GRAIN, GOLD OR GUCCI: TRACING THE CULTURAL AND LEGAL EVOLUTION OF INVESTMENT IN INDIA

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ABSTRACT

Investment is not merely a financial act. In India, it has always been a deeply cultural one, shaped by trust, social identity, generational memory, and aspiration. This paper traces the arc of investment behaviour in India across three broad eras: the pre-market rural economy, where land, grain, cattle, and the neighbourhood moneylender formed the architecture of financial life; the institutionalisation of capital markets through stock exchanges and post-independence regulatory reform; and the contemporary moment in which a new generation of Indians is redefining value itself, treating luxury handbags, sneakers, fine art, vintage watches, and digital assets as legitimate stores of wealth.

The central argument of this paper is that in each of these eras, what Indians chose to invest in was not merely a response to economic conditions but a reflection of the social order they inhabited and the identity they wished to project. Investment, in other words, has always been a cultural signal as much as a financial strategy. This paper further argues that this evolution has consistently outpaced the law, creating recurring protection gaps for investors who operate outside the boundaries of formal regulatory imagination.

Through a socio-legal and historical lens, this paper calls for a broader conception of investment in Indian law, one that accounts for the cultural and behavioural realities of twentyfirst century wealth creation. It introduces an original three-era framework, namely the Era of Tangible Trust, the Era of Institutional Capital, and the Era of Identity Investment, to map this transformation and draw conclusions relevant to both legal scholarship and policy reform.

Keywords: Investment Culture, Alternative Assets, Indian Securities Market, Informal Credit, Cultural Economy of Investment, Identity Investment, SEBI Regulatory Framework, Passion Assets.

INTRODUCTION

There is a woman in Jaipur who keeps gold bangles locked in a steel cupboard. She does not think of them as jewellery. She thinks of them as money. There is a young man in Bengaluru who owns three pairs of Air Jordan sneakers that have never touched a floor. He does not think of them as shoes. He thinks of them as equity. And somewhere between these two people lies the entire story of how India has thought about investment across generations.

Investment, as economists define it, is the allocation of resources with the expectation of a future return. But this definition, stripped of its cultural context, tells us very little about why people actually invest in what they invest in. For much of India's history, the decision of where to place one's savings was not made in a brokerage office or on a trading application. It was made at a kitchen table, in a village panchayat, in a moneylender's courtyard, and later in the half-understood language of mutual fund advertisements on television. Each setting carried its own logic, its own social codes, and its own understanding of what constituted safety, risk, and reward.

The data bears this out compellingly. According to the Reserve Bank of India's latest figures, Indian households saved Rs. 54.6 lakh crore in 2023-24, of which Rs. 38.4 lakh crore was held in physical assets such as real estate, and Rs. 65,000 crore in gold and silver ornaments alone.[1] An average Indian household holds approximately 84% of its wealth in physical assets and only 5% in financial instruments.[2] These are not the numbers of a society that has wholeheartedly embraced the stock market as its primary savings vehicle. They are the numbers of a society that has, for centuries, placed its deepest trust in things it can touch, store, and pass down.

Yet this picture is changing, and changing rapidly. The same decade that saw gold savings persist also witnessed an unprecedented surge in retail equity participation. India added over 40 million new demat accounts between 2020 and 2022 alone.[3] Systematic Investment Plans in mutual funds crossed Rs. 19,000 crore in monthly inflows by 2023.[4] Alongside these conventional financial shifts, something altogether more unusual has begun to happen. A

[1] Reserve Bank of India, *Handbook of Statistics on the Indian Economy* (2025), https://rbi.org.in.
[2] Ministry of Statistics and Programme Implementation, Government of India, *All India Debt and Investment Survey* (2019).
[3] Securities and Exchange Board of India, *Annual Report 2021-22*, https://sebi.gov.in.
[4] Association of Mutual Funds in India, *Monthly SIP Data* (2023), https://amfiindia.com.

growing class of urban Indian investors, young, digitally fluent, and aspirationally mobile, has started treating luxury handbags, vintage watches, limited-edition sneakers, fine art, and digital collectibles as serious stores of value. A Birkin bag, globally, appreciated 85% over the last decade, outperforming several conventional asset classes in the same period.[5] This is not a fringe phenomenon. It is the leading edge of a broader transformation in what investment means.

This paper takes the position that Indian investment behaviour cannot be understood through an exclusively financial lens. It must also be read as a cultural text. When a rural family in preindependence India stored grain as a hedge against famine, they were not simply preserving calories. They were preserving dignity and survival capital in a world where formal credit was either absent or predatory. The Indian middle class of the 1970s and 1980s found its equivalent in the Life Insurance Corporation policies, which was not merely a financial product, but a marker of social respectability in a society that equated thrift with virtue. And today, when a twenty-eight-year-old in Mumbai pays three lakh rupees for a limited-edition Hermes bracelet intending to resell it at a profit, she is participating in a global market of passion assets while also, consciously or not, continuing a very old Indian tradition of treating objects as stores of value and markers of identity.

This continuity across time is the central insight this paper offers. Investment in India has never been purely rational in the classical economic sense. It has always been simultaneously rational and cultural, driven by what people trust, who they wish to become, and what their community recognises as wealth. The grain stored in a rural household, the gold locked in a steel cupboard, and the sneakers preserved in their original box are, at their core, expressions of the same impulse. Each generation finds its own vocabulary for security and aspiration. The vocabulary changes. The impulse does not.

This paper organises this evolution through three original analytical categories. The first is the Era of Tangible Trust, covering the pre-market economy of rural India in which land, grain, cattle, and the indigenous moneylender or *sahukar* formed the architecture of financial life. The second is the Era of Institutional Capital, spanning the birth of formal stock exchanges, the post-independence nationalisation of banks, and the emergence of SEBI's regulatory framework. The third is the Era of Identity Investment, the contemporary period in which

[5] Knight Frank, *The Wealth Report 2025*, https://knightfrank.com.

alternative assets, digital platforms, and a new philosophy of ownership are reshaping what it means to invest in India.

What makes this inquiry urgent rather than merely historical is the regulatory gap it exposes. The Securities and Exchange Board of India has built one of the world's more sophisticated capital market architectures, but its jurisdiction remains premised on a definition of securities drafted for a different age. The Securities Contracts (Regulation) Act, 1956[6] and the SEBI Act, 1992[7] together define the boundaries of formal investment law in India. A Birkin bag, a tokenised piece of art, or a limited-edition sneaker falls entirely outside those boundaries. Yet real money, belonging to real people, is being deployed into these assets every day, with limited legal recourse available when transactions go wrong.

The originality of this paper lies in its argument that investment culture in India has always moved ahead of investment law, and that this gap is not a modern problem but a structural feature of how Indian society has related to value and wealth across centuries. Understanding this history is not merely an academic exercise. It is a pre-requisite for imagining a legal and regulatory framework that is actually fit for the people it is meant to protect.

The paper proceeds as follows. Part II examines the pre-market rural economy and the cultural logic of investment before formal institutions existed. Part III analyses the rise of capital markets and the regulatory architecture built around them. Part IV examines the contemporary alternative asset revolution and the new vocabulary of Indian investment. Part V identifies the regulatory and dispute settlement gaps this evolution has created. Part VI offers an original conceptual framework for understanding investment as identity. Part VII concludes with observations and recommendations for reform.

THE ERA OF TANGIBLE TRUST: LAND, GOLD, GRAIN AND SAHUKAR ECONOMY

To understand investment in pre-market India is to understand a world where the word "investment" did not exist but the practice was everywhere. Every household decision about where to place surplus resources, whether to store grain, acquire land, accumulate cattle, or hand over savings to the neighbourhood *sahukar*, was an investment decision. It was simply

[6] Securities Contracts (Regulation) Act, 1956.
[7] Securities and Exchange Board of India Act, 1992.

never called that.

The rural Indian economy before the advent of formal financial institutions operated on a logic that modern finance theory would struggle to classify. It was not irrational. It was differently rational, calibrated to a world of acute uncertainty, absent institutions, and deeply personal trust networks. Three assets dominated this world: land, gold, and grain. Each served a distinct purpose in the household economy, and together they formed a remarkably coherent, if fragile, system of wealth preservation.

Land was the most prized asset. In an agrarian economy, land was not merely a store of value but the means of production, the source of social standing, and the most visible marker of family stability across generations. To own land was to belong. To lose it was catastrophe, not merely financial but social. The transfer of land from cultivating castes to non-cultivating moneylender castes, facilitated in large part by the British legal system's strict enforcement of contracts and mortgage foreclosures, was so socially destabilising that it triggered the Deccan Riots of 1875.[8] Land, in other words, was never just an asset but an identity. The law's failure to recognise this distinction between financial value and social value in land ownership had devastating consequences, a lesson that resonates remarkably well in the contemporary debates around unregulated alternative assets.

Gold occupied a different but equally complex position. Unlike land, gold was portable, divisible, and universally liquid. It could be pledged, gifted, melted, and remade. In a society without bank accounts or formal credit scores, a woman's gold jewellery was her personal financial reserve, independent of her husband's fortunes and beyond the reach of most creditors. This was not incidental. The custom of *stridhan*, a woman's personal property in gold, existed precisely because Indian society had, over centuries, developed an intuitive understanding of the need for individual financial resilience outside formal systems. Gold was simultaneously a cultural artefact, a religious offering, a marriage institution, and a savings instrument.

Grain served yet another function. In subsistence economies prone to famine and crop failure, stored grain was the most direct form of insurance. Families that could afford to store surplus grain across harvest seasons were not merely feeding themselves. They were hedging against catastrophe. The logic is structurally identical to holding cash reserves or a fixed deposit. The

[8] Ravinder Kumar, *Western India in the Nineteenth Century: A Study in the Social History of Maharashtra* (1968).

asset class differs. The underlying financial behaviour does not.

Into this world stepped the *sahukar*. The *sahukar* was someone who acted as both a moneylender and a trader. This dual role is crucial to understanding his place in the rural economy. He was not simply a lender of last resort. He was the entire financial infrastructure of the village, simultaneously its banker, credit appraiser, pawnbroker, commodities trader, and, often, its most powerful social actor.

The *sahukar's* credit system operated on the basis of something that modern financial regulation has no category for: relational trust. There were no written contracts in many instances, no collateral registration, no interest rate disclosures. A loan was extended because the *sahukar* knew the borrower's family, their land, their harvest history, and their social standing. Traditional moneylenders typically charged interest rates sometimes exceeding 30 to 50 percent annually, compared to the 5 to 10 percent rates offered by formal banks to their privileged clients.[9] Yet borrowers returned to them repeatedly, not because they were unaware of the cost, but because the *sahukar* offered something formal institutions could not: immediacy, accessibility, and a relationship that did not require documentation.

This is the first major observation this paper wishes to draw. The *sahukar* economy, for all its exploitation, was built on a form of trust that was personal, localised, and deeply embedded in social structure. Dispute resolution in this system was correspondingly informal. Grievances were settled within the village, through panchayat mediation, community pressure, or the quiet authority of caste hierarchies. There were no courts, no regulatory bodies, and no consumer protection frameworks. The consequences of this absence were frequently catastrophic for the borrower. By 1937, following the Depression, estimates of total rural indebtedness had risen to Rs. 1,800 crores, and the debt was largely unproductive, incurred for social ceremonies, consumption during lean months, or paying the rigid land revenue demand, rather than for agricultural improvement.

The indigenous hundi system added a layer of sophistication to this informal economy. The primary instrument of indigenous banking was the hundi, an indigenous bill of exchange, which came in two primary forms: the darshani hundi, payable on sight and used for remittance of funds, and the muddati hundi, a usance bill payable after a fixed period, discounted by bankers

[9] Central Banking Enquiry Committee, *Report of the Central Banking Enquiry Committee* (Government of India 1931).

to provide credit to traders. The hundi was, in modern terms, a negotiable instrument. It facilitated trade across regions, enabled credit without physical transfer of currency, and connected local economies to larger commercial networks. Indigenous bankers who dealt in hundis were, in an important sense, operating a primitive but functional capital market, centuries before the Bombay Stock Exchange was established.

What this pre-market era reveals is something that contemporary investment law tends to obscure. Investment behaviour does not wait for regulatory frameworks to be invented. People invest in what they understand, in what their community validates, and in what their circumstances make accessible. For rural India, that meant land, gold, grain, and the *sahukar*. The law, to the extent it existed, served the colonial state's revenue interests and the moneylender's contractual rights, not the investor's protection. The asymmetry between financial sophistication on the ground and legal recognition from above is not a new problem. It is the oldest problem in Indian financial history.

There is also a subtler point worth making here. The assets of this era were not chosen arbitrarily. Each of them, land, gold, grain, and even the relationship with the *sahukar*, served a purpose beyond pure financial return. They anchored the family to a place, a community, and a social identity. Investment was inseparable from belonging. This insight, that investment choices are expressions of cultural identity and social aspiration, will become increasingly important as this paper turns to examine what India's newest generation of investors is choosing to buy, and why.

THE ERA OF INSTITUTIONAL CAPITAL: STOCKS, SECURITIES AND OTHER FINANCIAL INSTRUMENTS

The transition from India’s informal, trust-based investment ecosystem to a structured, institution-driven financial architecture marks one of the most consequential shifts in the country’s economic history. If the earlier era was defined by land, gold, grain, and the *sahukar*, the post-colonial period witnessed the gradual construction of a formal capital market governed by law, regulation, and state oversight. This was not merely an economic transformation. It was an attempt to redefine trust itself, from personal relationships to institutional credibility.

The origins of India’s capital market predate independence. The establishment of the Bombay

Stock Exchange in 1875[10] marked the formal beginning of organised securities trading in India. However, for much of the colonial period, participation in such markets remained limited to a narrow class of traders, brokers, and industrial houses. The broader population continued to rely on physical assets and informal credit systems. The stock exchange existed, but it was socially distant from the everyday investor.

The decades following independence in 1947 fundamentally altered this landscape. The Indian state adopted a model of planned economic development in which financial institutions were not merely facilitators of capital but instruments of public policy. The nationalisation of major commercial banks in 1969[11] under the leadership of Indira Gandhi was a defining moment in this shift. By bringing 14 major banks under state control, the government sought to expand access to credit, mobilise household savings, and redirect financial resources toward priority sectors such as agriculture and small-scale industry.

This period also saw the consolidation of trust in state-backed financial instruments. The Life Insurance Corporation of India (LIC), established in 1956[12] through the nationalisation of private insurers, became one of the most significant vehicles for household savings. Insurance policies were marketed not merely as financial products but as instruments of security, responsibility, and social respectability. For the emerging middle class, investing in LIC policies or fixed deposits with nationalised banks represented both prudence and participation in the formal economy.

Parallel to these developments, the legal framework governing securities markets began to take shape. The Securities Contracts (Regulation) Act, 1956 (SCRA) provided statutory recognition to stock exchanges and sought to regulate contracts in securities, thereby introducing a measure of legal certainty into market transactions. However, despite this legislative foundation, the regulatory environment remained fragmented and relatively weak for several decades.

The limitations of this early framework became starkly visible in the late twentieth century, most notably during the securities market irregularities exposed by the Harshad Mehta scam of 1992.[13] The episode revealed systemic deficiencies in market oversight, banking practices, and

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[10] BSE Limited, *History and Milestones,* https://www.bseindia.com/static/about/History_Milestones.html (last visited Apr. 24, 2026).
[11] The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1969.
[12] Life Insurance Corporation Act, 1956.
[13] Sucheta Dalal & Debashis Basu, *The Scam: From Harshad Mehta to Ketan Parekh* (2001).

settlement mechanisms. It marked a turning point in India's approach to financial regulation, underscoring the need for a specialised, independent regulator with comprehensive powers.

In response, the Securities and Exchange Board of India (SEBI), which had been established in a limited capacity in 1988, was granted statutory authority through the SEBI Act, 1992. SEBI's mandate was expansive, to protect the interests of investors, promote the development of the securities market, and regulate its functioning. Over time, SEBI introduced a range of measures that fundamentally reshaped the Indian capital market, including disclosure requirements, insider trading regulations, takeover codes, and the dematerialisation of securities.

The dematerialisation process, facilitated by institutions such as the National Securities Depository Limited (NSDL)[14], marked a critical technological shift. By replacing physical share certificates with electronic records, it reduced fraud, increased transparency, and made participation in capital markets more accessible. This period also saw the emergence of the National Stock Exchange of India (NSE), which introduced screen-based electronic trading and enhanced market efficiency.

By the early twenty-first century, India had developed a sophisticated capital market ecosystem encompassing stock exchanges, mutual funds, depositories, and a robust regulatory framework. Retail participation began to expand, particularly with the rise of systematic investment plans (SIPs) and the increasing penetration of digital trading platforms. Investment, once confined to physical assets and informal systems, was gradually becoming financialised.

Yet, this institutionalisation of capital did not entirely displace earlier cultural logics. Trust in markets was still mediated by perception, experience, and collective memory. Episodes of market volatility and financial scams continued to shape investor behaviour, often reinforcing a cautious approach to equities. The preference for tangible assets such as real estate and gold persisted alongside growing participation in financial instruments.

This coexistence of old and new forms of investment highlights a central tension of this era. While the law succeeded in constructing an elaborate regulatory architecture for recognised securities, it remained inherently bounded by its definitions. The concept of "investment"

[14] National Securities Depository Limited, *About NSDL*, https://nsdl.co.in/nsdlnews/about-nsdl.php (last visited Apr. 24, 2026).

within the formal legal framework was tied to identifiable financial instruments like shares, debentures, derivatives, and units of collective investment schemes. Assets that fell outside this classification, regardless of their economic significance, remained beyond the protective scope of securities regulation.

The Era of Institutional Capital, therefore, represents both an achievement and a limitation. It succeeded in transforming India's financial landscape by embedding investment within a system of law, regulation, and institutional trust. At the same time, it established a framework that was, by design, selective in its recognition of what constitutes a legitimate investment.

This selectivity becomes particularly significant as India transitions into the contemporary phase of investment behaviour. The law built walls around what it recognised. Everything outside those walls was left unprotected. The rise of alternative assets, digital platforms, and non-traditional stores of value challenges the boundaries established during this era. The legal and institutional structures built in the twentieth century were not designed to accommodate these developments. As a result, the gap between how people invest and how the law understands investment begins to widen once again.

In this sense, the Era of Institutional Capital does not mark the end of India's investment evolution, but a critical midpoint. It replaces personal trust with institutional trust, informal practices with regulated systems, and cultural norms with legal definitions. Yet, as the next part will demonstrate, investment culture continues to evolve beyond the confines of this framework, raising fundamental questions about the adequacy of existing laws in capturing the realities of modern wealth creation.

THE ERA OF IDENTITY INVESTMENTS: THE NEW VOCABULARY OF INDIAN WEALTH

Something quietly remarkable has happened in India's investment culture over the last decade. The assets that a new generation of Indians is choosing to hold, trade, and build wealth through do not appear on any stock exchange. They are not listed securities, not mutual fund units, not real estate parcels registered with any authority. They are handbags. Sneakers. Vintage Watches. Fine art. Limited- edition collectibles. And yet they are being bought, sold, authenticated, and traded with the same calculation and intentionality that once attended the purchase of equities.

This is not a passing trend driven by youthful irrationality. It is the leading edge of a fundamental shift in how a rising class of Indian investors understands value, ownership, and the relationship between wealth and identity. To dismiss it as frivolous is to repeat the mistake that the formal economy made about every previous generation of Indian investors who placed their trust in assets the establishment did not recognise.

A. The Rise of Passion Assets as Investment Vehicles

The global market for what financial analysts now call "passion assets" or "alternative collectibles" has grown substantially over the past decade. According to the Knight Frank Wealth Report 2025, luxury handbags appreciated 85% over the last decade, the highest appreciation across ten collectible categories measured. The numbers attached to individual assets are striking. A Hermes Birkin has delivered average annual returns of 14.2% over the past 35 years, compared to gold's negative returns and the S&P 500's 8.7% average over the same period. To put this in terms that any investor would understand: a Birkin bag, stored correctly, has outperformed most traditional asset classes across multiple decades. Sotheby's has sold nearly $160 million worth of Birkin and Kelly bags since 2021 alone, establishing a level of institutional participation in the luxury handbag market that signals something beyond collector enthusiasm.[15]

In India specifically, this market is no longer the preserve of a wealthy few. A growing number of urban, digitally connected Indians in their twenties and thirties are participating in the resale economy for luxury goods and collectibles, often with a sophistication and data awareness that would surprise a traditional wealth manager.[16] The logic they apply is not alien to any financial analysis. They track brand price histories, time their purchases ahead of announced retail price increases, assess condition and provenance with care, and use platform data to determine market timing. The vocabulary is different from that of a stock trader. The underlying behaviour is not.

B. Sneakers and the Stock Market of Physical Goods

If the luxury handbag market has its Birkin as the blue-chip benchmark, the sneaker market has

[15] Sotheby's, *Handbags and Accessories Auction Results* (2024), https://sothebys.com.
[16] Aashna Aggarwal, *Sneakers, Status and Streetwear: How India's Gen Z Is Driving a Billion-Dollar Culture*, Medium (Mar. 29, 2025), https://medium.com/@aashna.aggarwal.

its Air Jordan as the equivalent. In India, certain limited-release sneakers such as the Travis Scott x Nike Jordans, which retailed at approximately Rs. 15,000, now sell for more than Rs. 1,00,000, representing a near 700% appreciation. The Indian sneaker market generated revenues of $2.80 billion in 2024, with a projected annual growth rate of 6.11% through 2028.[17] Platforms like StockX, GOAT, and Indian reseller communities on Instagram have created a functioning secondary market with transparent price discovery, authentication services, and volume-driven liquidity having elements that are characteristic of a securities market, even if the underlying asset is a pair of shoes.

What is legally significant about this market is what it lacks. There is no regulator. There is no mandatory disclosure framework. There is no investor grievance redressal mechanism recognised by any statute. When a buyer on an unverified platform purchases a limited-edition sneaker at a significant premium and receives a counterfeit, there is no equivalent of the SEBI Investor Protection and Education Fund to turn to, no Securities Appellate Tribunal jurisdiction to invoke, and no regulatory authority with the mandate to adjudicate. The buyer's remedies are confined to consumer protection law, whose machinery is too slow and often too geographically localised to be practically useful for a market that operates at the speed of a social media drop.

C. Art, Wine, and the Expanding Universe of Investable Objects

Beyond handbags and sneakers lies a broader ecosystem of alternative assets that wealthy and aspirational Indians are beginning to treat as stores of value. Fine art, once the preserve of gallery patrons and auction houses, has seen significant institutional participation from Indian buyers at global auctions. Vintage watches from brands like Patek Philippe and Rolex have demonstrated consistent long-term appreciation, with certain references fetching multiples of their original retail prices at Christie's and Sotheby's. Rare whisky, fine wine, and even trading cards have emerged as distinct sub-markets with their own pricing indices and authentication ecosystems.

The unifying logic across all of these assets is scarcity. Each of them derives its investment value from the same fundamental mechanism: limited supply meeting growing demand, with an additional premium attached to authenticity, provenance, and cultural cachet. This is

[17] Statista, *Sneakers Segment India Revenue Forecast 2024–2028* (2024), https://statista.com.

precisely the mechanism that drives the price of gold, an asset that Indian law has always recognised, taxed, and regulated. The economic logic is identical but the legal treatment is not.

D. Fractional Ownership and the Democratisation of Alternative Assets

Perhaps the most legally significant development in this era is the emergence of fractional ownership platforms, which allow investors to hold partial interests in high-value assets, from commercial real estate to fine art to luxury goods, at significantly lower entry thresholds. In India, fractional ownership platforms for real estate have grown rapidly, attracting retail investors with minimum investment amounts ranging from Rs. 10 lakh to Rs. 25 lakh, well below the capital required to purchase a commercial property outright.

SEBI recognised the regulatory implications of this growth relatively promptly in the real estate context. In its 203rd board meeting on 25 November 2023[18], SEBI took a crucial step by granting approval for a regulatory mechanism governing fractional ownership of real estate assets, following a consultation paper issued on 12 May 2023 proposing the inclusion of fractional ownership platforms within the purview of the SEBI (Real Estate Investment Trusts) Regulations.[19] This was a meaningful regulatory development. It acknowledged that the boundaries of what constitutes an investable asset had shifted, and that investors participating in these markets deserved the protections that formal regulation provides.

However, the scope of SEBI's consultation paper did not extend to assets other than real estate. Fractional ownership models continue to exist and proliferate in other spaces, including solar assets, gold, and other income-yielding properties, where regulatory oversight is either ambiguous or entirely absent. A platform offering fractional ownership of a collection of fine art or luxury watches falls entirely outside this framework. The investor who purchases a fractional interest in a Basquiat painting or a vintage Ferrari through an unregulated platform has no legal architecture to protect them if the platform fails, the asset is misrepresented, or a dispute arises over valuation and exit rights.

E. Investment as Identity: The Cultural Logic of the New Asset Class

It would be a mistake to analyse the Era of Identity Investment purely through the lens of

[18] Securities and Exchange Board of India, *Board Meeting Agenda, 203rd Meeting* (Nov. 25, 2023), https://www.sebi.gov.in.
[19] Securities and Exchange Board of India, *Regulatory Framework for Micro, Small and Medium REITs (MSM REITs)*, Consultation Paper (May 12, 2023), https://www.sebi.gov.in.

financial returns. The deeper logic of this shift is cultural, and it connects directly to the argument this paper has made about every preceding era of Indian investment.

The rural family that stored grain was preserving survival above all else. LIC policies, for the middle-class household, were a performance of responsibility as much as a financial decision. Equity investment, when the HNI finally entered the market, signalled membership in the formal economy. But when a twenty-five year old today pays six figures for a limited-edition sneaker or a Chanel bag, she is doing something more complex than speculating on resale value. She is acquiring an object that belongs to a globally legible language of aspiration, rarity, and cultural credibility. She is, in the precise sense this paper intends, investing in identity.

This is not a new impulse. It is the oldest impulse in the Indian investment tradition. What is new is the asset class in which it is expressed, and the speed at which that asset class has outgrown the regulatory imagination of a legal system that was built for a different world. The *sahukar* economy had no regulator either. But the consequences of regulatory absence in the *sahukar* era fell upon those with the least power to absorb them. The question that Part V of this paper will address is whether the consequences of regulatory absence in the Era of Identity Investment are any more equitable.

THE REGULATORY AND DISPUTE SETTLEMENT GAP: WHEN THE LAW DOES NOT FOLLOW THE MONEY

Every era of Indian investment has had its protection gap. In the *sahukar* economy, it was the absence of any legal framework to constrain usurious lending or protect borrowers from foreclosure. In the early institutional era, it was the fragmented and ineffective oversight that allowed the Harshad Mehta scam to hollow out the banking system before anyone in authority noticed. In the Era of Identity Investment, the gap is structural and arguably more difficult to close, because it is not the result of weak enforcement of existing law. It is the result of law that simply does not reach the assets people are investing in.

The Securities and Exchange Board of India has, over three decades, constructed one of the more comprehensive investor protection architectures among emerging market economies. The SCORES platform, introduced to redress investor grievances through a centralised online mechanism, and the Online Dispute Resolution framework notified in July 2023, represent genuine efforts to make dispute resolution accessible and efficient for investors in regulated securities.[20] The Securities Appellate Tribunal provides a dedicated appellate forum. The Investor Protection and Education Fund offers a layer of compensation where intermediaries default. These mechanisms are real, they are functional, and within their domain, they work.

Their domain, however, is defined by the word "securities." Section 2(h) of the Securities Contracts (Regulation) Act, 1956 defines securities to include shares, scrips, stocks, bonds, debentures, units of collective investment schemes, and derivative instruments. A Hermes Birkin bag or a limited-edition Air Jordan is not a security. A fractional interest in a collection of fine art held through an unregistered platform is not, at present, a security. The investor who deploys capital into any of these assets has no access to SCORES, no recourse to the Securities Appellate Tribunal, and no claim on any investor protection fund. Their remedies are confined to the Consumer Protection Act, 2019[21] for individual transactions, and the Indian Contract Act, 1872[22] for any platform agreement that may exist. These are not trivial statutes. But they were not designed for investment disputes. The Consumer Protection Act addresses deficiency of service and unfair trade practices. It does not address questions of asset valuation, market manipulation, authentication fraud at scale, or the collapse of an unregulated investment platform. The Contract Act addresses breach. It does not address disclosure norms, conflict of interest, or the fiduciary obligations that regulated investment relationships carry.

The result is a population of investors, many of them young, first-generation wealth builders, operating in markets that move at the speed of a social media drop, with no regulatory safety net beneath them. This is not merely a consumer protection problem. It is an investment law problem, and it deserves to be named as one.

SEBI's 2023 move to bring fractional real estate platforms within the MSM REIT framework was a meaningful acknowledgement that the boundaries of investable assets had shifted. But as noted earlier, that framework does not extend to luxury goods, collectibles, or digital assets. The regulatory imagination, even in its most progressive recent expression, has not kept pace with where Indian money is actually going.

There is also a deeper dispute resolution problem that this gap creates. When two parties disagree about the value or authenticity of a regulated security, there are established

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[20] Securities and Exchange Board of India, *Online Resolution of Disputes in the Indian Securities Market*, SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/191 (Jul. 31, 2023), https://www.sebi.gov.in.
[21] Consumer Protection Act, 2019.
[22] Indian Contract Act, 1872.

mechanisms, price discovery through exchanges, depository records, SEBI adjudication, and SAT appeals. When two parties disagree about whether a sneaker sold through an Instagram reseller is authentic, or whether a fractional ownership platform has misrepresented the valuation of a luxury asset, there is no equivalent infrastructure. The dispute falls into a jurisdictional no-man's land, resolved, if at all, through negotiation, social media pressure, or slow-moving consumer forums. For a country that has invested decades in building world-class capital market dispute resolution, this is a significant and growing lacuna.

INVESTMENT AS IDENTITY: A NEW CONCEPTUAL FRAMEWORK

In 1899, the American sociologist Thorstein Veblen observed that the wealthy did not merely consume goods for their utility. They consumed them to signal status, to perform membership in a social class, and to communicate, without words, the size of their surplus.[23] Veblen coined the term "conspicuous consumption" to explain the spending of money on luxury commodities specifically as a public display of economic power. His insight was radical for its time. Over a century later, it remains the dominant framework through which economists and sociologists explain the purchase of luxury goods.

This paper proposes that Veblen's framework, while foundational, is no longer sufficient to explain what is happening in India's contemporary investment landscape. Conspicuous consumption describes the act of buying to be seen. What this paper has traced across three eras of Indian investment is something more layered: the act of buying to belong, to survive, to signal trustworthiness, and increasingly, to define oneself. This is not conspicuous consumption. It is identity investment, and it operates by a different logic.

The distinction between conspicuous consumption and identity investment is not merely semantic. It has direct legal consequences. Veblen's conspicuous consumer buys to be seen. The return they seek is social, not financial, and the law has no particular reason to concern itself with their choices. The identity investor, however, operates with a dual purpose. The identity investor acquires an asset for its cultural value and its financial one, tracking price histories, assessing resale liquidity, and comparing returns against conventional instruments before committing capital. The conduct is, in every functional sense, investment behaviour. What separates them from a retail equity investor is not the nature of their decision but the

[23] Thorstein Veblen, *The Theory of the Leisure Class: An Economic Study of Institutions* (1899).

nature of the asset. And it is this distinction, one of form rather than function, that determines whether Indian law extends them its protection or leaves them entirely without it.

This framework, which this paper terms the Identity Investment Thesis, makes three propositions. First, that in every era of Indian economic life, investment decisions have been shaped as much by cultural identity and social aspiration as by financial logic. Second, that the assets through which identity investment is expressed change with each generation, but the underlying impulse does not. Third, and most critically, that the law's repeated failure to recognise emerging asset classes as legitimate investment vehicles is not incidental but structural, rooted in a regulatory imagination that defines investment by its instrument rather than by its function.

If investment is defined by function rather than form, that is, by the intentional allocation of capital with the expectation of return, then a significant portion of what India's newest generation of investors is doing falls squarely within that definition. The regulatory consequence of accepting this proposition is significant. It does not require dismantling the existing SEBI framework. It requires expanding the lens through which that framework identifies who an investor is, what they are investing in, and what protection they deserve.

CONCLUSION AND FINDINGS

This paper began with two images: a woman in Jaipur and a young man in Bengaluru. One keeps gold bangles in a steel cupboard. The other keeps sneakers in their original box. Separated by generation, geography, and asset class, they are connected by something the law has not yet found a way to recognise. Both of them are investors.

The journey this paper has traced across three eras of Indian investment leads to one central conclusion. Investment in India has never waited for the law to define it. In the pre-market era, rural households built sophisticated systems of wealth preservation through land, grain, gold, and relational credit, entirely outside any formal legal framework. In the institutional era, the law caught up partially, building a regulatory architecture that protected investors in recognised securities while leaving everything outside that definition unaddressed. In the present era, the same pattern is repeating itself. A new generation of Indians is deploying capital into assets that generate measurable financial returns, operate through functioning secondary markets, and carry real risks of fraud, misrepresentation, and platform failure. The law, once again, has not kept pace.

The Identity Investment Thesis this paper has advanced is not an argument for deregulation or for treating every luxury purchase as a financial instrument deserving of state protection. It is a more precise argument: that where capital is intentionally allocated with a reasonable expectation of financial return, through a platform or market that facilitates secondary trading, the functional character of that transaction is investment, regardless of the asset class in which it is expressed. Indian investment law, built around the concept of securities, is not equipped to recognise this reality. The consequences of that gap fall disproportionately on younger, first generation investors who are the most active participants in alternative asset markets and the least likely to have access to sophisticated legal redress.

This paper makes four recommendations. First, SEBI should commission a formal study of alternative asset markets in India, including luxury goods, collectibles, digital assets, and fractional ownership platforms outside the real estate sector, with a view to assessing the scale of retail participation and the nature of disputes arising within these markets. Second, the definition of "securities" under the Securities Contracts (Regulation) Act, 1956 should be reviewed with a functional rather than a formal lens, asking not what an asset is called but what economic purpose it serves and what risks its investors face. Third, a lighter touch regulatory framework, modelled on SEBI's MSM REIT approach, should be considered for platforms that facilitate investment in alternative assets, requiring minimum disclosure standards, authentication protocols, and accessible grievance redressal mechanisms. Fourth, the Consumer Protection Act, 2019 should be specifically amended or interpreted to address investment disputes arising from alternative asset platforms, recognising that the purchase of an asset for resale at a profit is categorically different from ordinary consumer transactions and deserves a correspondingly different standard of protection.

India has always been a society that invests imaginatively, finding stores of value in grain, in gold, in paper securities, and now in the objects that a new generation has decided carry worth. The law's task is not to validate or question those choices. It is to ensure that the people who make them are not left without recourse when things go wrong. From grain to gold to Gucci, the assets change. The need for protection does not.

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