

Changing Risk Appetite of Indian Retail and HNI Investors: Evidence from SIP Flows and Product Shifts (Post-2024)

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Abstract:

The Indian financial ecosystem is currently traversing a transformative phase, characterized by the aggressive financialization of household savings and a fundamental recalibration of investor risk appetite in the post-2024 landscape. This research report examines the structural shifts in the investment behavior of retail and High Net Worth Individual (HNI) investors, utilizing empirical evidence from Systematic Investment Plan (SIP) flows, the emergence of Specialized Investment Funds (SIFs), and a broader migration from traditional physical assets to market-linked instruments (Bain & Company & Groww, 2025; Knight Frank, 2025). Despite global macroeconomic volatility, inflationary pressures, and a transition in the domestic interest rate cycle, Indian retail participation has demonstrated unprecedented resilience, with monthly SIP inflows reaching record highs of nearly ₹30,000 crore by late 2025 (AMFI, 2025; Khanna, 2025). This study identifies a dual-track evolution: a maturing "disciplined" retail segment driven by long-term wealth creation goals, and a sophisticated HNI segment seeking non-market-linked alpha through Alternative Investment Funds (AIFs) and private market opportunities (Alchemy Capital, 2025; IQ-EQ, 2025). Furthermore, the introduction of the "New Asset Class" or SIFs with a ₹10 lakh ticket size is analyzed as a pivotal regulatory intervention designed to bridge the gap between retail mutual funds and high-end Portfolio Management Services (PMS) (Equirus Wealth, 2025; Ventura Securities, 2025). The report synthesizes data from the Association of Mutual Funds in India (AMFI), the Securities and Exchange Board of India (SEBI), and various wealth reports to conclude that while psychological risk aversion remains prevalent, actual capital allocation indicates a permanent structural shift toward equity and alternative assets (SEBI, 2025; Bain & Company & Grow, 2025).

Keywords — Systematic Investment Plan (SIP), High Net Worth Individuals (HNI), Specialized Investment Funds (SIF), Risk Appetite, Financialization of Savings, Behavioral Finance, Alternative Investment Funds (AIF), Indian Capital Markets.

I. RESEARCH PROBLEM

The central challenge in the contemporary Indian investment landscape lies in the widening divergence between stated risk preferences and actual market participation behaviors. While the SEBI Investor Survey 2025 reveals that approximately 79.7% of Indian households identify

as "low risk," preferring capital preservation, there is a contradictory surge in participation in high-volatility segments such as small-cap and mid-cap mutual funds and complex derivatives (SEBI, 2025; Chavhan & Waiker, 2025; AMFI, 2025). Furthermore, there exists a profound "awareness-participation gap" where 63% of households are aware of securities products, yet only 9.5% are active

investors (SEBI, 2025). This suggests deep-seated barriers related to trust, complexity, and knowledge that coexist with record-breaking SIP flows. Additionally, the pre-2025 regulatory framework lacked a structured product for the "mass affluent" segment those with investable surpluses between ₹10 lakh and ₹50 lakh often driving them toward unauthorized, high-risk "gray market" schemes (Equirus Wealth, 2025; IAS Gyan, 2025; Tata Mutual Fund, 2025). The research problem thus encompasses identifying the drivers of this behavioral transition, evaluating the efficacy of new regulatory product categories, and understanding how fiscal changes in capital gains taxation are reshaping the holding periods and risk-taking capacity of the post-2024 investor (Bajaj Finserv, 2024; Axis Bank, 2024).

II. RESEARCH OBJECTIVE

The primary objective of this research is to analyze the shifting risk appetite and product preferences of Indian retail and HNI investors within the context of the post-2024 market environment. The report seeks to:

Evaluate the structural resilience of SIP flows during periods of market volatility and interest rate adjustments, identifying the factors that contribute to the "stickiness" of retail capital (Value Research, 2025).

Assess the demographic and geographic evolution of the Indian investor base, specifically focusing on the rise of Gen Z investors and the expansion of market penetration in Beyond-30 (B30) cities (Bain & Company & Groww, 2025; AMFI, 2025).

Investigate the role of Specialized Investment Funds (SIFs) in providing a regulated alternative for sophisticated investors and their potential to disrupt the unauthorized PMS market (Equirus Wealth, 2025; Tata Mutual Fund, 2025).

Analyze HNI asset allocation shifts toward Alternative Investment Funds (AIFs), private credit, and secondaries as a response to global uncertainty and the search for differentiated returns (Unlisted Intel, 2025; IQ-EQ, 2025; PMS AIF World, 2025).

Determine the impact of regulatory interventions (SEBI) and monetary policy shifts (RBI) on investor

sentiment and long-term participation patterns (Kotak Securities, 2025; Shriram Finance, 2025).

III. RESEARCH METHODOLOGY

This report utilizes a descriptive and analytical research methodology, relying on a comprehensive synthesis of high-frequency industry data, regulatory reports, and academic research snippets provided for the 2024-2025 period. The primary datasets include AMFI's monthly and annual industry updates, which provide quantitative metrics on AUM, SIP contributions, and folio growth (AMFI, 2025). Behavioral insights are drawn from the SEBI Investor Survey 2025, which provides a statistically significant sample of over 90,000 households across 400 cities and 1,000 villages (SEBI, 2025).

The analysis employs a multi-disciplinary approach, combining econometric observations with behavioral finance theories such as Prospect Theory and the Disposition Effect to explain investor anomalies (Saini & Singh, 2024; Sharma, 2025). Data on HNI wealth trends is sourced from the Knight Frank Wealth Report 2025 and Bain & Company's "How India Invests 2025" report, allowing for a comparative analysis of Indian trends against global benchmarks (Bain & Company & Groww, 2025; Knight Frank, 2025). The report integrates the "second order" implications of fiscal changes (e.g., capital gains tax hikes) and monetary shifts (RBI repo rate cuts) to provide a nuanced understanding of causal relationships in the market (Bajaj Finserv, 2024; Shriram Finance, 2025).

IV. LITERATURE REVIEW

The academic and professional literature surrounding Indian investor behavior has undergone a paradigm shift. Historically, the Indian retail investor was viewed through the lens of extreme risk aversion, with a heavy cultural preference for "safe" assets like physical gold, real estate, and fixed deposits (Bain & Company & Groww, 2025; Sharma, 2025; Sharma, 2024). However, the post-pandemic period, followed by the robust economic growth of 2024-2025, has catalyzed a movement toward "equitization" (Robeco, 2025).

A. Behavioral Finance and the Indian Retail Investor

Recent academic research highlights that despite increasing sophistication, Indian retail investors remain susceptible to cognitive biases. Behavioral finance experts argue that while investors believe they are rational, emotions like fear, greed, and euphoria often dominate (Saini & Singh, 2024). Overconfidence bias is particularly prevalent among young, digitally-native investors who rely on social media tips and "fin-influencers," leading to excessive trading and inadequate diversification (Saini & Singh, 2024; S. Singh, 2025).

Herd behavior has also been identified as a driving force behind the mass participation in certain IPOs and thematic sectors. Investors often jump into the market during rallies out of a Fear of Missing Out (FOMO) and exit in panic during corrections (Saini & Singh, 2024; Sharma, 2024). This is complemented by the "Disposition Effect," where investors sell winning stocks too early to "lock in" small gains but hold onto losing positions for too long in the hope of a recovery (Sohini Gupta, 2025; Saini & Singh, 2024).

B. The Evolution of the "SIP Habit"

A significant body of recent literature explores the concept of the "SIP Habit" as a structural stabilizer. Unlike tactical investors who exit during volatility, the Systematic Investment Plan (SIP) has institutionalized a form of disciplined investing that bypasses emotional decision-making (Value Research, 2025). Studies suggest that SIPs have become a "financial utility," treated similarly to a monthly EMI, which has resulted in the "stickiness" of retail flows even during prolonged bear trends (Value Research, 2025; S. Singh, 2025). This maturity is seen as a major evolutionary step in the Indian capital markets, providing a domestic counterbalance to the volatility of Foreign Portfolio Investment (FPI) flows (AMFI, 2025; Kotak Securities, 2025).

C. HNI Diversification and Global Benchmarking

For the HNI and Ultra-HNI segments, the literature indicates a shift toward "intelligent diversification." Traditionally, Indian HNIs were over-exposed to physical real estate and domestic equities. In the post-2024 era, there is a clear trend

toward aligning with global family office standards, where 40-50% of portfolios are allocated to alternative assets like private equity, venture capital, and private credit (Unlisted Intel, 2025; IQ-EQ, 2025). This shift is driven by the need for non-market-linked returns and sophisticated risk-management tools like "secondaries," which provide liquidity in otherwise illiquid private markets (Unlisted Intel, 2025).

V. HYPOTHESIS

This research is guided by the following hypotheses:

H1: The post-2024 surge in SIP flows is not merely a cyclical bull-market phenomenon but a structural shift in household savings toward financial assets, making these flows resilient to interest rate changes and market volatility.

H2: The introduction of Specialized Investment Funds (SIFs) with a ₹10 lakh ticket size will significantly capture the "mass affluent" segment, thereby reducing the influence of unregulated investment schemes and improving the overall risk-adjusted returns for this demographic.

H3: High Net Worth Individuals (HNIs) are undergoing a "sophistication transition," where the primary investment objective is shifting from pure return-seeking to "capital preservation" and "volatility dampening" through Alternative Investment Funds (AIFs).

H4: Recent fiscal changes in capital gains taxation (STCG at 20%) will lead to a reduction in short-term speculative trading among retail investors, thereby encouraging a migration toward long-term mutual fund holdings.

D. The Structural Re-alignment of Indian Household Wealth

The period following 2024 has witnessed what many economists call the "Great Financialization" of the Indian household. By the end of FY25, total household wealth reached an estimated ₹1,300 to ₹1,400 lakh crore, marking a 13% increase over the preceding five years (Bain & Company & Groww, 2025). This growth is accompanied by a profound shift in asset allocation away from traditional savings and toward market-linked instruments.

E. The Migration from Deposits to Equities

Historically, bank deposits and gold formed the bedrock of Indian wealth. However, the "How India Invests 2025" report notes that mutual funds and direct equities have emerged as the fastest-growing asset classes, significantly outpacing the growth of traditional deposits over the last five years (Bain & Company & Groww, 2025). While equity and mutual fund allocations in India currently stand at 15-20% of household investable assets—compared to 50-60% in mature markets like the United States the rate of growth indicates a rapidly narrowing gap (Bain & Company & Groww, 2025).

TABLE I

Asset Class	FY25 Value (₹ Lakh Crore)	10-Year Outlook (₹ Lakh Crore)
Individual Mutual Fund AUM	41.0	>300.0
Individual Direct Equity Holdings	42.0	~250.0
Total Household Wealth	1,300 - 1,400	~2,500.0

Data synthesized from Bain & Company & Groww (2025).

The mechanism of this shift is multifaceted. Regulatory support, the adoption of digital public infrastructure, and the proliferation of user-friendly platforms like Zerodha and Groww have removed traditional barriers to entry (Bain & Company & Groww, 2025; Groww, 2025). Digital platforms now account for approximately 80% of direct equity investors and 35% of mutual fund investors, highlighting the role of a "digitally native" demographic in driving this change (Bain & Company & Groww, 2025).

F. Demographic Shifts and Geographic Expansion

The Indian investor base is no longer a monolithic block of urban, older professionals. A defining characteristic of the post-2024 landscape is the surge of Gen Z investors. The share of NSE-registered investors under the age of 30 has increased from 25% in FY20 to approximately 40% in FY25 (Bain & Company & Groww, 2025). This younger cohort is tech-savvy, more prone to digital financial content (YouTube/Instagram), and exhibits a higher

tolerance for initial market volatility, though they tend to be more "reactive" during short-term corrections (Bain & Company & Groww, 2025).

Geographically, the "democratization" of the market is evident in the rise of Beyond-30 (B30) cities. Regions like Lucknow, Patna, Indore, and Coimbatore are now contributing 50-60% of new SIP registrations (Bain & Company & Groww, 2025). AMFI data shows that SIP AUM from B30 cities has grown by 3.5x in absolute terms since 2019, now accounting for 18% of the industry's total AUM (Groww, 2025). This expansion is critical as it provides a diversified domestic capital pool that is less sensitive to the specific economic shocks of major metros.

G. The SIP Phenomenon: Resilience Amidst Volatility

Systematic Investment Plans (SIPs) have become the most significant behavioral anchor in the Indian financial system. By November 2025, monthly SIP inflows hit a historic milestone of ₹29,445 crore to ₹29,911 crore (Khanna, 2025; AMFI, 2025). The total SIP AUM reached ₹16.53 lakh crore, representing over one-fifth of the entire mutual fund industry's AUM (Khanna, 2025; AMFI, 2025).

H. Institutionalizing Discipline

The growth of SIPs is not just a numerical increase but a qualitative change in how Indians save. Value Research analysis indicates that SIPs have transitioned from a tactical habit to a structural force (Value Research, 2025). Investors now treat their SIP contributions as a fixed monthly obligation, similar to a utility bill or an EMI, rather than a discretionary investment (Value Research, 2025). This "automation" of discipline has effectively removed the burden of "market timing" from the retail investor's shoulders.

The resilience of these flows was tested in 2025 during periods of heightened global rate anxiety and market corrections. While the markets saw fluctuations, SIP inflows remained remarkably stable, with the discontinuation rate staying low. In February and March 2025, despite market declines, SIP inflows dipped by only 1.5% and 0.3% respectively (Value Research, 2025). This suggests that the average SIP investor now understands that

market corrections are opportunities to accumulate more units at lower purchase prices—a concept known as "Rupee Cost Averaging" (Value Research, 2025).

TABLE III

Data sourced from AMFI (2025) and Khanna (2025).

I. Mathematical Efficacy of Systematic Flows

The mathematical advantage of SIPs in a volatile market like 2025 can be expressed through the relationship between Net Asset Value (NAV) and units accumulated. When the NAV falls, the fixed monthly investment buys more units :

This mechanism ensures that the "average cost of acquisition" for long-term SIP holders remains significantly lower than the market peaks, providing a safety net against temporary drawdowns (Value Research, 2025). This understanding has led to the "stickiness" of capital, as investors focus more on their long-term goal timelines (10-20 years) than on short-term index-level noise (Value Research, 2025).

Period	Monthly SIP Contribution (₹ Crore)	Contributing SIP Accounts (Crore)
FY22	10,000	5.00
FY24	19,900	6.38
FY25 (Nov)	29,445	9.42

J. Specialized Investment Funds (SIF): Bridging the Sophistication Gap

A landmark regulatory shift occurred on April 1, 2025, when SEBI introduced a new product category known as Specialized Investment Funds (SIFs) (Equirus Wealth, 2025; Ventura Securities, 2025; Tata Mutual Fund, 2025). This category was specifically designed to fill the "missing middle" in the Indian investment pyramid.

K. Addressing the Mass Affluent Segment

Before the introduction of SIFs, the Indian market had a clear stratification:

Retail: Mutual funds with entry points as low as ₹100 (Equirus Wealth, 2025; Ventura Securities, 2025).

HNI/Institutional: Portfolio Management Services (PMS) and AIFs with minimum tickets of ₹50 lakh and ₹1 crore respectively (Equirus Wealth, 2025; Ventura Securities, 2025).

This left a segment of "sophisticated" investors with ₹10 lakh to ₹50 lakh in investable surplus without a regulated, strategy-driven product. This gap was often exploited by unregistered PMS providers who promised "unrealistic high returns" (Equirus Wealth, 2025; IAS Gyan, 2025; Tata Mutual Fund, 2025). SIFs were introduced to provide a regulated and structured investment vehicle for these investors, requiring a minimum ticket size of ₹10 lakh (Equirus Wealth, 2025; Ventura Securities, 2025).

Differentiated Strategies and Flexibility

SIFs allow fund managers to deploy advanced investment strategies that are restricted in traditional mutual funds. These include:

Long-Short Equity: Taking both long and short positions to capitalize on market trends while hedging downside risk (Equirus Wealth, 2025; Tata Mutual Fund, 2025).

Inverse ETFs: Generating returns that are negatively correlated with an underlying index to profit from market declines (Equirus Wealth, 2025; IAS Gyan, 2025).

Unhedged Derivatives: SIFs are permitted to take unhedged derivative exposure up to 25% of AUM for purposes beyond simple hedging (Equirus Wealth, 2025; Choice India, 2025).

Higher Issuer Concentration: SIFs can invest up to 20% in the debt of a single issuer (compared to 10% for MFs) and have higher limits for equity securities, providing for more conviction-based portfolios (Equirus Wealth, 2025; Choice India, 2025).

TABLE IIIII

Investment Strategy	Core Focus	Risk-Taking Capability
Equity Long Short	Min 80% Equity; unhedged short up to 25%	Moderate-High
Equity Ex-Top 100	Stocks outside the top 100 by market cap	High
Debt Long Short	Various debt instruments; unhedged short via derivatives	Moderate

Hybrid Long Short	Dynamic allocation between equity and debt	Moderate
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Data synthesized from Choice India (2025) and Equirus Wealth (2025).

The introduction of SIFs has had an immediate impact on the market. By November 2025, SIF assets rose to ₹2,932 crore, a 45.8% month-on-month increase (Khanna, 2025). Major AMC's like Quant, Edelweiss, and Mirae Asset have been early adopters, launching SIF platforms to cater to this emerging category of sophisticated investors (Ventura Securities, 2025; Business Today, 2025).

L. HNI and Ultra-HNI Shifts: The Pursuit of Alternative Alpha

While retail investors are focused on the "equity cult," Indian High Net Worth Individuals (HNIs) are undergoing a structural shift toward alternatives. According to the Knight Frank Wealth Report 2025, the number of Indian HNWI's increased by 6% in 2024 to over 85,000 and is expected to reach 93,753 by 2028 (CXO Today, 2025).

M. Transition from Traditional to Alternative Assets

The "traditional formula" of equities, bonds, gold, and real estate is being replaced by a more sophisticated strategy that blends public and private markets (Unlisted Intel, 2025). Indian HNIs are increasingly aligning with global peers, who typically allocate nearly half of their portfolios to alternatives (Unlisted Intel, 2025; PMS AIF World, 2025).

The primary drivers for this shift are:

Low Debt Yields: Traditional fixed-income instruments no longer reliably deliver inflation-beating returns (Unlisted Intel, 2025).

Public Market Volatility: High-frequency volatility in public equities has highlighted the need for assets with lower correlation to traditional indices (Unlisted Intel, 2025).

Private Market Value Capture: HNIs recognize that significant value creation is happening in private markets (startups, pre-IPO) before companies list on the exchanges (Unlisted Intel, 2025; Robeco, 2025).

Key Alternative Avenues for 2025

Alternative Investment Funds (AIFs) have become the backbone of this diversification. Total commitments to AIFs surged to ₹14.2 trillion by

June 2025 (IQ-EQ, 2025; PMS AIF World, 2025). Within this ecosystem, several niche categories have gained traction:

Private Credit: Lending to special-situation or stressed businesses, offering superior yields compared to traditional bonds (Unlisted Intel, 2025).

Secondaries: Buying existing stakes in AIFs from other investors, which allows for early liquidity and discounted entry into de-risked assets (Unlisted Intel, 2025).

Real Estate & Infrastructure: Moving from physical land ownership to structured plays through AIFs that invest in Grade A commercial properties and warehousing (Unlisted Intel, 2025; IQ-EQ, 2025).

Market-Linked Debentures (MLDs): Structured products that combine capital protection with the potential for higher returns linked to market indices (Unlisted Intel, 2025; PMS AIF World, 2025).

TABLE IVV

Asset Class Allocation	Traditional HNI (Pre-2024)	Modern HNI (2025 Outlook)
Direct Equity & MFs	60%	40%
Fixed Deposits & Bonds	20%	10%
Real Estate (Physical)	15%	10%
Alternatives (AIF/PE/Credit)	5%	30%
Gold & Others	0%	10%

Data synthesized from IQ-EQ (2025) and Unlisted Intel (2025).

A significant trend noted in 2025 is the integration of Environmental, Social, and Governance (ESG) factors into HNI portfolios. With a generational wealth transfer occurring, younger heirs are increasingly prioritizing "sustainable investing" and governance standards as a means of ensuring long-term earnings durability and wealth preservation (Livemint, 2025).

N. Regulatory and Macroeconomic Catalysts

The investor behavior of 2024-2025 cannot be divorced from the broader macroeconomic

environment and the calibrated actions of regulators like SEBI and the RBI.

The RBI Easing Cycle

After holding the repo rate steady at 6.50% throughout 2023-2024 to control inflation, the Reserve Bank of India (RBI) transitioned to an accommodative stance in early 2025 (Shriram Finance, 2025). The central bank lowered the repo rate in four steps: from 6.50% to 6.25% (Feb 2025), to 6.00% (April 2025), to 5.50% (June 2025), and finally to 5.25% in December 2025 (Shriram Finance, 2025; Reserve Bank of India, 2025).

This lowering of rates has had a "pro-risk" effect on the market:

- 1. **Lower Borrowing Costs:** Reducing EMIs and corporate debt service costs, which supports consumption and earnings growth (Shriram Finance, 2025).
- 2. **Hunt for Yield:** As fixed deposit rates fall, the "real return" on traditional savings decreases, nudging even conservative investors toward hybrid and equity mutual funds (AMFI, 2025; Shriram Finance, 2025).
- 3. **Debt Fund Inflows:** The anticipation and realization of rate cuts led to a rebound in debt fund inflows (₹1.38 lakh crore in FY25), as investors sought capital gains from falling bond yields (AMFI, 2025).

SEBI and the Protection of the Retail Investor

SEBI has been active in curbing speculative excesses while enabling safer participation. In FY25, the regulator released a study showing that 91% of retail traders lost money in equity derivatives, with aggregate losses surging to ₹1.05 lakh crore (Kotak Securities, 2025). In response, SEBI introduced a series of "Investor Protection" measures in November 2024, including recalibrated contract sizes, reduced weekly expiries, and higher margin requirements for futures and options (F&O) (Kotak Securities, 2025; EY India, 2025).

Simultaneously, SEBI has pushed for greater transparency in the mutual fund sector. In December 2025, it revamped the "Expense Ratio Framework," introducing the "Base Expense Ratio" (BER) to separate statutory and regulatory levies from management fees (Kaul, 2025). While this didn't

necessarily cut the total bill for all investors, it significantly improved clarity regarding what investors are paying for (Kaul, 2025).

O. The Impact of Capital Gains Tax Reforms

The Union Budget 2024-25 introduced pivotal changes to the capital gains tax structure. Short-Term Capital Gains (STCG) on equity-oriented assets were hiked from 15% to 20%, while Long-Term Capital Gains (LTCG) were increased from 10% to 12.5% (Bajaj Finserv, 2024; Axis Bank, 2024; SS Auditors, 2025). To balance this, the annual LTCG exemption limit was raised from ₹1 lakh to ₹1.25 lakh (Bajaj Finserv, 2024; SS Auditors, 2025).

The "second order" effect of this reform has been to incentivize long-term holding. With STCG at 20% and LTCG at 12.5%, the "tax cost of churn" has increased significantly. For a retail investor, the relative attractiveness of staying invested for more than 12 months has grown, aligning with the goal of institutionalizing a long-term investment culture (Bajaj Finserv, 2024; Axis Bank, 2024; Sinhasi, 2024).

TABLE V

Tax Category	Rate (pre-2024)	Rate (post-2024)	Strategic implication
STCG (Equities)	15%	20%	Discourages intra-year profit booking
LTCG (Equities)	10%	12.5%	Slightly higher tax on long-term alpha
LTCG Exemption	₹1.00 Lakh	₹1.25 Lakh	Relief for small, diversified investors
Gold/Debt Funds	~20% (w/ index)	12.5% (no index)	Simplification across asset classes

Data sourced from Bajaj Finserv (2024), Axis Bank (2024), and Sinhasi (2024).

P. Behavioural Realities: Risk Perception vs. Actual Allocation

A fundamental contradiction remains at the heart of the Indian investment story: the gap between perceived risk appetite and actual market exposure.

The Paradox of the "Safe" Investor

The SEBI Investor Survey 2025 found that nearly 80% of Indian households prefer "Safety Over Risk,"

focusing on capital preservation rather than high returns (SEBI, 2025). However, the same period saw "Smallcap Mutual Funds" receive a 27% jump in monthly inflows despite a 3% correction in the index, suggesting that investors are willing to tolerate high volatility in specific buckets (Khanna, 2025).

This can be explained through "Mental Accounting," where investors treat different pools of money differently. A household may keep their core savings in "safe" fixed deposits but allocate their "growth" money to high-risk equity funds (Sharma, 2024). In the Indian context, "Loss Aversion" also plays a role; investors feel the pain of a loss twice as much as the joy of a gain, which often leads them to stop SIPs prematurely during high-volatility months like September 2025 (Khanna, 2025; Sohini Gupta, 2025; Sharma, 2025).

The Education and Trust Barrier

The survey also highlighted that the primary reasons people don't invest are complexity (74%) and fear of losses (73%) (SEBI, 2025). Many households still contact the police first when they have an investment grievance, showing a lack of awareness regarding formal regulatory routes like SCORES 2.0 (SEBI, 2025).

However, there is a clear "Intent to Start." About 22% of aware non-investors expressed an intention to start investing within a year (SEBI, 2025). This represents a massive untapped market of approximately 47 million households that could enter the securities market with the right combination of "simple digital platforms," "regional language education," and "trust-building" measures (SEBI, 2025).

VI. FUTURE SCOPE OF RESEARCH

The structural changes of 2024-2025 have opened several new avenues for empirical study:

- **Long-term Efficacy of SIFs:** Once the Specialized Investment Fund category has a three-year track record, researchers should evaluate if these funds have successfully provided "downside protection" during bear markets compared to traditional long-only mutual funds.
- **The B30 Investor Lifecycle:** A longitudinal study tracking the behavior of first-time

investors from Tier-3 cities through a full market cycle (5-7 years) would provide critical insights into the permanence of the equity culture.

- **AI and Algorithmic Trading for Retail:** With SEBI proposing frameworks for retail access to algo-trading, research is needed to determine if these tools reduce the "behavioral biases" of retail investors or exacerbate speculative excesses (EY India, 2025; Kotak Securities, 2025).
- **The Impact of T+0 Settlement:** The optional T+0 settlement cycle, scheduled for 2025, will change the liquidity dynamics of the cash segment. Future research should examine if this increases the "velocity of capital" among retail investors or leads to higher transactional churn (EY India, 2025).
- **HNI Secondaries Market Growth:** As the private market matures, the role of the "secondaries" market in providing liquidity to HNIs will be a crucial area of research, particularly its impact on the valuation of late-stage startups.

VII. CONCLUSION

The evolution of risk appetite among Indian investors post-2024 is a story of "disciplined maturity" coexisting with "psychological caution." The structural resilience of SIP flows now nearing a consistent ₹30,000 crore monthly inflow—has effectively institutionalized retail capital as the primary shock absorber for the Indian equity markets (Khanna, 2025; Value Research, 2025). This domestic liquidity has provided a vital counterbalance to the volatile actions of global institutional investors, marking a coming-of-age for the Indian financial system (AMFI, 2025; EY India, 2025).

The emergence of Specialized Investment Funds (SIFs) as a bridge between mutual funds and PMS is perhaps the most significant product innovation of the decade. By offering sophisticated, strategy-driven products at a ₹10 lakh entry point, the regulator has successfully recognized the needs of the "mass affluent" class while curbing the risks of unauthorized investment schemes (Equirus Wealth,

2025; Tata Mutual Fund, 2025). For the HNI segment, the migration toward alternatives and private credit signals an alignment with global wealth management standards, prioritizing "intelligent diversification" and capital preservation across market cycles (Unlisted Intel, 2025; IQ-EQ, 2025).

Despite these gains, the "awareness-participation gap" remains the industry's greatest challenge and its greatest opportunity. With only 9.5% of households currently active in the securities market, the potential for growth remains immense (SEBI, 2025). As India marches toward becoming a \$5 trillion economy, the continued focus on "investor education," "digital transparency," and "regulatory protection" will be essential in converting the "low-risk" psychological profile of the Indian household into a "well-diversified" long-term wealth creation machine. The post-2024 era has proved that the Indian investor is no longer just a bystander but the very engine of the nation's financial future.

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