

Powering India's Next Billion Aspirations

At NSDL, the safekeeper of India's wealth, technology is not just about speed. It is about strengthening trust.



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India's capital markets are entering a defining phase of their evolution. Over the past three decades, we have witnessed an extraordinary transformation, from physical share certificates to dematerialised ownership, from lengthy settlement cycles to near real-time settlement capabilities, and from a market largely driven by institutions to one increasingly shaped by retail investors.

Yet, despite this remarkable progress, the most exciting chapter may still lie ahead.

The true story of India's capital markets is no longer merely about growth. It is about scale, inclusion, trust and the ability to build infrastructure capable of serving a nation with over a billion aspirations.

As India advances towards its vision of becoming a **Viksit Bharat by 2047**, capital markets will play a far greater role in channelising savings into productive investments, funding entrepreneurship, supporting infrastructure creation and enabling wealth creation across households. The challenge before market institutions is not simply to manage growth, but to build systems capable of sustaining growth responsibly, securely and inclusively for decades to come.

India's Capital Markets: A Story of Scale

The scale of India's capital market transformation over the last few years has been unprecedented.

India today has more than **22 crore demat accounts**, compared with around **4 crores in 2020** and approximately **2.5 crore in 2016**, reflecting one of the fastest expansions of investor participation globally. The country's investor base has broadened significantly, with participation increasingly coming from Tier II and Tier III cities, demonstrating the growing democratization of investing.

The growth in market depth has been equally impressive. The market capitalisation of NSE-listed companies has reached approximately **₹411 lakh crore (US\$4.8 trillion)**, making India one of the world's largest equity markets. In FY25 alone, more than **240 IPOs** raised nearly **₹1.7 lakh crore**, highlighting the ability of Indian markets to support business growth, entrepreneurship and capital formation.

For India, this is not simply a market success story. It is a development story.

Capital markets are becoming an increasingly important mechanism for converting household savings into productive investments, supporting infrastructure projects, financing innovation and creating opportunities for wealth creation across society.

From Savers to Stakeholders

A quiet but profound transformation is underway in India.

For generations, Indian household savings were concentrated in physical assets such as gold and real estate. Today, a growing number of individuals are participating in capital markets directly and indirectly through equities, mutual funds, ETFs, REITs, InvITs, pension products and other market-linked investment avenues.

The numbers illustrate this shift clearly. Monthly SIP contributions have approached **₹30,000 crore**, while mutual fund assets under management have crossed **₹80 lakh crore**. The number of mutual fund folios has exceeded **25 crores**, reflecting increasing investor confidence in disciplined, long-term wealth creation.

This trend reflects more than improving financial literacy. It reflects confidence in India's economic future, stronger investor protection frameworks, expanding digital access and a growing recognition that long-term participation in capital markets is essential for wealth creation.

Yet, the opportunity ahead remains enormous. Despite the remarkable growth in participation, only around **5-7% of India's population actively participates in capital markets**, suggesting that the country's capital market journey is still in its early stages. The next wave of growth will come not merely from metropolitan centres but from smaller towns, semi-urban regions and first-time investors entering the formal financial ecosystem.

Depositories: The Invisible Infrastructure Behind Market Growth

At the centre of this transformation lies a critical piece of financial infrastructure: the depository ecosystem.

India's transition from paper-based securities to electronic ownership fundamentally changed the way investors interact with markets. Depositories have made investing safer, faster and more transparent by eliminating risks associated with paper certificates, reducing settlement risks and enabling seamless transfer of ownership.

NSDL has been at the forefront of this transformation.

Established as India's first securities depository, NSDL pioneered dematerialisation and helped create the foundation of India's modern capital market infrastructure. Over the years, NSDL's role has evolved well beyond the safe custody of securities. Today, depository infrastructure supports equities, corporate bonds, government securities, mutual fund units, ETFs, REITs, InvITs, sovereign gold bonds and various other financial instruments.

Every demat account opened, every corporate action processed and every securities transaction settled ultimately relies on trusted infrastructure operating seamlessly behind the scenes.

As participation expands into hundreds of millions of investors, the importance of resilient depository infrastructure will only continue to grow.

Infrastructure as a National Advantage

Historically, discussions about capital markets focused primarily on returns, valuations and macroeconomic fundamentals. Increasingly, however, investors evaluate markets through another lens: infrastructure.

How secure is custody? How efficient is settlement? How resilient are systems? How effectively are investor interests protected?

In many of these areas, India has emerged as a global leader.

The transition from T+2 to **T+1 settlement**, and the progressive move towards **same-day settlement capabilities**, demonstrates India's willingness to innovate while maintaining market integrity. Technology-enabled compliance frameworks, digital onboarding and automated post-trade systems have enhanced transparency while reducing friction.

Efficient infrastructure lowers risk, reduces costs, improves confidence and ultimately attracts greater participation from investors and issuers alike. In an increasingly competitive global environment, robust market infrastructure is not merely an operational requirement. It is a strategic national advantage.

Building Trust in a Digital Era

Perhaps the most significant change in Indian markets is not technological. It is demographic.

A new generation of investors has entered the market. They are digitally native, mobile-first and accustomed to real-time experiences. They expect seamless onboarding, instant access to information and digital convenience without compromising security.

Meeting these expectations requires a complete rethinking of market infrastructure.

The convergence of demat accounts, digital KYC, mutual fund holdings, e-voting, online servicing and real-time portfolio visibility is creating a far more integrated investor experience than ever before.

Yet, while technology continues to transform markets, trust remains their most valuable asset.

Every financial transaction ultimately rests on confidence: confidence that ownership records are secure, confidence that settlements will occur as expected and confidence that systems are resilient.

For market infrastructure institutions, this means that cybersecurity, operational resilience, data governance and business continuity are now as important as traditional financial safeguards.

At NSDL, technology is not simply about processing transactions faster. It is about strengthening trust.

AI, Blockchain and the Markets of Tomorrow

The next phase of market evolution will increasingly be shaped by emerging technologies.

Artificial Intelligence has the potential to transform surveillance, compliance, fraud detection, onboarding and risk management. Beyond financial markets, AI is expected to drive innovation, create new industries and generate demand for skills in machine learning, cybersecurity, analytics and digital governance.

For India, AI represents both an economic opportunity and a market opportunity.

At the same time, Blockchain and Distributed Ledger Technology offer significant possibilities for market infrastructure. Applications such as asset tokenisation, digital corporate actions, collateral management, enhanced audit trails and near real-time settlement could improve transparency, efficiency and investor access.

The future is unlikely to be defined by technology replacing trusted institutions. Rather, it will be defined by trusted institutions leveraging technology to deliver greater resilience, transparency and confidence.

Financing Viksit Bharat

The vision of **Viksit Bharat 2047** is fundamentally linked to the strength of India's capital markets. Whether it is infrastructure development, manufacturing expansion, clean energy projects, logistics networks or technological innovation, each will require substantial capital formation.

A deeper equity market, a stronger corporate bond market, greater participation from pension and insurance funds, and broader access to investment opportunities will all be critical to financing India's next phase of growth.

The continued development of India's bond market will be especially important. Long-term infrastructure and development projects require patient capital and diversified funding sources. As participation from domestic and global institutional investors expands, India's bond market has the potential to become a major pillar of the country's financial architecture.

The Next Decade

The next decade will be defined by greater participation, inclusion and trust in India's capital markets. From **2.5 crore demat accounts in 2016 to over 22 crores today**, and a mutual fund industry managing more than **₹80 lakh crore in assets**, India's growth story is already remarkable.

Looking ahead, India could see **40-50 crore demat accounts** and an equity market capitalisation of **US\$10-15 trillion** over the next decade, driven by financialisation, digital adoption and rising investor participation.

This growth will be powered by millions of new investors, deeper domestic capital pools and wider access to financial opportunities. As India advances toward developed-nation status, trusted market infrastructure will remain the foundation of sustainable growth. The opportunity is unprecedented, and so is our responsibility: to build an accessible, resilient and inclusive market ecosystem for the aspirations of the next generation.