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A Quantitative Study of FDI Impact on India's Economic Growth (From 2014-15 To 2025-26)

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Abstract: Foreign Direct Investment (FDI) is considered an important factor in the economic growth of developing countries like India. This study examines the impact of FDI on India's economic growth from 2014–15 to 2025–26. The main objectives are to analyze the trends of FDI inflow, outflow, Net FDI, and Gross Domestic Product (GDP), and to evaluate the impact of FDI inflow on economic growth. The study is based on secondary data collected from sources such as the Reserve Bank of India, Economic Survey, and DPIIT. Statistical tools, including trend analysis, descriptive statistics, correlation analysis, and regression analysis, were used in the study. The results show that India remained a major recipient of FDI during the study period, although some fluctuations occurred due to global and domestic economic conditions. GDP showed a steady increasing trend at both current and constant prices, indicating consistent economic growth. However, correlation and regression analysis revealed a very weak negative relationship between FDI inflow and GDP, and the impact of FDI on GDP was found to be statistically insignificant. The study concludes that India's economic growth during the study period was mainly driven by domestic investment, government expenditure, private consumption, and growth in the industrial and service sectors, rather than by FDI alone. Therefore, the government should focus on attracting FDI into productive sectors and promoting domestic investment to sustain economic growth.

Keywords: India, Foreign Direct Investment, Economic Growth,

INTRODUCTION

Foreign Direct Investment (FDI) has emerged as a significant driver of economic growth in India by contributing to capital formation, technology transfer, employment generation, and improved productivity. Since the economic reforms of 1991, India has progressively liberalized its investment policies to attract foreign investors and integrate with the global economy. The inflow of FDI has supported industrial expansion, strengthened infrastructure, and enhanced export competitiveness, thereby positively influencing Gross Domestic Product (GDP) growth. Consequently, understanding the relationship between FDI and economic growth has become essential for policymakers and researchers analyzing India's long-term development and macroeconomic performance. The rapid expansion in FDI by multinational enterprises since the mid-eighties may be attributed to significant changes in technologies, greater liberalization of trade and investment regimes, and deregulation and privatization of markets in many countries including developing countries like India. Capital formation is an important determinant of economic growth. While domestic investments add to the capital stock in an economy, FDI plays a complementary role in overall capital formation and in filling the gap between domestic savings and investment. At the macro-level, FDI is a non-debt-creating source of additional external finances. At the micro-level, FDI is expected to boost output, technology, skill levels, employment and linkages with other sectors and regions of the host economy. In India FDI inflow made its entry during the year 1991-92 with the aim to bring together the intended investment and the actual savings of the country. To pursue a growth of around 7 percent in the Gross Domestic Product of India, the net capital flows should increase by at least 28 to 30 percent on the whole. But the savings of the country stood only at 24 percent. The gap formed between intended investment and the actual savings of the country was lifted up by portfolio investments by Foreign Institutional Investors, loans by foreign banks and other places, and foreign direct investments. Among these three forms of financial assistance, India prefers as well as possesses the maximum amount of Foreign Direct Investments. Hence FDI is considered as a developmental tool for growth and development of the country. Therefore, this study is undertaken to analyze the flow of FDI into the country identifying the various set of factors which determine the flow of FDI. (R. Anita (2012), International Journal of Marketing, Financial Services & Management Research). Before the 2000s, the foreign direct investment (FDI) regime in India was relatively restrictive, characterized by stringent regulations, sectoral caps, and complex approval procedures under a protectionist economic framework. The policy environment during the pre-reform period limited foreign participation, resulting in comparatively low inflows of capital and technology. However, following the economic reforms initiated in the 1990s and continuing after 2000, the government gradually shifted toward a more liberal and investor-friendly FDI

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policy. This transition from a controlled to a permissive regime has led to cumulative gross inflows exceeding USD 1 trillion. Since 2000, the government has consistently reviewed and simplified FDI regulations, allowing up to 100 percent foreign ownership in most sectors through the automatic route, including pensions, broadcasting, pharmaceuticals, single-brand retail trading, and construction. A major boost to investment attractiveness came with the launch of the Make in India initiative, which aimed to strengthen manufacturing and promote sectors such as electronics and defence. Furthermore, the introduction of the Production Linked Incentive Scheme across multiple industries encouraged domestic production and increased foreign investment participation.

The government has recently made numerous efforts, including easing FDI regulations in various industries, PSUs, oil refineries, telecom and defence. India's FDI inflows reached record levels, at US$ 84.83 billion during 2021-22. Recent policy measures by the Government of India to attract foreign direct investment (FDI) and maintain economic stability during 2025–2026 have focused on liberalizing sectoral limits, simplifying regulations, and promoting industrial expansion. These initiatives contributed to record FDI inflows of about USD 81.04 billion in FY 2024–25, followed by continued growth in the subsequent fiscal period. The government increased the FDI limit in the insurance sector to 100 percent under the automatic route and introduced reforms under Jan Vishwas Act 2023 to improve the ease of doing business. Additional steps included easing investment rules for neighbouring countries, opening the space sector to foreign participation, and abolishing the angel tax to encourage startup investment and strengthen investor confidence. Foreign Direct Investment (FDI) has played a crucial role in strengthening the growth trajectory of India and supporting its rise to the 4th rank in nominal GDP globally. Continuous inflows of foreign capital have enhanced industrial production, technology transfer, infrastructure development, and employment generation, which collectively accelerated economic expansion. As a result, India's GDP reached around USD 4.18– 4.3 trillion in 2025–2026, enabling the country to emerge as one of the fastest-growing major economies in the world. The sustained contribution of FDI to manufacturing, services, and exports has strengthened macroeconomic stability and positioned India as a rapidly growing global economic power. India's foreign direct investment (FDI) performance in 2025–2026 reflects a situation where overall investment inflows remain strong, but net FDI has faced pressure due to rising outflows. During the financial year 2024–25, gross FDI inflows reached a historic level of about USD 81.04 billion, representing an increase of nearly 14 percent compared to the previous year. In the period from April to December 2025, inflows continued to grow significantly, recording around 22 percent growth and totaling approximately USD 47.9 billion. Despite these positive inflow figures, net FDI showed a decline because of higher repatriation of profits and increased outward investments by foreign companies. This trend became evident in November 2025, when net FDI turned negative at around –USD 446 million, meaning that the amount of money leaving the country exceeded new investments entering it. At the same time, outward FDI by Indian firms expanded rapidly, reaching about USD 29.2 billion in 2024–25, which marked a substantial 75 percent increase.

SIGNIFICANCE OF THE STUDY

This study is to examine the role of FDI in economic growth because it provides a quantitative examination of the relationship between Foreign Direct Investment (FDI) inflows and Gross Domestic Product (GDP) growth in India. Understanding this relationship helps to evaluate how foreign capital contributes to economic development, employment generation, and industrial expansion. The research findings will be useful for policymakers, academicians, and planners in designing effective investment policies and strategies to sustain long-term economic growth and macroeconomic stability in India.

OBJECTIVE OF THE STUDY

The study is to understand the FDI impact on economic growth in India between 2014- 15 to 2025-26. The paper is heaving broad objective: quantitative analysis of the impact of FDI inflow and outflow on economic growth in terms of GDP. Under the above broad objective, there is following sub-objectives such as.

- Trend analysis of FDI inflow, outflow, and Net FDI inflow in India from 2014-15 to 2025-26.
- To evaluate the trends of GDP growth in absolute and relative terms.
- To explore the impact of FDI inflow on India's nominal GDP and economic growth.

HYPOTHESIS OF THE STUDY

In the present study, the relationship between Foreign Direct Investment (FDI) and Nominal Gross Domestic Product (GDP) is empirically examined. The following are tested using appropriate statistical tools, such as correlation and regression analysis, to determine whether FDI significantly influences economic growth in terms of Nominal GDP in India.

Null Hypothesis (H_0):

There is no significant impact of Foreign Direct Investment (FDI) on Nominal GDP in India during the period 2014–15 to 2025–26.

Alternative Hypothesis (H_1):

There is a significant impact of Foreign Direct Investment (FDI) on Nominal GDP in India during the period 2014–15 to 2025–26.

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LIMITATION OF THE STUDY

The study has several limitations that must be considered while interpreting the findings. It relies only on secondary data from official sources, which may be subject to revisions or reporting delays. The study period (2014–15 to 2025–26) is relatively short to capture long-term trends. Additionally, the study focuses on quantitative analysis and does not include qualitative factors such as policy changes, political conditions, and global economic shocks affecting GDP.

LITERATURE REVIEWS

1. **Theodore H. Moran (2003)** researched *FDI and Development: Role of International Rules and Regulations*. The objective was to examine global policies influencing FDI and protect host countries' interests. The methodology included descriptive and comparative analysis. Findings showed that long-term FDI positively supports economic development, while short-term investments provide limited benefits.
2. **R. Anitha (2012)** examined *Foreign Direct Investment and Economic Growth in India*. The objective was to identify issues affecting FDI inflows and suggest improvements. The methodology involved analysis of secondary data from official reports. Findings indicated that economic reforms and globalization significantly increased FDI inflows and strengthened India's economic performance.
3. **Mahanta Devajit (2012)** analyzed *the impact of Foreign Direct Investment on the Indian Economy*. The objectives included evaluating FDI's effect on domestic investment and human capital formation. The study relied on secondary data analysis. Findings revealed that the impact of FDI depends on investor motives, sector characteristics, and government policies.
4. **Sarba Priya Ray (2012)** examined the *Impact of Foreign Direct Investment on Economic Growth in India: A Cointegration Analysis*. The objective was to study the long-run and short-run relationship between FDI and GDP. The study applied cointegration and Error Correction Model techniques, and results confirmed a significant long-term equilibrium relationship between FDI inflows and economic growth.
5. **Gulshan Akhtar (2013)** examined *Inflows of FDI in India: Pre and Post Reform Period*. The objective was to analyze the sector-wise distribution of FDI across industries such as services, construction, and telecommunications. The study used secondary data from sources including the Reserve Bank of India and the Department of Industrial Policy and Promotion. The findings indicated that India has emerged as one of the fastest-growing economies and a major global investment destination.
6. **R. B. Teli (2013)** analyzed *A Critical Analysis of FDI Inflows in India*. The objectives were to study growth patterns and the impact of FDI on economic indicators. The methodology relied on secondary data from international and national reports. Findings revealed that FDI growth positively influenced GDP, employment generation, and foreign exchange reserves.
7. **Angad Singh Maravi (2016)** studied *Foreign Direct Investment (FDI) in India: A Key for Economic Growth in India*. The objective was to assess the impact and recent trends of FDI in India. The study used a descriptive approach based on secondary data. Findings showed that FDI significantly contributes to economic growth through capital, technology, and improved management practices.
8. **Jyoti Gupta and Dr. Rachna Chaturvedi (2017)** conducted a study titled *A Study to Analyze FDI Inflow to India*. The objective was to examine trends and forecast future FDI inflows. The methodology involved long-term trend analysis using secondary data. Findings showed that FDI plays an important role in bridging the gap between savings and investment in India.
9. **N. Prasanna (2017)** studied *Impact of Foreign Direct Investment on Export Performance in India*. The objective was to assess the relationship between FDI and manufactured exports. The methodology used economic data analysis of GDP and export variables. Findings confirmed that FDI has a significant positive effect on India's export performance.
10. **Chanchal Kumar Sharma (2017)** studied *Federalism and Foreign Direct Investment: How Political Affiliation Determines the Spatial Distribution of FDI – Evidence from India*. The objective was to examine the long-run and short-run relationship between FDI and GDP. Using panel data from regional offices of the Reserve Bank of India and fixed-effects estimation, the findings revealed a positive relationship between FDI inflows and economic growth in India.
11. **Utsav Masharu and Muhammad Ali Nasir (2018)** examined *FDI Liberalization Policy in India and Its Implications for the Retail Sector*. The the effects of FDI liberalization and related challenges. The methodology involved descriptive statistical analysis of secondary data. Findings indicated that India is an attractive destination for foreign investment with rapid economic expansion. objective was to analyze
12. **Dr. Shikha Singh (2019)** studied *Foreign Direct Investment (FDI) Inflows in India*. The objective was to analyze policies and trends influencing FDI inflows. The methodology used secondary data from government and international sources. Findings indicated that India has emerged as a leading

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investment destination with a steady increase in foreign capital inflows.

13. **Dr. P. Govindan (2019)** conducted research on *Growth of FDI Inflows and the Impact of the Make in India Campaign*. The objective was to compare FDI inflows before and after liberalization and forecast future trends. The study used exploratory analysis of secondary data. Findings showed that the Make in India initiative attracted new foreign investors and increased sectoral investments.
14. **Rishika Nayyar and Jaydeep Mukherjee (2019)** examined *Home Country Impact on Outward FDI from India* to recommend policies for enhancing outward FDI and identify macroeconomic factors influencing investment. The study used analytical and econometric methods based on secondary data. Findings showed that government trade, investment, and financial policies significantly affect outward FDI flows from India.
15. **Ronismita Mishra (2019)** conducted a study titled *An Empirical Analysis of the Potential of FDI Inflows in India*. The objective was to examine the direction and sector-wise distribution of FDI in India. The methodology involved converting variables into natural logarithms to minimize heteroscedasticity. The findings were presented systematically based on the study's formulated hypotheses.

RESEARCH GAP

Despite extensive research on Foreign Direct Investment and economic growth in India, few studies examine recent post-2014 trends using advanced quantitative techniques. There is a gap in analyzing the dynamic relationship between FDI and growth, considering structural changes, policy shifts, and sectoral variations up to 2025–26.

DATA AND RESEARCH METHODOLOGY

This study is based on secondary data to examine the quantitative relationship between Foreign Direct Investment (FDI) and economic growth in India during the period 2014– 15 to 2025–26. The required data on FDI inflow, FDI outflow, Net FDI, and Nominal GDP have been collected from reliable government sources, including the Reserve Bank of India (RBI), the Department for Promotion of Industry and Internal Trade (DPIIT), and the Economic Survey reports. The data are annual time series data covering a period of twelve years. The research is analytical and quantitative in nature. To achieve the study's objectives, statistical tools such as trend analysis, descriptive statistics, correlation analysis, and regression analysis are used. Trend analysis is used to examine the movement of FDI inflow, outflow, Net FDI, and GDP over the study period. Descriptive statistics such as mean, standard deviation, minimum, and maximum are used to understand the basic characteristics of the data. Correlation analysis is applied to examine the degree of relationship between FDI and Nominal GDP. Further, regression analysis is used to measure the impact of FDI inflow on Nominal GDP. The hypothesis of the study is tested using a simple linear regression model. The functional model of the study is as follows:

$GDP = \beta_0 + \beta_1(FDI\ Inflow) + \varepsilon$

Where,

GDP = Nominal Gross Domestic Product β_0 = Intercept

β_1 = Regression coefficient of FDI

ε = Error term (Consumption, Govt Spending, Investment, and Others)

This model helps to test whether FDI has a significant impact on India's economic growth during the study period.

RESULT AND DISCUSSION

Trends of FDI in India (2014-15 To 2025-26)

The first objective of the study is to examine the overall trend of Foreign Direct Investment in India during the study period. Trend analysis helps to understand the movement, direction, and growth pattern of FDI inflow, outflow, and Net FDI, which provides a foundation for further statistical analysis and evaluation of its impact on economic growth.

Table 1 presents the **Foreign Direct Investment (FDI) inflow, outflow, and net FDI** in India for the period 2014–15 to 2025–26, based on 11 observations representing annual data for the study period. The average FDI inflow is ₹306,898.36 lakh, meaning India received about ₹3.07 lakh crore in FDI each year, with inflows ranging from a low of ₹215,893 lakh to a high of ₹418,763 lakh, indicating significant growth in foreign investment over time. The standard deviation of 73,479.081 shows moderate variability in FDI inflows, implying that although inflows fluctuated, the overall trend was upward.

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Table 1: Foreign Direct Investment in India

YEAR	FDI (in Cr)		NET FDI
	Inward FDI	Outward FDI	(Changes)
2014-15	215893	-24675	191218
2015-16	294258	-58476	235782
2016-17	283292	-44379	238913
2017-18	253977	-58925	195052
2018-19	301932	-87896	214036
2019-20	396955	-92135	304820
2020-21	406765	-81385	325380
2021-22	418763	-131296	287467
2022-23	335015	-113131	221884
2023-24	222244	-138223	-115979
2024-25	246788	- 239059	7729
2025-26	216937	-150186	66751

Source -Economic Survey

Conversely, the average FDI outflow is –₹97,234.55 lakh, reflecting outbound investments by Indian firms, with values between –₹239,059 lakh and –₹24,675 lakh, and a standard deviation of 58,821.742, indicating fluctuations in overseas investments by Indian companies. Net FDI, the difference between inflows and outflows, has a mean of ₹191,482 lakh, indicating that India remained a net recipient of foreign investment for most of the study period. However, the minimum Net FDI value of – ₹115,979 lakh reveals that in at least one year, outflows exceeded inflows, while the maximum reached ₹325,380 lakh. The high standard deviation of 131,887.337 highlights considerable variability in net FDI over the period. Overall, the descriptive statistics reveal that India was a net receiver of FDI from 2014–15 to 2025–26, though fluctuations in Net FDI suggest influence from global economic conditions, domestic policy changes, and shifts in the investment climate during the study period.

The trend analysis of Foreign Direct Investment in India shows that the country remained a net recipient of FDI during most of the study period. Although inflows generally increased, fluctuations in outflows and Net FDI indicate the impact of global economic conditions, policy changes, and investment environment variations**.**

Trends of GDP in India (2014-15 To 2025-26)

During the period 2014–15 to 2025–26, the economy of India experienced structural transformation driven by policy reforms, infrastructure expansion, and globalization. The growth of Nominal GDP reflects the overall economic performance of the country. Foreign Direct Investment (FDI) has also played an important role by bringing capital, technology, and employment, thereby contributing to economic growth and GDP expansion during the study period.

Table 2: Trends of Gross Domestic Product in India

YEAR	GDP (₹ in CRORE)	
	CURRENT PRICE	CONSTANT PRICE
2014-15	12467959	10527674
2015-16	13771874	11369493
2016-17	15391669	12308193
2017-18	17090042	13144582
2018-19	18899668	13992914
2019-20	20103593	14534691
2020-21	19854096	13694869
2021-22	23597398.5	15021846
2022-23	26890473	16164913
2023-24	30122956	17650591
2024-25	33068145	18796955
2025-26	35713886	20189919

Source- Economy Survey

The descriptive statistics of Gross Domestic Product at Base Price and Current Price of India show important insights into the economic growth pattern during the study period. The mean GDP at base price is 14,783,053.33 with a standard deviation of 2,953,814.973, indicating moderate variation in real GDP over the years. The minimum and maximum values show a continuous increase in real output, reflecting steady economic growth in terms of the production of goods and services. On the other hand, GDP at current prices has a higher mean value of 22,247,646.62 and a much higher standard deviation of 7,665,995.104, indicating greater variability in nominal GDP. This higher variation is justified because GDP at current

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prices includes both changes in real output and changes in price level (inflation). Therefore, the difference between GDP at base price and GDP at current price indicates that both real economic growth and inflation contributed to the increase in India's GDP during the study period. Overall, the descriptive statistics suggest that the Indian economy experienced steady real growth along with rising price levels over time.

Trends of India's GDP Growth Rate

The analysis of GDP growth of India from 2014–15 to 2025–26 is important to understand the country's economic performance, growth trends, and structural changes during the study period. It helps evaluate economic stability, policy impact, and overall development.

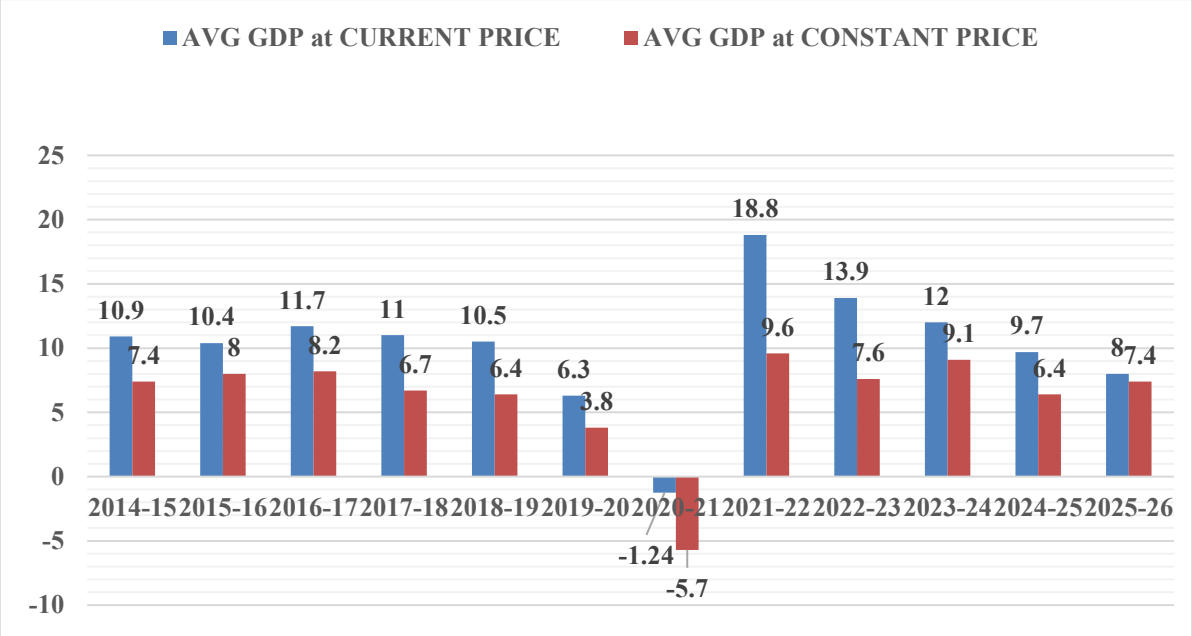

Figure 2: Growth rate of GDP
Source: Economics Survey

Figure 2 shows the GDP growth at Base Price and Current Price of India, showing the overall growth performance of the economy during the study period based on 12 observations. The GDP growth at base price has a minimum value of –6 percent and a maximum value of 10 percent, with a mean value of 6.24 percent and a standard deviation of 4.042, indicating moderate fluctuations in real economic growth with at least one year of economic contraction. The positive mean value suggests that the economy maintained overall real growth during most of the period. In comparison, GDP growth at current price has a minimum value of –1 percent and a maximum value of 19 percent, with a higher mean value of 10.16 percent and a standard deviation of 4.725, indicating higher and more variable growth in nominal terms. This is justified because GDP at current price includes both changes in real output and price level (inflation), which increases the nominal growth rate. Therefore, the results indicate that India experienced moderate real economic growth along with higher nominal growth influenced by inflation during the study period.

Impact of FDI on Economic Growth

Assessing the impact of Foreign Direct Investment (FDI) on economic growth through regression analysis is essential because it enables a precise, data-driven evaluation of the strength, direction, and statistical significance of the relationship between FDI inflows and economic performance, thereby supporting more reliable policy formulation and economic planning.

The regression analysis has been conducted to examine the impact of Foreign Direct Investment inflow on Gross Domestic Product at current price in India during the period 2014–15 to 2025–26.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.195[a]	.038	-.058	7885323.708	.038	.397	1

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The above model summary is the result of the regression analysis show that the correlation coefficient between FDI inflow and GDP is negative and very low (r = –0.195), indicating a weak negative relationship between the variables. The coefficient of determination (R^2 = 0.038) indicates that only 3.8 percent of the variation in GDP is explained by FDI inflow, while the remaining variation is explained by other macroeconomic factors such as domestic investment, government expenditure, consumption, exports, and industrial growth.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24658990451796.125	1	24658990451796.125	.397	.543[b]
	Residual	621783299871176.400	10	62178329987117.640		
	Total	646442290322972.500	11			

a. Dependent Variable: GDP at CP
b. Predictors: (Constant), FDI inflow

The ANOVA table shows that the F-value is 0.397 with a significance value of 0.543, which is greater than 0.05, indicating that the overall regression model is statistically insignificant. Therefore, the model is not suitable for predicting GDP based on FDI inflow alone. Therefore, the study concludes that although India received substantial FDI inflows, FDI alone is not a major determinant of GDP growth, and domestic economic activities, government expenditure, and the service sector mainly drive economic growth in India. Hence, the null hypothesis is accepted, and it is concluded that FDI inflow has no significant impact on GDP in India during the study period.

FINDINGS AND POLICY SUGGESTIONS

The findings and suggestions section presents the study's major results. This section summarizes the key empirical findings from statistical analysis and provides policy recommendations to strengthen FDI's role in promoting economic growth in India.

The study shows that India attracted significant Foreign Direct Investment during the period, with an average annual inflow of around ₹306,898 crore. Inflows generally increased from 2014–15 to 2021–22 before experiencing fluctuations and a slight decline, maintaining India's appeal to investors. Additionally, outward FDI averaged ₹97,234 crore and grew over time, reflecting the global expansion of Indian firms, though it varied due to market conditions, exchange rate movements, and strategic business decisions. The study indicates that India's GDP at both current and constant prices exhibited a consistent upward trend throughout the study period. The growth in GDP at current prices was relatively higher, primarily due to inflation and price level changes, whereas GDP at constant prices reflected stable real output growth, suggesting that economic expansion was driven by both increased production and rising prices. The study indicates that the average GDP growth rate at constant prices in India was about 6.24%, showing moderate real economic growth, while higher growth at current prices (10.16%) was due to inflation. The economy contracted in 2020–21 due to the COVID-19 pandemic but recovered strongly in subsequent years 2021. The findings reveal a very weak negative correlation (–0.195) between FDI inflows and GDP in India, indicating minimal association. Regression results further show low explanatory power (R^2 = 0.038), with FDI accounting for only 3.8% of GDP variation. The high p-value (0.543) confirms the statistical insignificance of the model. The study concludes that Foreign Direct Investment did not have a significant impact on GDP growth in India during the study period. Economic growth was mainly driven by domestic investment, government expenditure, private consumption, service sector expansion, exports, and industrial production rather than foreign investment alone.

To enhance the contribution of Foreign Direct Investment (FDI) to India's economic growth, policy efforts should prioritize directing FDI into productive and employment-generating sectors such as manufacturing, infrastructure, renewable energy, and advanced technology. Strengthening backward and forward linkages between foreign firms and domestic industries can improve technology transfer, innovation, and productivity. The government should ensure a stable and transparent regulatory environment, reduce bureaucratic hurdles, and promote ease of doing business to attract long-term, quality investments. Encouraging export-oriented FDI and supporting joint ventures can boost global competitiveness and market integration. Additionally, improving infrastructure, logistics, and digital connectivity will enhance investment efficiency. Investment in human capital through skill development and education is essential to absorb advanced technologies. Finally, aligning FDI policies with national development priorities and promoting balanced regional distribution of investments will ensure inclusive and sustainable economic growth.

CONCLUSION

Foreign Direct Investment (FDI) has emerged as a crucial factor in the economic development of developing nations like India, as it supports capital accumulation, technological progress, employment

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creation, and integration with the global economy. During the last decade, India has undertaken several economic reforms and policy initiatives aimed at attracting foreign investors and promoting overall economic growth. In this regard, the present study analyzed the relationship between FDI inflows and Gross Domestic Product (GDP) growth in India over the selected period by applying statistical methods such as correlation and regression analysis. The analysis reveals that India attracted substantial Foreign Direct Investment (FDI) during the study period, averaging ₹306,898 crore annually, with inflows rising until 2021–22 before showing slight fluctuations, indicating continued investor confidence. Outward FDI also increased, averaging ₹97,234 crore, reflecting the global expansion of Indian firms despite variations due to market conditions and exchange rates. India's GDP grew steadily at both current and constant prices, with higher growth at current prices driven by inflation, while constant prices indicated moderate real growth of 6.24%. The economy contracted in 2020–21 due to the COVID-19 pandemic but recovered thereafter. However, the correlation between FDI and GDP was very weak and negative (–0.195). Regression results ($R^2 = 0.038$, $p = 0.543$) further confirmed that FDI had no significant impact on growth, which was largely driven by domestic factors such as investment, consumption, and government expenditure. This suggests that India's economic performance has mainly depended on domestic factors such as government spending, private consumption, industrial output, exports, and the development of the service sector. Although India receives substantial FDI inflows, the findings suggest that it does not significantly influence GDP growth; therefore, policy should prioritize directing FDI toward productive sectors such as manufacturing, infrastructure, renewable energy, and technology to enhance employment, output, and exports. Alongside this, strengthening domestic investment and industrial development remains crucial, supported by stable economic policies and efficient public expenditure. Further, promoting export-oriented industries through incentives, Special Economic Zones, and trade agreements can boost growth and employment. Increased spending on education, healthcare, and R&D will enhance productivity. Supporting outward FDI and emphasizing technology transfer and innovation will strengthen India's global competitiveness.

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