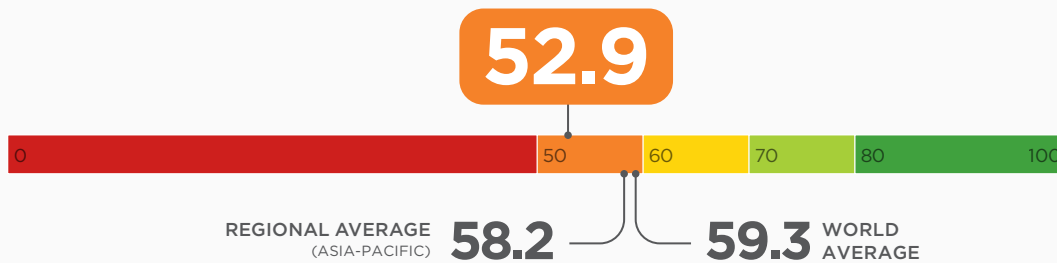


# INDIA

India's economic freedom score is 52.9, making its economy the 131st freest in the 2023 *Index*. Its score is 1.0 point lower than last year. India is ranked 27th out of 39 countries in the Asia-Pacific region, and its overall score is below the world and regional averages.

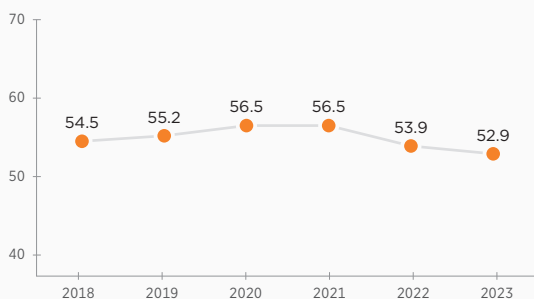
The foundations for long-term economic development remain fragile without an efficiently functioning legal framework. The state's presence in many sectors through state-owned enterprises is extensive, and the legacy of decades of failed socialist policies includes a substantial tolerance for government meddling in economic activity. Progress with market-oriented reforms has been uneven.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +7.8

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
1.4 billion

**GDP (PPP):**  
\$10.2 trillion  
8.9% growth in 2021  
5-year compound annual growth 3.9%  
\$7,341 per capita

**UNEMPLOYMENT:**  
4.7%

**INFLATION (CPI):**  
5.5%

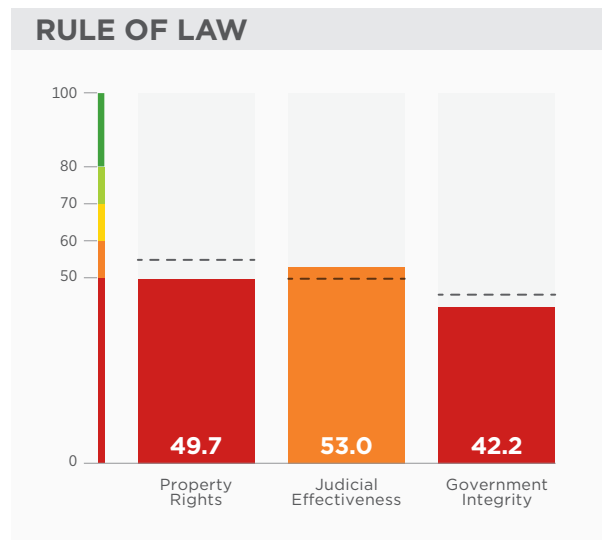
**FDI INFLOW:**  
\$44.7 billion

**PUBLIC DEBT:**  
84.2% of GDP

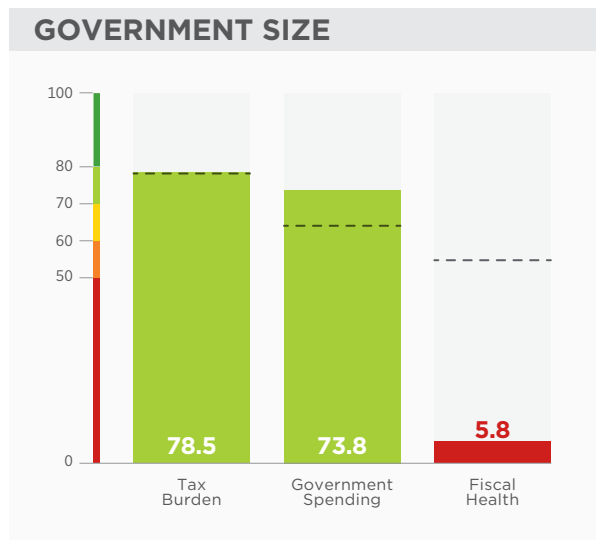
2021 data unless otherwise noted. Data compiled as of September 2022

**BACKGROUND:** Approximately 80 percent of India's nearly 1.4 billion people are Hindu, but the country also has one of the world's largest Muslim populations. Bharatiya Janata Party (BJP) leader Narendra Modi became prime minister in 2014 and retained his position when the BJP expanded its majority in 2019. Skirmishes at the disputed border between India and China in 2020 exacerbated the two countries' long-standing rivalry. India's economy encompasses traditional village farming, industrial-scale agriculture, handicrafts, and a wide range of modern industries. With a well-educated English-speaking population, India is a major exporter of information technology services, business outsourcing services, and software workers.

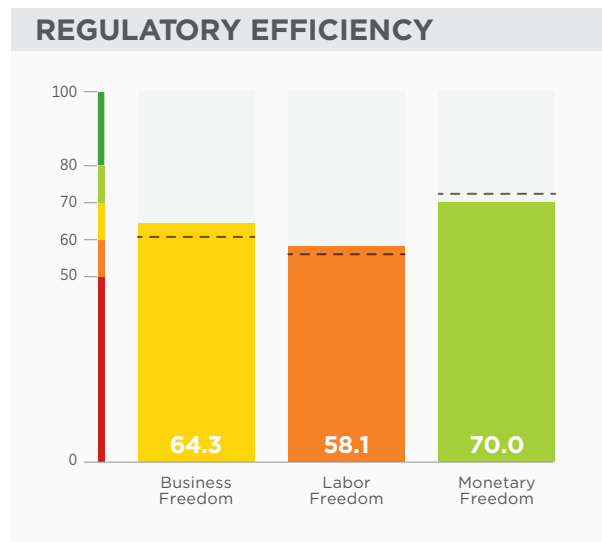
## 12 ECONOMIC FREEDOMS | INDIA



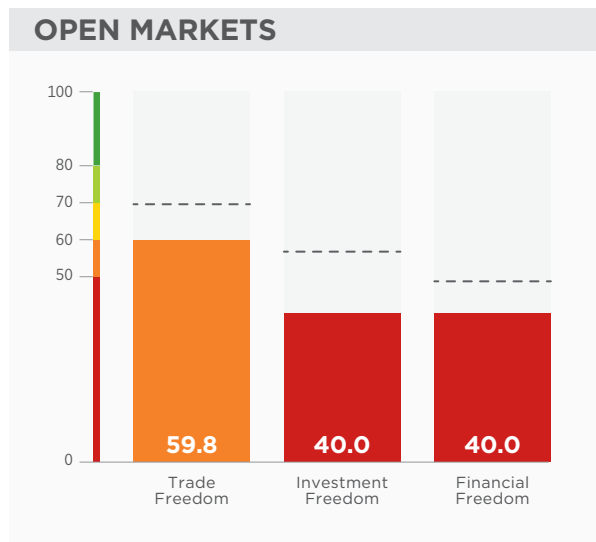
The overall rule of law is weak in India. The country's property rights score is below the world average; its judicial effectiveness score is above the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are, respectively, 30.9 percent and 32.4 percent. The tax burden equals 12.0 percent of GDP. Three-year government spending and budget balance averages are, respectively, 29.5 percent and -10.1 percent of GDP. Public debt equals 84.2 percent of GDP.



Entrepreneurs continue to face severe challenges. The regulatory framework is burdensome. The labor regulatory framework is still evolving, and the informal economy remains an important source of employment. The state maintains price controls on a range of products, and monetary stability has weakened.



The trade-weighted average tariff rate is 12.6 percent, and more than 300 nontariff measures are in force. Foreign investment is screened, although ownership restrictions in some sectors have been reduced. The government has recapitalized state-owned banks, but the number of nonperforming loans remains high.