

Equity investors are piling in from far-flung corners of India


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In 2025, smaller states and Union territories such as Arunachal Pradesh, Tripura, Manipur, Jammu & Kashmir, Ladakh, and Lakshadweep attracted new investors at a faster pace.

SUMMARY

New unique investors are being added at a much faster pace in northeastern states, J&K and Ladakh than some of the traditionally dominant investing regions including Maharashtra and Gujarat

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India's capital markets are witnessing wider participation as lesser-tracked and underrepresented states have seen a steady rise in investor activity since the pandemic, driven by increased financial literacy, affordable mobile data, and digital payments that are easing investments.

Arunachal Pradesh, for instance, saw its base of unique registered investors—each counted only once—expand nearly from 11 times to 70,000 between March 2020 and December 2025, according to data from the National Stock Exchange (NSE). Nagaland posted a similar surge, with investor numbers rising nine times to 70,000, while Meghalaya recorded a 7.5-fold jump to 90,000.

Number of registered unique investors

	As of 30 Dec 2025 (in '000)	Y-o-y growth (%)	Growth^ (times) since Mar 2020
Jammu & Kashmir	730	18.9	6.5
Tripura	210	19.6	8.8
Manipur	150	21.2	8.3
Meghalaya	90	26.8	7.5
Nagaland	70	25.4	8.8
Arunachal Pradesh	70	26.9	11.7
Ladakh	10	113.1	-
Lakshadweep	3	32.9	-
India	125,000	14.0	4.0

Note: *Compared with 31 Dec 2024. ^The numbers are approximate since only rounded-off data was available. The growth could not be reliably computed for Ladakh and Lakshadweep due to a tiny base.
Source: National Stock Exchange • [Get the data](#)



Simply put, the majority of these investors joined in the past five years, with Arunachal Pradesh, Nagaland, and Meghalaya adding 54,000, 62,000 and 78,000, respectively.

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While the growth came on a low base, it mirrors the trend of new investors piling into Indian equities.

By comparison, the investing stronghold of Maharashtra saw the count grow about 3.3 times, to nearly 19.8 million by December 2025 during the period. Uttar Pradesh saw a sixfold jump to nearly 14.5 million, while Gujarat recorded a nearly threefold rise to around 10.8 million.

Conscious financial literacy initiatives by regulators, exchanges, and intermediaries delivered in regional languages have enhanced product understanding and risk awareness, said Mehul Koradia, head of business development, Mirae Asset ShareKhan. High-speed internet, affordable smartphones, and Unified Payments Interface (UPI) have enabled seamless transactions, while Aadhaar-based online know-your-customer (e-KYC) compliance and DIY account opening journeys have made onboarding frictionless, Koradia said.

In 2025 too, smaller states and Union territories such as Arunachal Pradesh, Tripura, Manipur, Jammu & Kashmir, Ladakh, and Lakshadweep attracted new investors at a faster pace than

those that have traditionally dominated participation in India's capital markets.

Mutual funds assets under management as of Oct 2025

(₹ crore)

Jammu & Kashmir	11,502
Meghalaya	5,569
Tripura	3,290
Nagaland	2,508
Arunachal Pradesh	2,299
Manipur	1,737
Ladakh	48
Lakshadweep	31

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Meghalaya and Arunachal showed a growth of nearly 27% over the previous year in 2025, while the number of unique investors rose about 20% for Tripura and around 21% for Manipur. Jammu & Kashmir recorded a growth of nearly 19% over 2024.

The total unique investor count rose about 14.5% to 125 million in 2025, the NSE data showed.

The pace of growth was slower and below the national average for Maharashtra (10.2%) and Gujarat (11.4%) in 2025.

According to Tuhin Kanta Pandey, chairman of the Securities and Exchange Board of India (Sebi), nearly one lakh new demat accounts are opened every day.

“This growth is no longer limited to metropolitan centres but is increasingly coming from tier-2 and tier-3 towns, young professionals, the self-employed, senior citizens, and a growing number of women investors,” he said while speaking during an investor awareness seminar on 29 November in Puducherry.

IPO surge draws investors

Meanwhile, among large states, Uttar Pradesh, Bihar and Andhra Pradesh outperformed the national average in 2025. The Union territories of Ladakh and Lakshadweep saw the fastest addition of unique investors last year, but on a nearly zero base.

One of the reasons behind the surge in new investors in 2025 was initial public offerings (IPOs) by some of India's most recognizable brands. According Primedatabase.com, funds raised via IPOs reached a record ₹1.77 trillion, surpassing the 2024 high of ₹1.73 trillion.

"A key catalyst was the primary market cycle, including widely recognised names such as Tata Capital, Meesho, Lenskart, LG Electronics, PhysicsWallah and ICICI Prudential—where familiar brands significantly lowered entry barriers for first-time investors across smaller towns," said Ankit Mandholia, head equity and derivatives, wealth management at Motilal Oswal Financial Services.

Cash market vs F&O

The growth in new **investors** from some of these states comes even as the active investor count has fallen from the post-pandemic highs amid global uncertainty and the Sebi's crackdown against retail trading in the futures and options (F&O) markets.

While state-wise data for individual investors is not available, the number of investors pan-India who traded in the cash segment at least once a year fell 8% in 2025. But those trading in the equity derivatives segment fell 25%, showed NSE data, indicating that new investors are participating in the cash market.

Across regions, the entry pattern is consistent: the vast majority of new investors begin in cash equities and **IPOs**, while F&O participation remains a relatively small fraction, said Arief Mohamad, chief business officer-direct business, Angel One. In emerging states and beyond 30 major locations, participation is clearly building up from a low base, with rising retail flows into equities and early signs of (systematic investment plan) SIP adoption, Mohamad said.

UP adds more investors than Maharashtra

In absolute terms, Uttar Pradesh topped the list in 2025 with 2.2 million new unique investors and a 13.8% share in total new registrations, ahead of Maharashtra's 1.8 million.

According to Mandholia of Motilal Oswal, this is structurally driven by Noida and the National Capital Region (NCR) spillover, where income visibility and financial awareness are higher.

Uttar Pradesh has a very large working-age population with over 60% of its residents in the 20–40 age bracket and a steadily rising labour force, said Mohamad of Angel One. "Over the past

few years, the state has also seen strong growth in internet and mobile data connectivity, with internet subscribers and coverage expanding across both urban and rural districts, leading to increased participation.”

To be sure, only 18% of investors are from metropolitan cities, compared with 31% from tier-1 cities and 50% from tier-2 and smaller towns, according to a report by Bain & Co. and Groww.

Meanwhile, the smaller states have also seen their share in mutual fund assets rise gradually.

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Mutual fund distributors (MFDs) and registered investment advisers (RIAs) accounted for about 50% of inflows from tier-2 and smaller cities, with RIAs gaining a 7-8 percentage point increase in importance over the past two years due to digital access, said the Bain-Groww report. With an increasing number of MDFs joining from tier-2 and smaller cities, their count increased by 30,000 in FY25 compared with an addition of 8,000 in FY20.

Sebi has now proposed a new incentive framework to expand mutual fund participation beyond the top 30 cities and among women. Under the plan, asset management companies can pay distributors up to ₹2,000 in additional commission for onboarding new individual investors from non-top 30 locations and women investors, Sebi said.



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