



# STRATEGIC FDI POLICY AND INVESTMENT PATTERNS IN INDIA: SECTORAL AND GLOBAL INSIGHTS (2000–2024)

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## Abstract

*This study presents a comprehensive and data-driven analysis of India's foreign direct investment (FDI) landscape from 2000 to 2024. Drawing upon two authoritative data sources—DPIIT's FDI Factsheet (September 2024) and UNCTAD's World Investment Report—the paper investigates the temporal, sectoral, and regional distribution of FDI inflows into India. It further benchmarks India's FDI performance globally by comparing it with BRICS economies. The study reveals that although India has emerged as a top FDI destination, inflows are disproportionately concentrated in a few states and sectors. While services and digital industries dominate, lagging regions and underrepresented sectors like agriculture and manufacturing continue to receive marginal FDI attention. The paper links these disparities to strategic policy decisions, institutional effectiveness, and subnational governance, offering actionable recommendations to align FDI with national goals such as regional equity, sectoral diversification, and the \$10 trillion economic vision. The findings have critical implications for policymakers, investors, and development planners aiming to enhance India's competitiveness in the global investment ecosystem.*

**Keywords:** Foreign Direct Investment; Sectoral Distribution; Regional Disparity; Strategic Policy; Investment Reforms

## 1. Introduction

In the contemporary global economy, Foreign Direct Investment (FDI) is widely acknowledged as a pivotal catalyst for accelerating economic development, fostering industrialization, enhancing productivity, and deepening global economic integration. For emerging economies, particularly India, FDI is not merely a supplementary source of capital but a strategic instrument that influences a nation's capacity to create jobs, transfer technology, build infrastructure, and strengthen institutional frameworks. The progressive liberalization of India's investment regime, especially since the 1991 economic reforms, has positioned the country as a significant destination for foreign investment. However, transitioning from a high-growth economy to a structurally mature and globally competitive \$10 trillion economic powerhouse necessitates more than capital inflows it requires deliberate, evidence-based, and forward-looking strategic decision-making.

India has undertaken a wide array of structural reforms and policy initiatives in recent decades aimed at improving the investment climate, including the introduction of the Goods and Services Tax (GST), the implementation of the Insolvency and Bankruptcy Code (IBC), reforms in labour codes, and the simplification of sectoral FDI limits under the automatic route. Additionally, national flagship programs such as *Make in India*, *Startup India*, *Digital India*, and *Production-Linked Incentive (PLI)* schemes have sought to strategically realign FDI toward high-priority sectors such as electronics, pharmaceuticals, renewable energy, and advanced manufacturing. Despite these interventions, FDI inflows have demonstrated a sectorally and regionally skewed distribution—raising important questions about the effectiveness of policy direction, institutional capacity, and decision-making frameworks in optimizing FDI-led development outcomes. As India aspires to achieve high-value and inclusive economic expansion, the focus must shift toward strategically channeling FDI into underleveraged sectors and states, while ensuring synergy with national development goals, including sustainability, innovation, and equitable growth. The success of such an approach hinges on the quality of governance, regulatory coherence, inter-state competitiveness, and responsiveness to global investment trends. Notably, policy formulation in this space cannot be decoupled from global developments, including shifts in geopolitical alignments, realignments in global value chains (GVCs), and post-pandemic investment behaviors. India must therefore evaluate its FDI performance not only in absolute terms but through comparative benchmarking with other major economies.

However, the existing academic discourse is often fragmented either focusing exclusively on aggregate FDI inflows or narrowly analyzing sectoral data without adequately linking them to strategic policy decisions or global trends. This research attempts to bridge that gap by conducting a comprehensive and integrative analysis using two authoritative and up-to-date data sources: the *FDI Factsheet September 2024* published by the Department for Promotion of Industry and Internal Trade (DPIIT), Government of India, and the *World Investment Report 2024 (WIR2024)* issued by the United Nations Conference on Trade and Development (UNCTAD). These sources collectively offer a robust empirical foundation for examining India's FDI performance in both national and international contexts, sectoral and state-wise patterns, and longitudinal trends from 2000 to 2024.

The objective of this study is to critically evaluate how strategic decision-making reflected in investment policy, sector prioritization, and institutional reforms has shaped the evolution of FDI in India. The research explores four interlinked dimensions: (1) temporal trends and macroeconomic patterns in FDI inflows, (2) sectoral and state-level distribution of investment, (3) the impact of global FDI trends on India's positioning, and (4) the strategic implications of policy decisions over time. Employing secondary data analysis, growth trend mapping, and policy-event correlation, this paper aims to generate nuanced insights for both academic scholarship and policy formulation. By providing a data-driven, multi-scalar, and policy-oriented examination of India's FDI landscape, this study contributes to the growing body of literature on investment-led development while offering actionable recommendations for enhancing India's global competitiveness. In doing so, it underscores the necessity of aligning investment strategy with national development priorities, particularly in the context of India's ambitious target of becoming a \$10 trillion economy by the early 2030s.

## 2. Literature Review

### 2.1 Foreign Direct Investment: A Conceptual Overview

Foreign Direct Investment (FDI) is widely regarded as a cornerstone of globalization and a crucial channel for cross-border capital flows, especially in developing economies. It contributes not only to the infusion of financial capital but also promotes the transfer of advanced technologies, managerial expertise, and access to international markets (Dunning, 1993; OECD, 2020). The endogenous growth theory (Romer, 1990) reinforces the idea that FDI, when aligned with national innovation systems and human capital development, can lead to sustained economic growth. For large emerging economies like India, FDI is also instrumental in closing the investment gap and accelerating industrial transformation (UNCTAD, 2023).

## 2.2 FDI in India: Historical Context and Strategic Importance

India's FDI policy has evolved significantly since the 1991 liberalization, transitioning from a restrictive regime to one that is among the most liberal in the developing world. Studies by Panagariya (2008) and Ahluwalia (2012) describe how India's shift to market-oriented reforms opened strategic sectors like telecommunications, insurance, civil aviation, and single-brand retail to foreign investors. The reforms of the early 2000s focused on disinvestment, privatization, and the automation of FDI approval processes under the Foreign Investment Promotion Board (FIPB), while the post-2014 era emphasized "maximum governance, minimum government," attracting record FDI inflows in sectors like digital services and manufacturing. According to Chakraborty and Nunnenkamp (2008), the positive impact of FDI on growth in India has been conditional on absorptive capacities (such as infrastructure, education, and governance quality) rather than on mere capital inflow. More recent works (Kumar, 2021; Rajan & Sarma, 2022) argue that the Indian government's strategic initiatives such as the *Make in India* campaign and Production-Linked Incentive (PLI) schemes have repositioned India in global investment narratives, especially in post-COVID supply chain realignments.

## 2.3 Sectoral Trends and Performance of FDI

Extensive empirical literature highlights the sectoral imbalances in India's FDI inflows. According to the RBI (2023) and DPIIT (2024), the services sector, including finance, IT-BPM, telecom, and consultancy, accounts for more than 50% of total FDI equity inflows since 2000. Singh and Agarwal (2020) argue that while the services sector has become a magnet for capital due to high margins and scalable business models, the manufacturing and agricultural sectors remain underrepresented. Basu and Roy (2018) contend that despite successive reforms, India has not seen a manufacturing-led FDI revolution comparable to countries like Vietnam or China. Moreover, the agricultural sector—which employs over 40% of India's labor force has attracted less than 2% of cumulative FDI inflows, as documented by NITI Aayog (2021). This suggests a misalignment between sectoral priorities and investment outcomes, demanding more calibrated policy decisions. The introduction of the PLI schemes in 2020–21 has been evaluated by Bhandari and Pandey (2021) as a decisive attempt to shift India's FDI structure towards high-value manufacturing. Early assessments show that these schemes have positively influenced FDI in electronics, mobile manufacturing, pharmaceuticals, and renewable energy, although long-term sustainability remains to be evaluated.

## 2.4 State-Level Disparities and the Role of Sub national Governance

India's federal structure plays a pivotal role in shaping the investment climate, with considerable variation in FDI inflows across states. Data from DPIIT and corroborated by studies like those of Rao and Bandyopadhyay (2020) show that states like Maharashtra, Karnataka, and Gujarat collectively attract over 60% of India's FDI. Factors such as urbanization, skilled workforce, logistics connectivity, and state-level incentives contribute to their attractiveness. On the other hand, states in the eastern and northern regions, including Bihar, Jharkhand, and Uttar Pradesh, remain peripheral in the FDI landscape. This disparity reflects not only differences in infrastructure and governance but also limited administrative capacity and lack of targeted marketing strategies. According to Sharma and Kundu (2022), regional disparity in FDI inflows hinders balanced development and reinforces socio-economic inequalities. Jain and Chatterjee (2023) emphasize the importance of subnational reforms, including single-window clearances, digitization of land records, and enforceable contracts, in democratizing the flow of FDI across Indian states. They argue that competitive federalism can become a transformative strategy only if all states are equipped with institutional readiness and investment intelligence.

## 2.5 Strategic Decision-Making and Policy Innovation

FDI flows are shaped not just by market forces but by strategic decision-making rooted in regulatory reform, institutional effectiveness, and policy alignment. According to the World Bank (2020), India improved significantly on the Ease of Doing Business Index due to reforms in construction permits, insolvency resolution, and cross-border trade facilitation. Krishnamurthy and Prasad (2022) analyze India's policy evolution from sectoral caps and FDI approval routes to automatic mechanisms, noting that clarity, consistency, and stability in policy have a direct bearing on investor sentiment. The discontinuation of the FIPB in 2017 and the integration of single-window systems are cited as examples of administrative streamlining. Furthermore, in a global investment environment increasingly shaped by geopolitics, India's role in regional trade agreements like IPEF (Indo-Pacific Economic Framework) and economic partnerships with Japan, UAE, and the European Union is reshaping investor preferences. Rajan and Sinha (2022) underscore that strategic policy alignment with national security, climate action, and digital infrastructure development is critical to achieving sustainable FDI-led growth.

## 2.6 Global FDI Trends and Comparative Benchmarking

According to the *World Investment Report 2023* (UNCTAD), global FDI flows declined by 12% in 2022, primarily due to tightening monetary policies, geopolitical uncertainty, and decarbonization transitions. However, developing Asia remained relatively resilient, with India ranking among the top ten global FDI recipients. Comparative literature suggests that countries like Vietnam, Indonesia, and Mexico have outpaced India in certain manufacturing segments due to focused trade logistics, cost advantages, and bilateral investment treaties (BITs) (ADB, 2022). In response, India has launched reforms such as the National Infrastructure Pipeline (NIP), PM Gati Shakti, and the India Semiconductor Mission (ISM), which scholars believe could reposition India in global value chains (Sundararajan & Arora, 2023).

## 2.7 Research Gap

While the extant literature provides substantial insights into the macroeconomic, sectoral, and regional determinants of FDI in India, a comprehensive analysis that integrates longitudinal trends, sectoral distribution, global benchmarking, and strategic policy events remains limited. Additionally, few studies link data from official Indian datasets (like DPIIT's FDI Factsheet) with international sources (such as UNCTAD's WIR) to provide a comparative and policy-informed perspective. This research addresses that gap by offering an integrated assessment of India's FDI performance between 2000 and 2024. It explores how strategic decision-making, both at the central and state levels, has influenced FDI inflows, distribution, and alignment with long-term national goals such as Atmanirbhar Bharat, SDG 2030 targets, and the \$10 trillion economic vision.

## 3. Research Objectives

India's ambition to become a \$10 trillion economy hinges on the effectiveness of its foreign direct investment (FDI) strategy and the quality of decision-making that governs investment inflows. In light of this, the present study sets out to achieve the following objectives:

1. To identify long-term trends in FDI inflows into India from 2000 to 2024 and examine the inflection points that correspond with major policy reforms.
2. To evaluate sector-wise patterns of FDI allocation and assess the impact of targeted schemes such as the Production-Linked Incentive (PLI) programs.
3. To analyze the regional dispersion of FDI across Indian states and explore how subnational governance and infrastructure readiness affect investor preference.
4. To benchmark India's FDI performance against selected global economies using UNCTAD data, highlighting India's global investment standing.
5. To explore the role of strategic policy decisions, both at the national and subnational levels, in shaping the scale and direction of FDI flows.
6. To propose evidence-backed recommendations for improving sectoral balance, regional equity, and global competitiveness in India's FDI policy framework.

#### 4. Methodology

This study adopts a descriptive-analytical research design based entirely on secondary data. The research utilizes a two-pronged data framework: the *FDI Factsheet (September 2024)* issued by India's Department for Promotion of Industry and Internal Trade (DPIIT) serves as the primary source for domestic FDI inflow data, while the *World Investment Report 2024 (WIR2024)* from UNCTAD provides comparative global benchmarks. The period of study spans from April 2000 to September 2024, ensuring consistency with the officially reported and validated remittance-based FDI data from RBI and DPIIT. Quantitative tools such as time-series analysis, compound annual growth rate (CAGR), and share-based ranking are employed to detect investment trends, sectoral dominance, and regional disparities. Comparative techniques are used to assess India's position in global FDI flows in relation to countries like China, Vietnam, Brazil, and the United States. Microsoft Excel is used for data processing and visualization, while Tableau or Power BI may be used for graphical representation of state-level performance. The methodology does not incorporate primary data collection, and no firm-level or investor-level surveys are included, keeping the focus on macroeconomic patterns, policy-level insights, and nationally aggregated data. Ethical integrity is maintained through exclusive use of verified and publicly available data sources.

#### 5. Results and Analysis

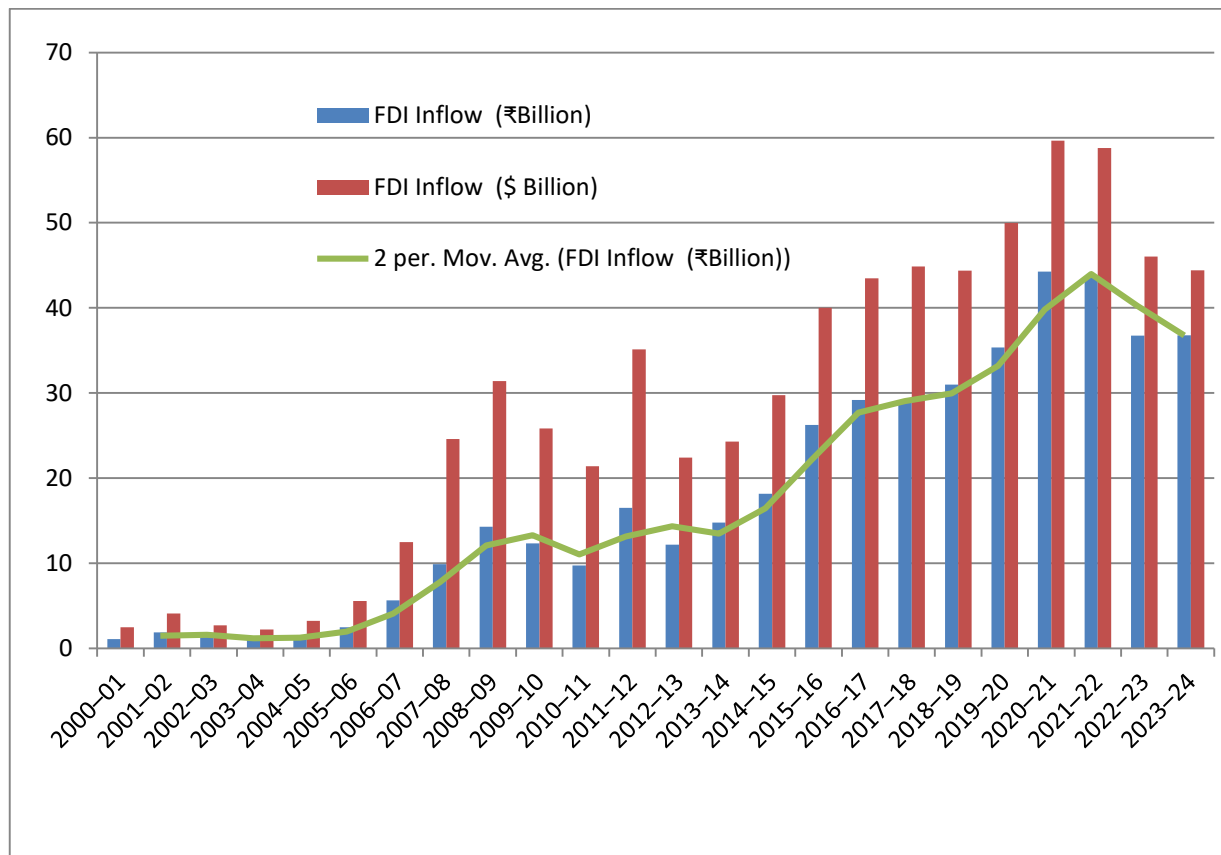
**Table 5.1:** Financial Year-wise Foreign Direct Investment (FDI) Inflows in India (2000–01 to 2023–24)

S. No.	Financial Year	FDI Inflow (₹Billion)	FDI Inflow (\$ Billion)	% Growth over Previous Year
1	2000–01	1.07	2.46	–
2	2001–02	1.87	4.07	(+) 65%
3	2002–03	1.29	2.71	(–) 33%
4	2003–04	1.01	2.19	(–) 19%
5	2004–05	1.47	3.22	(+) 47%
6	2005–06	2.46	5.54	(+) 72%
7	2006–07	5.64	12.49	(+) 125%
8	2007–08	9.86	24.58	(+) 97%
9	2008–09	14.28	31.40	(+) 28%
10	2009–10	12.31	25.83	(–) 18%
11	2010–11	9.73	21.38	(–) 17%
12	2011–12	16.51	35.12	(+) 64%
13	2012–13	12.19	22.42	(–) 36%
14	2013–14	14.75	24.30	(+) 8%
15	2014–15	18.17	29.74	(+) 22%
16	2015–16	26.23	40.00	(+) 35%
17	2016–17	29.17	43.48	(+) 9%
18	2017–18	28.89	44.86	(+) 3%
19	2018–19	30.99	44.37	(–) 1%
20	2019–20	35.36	49.98	(+) 13%
21	2020–21	44.26	59.64	(+) 19%
22	2021–22	43.72	58.77	(–) 1%
23	2022–23	36.74	46.03	(–) 22%
24	2023–24	36.79	44.42	(–) 3%

Source: <https://unctad.org/topic/investment/world-investment-report>

India's FDI inflow trajectory from 2000–01 to 2023–24 reflects a clear transition from cautious economic openness to strategic global integration. The early 2000s witnessed modest and volatile inflows, with FDI ranging between USD 2 to 4 billion, marked by negative growth in several years. A notable surge began in 2005–06, peaking between 2006–07 and 2008–09, when inflows rose sharply due to liberalization

of key sectors and a favorable global investment climate. The introduction of automatic routes in services and manufacturing, along with telecom and infrastructure reforms, pushed FDI to USD 31.4 billion by 2008–09. The 2009 global financial crisis caused a temporary setback, but recovery was swift, with FY 2011–12 witnessing 64% growth. A transformative phase emerged post-2014, with policy initiatives like *Make in India* and *Digital India*, leading to record-high inflows, especially during FY 2020–21 at USD 59.64 billion. However, the past three years show a gradual decline due to global uncertainties and capital market volatility. Despite this, the overall trend confirms India's growing status as a major investment destination, driven by regulatory reforms, sectoral incentives, and consistent policy shifts aimed at economic modernization.



**Figure 5.1: Trend of FDI Inflows in India**

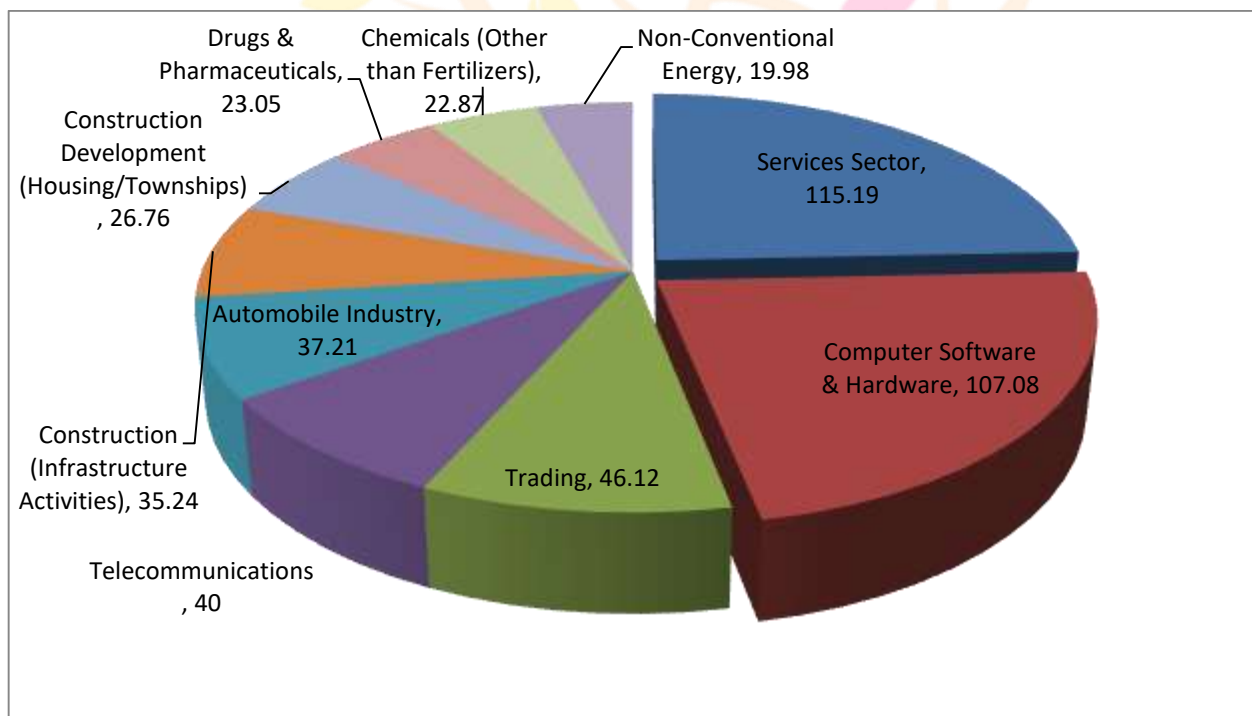
*Source: Compiled and created by the author using Microsoft Excel, based on DPIIT data.*

The sector-wise distribution of cumulative FDI inflows in India (April 2000 to September 2024) highlights a clear concentration of foreign investments in high-growth and service-oriented industries. The Services Sector leads with USD 115.19 billion, accounting for 16% of total FDI inflows, reflecting India's global position in finance, IT-enabled services, and consulting. Close behind, Computer Software and Hardware received USD 107.08 billion (15%), driven by India's strong digital ecosystem and IT exports. The Trading sector, with 7% share, remains attractive due to India's expanding retail and wholesale markets. Core infrastructure and technology-based sectors follow—Telecommunications (6%), Automobile Industry (5%), and Infrastructure Construction (5%)—indicating investor interest in long-term capital-intensive industries. Sectors like Construction Development, Pharmaceuticals, Chemicals, and Non-Conventional Energy, each capturing between 3–4%, point toward a balanced diversification across housing, healthcare, and sustainability-driven sectors. This distribution suggests that India's FDI policy has successfully aligned capital inflow with national priorities such as digital transformation, urban infrastructure, clean energy, and industrial development.

**Table 5.2:** Cumulative Sector-wise FDI Equity Inflows in India in USD Billion and Their Percentage Share of Total Inflows

Rank	Sector	Cumulative FDI Inflow(USD Billion)	% Share of Total FDI
1	<b>Services Sector</b>	115.19	16%
2	Computer Software & Hardware	107.08	15%
3	Trading	46.12	7%
4	Telecommunications	40.00	6%
5	Automobile Industry	37.21	5%
6	Construction (Infrastructure Activities)	35.24	5%
7	Construction Development (Housing/Townships)	26.76	4%
8	Drugs & Pharmaceuticals	23.05	3%
9	Chemicals (Other than Fertilizers)	22.87	3%
10	Non-Conventional Energy	19.98	3%

*Source: based on DPIIT data.*



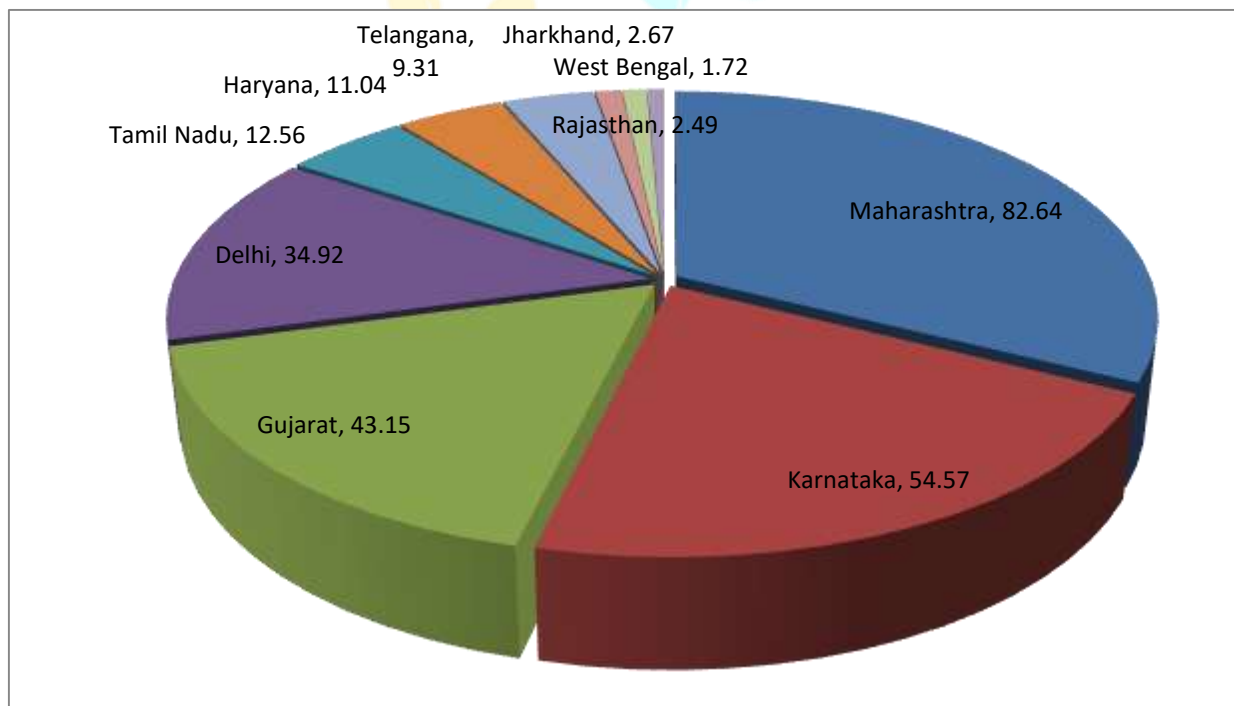
**Figure 5.2:** Sector-wise Distribution of Cumulative FDI Equity Inflows in India  
*Source: Created by the author using Microsoft Excel, based on DPIIT Factsheet, 2024*

The state-wise distribution of cumulative FDI inflows in India (October 2019 to September 2024) underscores a clear regional concentration, with a few states accounting for a dominant share of total investments. Maharashtra leads significantly, attracting USD 82.64 billion or 31% of total inflows, largely due to its strong industrial base, financial hub status (Mumbai), and proactive investment policies. Karnataka follows with USD 54.57 billion (21%), driven by Bengaluru's global IT and startup ecosystem. Gujarat, with a 16% share (USD 43.15 billion), reflects investor confidence in its manufacturing-led development model and policy stability. The National Capital Region (Delhi) secures 13%, acting as a commercial and services gateway. Other southern and northern states Tamil Nadu (5%), Haryana (4%), and Telangana (4%)—also show strong inflow performance due to focused infrastructure and sector-specific incentives. In contrast, eastern and less-developed states like Jharkhand, Rajasthan, and West Bengal collectively account for just around 3% of total FDI. This regional skew highlights the need for balanced investment promotion strategies and infrastructure parity to ensure inclusive economic development across all Indian states.

**Table 5.3:** State/UT-wise Cumulative FDI Equity Inflows in India in USD Billion and Their Percentage Share of Total Inflows

Rank	State/UT	Cumulative FDI Inflow(USD Billion)	% Share of Total FDI
1	Maharashtra	82.64	31%
2	Karnataka	54.57	21%
3	Gujarat	43.15	16%
4	Delhi	34.92	13%
5	Tamil Nadu	12.56	5%
6	Haryana	11.04	4%
7	Telangana	9.31	4%
8	Jharkhand	2.67	1%
9	Rajasthan	2.49	1%
10	West Bengal	1.72	1%

Source: Compiled from DPIIT Factsheet, 2024

**Figure 5.3:** State-wise Distribution of Cumulative FDI Equity Inflows in India

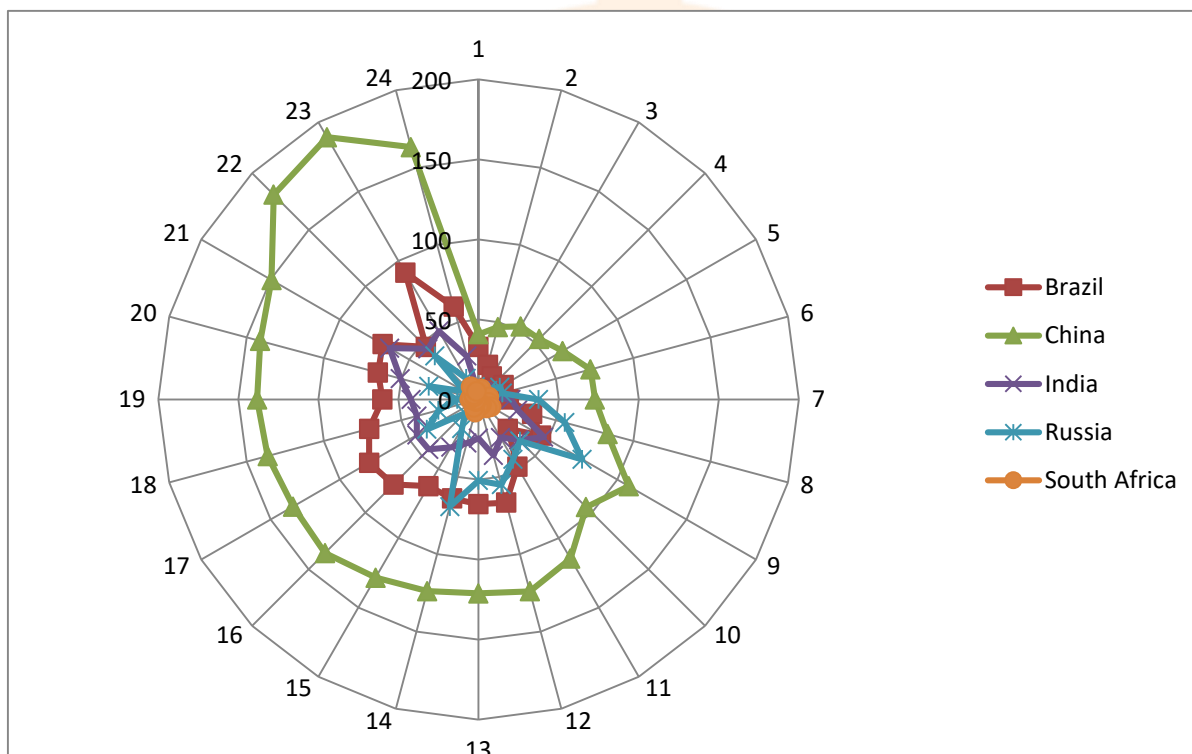
Source: Created by the author using Microsoft Excel, based on DPIIT Factsheet, 2024

The FDI inflow trends in BRICS countries from 2000 to 2023 reveal the shifting dynamics of global investment patterns within major emerging economies. China consistently leads in attracting FDI, with inflows rising from USD 40.72 billion in 2000 to a peak of USD 189.13 billion in 2022, reaffirming its role as a global manufacturing and investment hub. Brazil, although volatile, maintained strong performance, especially during 2011 and 2022, when inflows crossed USD 66 billion and USD 91 billion, respectively, largely due to investments in natural resources and infrastructure. India has shown steady growth, particularly from 2014 onward, peaking at USD 64.07 billion in 2020 amidst reforms like Make in India, liberalization of FDI norms, and growth in the digital economy. Russia saw significant spikes in 2008 and 2013, with a major decline post-2014, likely influenced by geopolitical tensions and sanctions. South Africa, the smallest BRICS economy, attracted relatively modest FDI, though it experienced notable increases in select years like 2001 and 2008 due to mining and finance sector investments. Overall, the combined FDI inflows into BRICS reached their highest in 2022 at USD 324.04 billion, highlighting the growing importance of these economies in global capital flows, despite regional challenges and cyclical economic pressures.

**Table 5.4:** Year-wise FDI Inflows in BRICS Countries (2000–2023) in USD Billion

Year	Brazil	China	India	Russia	South Africa	Total
2000	32.78	40.72	3.59	2.71	0.89	80.68
2001	22.46	46.88	5.48	2.75	6.78	84.35
2002	16.59	52.74	5.63	3.46	1.57	79.99
2003	10.14	53.51	4.32	7.96	0.73	76.66
2004	18.15	60.63	5.78	15.44	0.80	100.80
2005	15.07	72.41	7.62	15.51	6.65	117.25
2006	18.82	72.72	20.33	37.60	0.31	149.77
2007	34.59	83.52	25.35	55.87	6.54	205.87
2008	45.06	108.31	47.10	74.78	9.21	284.46
2009	25.95	95.00	35.63	36.58	7.50	200.67
2010	48.51	114.73	27.42	43.17	3.64	237.46
2011	66.66	123.99	36.19	55.08	4.24	286.16
2012	65.27	121.08	24.20	50.59	4.56	265.69
2013	64.00	123.91	28.20	69.22	8.30	293.63
2014	62.50	128.50	34.42	20.96	5.71	252.08
2015	75.08	135.58	44.06	11.86	1.73	238.30
2016	78.93	133.71	44.48	37.18	2.24	296.53
2017	70.69	136.32	39.90	25.95	2.01	274.87
2018	60.00	138.31	42.16	13.23	5.45	259.14
2019	65.00	141.23	50.56	32.08	5.13	294.98
2020	69.20	149.34	64.07	10.41	3.06	296.09
2021	46.44	180.96	44.76	38.64	4.22	315.01
2022	91.50	189.13	49.38	15.21	9.23	324.04
2023	60.00	163.25	28.16	8.36	5.23	265.01

Source: <https://unctad.org/topic/investment/world-investment-report>



**Figure 5.4:** Comparative Radar Chart of Year-wise FDI Inflows in BRICS Countries  
 Source: Created by the author using Microsoft Excel, based on UNCTAD data

## 6. Conclusion

This study provides a comprehensive assessment of India's foreign direct investment (FDI) landscape over the past two decades, focusing on sectoral allocation, state-wise distribution, and global positioning within the BRICS and SAARC blocs. The analysis reveals that while India has successfully emerged as one of the top global FDI destinations, this success is largely concentrated in a few states—particularly Maharashtra, Karnataka, and Gujarat—and in key sectors such as services, software & hardware, and infrastructure. The dominance of these sectors and regions highlights the effectiveness of targeted policies, such as the liberalization of automatic routes, sector-specific incentives, and national programs like Make in India, Digital India, and PLI schemes.

The comparative evaluation with BRICS nations further underscores India's increasing global competitiveness in attracting investment, especially during the post-2014 period. However, the recent dip in FDI inflows post-2021 suggests vulnerability to global economic shocks and underscores the need for resilient, diversified, and inclusive investment policies. There remains a pressing need to extend FDI attractiveness to underrepresented regions and emerging sectors such as renewable energy, agri-tech, and logistics to achieve balanced economic growth. India's FDI policy must continue to evolve through a strategic blend of liberalization, institutional stability, and regionally inclusive frameworks. By aligning investment inflows with national development goals especially the vision of becoming a \$10 trillion economy India can not only sustain but accelerate its position as a preferred destination for global capital. Future research should delve deeper into firm-level FDI efficiency, spillover effects on employment and productivity, and the long-term socio-economic impact of sectoral FDI concentration.

## 7. Policy Recommendations

Based on the analysis of India's FDI inflow trends from 2000 to 2024, the following policy recommendations are proposed to enhance the effectiveness and inclusiveness of FDI strategy in India:

1. **Promote Regional Equity in FDI Distribution:** The government should implement state-specific FDI promotion schemes that provide fiscal and non-fiscal incentives to lesser-invested states such as Jharkhand, Rajasthan, and West Bengal. Establishing regional investment facilitation hubs and strengthening industrial corridors in lagging regions can reduce geographic concentration.
2. **Encourage Sectoral Diversification:** While services and technology sectors dominate FDI inflows, there is a strong need to boost investments in emerging sectors such as renewable energy, agritech, biotechnology, and digital infrastructure. Tailored Production-Linked Incentive (PLI) schemes and dedicated FDI cells within sectoral ministries can accelerate this process.
3. **Enhance Ease of Doing Business at State Level:** Streamlining approvals, digitizing compliance procedures, and ensuring time-bound clearance through a unified single-window system across states is crucial. States should be ranked not just on intention-based reforms but on the actual implementation and investor feedback.
4. **Strengthen Institutional Stability and Policy Continuity:** FDI is highly sensitive to regulatory and political uncertainty. Maintaining consistency in investment policies, tax structures, and sectoral regulations is essential to instill long-term investor confidence. Regular consultations with industry stakeholders can ensure policy responsiveness.
5. **Facilitate Post-Investment Support and Monitoring:** Beyond attracting FDI, India must focus on aftercare services including dispute resolution, expansion support, and ease of repatriation. A national-level FDI Facilitation and Monitoring Authority could be institutionalized to track, support, and troubleshoot large-scale investments.
6. **Deepen Global Investment Partnerships:** India should proactively leverage bilateral investment treaties (BITs), G20 platforms, and strategic economic dialogues with top FDI source countries such as Singapore, the USA, and Mauritius. Strengthening diplomatic and trade ties will serve as a foundation for long-term investment commitments.

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