



## OECD Services Trade Restrictiveness Index (STRI)

### INDIA – 2023

#### Key findings

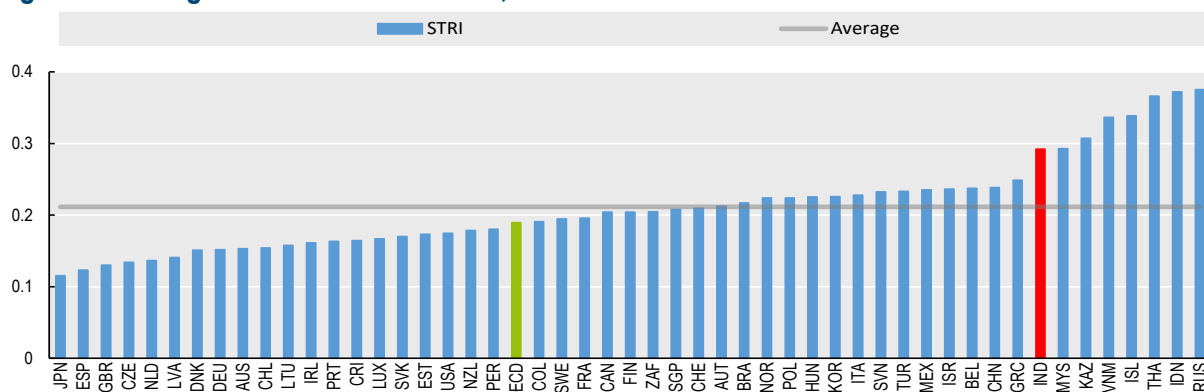
- The 2023 STRI of India is above the OECD average and relatively high compared to all countries in the STRI sample, but unchanged compared to 2022.
- Relevant changes in 2023 include the adoption of a new Digital Personal Data Protection Act, whereby the central government may restrict the transfer of personal data to a country or territory outside India through a notification; and new rules allowing foreign lawyers and foreign law firms to practice law in India in non-litigious matters, subject to a reciprocity condition.
- Engineering services is the most open sector in India while rail freight transport is the most restricted, relative to the sectoral average.
- Market access to certain key services sectors remains prohibited for foreigners or subjected to stringent conditions.

#### Recommendation

- Trade in services strengthens resilience across supply chains, facilitating environmental sustainability and promoting greater inclusiveness. To ensure the benefits of open markets and a rules-based international trading system, national and multilateral action is needed to lower barriers and reduce trade costs, promote greater regulatory interoperability, and facilitate the digital transformation of economies.

The 2023 STRI of India is above the OECD average, and relatively high compared to other countries in the STRI sample (Figure 1).

**Figure 1. Average STRI across countries, 2023<sup>i</sup>**



OECD (2023). STRI and TiVA databases.

The 2023 STRI reflects restrictions that apply on key strategic services sectors such as rail freight transport, legal services, and accounting. These sectors are either reserved for public monopolies, closed for foreign direct investment and foreign services providers, or subject to stringent market entry conditions.

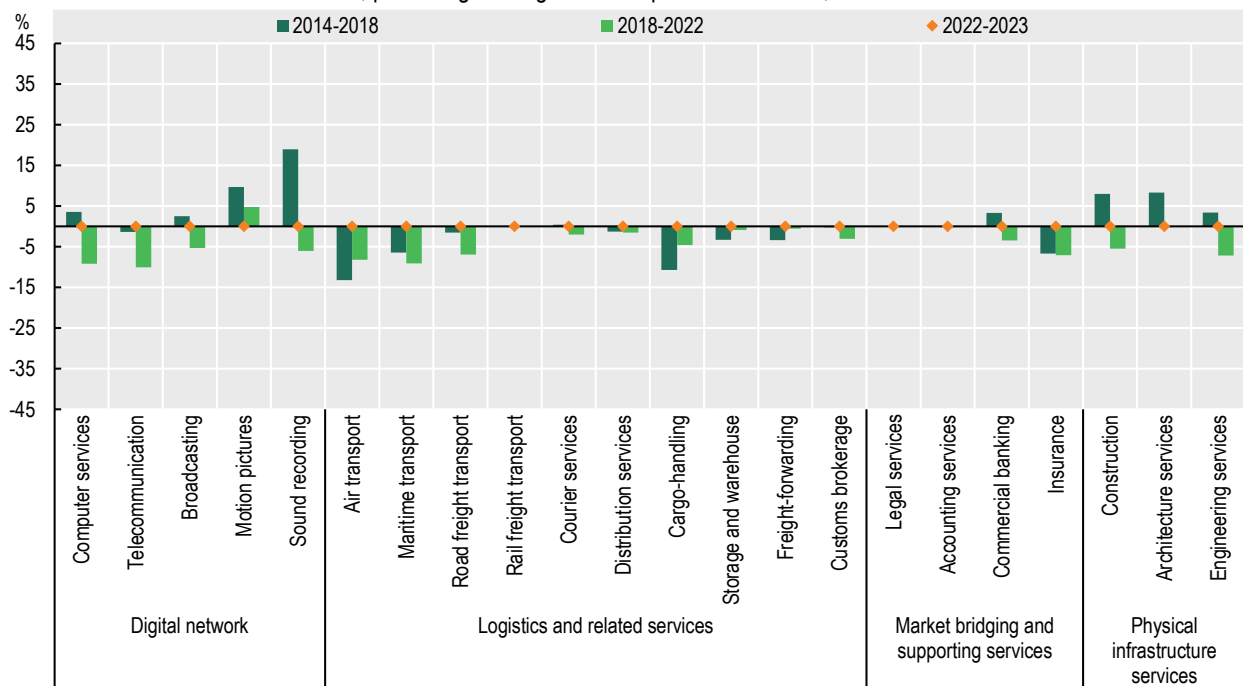
Limitations on foreign ownership also exist in other relevant sectors, such as distribution, commercial banking, and insurance. These limitations are governed by the “Consolidated FDI Policy”, updated regularly by the government. At least one of the board members and the manager in corporations must be residents of India.

India applies labour market tests for natural persons seeking to provide services in the country on a temporary basis as intra-corporate transferees, contractual services suppliers, or independent services suppliers. These categories may stay in the country for up to 24 months on their first entry permit. However, multiple entry business visas are awarded for up to five years with each stay limited to six months. Finally, there are preferences for local suppliers in public procurement.

India has been progressively introducing reforms over the past years, contributing to a slight liberalisation of services trade in some sectors, particularly between 2018 and 2022 (Figure 2). In 2022-23, India introduced new rules regulating cross-border transfer of personal data and the provision of legal services by foreign lawyers and foreign law firms. However, these changes in legislation did not have an impact on India's STRI, which remains unchanged in all sectors compared to 2022.

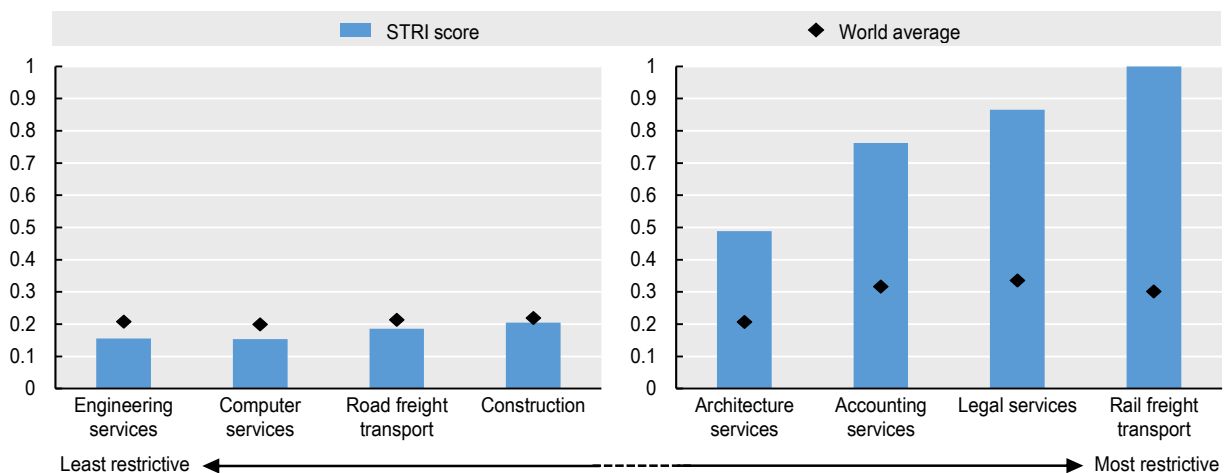
**Figure 2. Evolution of STRI indices by sector in India**

Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2022 and 2022-2023



OECD (2023). STRI database.

Figure 3 ranks India's sectors relative to the respective sector's world average. Engineering services, computer services, road freight transport and construction are the sectors with the relatively lowest scores. Conversely, architecture services, accounting services, legal services and rail freight transport are the sectors with the relatively highest scores.

**Figure 3. Sectoral breakdown - The least and most restricted sectors in India compared to world average**

Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

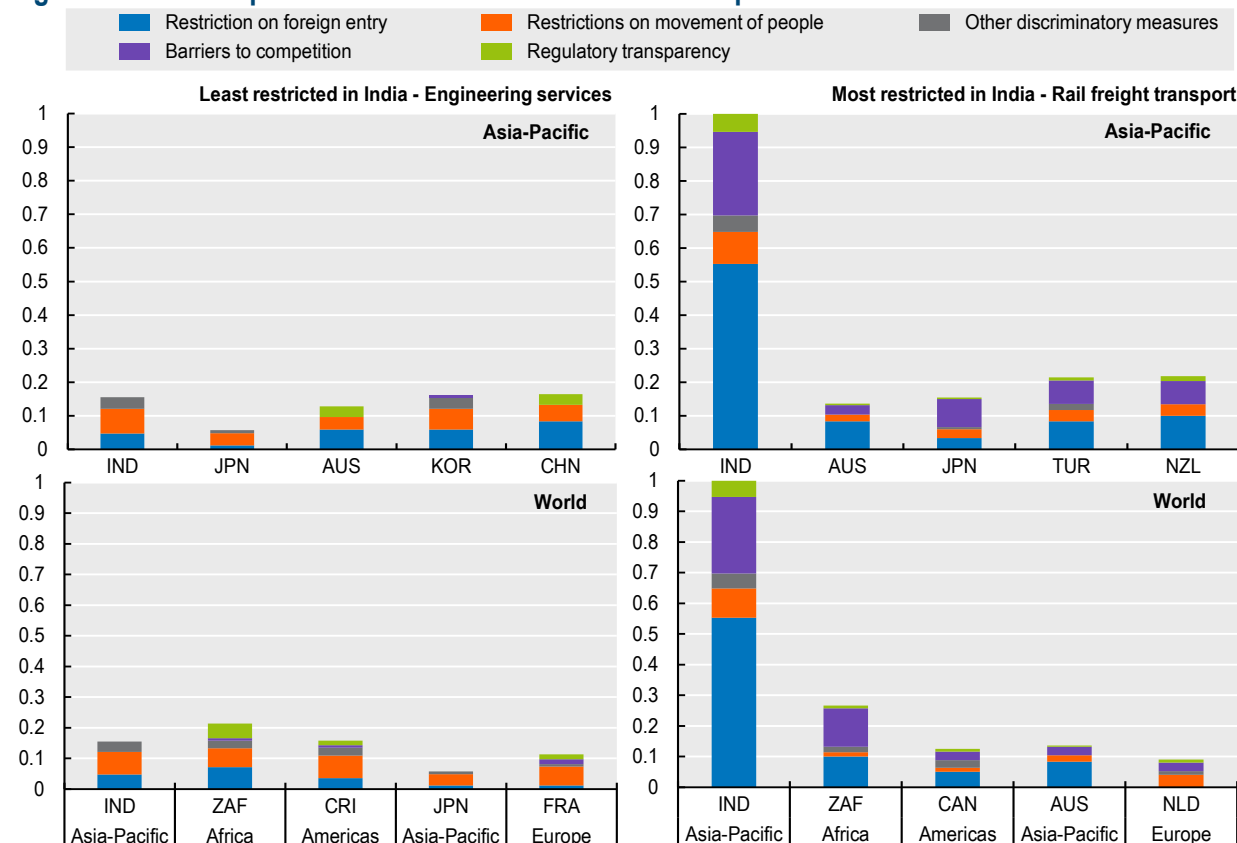
i.e.  $(STRI_{country, sector} - STRI_{world average, sector}) / STRI_{world average, sector}$

Source: OECD (2023). STRI database.

Engineering services are the least restricted in India relative to the sectoral average (Figure 4). Compared to peers in the Asia-Pacific region, India maintains relatively fewer restrictions on foreign entry in this sector. The remaining barriers that contributed to this index include a residency requirement for board members and a relatively short duration of stay for intra-corporate transferees, contractual services suppliers, as well as independent services suppliers.

Rail freight transport is the most restricted services sector in India relative to the sectoral average. This sector is completely closed because Indian Railways and its subsidiaries functioning under the Ministry of Railways are the only train operators in India. Exceptions exist only in container rail transportation, which represents a very small share of total rail freight transport.

**Figure 4. India compared to Asia-Pacific and World's best performers**



Source: OECD (2023). STRI database.

## Recent policy changes

In 2023, India adopted a new Digital Personal Data Protection Act. As under previously applicable rules, cross-border transfer of personal data is only possible to countries that ensure the same level of data protection as the data sender in India. Under the new Act, the central government may restrict the transfer of personal data to a country or territory outside India through a notification.

The Bar Council of India Rules for Registration and Regulation of Foreign Lawyers and Foreign Law Firms in India, also adopted in 2023, allow foreign lawyers and foreign law firms to apply for registration to practice law in India in non-litigious matters, subject to a reciprocity condition. The Rules also codify the temporary licensing regime for foreign lawyers, previously based on jurisprudence. A foreign lawyer or foreign law firm may practice on a 'fly in and fly out' basis for the purpose of giving legal advice to a client in India regarding foreign law and on diverse international legal issues, subject to conditions.

The privatisation of Air India was completed in January 2022, when 100% of the company's shares, along with its subsidiary Air India Express, were sold to the Tata Group.

## More information

- » Access all country notes, sector notes, and interactive STRI tools at <http://oe.cd/stri>
- » Read more about [Services Trade Policies and the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at [stri.contact@oecd.org](mailto:stri.contact@oecd.org)

<sup>i</sup>Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2023. The STRI regulatory database covers the 38 OECD Members, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, Singapore, South Africa, Thailand and Viet Nam. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.