GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1199
TO BE ANSWERED ON MONDAY, JULY 27, 2026/SHRAVANA 5, 1948 (SAKA)

DORMANT DEMAT ACCOUNTS

1199. SHRI SELVAGANAPATHI T.M.:

Will the Minister of Finance be pleased to state:

a) whether the country's retail investing boom seems to be beginning to show signs of decline with a sharp fall in active market participation by this segment, if so, the details thereof;
b) whether concerns are rising over quality of investor growth and the risks posed by dormant demat accounts to the system, if so, the details thereof;
c) whether the National Stock Exchange's active investor base is estimated to have slid by almost 35 lakh in financial year 2026 to 4.58 crore after several years of rapid expansion led by digital brokerages, low cost training apps and strong retail participation in equities and derivatives, if so, the details thereof;
d) whether dormant and nil balance demat accounts are prime targets for unauthorized access, if so, the details thereof; and
e) whether it is a fact that when a significant share of demat accounts becomes dormant or remains at a nil balance, it signals not just disengagement but a breakdown of this economic function and if so, the steps taken by the Government in this regard?

ANSWER
MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

a) Retail investor participation is influenced by various factors, including general market sentiment, geopolitical situation, prevailing economic conditions, and investor perception of risk and reward.
Data from SEBI shows that the retail investing base continues to expand, indicating long-term adoption. This is visible through:
   i. Unique demat accounts: increased from approximately 2.56 crore in 2019 to 12.15 crore by March 2026
   ii. Mutual fund investors: unique investor count reached 6.14 crore by March 2026 compared to 5.42 crore in March 2025
   iii. Primary market participation by retail individual investors who allocated ₹46,519 crore for public issues during 2025-26 as compared to ₹35,371 crore in 2024-25.

**Individual: includes Individual domestic investors, NRIs, sole proprietorship firms and HUFs*

b, d and e): The growth of demat accounts is a positive indicator of expanding financial inclusion and market deepening. To ensure the integrity of this expanding system and to protect investors, SEBI and Market Infrastructure Institutions (MIIs) actively monitor the quality of investor growth and dormant accounts.

It has been informed by SEBI that the presence of dormant or nil-balance demat accounts is considered an accepted feature of a growing and maturing investor ecosystem, rather than a signal of an economic breakdown. These accounts often represent long-term investment holdings, preparation for future opportunities like Initial Public Offerings (IPOs), or prudent financial planning where trading activity may be infrequent. At the same time, to contain the risk on account of a large number of dormant demat accounts, the MIIs have implemented the following systemic safeguards, as informed by SEBI:

i. Proactive Transaction Monitoring: Depositories provide real-time SMS and email alerts directly to account holders for all debit transactions.
ii. Authentication Protocols: Mandatory OTP authentication is required for off-market transactions. For on-market transactions, direct pay-in facilities ensure that debits are reconciled against instructions from Clearing Corporations.
iii. Verification Measures: Depository Participants maintain strict protocols to independently verify debit instructions for inactive accounts, particularly when significant asset transfers are requested, to ensure the authenticity of the request.
iv. Enhanced Security Frameworks: Ongoing efforts include strengthening Know Your Customer (KYC) requirements, deploying multi-factor authentication, and conducting regular investor awareness programs to promote secure and informed market participation.
v. Operational Review: Market participants are continuously reviewing operational processes, including the criteria for account activity and maintenance, to ensure the securities market remains resilient, transparent, and secure for all participants.

These measures are designed to ensure that the continued expansion of the investor base is supported by operational robustness and strong safeguards, fostering confidence in the securities market ecosystem.

c) It has been informed by SEBI that the active investor participation at NSE, measured by the number of unique investors identified through PAN that traded at least once during the year, has remained broadly stable among those participating exclusively in the cash market at ~290 lakh over the last two years. The number of investors trading only in the equity derivatives segment has also stayed within a narrow range (20-21 lakh). The 4.58 crore figure mentioned in the question appears to be based on client accounts (Unique Client Codes). However, since clients can register with more than one trading member, who allot them a unique client code, client accounts may not be an accurate representation of the number of unique investors.

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