

## Our Views

### The Missing Pillar of Atmanirbhar Bharat: Financial Services

When COVID-19 brought the world to a standstill in early 2020, India responded with a bold policy shift: Atmanirbhar Bharat. The initiative rests on five pillars - the economy, infrastructure, technology-driven systems, demographic strength, and domestic demand. This framework was designed to build internal resilience and reduce external dependence.

Yet one crucial domain has remained largely outside this conversation: financial services and financial markets. Since liberalisation in 1991, India's financial strategy has largely followed a "foreign capital first" model. The economy needed global capital, global intermediaries, and global institutional standards to catch up from decades of under-investment. It worked: foreign investors brought liquidity, governance improvements, and technology when India needed them most.

But history tells us that there comes a time in the life of a nation when they need to focus on developing domestic resources. In this evolution, successful economies first import capital, then develop domestic institutions strong enough to retain and deploy local savings. India is now at that second stage. Our rising household wealth, deepening financial literacy, and growing long-term pools of domestic capital mean that the Indian economy can increasingly be financed by Indians.

In India, foreign firms still dominate several critical market functions, from capital raising to payment infrastructure, despite India now having the liquidity, technology, and savings base to lead with domestic solutions. However, in recent years, the surge in retail and institutional participation in Indian capital markets signals a turning point. India's economy is increasingly financed by Indian capital. To sustain this shift, we must build financial self-reliance as the sixth pillar of Atmanirbhar Bharat.

Capital-market intermediaries: such as brokers and investment banks need regulatory support that enables them to become global leaders rather than remain junior partners in their own market. Many countries, including China, continue to prioritise domestic institutions in capital-market transactions. India's market infrastructure should reflect similar confidence. Strengthening local clearing corporations, custodians, and depositories will not only improve competitiveness but also enhance data sovereignty over sensitive financial flows.

Payments: are another area where India has proven its capability. With UPI scaling far beyond global peers in both cost efficiency and transaction volume, it is clear that domestic systems can set global benchmarks. Payments infrastructure touches every citizen and every enterprise; it should remain firmly in domestic hands to protect consumer data and future economic security.

Finally, India's asset management industry: spanning mutual funds, pension funds, and alternative investment vehicles must reach global scale. Large pools of domestic long-term capital are still underutilised, particularly in pension and insurance sectors. Channeling a greater share into domestic fund-management institutions can accelerate capital formation, anchor local innovation, and ensure that India's growth is funded by India itself.

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A financial ecosystem that relies heavily on external institutions remains vulnerable to abrupt shifts in global sentiment or geopolitics. As India moves from a consumption-led economy to an investment-led one, domestic capital must increasingly finance infrastructure, technology, sustainability, and enterprise expansion in financial sector. Financial sovereignty is not isolation; it is ensuring that India's growth trajectory is insulated from external shocks and built on competitive domestic capabilities.

Atmanirbhar Bharat enabled India to reimagine its manufacturing and supply-chain resilience. The next strategic imperative is clear: India must become Atmanirbhar in financial services.

Sunil Sanghai  
Founder & CEO  
NovaaOne Capital Pvt. Ltd

NovaaOne