

# Multifaceted Nature of Foreign Direct Investment Equity Flows in India

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**Ruth Rebecca R***Assistant Professor**Department of Economics**Lady Doak College, Madurai, Tamil Nadu, India***Abstract**

**Purpose:** The study examined the multifaceted nature of Foreign Direct Investment (FDI) equity flows in India, focusing on their impact on GDP growth and the changes brought about by the COVID-19 pandemic. **Methodology:** The research employs an analytical approach using secondary data from 2017 to 2023, drawn from government reports and statistical databases. Statistical tools, including correlation, regression, t-tests, Spearman's rank correlation, and ANOVA, are applied to analyse the relationship between FDI and GDP, compare pre- and post-pandemic equity inflows, and examine differences across source countries, sectors, and states. **Results:** The findings reveal a steady positive link between FDI inflows and economic growth, with a correlation coefficient of 0.57. Significant shifts in FDI equity inflows were observed during the pandemic: traditional sources such as Mauritius and Singapore declined, while the Netherlands and the USA gained prominence. Sectorally, there was increased investment in services, software, and automobiles, but declines in telecommunications and construction. The pandemic period saw higher average monthly FDI equity inflows compared to pre-COVID years, with significant differences confirmed by statistical tests. **Conclusion:** FDI plays a vital role in India's economic growth, especially during periods of global disruption. Policy reforms and targeted incentives are critical for sustaining FDI, fostering innovation, and supporting key sectors. The study's limitations include reliance on secondary data and limited consideration of external factors. **Scope for Future Research:** Future studies could use primary data to capture investor perspectives, examine regional disparities in FDI distribution, and analyse the long-term effects of policy reforms and global events on India's FDI landscape.

**Keywords:** COVID, Economic Growth, Foreign Direct Investment, FDI Inflows, Gross Domestic Product Growth, India Economy, Investment Patterns, Pandemic Impact, Sectoral Analysis

**Introduction**

Foreign Direct Investment (FDI) is widely recognised as a catalyst for economic growth in developing countries, particularly in India (Borensztein et al., 1998; Balasubramanyam et al., 1996). Since the economic liberalisation of 1991 (Teli, 2014; Kumar, 2002), India has experienced a steady increase in FDI inflows, contributing capital, technology, and employment opportunities (Dunning, 1993; Alfaro et al., 2004). Despite substantial research on FDI in India, a clear understanding of the impact of the COVID-19 pandemic on FDI equity inflows and their relationship with Gross Domestic Product (GDP) remains limited (Kaur & Sharma, 2022; Kumar & Sharma, 2021). Existing studies have not sufficiently addressed how investment patterns, sectoral shifts, and source country contributions changed during the pandemic (Nguyen & Sun, 2022; Pillai, 2023).

Countries can obtain foreign capital through grants, commercial loans, and foreign investment, each of which affects the economy differently. Of these, Foreign Direct Investment (FDI) has become especially important for India's ongoing economic growth, bringing in capital, technology, and jobs. Since India opened its economy in 1991, FDI has grown steadily, showing changes in the investment climate.

This study argues that FDI's impact, especially amid global shifts and the COVID-19 pandemic, is now more important than ever to India's economic strength and growth. Recent data show that India is now a leading destination for FDI, attracting a wide range of investments thanks to policy reforms. The research examines how FDI flows and GDP interact and suggests that sector-specific policies and strong regulations are needed to sustain and grow FDI, especially amid global challenges. By examining FDI inflows, investment trends, and policy effects, the study explains why FDI remains central to India's growth, especially during and after the pandemic.

This research examines the complex patterns of equity flows in India's Foreign Direct Investment (FDI) (Sourabh, 2019; Sahoo, 2006). It studies economic growth by analysing GDP and major changes during the COVID-19 pandemic (Government of India, 2023). The study reviews how FDI inflows differ by sector and source country, highlighting differences between traditional and new investment markets (Reserve Bank of India, 2023; Chandrasekar, 2019). It also considers the effects of recent policy reforms, like Make in India (Pillai, 2023) and the regulatory environment on FDI (Organisation for Economic Co-operation and Development, 2008; OECD, 2021). The research further examines how the pandemic shifted investment priorities and interest across sectors (Kaur & Sharma, 2022; Doytch & Narayan, 2016).

## Literature Review

Recent studies indicate a growing scholarly focus on the evolving dynamics of FDI in India, especially amid global disruptions and policy changes over the last five years (Kaur & Sharma, 2022; Kumar & Sharma, 2021; Nguyen & Sun, 2022). For instance, Pillai (2023) discusses new strategies to attract greater foreign investment in India, highlighting recent policy reforms and their implications for sectoral FDI inflows. Reports from the India Brand Equity Foundation (IBEF, 2024), the Reserve Bank of India (2023), and the Government of India (2022, 2023) provide updated data on FDI trends, underscoring the resilience and shifts in investment patterns during and after the pandemic. International organisations such as the OECD (2021) and

UNCTAD (2023) have also documented changing global FDI trends, with particular attention to how emerging economies like India are adapting to post-pandemic realities (International Monetary Fund, 2020). These recent sources complement and extend the findings of earlier research, demonstrating the need for continuous monitoring and analysis of FDI determinants and impacts in the Indian context (Doytch & Narayan, 2016; Pattayat, 2016; Alfaro et al., 2004).

Teli (2014) noted that India liberalised its economy in 1991 and actively sought FDI by 2008-09, aligning with foundational theories on globalisation and FDI (Krugman & Obstfeld, 2018; Dunning, 1993; Kumar, 2002). FDI inflows rose sharply, with the service sector receiving the most investment, and Mauritius and Singapore as the leading sources (Vyas, 2015; Reserve Bank of India, 2023). The positive effect of FDI on Indian economic indicators has been widely documented (Gupta & Chandrasekar, 2017; Mishra & Jena, 2019; Ray, 2019; Singh & Agarwal, 2020). India is advised to maintain good FDI policies and reduce uncertainty to keep growth on track (Organisation for Economic Co-operation and Development, 2008; Sahoo, 2006). Vyas (2015) stressed the role of FDI in bridging gaps between domestic savings and investment, an idea echoed in classic studies (Borensztein et al., 1998; Alfaro et al., 2004). Mauritius's role as the largest source is credited in part to the Double Taxation Avoidance Agreement (DTAA) (India-Mauritius Launch Projects in Agalega UPSC, 2024). Pattayat (2016) examined determinants of FDI and found strong relationships between GDP growth, FDI, trade openness, and exchange rates (Organisation for Economic Co-operation and Development, 2021; International Monetary Fund, 2020). Gupta and Chandrasekar (2017) used least squares forecasting for FDI trends, with sectoral data confirming the dominance of services, construction, and software (Kaur & Sharma, 2022). Policy changes are recommended to boost FDI, especially in infrastructure (Puri & Mathur, 2022; Pillai, 2023). Sourabh (2019) notes that reforms have driven FDI, but inflows remain uneven across states and sectors, a view supported by recent data (Government of India, 2023; World Bank, 2021). Chandrasekar

(2019) analysed FDI's effect on India's development, highlighting the influence of government initiatives like "Make in India" (Government of India, Ministry of Commerce and Industry, 2022).

Although there has been extensive research on Foreign Direct Investment (FDI) in India, a gap remains in understanding how the COVID-19 pandemic affected FDI equity inflows and their relationship with Gross Domestic Product (GDP). Previous studies have shown that FDI promotes economic growth and fills investment gaps, but few have examined FDI equity inflows before and during the pandemic. Also, studies on FDI from specific countries have not fully considered the changes caused by COVID. This study aims to address this gap by closely examining how FDI patterns changed and how these changes affected India's economy during this time.

**Research Gap:** While previous research establishes the positive association between FDI and economic growth (Ray, 2019; Mishra & Jena, 2019), there is a lack of detailed analysis regarding the pandemic's disruptive effects on FDI equity inflows, sectoral composition, and country-wise trends in India (UNCTAD, 2020; OECD, 2021).

### Research Questions

1. How did the COVID-19 pandemic alter FDI equity inflow patterns in India?
2. What is the relationship between FDI inflows and India's GDP before and during the pandemic?
3. How did sectoral and country-wise FDI trends shift as a result of the pandemic?

This study addresses these gaps by systematically examining the multifaceted nature of FDI equity flows in India. It analyses the connection between FDI and economic growth, reviews sectoral and country-wise investment trends, and evaluates the effects of policy reforms such as 'Make in India' (Government of India, 2023; Puri & Mathur, 2022). By focusing on both quantitative and qualitative aspects, the research aims to provide clear insights into how FDI inflows adapted during the pandemic and what this means for India's economic future (World Bank, 2021; UNCTAD, 2023).

### Objectives

- To analyse the relationship between Gross Domestic Product and Gross Foreign Direct Investment flows in India.
- To find out the association between Gross Foreign Direct Investment inflows and Foreign Direct Investment Equity inflows in India before and during COVID.
- To compare and examine country-wise FDI equity inflows in India before and during COVID.

### Hypothesis

- $H_0$  - There is no significant difference in the FDI equity inflows in India before and during COVID.
- $H_0$  - There is no significant difference between the groups of top investing countries, sectors and states attracting the highest FDI equity inflows in India and equality between the means of FDI equity inflows across these groups.

### Methodology

This analytical study relies on secondary data from 2017 to 2023 (financial year), following approaches outlined in previous empirical research (Gupta & Chandrasekar, 2017; Pandya & Sisodia, 2020; Mishra & Jena, 2019). Here, the data have been split into two periods: the first, pre-COVID, between 2017 and 2020 and the second, the COVID period, between 2020 and 2023 (Kaur & Sharma, 2022; Kumar & Sharma, 2021). The data have been collected from publications of reputable entities, such as Government reports (Government of India, 2023), National Statistical Databases from the RBI (Reserve Bank of India, 2023), Annual publications of the Handbook of Statistics on the Indian Economy, the Ministry of Commerce and Industry's Department of Industrial Policy and Promotion (Government of India, Ministry of Commerce and Industry, 2022), and several journals and reports pertinent to the research topic (World Bank, 2021; UNCTAD, 2020; OECD, 2021; Business Standard, 2024). Statistical tools, including correlation, regression, t-tests, Spearman's rank correlation, and Analysis of Variance, were used in Excel to analyse the research objectives and conduct hypothesis

testing (Ray, 2019; Singh & Agarwal, 2020; Alfaro et al., 2004). Using these statistical instruments, the study systematically analysed the data, identified patterns and trends, and derived insights relevant to addressing the research aims (Darukhanavala et al., 2021; Luther, 1966; Pongiannan et al., 2019).

Correlation analysis has been carried out to assess the relationship between GDP and Gross FDI flows. The tool helps to quantify the extent of the association. Regression analysis enables the comparison of the means of Gross FDI inflows and FDI Equity inflows in India between the pre-COVID and COVID periods. A t-test was used to compare country-wise FDI equity inflows in India before and during COVID, providing insights into differences and similarities. Spearman’s rank correlation is a non-parametric measure used to assess the strength and direction of the relationship between FDI equity inflow from the top investing countries in India across the two time periods. ANOVA allows testing differences in means among the top investing countries, sectors, and states attracting the highest FDI equity flows in India, and assessing equality of means across these groups.

**Results of the Analysis**

**Table 1 Relationship between Gross Domestic Product and Gross Foreign Direct Investment**

Variables	Gross Domestic Product (₹ Crore)	Gross Inflows/ Gross Investments (₹ Crore)
Gross Domestic Product (₹ Crore)	1	0.57
Gross inflows/ Gross Investments (₹ Crore)	0.57	1

**Source:** Computed by the author, used data from various fact sheets of DPIIT.

Table 1: The relationship between GDP and Gross FDI for India from 2017-18 to 2022-23 (financial year). Correlation analysis was used to assess the relationship between variables; the obtained value is

0.57. The correlation coefficient indicates a positive relationship between Gross Domestic Product and Gross FDI, such that higher Gross FDI growth is associated with higher GDP.



**Figure 1**

**Source:** Computed by the author, using data from various fact sheets of DPIIT

The figure shows an association between gross foreign direct investment flows and foreign direct investment equity flows in India between 2017-18 and 2022-23, measured in USD million. This positive association is consistent with findings in the literature (Ray, 2019; Mishra & Jena, 2019; Doytch & Narayan, 2016). The equation for the regression line is presented, which is  $y = 21.12x - 828068$ . The R2 value is 0.5752, indicating the model’s goodness of fit to the data. The data show a positive linear association between Gross FDI flow and FDI equity flow in India, as found in previous empirical studies (Alfaro et al., 2004; Singh & Agarwal, 2020). It represents the share of the variance in the dependent variable explained by the independent variable. In this case, the R-squared value indicates that changes in FDI equity inflow explain 57.52% of the variance in gross FDI inflow. This means that when FDI equity inflows increase, gross FDI inflows tend to increase as well (Borensztein et al., 1998).

**Table 2 Top Investors in India’s Equity (in US\$ Million)**

Top Investors	before COVID 2017-2020			during COVID 2020-2023		
	Mauritius	15941	8084	8241	5639	9392
Singapore	12180	16228	14671	17419	15878	17203
Japan	1633	2965	3226	1950	1494	1798
Netherlands	2800	3870	6500	2789	4620	2498
USA	2095	3139	4223	13823	10549	6044
UK	847	1351	1422	2043	1657	1738

Germany	1124	886	488	667	728	547
Cyprus	417	296	879	386	233	1277
UAE	1050	898	339	4203	1032	3353

**Source:** Compile the data from various fact sheets of DPIIT

Table 2 describes the FDI equity inflows into India before COVID (2017-2020) and during COVID (2021-2023) (Reserve Bank of India, 2023; OECD, 2021). The data show big changes in investment patterns, consistent with recent research (Kaur & Sharma, 2022; UNCTAD, 2023). Traditional main sources such as Mauritius and Singapore saw declines during the pandemic, while new sources such as the Netherlands became more important (India-Mauritius Launch Projects in Agalega UPSC, 2024). The US had ups and downs, with a sharp drop in the later years of COVID. The UK and Germany kept steady growth, while Cyprus and the UAE had sudden increases. These trends may be due to global economic uncertainty from the pandemic, travel restrictions, and shifts toward stronger industries (International Monetary Fund, 2020; World Bank, 2021). Further analysis could examine which sectors attract FDI and how government policies affect these flows (Government of India, 2023; Pillai, 2023).

**Table 3 Comparison of country-wise FDI equity inflows in India before and during COVID**

Country	before COVID (2017-18 to 2019-20) (USD Million)	during COVID (2020-21 to 2022-23) (USD Million)	Rank 1	Rank 2
Mauritius	10755	7055	2	3
Singapore	14360	16833	1	1
Japan	2608	1747	5	7
Netherlands	4390	3302	3	4
USA	3152	10139	4	2
UK	1207	1813	6	6
Germany	833	647	7	8
Cyprus	531	632	9	9
UAE	762	2863	8	5

**Source:** Compile the data from various fact sheets of DPIIT

Spearman's correlation	0.833333333
pairwise cases N	9
T statistics	3.988620176
DF	7
P value	0.005265691

The table presents FDI equity inflows into India from the top contributing countries before COVID (2017-2020) and during COVID (2021-2023). It shows how FDI equity inflows and the attractiveness of these countries for investment changed between the two periods. The table also ranks each country by its FDI equity inflow. A lower rank means a higher contribution. For example, Singapore provided the most FDI equity and ranked first in both periods, showing its strong appeal to foreign investors. Some countries changed rank, such as the USA, which moved from fourth to second, reflecting a significant increase in FDI equity during COVID. Japan's rank fell from fifth to seventh, showing a decrease. The analysis uses Spearman's rank correlation, yielding a coefficient of 0.833, indicating a positive relationship between FDI equity inflows from the top investing countries across both periods.

**Table 4 Impact of COVID on FDI Equity Inflows in India**

t-Test		
	before - COVID 2017-20	during - COVID 2020-23
Mean	3711.86	4676.76
Variance	1980557.89	8492336.85
Observations	36	36
Pearson Correlation	0.557353869	
Hypothesised Mean Difference	0	
df	35	
t Stat	-2.383209489	
P(T<=t) one-tail	0.011361062	
t Critical one-tailed	1.689572458	
P(T<=t) two-tail	0.022722123	
t Critical two-tailed	2.030107928	

**Source:** Computed by the author, used data from various fact sheets of DPIIT

The paired t-test compares the average monthly FDI equity inflows in India before COVID (2017-

2020) and during COVID (2020-2023). The average inflow rose from about 3,711.86 million USD before COVID to 4,676.77 million USD during COVID. The variance, which measures how much the data points differ from the mean, also increased substantially, from about 1,980,557.89 million USD before COVID to 8,492,336.85 million USD during COVID. The Pearson correlation coefficient is 0.557, showing a moderate positive link between the two periods. The t-statistic is about -2.383, indicating

that mean FDI equity inflows during COVID are lower than expected. The p-values are 0.011 (one-tailed) and 0.023 (two-tailed), both below the 0.05 significance level. This means the null hypothesis is rejected, indicating a significant difference in mean FDI equity inflows between the two periods. FDI equity inflows increased significantly during COVID compared to before.

**Table 5 FDI equity flows into various sectors in India (in US\$ Million)**

Sector	Before COVID, 2017-2020 (Financial year)			During the COVID period 2020-2023 (Financial year)		
	Services Sector	6,709	9,158	7,854	5,060	7,131
Computer Software & Hardware	6,153	6,415	7,673	26,145	14,461	9,394
Telecommunications	6,212	2,668	4,445	392	668	713
Trading	4,348	4,462	4,574	2,608	4,538	4,792
Construction Development: Townships, Housing, Built-Up Infrastructure and Projects Construction development	540	213	617	422	3,248	1,703
Automobile Industry	2,090	2,623	2,824	1,637	6,994	1,902
Chemicals (Other Than Fertilisers)	1,308	1,981	1,058	847	966	1,850
Construction (Infrastructure) Activities	2,730	2,258	2,042	7,875	125	146
Drugs & Pharmaceuticals	1,010	266	518	1,490	1,414	2,058

The table shows FDI inflows into different sectors in India before COVID (2017-2020) and during COVID (2020-2023) (Kaur & Sharma, 2022; Singh & Agarwal, 2020; Pattayat, 2016). The data reveal clear trends and changes in FDI across sectors, in line with prior sectoral analyses (Doytch & Narayan, 2016; Alfaro et al., 2004). For example, the services sector saw ups and downs, peaking during COVID, likely due to increased demand for digital services as remote work and online transactions became more common (Business Standard, 2024; OECD,

2021). The telecommunications sector saw a decline in FDI during COVID, possibly due to delays in infrastructure projects (Chandrasekar, 2019). The computer software and hardware sector received more FDI during COVID, likely due to greater demand for technology and digital transformation (Gupta & Chandrasekar, 2017). The automobile sector also saw increased FDI after COVID, possibly due to renewed interest in electric vehicles and green transport (International Monetary Fund, 2020). Construction development, including townships

and infrastructure, had a strong increase in FDI during COVID, showing that investment in this area continued despite the pandemic (Puri & Mathur, 2022; Sahoo, 2006). Overall, these changes show that FDI drivers depend on market conditions, industry

opportunities, and global events like the pandemic (UNCTAD, 2023; World Bank, 2021).

**Table 6 FDI equity flows across various states in India**

(in US\$ Million)

STATE	Before COVID			During COVID		
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Gujarat	2,091	1,803	2,639	21,890	2,706	4,714
Maharashtra	13,423	11,383	1,568	16,170	15,439	14,806
Karnataka	8,575	6,721	3,012	7,670	22,072	10,429
Delhi	7,656	10142	5,046	5,471	8,189	7,534
Tamil Nadu	3,475	2,613	850	2,323	3,003	2,169
Jharkhand	10	7	6	792	6	6
Haryana	108	363	23	1,697	2798	2,600
Telangana	1,246	3,457	281	1,155	1,607	1,303
Rajasthan	117	618	60	272	707	910
West Bengal	218	1,229	167	415	428	394

**Source:** Compiled the data from various fact sheets of DPIIT

This table presents FDI inflows across Indian states for different financial years, including during the COVID pandemic (Reserve Bank of India, 2023; Government of India, 2023). The data show clear patterns and trends in FDI by state, consistent with prior research on regional FDI disparities (Sourabh, 2019; Vyas, 2015). Gujarat stands out as a major recipient, with inflows that vary over time and two big spikes in 2020–21 and 2022–23 (Organisation for Economic Co-operation and Development, 2021). This is likely because Gujarat has strong industrial potential, easy access for investors, and is well-placed for manufacturing and infrastructure (Pillai, 2023). Maharashtra also attracts high levels of FDI, thanks to its diverse economy, active business environment, and developed industrial areas, especially in Mumbai and Pune (Puri & Mathur, 2022). Bengaluru in Karnataka sees changing FDI inflows, as it is a centre for digital

start-ups and technology (Gupta & Chandrasekar, 2017). Delhi and Tamil Nadu are also key FDI destinations due to their importance as business and industrial centres (Government of India, Ministry of Commerce and Industry, 2022). States like Haryana, Telangana, and Rajasthan have different FDI levels due to government policies, sectoral potential, and the investment climate (Organisation for Economic Co-operation and Development, 2008). In contrast, states such as Jharkhand, Uttar Pradesh, and West Bengal have lower FDI inflows, raising questions about how to make them more attractive to investment (Teli, 2014; Sahoo, 2006). Overall, the data highlight regional differences in FDI and show how local policies and actions can help attract foreign investment and support economic growth (World Bank, 2021; UNCTAD, 2023).

**Table 7 ANOVA Analysis**

SUMMARY						
Groups	Count	Sum	Average	Variance		
Sector	9	210035	23337.22222	450535077.7		
Country	9	40592	4510.22222	26585769.94		
State	9	245731	27303.44444	698558993		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	2.67E+09	2	1334576740	3.405459618	0.049898	3.402826
Within Groups	9.41E+09	24	391893280.2			
Total	1.21E+10	26				

**Source:** Computed by the author, used data from various fact sheets of DPIIT.

The ANOVA test was conducted to assess whether there are no significant differences in FDI inflows across groups, such as the share of top investing countries, sectors, and states that attract the highest FDI equity inflows in India. The p-value associated with the F-statistic is 0.0499, less than the chosen significance level of 0.05. Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted. This suggests significant differences exist in FDI inflows across countries, sectors, and states.

### Suggestions

- Strengthen economic relations with countries showing increasing investment interest, such as the United States, through investment promotion programs and business partnerships.
- Identify the reasons for the decline in investment from countries such as Japan, and take measures to address the difficulties their companies face.
- Encourage trade agreements, joint ventures, and regular meetings with international business leaders to improve investment cooperation.
- Identify the factors that helped increase FDI during the COVID period and continue supporting those conditions to sustain future investment.
- Analyse different sectors of the economy to identify industries that attract higher investment and promote them further.
- Monitor foreign investment trends regularly to respond quickly to changes in global investment patterns.
- Provide incentives and faster approvals for infrastructure and housing projects to encourage more investment in the construction sector.
- Promote public-private partnerships to support infrastructure development and urban growth.
- Periodically review economic conditions and adjust policies to maintain India's attractiveness as a destination for foreign investment.
- Simplify business rules and reduce unnecessary paperwork to make it easier for foreign companies to start and operate businesses in India.
- Introduce a single online system for approvals and permits to enable investors to complete procedures more quickly and efficiently.
- Ensure stable and transparent government policies, including clear tax rules and consistent regulations, to build confidence among foreign investors.
- Regularly review government policies and incentives to check whether they are effectively attracting foreign direct investment.
- Conduct surveys or discussions with foreign investors to understand their experiences, expectations, and challenges in investing in India.

## Conclusion

This study demonstrates that Foreign Direct Investment (FDI) has played a vital role in India's economic growth, particularly during the COVID-19 pandemic (Kaur & Sharma, 2022; Kumar & Sharma, 2021; Nguyen & Sun, 2022). Empirical analysis revealed a steady positive relationship between FDI inflows and GDP (correlation coefficient 0.57), as found in previous studies (Ray, 2019; Mishra & Jena, 2019; Alfaro et al., 2004). FDI inflows increased significantly during the pandemic period (UNCTAD, 2020; World Bank, 2021). The research found notable shifts in investment patterns: traditional investors such as Mauritius and Singapore reduced their equity inflows, while the Netherlands and the USA emerged as more prominent sources (Reserve Bank of India, 2023; OECD, 2021). Sectorally, FDI rose in services, computer software, and automobiles, but declined in telecommunications and construction (Singh & Agarwal, 2020; Chandrasekar, 2019). There were also significant differences across states and sectors in FDI attraction, as supported by statistical evidence (Sourabh, 2019; Government of India, 2023; Pillai, 2023).

Policy implications suggest that India should continue to pursue reforms that simplify business processes, enhance transparency, and provide targeted incentives for high-growth sectors and start-ups (Government of India, Ministry of Commerce and Industry, 2022; Puri & Mathur, 2022; Pillai, 2023). Strengthening economic relations with emerging investor countries and addressing challenges faced by lagging sectors and regions can further boost FDI and overall economic resilience (Organisation for Economic Co-operation and Development, 2021; UNCTAD, 2023; World Bank, 2021).

Future research should focus on gathering primary data to understand investor perspectives (Pickson et al., 2025; Alao & Babalola, 2024), exploring regional disparities in FDI distribution, and assessing the long-term effects of policy reforms and global disruptions on FDI inflows (Kaur & Sharma, 2022; Pillai, 2023; UNCTAD, 2023). In-depth sectoral studies and longitudinal analyses will help guide policymakers in making informed decisions to sustain and grow FDI in India (Nguyen & Sun, 2022; Doytch & Narayan, 2016).

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