

‘Open-source AI Will Offer India Code Sovereignty’

India cannot own every AI layer, but open ecosystems and optionality can avoid vendor lock-in and establish control over critical data, governance and infrastructure: Industry leaders

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As geopolitics shapes access to AI technologies, India must urgently build greater control over its AI stack, India's top corporate leaders said at the first edition of *The Economic Times Eye on AI Dialogues* moderated by **Himanshi Lohchab**.

AI sovereignty should not be viewed as a binary concept but as the ability to retain “control and optionality” over critical parts of the technology stack, said **Sriram Raghavan**, general manager, IBM Software, India, and Software Innovation Lab.

“Sovereignty gets into governance, control, and understanding of which models are being used for what decisions—can I inspect it, can I reason it, can I understand the decision-making process?” Raghavan said. “Looking for a zero-one answer to sovereignty is impractical because enterprises build AI using multiple technology layers.”

Enterprises should avoid locking themselves into a single AI model or vendor by building applications that can switch across multiple models and infrastructure providers.

“Optionality and control go hand in hand,” he said. “If you have optionality, you have the control to switch.”

AS Rajgopal, managing director and chief executive of NxtGen Cloud Technologies, cautioned enterprises against excessive dependence on foreign frontier AI models because geopolitical developments and overseas regulations could disrupt access.

“We ask ourselves one simple question every time: Am I dependent on somebody else’s terms?” Rajgopal said. “We need independence over our data, our operations and the technology we work with.”

Referring to regulations such as the US CLOUD Act, he said organisations should increasingly rely on open-source and Indian AI models for enterprise applications.

“We are not encouraging our customers to leverage Anthropic, OpenAI or other frontier models. For most enterprise use cases, we can build fully sovereign solutions using domain-specific open-source models,” Rajgopal said, adding that NxtGen has already deployed 153 enterprise AI use cases built on open-source models.

India’s multilingual AI ecosystem gives domestic model companies such as Sarvam a significant advantage. “For customer support and many enterprise applications, Indian-built models have very strong language capabilities,” he said. “We have quite a lot of choice there.”

From a financial services perspective, AI sovereignty ultimately comes down to accountability, said **Priya Kashyap**, chief operating officer at Hero FinCorp. “Our data, our models and our talent should be our own,” she said. “There has to be complete accountability for what we do and for the outcomes our customers see because of AI.”

She lauded the Reserve Bank of India’s recently introduced AI model risk-management framework, saying the regulator had struck “a very good balance” between innovation and regulation. “The model may do the job, but the responsibility stays with the human,” she said. “You can only drive fast when you have the ability to apply the brakes.” She said Hero FinCorp ensures every AI deployment has rollback mechanisms so that business operations can quickly revert to earlier systems if required.

When asked about India’s top priority for achieving AI sovereignty, Kashyap said, “You can’t create a very fancy appliance and then put it in someone else’s socket. India must build control over its data, models, talent and compute to achieve



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true AI sovereignty.” IBM’s Raghavan said India must continue investing in domestic AI models and computing capacity through initiatives such as the IndiaAI Mission. “It’s important that India doesn’t decide to become only a user of AI. We need our own models, our own infrastructure and our own innovation platform,” he said.

NxtGen’s Rajgopal added that India remains “woefully short” of AI infrastructure. “Infrastructure is the priority. We’ve made progress on models and governance, but without compute infrastructure we cannot run AI at scale,” he said.