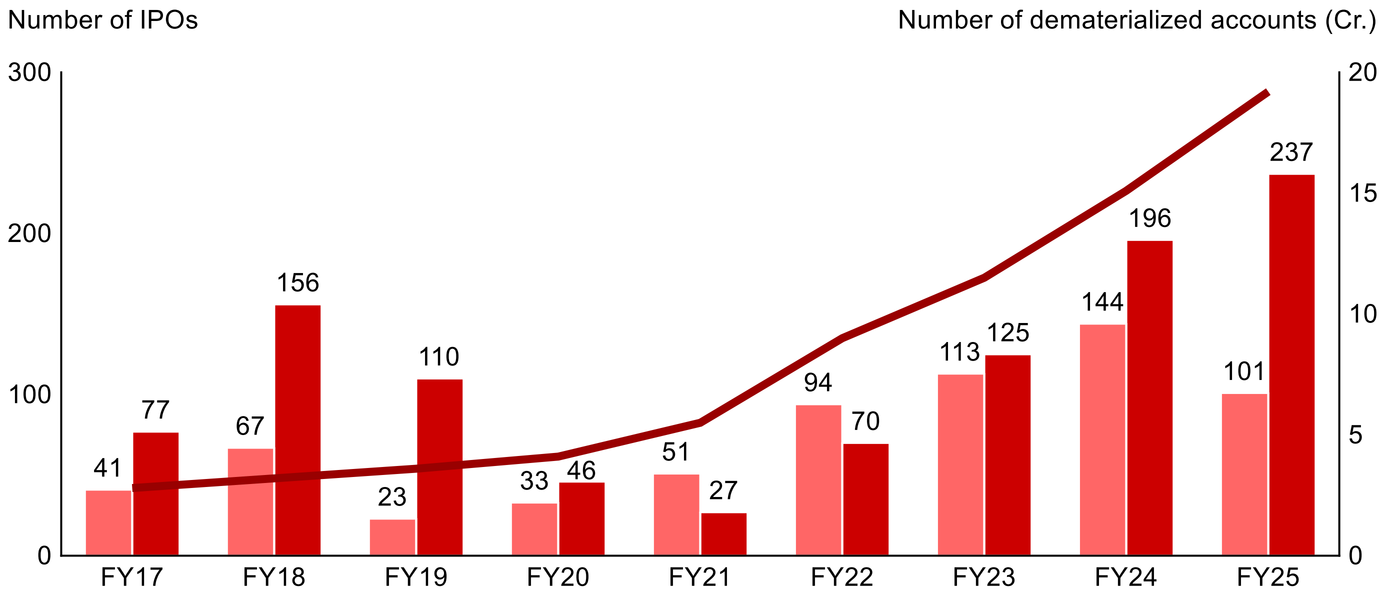
Expansion of employment opportunity

Surging retail participation enables job creation across the distribution network and among wealth relationship managers; jobs are being created because of the business expansion driven by IPOs.

Note: FPI is foreign portfolio investors; MF is mutual fund

Greater access to capital: Growing retail liquidity boosts company confidence to tap the public market

Surge in dematerialized accounts correlates with rising IPO activity (especially small and medium-sized enterprise IPOs)



Amount raised	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Mainboard IPOs (INR thousand Cr.)	31.7	102.8	16.4	76.6	109.9	137.9	63.5	77.0	193.0
SME IPOs (INR thousand Cr.)	0.8	2.3	1.8	0.5	0.2	1.0	2.3	6.1	9.9

Mainboard SME IPOs Dematerialized accounts

Key insights

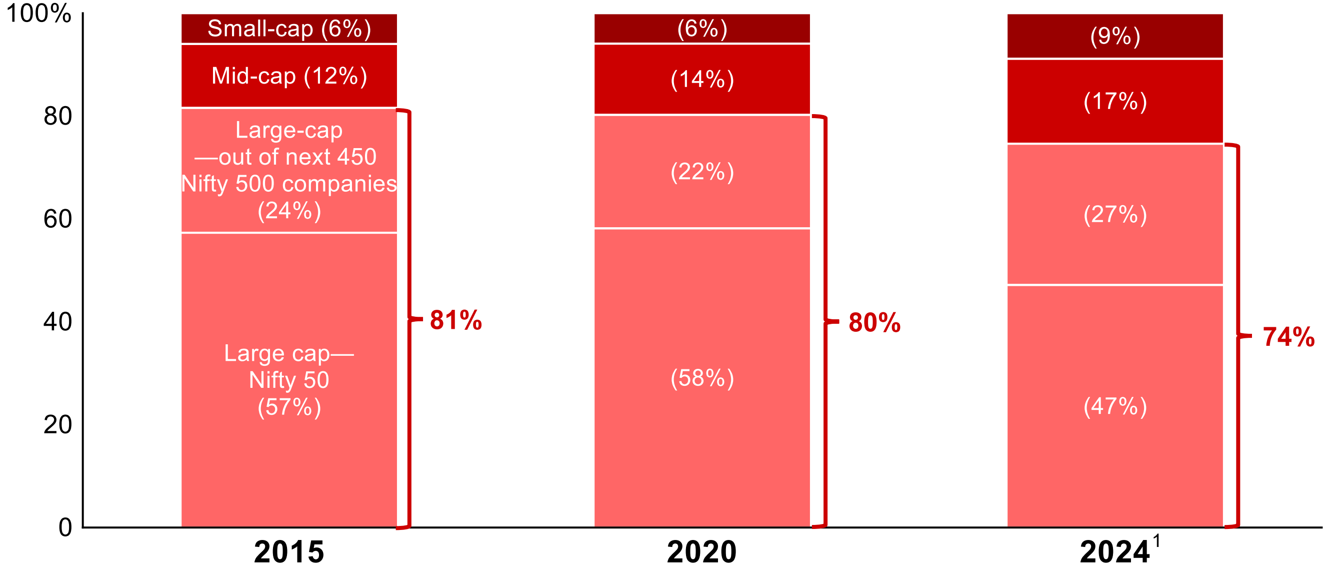
- There was double the growth in IPO capital raised (FY21–24 vs. FY17–20), reflecting heightened investor appetite, liquidity, and digital surge.
- SME IPO activity has accelerated since FY21, now contributing 9% to the total capital raised in FY24 and reflecting confidence in the market.
- Resource mobilization activity in FY24 was broad based, with companies from more than 20 sectors raising capital:
  - FY24: Only ~65% of all resources1 was accounted for by the top five sectors.
  - FY21: There was a 90% contribution by the top five sectors, largely driven by the oil and natural gas sector.
  - FY20: ~65% was concentrated in the telecom sector.
  - FY17: Resource mobilization was dominated by the finance sector.
- Retail participants were increasing interested, directly and indirectly (via domestic institutions).
  - Retail average oversubscription hit 30 times in FY24, up sharply from 7 times in FY23 and 14 times in FY22.
  - Average retail applications jumped from just over 400 in FY20 to over 200,000 in FY24, per issue.

Notes: (1) Resources refer to the amount raised by public issues and rights issues; amount raised by mainboard and SME IPOs includes the amount raised by public issues (IPOs, FPOs) and rights issues; public issues (bond, NCD) are excluded; FPO is follow-up on public offer; NCD is non-convertible debenture; SME is small and medium-sized enterprise
Sources: Securities and Exchange Board of India; National Stock Exchange of India; literature search; Bain-Groww collaborative analysis

Ⓐ **Greater access to capital:** Rising retail liquidity fuels broader equity participation, with growing salience of mid- and small-cap stocks

Mid- and small-caps are gaining market depth, with salience increasing to 25+% in Nifty 500

Percentage of total Nifty 500 market capitalization



	2015	2020	2024[1]
Percentage of Nifty 50 market representation by average turnover	~45%	~32%	~28%
Percentage of individual investors in NSE by total market cap[2]	**~14%**	**~16%**	**~17%**

Key insights

- Large caps' share in Nifty 500 market cap declined from ~81% in FY15 to ~75% in FY24, reflecting a structural shift toward deeper participation in mid- and small-cap segments as investors seek broader growth opportunities.
- Nifty 50's market representation by full market cap fell from ~57% in FY15 to 47% in FY24, and by average turnover from ~45% to ~28%, indicating a dispersion of trading and market leadership beyond the top 50 companies.

"Capital isn't just fueling growth—it's enabling capital structure flexibility, reducing failure risk by moderate leverage, and bringing long-ignored sectors into the mainstream. India is one of the most diversified markets in the world."

—Sailesh Raj Bhan, President and CIO, Nippon India

Notes: (1) Weight for 2024 is as of the last trading day of March; weights for 2020, 2015, and 2010 are as of the last trading day of December; weights are calculated based on free-float market capitalization; market representation of the Nifty 500 for 2024 is six months, ending in March 2024, average full market capitalization and average turnover data; market representation of the Nifty 500 for 2020, 2015, and 2010 is calculated based on six-month, ending in December, average full market capitalization and average turnover data for the respective years; (2) Includes share of individual investors in equity both via direct equity and mutual funds; NSE is National Stock Exchange of India
Sources: National Stock Exchange of India; AMFI; Bain-Groww collaborative analysis

Ⓑ **Democratization of wealth creation:** The investor base in India is no longer concentrated—it is younger, more diverse, and coming from smaller cities

Growing penetration in smaller cities/towns

19%
vs. 10% in FY19
Contribution to MF AUM in FY25 from cities beyond top ~110 cities[1]

70%
vs. 61% in FY21
Share of districts beyond top 10 among NSE-registered individual investors traded in FY25

KEY FACTORS:
Easy digital access, more MFDs/RIAs, increased awareness, and higher confidence in capital market

Rising participation of women, especially in smaller towns

23%
vs. 5% for men
Increase in average MF folio size for women from FY19 to FY24

25%
vs. 20% in FY19
Salience of women investors in B30 cities in FY24

KEY FACTORS:
Increasing financial freedom, awareness, and access to financial instruments; rising female participation in workforce

Increasing participation of younger population in capital market

40%
vs. 23% in FY19
Share of NSE-registered investors under 30 years old

KEY FACTORS:
Focus on early investment for long-term wealth creation, ease of investing via online means, and interest in high returns in capital market

Cultural shift toward sustained investing

31%
vs. 19% in FY19
Share of SIP among total individual MF AUM

KEY FACTORS:
Increasing discipline in investment, sachetizing of SIPs (allowing small-ticket investment), easy investment tools

India is on track to make wealth creation accessible for all

- **Lower entry barriers for first-time investors**
  - Micro-SIPs (INR 250), retirement-focused schemes, and simplified fund structures bringing underserved and rural investors into the fold
- **Early-stage financial literacy seeding long-term vision**
  - School (Tarun Yojana) and college programs with SIP-linked incentives and fee waivers embedding investing habits from adolescence
- **Distribution expansion, both digital and physical, unlocking scale**
  - Tie-ups across 250,000+ rural touchpoints and rising digital platform adoption in metros bridging trust and access gaps

“

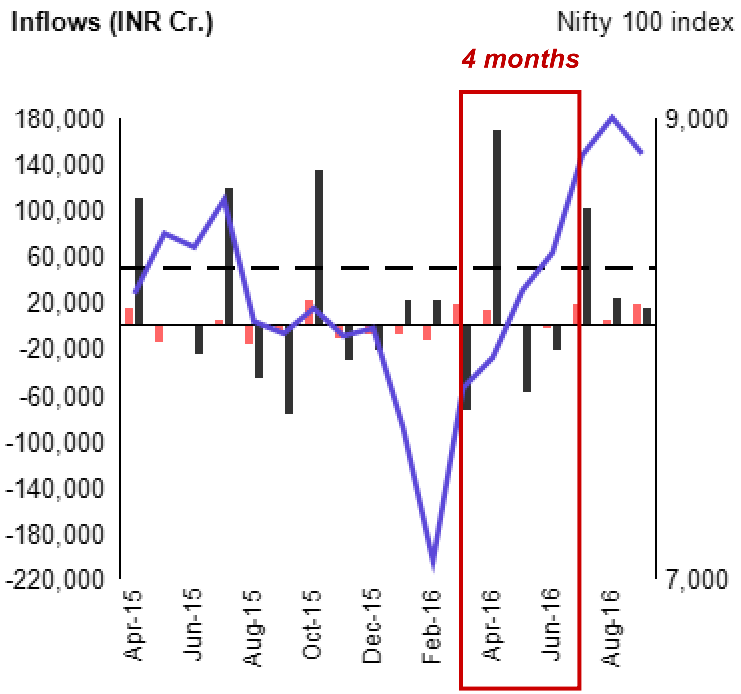
AMFI is actively collaborating with state agencies and institutions to gain deeper insights into investor behavior and design state-specific strategies. Investor education and awareness is the key, and we are driving that through sustained efforts on the ground. Strengthening partnerships with post offices and banks will be critical to expanding mutual fund distribution in semi-urban and rural India, where trust continues to be the strongest catalyst for participation.

—Venkat N. Chalasani, Chief Executive, AMFI

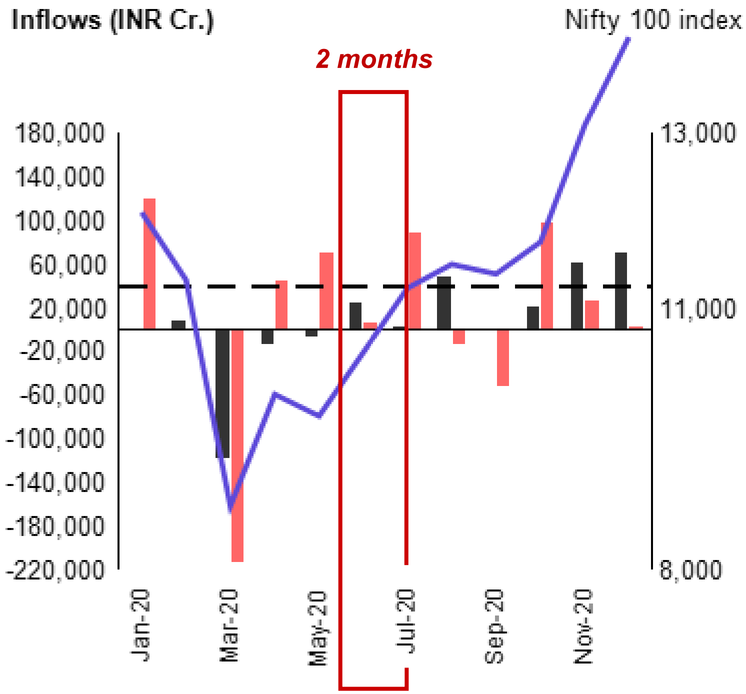
Notes: (1) Top 110 cities, as defined by AMFI each quarter based on AUM (list may vary over time); AUM is assets under management; MF is mutual fund; MFD is mutual fund distributor; NSE is National Stock Exchange of India; RIA is registered investment adviser; SIP is systematic investment plan | Sources: Association of Mutual Funds in India; National Stock Exchange of India Market Pulse reports; Bain-Groww collaborative analysis

Ⓒ **Resilience of capital markets:** Domestic MFs are counterweighing FPI outflows, enhancing market resilience and accelerating recoveries (3–4 vs. 1–2 months)

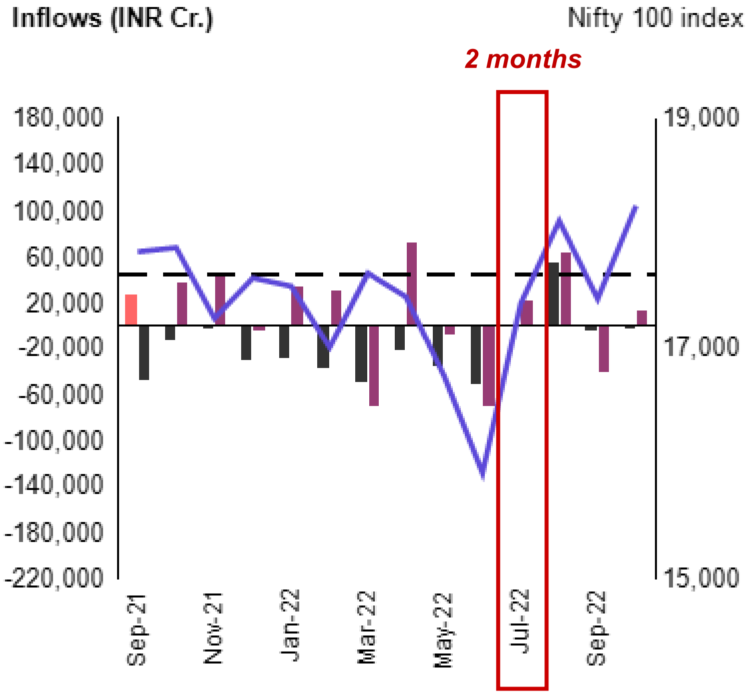
China's growth underwent a period of uncertainty and yuan devaluation (2015)



Covid-19 triggered global risk-off (2020)



Macro tightening, inflation fears, and valuation corrections played a role, alongside Russia-Ukraine war (2022)



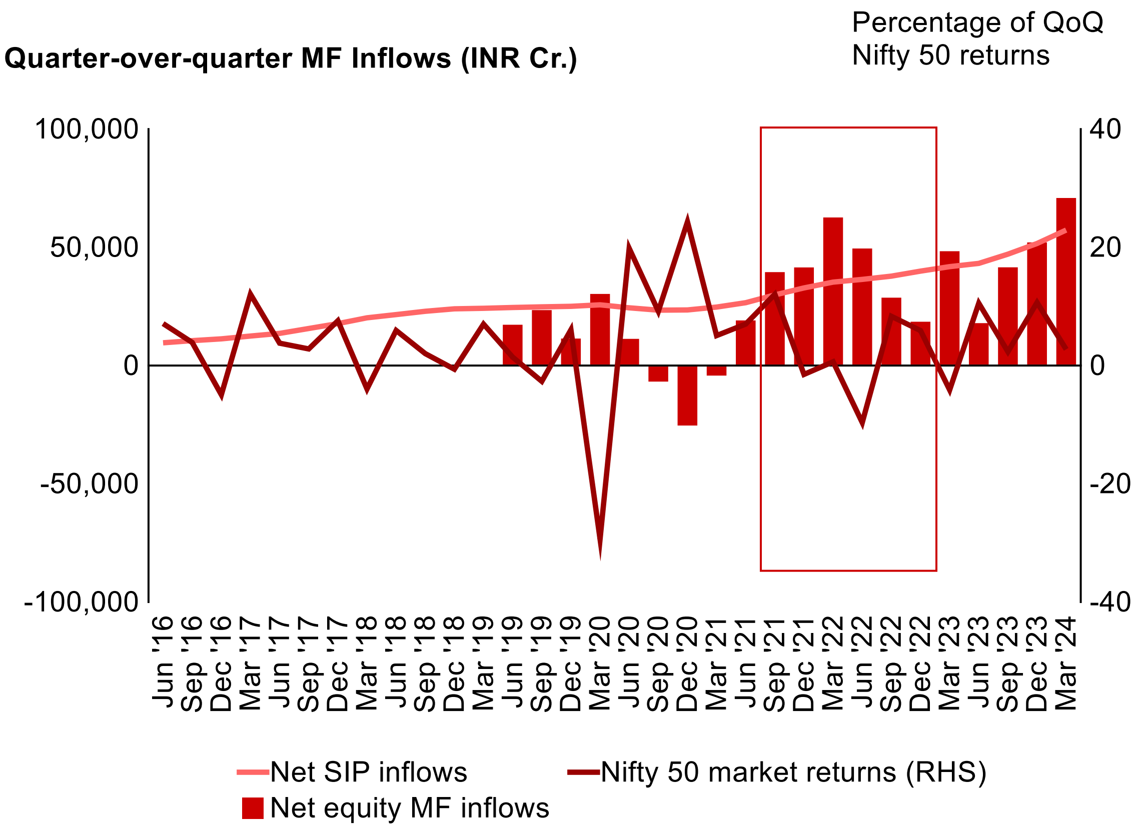
	2015		2020		2022
Percentage of MF by value of free-float in NSE	~7%	→	16%	→	16%
Percentage of equity in individual AUM	58%	→	65%	→	79%

Net MF inflows | Net FPI inflows | NIFTY 100 index | Recovery period

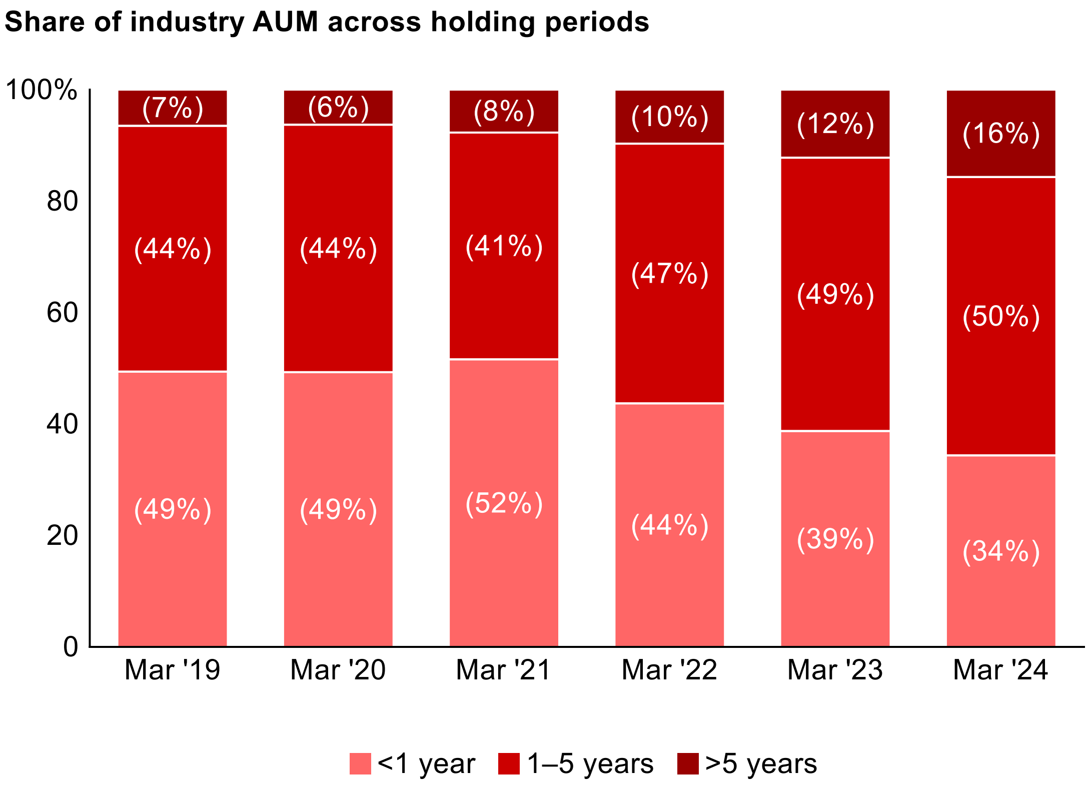
Notes: Recovery period refers to the duration following a sustained phase of FPI outflows, during which foreign portfolio investors resume net positive inflows into the market; AUM is assets under management; FPI is foreign portfolio investors; MF is mutual fund; NSE is National Stock Exchange of India | Sources: Securities and Exchange Board of India; National Stock Exchange of India; literature search

Ⓒ **Resilience of capital markets:** Retail investors are treating mutual funds as strategic investments beyond short-term market cycles for inflation-beating returns

Despite market volatility, equity mutual fund and systematic investment plan flows have consistently trended upward



Share of over-five-year holdings in mutual fund assets under management has more than doubled in the last five years



Notes: Net equity inflows data available for quarter ending June 2019 onward (includes on equity/growth-oriented funds and excludes hybrid funds); AUM is assets under management; MF is mutual fund; SIP is systematic investment plan
Sources: AMFI; Securities and Exchange Board of India; Bain-Groww collaborative analysis

Ⓓ **Expansion of employment opportunity:** Retail investing is expected to enable 7+ lakh additional jobs over next decade

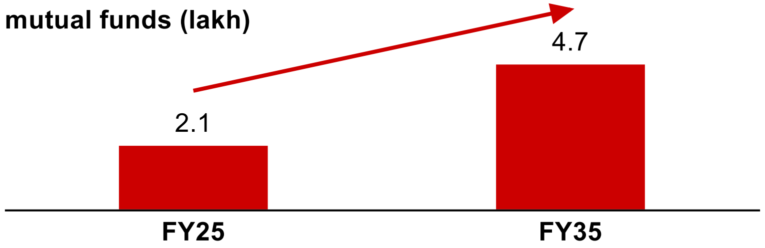
/ NON-EXHAUSTIVE

Mutual fund penetration expected to be driven by 2.5+ lakh incremental distributors

Household penetration for mutual funds

~10%	〉	~20%
FY25		FY35F

Number of distributors/RIAs for mutual funds (lakh)



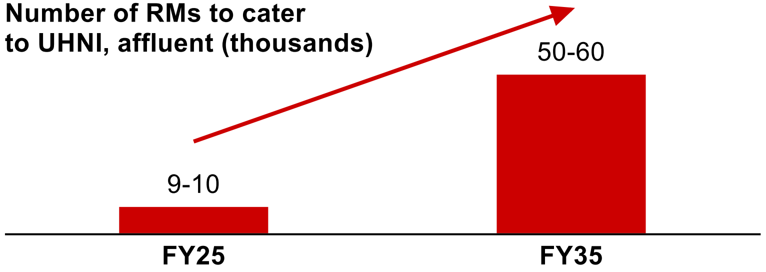
- Multiple sources to drive distributor base expansion, to drive penetration in mass and mass affluent segments:
  - Life insurance agents taking up mutual fund distribution, with commoditization and shrinking margins for life insurance products
  - College students taking up mutual fund distributor role, with growing financial literacy programs and incentives by AMFI
  - Influencers becoming responsible advisers with regulatory supervision

Approximately 0.5 lakh additional RMs expected to cater to growing affluent, HNI base

Number of HNI and affluent households in India

~3M	〉	8–10M
FY25		FY35F

Number of RMs to cater to UHNI, affluent (thousands)



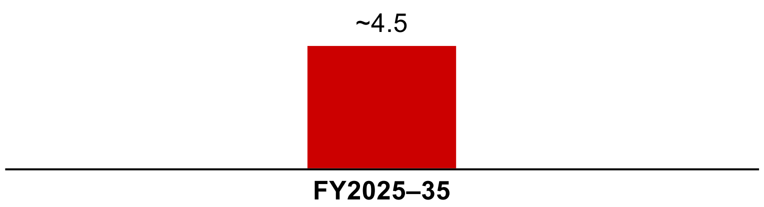
- Number of wealth relationship manager positions expected to grow five to six times, driven by growing HNI and affluent households and increasing household penetration for professionally managed wealth
- Banks and digital platforms expected to drive penetration in affluent segment, especially beyond metro cities; standalone wealth managers expected to drive growth in HNI segment

Micro-, small, and medium enterprise expansion expected to fund 4+ lakh additional jobs

Number of SME listings in India

~1.2K	〉	~10K
FY25		FY35F

Number of new jobs expected with SME IPOs (lakh)



- MSME IPOs gaining prominence in India, driven by strong investor demand, regulatory support (with streamlined listing norms), and strong digital public infrastructure (with platforms making IPOs accessible for a broad investor base)
- Based on reports by RBL Bank and IFC, 1–2 new jobs are created with every crore of capital invested, driven by capacity expansion, scaling operations/sales teams, tech upgrade, etc.

Note: HNI is high-net-worth individual; IFC is International Finance Corporation; MSME is micro-, small, and medium enterprise; RIA is registered investment adviser; RM is relationship manager; SME is small and medium enterprise; UHNI is ultra-high-net-worth individual | Sources: AMFI; secondary research; market participant conversations; Bain-Groww collaborative analysis

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