From Distribution to Distributed Wealth Creation

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Introduction

India stands at a pivotal moment in its economic journey, a moment that calls not just for growth, but for broad-based participation in wealth creation. As the world's fastest-growing major economy, India has no shortage of entrepreneurial energy, capital markets momentum, or digital infrastructure. What it needs now is a cultural shift: from being a nation of savers to one of investors, owners, and builders.

For decades, economic policy has focused on redistributing wealth - through subsidies, welfare programs, and direct transfers. While these efforts have played a vital role in reducing poverty and supporting vulnerable populations, they represent only one side of the equation. The next chapter in India's development must be about distributed wealth creation, where every citizen has the opportunity, tools, and confidence to own a piece of India's growth story.

The recent "Invest America Act" in the United States offers a timely inspiration. By creating tax-advantaged investment accounts for citizens , seeded at birth and designed for long-term equity exposure, the U.S. is signaling a bold commitment to financial inclusion through ownership. India, too, has experimented with similar ideas, such as the Mukhyamantri Kanya Utthan Yojana in Bihar, which encouraged families to invest in the future of their daughters. These are not isolated policies, they are early signals of a global shift toward empowering citizens as stakeholders in national prosperity.

India now has the opportunity to build on these ideas, to foster a culture of equity ownership, entrepreneurship, and long-term investing. The potential lies not just in public markets, but in alternatives and private capital. Broader participation by Indians is not only desirable, but essential for sustainable, inclusive growth.

Learning from the Invest America Act: Ownership as Inclusion

On July 4th, 2025, the United States took a bold step toward reshaping the relationship between its citizens and its economy. The Invest America Act, signed into law on that symbolic date, marked a quiet revolution in financial inclusion. At its heart was a simple but powerful idea: every American should have the opportunity to participate in the long-term growth of the economy, not just as a worker or consumer, but as an owner.

The Act established Invest America Accounts, tax-advantaged trust accounts created for every eligible citizen. Each account is seeded with a $1,000 contribution from the federal government at birth, with the option for families and institutions to add more over time. These funds are restricted to investments in broad-based equity instruments, such as S&P 500-tracking mutual funds and ETFs, and cannot be accessed until the beneficiary turns 18. Contributions are tax-exempt, and withdrawals are taxed at capital gains rates, reinforcing the long-term nature of the investment.

This is more than a financial product, it is a policy designed to shape behavior. By embedding equity ownership into the lifecycle of every citizen, the U.S. is making a profound statement: that participation in markets is not a privilege reserved for the wealthy, but a right that should be extended to all. It is a recognition that wealth creation must be democratized if economic opportunity is to be truly inclusive.

India could adapt this model to its own context. Imagine a Bharat Investment Account for every child, seeded by the government and supported by voluntary contributions from families, employers, or philanthropic institutions. These accounts could be designed to invest in a diversified mix of Indian equities, infrastructure funds, or even regulated alternative assets. Withdrawals could be restricted until adulthood, encouraging compounding and patience. Tax incentives could further nudge behavior, while financial literacy programs in schools and communities would ensure that citizens understand not just how to invest, but why it matters.

India's Early Experiments: Investing for Inclusion and Social Equity

India has quietly pioneered inclusive financial models for women, farmers and elders, blending social equity with long-term empowerment. A good example of this are three initiatives started by UTI AMC between 2005-11 under the visionary leadership of Mr. U K Sinha, former SEBI Chairman.

The first was the introduction of a micro-pension schemes for unorganised women workers in Ahmedabad—vegetable vendors, domestic help, and milk farmers — enabling them to save as little as ₹100 monthly in balanced funds. Despite initial challenges, forty thousand women joined, receiving individual pension accounts and monthly statements.

Building on its success, a similar scheme was introduced for milk farmers in Bihar, facilitating voluntary savings from their fortnightly earnings. More than fifty thousand milk farmers joined this scheme.

In Bihar, an important initiative to ameliorate the situation of adverse sex ratio in the state was launched. It involved the state government depositing ₹2,000 for every girl child born which was then invested in a balanced fund and locked until age 18. Investment receipts were issued in the girls' names, covering over 1.8 million beneficiaries.

Similar schemes were launched in Maharashtra for members of the Mandeshi Women's Bank. These efforts show India's capacity to design inclusive financial programs. The next step is to scale these models, integrating them with modern instruments that promote ownership, entrepreneurship, and long-term wealth creation for all citizens.

Building a Culture of Ownership and Long-Term Thinking

If India is to transition from a nation of savers to a nation of owners, it must go beyond policy and create a cultural foundation that supports long-term financial behavior. This means embedding the principles of entrepreneurship, equity ownership, and patient capital into the everyday lives of its citizens, not just in metros, but across towns and villages.

Financial literacy must become a core part of the curriculum, not as an optional module but as a foundational skill. Children should learn the basics of compounding, risk, asset classes, and the power of long-term investing. Public campaigns, media narratives, and community programs can help demystify markets and highlight stories of ordinary investors building wealth over time.

India must expand the definition of ownership beyond public markets. While public markets are vital, an even bigger opportunity lies in alternatives: private equity, venture capital, infrastructure funds, REITs, and startup investing. India must build the institutional capacity of asset managers and asset management companies that can increase access to these products.

Entrepreneurship must be celebrated not just as a career path, but as a form of ownership. Policies that support employee stock ownership plans (ESOPs), cooperative models, and local investment networks can help spread the benefits of entrepreneurship more widely.

Beyond Public Markets: Unlocking the Power of Alternatives

India's equity markets have seen remarkable growth in recent years, with record numbers of retail investors entering through mutual funds, direct stock purchases, and SIPs. Yet, this is only one part of the wealth creation landscape. The real frontier lies in alternative investments, asset classes that have traditionally been out of reach for most Indians but now offer immense potential for democratization.

The emergence of large, professional, and publicly listed asset management firms, including wealth and AIF managers, signals a maturing economy. These firms offer Indian households a wider array of asset classes to invest in, from traditional equities to private credit, venture capital, and infrastructure.

In 2024, nearly 40% of individual shareholders were under the age of 30, driving a fourfold increase in depository accounts since 2020, from 4 crore to over 17 crore. These investors seek breadth of options, convenience, and a transparent, trusted ecosystem.

Banks and NBFCs were among the first to benefit, expanding their shareholder base through public market access. Today, India's top 20 banks have over 3 crore shareholders. NBFCs have flourished, with assets under management growing from ₹25 lakh crore to ₹47 lakh crore in just four years.

Mutual fund AUM has grown more than sixfold in the last decade, from ₹10 lakh crore to ₹67 lakh crore, attracting over 4.5 crore investors. SIPs now contribute over ₹23,000 crore monthly. The AIF sector has also seen explosive growth since SEBI introduced regulations in 2012. Today, over 1,400 AIFs manage more than ₹12 lakh crore, offering exposure to venture capital, private equity, private credit, real estate, and infrastructure.

Domestic Institutional Investors (DIIs) have overtaken Foreign Portfolio Investors (FPIs) as the dominant force in Indian markets. Despite this progress, mutual funds and AIFs still represent a fraction of the ₹210 lakh crore in domestic savings held within the banking system. Analysts predict a 10X growth potential for mutual funds and a 100X potential for alternatives over the next 25 years.

Conclusion: A Nation of Stakeholders

India's economic story is no longer just about growth, it is about participation. The next phase of our development must be defined not by how much wealth is created, but by how widely it is shared through ownership. This is the essence of moving from distribution of wealth to distributed wealth creation.

The tools are already in place. We have a thriving entrepreneurial ecosystem, deepening capital markets, and a growing appetite for financial innovation. We have policy frameworks like the AIF regulations and the Fund of Funds for Startups that have proven effective. We have precedents like the Mukhyamantri Kanya Utthan Yojana that show how financial inclusion can be seeded early and meaningfully. And now, we have global inspiration in the form of the Invest America Act, a reminder that ownership is the most powerful form of inclusion. But the real work lies ahead. It will take visionary policy, institutional courage, and a cultural shift to build a nation of stakeholders.