

WORLD RANK: **132** | REGIONAL RANK: **29**  
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

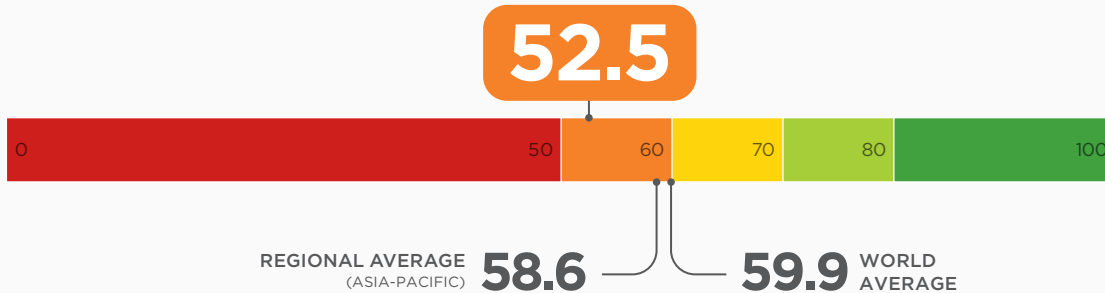


# INDIA

India's economic freedom score is 52.5, making its economy the 132nd freest in the 2026 *Index of Economic Freedom*. Its rating has decreased by 0.5 point from last year, and India is ranked 29th out of 39 countries in the Asia-Pacific region. The country's economic freedom score is lower than the global and regional averages. India's economy is considered "mostly unfree" according to the 2026 *Index*.

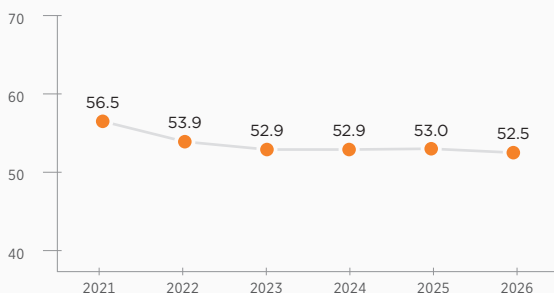
Progress with market-oriented reforms has been uneven. The foundations for long-term economic development remain fragile without an efficiently functioning legal framework. State-owned enterprises are an extensive presence in many sectors, and the legacy of decades of failed socialist policies includes a substantial tolerance for government meddling in economic activity. Entrepreneurs continue to face severe challenges. India's regulatory framework is burdensome. The labor regulatory framework is still evolving, and the informal economy remains an important source of employment. Monetary stability has weakened.

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): +7.4

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
1.4 billion

**GDP (PPP):**  
\$16.2 trillion  
6.6% growth in 2025  
3-year average growth rate: 7.4%  
\$12,101 per capita

**UNEMPLOYMENT:**  
4.3%

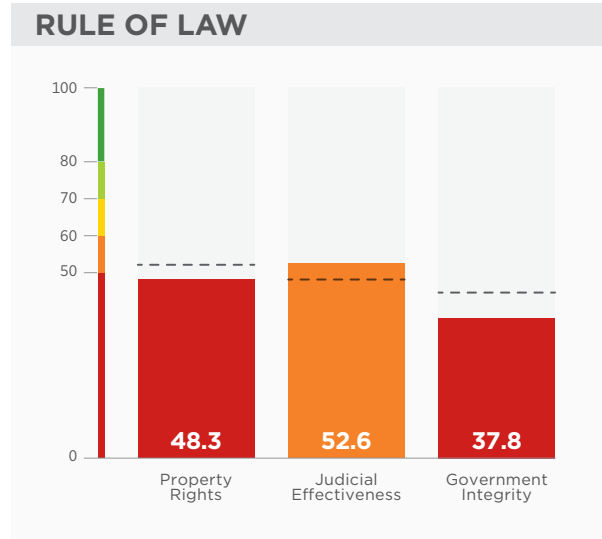
**INFLATION (CPI):**  
4.6%

**TRADE AS % OF GDP:** 44.7%

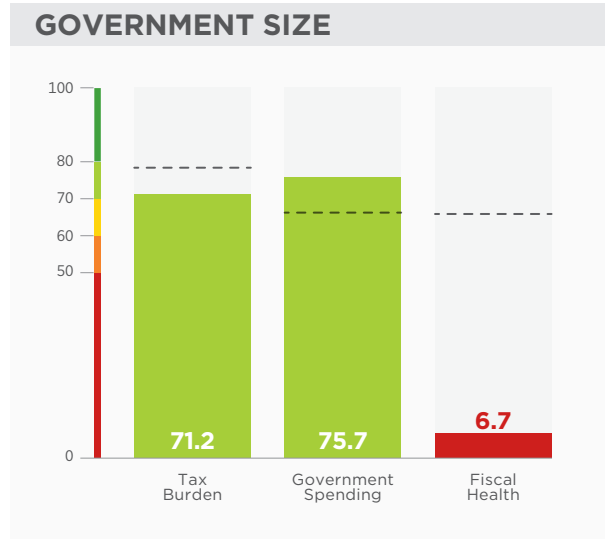
**PUBLIC DEBT:**  
81.6% of GDP

2025 data unless otherwise noted. Data compiled as of January 2026.

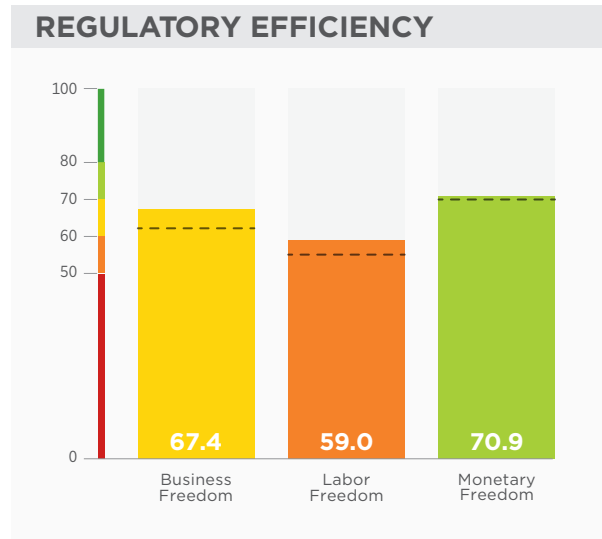
# 12 ECONOMIC FREEDOMS | INDIA



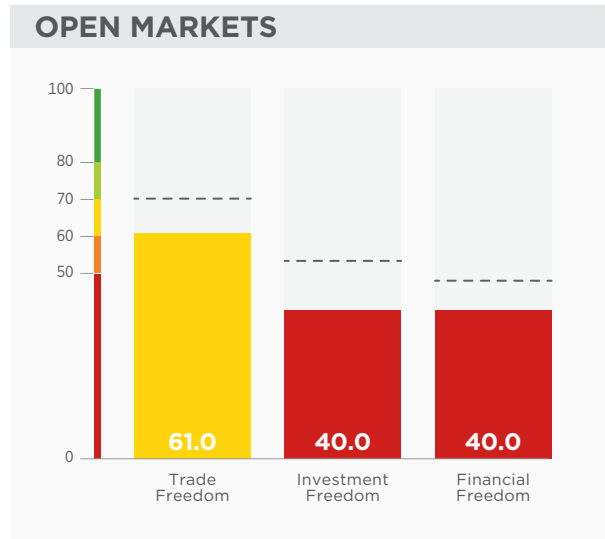
The overall rule of law is weak in India. The country's property rights score is below the world average; its judicial effectiveness score is above the world average; and its government integrity score is below the world average.



The top individual income tax rate is 39 percent, and the top corporate tax rate is 32.4 percent. The tax burden equals 17.6 percent of GDP. Three-year government spending and budget balance averages are, respectively, 28.5 percent and -8.1 percent of GDP. Public debt amounts to 81.6 percent of GDP.



India's overall regulatory environment is relatively well institutionalized but lacks efficiency. The country's business freedom score is above the world average; its labor freedom score is above the world average; and its monetary freedom score is above the world average.



The trade-weighted average tariff rate is 12.0 percent, and layers of nontariff measures are in force. Foreign investment is screened, although ownership restrictions in some sectors have been reduced. The government has recapitalized state-owned banks, but the number of nonperforming loans remains high.