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ASSESSING THE IMPACT OF FREE TRADE AGREEMENTS ON THE SERVICES TRADE OF INDIA

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ABOUT CRF

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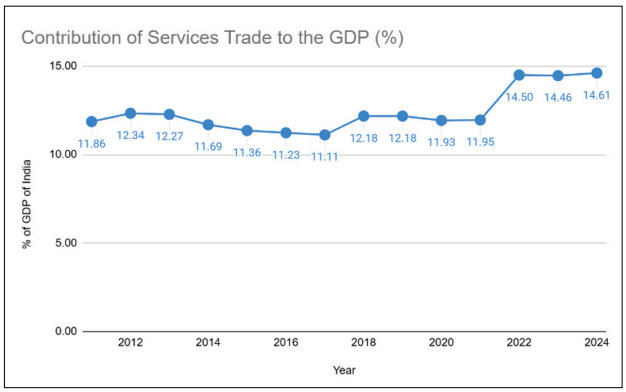
Abstract

This study provides a comprehensive analysis of the impact of Free Trade Agreements (FTAs) on India's services trade performance, both pre- and post-implementation. By conducting a sectoral deep-dive into key service industries such as IT and ITeS, professional services, education, healthcare and financial services, the study identifies India's comparative advantages as well as structural constraints within the evolving global services landscape. Particular attention is given to India's bilateral trade frameworks with Singapore and Japan through the India-Singapore Comprehensive Economic Cooperation Agreement (CECA) and the India-Japan Comprehensive Economic Partnership Agreement (CEPA), respectively. The CECA is found to have significantly boosted India's services exports, aided by Singapore's open regulatory environment and the agreement's provisions facilitating professional mobility and digital trade. In contrast, the CEPA has yielded only modest gains, largely due to persistent regulatory bottlenecks, limited recognition of qualifications, and cultural barriers blocking market access.

The findings underscore that for FTAs to effectively catalyse services trade; they must go beyond tariff concessions to address non-tariff and behind-the-border barriers. The study emphasises the importance of embedding sector-specific Mutual Recognition Agreements (MRAs), ensuring streamlined visa regimes, and enhancing regulatory cooperation within the framework of FTAs. Such provisions are critical for leveraging India's human capital strengths and achieving sustained growth in high-value, innovation-led service sectors. These insights offer actionable guidance for policymakers seeking to position India as a competitive global services hub in an increasingly digitalised and integrated world economy.

India's services sector has seen remarkable growth after the reforms in 1991. The growth and its contribution to the GDP of the country hold significant importance. In FY2024, the sector contributed about 55% to India's Gross Domestic Product (GDP) and employs around 30% of the workforce of the country, according to the Economic Survey. Not only this, 44% of India's total exports in FY 2024 were services driven (i.e. services exports). India's share in digitally delivered services exports globally increased to 6% in FY2023 from 4.4% in FY2019.[1] The contribution of services trade to the GDP has also increase from 11.8% in 2011 to 14.6% in 2024 as shown in Figure 1. This growth is driven by domestic reforms, international opportunities and technological advancements. This was further accelerated by the global demand for digital and knowledge intensive services. The expansion of domestic services sector has supported India's international services trade, making it a global leader in services.

Figure 1:Contribution of Services Trade to the Indian GDP



(Source: RBI Database)

The evolution of the Indian services sector is also interlinked with its integration into the global trade frameworks. Free Trade Agreements is one such instrument guiding the expansion. By lowering trade barriers and granting smoother market entry to key trading partners, these agreements boost the flow of services across borders and open fresh channels for Indian firms. Unlike merchandise trade which faces traditional tariffs, services trade faces challenges such as restrictive visa policies and complex as well as hazy regulatory frameworks. FTAs provide an official platform to negotiate solutions on the grey areas that cause friction in trade between the trading partners. They can also help enhance India's ability to integrate into global value chains, particularly in sectors like IT, financial services and e-commerce. As global trade increasingly shifts toward digital services, FTAs can also help address ambiguities in digital product classification and cross-border data flows, ensuring India remains competitive in a rapidly evolving landscape.

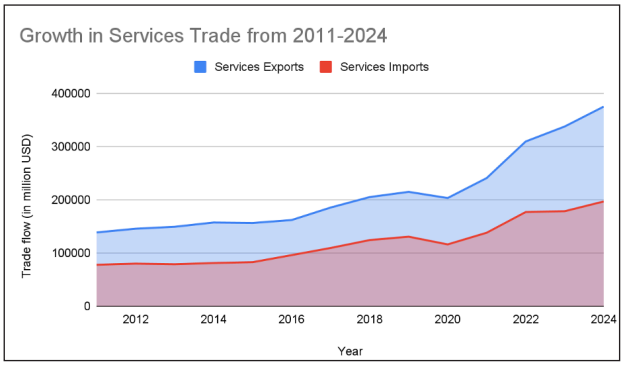
In the following sections, the study explores sector-specific trends, identifies non-tariff barriers (e.g., visa restrictions, data localisation) and offers recommendations, such as sector-specific MRAs along with regulatory cooperation to enhance FTA effectiveness. The motive behind this study is to provide insights for policymakers to strengthen India's position in global services trade.

Methodology

This paper examines India's services trade from 2005 to 2023, utilising data from the WTO-OECD Balance of Trade in Services (BaTis). Compounded Annual Growth Rate (CAGR) comparisons and sectoral trend analysis are used to evaluate performance across sectors. The research compares the India-Singapore Comprehensive Economic Cooperation Agreement (CECA) and the India-Japan Comprehensive Economic Partnership Agreement (CEPA) to assess their impact.

Analysis Of Indian Services Trade

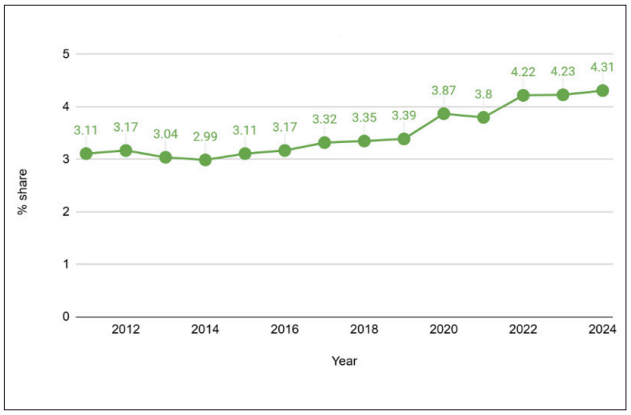
Figure 2: Growth in the Indian Services trade from 2011-2024



(Source: WTO-OECD BaTis)

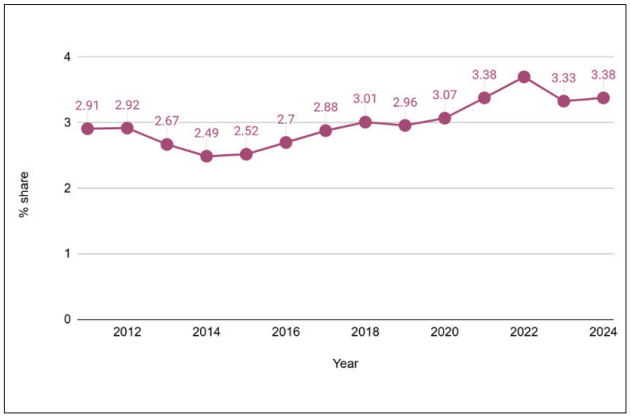
Indian services exports increased from $138.53 billion to $374.88 billion between 2011-2024 as shown in Figure 2. The net balances also grew substantially from $60.77 billion to $178.20 billion, with a compound annual growth rate (CAGR) of 8.63%. India has been able to seize the opportunity of the global surge in demand for professional and digital services during this period. This was achieved through skilled human capital, government reforms and infrastructure upgrades. This upward trajectory helped India double its share of global commercial services exports. It rose from 2% in 2005 to approximately 4.3% by 2024. The trend of India's share in the world trade can be observed in Figure 3 & 4.

Figure 3: India's share in the global services exports



(Source: WTO Stats)

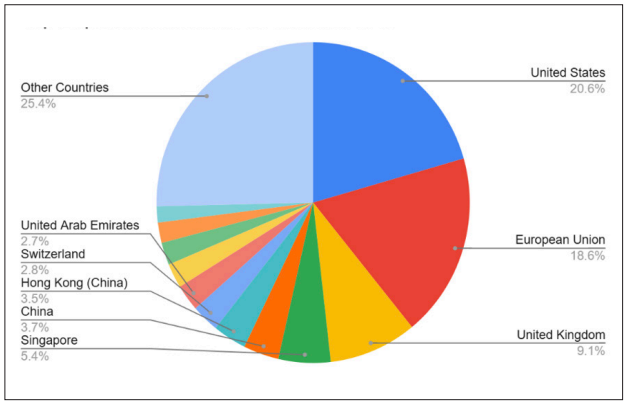
Figure 4: India's share in the global services exports



(Source: WTO Stats)

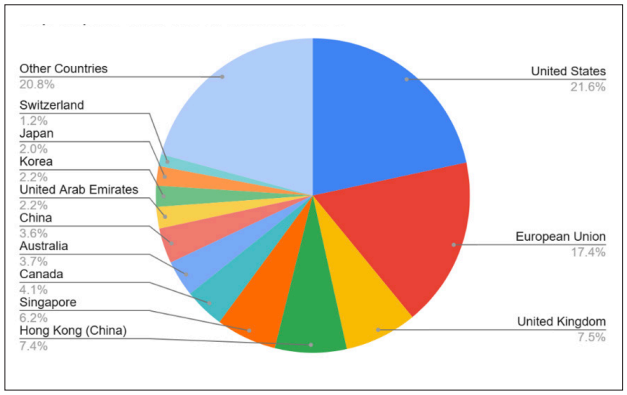
According to the data, the top exporting destinations for Indian services are the United States of America, European Union, United Kingdom, Singapore and China. Figure 5 shows the top 15 export destinations of India with European Union. Top importing sources for India are the United States, EU, UK, Hong Kong and Singapore in Figure 6.

Figure 5: Top Export Destinations for India



(Source: WTO-OECD BaTis)

Figure 6: Top Import Sources of India

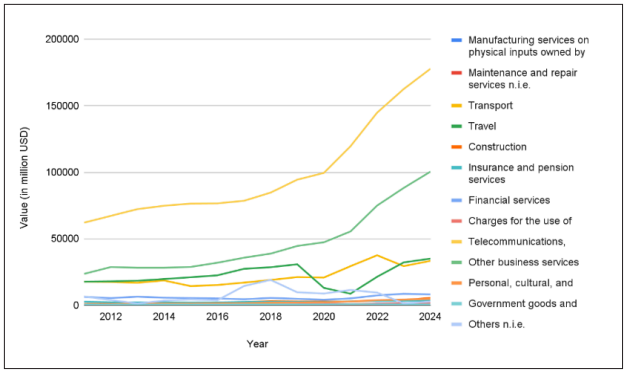


(Source: WTO-OECD BaTis)

Much of the progress is due to India's strong position in software and IT services. It can also be attributed to its growing reputation as a hot destination for Global Capability Centres (GCCs) and other business services. The data used in the analysis provides a comprehensive view of India's services trade performance from 2011 to 2024. This helps to analyse the impact of policy measures which might have influenced this remarkable growth and a sectoral analysis within the services sector.

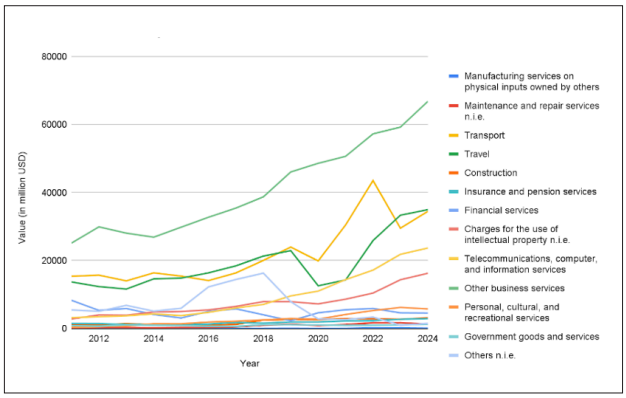
A. Domestic Landscape

Figure 7: Sector-wise services exports of India (in million USD)



(Source: WTO-OECD BaTis)

Figure 8: Sector-wise services imports of India (in million USD)



(Source: WTO-OECD BaTis)

- **Telecommunications, Computer and Information Services**

The telecommunications, computer and information services sector is the largest contributor to India's exports services. The sector recorded a net surplus increasing from $58.89 billion in 2011 to $154.07 billion in 2024, achieving a CAGR of 7.68%. This sector's dominance is reflected by India's 10.2% share of global exports in this category, making it the second-largest exporter globally. The growth in this sub-sector can be credited to India's robust IT outsourcing and software development ecosystem, which has been significantly supported by policies like the STPI Scheme. The STPI scheme is a 100% export-oriented initiative introduced in the early 1990s but expanded and refined in the 2000s. It facilitates the development and export of computer software and professional services. As per official records, by 2022, STPI-registered IT/ITeS units contributed $80.3 billion to exports, an indicator to the scheme's success which provided a conducive environment for IT firms through tax incentives, infrastructure support and simplified regulatory processes.[2]

The Special Economic Zones Act, enhanced growth by forming enclaves with streamlined customs procedures and tax exemptions. These areas attracted Foreign Direct Investment (FDIs) in IT and Business Process Outsourcing (BPO) sectors. By offering incentives and world-class infrastructure, SEZs drew in global technology companies, which helped make India's exports more competitive. The National Policy on Software Products (NPSP), marked a major shift in India's IT strategy by concentrating on innovation and intellectual property (IP) creation rather than just IT services. The goal of this initiative has been to establish India as a global software product hub. To achieve this, the policy emphasised on the creation of a robust ecosystem for startups and skill development in emerging technologies like AI, blockchain and cloud computing. The policy encourages the creation of a strong ecosystem for software product companies, aims to nurture 10,000 tech startups (including 1,000 in smaller cities) and seeks to upskill one million IT professionals, all while targeting a tenfold increase in India's share of the global software product market by 2025.[3]

The Next Generation Incubation Scheme (NGIS), complimented NPSP 2019 improving competitiveness and generating employment. The Future Skills PRIME program, launched by the Ministry of Electronics and Information Technology (MeitY) in collaboration with NASSCOM, addressed the skill gap by re-skilling and up-skilling IT professionals in ten cutting-edge technologies. This initiative ensured that India's workforce remained globally competitive, meeting with the demands of a rapidly evolving

digital economy. The combined effect of these policies is evident in the steady growth of telecommunications and IT services exports. It grew from $62.09 billion in 2011 to $177.75 billion in 2024 (Figure 7 and Figure 8), driven by India's expertise in software development, IT outsourcing and digital services.

• **Other Business services**

Other business services which account for professional and consulting services also emerge as a critical contributor to the exports. In 2023, India was the third largest exporter holding 7.2% of the share of the global trade for these services.[4] The sector's net exports went from a deficit of $1.56 billion in 2011 to a surplus of $33.59 billion in 2024. This can be a result of the policy initiatives promoting professional services in regions like the USA, UK, Nordics and Africa. These campaigns were crucial to soft-land support for Indian IT/ITeS SMEs helping form market linkages along boosting exports. The establishment of Centres of Entrepreneurship in emerging technologies which were domain-specific might have also helped this sector foster innovation and invite private investment. There is a significant jump in net exports from $4.80 billion in 2021 to $17.67 billion in 2022, likely driven by increased demand for consulting and management services as global firms expanded their reliance on Indian expertise during the post-pandemic recovery.

• **Transport and Travel services sectors**

The transport sector, while significant, exhibited volatility, with net exports fluctuating from $2.33 billion in 2011 to a deficit of $1.10 billion in 2024. This inconsistency can be a consequence of global economic uncertainties, rising fuel costs and competition in international shipping and aviation. However, government initiatives like the Sagarmala Programme, launched in 2015, aimed to modernise port infrastructure and enhance maritime logistics, indirectly supporting transport services exports.[5] The program worked on port-led development and coastal shipping. The aim was to reduce logistics costs, improving the sector's competitiveness in the long term.

Similarly, the travel sector, which includes tourism and education-related services, saw net exports grow from $4.01 billion in 2011 to $7.8 billion in 2019, before declining to $44.51 million in 2024 due to pandemic-related disruptions. The Incredible India campaign, revamped in the 2010s, and policies promoting medical and wellness tourism played a crucial role in sustaining travel exports pre-2020. The post-pandemic recovery, however, has been slower, as global travel restrictions and changing consumer preferences impacted inbound tourism.

• **Financial services, Construction and E-Commerce**

India's financial sector has come a long way. It has helped build the trade of financial services as well. Although this sector fluctuated between deficits and surpluses, it has emerged resilient with net exports of $3.55 billion in 2024. Innovative digital governance programs like Digital India played an important role. Promotion of digital payments as well as backing fintech innovations helped Indian banks and financial firms offer cutting-edge services that appealed to international clients. Focus on digital infrastructure, particularly the Unified Payments Interface (UPI), helped build India's reputation as a fintech hub. The loosening of FDI norms in the financial sector under the Make in India campaign encouraged foreign banks and insurance companies to establish operations in India, contributing to the sector's export potential.

Construction services saw strong growth, with net exports rising from a deficit of $294.78 million in 2011 to a surplus of $2.31 billion in 2024. This growth was backed to some extent by policies like the Smart Cities Mission. This enhanced India's construction capabilities through urban development projects, indirectly honing expertise in engineering and project. A declining trend can be observed for the insurance and pension services which saw a deficit, declining from $1.12

billion in 2011 to $681.66 million in 2024. These services received support from India's growing financial services sector. Policies like the Insurance Regulatory and Development Authority (IRDA) reforms liberalised the sector and drew in foreign investment but did not increase the exports of these services.

The acceleration of e-commerce exports opens up new opportunities for India's services trade. The Economic Survey 2023-24 mentions e-commerce opportunities open new avenues in terms of technology-enabled innovations such as payment systems, delivery infrastructure and marketing systems.[6] While e-commerce exports are not captured exclusively, the rapid growth in telecom and IT services indicates there is a spillover effect because e-commerce is reliant on IT services. India's e-commerce market is expected to reach $200 billion by 2026 and can considerably bolster services exports through cross-border digital services and online retail.

- Intellectual Property Rights and Patents

Challenges still grapple the workings in some sectors. Charges for the use of intellectual property consistently record deficits, reaching -$14.53 billion in 2024. The persistent IP trade deficit highlights India's dependence on imported technology, despite domestic initiatives. The NPSP 2019 and NGIS aim to address this by promoting IP creation, but sustained investment in research and development (R&D) is essential for this sector. While there are numerous initiatives promoting innovation and efforts to create a supportive ecosystem for start-ups, many businesses still prefer to file for intellectual property rights abroad. This is often due to concerns about the effectiveness of IP enforcement in India, as well as the possibility of securing faster and broader international protection through mechanisms like the Patent Cooperation Treaty (PCT). Additionally, certain international markets have unique IP requirements or standards that differ from those in India, prompting companies to file directly in those jurisdictions to ensure adherence and safeguard their interests in specific territories.[7] Similarly, the government goods and services sector showed persistent deficits, indicating limited export potential in this niche area.

The data reflects a dip in net exports for several sectors in 2020, notably travel (-$461.85 million) and transport (-$907.61 million), due to pandemic-induced restrictions. However, the rapid recovery in 2021 and 2022, especially in IT as well as business services, showcases the resilient nature of India's trade and policy framework. Atmanirbhar Bharat initiative (2020), which stressed on self-

reliance and digital transformation provided a launchpad for the adoption of technology-driven services during this time period. This enabled India to capture a larger share of global demand during the pandemic.

B. Global Landscape

India's ascent to the 7th position in global services trade rankings in 2022, with a 32% growth in exports, underscores the success of its policy interventions. The World Trade Organisation (WTO) notes that computer services were a key driver of this growth reflecting the effectiveness of initiatives like STPI, SEZs and Future Skills PRIME. The Make in India campaign, while primarily focused on manufacturing, indirectly supported services exports by promoting India as an investment destination, attracting GCCs that boosted IT and business services. The Startup India initiative spurred innovation by providing tax benefits and initial funding to tech startups, many of which contributed to services exports.

The impact of these policies must be also contextualised within global economic trends. The period from 2009 to 2022 witnessed major global challenges, including the global financial crisis, trade tensions and the COVID-19 pandemic. The global financial crisis of 2008-09 had a domino effect which lingered into the early 2010s. This event dampened the demand for services globally. The collapse of major financial institutions in the US triggered recession across the globe. This collapse slashed international trade and tourism, impacting India's transportation services directly. For instance, the transport sector saw net exports fluctuate from a surplus of $2.33 billion in 2011 to a deficit of $1.15 billion by 2015. This was because global shipping and aviation struggled with reduced trade volumes and soaring fuel costs. Similarly, the travel sector faced headwinds, with net exports dropping largely due to diminished global tourism.

The same crisis pushed global corporations to develop a cost-cutting mindset, particularly in developed economies. They turned to outsourcing as a survival strategy. This was a boon for India's telecommunications, computer and information services sector. The sharp rise was fuelled by the global demand for cost-effective IT and software solutions. As Western companies sought to streamline operations, India's established IT outsourcing ecosystem captured a significant share of this market.[8]

The European debt crisis intensified between 2010 and 2012. This complicated the global scenario, particularly affecting Europe, a key market for Indian services. Austerity measures in countries like Greece, Spain and Italy curtailed consumer spending which reduced the market of Indian services exports.[9] During this period, there was a modest growth in India's travel services, which rose from $4.01 billion in 2011 to $5.63 billion in 2012 due to India's cost-effective tourism offerings. But the sector struggled to sustain momentum as European tourism waned. This crisis also drove European firms to outsource IT and business processes to India to reduce costs, boosting the other business services sector, which transitioned from a $1.56 billion deficit in 2011 to a $33.59 billion surplus by 2024.

The global economic recovery post-2010, despite intermittent challenges like rising fuel costs and trade tensions, created opportunities for India to leverage its cost-competitive workforce and expertise. The global shift toward digital transformation, accelerating from 2015, was another critical driver, as advancements in cloud computing, artificial intelligence and big data analytics reshaped business needs. Companies in the U.S. and UK increasingly relied on Indian IT firms for digital solutions, contributing to the telecommunications and IT services sector's steady growth, with net exports reaching $127.62 billion in 2022.

The Brexit referendum in 2016 introduced additional uncertainty, particularly for India's IT and business services exports to the UK. While initial caution slowed investments, the subsequent demand for digital transformation in the UK scaled up India's exports, with telecommunications and IT services maintaining steady growth. The escalation of U.S.-China trade tensions in 2018, further amplified

India's services exports. As U.S. firms sought to diversify supply chains away from China, India emerged as a prime destination for IT and BPO services. This can be observed by the sharp rise in other business services net exports from $4.80 billion in 2021 to $17.67 billion in 2022, driven by heightened demand for consulting and management services.

The COVID-19 pandemic was yet another defining shock. It severely disrupted global trade.[10] The travel sector bore the brunt, with net exports plummeting to $461.85 million in 2020 from $7.81 billion in 2019, as global travel restrictions crippled tourism. The transport sector also suffered, recording a $907.61 million deficit in 2020 due to halted logistics and trade. However, the pandemic sped up global digital adoption, as businesses worldwide shifted to remote work and digital platforms. This led to creation of unprecedented demand for India's IT services. This is evident in the telecommunications and IT services sector's rapid recovery, with net exports rebounding to $105.13 billion in 2021 and $127.62 billion in 2022, as India capitalised on the global pivot to digital infrastructure.

The surge in e-commerce, particularly during the pandemic, indirectly drove India's IT services, as global online retail and payment systems relied heavily on digital infrastructure. The financial services sector also benefited, with net exports reaching $3.55 billion in 2024, propelled by the global rise of fintech and digital payment systems, where India's expertise gained traction. The construction services sector also saw growth, with net exports rising from a deficit in 2011 to a surplus in 2024. The plausible reason is the increase in global demand for Indian engineering expertise amid infrastructure booms in developing economies. The insurance and pension services sector maintained a steady surplus as demand for affordable insurance solutions grew. However, not all sectors thrived. The charges for the use of intellectual property consistently recorded deficits, reflecting dominance of developed nations in the global IP landscape. The high costs of R&D and the preference of Indian firms to file IP rights abroad exacerbated this deficit.

India's services trade has solidified its position as a global powerhouse. The analysis reflects the economy's ability to navigate through the turbulent landscape of the world economy along with capitalising opportunities and mitigating uncertainties in global trade.

C. India's Digital Trade Policy

India's digital trade policy is a well-thought framework with the aim to drive domestic growth and ensure equitable participation in the global digital economy. India adopts a protectionist stance, prioritising economic sovereignty and development unlike its counter-parts who have liberalised approaches like CPTPP and DEPA. It is an advocate of customs duties on digital products. This is evident in the opposition to the World Trade Organisation e-commerce moratorium.

The e-commerce moratorium since 1998, prohibits customs duties on electronic transmissions with the aim to promote a tariff-free digital trade environment. It essentially prohibits imposing custom duties on digital trade of products such as e-books, music, movies and software. India, along with other developing economies like South Africa have consistently shown resistance to its continuation. The argument put forth by the nations for such a stance is that it that it undermines the economic interests of less digitised economies. From an economic perspective, India's opposition is driven by three key concerns: revenue loss, market access asymmetry, and constraints on digital industrialisation.

First, the moratorium leads to a significant foregone tariff revenue. This is critical for developing economies like India. As reported by UNCTAD, abiding the moratorium has consequences for developing economies which are an estimated loss of $10 billion a year.[11] For a country with a fiscal deficit of around 5.1% of GDP in 2024-25[12], this revenue loss limits public investment in critical areas like digital infrastructure and education, which are essential for economic growth.

Second, global technology companies from the United States and China gain the most from the moratorium as it bestows duty-free access to markets on economically advanced nations, creating an unbalanced competitive landscape. These companies view India's digital market, which has more than 950 million internet users[13] and is expected to have a digital economy of $1 trillion by 2030, as a jewel to capture. The absence of tariffs allows foreign digital products to flood the market and undercut home-grown players which include MSMEs contributing 30% of the GDP and over 120 million jobs.[14,15] This disparity in competition stunts India's efforts to strengthen its blossoming digital sectors like software development and content creation.

Third, the moratorium restricts India's policy space for digital industrialisation. By preventing tariffs on electronic transmissions, it limits India's ability to protect infant industries, a strategy historically used to foster economic development. For example, the IT and Business Process Management (BPM) sector in India is earned $245 billion in 2024[16], is suffering due to the subsidised foreign competition in software and digital services. During WTO's MC13 meetings in 2024, India agreed to extend the moratorium till 31 March 2026, but underlined a case for reconsideration on review for its economic implications which indicates an intention to restore fiscal and regulatory independence. Due to divergent interests, there is no clear consensus and hence a directive of the WTO on the moratorium's extension.

India's digital trade policy does reflect a broader economic strategy but this protectionist stance risks isolating India from global digital trade frameworks like the WTO's Joint Statement Initiative (JSI) on e-commerce. This will potentially limit market access for its IT exports, which account for 7% of GDP.[17] Economically, India's approach underscores the challenges faced by developing nations in a digital economy dominated by advanced economies. The digital divide is evident though data which shows India's 60% internet penetration rate compared to over 90% in developed nations. This calls for policies that prioritise local capacity building. India's insistence to bring back the WTO's 1998 Work Programme on E-commerce reflects its push for economic equity, advocating for technical assistance and infrastructure support to bridge this divide.

In essence, India's opposition to the WTO moratorium on digital trade customs duties is driven by the tangible economic need to preserve revenue and policy space for digital industrialisation, coupled with geopolitical and development concerns over digital sovereignty.

Barriers To The Growth Of Trade In Services With Respect To Major Trade Partners (India)

The analysis of the services trade in the previous section identified the trends in India's services trade with its partners. However, despite the remarkable transition, Indian services trade faces major roadblocks in its top export destinations and major importing countries. The trade between visible and invisible goods are somewhat similar in nature globally. Unlike the merchandise trade which faces traditional tariff rates and taxes, services face barriers which are often non-tariff in nature. They may include restrictions on movement of people, regulatory hurdles, limited market access and so much more. The barriers identified which specifically impede the growth of the Indian Services trade sector are-

A. Restrictive Visa and Immigration Policies

The movement of skilled professionals between nations is crucial for India's services trade, especially in services which rely on on-site delivery along with interactions such as IT and professional services. However, restrictive visa policies in key markets limit the ability of Indian professionals to work abroad. Annual visa caps, high salary thresholds and intense scrutiny of visa applications raise not just costs but also reduces competitiveness. For example, visa denials and delays disrupt project timelines, forcing Indian firms to rely on costlier local hires or remote delivery models, which may not meet client expectations.

B. Discriminatory Procurement Policies

A lot of countries prioritise domestic or local services providers in government procurement. These practices are observed in sectors like IT, cybersecurity, insurance and healthcare. This limits access of high value contracts to Indian firms. Policies like the "Buy American" of the US or the "Smart Nation" initiative of Singapore favors domestic firms. These initiatives create an uneven playing field thereby declining India's market share in lucrative public sector markets. This restrains Indian firms to scale, innovate and create jobs in high-skill sectors where India has a competitive advantage. The policies restrain Indian companies from fully participating in the global value chains and increase transaction as well as market- entry costs. This lowers incentives for Indian companies to bring cost-cutting solutions and quality services to international markets. Public procurement accounts for a significant portion of global GDP whether it is from the perspective of goods or services. Preferential procurement directly impacts the growth potential of Indian services trade by narrowing the avenues for expansion and competition in crucial overseas markets.

Example: 1
"Gatekeeping Growth: US Visa Restrictions & Discriminatory Procurement"

The U.S is India's largest services export market. In FY2024, India's software exports to the U.S were estimated at $109.40 billion.[18] This made up more than half of its total software exports. Indian firms including Infosys, TCS and Wipro dominate the U.S. IT outsourcing market. These firms leverage cost-competitive skilled labor. However, Indian IT firms face two significant challenges while exporting these services to the US.

Indian companies require H-1B and L-1 visas to send professionals to work with American clients. The visa capping policy of the US limits issuance of H-1B visas to only 85,000 per year.[19] The acceptance rates are low due to stricter rules and lengthy procedures. These restrictions result in delays, high costs and sometimes a shift to expensive local staff. Reports[20] show that the rejection rates for TCS and Infosys in 2019 were 31 percent and 25 percent, respectively, while Wipro saw 47 percent and 37 percent for Tech Mahindra.[21]

The other challenge pertains to the biased procurement policy. The US government's "Buy American" policy favors American firms for government contracts, making it difficult for Indian IT companies to win big projects, especially in areas like cybersecurity. Indian firms hold less than 2% of US federal IT contracts, even though they lead globally in outsourcing.[22] New laws requiring data to be stored in the US also drive-up costs for Indian companies.

These issues limit the ability of Indian firms to grow in the US despite the heavy demand for their services. Visa restrictions lead to a switch to remote delivery of projects, often leading to client dissatisfaction and fewer renewals each year. The Indian government has raised these concerns in trade talks with the US, but the progress has been slow as negotiations have stalled due to disagreements over market access.

C. Complex Regulatory Framework and Compliance Costs

Diversified and stringent regulatory standards across countries create roadblocks for Indian service providers. Data protection laws such as the EU's General Data Protection Regulation or China's Cybersecurity law, set costly compliance requirements which small-scale exporters are unable to fulfil. These requirements include provisions of ensuring data localisation and security audits. Different licensing requirements and technical standards further complicate market entry specially in sectors like telecommunications, financial services and professional services. They delay expansion and reduce the export competitiveness affecting the quality of the services provided. The complex framework limits export potential, increasing costs and time to meet the diverse regulatory needs for the cross-country service providers in India.

Example: 2
"UK's Regulatory Shift Post-Brexit"

The United Kingdom is another important market for India's professional services. The services exported to the UK in FY20[23] were estimated at $16.8 billion.23 The UK's divergence from EU regulations has created new challenges after its exit from the bloc. The Points-Based Immigration System introduced in 2021 imposes high salary thresholds (minimum £25,600) and skill requirements for Indian professionals seeking work visas.[24] This affects the IT and consulting firms sending their workforce for British contracts. Furthermore, the UK's non-recognition of Indian professional qualifications in services like accounting and legal pushes Indian professionals to take up costly re-certification. This causes a delay of 1-2 years to mar-ket entry. Indian professionals on work permits also face the problem of double taxation, pay-ing income tax in both India and UK, adding to the financial burden. For digital trade, data pro-tection laws of the country are aligned with GDPR but with UK-specific nuances. This re-quires Indian IT firms to maintain separate compliance frameworks adding to their costs.

C. Limited Mutual Recognition of Professional Qualifications

The lack of mutual recognition agreements (MRAs) for professional qualifications restricts Indian professionals from practicing in advanced economies. This barrier is present in the EU and UK at a high degree. Local certification requirements exclude Indian providers from key sectors despite their expertise and cost advantages. This becomes disadvantageous for exports of professional services such as medical, legal and accounting. This holds back economic growth and reduces the potential for bilateral trade in the high-value services sectors. For instance, insurance companies in the United Kingdom do not cover planned medical treatment in India due to concerns about regulatory standards, quality assurance and legal recourse. This discourages UK residents from seeking treatment in India, despite the high-quality and cost-effective healthcare options. This limits the flow of patients and associated economic benefits between the two countries.

Example: 3
"EUs Complex Regulation And Compliance Conundrum"

The European Union is an economic bloc of 27 countries. It is a key market for India's services like IT, pharmaceuticals and medical tourism. The key destinations include Germany, the Netherlands and France. It accounts for 11% of the total IT-ITeS exports from India.[25] In FY2023, Indian services exports to the EU were approximately USD 33 billion.[26] But the complex regulatory framework and other non-tariff barriers of the bloc visibly hampers growth.

While Carbon Border Adjustment Mechanism (CBAM) focuses on goods, the General Data Protection Regulation (GDPR) imposes strict data protection requirements. Penalties due to non-compliance for this regulation can reach upto 4% of annual global turnover.[27] This has forced companies like HCL Technologies to invest heavily in GDPR-compliant infrastructure increasing the costs.[28] Additionally, the recent Corporate Sustainability Due Diligence Directive (CSDDD) which was effective from 2024, requires Indian firms exporting to the EU to conduct rigorous supply chain audits to ensure no forced labor or environmental violations occur.[29] This will raise adherence costs for Indian IT firms, particularly for smaller players of the sector lacking resources for extensive audits. The fragmented landscape of the European Union regulatory landscape, with member states like Germany and France enforcing additional requirements, further complicates compliance for Indian firms.

Professional services also face barriers due to the non-recognition of Indian qualifications. For example, Indian doctors and nurses seeking to practice in the EU must undergo lengthy re-

certification processes, often taking 2-3 years, which limits India's medical tourism exports. The EU's visa policies, such as the Blue Card scheme, prioritise intra-EU mobility over third-country professionals, restricting Indian IT workers' access to short-term projects. The slow progress in EU-India FTA negotiations, resumed in 2021, worsens these challenges, as unresolved issues around professional mobility hinder market access. India is pushing for MRAs and relaxed visa norms in FTA talks, but EU concerns over data adequacy and labor mobility remain sticking points. Indian firms are also investing in EU-based subsidiaries to bypass some regulatory hurdles, though this increases costs.

D. Data Localisation and Cybersecurity Requirements

Data localisation policies have a mixed effect. They mandate that data needs to be stored and processed within a country's borders. On the bright side, they help boost domestic investment in data centers, create jobs and give local firms a competitive edge by creating a local tech ecosystem. But these benefits are overshadowed by high operational costs for service providers who rely on cross-border data flows. Such policies are becoming common in markets like China, Singapore and the US. These requirements increase operational costs for Indian IT firms which offer cloud- based services and pose risks of intellectual property theft. Conforming with cybersecurity regulations also demands significant investment, often disproportionate for smaller Indian firms competing against local providers.

E. Competition from Regional Players

In markets like Singapore and Hong Kong, Indian firms face intense competition from regional players, such as China and Malaysia, who benefit from proximity, lower regulatory costs and regional trade agreements like the Regional Comprehensive Economic Partnership (RCEP). This causes a reduction in the Indian market share in high growth and potential sectors like financial services and logistics.

Example: 4
"Data Localisation And Regional Players In Singapore"

Singapore is a hub for India's IT and financial services exports. The bilateral trade volume between the two economies is estimated at $22.7 billion in FY2023.[30] Yet, intense competition from global players and strict regulatory standards pose a threat. Singapore's Personal

Data Protection Act requires Indian IT firms to follow strict data security protocols which are on similar lines with the GDPR, increasing their costs. Smaller Indian firms, unable to afford investment in compliance-friendly infrastructure end up losing contracts to competitors from Australia or the US. Therefore, while data localisation boosts domestic investment in digital infrastructure, it also increases operational costs for cross-border service providers, particularly SMEs, making it difficult for firms to compete in the country's services markets. Singapore's preference for ASEAN-based service providers who also enjoy the benefits of the ASEAN-India trade agreement reduce India's market share specially in the financial services. India is utilising the Comprehensive Economic Cooperation Agreement (CECA) signed between India-Singapore to negotiate better market access, but competition from RCEP members like China remains a challenge.

F. Protectionist Measures and Market Access Restrictions

Protectionist policies are another measure to stop entry of service exports. These include subsidies for local firms and restrictions on foreign service providers limiting India's market access. Be it China's non-transparent regulatory processes or Japan's cultural preferences for domestic providers, such policies hinder Indian firms' market penetration. These measures often stem from a broader trend of economic nationalism, as noted by the World Economic Forum, which reported a 20% rise in services trade restrictions globally since 2015.

G. Cultural and Language Barriers

Language proficiency and cultural preferences for domestic service providers, like markets in Japan, also forms a barrier for Indian services trade. Indian firms sometimes struggle to meet the linguistic requirements which leads to difficulty in building trust in conservative markets hindering their ability to secure contracts.

Example: 5
"Navigating Japan's Cultural And Linguistic Challenges"

Japan is known for its conservative and relationship-driven business approach. Japanese firms most often prefer working with domestic providers who understand local customs, etiquettes and business practices. This creates a huge hurdle for Indian companies which struggle to align their cultural expectations without making investment in localisation efforts like hiring local talent to establish a strong on-ground presence.

Barrier	Examples	Market	Impact on Trade
Visa Restrictions	Strict visa caps, high salary threshold	USA, UK, EU	Raises costs, delays projects
Discriminatory Procurement	Preferential treatment in access government contracts	USA, Singapore	Limits market share
Regulatory Compliance	Strict data protection and licencing laws	EU, UK, China	Delays market entry, reduces export
Data Localisation	Local data storage mandates	China, USA, Singapore	Costly, restrictive
Protectionist Measures	Non-transparent rules, subsidies	China, Japan	Reduces market share
Cultural/ Language Barriers	Preferential treatment for domestic providers	Japan	Increases localisation costs, limits market penetration
Lack of MRAs	Non- recognition of qualification	EU, UK	Extra cost, delay

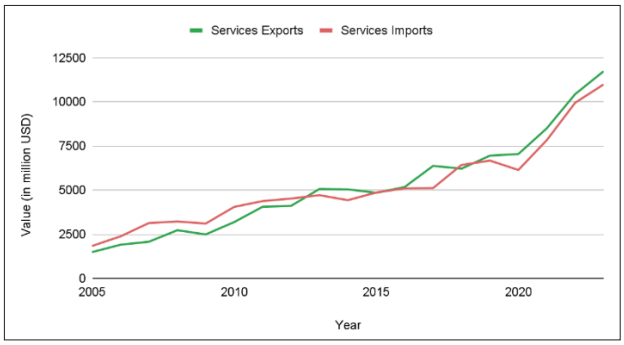
While barriers to trade have stopped India scale services exports, Free Trade Agreements (FTAs) offer another critical pathway for market access and competitiveness. The following section evaluates two major FTAs in this regard.

Impact on the Services Trade of India

India has signed numerous trade agreements in the past with regional blocs and countries. Two significant FTAs which were signed with Japan and Singapore included the term of trade for the services trade. By analysing trade data from 2005 to 2023, this analysis evaluates whether these agreements significantly improved services trade or failed to deliver substantial outcomes. To get a comprehensive understanding, it considers the detailed trade data to assess short- and long-term effects, explore sector-specific trends and investigate potential reasons for limited impacts where observed.

A. India- Singapore

Figure 9: Services Trade with Singapore



The Comprehensive Economic Cooperation Agreement (CECA) with Singapore was signed and implemented in 2005. This was a significant step in deepening economic ties between India and Singapore, a global hub for financial services. The aim of the agreement was to liberalise trade in services by reducing non-tariff barriers, enhance market access and foster cooperation in key sectors like financial services. Since trade data is available from 2005 onwards, the analysis focuses on short term and long-term impacts to gauge the impact on the services trade.

From 2005 to 2010, India's services exports to Singapore showed sharp growth, with a CAGR of 16.5%. An increase from $1,485.30 million to $3,187.95 million can be observed in Figure 9. In the same figure, services imports grew substantially at a CAGR of 17.1% from $1,835.10 million to $4,047.66 million during this period. Though imports grew at a faster rate, the net services trade balance improved at a CAGR of ~ 19.7%. The CECA can be considered as a catalyst to have triggered the surge in bilateral services trade. High growth in exports in other business services whose value grew from $541.08 million in 2005 to $1,244.13 million in 2010 at an 18.1% CAGR, while growth in telecommunications, computer and information services from $220.68 million to $634.98 million at a CAGR of 23.5% can be seen in the data shown in Figure 10. Financial services also grew remarkably from $20.10 million to $182.56 million and a CAGR of 55.5%.

Figure 10: Exports of Services to Singapore

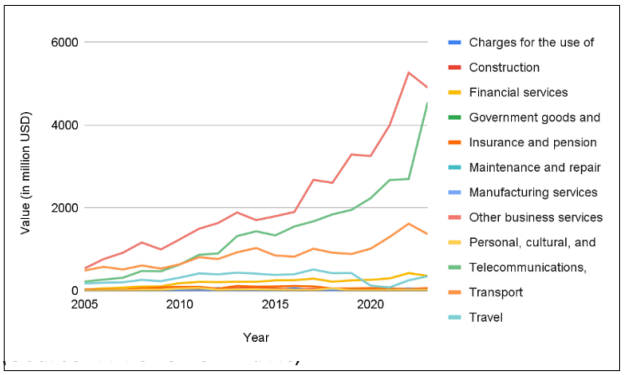
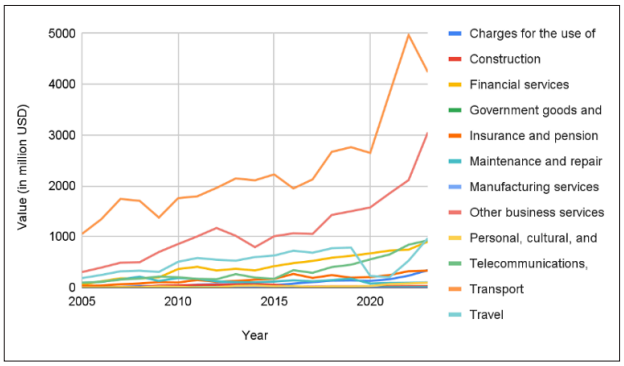


Figure 11: Imports of Services from Singapore



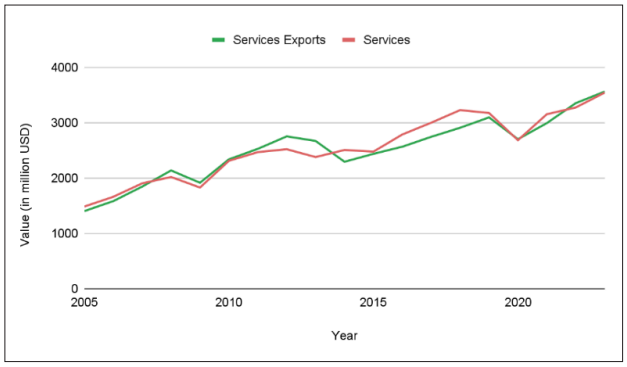
(Source: WTO-OECD BaTis)

While positive in nature during the period of 2011-2023, the growth trajectory faced some moderation. Service exports experienced a compound annual growth rate (CAGR) of 9.26%, culminating in $11,7^{31}$.85 million by 2023. Simultaneously, service imports also witnessed a rise, albeit more modest at 7.97%, reaching $10,987.33 million. This differential progress resulted in a continuous advancement in India's net services trade balance which improved from a deficit of $322.40 million in 2011 to a surplus of $744.52 million in 2023. It is important to take note of the telecommunications, computer and information services which saw growth from $867.67 million to $4,553.63 million at a CAGR of 14.8%. The other business services sector also grew from $1,496.58 million in 2011 to $4,906.25 million in 2023, marking a CAGR of 10.4%. These figures illustrate the growth trends for India exports reflecting the country's IT and professional services strengths. The financial services sector also exhibited positive growth as exports increased from $212.49 million to $359.85 million, achieving a CAGR of 4.5%. The sustained increase in these high-value sectors demonstrates the CECA's impact in accelerating India's integration into the Singapore services market in the long term, particularly in segments where India possesses considerable strengths.

The enduring trade balance benefits resulting from CECA for India's services trade stem from several reasons intertwining with each other. Singapore's policies are relatively more open for business and trade, which allowed for easier access for Indian service providers. The agreement's mutual recognition of professional qualifications allowed Indian accountants, engineers and IT specialists to pursue Singaporean employment with less friction. Commitments under Mode 4 enabled exports of professional and skilled services by Indian firms to Singapore for temporary employment, aiding professional and technical services exports. Singapore's further role as a gateway to Southeast Asia compounded these benefits because Indian firms could use Singaporean hubs to penetrate the larger ASEAN market. CECA granted significant freedom to Indian services exporters by covering all four modes of supply i.e. cross-border supply, consumption abroad, commercial presence and movement of natural persons. Fostering cooperation in other fields like taxation, intellectual property rights and with greater regulatory transparency helped create a stable environment for unabated trade growth. Overall, India's services trade with Singapore bloomed under CECA, boosting IT, professional and financial services.

B. India-Japan

Figure 12: Services Trade with Japan



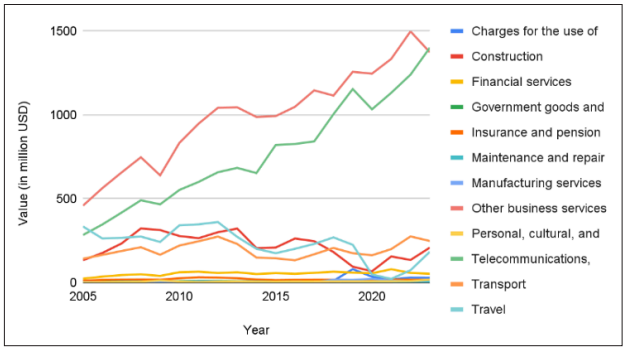
(Source: WTO-OECD BaTis)

On the other hand, India entered a Comprehensive Economic Partnership Agreement (CEPA) with Japan in 2011. It paints a more complicated picture regarding its influence on services trade. To evaluate its impact, the study analyses the difference between the FTA years and the years before it, while also considering long-term trends for a clearer comprehension.

During the pre-FTA phase (2005–2010), India's exports of services to Japan were growing at a CAGR of 10.75%, moving from $1,402.95 million in 2005 to $2,337.98 million in 2010. Import figures were also increasing, albeit slightly slower at a CAGR of 9.25% from $1,484.63 million to $2,310.54 million. The net services trade balance was still slightly negative, with a drift of -$81.67 million in 2005 and $27.44 million in 2010. Major export categories included other business services ($459.36 million to $833.06 million at CAGR 12.6%) and telecommunications, computer and information services ($284.11 million to $552.35

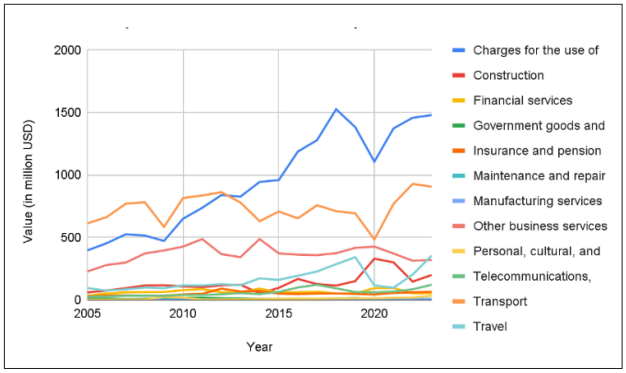
million at CAGR 14.2%), demonstrating India's expanding foothold in Japan's IT and professional services sectors.

Figure 13: Exports of Services to Japan



(Source: WTO-OECD BaTis)

Figure 14: Imports of Services to Japan



(Source: WTO-OECD BaTis)

The period following the Free Trade Agreement (FTA) from 2011 to 2016 witnessed a notable decline in the growth rate of service exports to a mere 0.30% compounded annually. The value of service exports only increased to $2,565.77 million from $2,527.09 million. Imports experienced a different trend, growing at a CAGR of 2.46% increasing from $2,468.13 million to $2,786.70 million. This change worsened the net trade balance from $58.97 million to -$220.93 million. Consistent with the overall sectoral data paints a picture of uneven performance, over other business services exports increased at modest rate (CAGR of 2.0%), while telecommunication, computer and information services grew at much faster rate (CAGR of 6.6%). Still, construction and travel sectors (–0.14% CAGR and –10.3% CAGR, respectively) suffered losses which reflects lack of access expansion post-CEPA.

In the long term, it appears that there has been some recovery regarding the long-term repercussions of CEPA. Services exports grew at a CAGR of 2.90% from 2011 to 2023, reaching $3,561.06 million, while imports grew at a slightly higher rate of 3.06%, amounting to $3,542.79 million. The net trade balance improved to $18.27 million by 2023, driven by growth in other business services ($948.00 million to $1,373.71 million, CAGR of 3.1%) and telecommunications, computer and information services ($600.45 million to $1,400.13 million, CAGR of 7.3%). However, these growth rates lag significantly behind those observed in the Singapore CECA, suggesting that the CEPA's impact on services trade has been modest at best. Despite a modest post-FTA improvement, the CEPA's limited liberalisation in Mode 4 and stringent entry conditions curtailed India's export potential.

C. Comparative Analysis

The contrast between Singapore's open regulatory regime and Japan's more insular, culturally embedded system offers a compelling lens to understand the differential success of FTAs. The different outcomes of the two FTAs show the different degrees of success in opening of services trade. This can also be viewed in the two figures highlighting the comparison. The impact of CECA can be seen through the sustained growth of India's services exports. The emergence of a positive trade balance acts as evidence of this trend. On the other hand, the CEPA's limited impact is reflected through the sluggish growth after 2011. The consistent trade deficits in the short term with only marginal improvement in the long term gives an understanding about the inefficient utilisation of the agreement with Japan. In the figures, it is evident that there is a higher degree of divergence in the bilateral trade between India and Singapore as compared to that between India and Japan. Singapore's proactive involvement in the global trade networks allowed Indian service providers to penetrate the markets which could not be observed in the case of Japan.

Figure 15: Exports to Japan Vs. Exports to Singapore

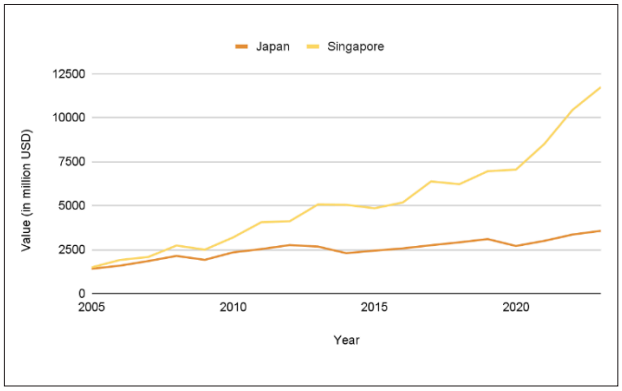
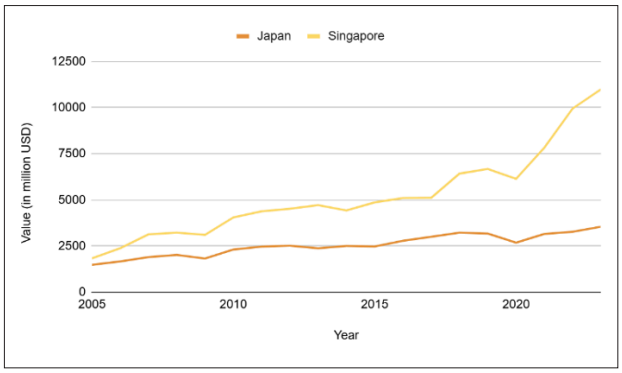


Figure 16: Imports from Japan Vs. Imports from Singapore



A few factors can explain the difference in impact on India's services between the agreements. First, the services market of Japan is characterised by strict regulatory barriers with preference for domestic providers. This blocks Indian firms from entering the market. Unlike the open markets in Singapore, Japan remains less accessible to foreign providers due to licensing requirements and language barriers. It can be said that the decline in travel exports suggests that the CEPA did not effectively open Japan's tourism market to Indian providers, possibly due to limited visa liberalisation for service providers.

Second, the CEPA provisions for liberalisation of services, particularly in Mode 4 appears less comprehensive than those in CECA. The CECA facilitated the movement of Indian professionals to Singapore whereas, the CEPA had a restrictive approach towards the same which likely constrained export growth in sectors relying heavily on human capital mobility.

Lastly, the disproportionate market opening may have contributed to the limited impact of the CEPA. Japan gained significant access to India's good market through reduced tariffs though it was not reciprocated at a similar level. Japan's commitment focused on sectors where India's competitive advantages were less pronounced, such as manufacturing services. While high-potential sectors like IT and professional services faced persistent non-tariff barriers. This imbalance contrasts with the CECA, where mutual market access in services was more balanced, benefiting India's export-oriented sectors.

Recommendations

Trade Agreements have become an important aspect facilitating global trade. India must strategically negotiate FTAs with its partner countries. Based on the previous sections, the following recommendations help policymakers to ensure FTAs deliver substantial economic benefits while safeguarding domestic priorities. These recommendations take examples from global best practices and agreements like the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) for better understanding-

A. Sector-Specific Mutual Recognition Agreements

Mutual Recognition Agreements (MRAs) are an important element to reduce non-tariff barriers for cross-border services trade. They will help bring harmony in the standards and qualifications, especially for professional services such as accounting, legal and medical sectors. These sectors are essential for the growing Indian services export market. The agreement will facilitate market access as it allows professionals to practice in partner countries without getting redundant certification, thereby lessening the added re-certification costs and enhancing competitiveness. Though, negotiating MRAs is a bit complex due to the differences in regulatory frameworks and standards. For example, the EU's stringent qualification requirements for medical professionals may require India to align its training and certification processes, which

could take years.[32] Policymakers should initiate bilateral dialogues as soon as possible to establish frameworks for gradual alignment.

The Australia-India Economic Cooperation and Trade Agreement signed in 2022, includes provisions for recognising qualifications for Indian professionals like chefs and yoga instructors, promoting broader professional mobility.[33] India should also prioritise MRAs in high-skill sectors like medical and legal services for better market access. The ASEAN MRA on Accountancy is another model that India can consider as an example. This MRA is signed by the 10 ASEAN member states.[34] It helps smooth mobility of accounting professionals and mutual recognition of qualifications. India can also propose pilot MRAs to test the feasibility of broader agreements. By starting with narrowly defined sectors, India can assess implementation challenges and build trust with partner countries, paving the way for comprehensive MRAs.

B. Regulatory Cooperation and Transparency

Regulatory cooperation is another key aspect which needs to be taken into consideration. It will ensure trade benefits are not undermined by opaque or inconsistent regulations. Moving cross-country for work entities face issues like double taxation and regulatory overlaps, such as corporate tax obligations in multiple jurisdictions. To address this, India should advocate for clear, harmonised tax frameworks within FTAs, which mandate that signatories publish laws and regulations and provide written decisions on competition law cases. This ensures predictability for businesses operating across borders.

India can negotiate for proper bilateral tax treaties within FTAs to eliminate double taxation. The most recent effort made towards solving the problem can be observed in the recently concluded India-UK FTA. The summary of the agreement mentions provisions to negotiate a Double Contributions Convention (DCC), which will exempt Indian workers temporarily in the UK from social security contributions for three years, and aims to address broader tax coordination issues.[35]

Regulatory cooperation also includes non-tariff measures, such as sanitary and phytosanitary (SPS) standards and technical regulations. The CPTPP's transparency provisions offer another lesson, requiring parties to publish final decisions on competition law cases and maintain clear enforcement policies.[36] India can adopt similar commitments which will smoothen regulatory processes and increase transparency. This reduces adherence costs for exporters and builds mutual trust among trading partners. India can establish dedicated regulatory cooperation committees within FTAs like the ones after the EU-Canada Comprehensive Economic and Trade Agreement (CETA).[37]

Transparency also involves simplifying administrative procedures. India's Foreign Trade Policy (FTP), 2023 emphasises on automated IT systems to reduce paperwork and streamline customs clearance.[38] Policymakers can develop a strategy to integrate digital platforms, something done by Singapore's Network Trade Platform which tracks credentials across supply chains.[39] This would improve transparency and reduce compliance costs for exporters, particularly MSMEs, which often struggle with complex regulatory requirements.

C. Well-Defined Digital Trade Provisions

Digital trade is an extremely dynamic landscape. It is critical that FTAs address ambiguities in classification of digital products as goods or services. The act of purchasing software which can be either a downloadable item or a cloud-based service or purchased along with the hardware makes it unclear in determining appropriate customs duties and levels of regulation. To keep pace with global developments and attract greater technology investment, India would benefit from adopting clear definitions within its FTAs that address these digital distinctions.

India's current policy of imposing customs duties on digital products, such as electronic transmissions, contrasts with global trends. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership

(CPTPP) actively opposes such tariffs along with having robust consumer protection policies. The US-Mexico-Canada Agreement (USMCA) prohibits the mandatory disclosure of source codes to access a market, thus preserving property rights and fostering digital commerce.[40] India can adopt such policies to protect its IT sector in exchange for easier access to other countries' digital goods.

In the light of India's digital economy, expected to grow by $1 trillion to GDP by 2025,[41] FTAs must consider data sovereignty and the need for uninterrupted data flow, especially for financial services and e-commerce. These agreements must deal with data localisation and cross-border data flows. The CPTPP and USMCA do not allow data localisation requirements, so businesses can freely conduct cross-border data management without facing regulatory obstacles. Consumer protection and cybersecurity issues also require attention in the context of digital trade. India's competitiveness in digital trade could be improved through the establishment of joint working groups for FTA partners to devise interoperable digital standards similar to CPTPP.

India needs to hold in-depth discussions to address the gaps in digital trade under services in Free Trade Agreements (FTAs). For example, purchasing software licenses could be considered as a service to simplify trade disputes. The Digital Economy Partnership Agreement (DEPA)[42] signed by Singapore, Chile and New Zealand, recently joined by Korea in 2024, provides a model with more advanced agreements, including digital identities, fintech cooperation and regulation of data flows. India could request these with technologically advanced partners like the EU or Japan so that the rules on digital trade do not hinder the growth of its IT and ITeS industries while ensuring data sovereignty. India must balance the exceptions to data flow provisions and regulatory freedom to maintain control over its laws, as seen in CPTPP on allowing other parties the right to regulate data flow. Restricting open data transfers while enabling the free market balance of governing India's ability to safeguard its digital economy while participating in global value chains.

D. Ease in Mode 4 Movement

Mode 4 involves cross-country temporary movement of natural persons for supply of service. According to the International Organisation of Migration, Mode 4 is described as "the supply of a service .... by a service supplier of one Member, through presence of natural persons of a Member in the territory of any other Member."[43]

Easier visa access and lowering administrative barriers for professionals can enhance India's export competitiveness. Recent agreements are working to improve this aspect. This includes easing visa restrictions and creating specific work permit quotas for Indian professionals. The India-Australia ECTA[44] has quota-driven provisions for chefs and yoga instructors, as does the India-UAE CEPA.[45] However, India must negotiate broader commitments for high-skill professionals, such as IT specialists and engineers, in FTAs with major markets like the EU and the US.

Although, challenges remain, particularly with developed economies like the EU, where visa regimes are stringent. The CPTPP's services chapter ensures national treatment for service providers, allowing equal access to markets. India can push for similar commitments in FTAs, coupled with streamlined visa processes. For instance, negotiating temporary work permits for Indian IT professionals in the EU, similar to the India-UK FTA's provisions for short-term workers, can enhance Mode 4 efficiency. Policymakers should also consider developing databases of NTBs in services sectors to identify and address visa-related barriers systematically.

To support Mode 4, India should invest in domestic training programs to align skills with international demands. For example, the Japan-India Manufacturing Institute trains Indian workers to meet Japanese standards, facilitating their mobility.[46] Expanding such initiatives to other FTA partners can ensure Indian professionals are export-ready, enhancing India's competitiveness in global services markets.

E. Effective Dispute Settlement Frameworks

Proper dispute settlement mechanisms help ensure FTA commitments are enforceable. There is a need for clearer dispute resolution processes as overlapping agreements often create confusion. The CPTPP's dispute settlement provides a structured process which includes consultation and arbitration to resolve trade disputes. This mechanism ensures timely resolution while preserving parties' rights to regulate in the public interest. In FTAs, India could push for independent arbitration panels and clear timelines for resolution, as seen in the CPTPP's investor-state dispute settlement (ISDS) code of conduct.[47] This ensures fairness and protects Indian businesses from arbitrary actions by partner countries. For digital trade disputes, India could draw from DEPA's amended dispute settlement provisions, which now cover all commitments, ensuring enforceable digital trade rules.[48]

F. Pilot Initiatives for Cross-Border Services Trade

Pilot agreements like mini-FTAs, allow India to test services trade protocols on a smaller scale before agreeing to a comprehensive one. These agreements will help provide insights into market dynamics, regulatory challenges and enable negotiators to refine terms. The A-IECTA's short term commitments is one such example to help India assess export potential in Australia. A similar approach can be considered when negotiating with partners like the EU with a focus on sectors like finance and healthcare. The EU's trade agreements, such as CETA, often include review clauses that allow parties to revisit commitments based on implementation outcomes which can also be adopted by India. The short-term agreements could be supported by industry-specific training centers which can focus on supporting service providers to compete in the global markets.

G. Integration of Geopolitics and Global Value Chains (GVCs)

Geopolitical considerations play a significant role in shaping FTA strategies. India must weigh the strategic implications of FTAs with major powers like the EU and the US, which may not be of equal standing due to differing market sizes and regulatory priorities. The EU's stringent standards such as the CBAM and GDPR, could impact Indian exports, necessitating careful negotiation to balance compliance with competitiveness. In contrast, an FTA with the US could prioritise market access for IT and professional services but may face challenges over IP protections.

The post-pandemic has witnessed a shift in the global value chains extensively. Having said this, it is important to integrate the trade agreements into the global value chains (GVCs). One of CPTPP's chapters pertaining to investment connects members to GVCs through innovation and job creation, offering a model for India to negotiate provisions facilitating technology transfers in FTAs.

H. Internals Measures in the economy

The policymakers should also strive to transform and make changes within the economy for effective implementation of FTAs. Some domestic measures which can be considered include-

- **Increase Export Competitiveness and Diversification**

India's export competitiveness is constrained by its reliance on a few sectors, such as IT and telecommunications, while sectors like intellectual property (IP) and agriculture lag. FTAs should aim to diversify exports by improving competitiveness in underperforming sectors. Domestically, the economy should also work towards improving their underperforming sectors. Based on the data, charges to intellectual property have witnessed a rise in imports. This is due to the complex patent filing system and poor enforcement adopted by India. To improve the performance, there is a need to change the same and make it more friendly for the entrepreneurs and consumers.

- **Effective Utilisation of Existing FTAs**

Multiple overlaps between FTAs such as the India-ASEAN trade agreement and bilateral frameworks confuse service providers. To reduce such discrepancies, a central portal can be developed which can hold all the necessary information pertaining to the Free Trade Agreements. US FTA Help Center is one such example which makes it easier for exporters to avail benefits and reduce confusion ensuring efficient utilisation of the agreements.

- **Introduce Domestic Reforms through FTAs**

Domestic reforms can also be introduced to improve the functioning of the economy as a whole and not just FTAs. The Union Budget of 2025-26[49] announced liberalisation of the insurance sector in India. This is a signal indicating the intent to attract foreign investment. However, reforms should extend beyond investment to allow foreign firms to establish operations in sectors like legal and accounting services, fostering competition and innovation. India should negotiate reciprocal market access for its firms in partner countries, as seen in the UK-India FTA's provisions for professional services.

Thus, crafting effective FTAs requires a balanced approach considering a mix of economic gains, regulatory autonomy and geopolitical objectives. India can leverage the FTAs signed globally and draw successful insights to drive sustainable growth.

Conclusion and Way Forward

India's services sector has been a pillar of support in building the resilience of the economy. The services trade contributes singularly in powering the export revenues of India. It grows on its strengths in IT, professional services and digitally emerging sectors like fintech. With the global demand rising for digitally-enabled and knowledge-intensive services, India has emerged as a natural leader, particularly in IT, ITeS, fintech, education and professional services. The sector is backed by strategic domestic policies like Digital India, SEZs and National Policy on Software Products which have helped India build a global competitive edge against the rest of the world. These policies have not just improved India's standing in the world but have also catalysed innovation and attracted foreign investment in the services sector. However, despite this momentum, significant challenges remain. Chief among them are restrictive visa policies, lack of mutual recognition of professional qualifications, opaque domestic regulations in partner countries and the absence of adequate facilitation mechanisms

under existing FTAs. While agreements like the India-Singapore CECA have yielded tangible benefits in enhancing services exports along with enabling professional mobility, others such as the India-Japan CEPA have had limited impact, reflecting a gap between FTA design and the complex realities of services trade. Thus, to ensure that future FTAs meaningfully expand India's services exports, the following elements must be prioritised in negotiations:

- **Liberalisation of Mode 4:** India must push for streamlined visa regimes, relaxed work permit conditions and dedicated mobility pathways for skilled professionals, especially in IT, healthcare, education and consulting.

- **Sector-Specific Mutual Recognition Agreements (MRAs):** Recognising professional qualifications in sectors such as medicine, engineering, architecture, law and accountancy can unlock substantial new markets for Indian talent.

- **Regulatory Transparency and Harmonisation:** FTAs must include provisions for predictable, transparent, and non-discriminatory regulatory environments, especially in digital trade, data flows and licensing regimes.

- **Inclusion of Digital Trade Chapters:** With the rising share of cross-border digital services, future FTAs should contain robust provisions for e-commerce, cross-border data flows, cybersecurity cooperation and protection of intellectual property rights in digital content.

- **Dispute Settlement and Consultation Mechanisms:** Effective, fast-track mechanisms for resolving disputes in services trade will build confidence among Indian service providers.

- **Pilot Programs and Innovation Corridors:** FTAs can be used to launch joint incubators, innovation parks and talent exchanges in key digital and knowledge sectors, deepening long-term economic linkages.

- **Capacity Building and Mutual Skill Recognition:** Collaborations in skill development, standard-setting, and technical training can create a virtuous cycle of human capital exchange and market access.

- **Monitoring and Impact Evaluation:** Each FTA should incorporate a built-in review clause to periodically assess impact on services trade and adjust provisions accordingly.

To sustain and expand the trade, India must prioritise and negotiate FTAs that address non-tariff barriers along with ensuring regulatory transparency. Going forward, aligning India's trade strategy with global digital trends will be vital in cementing India's role as a global services powerhouse. The economy should adopt a forward-looking approach applying global best practices and pilot initiatives for sustainable growth. •

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Appendix

Table 1

SERVICES TRADE (IN MILLION USD)														
Year	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Exports	138528	145525	149164	157196	156278	161819	185294	204956	214762	203145	240655	309371	337540	374879
Imports	77758.1	79919.6	78722.2	81118.6	82643.1	95922.4	109371	124182	130535	116037	137974	176844	178397	196677

Table 2

PECENTRAGE SHARE OF INDIA IN WORLD SERVICES TRADE (%)														
Flow	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Exports	3.11	3.17	3.04	2.99	3.11	3.17	3.32	3.35	3.39	3.87	3.8	4.22	4.23	4.31
Imports	2.91	2.92	2.67	2.49	2.52	2.7	2.88	3.01	2.96	3.07	3.38	3.7	3.33	3.38

Table 3

TRADE IN SERVICES (% OF GDP)													
2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
11.86	12.34	12.27	11.69	11.36	11.23	11.11	12.18	12.18	11.93	11.95	14.50	14.46	14.61

Table 4

TOP EXPORT DESTINATIONS OF INDIA (WITH EUROPEAN UNION)			
Rank	**Country**	**Value (in Millions USD)**	**(%)**
	World	**220146.70**	**100.00**
1	United States	44920.55	20.40
2	European Union	40566.64	18.40
3	United Kingdom	19814.97	9.00
4	Singapore	11731.85	5.30
5	China	7991.88	3.60
6	Hong Kong (China)	7595.64	3.50
7	Switzerland	6172.43	2.80
8	United Arab Emirates	5829.28	2.60
9	Australia	5416.74	2.50
10	Korea	4937.11	2.20
11	Saudi Arabia	4482.68	2.00
12	Japan	3561.06	1.60
	Other Countries	55435.82	25.20

Table 5

TOP IMPORT SOURCES OF INDIA (WITH EUROPEAN UNION)			
Rank	**Country**	**Value (in Millions USD)**	**(%)**
	World	**177569.90**	**100.00**
1	United States	38142.75	21.50
2	European Union	30743.23	17.30
3	United Kingdom	13149.14	7.40
4	Hong Kong (China)	12995.31	7.30
5	Singapore	10987.33	6.20
6	Canada	7310.61	4.10
7	Australia	6573.87	3.70
8	China	6389.47	3.60
9	United Arab Emirates	3910.80	2.20
10	Korea	3816.95	2.10
11	Japan	3542.79	2.00
12	Switzerland	2166.90	1.20
	Other Countries	36610.77	20.60

Table 6

SECTORAL SERVICES EXPORTS OF INDIA (IN MILLION USD)														
Year	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Manufacturing services on physical inputs owned by others	0.00	56.56	54.40	197.22	166.55	131.24	114.91	237.49	245.13	260.41	388.73	1398.81	1420.75	1140.36
Maintenance and repair services n.i.e.	0.00	77.03	200.71	185.77	157.51	145.48	219.40	207.58	194.38	145.98	252.73	195.84	208.10	307.47
Transport	17701.50	17506.70	16915.70	18597.10	14319.00	15175.50	16979.10	18999.00	21125.40	20791.00	29341.40	37533.10	29369.00	33369.20
Travel	17707.50	17971.50	18397.10	19700.20	21012.70	22427.40	27365.10	28568.40	30720.40	13036.10	8650.25	21360.30	32188.60	35016.80
Construction	838.34	922.04	1219.11	1613.40	1483.11	2078.80	2284.89	3176.52	2912.09	2798.72	2801.22	3322.52	4020.65	5445.25
Insurance and pension services	2583.80	2257.78	2144.06	2281.13	1985.15	2134.63	2459.51	2579.79	2526.99	2351.89	3059.61	3357.71	3222.53	3604.74
Financial services	6249.04	5351.57	6375.87	5644.97	5344.14	5074.38	4485.05	5432.94	4821.23	4104.56	5115.44	7336.56	8543.82	8091.34
Charges for the use of intellectual property n.i.e.	302.62	321.45	445.57	658.72	466.56	524.88	659.63	784.90	871.61	1253.65	870.14	1167.58	1526.34	1728.89
Telecommunications, computer and information services	62087.20	67182.00	72256.90	74792.90	76368.50	76541.50	78518.50	84655.40	94405.20	99471.40	119524.00	144798.00	162589.00	177745.00
Other business services	23574.90	28709.80	28199.00	28203.10	28774.70	31916.50	35730.00	38757.90	44531.60	47310.20	55455.90	74925.20	88209.60	100400.00
Personal, cultural, and recreational services	344.55	766.66	1232.34	1266.07	1265.76	1403.28	1466.03	1881.75	2069.32	2197.13	2921.32	3831.04	4229.18	4682.35
Government goods and services n.i.e.	592.66	495.38	460.72	581.75	561.05	584.58	621.18	633.04	633.57	652.76	801.71	698.22	624.08	604.56
Others n.i.e.	6545.77	3906.09	1262.16	3473.89	4373.52	3680.57	14390.60	19040.80	9704.56	8771.34	11472.90	9446.03	1388.14	2743.26
Services (Total)	**138528.00**	**145525.00**	**149164.00**	**157196.00**	**156278.00**	**161819.00**	**185294.00**	**204956.00**	**214762.00**	**203145.00**	**240655.00**	**309371.00**	**337540.00**	**374879.00**

Table 7

SECTORAL SERVICES IMPORTS OF INDIA (IN MILLION USD)														
Year	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Manufacturing services on physical inputs owned by others	0.00	28.38	33.87	27.78	27.43	53.30	41.74	43.41	71.67	30.00	48.20	187.67	151.92	90.73
Maintenance and repair services n.i.e.	0.00	292.02	302.42	218.05	308.70	320.51	507.62	997.71	1231.12	932.67	1150.13	1669.13	1679.84	1261.01
Transport	15375.90	15705.70	14011.00	16380.40	15425.60	14104.10	16359.80	20035.10	23959.40	19883.40	30467.30	43528.30	29518.30	34472.80
Travel	13699.20	12341.60	11614.70	14595.00	14837.60	16376.50	18443.30	21318.90	22915.00	12574.20	14280.30	25881.40	33335.60	34972.30
Construction	1133.13	1094.01	1393.94	1134.20	956.65	950.79	1223.47	2487.44	2662.42	2600.51	2912.78	2856.05	2702.39	3138.10
Insurance and pension services	1461.95	1441.15	1142.35	1157.32	1141.41	1305.62	1768.30	1557.99	1915.74	1918.00	2213.85	2320.24	2722.22	2923.08
Financial services	8296.32	5342.64	5892.78	4115.37	3116.64	5017.12	5796.65	4039.22	2280.82	4616.73	5518.01	5909.37	4593.77	4541.88
Charges for the use of intellectual property n.i.e.	2819.29	3990.06	3903.91	4848.71	5009.03	5466.04	6515.41	7905.96	7889.69	7241.11	8631.57	10427.80	14349.40	16263.10
Telecommunications, computer and information services	3196.49	3481.89	3743.10	4317.90	3797.63	4752.42	6068.24	7088.09	9602.83	11007.30	14389.50	17176.00	21833.10	23671.20
Other business services	25133.90	29900.20	28066.30	26872.80	29809.60	32741.20	35437.00	38736.00	46062.20	48603.70	50660.20	57258.60	59257.20	66813.70
Personal, cultural, and recreational services	345.06	541.70	725.13	1390.34	1369.44	1894.02	2144.53	2538.34	2960.56	2751.33	4129.72	5285.15	6213.88	5781.27
Government goods and services n.i.e.	842.63	703.74	1067.42	957.65	876.54	683.28	635.26	1134.86	1107.71	1064.29	938.73	978.60	1080.05	1245.91
Others n.i.e.	5454.26	5056.48	6825.34	5103.08	5966.94	12257.50	14429.90	16298.60	7876.12	2814.23	2633.71	3366.20	959.00	1502.24
Services (Total)	**77758.10**	**79919.60**	**78722.20**	**81118.60**	**82643.10**	**95922.40**	**109371.00**	**124182.00**	**130535.00**	**116037.00**	**137974.00**	**176844.00**	**178397.00**	**196677.00**

Table 8

INDIAN SERVICES TRADE WITH SINGAPORE		
Year	**Exports (in million USD)**	**Imports (in million USD)**
2005	1485.30	1835.10
2006	1906.63	2378.74
2007	2074.67	3135.48
2008	2728.10	3223.78
2009	2491.52	3106.74
2010	3187.95	4047.66
2011	4055.22	4377.62
2012	4104.77	4521.99
2013	5062.38	4714.72
2014	5042.57	4431.01
2015	4846.28	4862.35
2016	5175.51	5097.87
2017	6371.55	5115.76
2018	6215.24	6426.57
2019	6952.34	6674.09
2020	7042.92	6139.76
2021	8499.52	7828.08
2022	10438.44	9949.64
2023	11731.85	10987.33
CAGR (2005-2010)	16.50%	17.14%
CAGR (2011-2023)	9.26%	7.97%
CAGR (2005-2023)	12.17%	10.45%

Table 9

SECTOR-WISE EXPORTS OF SERVICES TO SINGAPORE													
Year	Charges for the use of intellectual property n.i.e.	Construction	Financial services	Government goods and services n.i.e.	Insurance and pension services	Maintenance and repair services n.i.e.	Manufacturing services on physical inputs owned by others	Other business services	Personal, cultural, and recreational services	Telecommunications, computer and information services	Transport	Travel	Services
2005	1.74	3.88	20.10	2.70	31.93	1.71	0.00	541.08	0.55	220.68	488.80	172.13	1485.30
2006	3.80	8.35	57.33	2.21	23.28	2.90	0.00	764.83	1.48	268.46	577.66	196.33	1906.63
2007	11.14	11.91	75.76	2.38	20.93	3.44	0.00	916.84	2.21	313.79	512.39	203.90	2074.67
2008	11.40	13.68	102.27	2.97	58.51	0.00	0.00	1165.37	26.50	476.10	610.27	261.03	2728.10
2009	2.39	35.01	106.43	3.51	78.45	6.80	0.00	997.03	27.43	469.41	534.41	230.66	2491.52
2010	11.65	5.07	182.56	4.17	93.33	0.00	0.00	1244.13	54.20	634.98	639.65	318.21	3187.95
2011	46.78	37.66	212.49	5.42	92.29	0.00	0.00	1496.58	69.77	867.67	808.94	417.62	4055.22
2012	64.43	50.37	207.07	4.21	51.22	1.25	0.09	1635.79	24.88	902.01	766.02	397.44	4104.77
2013	53.83	58.13	214.33	4.64	116.25	6.34	0.19	1889.59	35.36	1320.05	928.57	435.09	5062.38
2014	19.64	71.03	214.05	5.53	100.53	8.25	1.19	1706.41	36.08	1436.26	1031.17	412.43	5042.57
2015	18.10	52.08	250.37	4.99	104.03	10.88	6.71	1799.39	29.28	1336.25	851.87	382.34	4846.28
2016	60.04	25.08	253.25	5.17	115.19	9.77	6.86	1901.95	24.06	1552.31	822.71	399.13	5175.51
2017	8.33	41.94	293.28	6.08	104.61	17.63	0.93	2676.88	20.35	1675.85	1013.55	512.14	6371.55
2018	25.30	40.18	217.63	5.35	55.64	16.39	1.49	2608.45	59.06	1843.63	919.55	422.56	6215.24
2019	20.91	31.24	249.19	5.35	54.42	15.14	9.33	3290.77	8.33	1953.62	888.50	425.53	6952.34
2020	29.77	27.77	262.71	5.58	64.79	8.55	10.06	3252.92	8.28	2234.01	1014.55	123.92	7042.92
2021	30.56	24.56	298.05	6.98	52.99	16.70	10.42	3996.70	10.76	2672.25	1299.20	80.36	8499.52
2022	49.99	30.09	425.73	5.75	37.18	16.58	19.87	5267.25	14.58	2701.39	1619.07	250.95	10438.44
2023	40.48	34.82	359.85	5.17	63.56	15.23	18.36	4906.25	15.52	4553.63	1366.63	352.36	11731.85
CAGR (2005-2010)	46.30%	5.46%	55.47%	9.08%	23.93%	-100.00%	0.00%	18.12%	150.32%	23.54%	5.53%	13.08%	16.50%
CAGR (2011-2023)	-1.20%	-0.65%	4.49%	-0.39%	-3.06%	25.53%	61.89%	10.40%	-11.77%	14.82%	4.47%	-1.41%	9.26%
CAGR (2005-2023)	19.11%	12.96%	17.38%	3.68%	3.90%	12.90%	61.89%	13.03%	20.37%	18.31%	5.88%	4.06%	12.17%

Table 10

SECTOR-WISE IMPORTS OF SERVICES FROM SINGAPORE													
Year	Charges for the use of intellectual property n.i.e.	Construction	Financial services	Government goods and services n.i.e.	Insurance and pension services	Maintenance and repair services n.i.e.	Manufacturing services on physical inputs owned by others	Other business services	Personal, cultural, and recreational services	Telecommunications, computer and information services	Transport	Travel	Services
2005	7.57	4.44	54.94	3.01	33.81	94.99	0.00	303.02	0.64	93.57	1054.85	184.26	1835.10
2006	7.97	6.87	119.33	3.18	39.11	109.28	0.00	390.96	0.61	112.30	1342.72	246.41	2378.74
2007	8.86	10.49	179.93	3.48	63.79	158.58	0.00	487.13	8.48	154.35	1742.48	317.91	3135.48
2008	31.19	12.25	178.07	3.23	78.27	212.91	0.00	497.33	1.91	174.84	1704.21	329.57	3223.78
2009	19.40	39.20	197.04	3.29	104.72	127.74	0.00	698.07	21.34	215.08	1375.25	305.62	3106.74
2010	23.89	42.15	362.60	3.87	97.71	185.34	0.00	854.42	14.14	200.87	1757.57	505.10	4047.66
2011	53.28	48.39	406.20	4.10	147.02	167.97	0.00	1005.41	0.88	170.29	1794.56	579.52	4377.62
2012	64.72	52.09	332.91	4.33	110.57	118.70	0.10	1170.67	1.80	161.31	1959.15	545.65	4521.99
2013	65.20	59.12	367.46	4.81	127.79	106.15	0.24	1016.46	32.20	263.23	2145.15	526.92	4714.72
2014	38.41	65.35	334.38	5.33	153.17	101.96	0.23	792.98	38.47	194.55	2108.61	597.57	4431.01
2015	44.39	53.23	419.10	6.21	167.41	115.17	0.26	1007.56	25.17	170.95	2224.86	628.04	4862.35
2016	76.04	22.05	478.73	6.07	266.88	140.21	2.00	1065.15	29.26	338.81	1948.74	723.92	5097.87
2017	104.89	15.46	521.64	5.21	187.65	119.59	0.29	1053.18	8.69	288.33	2126.76	684.06	5115.76
2018	133.07	23.92	584.32	6.18	243.28	144.18	0.31	1427.05	21.98	401.45	2669.90	770.93	6426.57
2019	139.18	24.25	622.69	6.04	192.60	173.80	0.50	1499.51	21.18	448.15	2760.85	785.34	6674.09
2020	128.27	21.04	671.32	5.66	203.53	76.88	0.19	1575.30	28.79	552.63	2648.54	227.63	6139.76
2021	161.05	22.45	725.29	6.49	243.88	87.48	0.31	1849.73	66.64	648.42	3813.20	203.15	7828.08
2022	232.01	25.94	744.10	6.93	320.29	90.50	1.45	2113.17	77.90	841.34	4967.84	528.16	9949.64
2023	339.72	26.45	902.19	8.23	330.86	99.29	1.18	3052.02	91.88	927.24	4238.28	969.99	10987.33
CAGR (2005-2010)	25.83%	56.83%	45.85%	5.14%	23.65%	14.30%	0.00%	23.04%	85.85%	16.51%	10.75%	22.35%	17.14%
CAGR (201-2023)	16.69%	-4.91%	6.88%	5.99%	6.99%	-4.29%	25.36%	9.70%	47.29%	15.17%	7.42%	4.39%	7.97%
CAGR (2005-2023)	23.53%	10.42%	16.82%	5.74%	13.51%	0.25%	25.36%	13.69%	31.80%	13.59%	8.03%	9.67%	10.45%

Table 11

INDIAN SERVICES TRADE WITH JAPAN		
Year	**Exports (in million USD)**	**Imports (in million USD)**
2005	1402.95	1484.63
2006	1582.68	1661.16
2007	1845.63	1903.97
2008	2136.42	2018.89
2009	1914.51	1828.03
2010	2337.98	2310.54
2011	2527.09	2468.13
2012	2752.20	2519.82
2013	2669.66	2378.97
2014	2293.58	2506.65
2015	2436.95	2476.53
2016	2565.77	2786.70
2017	2744.48	2999.71
2018	2908.19	3227.35
2019	3095.33	3174.92
2020	2701.36	2683.74
2021	2992.31	3153.07
2022	3353.02	3274.41
2023	3561.06	3542.79
CAGR (2005-2010)	10.75%	9.25%
CAGR (2011-2016)	0.30%	2.46%
CAGR (2005-2023)	5.31%	4.95%
CAGR (2011-2023)	2.90%	3.06%

Table 12

SECTOR-WISE EXPORTS OF SERVICES TO JAPAN													
Year	Charges for the use of intellectual property n.i.e.	Construction	Financial services	Government goods and services n.i.e.	Insurance and pension services	Maintenance and repair services n.i.e.	Manufacturing services on physical inputs owned by others	Other business services	Personal, cultural, and recreational services	Telecommunications, computer and information services	Transport	Travel	Services
2005	4.48	133.26	23.55	6.65	11.24	0.66	2.15	459.36	0.84	284.11	142.31	334.36	1402.95
2006	4.19	176.60	35.66	6.86	16.12	0.84	2.77	563.09	2.13	346.46	165.18	262.78	1582.68
2007	4.85	233.29	44.87	6.95	17.70	0.67	4.19	656.82	3.28	417.49	188.52	266.99	1845.63
2008	4.91	322.87	49.15	8.08	18.60	0.98	4.38	747.41	4.36	490.73	210.65	274.30	2136.42
2009	4.66	313.50	40.11	6.85	17.48	0.55	3.28	639.47	13.57	466.55	166.14	242.36	1914.51
2010	5.97	277.50	61.65	8.94	25.71	0.73	4.45	833.06	5.66	552.35	220.70	341.27	2337.98
2011	7.19	264.70	64.60	9.34	31.84	0.69	4.63	948.00	1.81	600.45	246.63	347.21	2527.09
2012	7.64	300.34	57.23	9.56	30.03	1.11	5.74	1042.59	4.85	658.06	274.22	360.82	2752.20
2013	7.72	322.18	61.22	8.45	25.77	1.40	3.44	1045.24	6.83	684.19	230.52	272.70	2669.66
2014	7.51	205.80	50.96	6.40	18.62	6.65	1.52	987.50	4.78	653.12	149.28	201.44	2293.58
2015	5.55	208.80	56.24	7.64	14.35	3.53	2.94	992.58	4.89	820.55	144.59	175.28	2436.95
2016	7.42	262.85	52.41	6.42	16.20	5.66	0.53	1048.20	5.53	826.54	132.72	201.29	2565.77
2017	13.16	246.90	58.01	8.83	16.81	4.89	1.95	1146.25	6.18	841.90	168.94	230.65	2744.48
2018	10.68	182.05	64.70	8.81	16.75	6.66	16.75	1114.95	6.68	1004.21	206.40	269.54	2908.19
2019	79.90	94.88	59.47	8.90	15.29	2.43	15.65	1256.85	7.34	1154.02	175.27	225.35	3095.33
2020	35.13	67.39	55.34	8.66	12.54	2.36	22.63	1245.87	7.35	1033.33	162.83	47.94	2701.36
2021	19.17	155.75	79.48	9.11	18.88	2.32	12.22	1334.15	7.64	1131.66	199.69	22.24	2992.31
2022	29.81	134.70	57.63	3.78	16.50	6.25	8.41	1498.01	9.19	1239.98	275.12	73.65	3353.02
2023	29.19	208.38	52.44	9.38	16.82	6.09	15.96	1373.71	17.31	1400.13	248.28	183.39	3561.06
CAGR (2005-2010)	5.93%	15.80%	21.23%	6.11%	17.99%	2.05%	15.68%	12.64%	46.55%	14.22%	9.17%	0.41%	10.75%
CAGR (2011-2016)	0.61%	-0.14%	-4.09%	-7.22%	-12.64%	52.48%	-35.25%	2.03%	24.97%	6.60%	-11.66%	-10.33%	0.30%
CAGR (2011-2023)	12.98%	-2.18%	-1.24%	0.37%	-3.21%	17.75%	10.33%	3.92%	8.97%	7.42%	0.91%	-4.67%	3.29%
CAGR (2005-2023)	10.98%	2.51%	4.55%	1.93%	2.26%	13.16%	11.79%	6.27%	18.32%	9.27%	3.14%	-3.28%	5.31%

Table 13

SECTOR-WISE IMPORTS OF SERVICES FROM JAPAN													
Year	Charges for the use of intellectual property n.i.e.	Construction	Financial services	Government goods and services n.i.e.	Insurance and pension services	Maintenance and repair services n.i.e.	Manufacturing services on physical inputs owned by others	Other business services	Personal, cultural, and recreational services	Telecommunications, computer, and information services	Transport	Travel	Services
2005	395.97	58.99	33.62	8.33	27.82	0.00	0.07	227.33	0.70	25.60	612.09	94.10	1484.63
2006	453.00	74.23	50.77	8.81	33.20	0.00	0.35	278.59	0.67	26.41	662.14	72.99	1661.16
2007	524.60	92.54	60.24	5.49	35.36	0.00	0.52	298.30	1.06	32.78	769.64	83.43	1903.97
2008	514.93	114.93	61.05	8.04	32.74	0.00	0.53	371.05	2.23	33.65	781.63	98.10	2018.89
2009	471.80	115.87	62.50	17.02	33.38	0.00	0.75	395.19	23.32	31.92	583.39	92.89	1828.03
2010	649.88	107.18	77.17	16.49	43.04	0.00	1.26	426.31	18.90	39.23	815.84	115.24	2310.54
2011	737.08	100.91	86.04	17.20	48.41	0.00	1.35	486.63	1.32	38.89	835.09	115.21	2468.13
2012	838.63	115.95	60.03	12.76	89.19	0.35	1.75	365.61	2.56	44.78	862.20	126.00	2519.82
2013	826.58	120.38	56.98	10.98	66.64	0.91	1.81	341.81	4.18	52.90	778.88	116.92	2378.97
2014	944.33	51.65	90.30	7.51	71.47	0.74	0.54	486.81	6.33	46.13	629.42	171.44	2506.65
2015	958.54	95.44	56.89	6.30	49.17	1.05	0.81	371.58	7.09	63.09	707.11	159.47	2476.53
2016	1187.79	166.95	61.43	9.09	46.66	1.05	0.02	361.37	8.36	98.53	652.71	192.74	2786.70
2017	1278.58	126.24	64.65	7.77	49.59	2.35	0.02	357.43	8.70	120.52	756.98	226.88	2999.71
2018	1526.60	113.94	51.10	11.05	50.51	3.59	0.02	373.07	10.78	91.46	710.20	285.04	3227.35
2019	1382.89	150.05	50.77	14.22	47.81	4.47	0.04	416.43	12.05	62.28	692.74	341.19	3174.92
2020	1106.81	329.77	92.84	9.00	43.57	4.63	0.60	426.32	12.16	59.30	483.64	115.08	2683.74
2021	1372.83	300.03	94.05	4.60	54.85	6.80	0.89	370.74	16.85	66.23	768.51	96.69	3153.07
2022	1458.26	145.83	51.98	4.78	59.70	6.60	1.86	313.20	18.02	83.73	928.06	202.39	3274.41
2023	1479.78	198.54	51.19	4.38	64.12	5.06	6.34	319.52	32.39	120.49	906.24	354.75	3542.79
CAGR (2005-2010)	10.42%	12.69%	18.08%	14.65%	9.12%	0.00%	77.60%	13.40%	93.58%	8.91%	5.91%	4.14%	9.25%
CAGR (2011-2016)	10.01%	10.59%	-6.52%	-11.97%	-0.73%	31.25%	-55.24%	-5.78%	44.71%	20.43%	-4.81%	10.84%	2.46%
CAGR (2010-2023)	6.53%	4.86%	-3.11%	-9.69%	3.11%	27.35%	13.20%	-2.19%	4.23%	9.02%	0.81%	9.03%	3.34%
CAGR (2005-2023)	7.60%	6.98%	2.36%	-3.50%	4.75%	27.35%	28.29%	1.91%	23.79%	8.99%	2.20%	7.65%	4.95%

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