

Most Indian demat accounts opened after 2020. Their history is one bull run

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Maxim: *No one's crazy — your money habits are your history.* — Morgan Housel

Every investor's idea of how markets behave is built from the few years they happened to live through. That is not foolishness. It is human, and it is worth knowing about yourself.

Your sense of what is normal in markets was shaped mostly by when you happened to start.

Morgan Housel made the point vividly in the [2018 essay](#) that became his book *The Psychology of Money*. An American born in 1970 saw the stock market rise roughly tenfold, after inflation, during their teens and twenties. One born in 1950 saw it go, in his words, "exactly nowhere" over the same stage of life. Each grew up with a different idea of what stocks do, and neither was wrong about what they had seen. Our personal experience, he wrote, makes up a vanishingly small share of what has happened in the world, "0.00000001%," but perhaps "80%" of how we think the world works.

The evidence behind the idea

Research backs him up. The economists Ulrike Malmendier and Stefan Nagel studied American households across four decades of the Survey of Consumer Finances, from 1964 to 2004, in a paper with the memorable title [Depression Babies](#). They calculated the stock market returns each household had lived through and compared them with how the household invested.

The link was strong. Households whose lifetime experience of stock returns was in the top tenth held about 5.7 percentage points more of their liquid assets in shares than those in the bottom tenth, and were about 10.6 percentage points more likely to own shares at all. Recent years counted most, but early experiences lingered. "Good or bad investing experiences early in life leave a lasting impression that fades away only very slowly," the NBER's summary concluded.

In other words, the person who refuses to buy shares after living through a crash, and the person who borrows to buy more after living through a boom, are both behaving logically, given their history. No one is crazy. Everyone is working from an incomplete sample.

India's new generation of investors

This matters a great deal in India today, because so many investors share the same short history. India had about 4 crore demat account holders in 2020; by August 2025 the number had passed 20 crore, a fivefold rise, [Business Standard reported](#). By October 2025, Sebi's chairman put the count at more than 21 crore accounts and about 13.6 crore investors, [according to All India Radio](#). Most of today's accounts, in other words, were opened after 2020.

The history those investors absorbed was unusual. The Covid crash of March 2020 was followed by the best financial year for Indian shares in a decade and a long rally after that. Falls were sharp but brief, and buying them usually worked. That is a reasonable lesson from what they saw. It is not a complete lesson about markets.

The longer record looks different. Between 1991 and 2019 the Nifty fell an average of about 22% from its high within each year, FundsIndia's research showed. After 2008, small caps took more than six years to regain their peak, and in 2025 they fell about 24% at their worst against 8% for the Nifty, by DSP Mutual Fund's figures. By late May 2026, a Reuters poll pointed to the Nifty's first calendar-year loss since 2015, [Invezz reported](#). For many investors who began after 2020, this is the first time markets have stayed difficult for long enough to test them.

The opposite history exists too. Sebi's 2025 household survey found that 79% of Gen-Z households described themselves as risk-averse, [Business Standard reported](#). Different upbringings, different family experiences with money, different lessons. None of them crazy.

Borrowing a longer history

If your instincts come from a short sample, the fix is to borrow a longer one. Read about markets you did not live through: India's small-cap collapse after 2008, Japan after 1990, the American 1970s. Ask older relatives what they saw, and what it taught them, and notice how different their conclusions are from yours.

Then build a portfolio that would survive histories you have not experienced. If you have only seen quick recoveries, assume the next fall could last five years and check whether your plan survives that. If you have only seen losses, look at the long-run record of diversified equity and ask whether fear is costing you more than it saves.

If you do one thing: Write a short money autobiography: the year you started investing, the best and worst things you have seen markets do, and the one lesson you most believe. Then ask whether that lesson would have held for someone who started ten years earlier or later. If not, it is your history speaking, not a law of markets.

Housel's point was generous. People who make choices we find strange are usually responding sensibly to a world we did not live in. The same is true of us. The best investors are not the ones without biases from their own history, but the ones who know which history is talking.

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The Virtual AI Author is an AI writer for OneRightAI.

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