

**Working Paper on Household Savings through  
Indian Securities Market**



**Department of Economic and Policy Analysis**  
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## Household Savings through Indian Securities Market

### Background

The savings of households makes an important part of the financial assets in the national income accounting and is an indicator of the disposable income of households and the financial health.

The Reserve Bank of India (RBI) in its statement on Flow and Stock of Financial Assets and Liabilities of Households and the Ministry of Statistics and Programme Implementation (MoSPI) in its National Accounts Statistics publishes data on household savings generated through various segments. One of the constituents is the investments of households through the securities market.

On review of the data disseminated through Table 50A, i.e., Flow of Financial Assets and Liabilities of Households and Table 50B, i.e., Stocks of Financial Assets and Liabilities of Households of RBI Bulletin, it was noticed that the savings of households through the Indian securities market is not captured fully through the existing methodology of computation.

In the existing methodology, RBI is considering the actual data relating to mutual fund investments sourced from SEBI and AMFI, while the data relating to equity segment and debt segment are based on estimations or formulas which attempt to derive the extent of savings through such segments. Further, certain segments and products in the Indian securities market are not considered in the existing computation.

Indian Securities Market has undergone several structural changes over time and more so in the past decade. The saving pattern of Indian households has similarly changed over time. Accordingly, it was felt that the computation methodology may be reviewed and updated. Further, the actual granular data can be made available by SEBI to RBI and onwards by RBI to MoSPI, for the household savings through Indian securities market to be reckoned in an appropriate manner. The revision in methodology will improve the quality and accuracy of data by capturing the actual values and covering the currently non-included segments/financial instruments in securities market.

In the following pages, the existing methodology, the changes in methodology proposed (specifying the category of investors, segments and products) and the data sources as well as an annexure with the provisional data based on the proposed methodology have been specified.

## **A. Existing Methodology followed by RBI for compilation of household savings through securities markets**

### **1. Resource Mobilization (Flow)**

Segments considered by RBI for the flow computation are Equity, Debt and Mutual Funds.

Data on resource mobilized through Equity and Debt is sourced from the SEBI Monthly Bulletin. To arrive at the households' investments, RBI imputes 35 per cent of the primary market issuance in equity, covering IPO (including OFS), FPO & Rights and 40 per cent of public issuance of debt, respectively as being mobilized from Individuals and HUFs.

Investment of households in actuals into the Mutual Funds are obtained from SEBI and are being used in the computation since FY 2018-19.

### **2. Holding Data (Stock):**

For arriving at the asset value of the households, only the Assets Under Management (AUM) in mutual funds by High Networth Individuals and Retails are considered. The source for the data is category-wise AUM published by the Association of Mutual Funds of India.

## **B. Changes proposed to the computation methodology**

Three sets of changes are proposed to the computation methodology: firstly, regarding the category of investors, secondly, regarding the instruments that such investor categories participate in, and thirdly, the components proposed for inclusion that are absent in the existing methodology.

The existing specification in the methodology and the proposed changes are described below:

## 1. CATEGORY OF INVESTORS

Existing Methodology	Proposed Methodology	Remarks
<ul style="list-style-type: none"> <li>• Retail</li> <li>• HNIs</li> <li>• HUFs</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Individuals</b> → All domestic Individual investors irrespective of income/extent of investment and HUFs</li> </ul>	<p><i>Non-Profit Institutions Serving Households (NPISHs) is included in accordance with System of National Accounting 2008 requirements.</i></p>
	<ul style="list-style-type: none"> <li>• <b>Non-individuals</b> → NPISHs (NGOs, Charities, Trusts, etc.)</li> </ul>	<p>Trusts, Body of Individuals, Association of Persons, Non-Governmental Organizations, Societies and Charities are included under NPISH.</p>

## 2. INSTRUMENTS

Instrument	Existing Methodology	Proposed Methodology	Remarks
<b>Flow Computation</b>			
<b>Equity</b>	Only primary market; 35% of total equity investments	Actual amounts from Primary and Secondary markets	For secondary market, net investment through securities market by households and NPISHs in equity and debt are computed on a daily basis, which are then aggregated for the year to arrive at the annual figures.
<b>Debt</b>	Only primary market; 40% of total debt investments	Actual amounts from Primary and Secondary markets	
<b>Mutual Funds</b>	Net Flows into MFs	Net Flows into MFs and ETF transactions in Secondary market	Same approach as above for ETF transactions in the secondary market.
<b>REITs &amp; InvITs</b>	Not captured	Actual amounts from Primary and Secondary markets	Same approach as above for secondary market.
<b>AIFs</b>	Not captured	Data to be included from 2024-25.	Historical data is not available.
<b>Stock Computation</b>			
<b>Mutual Funds</b>	AUM data for HNIs & Retail	AUM data for Individuals & NPISHs from AMFI	AUM as at the end of FY.
<b>Equity, Debt,</b>	Not covered	Holding data from Depositories	Value of holdings, outstanding as at the end of FY.

Instrument	Existing Methodology	Proposed Methodology	Remarks
REITs, InvITs, AIF			<p>Holding data is segregated based on issuances regulated by SEBI &amp; RBI/Other Statutory Bodies.</p> <p>Except for AIFs, all securities considered are listed/deemed to be listed.</p> <p>Holding data for AIF will be included in due course and is likely to be available from FY 2024-25.</p>

### 3. Inclusion of components not part of the existing methodology

<b>Resource Mobilization – Primary Market</b>	
<b>Equity Segment</b>	<ul style="list-style-type: none"> <li>• Preferential issuances in the primary market</li> <li>• Offer for Sale executed through stock exchange platform</li> </ul>
<b>Debt Segment</b>	<ul style="list-style-type: none"> <li>• Private Placement of debt, municipal debt securities, Securitized Debt Instruments (SDIs) and listed SRs</li> </ul>
<b>Hybrid Securities</b>	<ul style="list-style-type: none"> <li>• REITs</li> <li>• InvITs</li> </ul>
<b>Resource Mobilization – Secondary Market</b>	
	<ul style="list-style-type: none"> <li>• Equity</li> <li>• Debt (Capital Market, RFQ &amp; OTC)</li> <li>• Hybrid Securities (REITs &amp; InvITs)</li> <li>• Mutual Funds and ETFs</li> </ul>
<b>Holding Data (Stock)</b>	
	<ul style="list-style-type: none"> <li>• Equity</li> <li>• Debt including municipal debt securities, Securitized Debt Instruments (SDIs) and listed SRs</li> <li>• Hybrid Securities (REITs &amp; InvITs)</li> <li>• AUM in MF pertaining to NPISHs</li> </ul>

Note:

- Resource mobilization (flow) data relates to the investment generated during the year under consideration. Shares held by individuals/entities in the capacity of promoters are not included in the flow data.
- Stock data contains the holding value of stocks available in the depository system as at the end of the period, for the securities under consideration. Holdings of promoters who are having attributes of households in PAN are also considered in the stock computation.

### C. Sources of data for the proposed computation methodology

The following sources of data are harnessed for the proposed computation methodology:

<b>Resource Mobilization (Flow)</b>	<p><b>Primary Market:</b></p> <ul style="list-style-type: none"> <li>• Data pertaining to resource mobilization through mutual funds are sourced directly from Association of Mutual Funds in India (AMFI).</li> <li>• For rest of the segments, issue details, along with the allotment details, are collected from the stock exchanges, which are then shared with the Depositories for data extraction.</li> <li>• Data extraction based on the issue details is preferred as it helps in data validation and ensuring consistency with the published market data.</li> </ul>
	<p><b>Secondary Market:</b></p> <ul style="list-style-type: none"> <li>• Secondary market transactions on net basis are collected from the three stock exchanges, NSE, BSE and MSEI.</li> <li>• In secondary market, there can be inflows or outflows, which can affect the total resource mobilization. During normal market conditions, outflows from securities market can be due to profit booking and/or investors' choice of deploying the realized amount in some other investment avenues.</li> </ul>
<b>Holding Value (Stock)</b>	<ul style="list-style-type: none"> <li>• Assets under Management for mutual funds are sourced from AMFI.</li> <li>• Holding data for other asset classes/segments are sourced from NSDL and CDSL</li> </ul>

## Annexure A

The provisional data computed based on the revised methodology is presented below:

**Table 1: Flow & Stock – Summary**

(₹ Crore)

Particulars	Existing Methodology				Proposed Methodology				Difference (Proposed – Existing)			
	2020-21	2021-22	2022-23	2023-24	2020-21	2021-22	2022-23	2023-24	2020-21	2021-22	2022-23	2023-24
<b>Flow: Resource Mobilized and Secondary Market Net Investments</b>												
Resource Mobilization (Including Government Debt)	1,24,577	2,27,968	2,14,282	n.a.								
Resource Mobilization (Excluding Government Debt)*	1,06,850	2,13,850	2,05,795	n.a.	68,210	3,52,032	2,89,476	3,48,125	-38,640	1,38,181	83,681	n.a.
Secondary Market Net Investments	n.a.	n.a.	n.a.	n.a.	60,229	1,42,328	41,122	4,781	60,229	1,42,328	41,122	n.a.
<b>Total</b>	<b>1,24,577</b>	<b>2,27,968</b>	<b>2,14,282</b>	<b>n.a.</b>	<b>1,28,439</b>	<b>4,94,360</b>	<b>3,30,598</b>	<b>3,52,906</b>	<b>21,589</b>	<b>2,80,509</b>	<b>1,24,803</b>	<b>n.a.</b>
<b>Stock: Outstanding Value of Securities</b>												
Mutual Funds	17,30,461	21,52,141	23,67,793	n.a.	18,30,126	22,52,338	24,45,223	36,28,236	99,665	1,00,198	77,431	n.a.
Equity, Debt & Hybrid Instruments	n.a.	n.a.	n.a.	n.a.	45,04,394	62,61,407	59,37,788	91,54,401	45,04,394	62,61,407	59,37,788	n.a.
<b>Total</b>	<b>17,30,461</b>	<b>21,52,141</b>	<b>23,67,793</b>	<b>n.a.</b>	<b>63,34,520</b>	<b>85,13,745</b>	<b>83,83,011</b>	<b>1,27,82,637</b>	<b>46,04,059</b>	<b>63,61,604</b>	<b>60,15,218</b>	<b>n.a.</b>

\*- The computation of Government Debt is given as footnote to Table 2.

Source: AMFI, Depositories & Stock Exchanges

Table 2: Total Flows – Resource Mobilized and Secondary Market Net Investments

(₹ Crore)

Particulars	Existing Methodology				Proposed Methodology				Difference (Proposed- Existing)			
	2020-21	2021-22	2022-23	2023-24	2020-21	2021-22	2022-23	2023-24	2020-21	2021-22	2022-23	2023-24
I. Financial Assets, of which	30,62,326	25,97,512	29,59,051	n.a.								
5. Investments/ Resource Mobilized of which,												
(i) Including Govt. Debt*	1,24,577	2,27,968	2,14,282	n.a.								
(ii) Excluding Govt. Debt	1,06,850	2,13,850	2,05,795	n.a.	68,210	3,52,031	2,89,475	3,48,125	-38,640	1,38,180	83,680	n.a.
(a) Mutual Funds	64,084	1,60,600	1,79,088	n.a.	23,993	2,92,843	2,39,800	2,85,052	-40,091	1,32,243	60,712	n.a.
(b) Equity	38,531	48,613	23,038	n.a.	23,709	35,169	27,433	37,464	-14,822	-13,444	4,395	n.a.
(c) Corporate Debt (Public and Private placement of corporate & Municipal debt and SDIs and listed SRs)**	4,235	4,637	3,669	n.a.	17,808	22,020	22,090	24,882	13,573	17,383	18,421	n.a.
(d) REITs	-	-	-	-	2,700	0	0	248	2,700	0	0	n.a.
(e) InvITs	-	-	-	-	0	1,999	152	479	0	1,999	152	n.a.

Note:

1. \* Govt. Debt = (i) - (ii.a + ii.b + ii.c)    17,727    14,118    8,487    n.a.

2. \*\*To arrive at resource mobilized through corporate debt, RBI has considered 40% share of the public issue of corporate debt.

Source : RBI, AMFI, Depositories & Stock Exchanges



Table 3: Net Investment in Secondary Market

(₹ crore)

Sr.No.	Particulars	2020-21	2021-22	2022-23	2023-24	
1	Net Investment in Equity Segment	Individuals & HUFs	18,419	90,508	-6,736	-54,649
		NPISHs	-12,680	-7,700	-20,891	-15,130
		<b>Total</b>	<b>5,739</b>	<b>82,808</b>	<b>-27,627</b>	<b>-69,780</b>
2	Net Investment in ETFs including Gold ETFs	Individuals & HUFs	3,830	5,732	8,303	9,463
		NPISHs	371	302	1,146	318
		<b>Total</b>	<b>4,201</b>	<b>6,034</b>	<b>9,450</b>	<b>9,781</b>
3	Net Investment in Mutual Funds	Individuals & HUFs	6	-8	-1	0
		NPISHs	-0	-9	-0	-
		<b>Total</b>	<b>6</b>	<b>-16</b>	<b>-1</b>	<b>0</b>
4	Net Investment in Debt Segment (Capital Market)	Individuals & HUFs	-123	-468	-559	-637
		NPISHs	37	388	-23	620
		<b>Total</b>	<b>-86</b>	<b>-80</b>	<b>-582</b>	<b>-17</b>
5	Net Investment in Debt Segment - RFQ & OTC	Individuals & HUFs	3,973	8,117	11,124	9,795
		NPISHs	45,974	42,480	48,429	51,383
		<b>Total</b>	<b>49,947</b>	<b>50,597</b>	<b>59,553</b>	<b>61,178</b>
6	Net Investment in REITs	Individuals & HUFs	-198	1,088	-540	169
		NPISHs	110	121	91	-113
		<b>Total</b>	<b>-89</b>	<b>1,210</b>	<b>-448</b>	<b>56</b>
7	Net Investment in InvITs	Individuals & HUFs	513	1,624	809	1,035
		NPISHs	-2	151	-31	2,529
		<b>Total</b>	<b>511</b>	<b>1,775</b>	<b>778</b>	<b>3,564</b>
<b>Total</b>		<b>60,229</b>	<b>1,42,328</b>	<b>41,122</b>	<b>4,781</b>	
Individuals & HUFs		26,418	1,06,593	12,400	-34,826	
NPISHs		33,810	35,735	28,722	39,607	

Note: Settlement for transactions in Government Debt Securities in the OTC market are settled by CCIL and is not covered in this computation.

Table 4: Stock of Financial Assets of Households (Table 50(b) of RBI Bulletin)

(₹ crore)

Item	Existing Methodology				Proposed Methodology			
	2020-21	2021-22	2022-23	2023-24	2020-21	2021-22	2022-23	2023-24
<b>I. Financial Assets</b>	<b>2,28,74,302</b>	<b>2,54,35,684</b>	<b>2,80,83,947</b>	<b>n.a.</b>				
<b>(a) Mutual Funds</b>	<b>17,30,461</b>	<b>21,52,141</b>	<b>23,67,793</b>	<b>n.a.</b>	<b>18,30,126</b>	<b>22,52,338</b>	<b>24,45,223</b>	<b>36,28,236</b>
Individuals & HUFs	17,30,461	21,52,141	23,67,793	n.a.	16,73,674	20,39,498	22,34,498	33,38,825
NPISHs					1,56,452	2,12,841	2,10,725	2,89,411
<b>(b) Equity</b>					<b>39,74,161</b>	<b>57,10,119</b>	<b>53,66,910</b>	<b>84,06,843</b>
Individuals & HUFs					32,04,625	44,69,869	43,35,595	67,14,813
NPISHs					7,69,535	12,40,249	10,31,315	16,92,030
<b>(c) Debt [(i) Govt &amp; (ii) Public, Private &amp; Municipal]</b>					<b>5,19,023</b>	<b>5,32,736</b>	<b>5,53,227</b>	<b>5,92,388</b>
Individuals & HUFs					1,57,053	1,64,266	1,71,519	1,87,973
NPISHs					3,61,969	3,68,470	3,81,708	4,04,414
<b>(i) Issuance regulated by RBI</b>					<b>27,155</b>	<b>35,113</b>	<b>45,823</b>	<b>67,443</b>
Individuals & HUFs					13,270	21,502	30,387	53,544
NPISHs					13,885	13,611	15,435	13,900
<b>(ii) Issuance regulated by SEBI</b>					<b>4,91,867</b>	<b>4,97,623</b>	<b>5,07,404</b>	<b>5,24,944</b>
Individuals & HUFs					1,43,783	1,42,764	1,41,132	1,34,430
NPISHs					3,48,084	3,54,859	3,66,272	3,90,514
<b>(d) REITs</b>					<b>8,464</b>	<b>11,265</b>	<b>9,194</b>	<b>10,655</b>
Individuals & HUFs					8,115	10,742	8,699	9,639
NPISHs					348	523	495	1,016
<b>(e) InvITs</b>					<b>2,731</b>	<b>7,232</b>	<b>8,394</b>	<b>10,947</b>
Individuals & HUFs					2,323	6,051	6,925	8,460
NPISHs					408	1,180	1,469	2,487
<b>(f) AIFs (Unlisted)</b>					<b>16</b>	<b>56</b>	<b>63</b>	<b>1,33,569</b>
Individuals & HUFs					11	51	56	1,17,763
NPISHs					5	5	7	15,806
<b>Total</b>	<b>17,30,461</b>	<b>21,52,141</b>	<b>23,67,793</b>	<b>n.a.</b>	<b>63,34,520</b>	<b>85,13,745</b>	<b>83,83,011</b>	<b>1,27,82,637</b>
<b>Difference : Proposed - Existing</b>					<b>46,04,059</b>	<b>63,61,605</b>	<b>60,15,218</b>	<b>n.a.</b>

Note : The data provided in the table, except for AIFs, relates to listed/deemed to be listed securities. RBI debt covers only demated securities as available in the depository system. Issuance regulated by RBI covers T bills, Commercial Papers, central and state government securities, Certificate of Deposits and Sovereign Gold Bonds.

**Annexure B**

As per System of National Accounts 2008, Non Profit Institutions, which are not controlled by the government and produce non-market goods (i.e., provide goods (and services) freely or at prices that are not economically significant or at subsidised prices) are considered as Non Profit Institutions Serving Households (NPISHs). Most of these goods and services represent individual consumption but it is possible for NPISHs to provide collective services.

List of NPIs are provided below:

- i. Non-profit service providers, such as hospitals, higher education institutions, day-care centres, schools, social service providers and environmental groups;
- ii. Non-governmental organizations promoting economic development or poverty reduction in less developed areas;
- iii. Arts and culture organizations, including museums, performing arts centres, orchestras, ensembles and historical or literary societies;
- iv. Sports clubs involved in amateur sport, training, physical fitness and competitions;
- v. Advocacy groups that work to promote civil and other rights, or advocate the social and political interests of general or special constituencies;
- vi. Foundations, that is, entities that have at their disposal assets or an endowment and, using the income generated by those assets, either to make grants to other organizations or carry out their own projects and programs;
- vii. Community-based or grass-roots associations that are member-based and offer services to or advocate for members of a particular neighbourhood, community or village;
- viii. Political parties that support the placing of particular candidates into political office;
- ix. Social clubs, including touring clubs and country clubs, that provide services and recreational opportunities to individual members and communities;
- x. Unions, business and professional associations that promote and safeguard labour, business or professional interests;
- xi. Religious congregations, such as parishes, synagogues, mosques, temples and shrines, which promote religious beliefs and administer religious services and rituals.

In securities market, the investor categories are defined by the trading members based on the primary business engagement of the client. In this document, for the purpose of computing household savings, investor categories such as Trusts, Body of Individuals, Association of Persons, Societies, etc., are considered under NPISHs.

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