SEBI

Analysis of Intraday trading by Individuals in Equity Cash Segment

Department of Economic and Policy Analysis

Mumbai, July 2024

Contents

Executive Summary

Recent trends in equity cash segment of Indian securities market indicate sharp rise in participation by individuals. The study finds that the number of individuals trading intraday[1] in equity cash segment has increased from around 15 lakh in FY19 to 69 lakh in FY23 (4.6 times[2]). This surge in participation has been associated with rise in: (i) traders with low turnover (ii) traders who trade less frequently, (iii) young traders, and (iv) traders from Tier-II and Tier-III cities.

The key findings of the study are:

Participation

1. Around 1 in 3 individuals who trade in equity cash segment, trades intraday.

2. Share of young intraday traders (age less than 30 years) has grown to 48% in FY23 as compared to 18% in FY19.

3. Share of 'Very Small' traders (annual intraday turnover less than Rs. 50,000), increased to 56% in FY23 from 27% in FY19.

Proportion of Profit/Loss-makers

4. 7 out of 10 individual intraday traders (71%) in equity cash segment incurred net losses in FY23.

5. Proportion of loss-makers increased further to 80% for traders with very frequent[3] trading activity.

6. The percentage of loss-makers for younger traders (age less than 30 years) was higher (76% in FY23) as compared to other age groups.

7. Even after 3 years of experience[4], 54% of traders were loss-makers in FY23, but this reflected a much lower percentage as compared to overall loss-makers (71%) in FY23.

Trading and Net Profit/Loss

8. Distribution of turnover of individual traders is highly skewed. Bottom 78% traders (by intraday turnover[5]) accounted for less than 1% of the total intraday turnover of all

---

[1] Intraday traders (aka day traders) square off their position by the end of the day.
[2] Based on sample data collected from top 10 brokers. These brokers accounted for around 86% of individuals count in cash segment at NSE during FY23.
[3] Individual traders carrying out more than 500 intraday trades in a year.
[4] Individual traders who traded intraday during FY19, FY22 and FY23.
[5] Aggregate of gross purchase and sale values of intraday trades of all individual traders in year.

individual traders in FY23. On the other hand, top 6% traders accounted for more than 90% of the turnover.

9. During FY23, 76% of individual traders with annual intraday turnover more than Rs. 1 crore were loss-makers.

10. Individual traders with annual turnover of more than Rs. 1 crore incurred an average P/L of (-) Rs. 34,977 during FY23. For such traders' group, the average profit by profit-makers was Rs. 89,172 while the average loss by loss-makers was Rs. 74,575 during FY23.

11. Average number of trades by loss-makers was higher than the profit-makers.

Cost of Trading

12. In FY23, loss-makers exacerbated their trading losses by 57% due to trading costs. Profit makers incurred 19% of their trading profits as trading costs in FY23.

13. Trading costs increased for those who traded very frequently.

The executive summary provides a quick overview of the key findings (given at Section III – 'Summary Findings' of the report, pg. 9-11) emerged from the study. For detailed observations and context of the results, Section IV – 'Detailed Findings' (pg. 12-31) of the report may be referred.

Date: July 2024

Place: Mumbai

Analysis of Intraday trading by Individuals in Equity Cash Segment

I. Objective

The objective of this study is to analyze trading by individuals in intraday cash segment during the study period - FY19, FY22 and FY23. This includes examining trends in participation by the individual traders, annual Profit/Loss incurred by them and analyzing trading patterns of small and large traders on the basis of their turnover, trade size and number of trades. Additionally, the study seeks to highlight changes in demographic profile (age, gender, marital status, location etc.) of individual traders in intraday cash segment over the years. The periods of study have been selected to comparatively analyze the trends before and after Covid-19 outbreak.

II. Data & Methodology

For the purpose of this study, individual client-level data has been collected from top 10 brokers, identified on the basis of individuals' turnover in cash segment in FY23 at NSE. Data from these brokers accounted for around 86% of individuals' count in cash segment at NSE during FY23. Dataset of individuals include HUF and NRIs (excludes institutions, partnership firms, companies etc.). The details of key variables used in the study are as under-

- Period: FY19, FY22, FY23

- Segment: Equity Cash Segment in Indian Securities Market

- Trade Type – Intraday trades

- Securities - listed equity shares and ETFs only

- Demographic details – Age, Gender, Marital Status, Location

- Trade details – Gross Purchase value, Gross Sale value, Number of Trades, Cost of trading

  - Cost of trading includes Brokerage, Exchange fee, SEBI turnover fee, Stamp duty, STT, GST.
  - Number of trades are the count of orders placed by an individual which translated into trades, during a given period.

The study was initiated with the collection of data for all individuals in equity cash segment from the sample brokers, across the three years covered in the study. Post data cleaning and validation checks, datasets received from sample brokers were merged. In

case of individuals trading through multiple brokers, records were aggregated to arrive at year-wise unique set of individuals. From this superset, the subset of all the individuals who traded intraday, was considered for the analysis presented in this study. These individuals may have traded intraday as well as delivery, however, for the purpose of this study, only intraday trades of such traders have been considered for the analysis. The distribution of sample (intraday traders) across the 3 years covered in the study is given at Table 1.

Table 1: Sample data – Individual Intraday Traders in equity cash segment

Year	No. of Individual Intraday Traders (in Lakh)	All Individuals in cash segment (in Lakh)	Percentage share
FY19	14.9	46.6	32%
FY22	78.3	200.3	39%
FY23	68.9	217.7	36%
Total Sample	**162.1**	**464.5**	**35%**

Computation of Profit/Loss (Intraday trades)

$$\textbf{\textit{Trading Profit / Loss}}_p = \sum Sale\ Value\ _p - \sum Purchase\ Value\ _p$$

where, p = Period (Financial year)

Cost of Trading = *{Brokerage + Exchange Fee + SEBI Fee + Stamp Duty +STT+ GST}, applicable for intraday trades during the period*

Net Profit/Loss = *Trading Profit/Loss – Cost of Trading (during the period)*

The findings presented in this study are based on individual trader level annual data w.r.t intraday trades in equity cash segment. Accordingly, the individual trader's Profit/Loss presented in the study is the annual Net Profit/Loss of an individual. Unless otherwise mentioned, Profit/Loss mentioned in this study indicates Net Profit/Loss (Net P/L) of individual traders during a financial year, which has been arrived after adjusting the cost of trading (on account of intraday trades during the year) with their trading profit/loss during a financial year.

In order to analyse the characteristics/patterns of different groups of traders such as small vs large traders (basis their trade attributes viz., annual turnover, number of trades and average trade size), the trade attributes have been divided into 5 groups/categories viz., Very Small, Small, Medium, Large and Very Large. (Table 2).

The thresholds for classifying these attributes into the 5 groups were identified after analysing the distribution of each of these variables across three years covered in the

study. Such thresholds and the percentage of individual traders covered under each group, for all trade based attributes are given in Table 3.

Table 2: Description of Data Field with Sub-Categories

S.No.	Data Fields	Sub- Category
Demographic Attributes		
1	Age	<20, 20-30, 30-40, 40-50, 50-60, >60 (years)
2	Gender	Male, Female
3	Location/City	Tier I, Tier II, Tier III*
4	Marital status	Single, Married
Trade-based Attributes		
5	Turnover_category	[Very Small, Small, Medium, Large, Very Large]
6	Tradesize_category	[Very Small, Small, Medium, Large, Very Large]
7	Txnno_category	[Very Small, Small, Medium, Large, Very Large]

*Note: 1. *top 5 cities each from Tier I, Tier II and 3 cities from Tier III (a total of 13 cities) were selected based on turnover in cash market during FY23; Further, city to pin code mapping has been done for these 13 cities as per the information available in https://data.gov.in/ in order to maintain consistency across all the brokers. Data pertaining to all cities except these 13 cities have been clubbed under category 'others'.*

2. For analysing trading pattern with respect to different demographic attributes viz., age, gender, location or marital status, sample data on the basis of availability of classification (or sub-categories) within each attribute has been considered.

Computation of Turnover and Average Trade Size (Intraday trades)

Average trade size of an individual has been computed as the ratio of an individual's annual intraday turnover to number of intraday trades undertaken by that individual during the year.

$$Turnover_p = (Purchase\ Value_p + Sale\ Value_p)$$

$$Avg.Trade\ Size_p = (Turnover_p)/Number\ of\ Trades_p$$

where, p = Period (Financial year)

Table 3: Classification of trade based attributes (across 3 years)

  a) **By Turnover**

Turnover -category	Annual Intraday Turnover (Rs.)	% of individuals covered
Very Small	< 50K	51.1
Small	50K - 5L	22.1
Medium	5L - 25L	11.8
Large	25L - 1Cr	7.4
Very Large	> 1Cr	7.5

Note: K: Thousand, L: Lakh, Cr: Crore

b) By Trade Size

Trade Size -category	Avg. Trade Size (Rs.)	% of individuals covered
Very Small	< 5K	47.4
Small	5K – 25K	26.4
Medium	25K – 50K	10.5
Large	50K – 2L	11.9
Very Large	> 2L	3.8

c) By Number of Trades

No. of Trades - category	No. of Trades in a year	% of individuals covered
Very Small	< 10	57.0
Small	10 - 50	23.9
Medium	50 – 100	6.3
Large	100 – 500	9.3
Very Large	> 500	3.3

The above distribution of turnover, trade size and trade counts of individual traders shows the extent of skewness in the market. Table 3 shows that a vast majority of intraday traders in the cash segment are small traders i.e. trading small amounts, executing low number of trades as compared to other traders.

High skewness in data also indicates that the overall mean values for describing the trading activity of all individual traders (viz., their profit/loss, number of trades or turnover etc.) may not be appropriate metric. Thus, the dataset was divided into five groups (of traders) based on annual intraday turnover of the individuals. The distribution of turnover across sub-categories (or group of traders) for FY23 is given below.

Table 4: Distribution of Intraday Turnover across sub-categories during FY23

Turnover category	Turnover (Rs.)	Individual count (in Lakh)	% of individuals covered	Value - % share in Total Turnover
Very Small	< 50K	38.5	55.9	0.1
Small	50K - 5L	15.0	21.8	0.8
Medium	5L - 25L	7.3	10.6	2.5
Large	25L - 1Cr	4.1	6.0	6.2
Very Large	> 1Cr	3.9	5.6	90.4
Total	**-**	**68.9**	**100.0**	**100.0**

Table 4 shows that the bottom 78% of the traders (under Turnover category - Very Small and Small) accounts for less than 1% of intraday turnover of all individual traders in FY23. On the other hand, top 5.6% traders (under Turnover category – Very Large) accounts for more than 90% of the turnover. Considering this observation, some of the key findings in the study have also been presented for the two sets of traders, one- those having annual turnover upto Rs. 1 crore and the other - with annual turnover more than Rs. 1 crore.

<u>Computation of Cost of trading as percentage of Trading Profit/Loss</u>

For each individual, the aggregate cost of intraday trading during a year has been arrived by considering the key components of cost of transacting on exchange platform, which are given as under-

Cost of Trading = *{Brokerage + Exchange Fee + SEBI Fee + Stamp Duty +STT+ GST}, applicable for intraday trades during the year*

While cost of trading as a percentage of turnover may look small or insignificant, it adds up to a significant amount as number of trades goes up. Comparison of absolute cost of trading with net trading profit or loss indicates the cost incurred by the individual vis-à-vis his/her net trading profit or loss. For an individual, the cost of trading as a percentage of trading profit or loss, may vary across a very wide range (upto infinite in case of nil profit/loss). Hence, the same has been computed by considering aggregate cost of trading and profit /loss of the group of individuals as a whole, as an indicator for average trading cost incurred by individuals vis-à-vis their profit/loss from the intraday trading.

$$\textbf{\textit{Cost of trading as percentage of trading profit/loss}}_p$$
$$= \frac{Aggregate\ cost\ of\ trading\ of\ group\ of\ individuals_p}{Aggegate\ profit\ or\ loss\ of\ group\ of\ individuals_p}$$

where, p = Period (Financial year)

III. Summary Findings

The key findings from the study are as under-

A. *Participation*

- Around 1 in 3 individuals who trade in equity cash segment, trades intraday.

- Number of individual traders who traded intraday through top 10 brokers[6], increased to 69 lakh in FY23 from 15 lakh in FY19 (4.6 times).

- Share of young intraday traders (age less than 30 years) has grown to 48% in FY23 as compared to 18% in FY19.

- Proportion of Female traders (by intraday traders count) declined to 16% in FY23 from 20% in FY19.

- Participation from Tier-1, Tier-2, Tier-3 (sample[7]) cities increased to 3x, 5x, 10x, respectively, in FY23 as compared to FY19.

- Share of 'Very Small' traders (annual intraday turnover less than Rs. 50,000), has doubled from 27% in FY19 to 56% in FY23.

B. *Proportion of Profit/Loss-makers*

- During FY23, 7 out of 10 individuals (71%) trading in intraday cash segment were loss-makers[8].

- Over the years, proportion of loss-makers in intraday cash segment has been increasing. During FY19, while 65% individual traders were loss-makers, the number increased to 69% in FY22 and to 71% in FY23.

- Higher the turnover, higher the proportion of loss-makers - Across the three years under the study, it is observed that the proportion of loss-makers was higher in turnover groups[9] with higher turnover, with 'Very Small' turnover group being an exception to this trend, recording significantly higher proportion of loss-makers. During FY23, 'Very Small' turnover group had highest proportion (77%) of loss-makers as compared to other turnover groups.

---

[6] Top 10 brokers on the basis of individual traders' turnover in cash segment at NSE in FY23.
[7] Representative sample of 5 cities each from Tier I and Tier II, 3 cities from Tier III group were identified and considered for observing trends over years.
[8] Those individuals who were in net loss after taking into account the cost of trading.
[9] In the context of this study, traders are categorised in five groups based on their intraday turnover in a FY. Details are given Data and Methodology section of the report.

- Similar results were observed for traders' group categorised on the basis of number of trades. Across years, the proportion of loss-makers was found to be higher in traders' groups with higher number of trades. Again, the 'Very Small' group (based on number of trades) was exception to the trend, recording high proportion of loss-makers. During FY23, 'Very Large' group (based on number of trades) had highest proportion (80%) of loss-makers across the groups.

- Lower the age group, higher the proportion of loss-makers – Proportion of loss-makers was lower among traders under higher age group. In FY23, traders under the age group of more than 60 years had lowest loss-makers (53%), while those under 20 years of age had highest proportion of loss-makers (81%).

- Proportion of profit-makers among group of Female traders was higher as compared to group of Male traders, across all the three years.

- On comparing 'single' vs 'married' traders group, 'married' traders group had higher proportion of profit-makers than 'single' traders group across all the three years.

- Across Tier-I, II and III cities, proportion of profit-makers was highest in Tier-I cities, followed by Tier-II and Tier-III cities.

- Even after 3 years of experience (individual traders who traded intraday during FY19, FY22 and FY23), 54% of traders were loss-makers in FY23, but this reflected a much lower percentage as compared to overall loss-makers (71%) in FY23.

C. Trading and Net Profit/Loss

- Distribution of turnover of individual traders is highly skewed. Bottom 78% of the traders (based on annual intraday turnover in FY23) accounted for less than 1% of the aggregate intraday turnover of all individual traders in FY23. On the other hand, top 5.6% traders ('Very Large' group - annual intraday turnover more than Rs. 1 crore) accounted for more than 90% of the turnover.

- During FY23, 76% of individual traders with annual intraday turnover more than Rs. 1 crore, were loss-makers.

- Individual traders with annual turnover of more than Rs. 1 crore incurred an average P/L of (-) Rs. 34,977 during FY23. For such traders' group, the average profit by profit-makers was Rs. 89,172 while the average loss by loss-makers was Rs. 74,575 during FY23.

- Average number of trades (in a year) by traders' group with more than Rs. 1 crore turnover was 742 in FY23 as compared to 25 trades for traders' group with less than Rs. 1 crore turnover.

- Average number of trades by loss-makers was higher than the profit-makers, across all the years.

- Group of individual traders who executed more than 500 trades in FY23, incurred an average loss of Rs. 61,394 in FY23.

- Individual traders with high turnover as well as number of trades (i.e. annual intraday turnover more than Rs. 1 crore and more than 500 trades), incurred an average loss of Rs. 75,443 during FY23.

- During FY23, 'Male' traders with annual intraday turnover more than Rs. 1 crore, incurred an average loss of Rs. 38,570 as compared to average loss of Rs. 22,153, incurred by 'Female' traders.

- Average loss incurred by 'Married' traders was lower than the average loss made by 'Single' traders across all the years under the study.

D. *Cost of Trading as % of Trading Profit/Loss*

- Of all individual traders, loss-makers expended 57% over and above their aggregate trading loss as cost of trading during FY23.

- Whereas, profit-makers spent 19% over and above their aggregate trading profit as cost of trading in FY23.

- Of all the turnover categories, loss-makers under 'Very Large' turnover group (i.e. annual intraday turnover more than Rs. 1 crore) expended highest cost of trading as percentage of their trading loss (61% during FY23).

- Loss-makers who were trading very frequently (undertaking more than 500 trades in a year) expended 72% as cost of trading over and above their aggregate trading losses during FY23.

IV. Detailed Findings

A. Aggregate level findings

a) Participation

The individual client-level trade data sourced from top 10 brokers[10] indicates staggering growth in the number of individual traders dealing in intraday segment post Covid-19 outbreak. Total number of individuals trading intraday, grew from 14.9 lakh in FY19 to 78.3 lakh in FY22 and 68.9 lakh in FY23.

It has been observed that with increasing participation, there has also been a rising trend in proportion of loss-makers over the years. The study finds 71% of the individual traders (i.e. around 7 out of 10 individual traders) in intraday equity segment incurred losses during FY23, up from 65% in FY19 and 69% in FY22.

Chart 1: Proportion of Profit-makers and Loss-makers
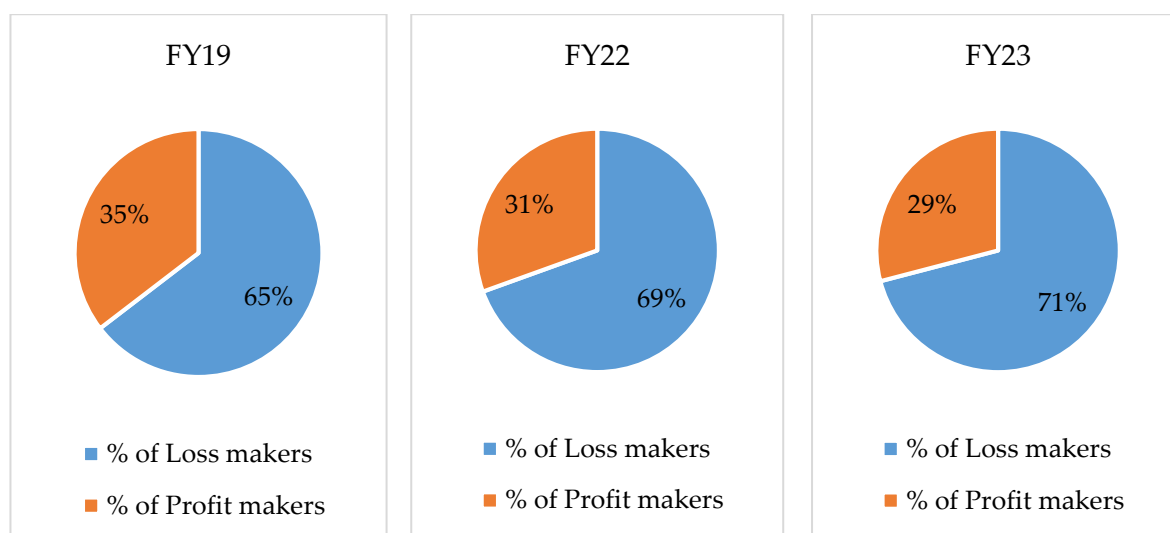
b) Profit/Loss

Distribution of intraday turnover of individuals shows that a vast majority of the intraday traders in the cash segment are small traders i.e. trading small amounts, executing low number of trades. Analysis shows that bottom 78% of the traders (annual turnover upto Rs. 5 lakh) accounted for less than 1% of the total intraday turnover in FY23. On the other

---

[10] Top 10 brokers identified on the basis of individual traders' turnover in cash segment at NSE in FY23.

hand, top 5.6% traders (Turnover category – Very Large i.e. annual turnover more than Rs. 1 crore) accounted for more than 90% of the turnover in FY23.

Given such skewness, the findings in the study with respect to the trade attributes (viz., profit/loss, number of trades, cost of trading as % of trading profit/loss etc.) have also been presented for two sets of traders, one- those having annual turnover upto Rs. 1 crore and the other - with annual turnover more than Rs. 1 crore.

Table 5: Summary Statistics of P&L of Individual Traders – Aggregate level

	All Individual Traders		
	FY19	**FY22**	**FY23**
Average P/L	-10,042	-2,484	-2,069
Total number of Individual traders (sample) – in lakhs	14.9	78.3	68.9
% of Loss-makers	65%	69%	71%
% of Profit-makers	35%	31%	29%
Average Profit made by Profit-makers	9,409	6,910	5,989
Average Loss made by Loss-makers	-20,701	-6,607	-5,371

Note: P/L values in Rs.

Observations:

- On aggregate level, individual traders in intraday segment incurred an average P/L of (-) Rs. 2,069 during FY23.

- 71% of the individual traders incurred losses, with an average loss of Rs. 5,371 during FY23. Whereas, 29% of the individual traders made profits, with the average profit by profit-makers being Rs. 5,989 during FY23.

Table 6: Summary Statistics of P&L of Individual Traders – Upto Rs. 1 crore and more than Rs. 1 crore Turnover group

	Individual Traders (Annual Turnover <= Rs. 1 Cr)				Individual Traders (Annual Turnover > Rs. 1 Cr)		
	FY19	**FY22**	**FY23**		**FY19**	**FY22**	**FY23**
Average Net P/L	-401	-239	-112		-50,620	-32,200	-34,977
No. of Individual traders (sample) – in lakhs	12.0	72.8	65.0		2.9	5.5	3.9
% of Loss-makers	61%	69%	71%		82%	78%	76%
% of Profit-makers	39%	31%	29%		18%	22%	24%

|							
Average Net Profit by Profit-makers	3,067	2,076	1,914		66,637	97,659	89,172
Average Net Loss by Loss-makers	-2,658	-1,286	-953		-77,057	-68,744	-74,575

Note: P/L values in Rs.

Observations:

- Individual traders with annual turnover of more than Rs. 1 crore incurred an average P/L of (-) Rs. 34,977 during FY23. Whereas, average P/L of individuals with annual turnover of up to Rs. 1 crore was just (-) Rs. 112 during the year.

- 76% of the individual traders with annual turnover of more than Rs. 1 crore incurred losses, with an average loss of Rs. 74,575 during FY23. 24% of the individuals made profits, with the average profit by profit-makers being Rs. 89,172.
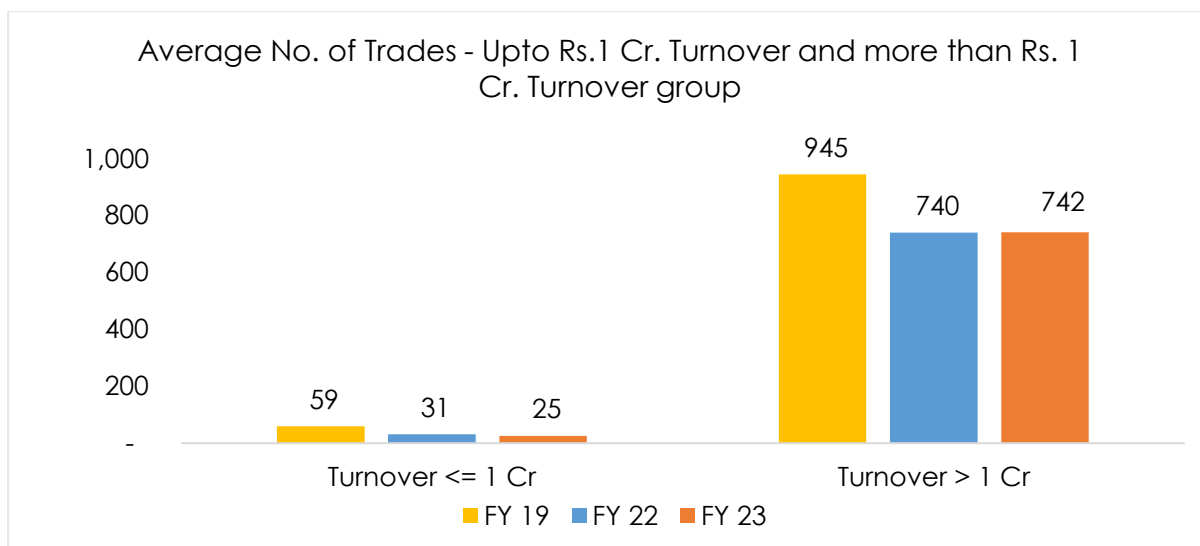
c) *Number of Trades*

Table 7: Average Number of Intraday Trades undertaken by Individual Traders

	All Individual Traders			Individual Traders (Annual Turnover <= Rs. 1 Cr)			Individual Traders (Annual Turnover > Rs. 1 Cr)		
	FY19	**FY22**	**FY23**	**FY19**	**FY22**	**FY23**	**FY19**	**FY22**	**FY23**
All Traders	230	81	66	59	31	25	945	740	742
Profit-makers	124	63	51	45	27	23	838	716	624
Loss-makers	288	88	72	69	33	26	970	747	779

Chart 2: Average Number of Intraday Trades by Individuals – Aggregate level

Average No. of Trades - Upto Rs.1 Cr. Turnover and more than Rs. 1 Cr. Turnover group
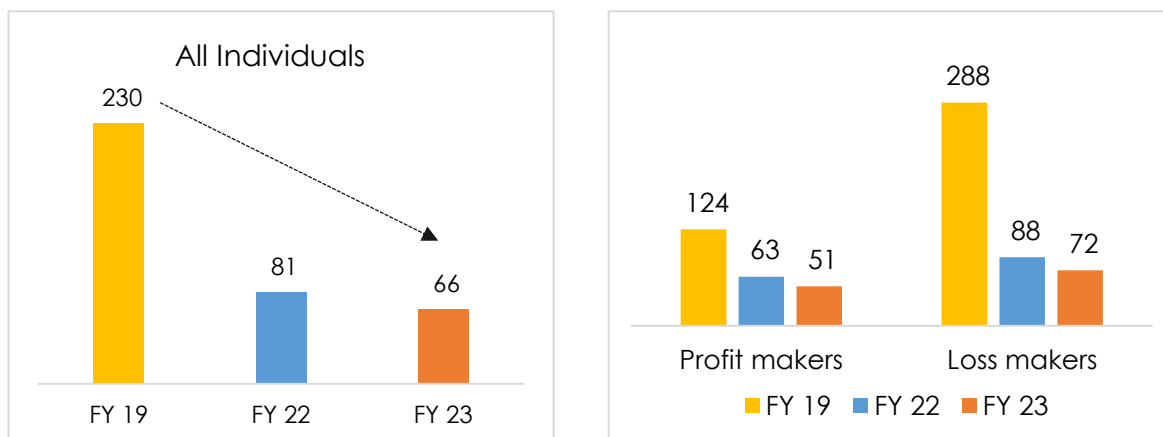
Observations:

- On aggregate level, there has been a sharp decline in the average number of trades undertaken by individual traders over the years. The average number of trades declined to 66 in FY23 from 230 in FY19, indicating that majority of new individual traders started intraday trading post Covid-19 outbreak, carried out significantly lower number of trades.

- Individual traders with annual turnover of more than Rs. 1 crore carried out 742 trades on an average during FY23. Whereas, those traders with annual turnover of up to Rs. 1 crore, undertook 25 trades during the year.

- Loss-makers, on an average, carried out more number of trades than the profit-makers. Similar trend was observed across individuals with annual turnover upto Rs. 1 crore and those with annual turnover more than Rs. 1 crore.
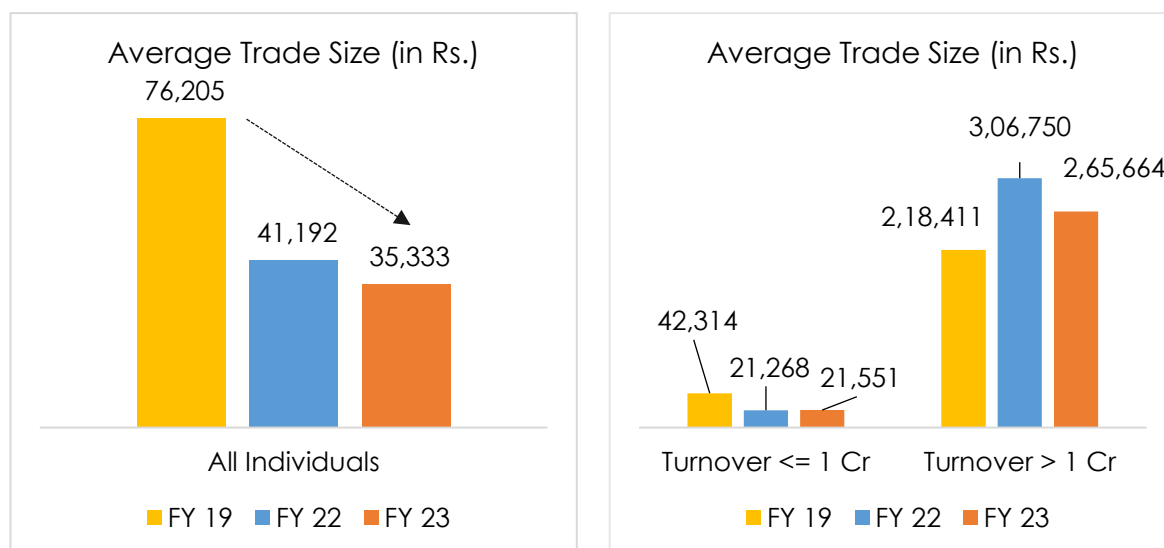
d) Trade Size

Table 8: Average Trade Size of Individual Traders in Intraday Segment

	All Individual Traders			Individual Traders (Annual Turnover <= Rs. 1 Cr)			Individual Traders (Annual Turnover > Rs. 1 Cr)		
	FY19	**FY22**	**FY23**	**FY19**	**FY22**	**FY23**	**FY19**	**FY22**	**FY23**
All Traders	76,205	41,192	35,333	42,314	21,268	21,551	2,18,411	3,06,750	2,65,664
Profit-makers	63,577	42,282	44,912	44,439	27,689	31,278	2,35,675	3,00,791	3,20,905
Loss-makers	83,127	40,714	31,410	40,929	18,324	17,509	2,14,518	3,08,507	2,48,044

Note: All values in Rs.

Chart 3: Average Trade Size of Individual Traders in Intraday Segment

Observations:

- There has been a decline in the average trade size of individual traders across trade groups over the years. The average trade size declined to Rs. 35,333 in FY23 from Rs. 76,205 in FY19, due to addition of large number of new traders with low trade size post FY20.

- Average trade size of individual traders with annual turnover of more than Rs. 1 crore was Rs. 2,65,664 in FY23 as against Rs. 21,551 of those traders with annual turnover of up to Rs. 1 crore.

e) *Cost of Trading as % of Trading Profit/Loss*

**Table 9: Cost of Trading as % of Trading P/L – Aggregate level**

	Profit-makers				Loss-makers		
	FY19	**FY22**	**FY23**		**FY19**	**FY22**	**FY23**
Average Trading Profit/Loss (in Rs.)	12,580	8,542	7,435		-12,431	-4,155	-3,415
Average Cost of Trading (in Rs.)	3,171	1,632	1,446		8,270	2,452	1,956
Cost of Trading as % of Trading P/L	25%	19%	19%		67%	59%	57%

Observations:

- Of all individual traders, loss-makers expended 57% over and above their aggregate trading loss as cost of trading during FY23.

- Whereas, profit-makers spent 19% over and above their aggregate trading profit as cost of trading in FY23.

Chart 4: Cost of Trading as % of Trading P/L - Upto Rs. 1 crore and more than Rs. 1 crore Turnover group
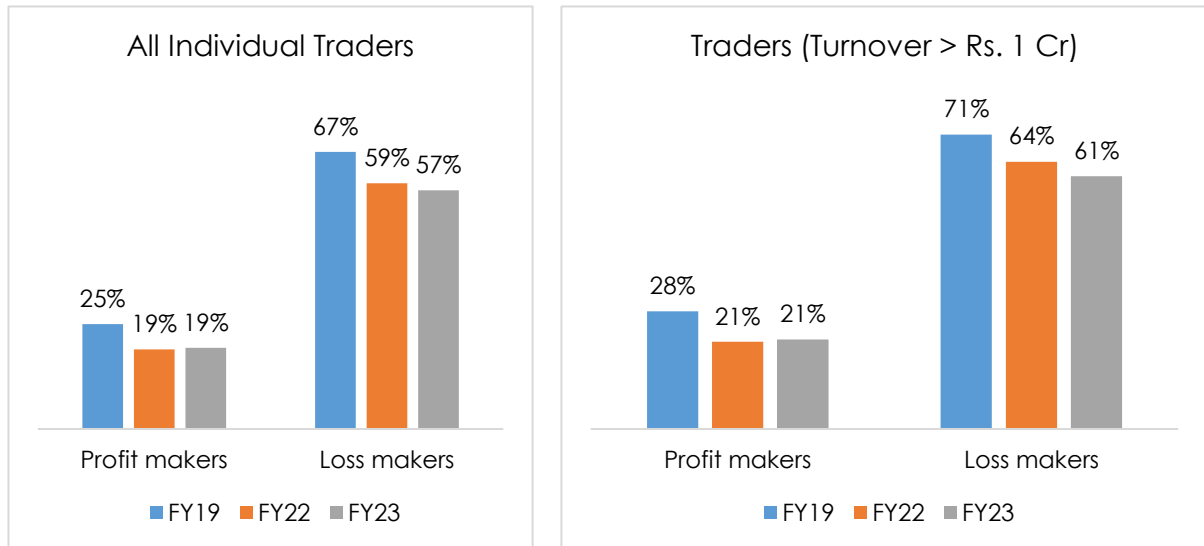
Observations:

- Of individual traders with annual turnover more than Rs. 1 crore, loss-makers expended 61% over and above their aggregate trading loss as cost of trading during FY23. Whereas, profit-makers spent 21% over and above their aggregate trading profit as cost of trading in FY23.

B. Findings based on Trading attributes

In order to analyse the characteristics/patterns of different groups of traders such as small vs large traders on the basis of their trade attributes viz., turnover, number of trades and trade size, each of these attributes have been divided into 5 categories. This section presents the findings emerging out of the analysis of the trading patterns of these different categories of traders.
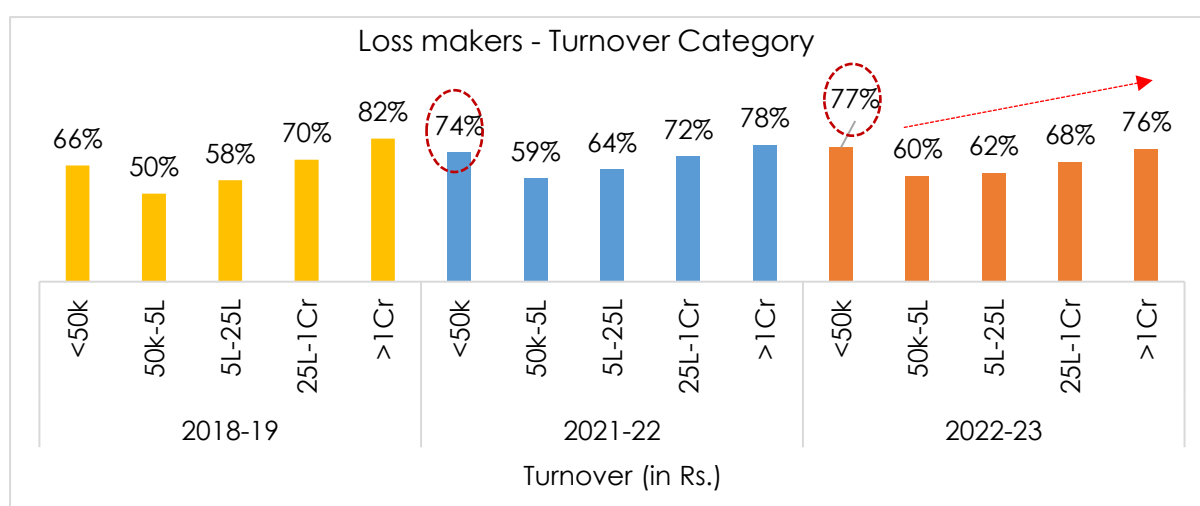
a) *Categorization by Turnover*

The trading patterns of individual traders on the basis of their turnover are analyzed, by bucketing all individual traders into 5 turnover categories, as detailed in the methodology.

Chart 5: Participation of Individual traders across Turnover Categories
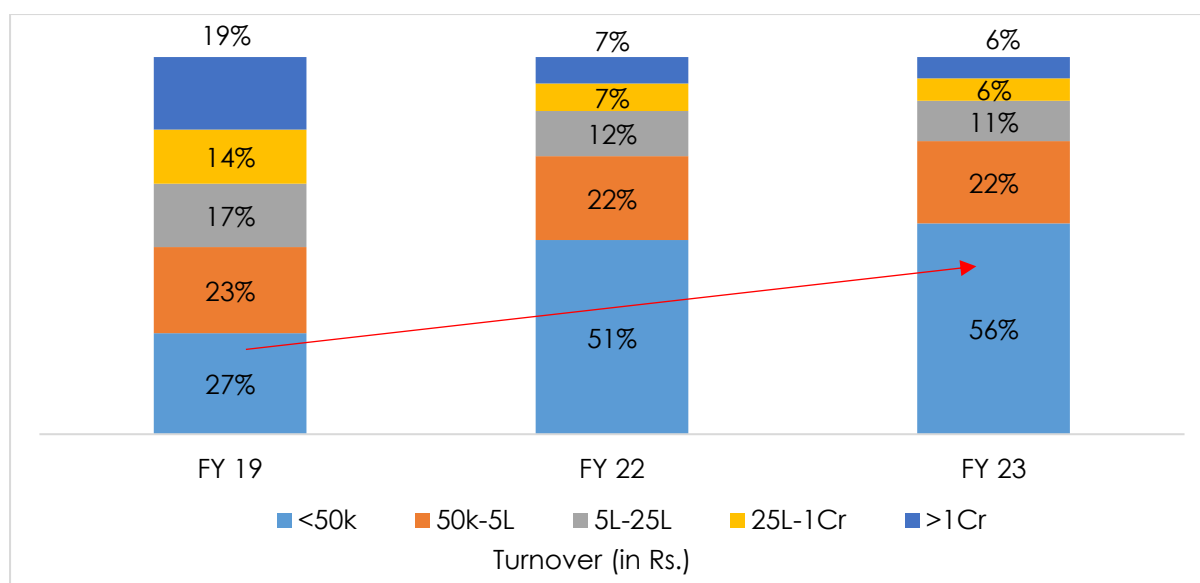
**Chart 6: Proportion of Loss-makers across Turnover Categories**

Observations:

- Proportion of individual traders belonging to the smallest turnover category i.e with annual turnover less than Rs. 50,000, increased steeply from 27% in FY19 to 56% in FY23.

- Individual traders with annual turnover more than Rs. 1 crore constituted just 6% of all individual traders in FY23, while they accounted for 19% of all individual traders in FY19.

- Barring the smallest turnover category, proportion of loss makers was higher in turnover groups with higher turnover.

- Among the turnover categories, traders belonging to the largest and smallest turnover categories, saw very high proportion of loss-makers.

Chart 7: Profit/Loss by individuals across Turnover Categories
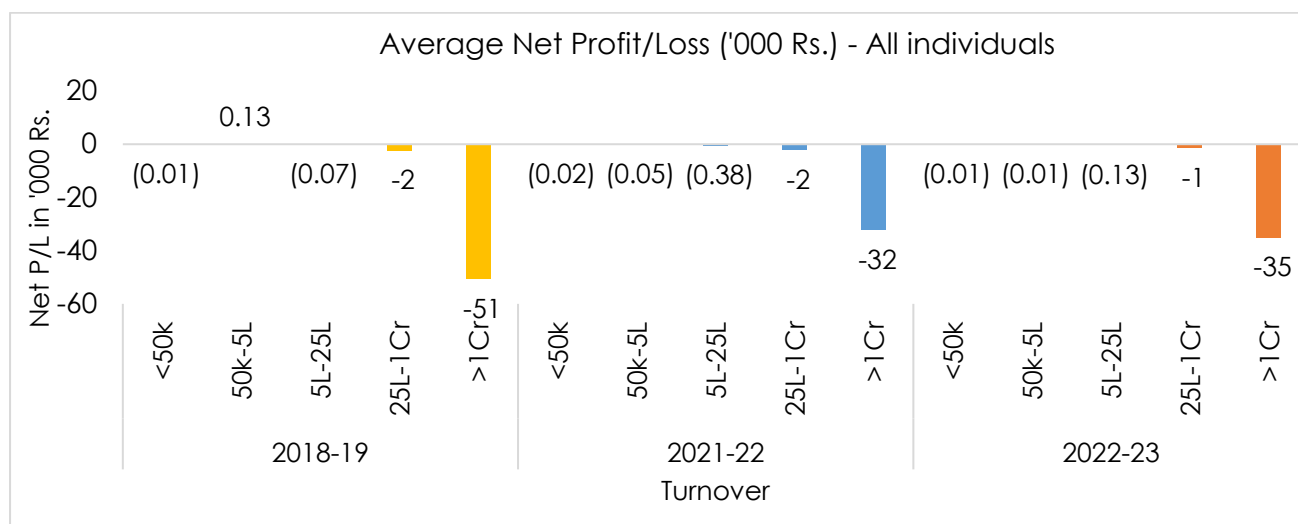
Note: K: Thousand, L: Lakh, Cr: Crore (All in Rs.)

Observations:

- During FY23, 76% of individual traders with annual intraday turnover more than Rs. 1 crore, were loss-makers.

- Individual traders with annual turnover of more than Rs. 1 crore incurred an average P/L of (-) Rs. 34,977 during FY23.

Table 10: Cost of Trading as % of Trading P/L of Individual Traders across Turnover categories

| Year	Turnover (In Rs.)	For Profit-makers	For Loss-makers
2018-19	<50k	10%	48%
	50k-5L	11%	22%
	5L-25L	15%	28%
	25L-1Cr	19%	41%
	>1Cr	28%	71%
2021-22	<50k	10%	33%
	50k-5L	11%	25%
	5L-25L	14%	34%
	25L-1Cr	16%	47%
	>1Cr	21%	64%
2022-23	<50k	12%	53%
	50k-5L	12%	30%
	5L-25L	14%	37%
	25L-1Cr	16%	48%
	>1Cr	21%	61%

Observations:

- Barring the smallest turnover category, cost of trading as percentage of trading profit or loss increased with higher turnover group across the years.

- Of all the turnover categories, individual traders belonging to the largest turnover category (annual turnover > Rs. 1 crore) expended highest cost of trading over and above their trading Profit (in case of profit-makers) as well as trading Loss (in case of loss-makers).

b) *Categorization by Number of Trades*

In order to analyse the characteristics of different groups of traders on the basis of number of trades undertaken, all individual traders are bucketed into 5 categories as described in the methodology.
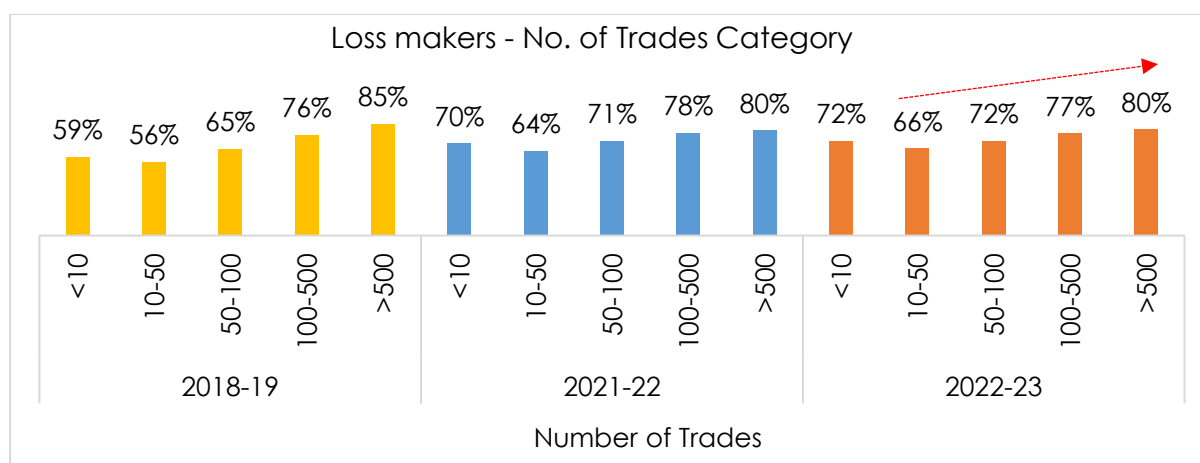
Chart 8: Participation of Individual traders across 'Number of Trades' Categories
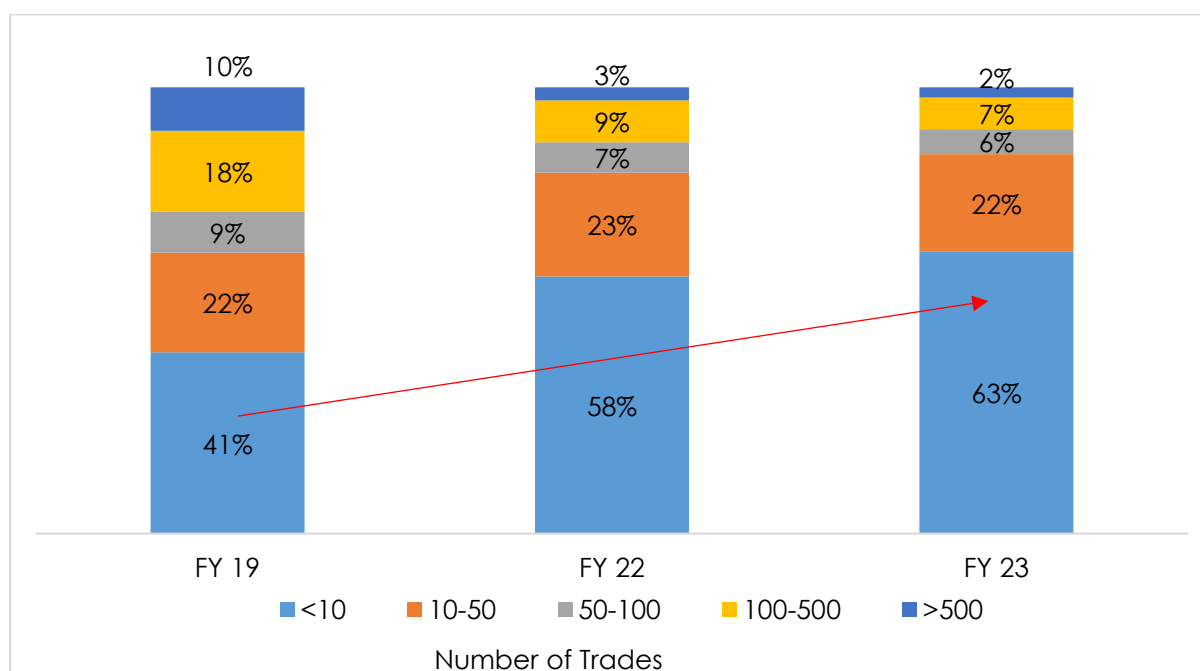
Observations:

- Proportion of individual traders carrying out less than 10 trades in a year, rose from 41% in FY19 to 63% in FY23, indicating the influx of individuals trading with very low frequency in recent years.

- Individual traders undertaking more than 500 trades in a year, accounted for just 2% of all individual traders in FY23, as compared to 10% in FY19.

Chart 9: Proportion of Loss-makers across 'Number of Trades' Categories

Loss makers - No. of Trades Category

| | | | | | | | | | | | | | | |
| 59% | 56% | 65% | 76% | 85% | 70% | 64% | 71% | 78% | 80% | 72% | 66% | 72% | 77% | 80% |

2018-19 — 2021-22 — 2022-23

Number of Trades

Observations:

- Barring the individuals with less than 10 trades in a year, the proportion of loss-makers was found to be higher in groups with higher number of trades.

- During FY23, traders' group with more than 500 trades in a year, had highest proportion (80%) of loss-makers across the groups.

Table 11: Cost of Trading as % of Trading P/L across 'Number of Trades' categories

Year	Number of Trades	For Profit-makers	For Loss-makers
2018-19	<10	10%	18%
	10-50	16%	31%
	50-100	20%	45%
	100-500	25%	64%
	>500	32%	79%
2021-22	<10	9%	18%
	10-50	13%	26%
	50-100	16%	39%
	100-500	19%	58%
	>500	23%	76%
2022-23	<10	9%	17%
	10-50	13%	26%
	50-100	17%	41%
	100-500	20%	57%
	>500	25%	72%

Observations:

- Cost of trading as percentage of trading profit or trading loss, increased with rising number of trades across the years.

- Loss-makers undertaking more than 500 trades in a year expended 72% as cost of trading over and above their aggregate trading losses during FY23.
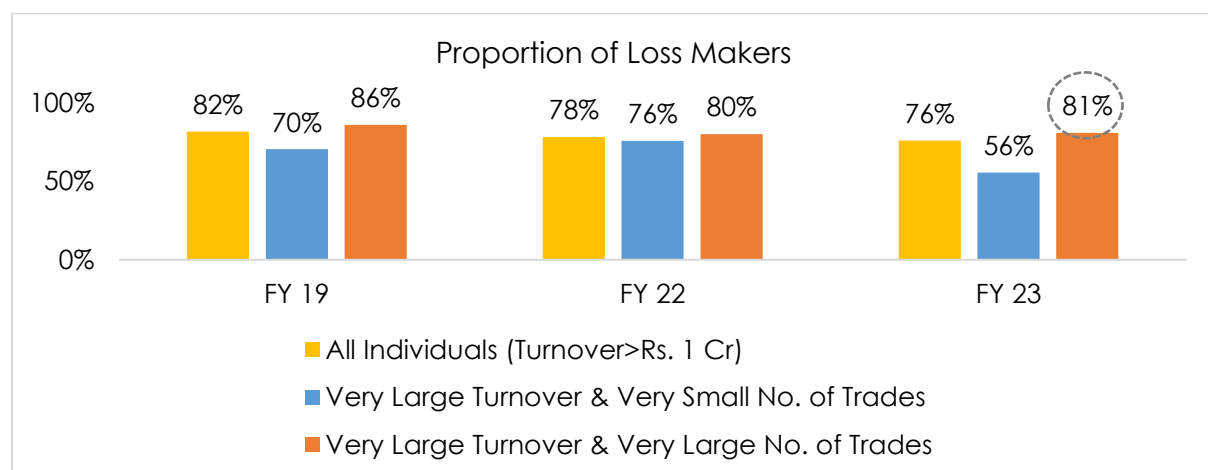
c) *Turnover and 'Number of Trades' category interaction*

Further grouping of individuals based on interaction of trading attributes viz. turnover and number of trades has been done to compare the trading patterns of individual traders with high turnover but very low/high number of trades.

Following charts present findings for following individual traders' group –

a) Individuals having annual intraday turnover more than Rs. 1 crore (i.e. 'Very Large' turnover category) but have executed less than 10 trades (i.e. 'Very Small' No. of trades category) during the year.

b) Individuals having annual intraday turnover more than Rs. 1 crore (i.e. 'Very Large' turnover category) but have executed more than 500 trades (i.e. 'Very Large' No. of trades category) during the year.

Chart 10: Turnover and 'Number of Trades' categories interaction - Proportion of Loss-makers

Chart 11: Turnover and 'Number of Trades' categories interaction – Average Net P/L
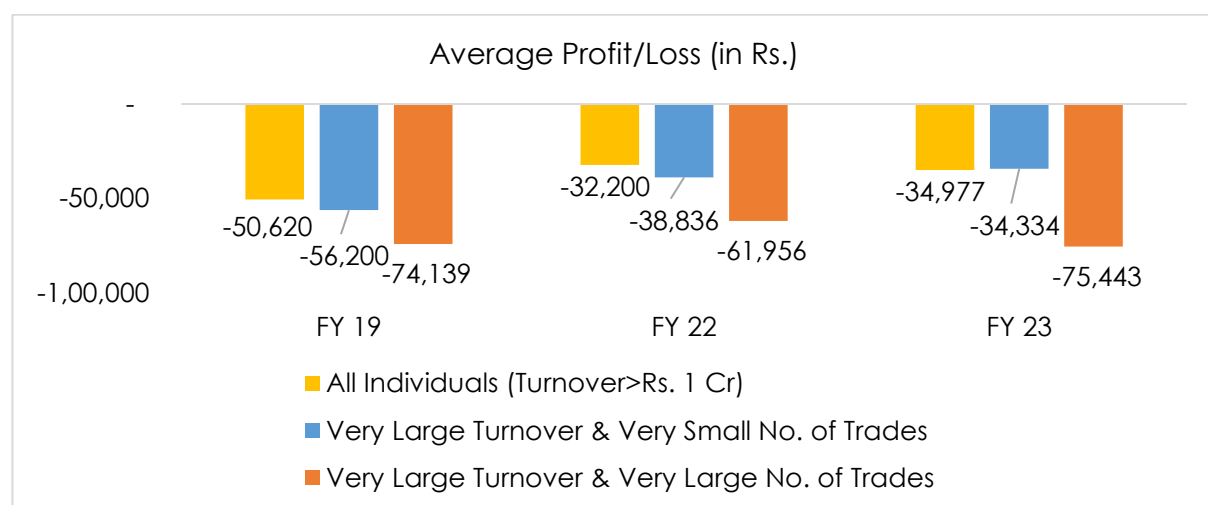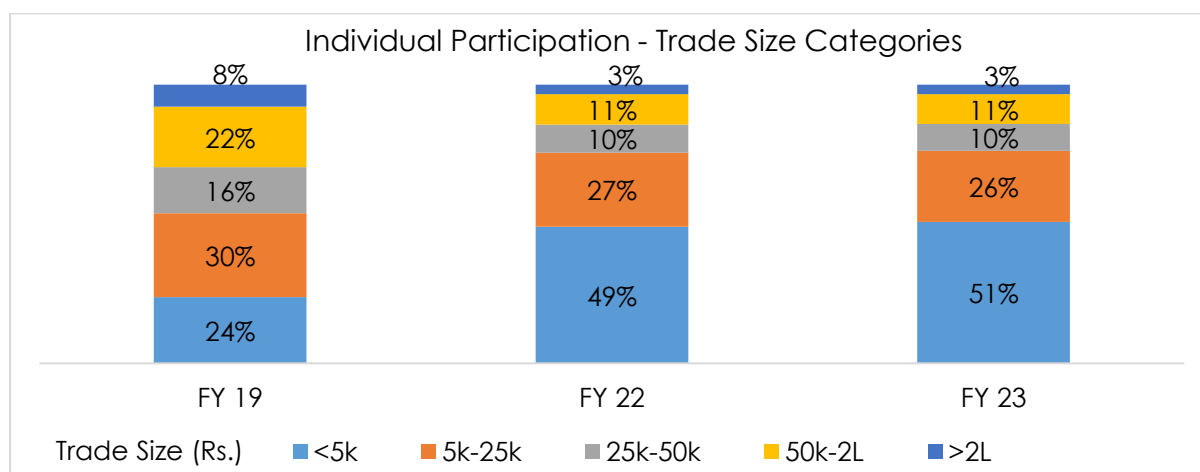
Observations:

- Within the 'Very Large' turnover category, group of traders who carried out very large number of trades had higher proportion of loss-makers than those who carried out less number of trades.

- For group of traders under 'Very Large' Turnover as well as 'Very Large' number of trades category, 81% of individual were loss makers with an average loss of Rs. 75,443 in FY23.
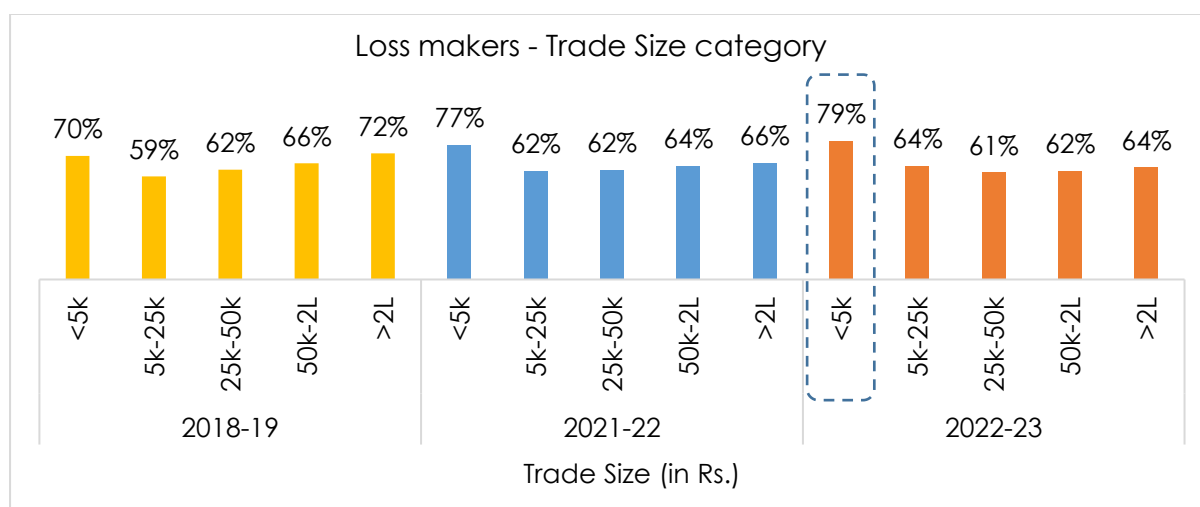
d) *Categorisation by Trade Size*

The trading patterns of individual traders on the basis of their trade size are analyzed, by bucketing all individual traders into 5 trade size categories, as detailed in the methodology.

Chart 12: Participation of Individual traders across Trade Size Categories

**Chart 13: Proportion of Loss-makers across Trade Size Categories**

Observations:

- Proportion of individual traders belonging to the smallest trade size category i.e. trade size less than Rs. 5,000, rose from 24% in FY19 to 51% in FY23.

- Individual traders with trade size more than Rs. 2 lakh constituted just 3% of all individual traders in FY23, while they accounted for 8% of all individual traders in FY19.

- Traders group with the smallest trade size (< Rs. 5,000) had highest proportion of loss-makers (79% in FY23).

e) *Individuals trading across all 3 years*

This section presents findings with respect to 3.2 lakh individual traders who traded in intraday equity segment across FY19, FY22 and FY23.

Chart 14: Proportion of loss-makers – comparison of all individual traders vs consistent traders across 3 years
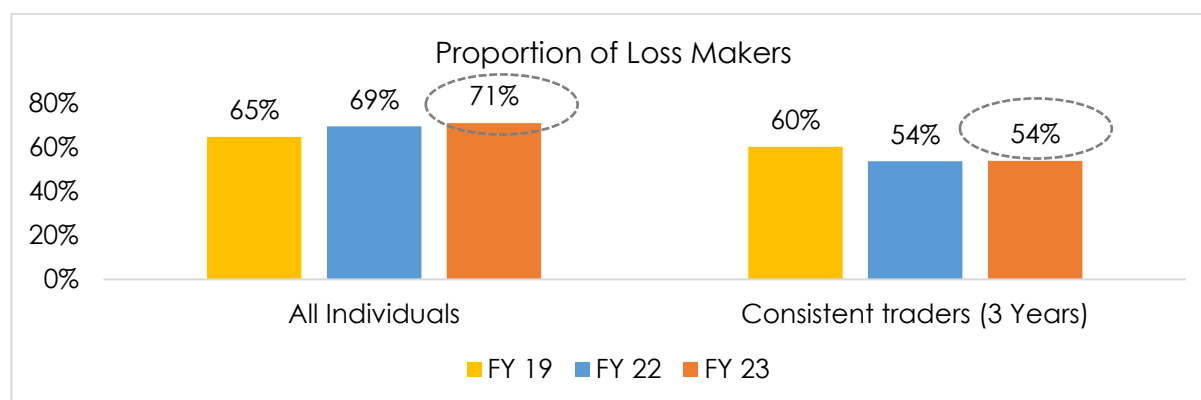
Chart 15: P/L of traders with turnover more than Rs. 1 crore – comparison of all individual traders vs consistent traders across 3 years
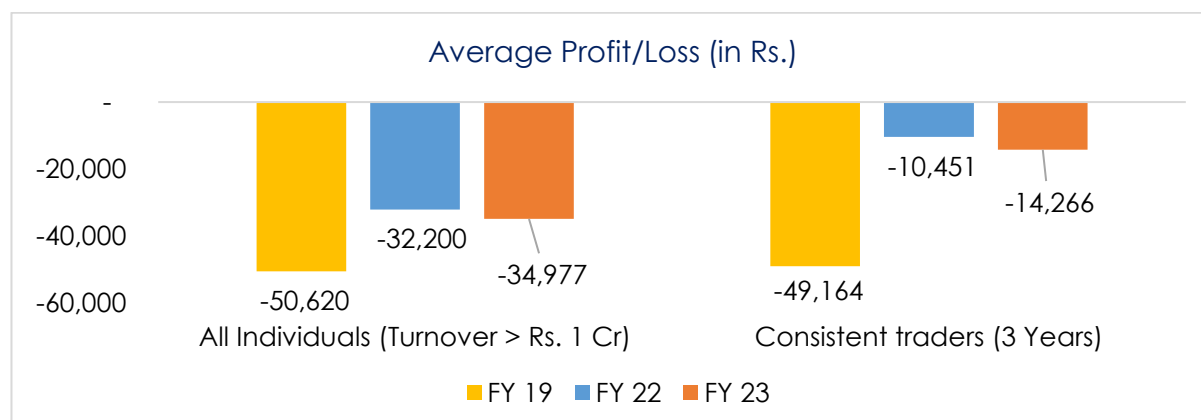
Observations:

- Even after 3 years of experience (individual traders who traded intraday during FY19, FY22 and FY23), 54% of traders were loss-makers in FY23, but this reflected a much lower percentage as compared to overall loss-makers (71%) in FY23.
- As regards age profile, during FY23, highest proportion (35%) of consistent traders were under the age group '30-40' years.

Chart 16: Consistent Traders - participation across Age groups (FY23)
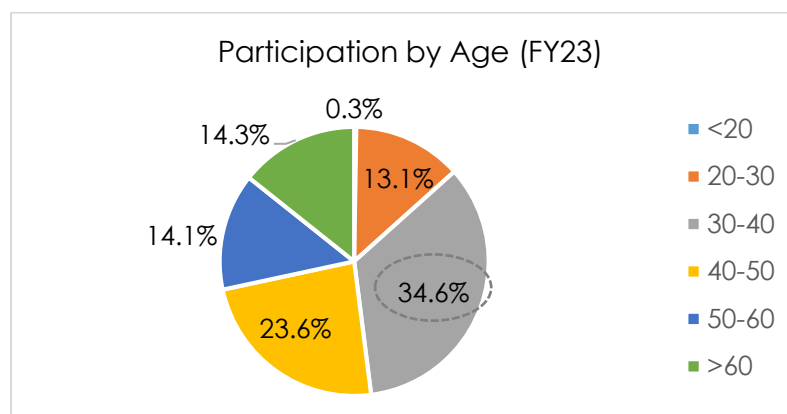
C. Findings based on Demographic Attributes

This section offers comparative analysis of trading patterns of different groups of individual traders on the basis of demographic attributes such as age, gender, marital status and location.

a) *Distribution by Age groups*

Chart 17: Participation of Individual traders across Age groups

Chart 18: Proportion of Loss-makers across Age groups

Observations:

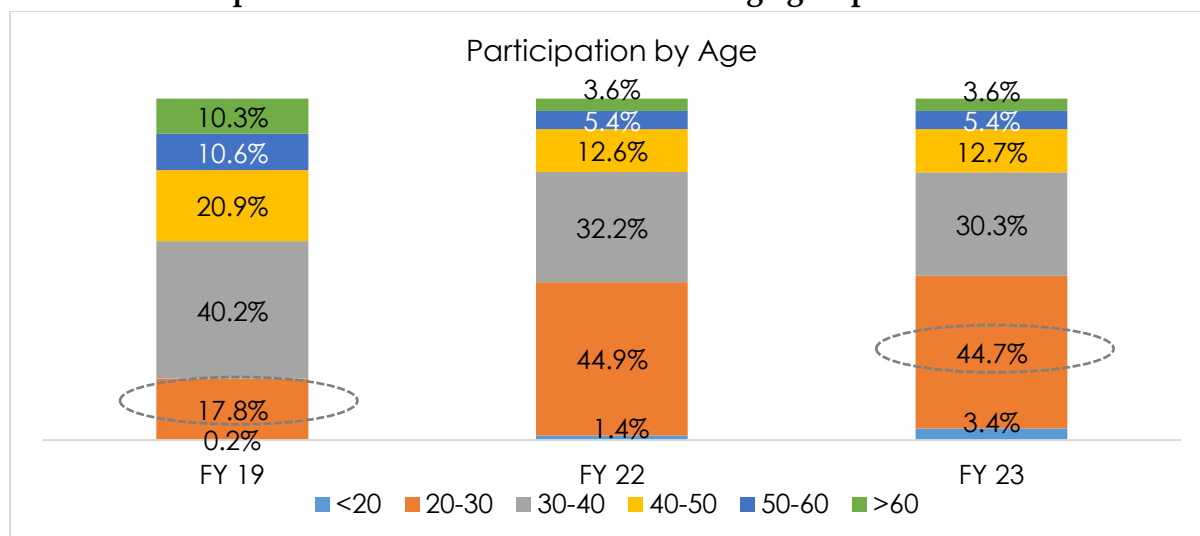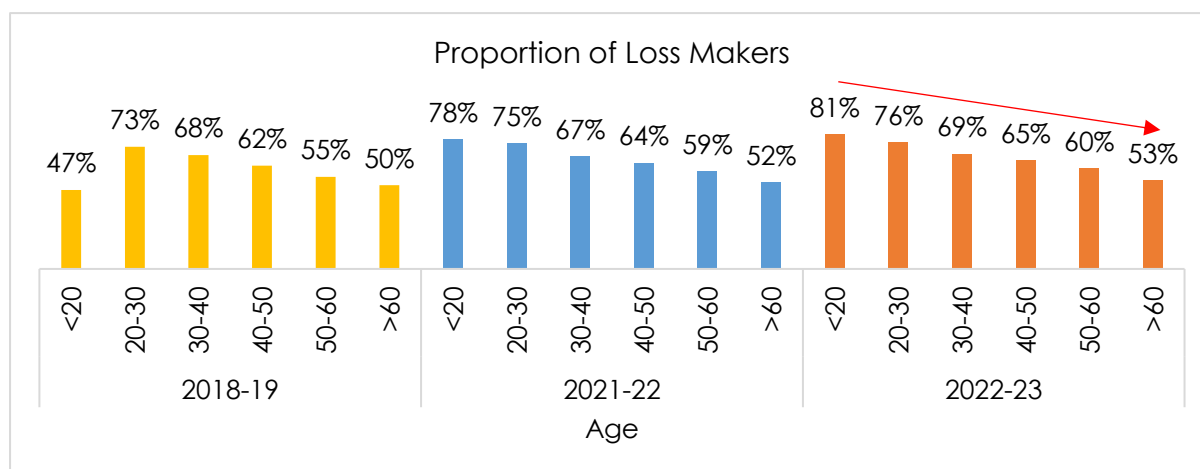- There has been a sharp rise in participation by young traders in intraday segment over the years. The proportion of individual traders less than 30 years of age (of all individual traders) increased from 18% in FY19 to 48% in FY23.

- Individuals belonging to lower age group had higher percentage of loss-makers as compared to those in higher age groups.

- In case of individuals with less than 30 years of age, 81% traders were loss-makers, while among individuals greater than 60 years of age, 53% incurred losses during FY23.

- While a large proportion of traders under 20 years of age were loss makers, average profit by profit-makers under this age group having turnover more than Rs. 1 crore, was highest across all the age groups.

- Loss makers belonging to higher age group expended higher cost of trading over the above their trading losses.

Table 12: Average Net P/L of Individual Traders across Age groups

Year	Age	Individual Traders (Turnover <=Rs. 1 cr)			Individual Traders (Turnover > Rs. 1 cr)		
		Profit-makers	Loss-makers	All traders	Profit-makers	Loss-makers	All traders
2018-19	<20	5,757	-2,483	1,950	1,41,370	-99,189	9,010
	20-30	1,495	-1,978	-954	41,190	-50,577	-41,496
	30-40	2,215	-2,787	-960	50,259	-69,829	-54,737
	40-50	3,556	-3,072	-241	65,622	-94,338	-61,410
	50-60	4,351	-2,894	598	81,346	-1,01,587	-47,348

	>60	4,731	-2,602	1,228	86,630	-93,479	-24,550
2021-22	<20	1,492	-671	-187	1,99,005	-57,618	4,140
	20-30	927	-928	-457	55,555	-44,827	-32,925
	30-40	1,934	-1,569	-383	71,359	-65,134	-40,585
	40-50	3,219	-1,791	86	1,09,479	-89,438	-34,338
	50-60	4,269	-1,898	688	1,28,931	-1,04,086	-18,033
	>60	5,211	-2,105	1,439	1,35,228	-1,16,566	374
2022-23	<20	851	-395	-153	1,66,966	-48,265	-1,844
	20-30	823	-664	-302	50,222	-48,909	-35,620
	30-40	1,795	-1,207	-249	64,313	-71,241	-44,560
	40-50	2,992	-1,360	179	97,406	-93,956	-38,605
	50-60	4,044	-1,541	704	1,18,386	-1,07,234	-23,027
	>60	5,004	-1,762	1,412	1,19,985	-1,09,112	-2,716

Note: All values in Rs.

b) Distribution by Gender

Chart 19: Participation of Individual intraday traders by Gender
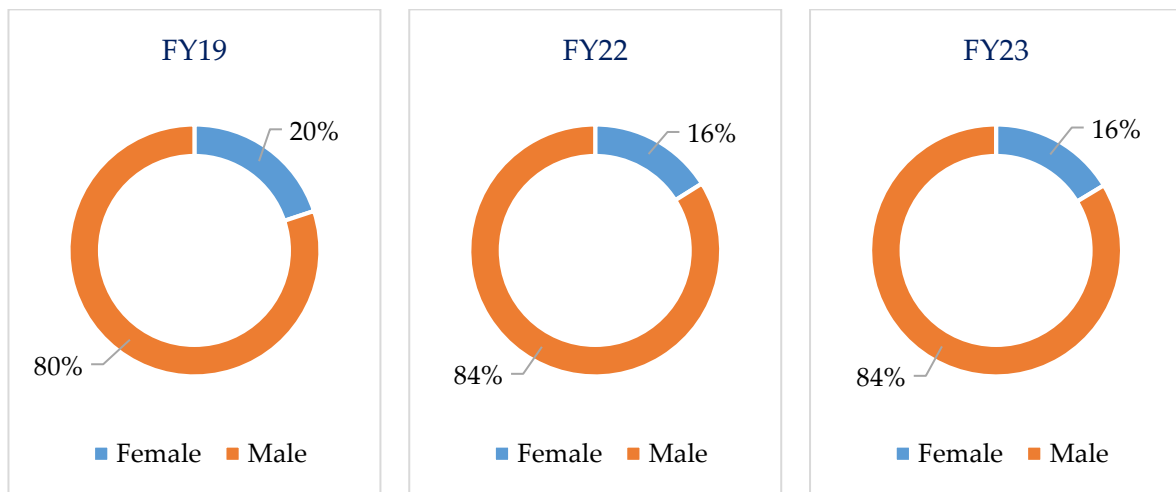
Table 13: Summary Statistics of P&L by Gender – Aggregate level

	Individual Traders - Male				Individual Traders - Female		
	FY19	**FY22**	**FY23**		**FY19**	**FY22**	**FY23**
Average P/L (Rs.)	-11,141	-2,749	-2,245		-5,979	-1,258	-1,281
Average No. of Trades	240	79	64		192	88	74
Number of Individual	11.9	65.6	57.6		3.0	12.6	11.3

traders (sample) – in lakhs							
% of Loss-makers	67%	71%	72%		56%	63%	66%
% of Profit-makers	33%	29%	28%		44%	37%	34%
Average Profit made by Profit-makers (Rs.)	8,841	6,147	5,288		10,773	9,547	8,591
Average Loss made by Loss-makers (Rs.)	-21,092	-6,421	-5,184		-18,880	-7,590	-6,356

Table 14: Summary Statistics of P&L by Gender – Upto Rs. 1 crore and more than Rs. 1 crore Turnover group

	Male Traders (Turnover<=Rs. 1 Cr)			Female Traders (Turnover<= Rs. 1 Cr)		
	FY19	FY22	FY23	FY19	FY22	FY23
Average P/L	-605	-330	-184	312	213	241
Average Profit made by Profit-makers	2,851	1,852	1,700	3,628	2,945	2,770
Average Loss made by Loss-makers	-2,670	-1,262	-931	-2,612	-1,422	-1,069

Note: All values in Rs.

	Male Traders (Turnover >Rs. 1 Cr)			Female Traders (Turnover >Rs. 1 Cr)		
	FY19	FY22	FY23	FY19	FY22	FY23
Average P/L	-53,792	-35,581	-38,570	-36,945	-18,599	-22,153
Average Profit made by Profit-makers	64,184	94,312	86,230	71,782	1,02,971	94,900
Average Loss made by Loss-makers	-76,921	-67,618	-74,141	-77,180	-73,735	-76,158

Note: All values in Rs.

Observations:

- Share of 'Female' traders in all individual traders count declined to 16% in FY23 from 20% in FY19.

- 'Female' traders had lower proportion of loss-makers than 'Male' traders across years.

- Average profit by profit-makers as well as Average loss by loss-makers was higher for 'Female' traders as compared to 'Male' traders.

Table 15: Summary Statistics of P&L by Marital Status – Aggregate level

	Individual Traders - Married				Individual Traders - Single		
	FY19	**FY22**	**FY23**		**FY19**	**FY22**	**FY23**
Average P/L (Rs.)	-9,874	-3,214	-2,600		-9,649	-2,325	-1,686
Average No. of Trades	239	103	86		193	57	43
Number of Individual traders (sample) – in lakhs	7.8	31.3	28.0		4.1	31.7	27.4
% of Loss-makers	64%	65%	67%		72%	74%	75%
% of Profit-makers	36%	35%	33%		28%	26%	25%
Average Profit made by Profit-makers (Rs.)	9,974	8,298	7,663		4,539	2,664	2,449
Average Loss made by Loss-makers (Rs.)	-21,229	-9,374	-7,671		-15,075	-4,113	-3,082

Chart 20: Proportion of Loss-makers by Marital Status
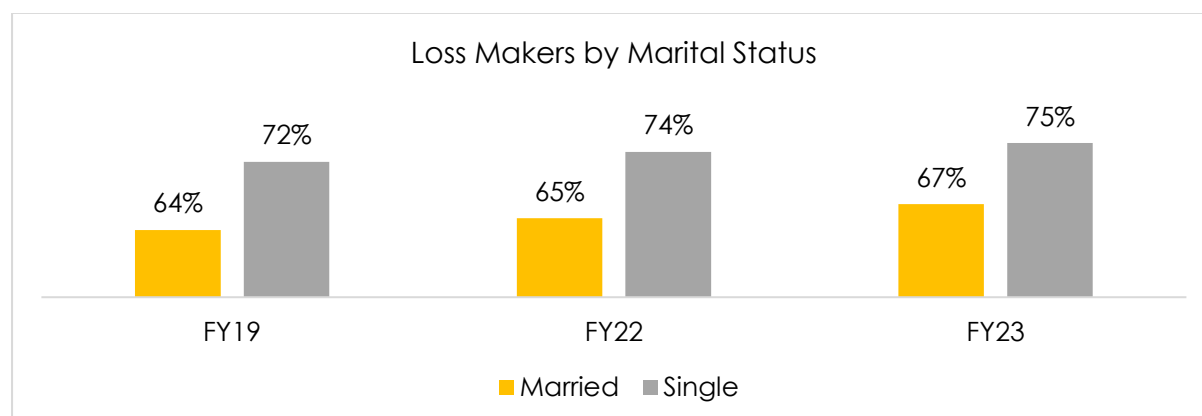
Observations:

- Group of 'Married' traders had lower proportion of loss-makers than 'Single' traders across years.

- Average number of trades executed by 'Married' group was significantly higher than 'Single' group across all the years.

- 'Married' traders, on an average, made higher profits (profit-makers) as well as higher losses (loss-makers) than 'Single' traders.

Table 16: Summary Statistics of P&L by Marital Status - Upto Rs. 1 crore and more than Rs. 1 crore Turnover group

	Married Traders (Turnover <= Rs. 1 Cr)				Single Traders (Turnover <= Rs. 1 Cr)		
	FY19	**FY22**	**FY23**		**FY19**	**FY22**	**FY23**
Average P/L	-224	-141	-13		-964	-459	-288
Average Profit made by Profit-makers	3,265	2,481	2,363		1,776	1,111	977
Average Loss made by Loss-makers	-2,602	-1,616	-1,217		-2,203	-1,042	-723

Note: All values in Rs.

	Married Traders (Turnover >Rs. 1 Cr)				Single Traders (Turnover > Rs. 1 Cr)		
	FY19	**FY22**	**FY23**		**FY19**	**FY22**	**FY23**
Average P/L	-49,981	-35,330	-35,950		-53,745	-39,144	-39,907
Average Profit made by Profit-makers	68,959	1,04,250	97,600		47,751	67,499	69,412
Average Loss made by Loss-makers	-78,174	-76,591	-81,807		-65,152	-54,801	-59,767

Note: All values in Rs.

d) Distribution by Location

In order to analyse trading pattern of individual traders based on their location, top 5 cities each from Tier I, Tier II and 3 cities from Tier III (total sample - 13 cities) were selected based on turnover in cash market during FY23.

Table 17: Participation of Individual Traders by Location – Aggregate level

	Tier-1				Tier-2				Tier-3		
	FY19	**FY22**	**FY23**		**FY19**	**FY22**	**FY23**		**FY19**	**FY22**	**FY23**
No. of Individual traders (sample) – in lakhs	2.4	9.3	8.1		0.5	2.7	2.5		0.02	0.2	0.2
Rise in participation over FY19	-	4x	3x		-	5x	5x		-	11x	10x

% of Loss-makers	56%	61%	61%	64%	67%	70%	66%	68%	70%
Average Profit by Profit-makers (Rs.)	15,092	13,629	12,141	12,463	9,676	7,297	7,596	4,707	4,937
Average Loss by Loss-makers (Rs.)	-23,916	-9,193	-7,861	-23,184	-7,967	-6,481	-26,214	-6,849	-6,808

Chart 21: Proportion of Loss-makers by Location
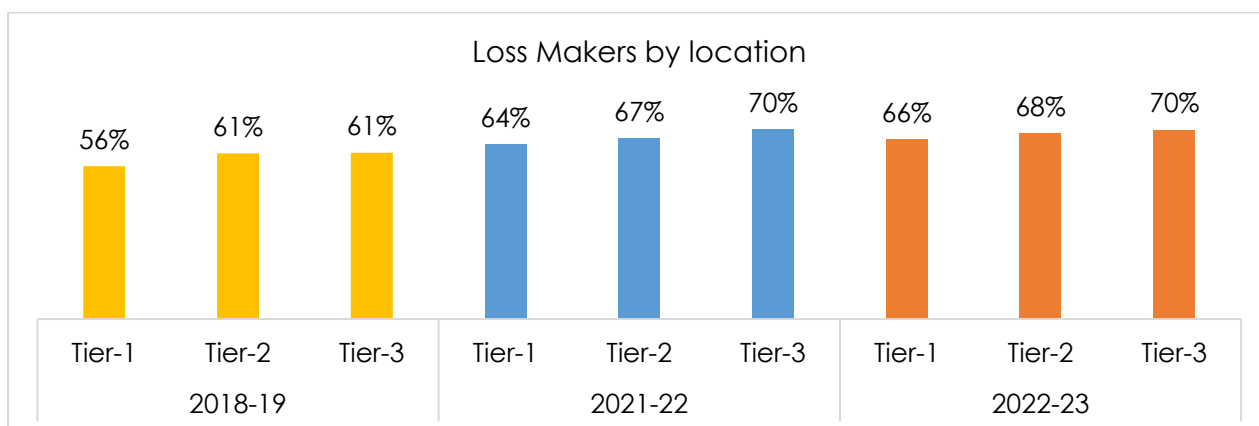
Table 18: Average Net P/L by Location – Upto Rs. 1 crore and more than Rs. 1 crore Turnover group

Year	Location	(Turnover cat <= Rs. 1 Cr)			(Turnover cat > Rs. 1 Cr)		
		Profit-makers	Loss-makers	All traders	Profit-makers	Loss-makers	All traders
FY19	Tier-1	4,463	-2,871	519	89,669	-1,04,545	-42,525
	Tier-2	3,896	-2,963	-76	79,070	-95,672	-51,805
	Tier-3	3,258	-2,766	-188	35,735	-91,153	-60,433
FY22	Tier-1	3,280	-1,486	224	1,39,072	-94,165	-15,520
	Tier-2	2,555	-1,428	-76	1,15,531	-80,378	-26,177
	Tier-3	2,021	-1,344	-299	56,379	-65,137	-40,984
FY23	Tier-1	3,134	-1,164	292	1,25,137	-97,080	-18,802
	Tier-2	2,340	-1,093	1	90,847	-82,568	-33,755
	Tier-3	2,128	-1,087	-92	65,268	-83,318	-50,899

Note: All values in Rs.

Observations:

- Participation of individual traders from Tier-1, Tier-2, Tier-3 (sample) cities increased to 3x, 5x, 10x in FY23 as compared to FY19.

- Proportion of loss-makers was lower in Tier-1 cities as compared to Tier-2 and Tier-3 cities.

*****