

# BACKGROUND NOTE

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India's economic growth is fueled by its dynamic services sector, making it the fifth-largest exporter of services globally. In FY 2024, the sector contributed 55% to the country's GDP, with computer and business services leading exports. These two segments accounted for 73% of total services exports, growing at an annual rate of 9.6%. Within business services, professional services—including law, taxation, accounting, auditing, management consulting, medicine, architecture, and engineering—comprised 70% of total exports.

India's skilled workforce and strong global competitiveness have reinforced its position in the international services trade. The rapid expansion of Global Capability Centres (GCCs) demonstrates this strength, with the number of GCCs increasing from over 1,000 in FY15 to more than 1,580 centres and 2,740 units by FY23. This vast talent pool enables India to expand workforce participation, address global skill shortages, increase inward remittances, and boost economic growth.

Despite this potential, regulatory challenges continue to hinder the professional services sector. Nationality or residency requirements, restrictions on legal forms of establishment, and the lack of recognition for foreign qualifications create barriers for service suppliers. Addressing these challenges is essential for enhancing market access in trade in services.

To support the sector's growth and tackle these challenges, NITI Aayog is working on a study on 'Domestic Regulation in Professional Services' from a services trade perspective. This report examines the sectors through five key dimensions: (1) governing laws and regulations, (2) licensing requirements and exit examinations, (3) market access and national treatment restrictions, (4) permissible legal forms of establishment, and (5) international regulatory frameworks. The study also examines select international frameworks in professional services and aims to provide valuable insights for domestic and international service providers, trade negotiators, regulators, and policymakers.

**As part of our ongoing work on the study, we are initiating a stakeholder consultation process to better understand the perspectives of professionals, industry experts, regulatory bodies, and other stakeholders.**

## OBJECTIVES OF THE CONSULTATION

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**Understand the Current Regulatory Landscape:** Understand the implications of current laws, regulations, and standards for professionals from the stakeholders, including those in legal, taxation, healthcare, accounting, auditing, bookkeeping, engineering, urban planning, architecture, IT/ ITeS, and management consulting.

**Identify Challenges and Gaps:** Identify challenges experienced by professionals under existing regulations, including licensing procedures, operational costs, and hurdles in supplying services both domestically and across the border.

**Examine Stakeholder Experiences:** Gather feedback from service providers on the effects of the current regulatory environment in professional services.

## EXPECTED OUTCOMES

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**Comprehensive Understanding of the sub-sectors:** A deeper insight into emerging trends and challenges in the sectors, and how regulations need to evolve to address these challenges.

**Recommendations:** Actionable recommendations to streamline professional services regulations in India.

**Stakeholder Consensus:** A shared understanding among all stakeholders—regulatory bodies, professional associations and service providers—on the necessary changes and adaptations to the existing regulations.