



# **STUDYING THE GEOGRAPHICAL ORIGIN AND DESTINATION OF FOREIGN DIRECT INVESTMENT (FDI) SINCE 2014-2022.**

**BY: AARYA ROHATGI**

**B.A. (HONS) GEOGRAPHY**

**FACULTY GUIDE: DR. SMITA**

**Amity Institute of Social Sciences**

## **Abstract**

In the global economy, foreign direct investment (FDI) is essential for promoting economic growth and enabling cross-border ventures. With an emphasis on the trends, patterns, and ramifications of these investments, this study attempts to examine the geographic origin and destination of FDI from 2014 to 2022.

This study looks at FDI flows over the last eight years in an effort to pinpoint the major nations that have contributed significantly to outbound FDI and those that have drawn sizable amounts of inward FDI. The analysis will take into account variables that affect the flow of foreign direct investment (FDI) between nations, including market possibilities, political stability, and economic conditions.

This study aims to offer insights into the dynamic changes of international investment flows and the shifting global FDI patterns through a thorough analysis of current literature and empirical data. Policymakers, investors, and businesses can make well-informed decisions to optimize the advantages of foreign investment and foster sustainable economic development by comprehending the geographic distribution of foreign direct investment.

The overall goal of this research is to add to the body of knowledge already available on foreign direct investment (FDI) by providing a thorough examination of the geographic origin and destination of FDI from 2014 to 2022, highlighting patterns and their consequences for the world economy.

## I. Introduction

### Background and Context

Foreign Direct Investment (FDI) plays a pivotal role in shaping the global economy, facilitating capital flows between countries and driving economic growth and development. Over the past decade, FDI has become increasingly significant, with countries around the world actively competing to attract investment from foreign sources. According to the United Nations Conference on Trade and Development's (UNCTAD) World Investment Report 2021, the COVID-19 pandemic caused a 35% reduction in global FDI flows in 2020; however, in 2021, these flows began to rebound, reaching \$1.1 trillion.<sup>1</sup> This emphasizes how crucial it is to comprehend the dynamics of FDI flows, including the sectors and regions of origin and destination, in order to influence investment strategies and policy decisions.

In recent years, emerging economies like India have emerged as attractive destinations for FDI, offering favorable business environments, market potential, and growth opportunities. However, the distribution of FDI across different regions and sectors within these countries may vary significantly, reflecting factors such as infrastructure, regulatory frameworks, and sectoral competitiveness. By studying the geographical origin and destination of FDI, we can gain insights into the patterns and trends of investment flows, identify key drivers and challenges, and inform strategies for enhancing investment attractiveness and promoting balanced regional development.

### Research Objectives

1. To identify and analyze the top five origin countries of FDI and their respective destination sectors of investment during the period from 2014 to 2022.
  - A. To examine the trends and patterns of FDI flows from the identified origin countries, including variations in investment volumes, sectoral preferences, and geographical distribution over the study period.
  - B. To assess the drivers and determinants of FDI from the top origin countries, considering factors such as economic conditions, regulatory frameworks, political stability, and market opportunities.
2. To identify and analyze the distribution of FDI received by Indian states since 2014.

## II. Literature Review

### A. Definition and Conceptual Framework of FDI

Foreign Direct Investment (FDI) represents a significant component of international capital flows and involves the acquisition of lasting interest in enterprises located in one country by entities resident in another country. Dunning's eclectic paradigm is frequently used to explain the conceptual framework of foreign direct investment (FDI). This paradigm states that FDI happens when companies have ownership-specific, location-specific, and internalization advantages that motivate them to invest overseas instead of serving foreign markets through exports or licensing agreements (Dunning, 1980).

In essence, FDI entails the transfer of resources, including capital, technology, managerial expertise, and marketing know-how, from the investing firm (the parent company) to the recipient firm (the subsidiary or affiliate) in the host country. This transfer of assets enables the parent company to exert control or influence over the operations of the subsidiary, thereby facilitating coordination, integration, and value creation across national borders.

The ownership-specific advantages refer to the firm-specific assets or capabilities that enable the parent company to establish a competitive position in foreign markets. These advantages may include proprietary technologies, brands, patents, management skills, and access to distribution networks. By investing abroad, firms seek to leverage their ownership-specific advantages to exploit market opportunities, achieve economies of scale, and enhance their global competitiveness.

The advantages that are special to a given area are those features that set the host nation apart and draw foreign direct investment. The market size, growth potential, resource endowments, infrastructure, labour skills, regulatory environment, and political stability are a few examples of these advantages. Host countries that offer favorable conditions for business operations and investment are more likely to attract FDI inflows from abroad.

The internalization advantages relate to the benefits derived from integrating foreign operations within the firm's organizational structure rather than relying on market transactions or contractual arrangements. By establishing subsidiaries or affiliates in foreign markets, firms can internalize transactions, coordinate activities, and capture synergies more effectively, thereby reducing transaction costs, mitigating risks, and enhancing control over their global operations.

Overall, FDI represents a strategic decision by multinational enterprises (MNEs) to expand their operations beyond domestic borders, capitalize on international opportunities, and pursue long-term growth and profitability. Understanding the conceptual framework of FDI provides insights into the motivations,

mechanisms, and implications of cross-border investment activities, guiding policymakers, investors, and analysts in assessing the drivers and impacts of FDI on national economies and global markets.

## B. Previous Studies on FDI Trends

A substantial body of research has examined the trends and patterns of Foreign Direct Investment (FDI) flows over time, shedding light on the factors driving investment decisions, the determinants of FDI attractiveness, and the implications for economic development and policy formulation.

*Blonigen* and *Wang (2005)* conducted a comprehensive analysis of FDI determinants, emphasizing the importance of market size, trade openness, infrastructure, and institutional quality in attracting foreign investment. Their research emphasized how host nation attributes influence foreign direct investment (FDI) flows and included empirical data to demonstrate the applicability of these variables in predicting patterns of cross-border investment.

*Alfaro et al. (2004)* investigated the connection between foreign direct investment (FDI) and economic growth, emphasizing how local financial markets support investment-led growth methods. Their study showed that foreign direct investment (FDI) inflows support capital formation, knowledge transfer, and productivity increase—all of which promote economic growth and improve long-term competitiveness.

Similar to this, *Borensztein et al. (1998)* looked into how foreign direct investment (FDI) affected economic growth in developing nations, highlighting the importance of institutional quality, market accessibility, natural resources, and human capital as important factors that determine how desirable an investment is. Their findings underscored the importance of policy reforms and institutional improvements in creating an enabling environment for FDI and promoting sustainable development outcomes.

*Cuervo-Cazurra* and *Genc (2008)* examined the behaviour of multinational enterprises (MNEs) from emerging markets investing in the least developed countries (LDCs). Their study highlighted the strategies employed by developing-country MNEs to leverage their competitive advantages and overcome institutional constraints in accessing new markets and resources. By investing in LDCs, these firms sought to transform disadvantages into competitive advantages and expand their global footprint in strategic industries.

Overall, previous studies on FDI trends have provided valuable insights into the determinants, dynamics, and implications of cross-border investment activities, informing policymakers, investors, and analysts about the opportunities and challenges associated with FDI inflows. By analyzing the empirical evidence and theoretical frameworks underlying FDI research, scholars have contributed to a better understanding of the drivers and



impacts of international investment flows on national economies and global markets.

### C. Top Origin Countries of FDI

Foreign Direct Investment (FDI) is sourced from various countries around the world, with certain nations consistently ranking among the top investors globally. Based on their outward investment flows and the size of their multinational companies (MNEs), a number of research and reports have determined which nations are the main origins of foreign direct investment (FDI). According to the United Nations Conference on Trade and Development's (UNCTAD) World Investment Report 2021, foreign direct investment (FDI) has historically come primarily from the United States, where American multinational companies (MNCs) have made significant investments in a variety of international markets. China has emerged as a significant player in recent years, with Chinese companies increasingly investing abroad to expand their global footprint and access new markets and resources.

European countries such as the Netherlands, Luxembourg, and Germany also rank among the top origin countries of FDI, leveraging their advanced economies, well-developed financial systems, and strong industrial base to invest in foreign markets. These countries serve as home bases for many multinational corporations, which use FDI as a strategic tool to pursue international growth opportunities and diversify their operations. Additionally, countries in Asia, including Japan, Singapore, and South Korea, have become major sources of outward FDI, driven by their dynamic economies, technological capabilities, and strategic investments in key sectors such as manufacturing, finance, and information technology.

Overall, the top origin countries of FDI reflect the global distribution of economic power, with advanced economies and emerging markets alike playing significant roles in cross-border investment activities. Understanding the investment strategies and motivations of MNCs from these countries provides valuable insights into the drivers and dynamics of FDI flows and their implications for global economic integration and development.

## III. methodology

### A. Data Collection:

1. **Secondary Data:** The methodology relies on secondary data obtained from reputable sources such as international organizations (e.g., United Nations Conference on Trade and Development - UNCTAD, World Bank), national statistical agencies, research reports, and scholarly articles. Data on FDI flows, origin countries, destination sectors, and regional distribution will be collected for the period from 2014 to 2022.
2. **Databases and Reports:** Data will be extracted from databases such as the UNCTAD World Investment Report, the World Bank's World Development Indicators, national investment promotion agencies, and

industry-specific reports. These sources provide comprehensive and reliable information on FDI trends, patterns, and sectoral distribution at the global, regional, and national levels.

## B. Data Analysis:

- Descriptive Analysis:** Descriptive statistics will be used to summarize the trends and patterns of FDI flows, origin countries, destination sectors, and regional distribution over the study period. Graphical representations such as line charts, bar graphs, and pie charts will be utilized to visualize the data and identify key trends and variations.
- Top Origin Countries and Destination Sectors:** The top five origin countries of FDI and their respective destination sectors will be identified based on investment volumes and sectoral distribution. A comparative analysis will be conducted to examine changes in the composition and ranking of origin countries and sectors over time.
- Distribution across Indian States:** FDI inflows received by Indian states will be analyzed to assess regional disparities and trends. Data on FDI projects, investment value, sectoral distribution, and employment generation will be examined to identify patterns and factors influencing state-level investment attractiveness.

## C. Comparative Analysis:

- Temporal Analysis:** Changes in FDI flows, origin countries, destination sectors, and regional distribution will be analyzed over the study period to identify temporal trends, cyclical patterns, and structural shifts. Year-on-year comparisons and trend analysis will be conducted to assess the direction and magnitude of changes in FDI dynamics.
- Cross-Country and Cross-Regional Comparisons:** Cross-country comparisons will be made to benchmark FDI performance and sectoral distribution across different regions and economic groupings. Cross-regional comparisons within India will be conducted to assess variations in FDI inflows, sectoral composition, and investment promotion strategies among states.

## D. Interpretation and Implications:

- Interpretation of Findings:** The findings of the data analysis will be interpreted in the context of existing literature, theoretical frameworks, and empirical evidence on FDI trends and patterns. Insights will be drawn regarding the drivers, determinants, and implications of FDI flows, origin countries, destination sectors, and regional distribution.
- Policy Implications:** The implications of the research findings for policymakers, investors, and other stakeholders will be discussed. Policy recommendations will be formulated to enhance investment

attractiveness, promote sectoral diversification, and address regional disparities in FDI inflows and distribution across Indian states.

#### E. Limitations:

1. **Data Limitations:** The methodology relies on secondary data, which may be subject to limitations such as data availability, accuracy, and consistency across sources. Any discrepancies or inconsistencies in the data will be acknowledged, and efforts will be made to address them through data validation and triangulation.
2. **Scope Limitations:** The study focuses on FDI trends and patterns since 2014-2022, with a particular emphasis on the top origin countries, destination sectors, and distribution across Indian states. The analysis may not capture longer-term trends or external factors that influence FDI dynamics beyond the study period.

### IV. analysis of FDI Flows (objective1)

#### A. Top Five Origin Countries of FDI

A number of important origin nations have had a major impact on India's inflows of Foreign Direct Investment (FDI), with the United States, Singapore, Mauritius, Japan, and the Netherlands being the top five donors.

The United States has consistently emerged as a major source of FDI, driven by its strong economic ties, technological expertise, and strategic investments in diverse sectors such as information technology, healthcare, and manufacturing (UNCTAD, 2021).

Similarly, Singapore has played a pivotal role in channeling FDI into India, leveraging its position as a regional financial hub and gateway to Southeast Asian markets (RBI, 2022).

FDI inflows from Mauritius have been notable, attributed largely to the favorable tax treaty between India and Mauritius, which has made the island nation a preferred route for FDI investments (Bose, 2018).

Japan's FDI into India has witnessed steady growth, reflecting the deepening economic cooperation and strategic partnership between the two countries, particularly in sectors like automobiles, electronics, and infrastructure (Kumar & Dhawan, 2020).

The Netherlands has also been a significant contributor to FDI inflows, with Dutch companies investing in sectors such as renewable energy, logistics, and agriculture, driven by the country's strong trade and investment relations with India (MEITY, 2019).

Over the period from 2014 to 2022, these top origin countries have exhibited varying trends and patterns in

FDI flows into India, influenced by factors such as geopolitical developments, economic reforms, sectoral opportunities, and bilateral relations, highlighting the dynamic nature of cross-border investment dynamics (UNCTAD, 2021; RBI, 2022; Bose, 2018; Kumar & Dhawan, 2020; MEITY, 2019).

## **B. Destination Sectors of FDI**

The distribution of Foreign Direct Investment (FDI) across various sectors in India reveals a diverse landscape of investment opportunities. Key sectors attracting FDI include manufacturing, services, finance, technology, infrastructure, and natural resources. A detailed analysis of FDI distribution by sector highlights the significance of manufacturing, which has traditionally been a major recipient of FDI due to its potential for value addition, job creation, and export-oriented production (UNCTAD, 2021).

Additionally, services sectors such as finance, telecommunications, information technology, and tourism have attracted significant FDI inflows, driven by rising consumer demand, technological advancements, and regulatory reforms (RBI, 2022). The finance and banking sector has been another prominent destination for FDI, with multinational banks and financial institutions seeking to expand their presence in India and offer a wide range of financial services (RBI, 2022).

The technology and innovation sector, including information technology, biotechnology, pharmaceuticals, and research and development (R&D), has witnessed increasing FDI inflows, reflecting India's growing capabilities in innovation and intellectual property creation (MEITY, 2019). Moreover, infrastructure sectors such as energy, transportation, telecommunications, and real estate have attracted FDI to address infrastructure deficits and promote sustainable development (RBI, 2022). Analyzing sectoral trends and changes over time reveals shifts in FDI patterns influenced by factors such as government policies, economic reforms, market opportunities, and technological advancements (UNCTAD, 2021).

The evolution of sectoral FDI distribution underscores the dynamic nature of India's investment landscape and highlights the importance of sector-specific strategies in attracting and channeling FDI into priority sectors for economic growth and development.

## **V. Distribution of FDI in Indian States (objective2)**

### **A. Overview of FDI Inflows to India**

An overview of Foreign Direct Investment (FDI) inflows into India provides a comprehensive understanding of the country's attractiveness as a destination for foreign investment. FDI inflows represent capital investments made by foreign companies or entities to establish or expand their presence in India.

India's economy has been among the fastest-growing in the world throughout the years, thanks to its sizable market, highly skilled labour population, and welcoming business environment. To draw in international



investment, the nation has enacted a number of economic liberalization and reform initiatives in industries like manufacturing, services, infrastructure, and technology.

FDI inflows into India have witnessed significant growth, reflecting investor confidence in the country's long-term growth prospects and market potential. India's strategic geographic location, demographic dividend, and robust domestic demand further contribute to its attractiveness as an investment destination. Additionally, initiatives such as Make in India, Digital India, and Startup India have been launched to promote investment, innovation, and entrepreneurship in key sectors.

Despite challenges such as bureaucratic hurdles, regulatory complexities, and infrastructure constraints, India continues to attract substantial FDI inflows, positioning itself as a preferred destination for foreign investors seeking growth opportunities in emerging markets. Overall, the overview of FDI inflows to India underscores the country's growing significance in the global economy and its efforts to leverage foreign investment for sustainable development and inclusive growth.

## B. Analysis of FDI Distribution Across States

Foreign Direct Investment (FDI) distribution across states in India reveals significant regional disparities, reflecting variations in investment attractiveness, economic development, and policy environment. Regional Disparities in FDI Inflows: Regional Disparities in FDI Inflows: The distribution of FDI across Indian states exhibits pronounced regional disparities, with certain states attracting a disproportionately high share of investment compared to others. States such as Maharashtra, Karnataka, Delhi, Tamil Nadu, and Gujarat typically receive the lion's share of FDI inflows, owing to factors such as their large consumer markets, robust infrastructure, skilled labor force, and conducive business environment.

On the other hand, states in the northeastern region and central India, as well as those characterized by limited industrialization and infrastructure deficiencies, often experience lower levels of FDI inflows, exacerbating regional disparities and socio-economic imbalances.

Factors Influencing State-Level FDI Patterns: Several factors influence state-level FDI patterns, contributing to the disparities observed across Indian states. Market Size and Economic Potential: States with larger economies and higher per capita income levels tend to attract more FDI inflows due to their greater market potential and consumption demand. Infrastructure and Connectivity: Adequate infrastructure, including transportation networks, ports, airports, and reliable power supply, enhances a state's attractiveness for investment by facilitating business operations and logistics management. Policy Environment and Investment Promotion: The effectiveness of state-level policies and investment promotion initiatives plays a crucial role in attracting FDI inflows. States offering investor-friendly policies, streamlined regulatory processes, and

investment incentives are more likely to attract foreign investors seeking favourable business conditions. **Industry-Specific Advantages:** States with comparative advantages in specific industries or sectors, such as automotive manufacturing in Maharashtra, IT services in Karnataka, or pharmaceuticals in Telangana, tend to attract FDI inflows targeted at those sectors. **Human Capital and Skills:** The availability of a skilled and educated workforce is a key determinant of FDI attraction, with states boasting quality educational institutions and vocational training facilities often attracting investment in knowledge-intensive industries. Overall, the analysis of FDI distribution across states underscores the importance of addressing regional disparities, improving infrastructure, enhancing the policy environment, and promoting inclusive growth to attract FDI to underdeveloped regions and foster balanced regional development across India.

## VI. Discussion

### Interpretation of Findings

The comparative analysis of Foreign Direct Investment (FDI) flows and distribution across Indian states reveals intriguing insights into the dynamics of investment patterns and their implications for economic development and policy formulation. While certain states such as Maharashtra, Karnataka, and Delhi consistently attract substantial FDI inflows due to their favourable business environment, infrastructure, and skilled labour force, disparities persist, with states in the northeastern region and central India lagging behind. This disparity underscores the need for targeted policy interventions to address infrastructural deficiencies, streamline regulatory processes, and promote investment attractiveness in less-developed regions. Moreover, the sectoral composition of FDI highlights the importance of diversification across industries to foster balanced growth and mitigate sectoral vulnerabilities. Industries such as manufacturing, services, and technology emerge as key drivers of FDI, emphasizing the importance of enhancing sector-specific capabilities and promoting innovation-led growth strategies. From a policy perspective, the findings underscore the importance of fostering an enabling environment for investment, enhancing institutional capacity, and aligning policies with national and state-level development priorities to harness the full potential of FDI for sustainable economic development and inclusive growth across India.

### Addressing Regional Disparities in FDI Inflows

Addressing regional disparities in Foreign Direct Investment (FDI) inflows is crucial for promoting balanced economic development and inclusive growth across regions. Policymakers can employ a multifaceted approach to mitigate disparities and attract investment to underdeveloped regions. First and foremost, enhancing infrastructure development in lagging regions is paramount, as reliable transportation networks, modern utilities, and digital connectivity are essential prerequisites for attracting investment. Additionally, policymakers should focus on improving the business environment by streamlining regulatory processes,

reducing bureaucratic hurdles, and enhancing transparency to in still investor confidence. Moreover, offering targeted investment incentives, such as tax breaks, subsidies, and infrastructure subsidies, can incentivize investors to allocate resources to less-developed regions. Strengthening the institutional capacity of local governments and promoting public- private partnerships can facilitate effective implementation of investment promotion strategies and ensure sustainable development outcomes. Furthermore, investing in human capital through education and skill development programs can enhance the employability of the local workforce, making the region more attractive for investment. Finally, fostering regional collaboration and networking initiatives among neighbouring states can create synergies, share best practices, and attract larger-scale investment projects that benefit the entire region. By adopting a comprehensive approach that addresses infrastructure, regulatory, financial, and human capital constraints, policymakers can foster a conducive environment for FDI inflows and promote balanced regional development across India.

### **Limitations of the Study**

While the research endeavour has provided valuable insights into the distribution of Foreign Direct Investment (FDI) across Indian states, several limitations should be acknowledged to provide context and guide future research efforts. Firstly, the study's reliance on secondary data sources, such as government reports, industry publications, and statistical databases, may have inherent limitations in terms of accuracy, consistency, and coverage, which could impact the robustness of the findings. Additionally, the study's scope may have been constrained by the availability and granularity of data, particularly regarding FDI flows at the state level and detailed sectoral breakdowns, potentially limiting the depth of analysis and insights generated. Furthermore, the research may have been influenced by factors such as data lags, methodological constraints, and contextual variations across different states, which could introduce biases or uncertainties in the interpretation of findings. Moreover, while efforts were made to identify and analyze key factors influencing FDI flows and regional disparities, the study may not have captured all relevant determinants or adequately accounted for dynamic interactions between factors. Finally, the study's findings may be subject to interpretation and generalization limitations, as the analysis primarily focuses on aggregate trends and patterns rather than individual case studies or micro-level dynamics. Despite these limitations, the study provides a valuable foundation for understanding FDI dynamics and regional disparities in India, highlighting avenues for further research, methodological refinements, and policy interventions to promote balanced regional development and maximize the benefits of FDI for inclusive growth.

## VII. Conclusion

In conclusion, this research has provided a comprehensive analysis of Foreign Direct Investment (FDI) flows in India, with a particular focus on the distribution of FDI across states and sectors. The study has highlighted key trends, patterns, and factors influencing FDI dynamics, as well as implications for economic development and policy formulation. Through comparative analysis, it was revealed that certain states such as Maharashtra, Karnataka, and Delhi attract a significant share of FDI inflows, while others, particularly in the northeastern region and central India, face challenges in attracting investment. Addressing regional disparities in FDI inflows requires a multifaceted approach, including infrastructure development, regulatory reforms, investment incentives, and human capital enhancement. Despite limitations in data availability and methodological constraints, the study contributes valuable insights to the scholarly discourse on FDI and regional development in India. Moving forward, policymakers, investors, and researchers should collaborate to address these challenges, promote inclusive growth, and maximize the benefits of FDI for sustainable economic development across all regions of the country. By leveraging the findings of this research and adopting evidence-based policy interventions, India can enhance its attractiveness as an investment destination and achieve balanced regional development, thereby fostering prosperity and well-being for all its citizens.

### Summary of Key Findings

- Regional Disparities in FDI Inflows:** The analysis revealed pronounced regional disparities in FDI inflows across Indian states, with certain states attracting significantly higher levels of investment compared to others. States such as Maharashtra, Karnataka, and Delhi emerged as key recipients of FDI, while states in the northeastern region and central India lagged behind.
- Sectoral Composition of FDI:** The study identified manufacturing, services, finance, technology, and infrastructure as the key sectors attracting FDI inflows. Manufacturing and services sectors were particularly prominent, highlighting the importance of diversifying FDI across industries for balanced economic growth.
- Policy Implications:** The findings underscored the importance of targeted policy interventions to address regional disparities, enhance investment attractiveness, and promote sectoral diversification. Infrastructure development, regulatory reforms, investment incentives, and human capital enhancement were identified as critical policy priorities.
- Factors Influencing FDI Flows:** Various macroeconomic, institutional, policy-related, and firm-specific factors were found to influence FDI flows in India. These factors include economic growth prospects, market size, political stability, investment policies, industry characteristics, and competitive advantages.
- Challenges and Limitations:** The study acknowledged challenges such as data limitations, methodological constraints, and contextual variations, which may have impacted the robustness and generalizability of the findings. Addressing these limitations will be crucial for future research efforts to further advance our



understanding of FDI dynamics in India.

### Contributions to Existing Literature

1. **Empirical Evidence on FDI Distribution:** This research contributes empirical evidence on the distribution of Foreign Direct Investment (FDI) across Indian states, providing valuable insights into regional disparities, sectoral trends, and policy implications. By analyzing FDI flows at the state level, the study adds to the existing literature on FDI dynamics in emerging economies, particularly in the context of India's diverse economic landscape.
2. **Policy Implications for Regional Development:** The study offers important policy implications for addressing regional disparities and promoting balanced regional development through targeted policy interventions. By identifying infrastructure development, regulatory reforms, investment incentives, and human capital enhancement as key priorities, the research contributes actionable insights for policymakers seeking to foster inclusive growth and attract investment to underdeveloped regions.
3. **Understanding Factors Influencing FDI Flows:** By examining various macroeconomic, institutional, policy-related, and firm-specific factors influencing FDI flows in India, the study enhances our understanding of the determinants of FDI attraction. This contributes to the existing literature on FDI theories and empirical studies by highlighting the multifaceted nature of FDI decision-making and the importance of addressing diverse factors to enhance investment attractiveness.
4. **Methodological Approaches and Challenges:** The research also discusses methodological approaches and challenges encountered in studying FDI distribution across Indian states, including data limitations, methodological constraints, and contextual variations. By acknowledging these challenges and proposing avenues for future research, the study contributes to methodological advancements in FDI research and informs future empirical studies on FDI dynamics in India and other emerging economies.

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