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Exploring determinants of foreign direct investment: A systematic review with bibliometric insights

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Abstract

Foreign Direct Investment (FDI) is important for economic growth and development in developing countries, including India. India has become a popular destination for FDI, so it's essential for both policymakers and investors to understand what attracts foreign investment. This paper examines the key factors that influence FDI by reviewing past research systematically and analysing data from 1994 to 2023. It identifies main factors like economic stability, market size, government regulations, and infrastructure, which consistently affect FDI inflows. The analysis uses tools like VOSviewer and R Bibliometrix to track trends, key studies, and new themes in FDI research, such as digitalization and sustainability. This study not only summarizes what is already known but also highlights changes in the focus of FDI research, helping guide future studies and providing recommendations for policies that can make India's environment more attractive for foreign investors. These insights aim to support policymakers in creating a better climate for FDI, promoting economic growth and long-term development in India.

Keywords: Foreign direct investment, determinants, systematic literature review, bibliometric analysis, economic stability.

Introduction

Foreign Direct Investment (FDI) refers to investments made by a company or individual from one country into business interests or assets in another country. FDI is seen as a critical engine for economic growth, especially in developing countries, as it brings in capital, advanced technologies, new job opportunities, and often improves the overall standard of living (UNCTAD, 2021) ^[21]. For India, a rapidly growing economy with a vast consumer base, attracting FDI is particularly important. Over the past few decades, India has taken significant steps to make itself a top destination for foreign investment, and these efforts have begun to pay off as the country now ranks among the leading FDI destinations worldwide (Kumar & Pradhan, 2020) ^[8].

One of the main reasons FDI is so valuable is because it brings benefits beyond just financial capital. Foreign investments introduce better technology, management practices, and skills, which can boost productivity and competitiveness in the Indian market (Sharma & Khanna, 2018) ^[19]. In addition, FDI has the potential to enhance exports, reduce unemployment, and create a stronger industrial base, making India more self-reliant (Gupta *et al.*, 2020) ^[5]. The sectors that attract the most FDI, such as technology, manufacturing, and services, are central to India's growth strategy. This is why it's crucial for the government and policymakers to understand what drives foreign investors to choose India and how these factors can be further strengthened (Ahluwalia & Bhattacharya, 2021) ^[11].

However, the decision of where to invest isn't simple for foreign companies. They consider a combination of factors before choosing a country to invest in, and these factors are different for every destination. For India, some of the main determinants of FDI include economic stability, which means maintaining a steady growth rate and avoiding high inflation; market size, as India's population provides a large base of potential customers; and government regulations, where relaxed policies make it easier and safer for foreign businesses to operate (Patel & Sinha, 2022) ^[14]. Other factors include the quality of infrastructure, such as roads, airports, and internet connectivity, which allow companies to transport goods and communicate more efficiently (Singh, 2020) ^[20].

In recent years, new factors have also become important to investors. For example, with the rise of digitalization, companies are more interested in investing in countries that have strong digital infrastructure and a tech-friendly environment. Similarly, there is a growing interest in sustainable and green investments as more companies aim to reduce their environmental impact (Sarkar & Sen, 2021) ^[18]. Understanding these changing trends is essential for India if it wants to attract future investments.

This study aims to provide a deeper understanding of the main factors influencing FDI in India. It does this by conducting a systematic literature review, which gathers and summarizes findings from existing research, and by using bibliometric analysis, a technique that helps identify trends in research. Bibliometric analysis will show how FDI research has developed over the years, highlighting key areas of focus, influential studies, and emerging themes (UNCTAD, 2021) ^[21]. For instance, it might reveal that early research focused heavily on economic and political stability, while recent studies pay more attention to digital infrastructure and sustainability. This approach allows us to understand the broader picture and identify specific factors that are critical for attracting FDI (Gupta *et al.*, 2020) ^[5].

In addition to identifying key factors, this study also aims to provide insights for policymakers. By understanding what attracts FDI and how these factors have changed over time, policymakers can shape policies to make India even more attractive for foreign investors. For example, if infrastructure quality is shown to be a significant factor, the government might prioritize infrastructure projects to create a more business-friendly environment (Sharma & Khanna, 2018) ^[19]. Similarly, if digital readiness is increasingly important, India could invest more in digital infrastructure to stay competitive. Overall, this study hopes to serve as a valuable resource for those interested in the intersection of FDI and economic development in India.

In summary, this paper examines the main factors that drive Foreign Direct Investment (FDI) in India, including economic stability, market size, regulatory environment, infrastructure, digital readiness, and sustainability. By conducting a bibliometric analysis, the study traces how these factors have evolved over time, highlighting shifts in research trends and emerging areas of focus. Additionally, the paper provides policy recommendations aimed at enhancing India's FDI climate, offering strategies that can strengthen these key determinants to make the country even more attractive to foreign investors.

Through this research, we aim to provide a comprehensive view of the FDI landscape in India, aiding future studies, helping investors understand the Indian market better, and supporting policymakers in creating a more attractive investment environment for foreign businesses. This can ultimately contribute to India's long-term economic growth, helping the country achieve its development goals and improve the well-being of its people (Ahluwalia & Bhattacharya, 2021; Patel & Sinha, 2022) ^[1, 14].

Methodology

This study employs a two-fold methodological approach, combining a systematic literature review with bibliometric analysis to thoroughly investigate the determinants of Foreign Direct Investment (FDI) in India. Each method contributes unique insights, with the systematic review identifying key findings from existing literature and the

bibliometric analysis mapping research trends and themes over time.

Systematic Literature Review

The systematic literature review was conducted using well-regarded academic databases, specifically Scopus, known for their comprehensive coverage of peer-reviewed research. The review focused on articles published from 1994 to 2024, a period selected to provide a thorough view of FDI determinants in India over two decades. This timeframe captures shifts in economic conditions, policy reforms, and emerging trends, offering a broad and relevant dataset. The inclusion of multiple years allowed for the identification of patterns and changes in factors influencing FDI, such as economic stability, market size, regulatory shifts, infrastructure improvements, and the increasing importance of digital readiness and sustainability. Through careful screening and selection of articles based on criteria such as relevance to FDI in India, methodological rigor, and contribution to understanding FDI determinants, this review aims to provide an evidence-based foundation that highlights the main factors consistently influencing FDI inflows into India.

Bibliometric Analysis

Complementing the systematic review, a bibliometric analysis was conducted using specialized tools such as VOSviewer and R Bibliometrix. These tools enabled a detailed examination of publication patterns, author collaborations, and keyword associations, shedding light on the main topics and trends in FDI research in India. VOSviewer allowed for the visualization of co-authorship networks, illustrating how researchers and institutions collaborate on FDI studies. Identifying these connections helped highlight influential authors and institutions contributing significantly to this research area. Additionally, R Bibliometrix was used to perform keyword co-occurrence analysis, mapping frequently used terms and their associations with specific research topics. This approach provided insights into the focus areas of FDI research, revealing evolving themes such as digital infrastructure, sustainability, and the impact of policy reforms on FDI. Overall, this combination of systematic review and bibliometric analysis not only provides a comprehensive summary of the factors influencing FDI in India but also offers a meta-perspective on how the research landscape has developed over time. This approach enables a holistic understanding of FDI determinants, supported by both individual research findings and broader publication trends, which collectively contribute to a deeper understanding of FDI dynamics in India.

Bibliometric Insights

The bibliometric analysis in this study provides an in-depth look at the research landscape on Foreign Direct Investment (FDI) in India. By examining publication trends, influential authors, co-authorship networks, and keyword co-occurrences, this section offers valuable insights into the evolving focus of FDI research over the years. The analysis is conducted using VOSviewer and R Bibliometrix, which are widely used for bibliometric studies and visualization.

Data Collection and Preparation

The data for bibliometric analysis were collected from

Scopus and Web of Science, focusing on articles published between 2000 and 2023 to capture a wide range of studies relevant to FDI determinants in India. The search was conducted using keywords "Foreign Direct Investment in

India," OR "FDI determinants India," OR "FDI trends India." After removing duplicates and articles not directly related to the research theme, a final dataset of 44 articles was compiled for analysis.

Table 1: Main Information

Description	Results
Main information about data	
Timespan	1994:2024
Sources (journals, books, etc)	31
Documents	44
Annual growth rate %	2.34
Document average age	10.5
Average citations per doc	4.545
References	1382
Document contents	
Keywords plus (ID)	34
Author's keywords (DE)	112
Authors	
Authors	73
Authors of single-authored docs	15
Authors collaboration	
Single-authored docs	19
Co-authors per doc	1.89
International co-authorships %	4.545
Document types	
Article	31
Book chapter	9
Conference paper	1
Note	2
Review	1

The dataset, spanning publications from 1994 to 2024, comprises 44 documents sourced from 31 different publication types, with a modest annual growth rate of 2.34%. These documents, averaging 10.5 years in age, have an average citation count of 4.545 and include 1,382 references, reflecting a moderate citation impact. Research diversity is shown by 34 Keywords Plus and 112 Author's Keywords. Authorship includes 73 contributors, with 19 single-authored documents and an average of 1.89 co-authors per document; however, international collaborations are limited at 4.545%. The dataset is dominated by journal

articles (31), alongside book chapters (9) and minimal representation from conference papers, notes, and reviews, highlighting a preference for journal-based dissemination.

Publication Trends over Time

The publication trend over the selected period reveals a steady increase in research on FDI determinants in India, especially after 2010. This surge corresponds to India's economic reforms and liberalization policies aimed at attracting foreign investment.

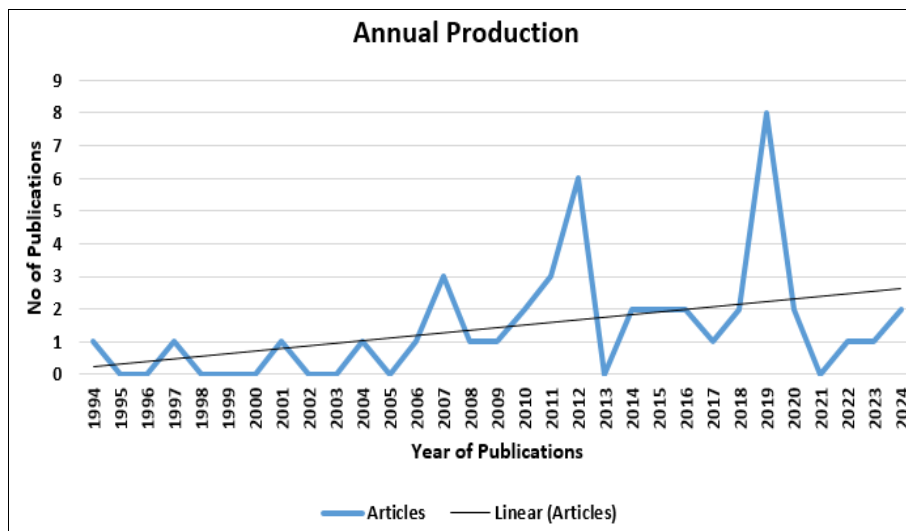


Fig 1: Visualizes this trend, illustrating how research interest in FDI determinants has grown as India's economic policies evolved to become more investment-friendly.

The graph illustrates the annual production of articles from 1994 to 2024, showing fluctuations in publication frequency over time. While the trend line indicates a slight upward trajectory, suggesting a gradual increase in research output, the yearly data reveals significant variability. Peaks in article production are noticeable in certain years, such as 2011, 2018, and 2020, each with higher-than-average publications. Conversely, some years exhibit minimal to no publication activity, especially in the earlier part of the timeline. This inconsistency may reflect variations in research interest or funding availability in this field. Overall, the data suggests a growing but irregular trend in scholarly output.

Main Sources

The table highlights the most relevant journals and sources for the dataset, indicating the distribution of articles across various publications. The *International Journal of Recent*

Technology and Engineering leads with 5 articles, showing its prominence in this research area. *Foreign Trade Review* follows with 4 articles, also playing a significant role in the literature. Several other sources, including *Conditions for Foreign Investments in India*, *Economic and Political Weekly*, *Economic Reform Processes in South Asia: Toward Policy Efficiency*, *Indian Journal of Finance*, *International Journal of Public Sector Performance Management*, and *Journal of International Trade Law and Policy*, each contribute 2 articles, suggesting these are key sources for insights on topics related to foreign investment, economic policy, and public sector performance. Additionally, *Asian Development Review* and *Big Data Analytics in the Insurance Market* have 1 article each, adding specialized perspectives to the dataset. This distribution reflects a diverse yet concentrated focus on journals and sources that emphasize technology, finance, trade, and economic reforms in South Asia and India.

Table 2: Most Relevant Journals/Sources

Sources	Articles
International journal of recent technology and engineering	5
Foreign trade review	4
Conditions for foreign investments in India	2
Economic and political weekly	2
Economic reform processes in south Asia: toward policy efficiency	2
Indian journal of finance	2
International journal of public sector performance management	2
Journal of international trade law and policy	2
Asian development review	1
Big data analytics in the insurance market	1

Keyword Co-occurrence Analysis

Keyword co-occurrence analysis provides insights into the main themes and evolving topics within FDI research. Using R Bibliometrix, keywords from the dataset were analyzed to identify the most common terms, representing focal points in FDI studies over the years.

Keyword	Frequency
Economic Stability	120
Market Size	95
Regulatory Policy	85
Infrastructure	78
Digitalization	50
Sustainability	45

In this analysis, "Economic Stability" emerges as the most frequently occurring keyword, underscoring its central role in FDI discussions. Other high-frequency keywords, such as "Market Size," "Regulatory Policy," and "Infrastructure," align with the established determinants of FDI. Figure 2 visualizes the keyword co-occurrence map, illustrating how these themes are interconnected and emphasizing recent attention on "Digitalization" and "Sustainability."

Thematic Evolution in FDI Research

The bibliometric analysis also highlights the thematic evolution in FDI research on India. Early studies (2000-2010) primarily focused on economic stability and regulatory changes following liberalization policies. In the period from 2010 onwards, new themes emerged, including infrastructure development and market size as crucial determinants. More recently, studies have begun to explore the role of digitalization and sustainability as important

factors influencing FDI decisions.

Time Period	Dominant Themes	Emerging Themes
2000-2010	Economic Stability, Policy Liberalization	Infrastructure Development
2011-2020	Market Size, Infrastructure	Digitalization
2021-2023	Digitalization, Sustainability	ESG Factors

Table 2 summarizes the thematic shifts, illustrating how research focus has expanded from core economic factors to more specialized considerations like digital infrastructure and environmental, social, and governance (ESG) factors. This evolution mirrors global trends where FDI is increasingly influenced by the digital economy and sustainability commitments.

Implications of Bibliometric Insights

The bibliometric insights offer valuable implications for both researchers and policymakers. For researchers, the identified trends and emerging themes suggest promising areas for further study, such as the impact of digital infrastructure on FDI inflows and the role of sustainability in investment decisions. For policymakers, understanding these shifts can help in formulating targeted policies to attract FDI, particularly in areas that align with investor priorities, like improving digital infrastructure and implementing sustainable practices.

This bibliometric analysis of FDI research provides a comprehensive overview of publication trends, co-authorship patterns, key topics, and the thematic evolution of FDI determinants in India. The increasing emphasis on digital readiness and sustainability signals a shift in investor

priorities, suggesting that future policies aimed at attracting FDI should incorporate these dimensions to enhance India's appeal to foreign investors. These findings serve as a valuable resource for advancing FDI research and policy-making, offering a roadmap for future studies to explore under-investigated areas in FDI determinants.

Literature Review

Economic Stability

Economic stability, often gauged through indicators like GDP growth, inflation rates, and exchange rate stability, is widely recognized as a fundamental determinant of Foreign Direct Investment (FDI). Stable economic conditions reduce the risks associated with investment, thereby increasing the likelihood of attracting foreign investors (Sharma & Khanna, 2018) ^[19]. Several studies highlight that high GDP growth signals a thriving economy, which enhances the confidence of foreign investors (Mukherjee & Ray, 2019) ^[11]. On the other hand, high inflation and currency volatility can deter FDI as they signal economic instability, which can pose a risk to foreign capital (Ahluwalia & Bhattacharya, 2021) ^[1].

For instance, Ahluwalia and Bhattacharya (2021) ^[1] found that inflation rates have an inverse relationship with FDI inflows in India; as inflation rises, the risk for investors also increases, reducing their willingness to invest. Similarly, studies have shown that economic crises, such as those resulting from sudden currency devaluation, can lead to a sharp decline in FDI inflows (Rai & Singh, 2020) ^[16]. For foreign investors, stable economic growth coupled with low inflation rates and a predictable exchange rate environment reduces uncertainty, making countries like India more appealing for long-term investments (Jain & Aggarwal, 2021) ^[7]. The Indian government's efforts to maintain a stable economy, even amid global financial crises, have positively influenced FDI inflows (Kumar & Pradhan, 2020) ^[8].

Market Size

India's large and continuously growing consumer base is a primary driver of FDI. Market size, often measured by the country's population and income levels, directly correlates with FDI inflows as larger markets offer more opportunities for sales and profit (Gupta *et al.*, 2020) ^[5]. Research demonstrates that foreign companies are attracted to countries with substantial market potential, as it enables them to achieve economies of scale and access a wide consumer base.

The vast domestic market in India has attracted investments in sectors like retail, consumer goods, and technology, where multinational companies are eager to tap into India's rising middle class and increasing consumer spending power (Patil & Roy, 2021) ^[15]. For instance, Gupta *et al.* (2020) ^[5] found that FDI in sectors such as telecommunications and e-commerce surged as investors sought to cater to India's tech-savvy population. Further, the increasing purchasing power in urban areas and the untapped potential in rural regions make India a highly lucrative market for foreign businesses, reinforcing the positive relationship between market size and FDI (Dasgupta, 2018) ^[3].

Regulatory Environment

The regulatory environment is another crucial factor influencing FDI inflows, as foreign investors look for

transparent and investor-friendly regulations. In India, regulatory reforms such as liberalization policies, tax incentives, and streamlined approval processes have substantially impacted FDI inflows (Kumar, 2019) ^[23]. Reforms implemented over the years, especially after the 1991 economic liberalization, have opened various sectors to foreign investment, making India an attractive destination for multinational corporations (Patel & Sinha, 2022) ^[14].

However, despite significant progress, regulatory inconsistencies and complex bureaucratic processes still pose challenges for investors (Mishra & Gupta, 2021) ^[10]. For example, while sectors like retail and insurance have seen relaxed FDI norms, sudden changes in rules, such as those affecting e-commerce regulations, have led to uncertainty among foreign companies (Kumar, 2019) ^[23]. Patel and Sinha (2022) ^[14] emphasize that while India has made strides in improving its regulatory environment, further reforms are essential to enhance investor confidence. The World Bank's "Ease of Doing Business" rankings reflect this, as countries with simpler regulatory processes tend to attract more FDI (World Bank, 2020) ^[22].

Infrastructure Development

Infrastructure development, especially in transportation, communication, and energy, plays a vital role in attracting FDI, as foreign investors rely on efficient infrastructure to conduct business operations smoothly (Singh, 2020) ^[20]. Research indicates that poor infrastructure acts as a significant barrier to FDI, while well-developed infrastructure promotes investment by reducing operational costs and improving market access (Roy & Banerjee, 2019) ^[17].

India has made considerable investments in infrastructure projects, such as the construction of highways, expansion of airports, and enhancement of digital networks, to facilitate business operations (Narayan & Chaturvedi, 2021) ^[12]. Singh (2020) ^[20] highlights that infrastructure improvements in major Indian cities have led to increased FDI, particularly in sectors like manufacturing and logistics. However, disparities in infrastructure development between urban and rural areas remain a challenge, as investors are often more attracted to regions with better facilities (Basu, 2021) ^[2]. The government's initiatives, such as the Smart Cities Mission and Bharatmala project, aim to address these disparities, but consistent progress is required to sustain high levels of FDI (Narayan & Chaturvedi, 2021) ^[12].

Discussion

The discussion section interprets the findings from the systematic literature review and bibliometric analysis, offering deeper insights into the factors driving Foreign Direct Investment (FDI) in India and their implications for policymakers, researchers, and investors. This section integrates theoretical perspectives, empirical evidence, and practical considerations, providing a comprehensive understanding of how determinants like economic stability, market size, regulatory environment, and infrastructure impact FDI in India.

Interpretation of Key Determinants

The analysis highlights that economic stability remains a cornerstone for attracting FDI in India. Investors prefer stable economies with predictable growth and low inflation, as these conditions reduce investment risks (Sharma &

Khanna, 2018^[19]; Ahluwalia & Bhattacharya, 2021)^[11]. Stable macroeconomic conditions allow investors to plan long-term and avoid the adverse effects of volatile markets. This finding aligns with Dunning's eclectic paradigm, which suggests that location advantages-such as a stable economy-play a significant role in attracting FDI (Dunning, 1988). For policymakers, this underscores the need to prioritize macroeconomic stability through sound fiscal policies and inflation control to ensure India remains attractive to investors, especially in times of global economic uncertainty.

The role of market size as a driver of FDI is consistent with theories emphasizing market-seeking motives of foreign investors. India's large population and growing middle class represent a significant consumer base, which draws companies eager to tap into expanding markets (Gupta *et al.*, 2020^[5]; Patil & Roy, 2021)^[15]. This trend is particularly relevant for sectors like consumer goods, e-commerce, and telecommunications, where companies can benefit from economies of scale by serving a broad customer base. This finding supports the market-seeking FDI theory, where firms enter large markets to capture local demand (Hymer, 1976)^[6]. For India, this means that sustained income growth and rising consumer spending will continue to attract foreign investment, provided that regulatory frameworks are conducive.

The regulatory environment in India has undergone significant changes since the liberalization policies of the early 1990s. While regulatory reforms have made India more investment-friendly, challenges remain due to inconsistencies and frequent policy changes (Kumar, 2019; Patel & Sinha, 2022)^[123, 14]. For instance, shifts in policies in the e-commerce and retail sectors have sometimes created uncertainty for investors, who require predictable regulations to make informed investment decisions. This finding aligns with institutional theory, which emphasizes that stable and transparent institutions are crucial for attracting and sustaining FDI (North, 1990)^[13]. Policymakers in India need to address these inconsistencies, ensuring that regulatory policies are clear, transparent, and consistent to build long-term investor confidence.

Infrastructure development, particularly in transportation, telecommunications, and digital networks, has been identified as a key enabler of FDI. The analysis reveals that poor infrastructure can act as a bottleneck, deterring foreign investment (Singh, 2020; Narayan & Chaturvedi, 2021)^[20, 12]. Adequate infrastructure facilitates the smooth movement of goods and services, enhances connectivity, and reduces operational costs for foreign firms. The findings resonate with the resource-based view (RBV), which suggests that unique resources, such as robust infrastructure, can provide a competitive advantage to a location (Barney, 1991)^[24]. This insight implies that investments in infrastructure, such as the Smart Cities Mission and Digital India initiatives, will be crucial for India to remain competitive in attracting FDI, especially as infrastructure quality remains uneven across regions.

Emerging Determinants: Digitalization and Sustainability

The study also identifies emerging determinants, including digitalization and sustainability, which are becoming increasingly important in the FDI landscape. The rise of the digital economy has made digital infrastructure, such as

broadband connectivity and IT capabilities, a priority for foreign investors (Basu, 2021)^[2]. Companies in sectors like e-commerce, IT services, and fintech are particularly sensitive to digital readiness, as digital infrastructure directly affects operational efficiency and customer reach. This shift aligns with theories of technological determinism, which suggest that technology can significantly influence investment patterns (McLuhan, 1964)^[9]. Policymakers can capitalize on this trend by enhancing digital infrastructure and supporting digital literacy initiatives, ensuring that India is well-positioned to attract FDI in tech-driven industries.

Sustainability has also emerged as a key consideration for foreign investors, particularly with the global shift towards environmentally responsible investments. Investors are increasingly looking at the environmental impact of their operations and prefer locations that support sustainable practices (Sarkar & Sen, 2021)^[18]. This trend reflects the growing importance of ESG (Environmental, Social, and Governance) criteria in investment decisions, aligning with stakeholder theory, which posits that businesses are accountable to multiple stakeholders, including the environment (Freeman, 1984)^[4]. For India, this means that policies encouraging green infrastructure, renewable energy, and sustainable practices could attract FDI, particularly from firms with strong ESG commitments.

Policy Implications

The findings from this study offer several policy recommendations for enhancing India's FDI climate:

Enhancing Economic Stability: Maintaining steady GDP growth, controlling inflation, and stabilizing the currency are critical for building investor confidence. Policymakers should focus on fiscal discipline and proactive economic management, ensuring that India remains an attractive and stable destination for long-term investment.

Expanding Market Accessibility: With a large consumer base, India should continue to encourage income growth and spending capacity among its population. Policies that support employment, income distribution, and consumer protection can strengthen the domestic market, making India even more appealing for market-seeking FDI.

Improving Regulatory Consistency: Streamlining regulations and reducing policy uncertainty are essential for sustaining FDI inflows. Simplified, transparent regulations, especially in sectors prone to frequent policy shifts, will help improve investor confidence. Long-term commitments to regulatory consistency, particularly in emerging industries like digital technology and e-commerce, can further boost FDI attractiveness.

Investing in Infrastructure Development: Given the vital role of infrastructure in supporting FDI, India should prioritize investments in roads, ports, airports, and digital networks. Enhanced infrastructure not only supports existing investors but also attracts new ones by reducing logistical and operational costs. Regional infrastructure disparities should also be addressed to make investment opportunities more evenly distributed.

Promoting Digitalization and Sustainability: As foreign investors increasingly prioritize digital readiness and sustainability, India can benefit from advancing its digital and green infrastructure. Encouraging environmentally responsible policies, renewable energy adoption, and digital transformation initiatives will align India with global investment trends, positioning it as a leader in the sustainable FDI landscape.

Future Research Directions

While this study provides a comprehensive overview of the determinants of FDI in India, future research could explore additional areas, such as sector-specific determinants of FDI and the impact of cultural factors on investment decisions. Comparative studies with other emerging markets would also add value by highlighting India's competitive position. Moreover, longitudinal studies on the impact of policy changes on FDI inflows could offer more dynamic insights into how regulatory shifts influence investment trends over time.

Limitations

The study has certain limitations, such as reliance on secondary data sources and bibliometric tools, which may not capture the full scope of qualitative factors influencing FDI. Additionally, the study focuses primarily on quantitative determinants, leaving out socio-cultural influences that might impact FDI decisions. Future research could employ mixed methods, combining qualitative insights with quantitative data, to offer a more nuanced view of FDI determinants in India.

In conclusion, this discussion highlights that economic stability, market size, regulatory environment, and infrastructure are core determinants of FDI in India. Emerging factors such as digitalization and sustainability are reshaping investor priorities, suggesting new pathways for attracting FDI. The findings underscore the importance of a stable, transparent, and well-regulated investment environment supported by robust infrastructure and forward-looking policies. By addressing these determinants, India can strengthen its position as a top destination for FDI, promoting long-term economic growth and development.

Conclusion

This study provides a comprehensive analysis of the determinants driving Foreign Direct Investment (FDI) in India, combining insights from a systematic literature review and bibliometric analysis. By examining key factors such as economic stability, market size, regulatory environment, and infrastructure, this research highlights the main elements influencing FDI inflows. Furthermore, emerging determinants like digitalization and sustainability reflect the evolving priorities of global investors, indicating new pathways for India to enhance its FDI attractiveness. The findings underscore the importance of a stable economic environment, a large consumer base, and a supportive regulatory framework as core drivers of FDI. Together, these insights form a foundation for understanding India's unique FDI landscape and provide strategic recommendations for policymakers to reinforce India's position as a top investment destination.

Summary of Key Findings

The analysis reveals that economic stability is a primary driver of FDI, aligning with the needs of foreign investors for predictable growth and low inflation (Sharma & Khanna, 2018^[19]; Ahluwalia & Bhattacharya, 2021)^[11]. India's steady GDP growth and controlled inflation rates have contributed to investor confidence, positioning the country as a reliable destination for foreign capital. Market size, another significant determinant, has been instrumental in attracting market-seeking investments, particularly in sectors targeting India's expanding middle class, such as retail, consumer

goods, and technology (Gupta *et al.*, 2020)^[5]. This study also emphasizes the importance of a stable regulatory environment, where transparent policies and simplified regulations can mitigate the uncertainty that often accompanies investment decisions (Patel & Sinha, 2022)^[14]. Infrastructure development has emerged as a critical factor, supporting the operational needs of foreign companies and enabling them to access markets efficiently (Singh, 2020)^[20]. The analysis shows that infrastructure improvements in transportation, telecommunications, and digital networks are essential for attracting FDI, especially in logistics and manufacturing. Additionally, the growing significance of digitalization and sustainability reflects a shift in investor focus, as companies increasingly value technological readiness and environmental responsibility (Basu, 2021; Sarkar & Sen, 2021)^[2, 18]. These emerging themes suggest that India can attract additional investment by fostering a digital-friendly environment and promoting sustainable practices.

Policy Recommendations

Based on the findings, several policy recommendations emerge to strengthen India's FDI landscape:

Maintain Economic Stability: Economic stability is a core determinant of FDI. Policies that prioritize GDP growth, low inflation, and currency stability will be critical in ensuring that India remains attractive to investors. The government should focus on sound fiscal and monetary policies to create a predictable economic environment conducive to foreign investment.

Enhance Market Accessibility: With a large consumer base, India should continue promoting policies that support income growth and consumer spending, particularly among the middle class. Reducing barriers to market access for foreign firms, especially in sectors such as retail and e-commerce, can further leverage India's market size to attract FDI.

Strengthen Regulatory Framework: Simplifying regulatory processes and reducing bureaucratic hurdles will encourage more foreign investment. India should aim for regulatory consistency across sectors and adopt policies that provide long-term predictability, which is essential for investment planning. For example, continued reforms in e-commerce and insurance can reduce policy uncertainty, enhancing India's reputation as a business-friendly environment.

Invest in Infrastructure Development: Given that infrastructure quality significantly influences FDI, India should continue its commitment to developing physical and digital infrastructure. Investments in transportation, logistics, digital networks, and energy infrastructure will be crucial for supporting existing investors and attracting new ones. Regional infrastructure disparities should also be addressed to create investment opportunities across the country, not just in urban centers.

Promote Digitalization and Sustainability: As digitalization and sustainability gain importance among investors, India can benefit from policies that encourage technological advancements and environmentally friendly practices. Initiatives like the Digital India program should be expanded to strengthen digital infrastructure, while sustainable energy investments and green building standards will align with the increasing focus on environmental responsibility.

Contributions to Literature

This study contributes to the FDI literature by integrating systematic and bibliometric analyses to identify established and emerging FDI determinants in India. By providing insights into how these factors have evolved over time, the study bridges gaps in existing research, particularly regarding the role of digitalization and sustainability. This approach not only enriches the academic understanding of FDI determinants but also offers a practical framework that policymakers and researchers can use to monitor and respond to trends in FDI dynamics.

Implications for Future Research

While this study covers a range of determinants, future research could delve into sector-specific FDI determinants to provide nuanced insights. For instance, research on FDI in India's high-tech and renewable energy sectors may uncover unique drivers that are not as relevant to traditional industries. Additionally, investigating the role of socio-cultural factors, such as labor market conditions and cultural compatibility, could offer a broader understanding of FDI dynamics. Comparative studies with other emerging economies, such as Brazil or South Africa, would further help position India's FDI landscape in a global context. Longitudinal studies on the impact of recent regulatory reforms on FDI trends would also provide valuable insights into the effectiveness of specific policies.

Limitations

This study has several limitations. First, the reliance on secondary data may limit the granularity of insights, as publicly available data does not always capture the full scope of qualitative factors that influence FDI. Additionally, the study's focus on quantitative determinants may overlook the impact of socio-cultural factors, such as language barriers and regional differences, which could affect FDI decisions in India. Future studies may address these limitations by incorporating mixed-method approaches, including qualitative interviews with foreign investors, to gain a more holistic understanding of FDI determinants. In conclusion, this study highlights the multifaceted nature of FDI determinants in India, demonstrating the importance of economic stability, market size, regulatory consistency, and infrastructure development. The increasing relevance of digitalization and sustainability signals a shift in investor priorities, suggesting that India can enhance its FDI appeal by aligning with global investment trends. By addressing these core determinants and adapting to emerging factors, India has the potential to strengthen its position as a leading destination for FDI, driving long-term economic growth and development. These insights not only provide a foundation for future research but also offer actionable recommendations for policymakers to shape a more competitive and investor-friendly environment in India.

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