Review Analysis of Global Trade and FDI in India

Dr. Anitha. G.[1], Unnati Bansal[2], Sankalp Asthana[3]

[1]Associate Professor, Department of BBA, Maharaja Agrasen Institute of Management Studies (MAIMS), GGSIPU, Rohini, Delhi, India

[2,3]Student, BBA Programme, MAIMS, Rohini, Delhi, India

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ABSTRACT

The 'Viksit Bharat 2047 initiative outlines India's goal to attain developed nation status by 2047. This research paper explores the framework supporting this vision, focusing on economic growth, social equity, environmental sustainability, and governance. It highlights the role of youth as agents of change and aims to improve living standards for key groups: youth, women, the economically disadvantaged, and farmers. Targeted economic milestones include a $29 trillion GDP and increased foreign direct investment (FDI), alongside reforms in trade and taxation. The paper assesses India's current progress and recent global trade developments, employing qualitative and quantitative methods to identify critical benchmarks for success. Ultimately, it advocates for a comprehensive approach to ensure inclusive growth and economic transformation, positioning India as a self-reliant global leader by 2047.

Keywords: Viksit Bharat, Economic Growth, Foreign Direct Investment, Trade, Inclusivity

INTRODUCTION

'Viksit Bharat' refers to 'Developed India'. 'Viksit Bharat 2047 initiative is designed to help fulfil India's goal of becoming a developed nation by the 100th anniversary of its independence. As the nation nears this significant milestone in 2047, this initiative aims to unite efforts across various sectors, including economic, social, environmental, and governance, to foster comprehensive and sustainable progress. The vision is for India to emerge as a prominent global leader characterized by high living standards, equitable development, and commitment to environmental sustainability. Central to this transformation is the proactive involvement of young people in India, recognized as both catalysts and beneficiaries of change. Prime Minister Narendra Modi emphasized their vital role by stating, “The strength of youth serves not only as a driver of change but also as recipients of that change”.

Vision of Viksit Bharat 2047

The vision for Viksit Bharat 2047 aims to elevate India to the status of a developed nation by the year 2047. This concept includes multiple dimensions of progress along with rapid economic development, social harmony, sustainability and effective governance. It includes four key pillars that need to be elevated and addressed to make India a self-reliant economy by 2047. These foundational components of Viksit Bharat consist of Yuva (Youth), Garib (Poor), Mahilayen (Women), and Annadata (Farmers).

Dimensions of Viksit Bharat 2047

This concept includes multiple dimensions of progress, including economic advancement, environmental responsibility, social development, and effective governance, all aimed at achieving a developed India by 2047. These are discussed as follows:

Economic Growth: A developed India should boast a robust and resilient economy that creates opportunities and ensures a high quality of life for all its inhabitants.

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Environmental Sustainability: A developed India must prioritize a clean and green environment to safeguard the country's biodiversity and natural resources.

Social Progress: An inclusive and harmonious society is essential for a developed India, ensuring the dignity and welfare of all citizens.

Good Governance: Effective governance characterized by responsive policies and accountability is crucial for a developed India.

Projected Goals for Developed India

To be a developed nation, certain projected targets for different periods are formulated which would help check and analyse the goal of becoming a self-reliant nation by 2047. These are:

Gross Domestic Product (GDP): The targeted strategies aim to increase India's GDP to $6.69 trillion by 2030, $16.13 trillion by 2040, and $29.02 trillion by the time of 2047.

Per Capita Income: Projections for per capita income at current prices are expected to reach $4,418 by 2030, $10,021 by 2040, and $17,590 by 2047. In terms of Indian rupees, this indicates that the current per capita income of approximately Rs 2 lakhs will need to be escalated to nearly Rs 14.9 lakhs by 2047.

Exports: The export targets are set at $1.58 trillion in 2030, $4.56 trillion in 2040, and $8.67 trillion by the year 2047.

Comparative Global Benchmarking

Global Trade Benchmarking

1. **Boost Export Diversification and Value Addition:** India must go beyond the conventional exports and emphasize high value-added products and services, as done in the case of South Korea and Singapore. It involves investing in research and development, encouraging innovation, and enhancing manufacturing capacity.
2. **Boost Export Competitiveness:** India's export competitiveness may be enhanced by simplifying rules, lowering barriers to trade, and enhancing ease of doing business. Taking cues from high-performing export-driven economies, such as Vietnam, can offer lessons.
3. **Strengthen Trade Agreements:** India must proactively seek free trade agreements (FTAs) with the important trade partners in order to access new markets and lower tariffs. It can learn from nations such as Singapore, which have used FTAs to increase trade.
4. **Promote Brand India:** Building a robust brand image for Indian goods and services in international markets is important to attract purchasers and establish confidence. This includes marketing quality standards, ethical manufacturing, and environmentally friendly production.

FDI Benchmarking

1. **Attract Higher FDI Inflows:** India must compete with other emerging economies in drawing foreign direct investment (FDI). This involves enhancing the ease of doing business, offering competitive incentives, and policy stability.
2. **Benchmark Against China:** China has led the world in FDI attraction, especially in manufacturing. India can learn from China's success in creating special economic zones (SEZs), offering infrastructure facilities, and simplifying regulations.
3. **Improve Infrastructure:** World-class infrastructure, such as transport, power, and logistics, is necessary for FDI attraction. It can be benchmarked against countries like South Korea that heavily invested in infrastructure for policy development for India.
4. **Streamline Regulations:** Lengthy and complex regulatory processes may discourage FDI. Regulations need to be simplified, bureaucratic barriers reduced, and transparency promoted to attract investors.

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5. **Focus on Specific Sectors:** India can aim FDI at certain industries where it enjoys a competitive edge, like renewable energy, pharmaceuticals, and automobiles. It can be useful to benchmark from the best-performing countries in these industries.

Growth of India as of FY2025

In fiscal year 2025, India's GDP is projected to expand by 6.4%, with a nominal GDP per capita of $2,940 and a purchasing power parity (PPP) figure of $11,942. Foreign direct investment (FDI) inflows have experienced a significant year-on-year increase of 17.9%, amounting to $55.6 billion, while global trade remains robust, with a 6.0% rise in exports and a notable 12.8% increase in services exports. Though these figures are promising, we need more to achieve our ambitious goal of becoming a self-reliant nation. The below-mentioned data talks about our current trajectory of progress.

Economic Performance and GDP

GDP Growth: India's real GDP is anticipated to grow by 6.4% in FY25, aligning closely with its ten-year average.

Nominal GDP: As recorded in 2023, India's nominal GDP stood at $3.57 trillion.

Per Capita GDP: In 2023, the GDP per capita (in current US$) was $2,480.8, with projections estimating it to reach $2,940 by 2025.

Foreign Direct Investment (FDI)

Inflows: FDI inflows rose from $47.2 billion in the initial eight months of FY24 to $55.6 billion in the same timeframe of FY25, marking a year-on-year growth of 17.9%.

FDI Ratio to GDP: In 2023, net FDI inflows represented approximately 0.78707% of India's GDP.

Global Trade

Overall Exports: Total exports increased by 6.0% year-on-year from April to December 2024.

Services Exports: The growth of India's services exports soared to 12.8% during the period of April to November FY25, compared to 5.7% in FY24.

Trade Deficit: The Economic Survey indicates a further reduction in India's trade deficit is anticipated.

Trade Policy: Recently signed free trade agreements (FTAs) are likely to enhance the country's export market share globally.

Key Economic Indicators

Foreign Direct Investment in India

Foreign Direct Investment (FDI) refers to the investment made by an individual or entity based outside India in an unlisted Indian company, or in 10% or more of the post-issue paid-up equity capital on a fully diluted basis of a listed Indian company. Typically, FDI is characterized as a long-term investment and primarily contributes to capital inflows that do not create debt.

India has reached a significant economic milestone, with foreign direct investment (FDI) inflows hitting $1 trillion since April 2000. In the first half of the current fiscal year, FDI rose by nearly 26% to $42.1 billion, showcasing India's attractiveness as an investment hub due to proactive policies and a competitive business environment. FDI plays a vital role in India's economic transformation by providing essential financing, promoting technology transfer, and creating jobs. Initiatives like "Make in India," along with liberalized policies and the Goods and Services Tax (GST), have boosted investor confidence. From April 2014 to

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September 2024, India attracted $709.84 billion in FDI, representing 68.69% of total FDI over the past 24 years. Also, India permits up to 100% foreign direct investment in the banking and telecommunications industries. In the Union Budget 2025, a decision was made to raise the sectoral cap for FDI in the insurance industry from 74% to 100%.

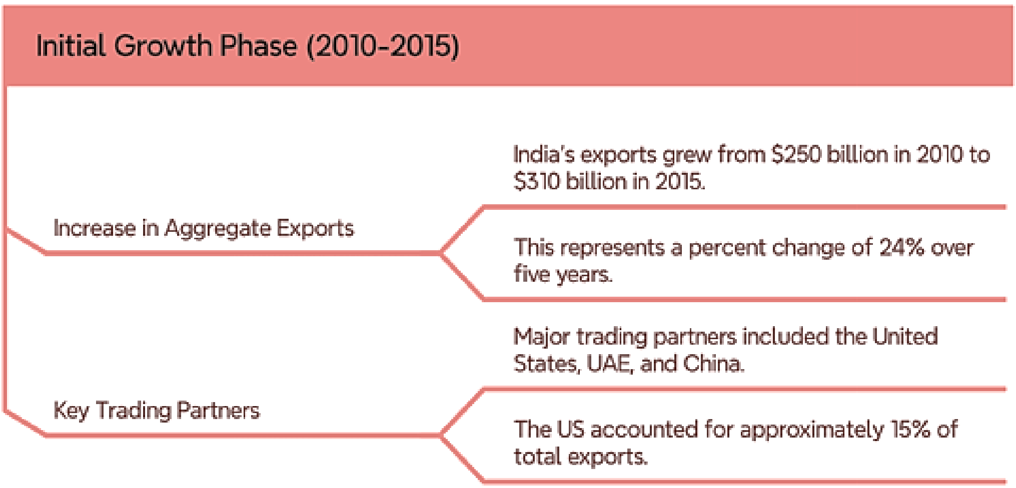
For 'Viksat Bharat', India needs to attract a minimum of $100 billion in foreign direct investment each year.

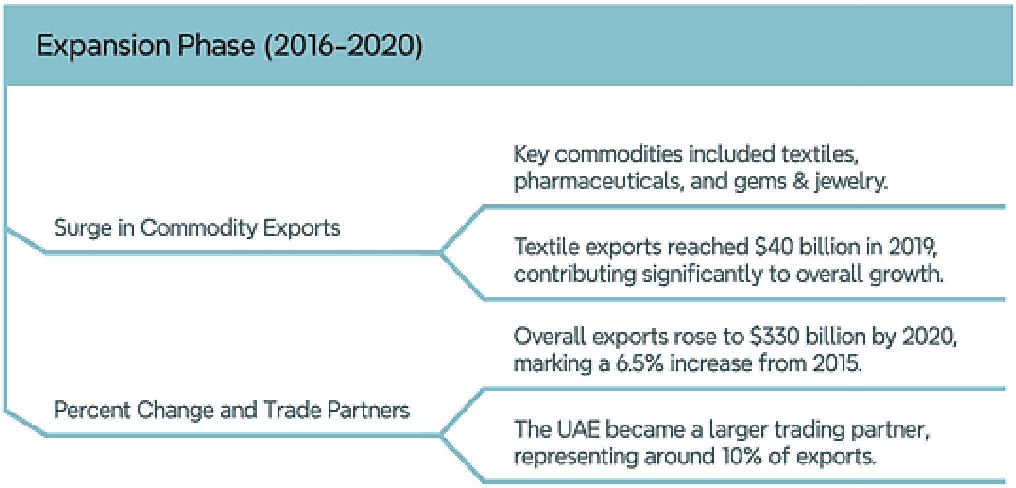
Global Trade and India's Exports and Imports

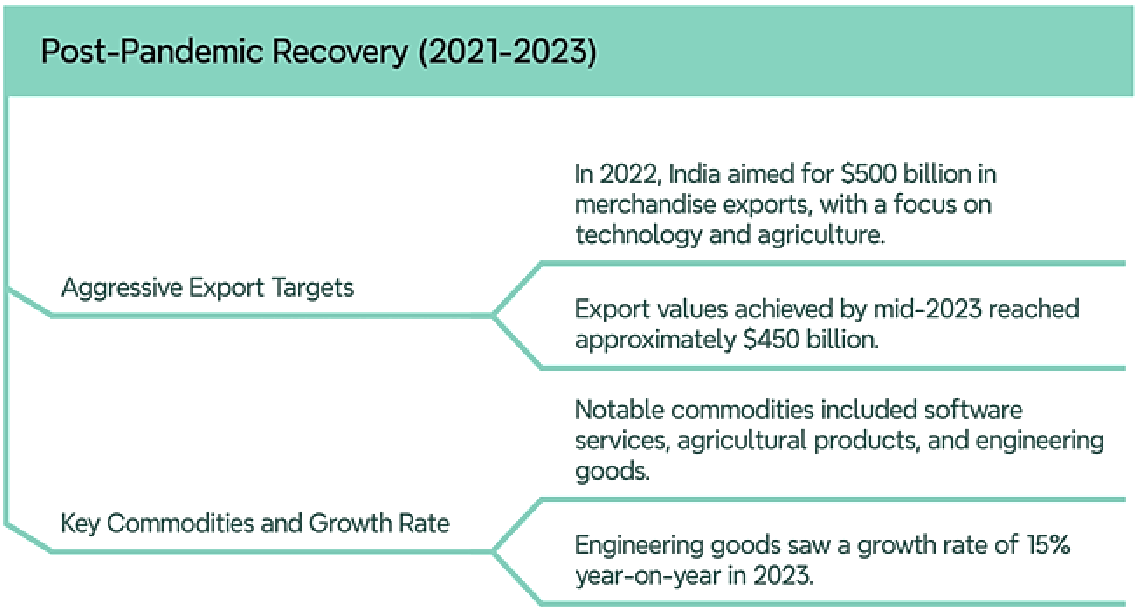
India, one of the world's fastest-growing economies, has become a significant player in global trade with a highly diversified export portfolio spanning IT, pharmaceuticals, textiles, machinery, and agriculture. The booming IT and services sector positions India among the top global software exporters. Imports, however, remain concentrated in crude oil, electronics, gold, and machinery—vital for industrial and technological growth.

Despite strong exports, India often faces a trade deficit. To address this, the government has launched initiatives like *Make in India* to boost domestic manufacturing and reduce import dependence. The Goods and Services Tax (GST) has streamlined taxation, lowering export costs, while infrastructure upgrades in ports, highways, and logistics enhance trade efficiency.

Trade policy is centred on strengthening the domestic economy, with an ambitious target to raise exports from $775 billion in 2023–24 to $2 trillion by 2030—requiring over 14% annual growth, far outpacing IMF's global trade forecasts.







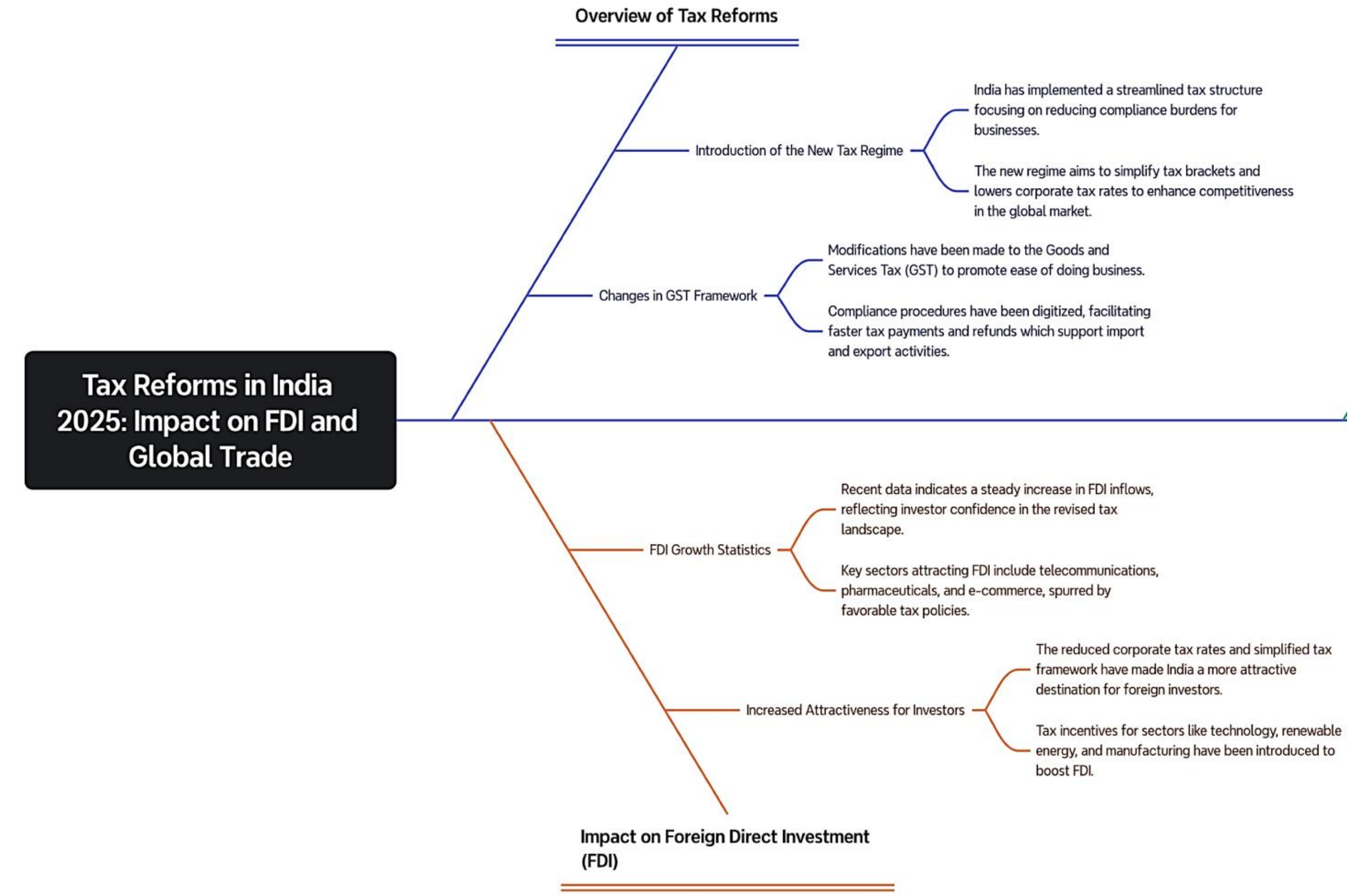
Tax Reforms in India

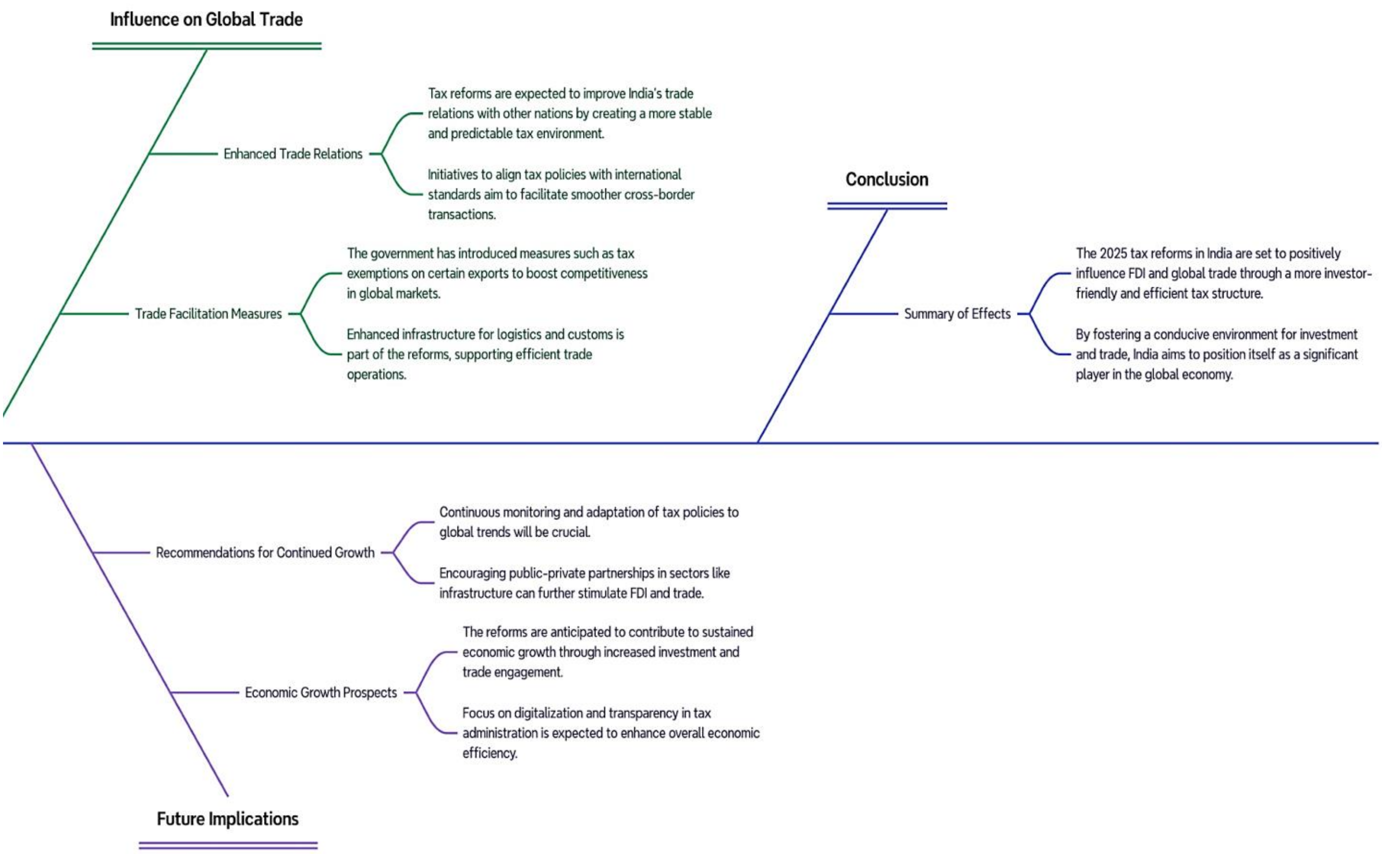
India's recent tax reforms aim to create a business-friendly environment, attract FDI, and boost global trade. Key measures include simplifying tax compliance, reducing corporate tax rates, and eliminating levies that deter foreign investment.

The proposed cut in corporate tax for foreign firms from 40% to 35%, the removal of the 2% equalization levy on digital services, and the abolition of the Dividend Distribution Tax (DDT) helped eliminate double taxation and improve investor confidence.

Reforms also include scrapping the angel tax, reducing income tax rates, and strengthening Double Tax Avoidance Agreements (DTAAs). Special Economic Zones (SEZs) and schemes like RoDTEP offer export incentives, while Advance Pricing Agreements (APAs) bring clarity to international transactions.

By streamlining compliance through the Goods and Services Tax (GST) and enhancing transparency, these reforms improve the ease of doing business. Overall, they aim to attract more FDI, generate employment, and strengthen India's position in global trade.


Overview of Tax Reforms
Introduction of the New Tax Regime
India has implemented a streamlined tax structure focusing on reducing compliance burdens for businesses.
The new regime aims to simplify tax brackets and lowers corporate tax rates to enhance competitiveness in the global market.
Changes in GST Framework
Modifications have been made to the Goods and Services Tax (GST) to promote ease of doing business.
Compliance procedures have been digitized, facilitating faster tax payments and refunds which support import and export activities.
Tax Reforms in India 2025: Impact on FDI and Global Trade
FDI Growth Statistics
Recent data indicates a steady increase in FDI inflows, reflecting investor confidence in the revised tax landscape.
Key sectors attracting FDI include telecommunications, pharmaceuticals, and e-commerce, spurred by favorable tax policies.
Increased Attractiveness for Investors
The reduced corporate tax rates and simplified tax framework have made India a more attractive destination for foreign investors.
Tax incentives for sectors like technology, renewable energy, and manufacturing have been introduced to boost FDI.
Impact on Foreign Direct Investment (FDI)


Influence on Global Trade
Enhanced Trade Relations
Tax reforms are expected to improve India's trade relations with other nations by creating a more stable and predictable tax environment.
Initiatives to align tax policies with international standards aim to facilitate smoother cross-border transactions.
Trade Facilitation Measures
The government has introduced measures such as tax exemptions on certain exports to boost competitiveness in global markets.
Enhanced infrastructure for logistics and customs is part of the reforms, supporting efficient trade operations.
Conclusion
Summary of Effects
The 2025 tax reforms in India are set to positively influence FDI and global trade through a more investor-friendly and efficient tax structure.
By fostering a conducive environment for investment and trade, India aims to position itself as a significant player in the global economy.
Recommendations for Continued Growth
Continuous monitoring and adaptation of tax policies to global trends will be crucial.
Encouraging public-private partnerships in sectors like infrastructure can further stimulate FDI and trade.
Economic Growth Prospects
The reforms are anticipated to contribute to sustained economic growth through increased investment and trade engagement.
Focus on digitalization and transparency in tax administration is expected to enhance overall economic efficiency.
Future Implications

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Recent Developments of India

India EFTA Trade

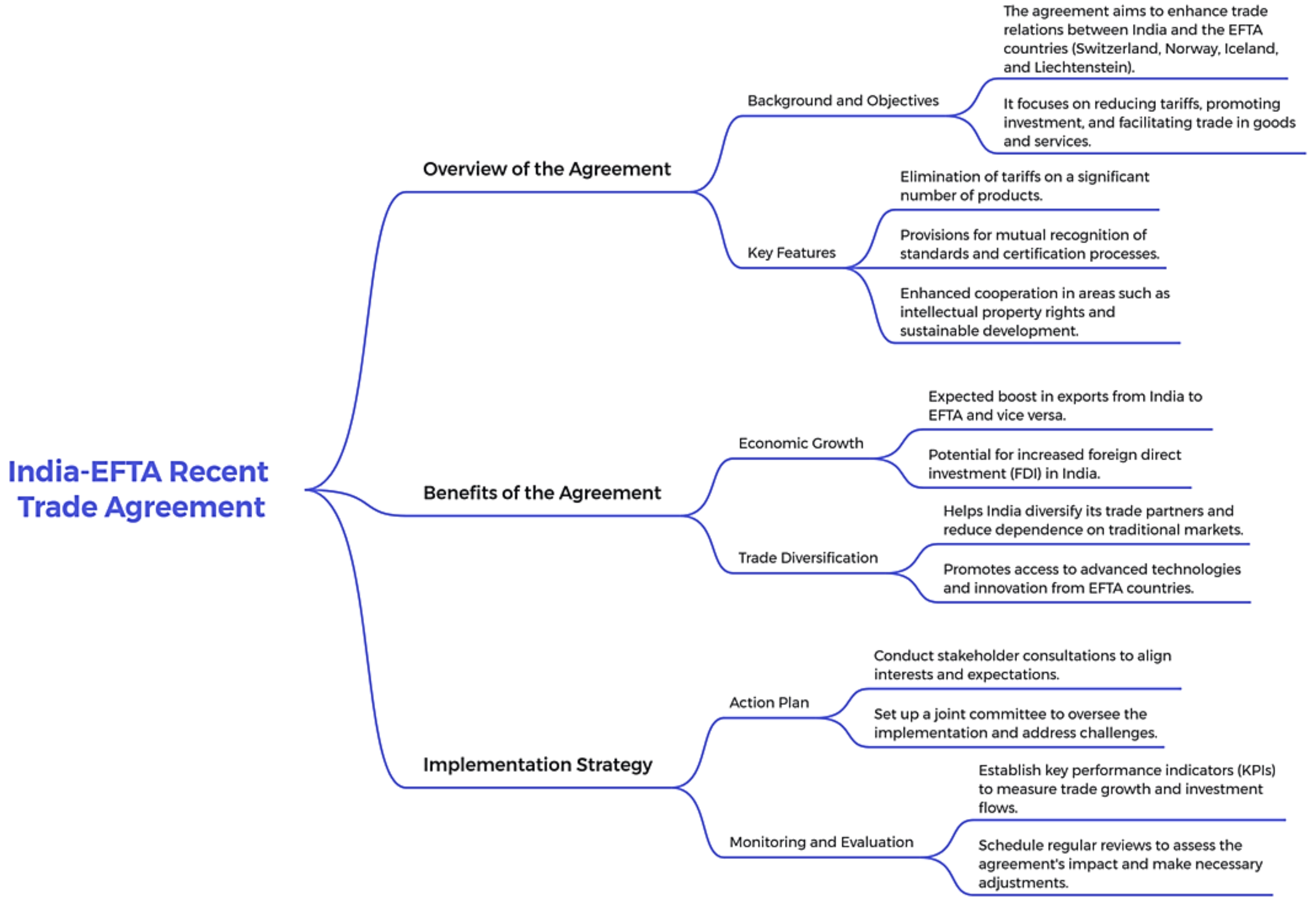
India is negotiating a Trade and Economic Partnership Agreement (TEPA) with EFTA countries—Switzerland, Iceland, Norway, and Liechtenstein. The Union Cabinet, led by the Prime Minister, has approved the signing of the agreement.

Key highlights

EFTA aims to invest USD 100 billion in India over 15 years (excluding portfolio investments), potentially creating 1 million jobs—a first-of-its-kind legal commitment within a trade pact.

India proposed 105 sub-sectors, securing EFTA commitments in IT, education, and audiovisual services. The deal also ensures better access to digital services, smoother entry for key personnel, and aligns IPR rules with TRIPS, addressing concerns over generic medicines.

TEPA supports "Make in India" and Atmanirbhar Bharat by improving market access, boosting manufacturing, creating youth employment through vocational training, and promoting tech collaboration in precision engineering and renewable energy.



India EU Agreement

On June 17, 2022, the EU resumed Free Trade Agreement talks with India, alongside separate negotiations on an Investment Protection Agreement and a Geographical Indications (GIs) Agreement.

In 2023, the EU became India's top trading partner with goods trade worth €124 billion (12.2% of India's total trade), while India ranked ninth for the EU, accounting for 2.2% of its trade. Services trade also grew significantly, reaching €59.7 billion, up from €30.4 billion in 2020.

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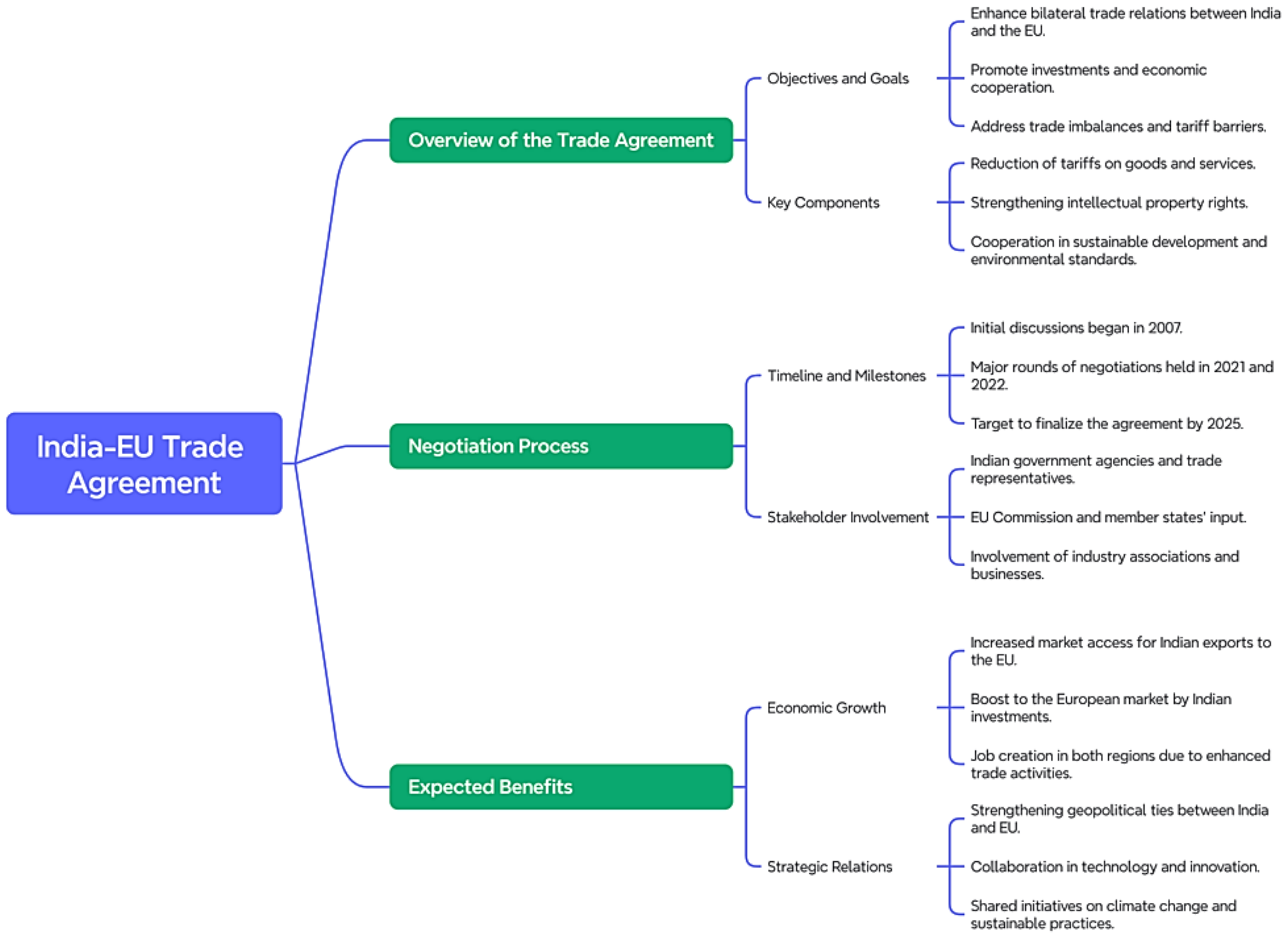
The FTA aims to remove trade barriers, boost exports—especially for smaller EU firms—and improve market access for services and public procurement. Talks also focus on GI protection, sustainable trade, and enforceable rules.

Investment protection discussions seek to create a stable environment through principles like non-discrimination, fair treatment, profit transfer security, and a strong dispute resolution system.



Various Other Agreements of India

India-Qatar Investment Agreement

India and Qatar have signed an investment agreement focused on strengthening cooperation in infrastructure and energy. With Qatar aiming to diversify its global investments, it sees India as a key destination for growth, especially in sectors like transport, logistics, and urban development. The partnership also supports mutual energy goals, enhancing security and resource access. This collaboration is expected to bring long-term benefits through project financing, technology exchange, and joint ventures, helping drive India's development agenda while deepening bilateral economic ties.

India-UK Agreement

The India-UK agreement is a broad-based partnership focused on boosting trade, innovation, and cultural ties. It emphasizes collaboration in clean energy, digital technologies, and sustainable development. With increased British investment in green and digital infrastructure, India stands to gain both economically and technologically. The agreement also aims to simplify trade processes, improving access for Indian exports. Cultural exchanges further strengthen people-to-people connections, supporting India's ambition to lead in technology and sustainability on the global stage.

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India-France Defense and Security Cooperation

India and France share a strong defence partnership centred on advanced military technology, counter-terrorism, and cybersecurity. France provides cutting-edge systems such as fighter jets and naval assets, while both nations engage in joint exercises and strategic coordination. The collaboration supports India's *Make in India* initiative by encouraging defence manufacturing and technology transfer. This alliance not only boosts India's defence capabilities but also reinforces its role in promoting regional and global security.

India-US Strategic Partnership

India and the United States share a deepening partnership focused on defence cooperation, advanced technology, and economic growth. With the US supplying cutting-edge defence systems, both countries engage in joint exercises and intelligence sharing. The alliance also promotes collaboration in AI, space, and clean energy, boosting India's innovation capacity. Strengthened trade and investment ties further support India's rise as a global economic power, enhancing its access to technology, capital, and global markets.

India-UAE Economic and Trade Agreement

The India-UAE partnership focuses on boosting trade and economic diversification. The UAE aims to invest in India's key sectors like infrastructure, real estate, and renewable energy, while trade expands across agriculture, textiles, and consumer goods. Serving as a gateway to Middle Eastern and African markets, the UAE enhances India's export reach. In return, India gains access to vital capital and expertise, supporting its broader goal of strengthening regional ties and long-term economic growth.

India-Australia Strategic and Trade Partnership

India and Australia share a strategic partnership centred on Indo-Pacific security and climate cooperation. Defence ties are deepening through joint efforts and participation in multilateral forums. Economically, Australia provides India with key resources like coal, agricultural goods, and technology. Both nations are also working together on clean energy and sustainability initiatives. This partnership supports India's goals of regional stability and sustainable development.

Research Question and Hypothesis

This study investigates whether there is a significant relationship between foreign direct investment (FDI) inflows and India's GDP growth over the period 2013 to 2024. The central research question is:

"Do FDI inflows positively influence GDP growth in India during the period 2013–2024?"

Year	FDI Inflow(in billion US $)	GDP Growth %
2013	24.30	6.40
2014	28.60	7.40
2015	36.00	8.00
2016	46.00	8.20
2017	60.00	7.00
2018	62.00	6.10
2019	50.00	4.00
2020	81.70	-7.30
2021	83.60	8.90
2022	84.80	7.20
2023	71.28	8.60
2024	81.04	6.50

To empirically address this question, a Pearson correlation analysis was conducted using annual data on FDI inflows (in billion US dollars) and GDP growth rates (in percentage terms). The correlation coefficient was found to be –0.254, with a p-value of 0.426. This result indicates a weak negative and statistically insignificant correlation between the two variables.

Based on this analysis, the following hypotheses were tested:

- **Null Hypothesis (H_0):** There is no significant positive correlation between FDI inflows and GDP growth in India.
- **Alternative Hypothesis (H_1):** There is a significant positive correlation between FDI inflows and GDP growth in India.

Given the results, **we fail to reject the null hypothesis**. Therefore, it can be concluded that FDI inflows do not have a statistically significant positive correlation with GDP growth during the period studied. This suggests that other macroeconomic factors—such as domestic demand, trade performance, public spending, and global events—may play a more critical role in influencing GDP growth.

LITERATURE REVIEW

This paper has been targeted on the following areas:

- The potential of the Indian economy to be a developed nation by 2047
- Comparative study of FDI inflows and balance of trade
- Performance analysis of GDP growth rate

Mahesh Sharma and Rashi Mittal (2015) "The Export-Import Bank of India (EXIM Bank), established in 1982, plays a pivotal role in supporting and promoting India's international trade. Operating under the Ministry of Commerce and Industry and in collaboration with the Reserve Bank of India, the bank provides financial assistance to exporters and importers through pre-shipment and post-shipment credit, export finance, and advisory services. Its primary objective is to enhance foreign trade, thereby contributing to the growth of the national economy. As of recent reports, EXIM Bank has extended loans worth INR 1,80,000 crores to various trading entities and plans to increase this by INR 13,000 crores. This research examines the bank's policies and their impact on India's foreign trade, highlighting its role in aligning financial strategies with governmental guidelines to boost exports and strengthen the nation's economic standing."

Prasad and Baitha (2025) critically examine the impact of progressively increasing foreign direct investment (FDI) caps in India's insurance sector—from 26% to 49%, and eventually to 74%. Their study aims to evaluate the effects of this liberalization on capital formation, service quality, insurance penetration, and employment generation. Drawing on secondary data from IRDAI, RBI, and industry reports, they find that increased FDI has significantly modernized the sector. It has enabled the adoption of digital platforms, diversified product offerings, and the entry of global players, which collectively enhanced competition and customer service. The influx of foreign capital also stimulated job creation across areas such as underwriting, claims processing, actuarial services, and digital operations. However, the authors caution against emerging risks, including potential foreign dominance, excessive profit repatriation, and reduced focus on rural markets. They also highlight operational challenges stemming from IRDAI's complex compliance framework, which imposes over 2,200 unique regulatory requirements on insurers.

In response to these findings, the authors propose a series of policy recommendations to ensure balanced sectoral growth. They advocate for safeguards such as conditional repatriation limits and phased ownership thresholds to maintain domestic oversight. Simplifying regulatory processes through a single-window clearance system and digitized compliance tracking is emphasized to ease administrative burdens. Additionally, they recommend incentivizing foreign insurers to expand into underserved and rural markets by linking FDI benefits to inclusive coverage goals. Periodic impact assessments and stronger regulatory oversight are also advised to monitor the long-term implications of liberalized FDI policies. Overall, the study supports the view that while increased FDI has strengthened the insurance sector, it must be accompanied by prudent regulations and inclusive strategies to align with India's broader developmental objectives.

Dr M. Venkat Ramana Reddy and Dr G. Swapna (2014), "This study investigates the trends in foreign direct investment (FDI) inflows to India, focusing on the participation of global countries, sector-wise distribution of foreign capital, and recent government policy initiatives. As one of the fastest-growing economies globally, India attracts substantial FDI annually; however, inconsistencies in FDI inflows over the past two decades and a declining GDP trend necessitate a detailed examination. Using secondary data from sources such as NSO, IBEF, and RBI, and applying statistical tools like compound annual growth rates and percentages, the research identifies key patterns. The findings reveal that while FDI inflows have shown variability, they generally align with global economic trends and exhibit an upward trajectory. Mauritius and Singapore emerged as top investors, with significant investments observed in sectors like computer software and hardware. The study highlights that government reforms—such as liberalized FDI policies and ease-of-doing-business measures—have played a pivotal role in attracting investments. However, the analysis is limited to data from the past two decades and focuses exclusively on India's economy. These insights underscore the importance of strategic policy interventions to sustain and enhance FDI inflows in alignment with India's economic goals."

Rashid et al. (2023) investigate the dynamic relationship between foreign direct investment (FDI) and economic growth in India using the Auto-Regressive Distributed Lag (ARDL) model. The primary objective of their study is to assess whether FDI inflows contribute to India's long-term economic expansion, beyond short-term fluctuations. Using time-series data spanning over two decades, they test for cointegration and direction of causality between the two variables. Their empirical findings confirm a statistically significant long-run relationship between FDI and GDP growth, reinforcing the view that FDI is not just a short-term capital inflow but a sustainable driver of economic development. In contrast, the short-run effects are found to be inconsistent and less impactful, suggesting that the full benefits of FDI emerge over time through structural improvements, technological transfer, and employment generation.

Based on these findings, the authors emphasize the need for long-term policy stability to attract and retain high-quality FDI. They recommend strengthening India's institutional framework, ensuring contract enforcement, and minimizing regulatory uncertainty to create a more conducive investment environment. Furthermore, they stress the importance of aligning FDI policy with national development goals by encouraging investments in high-growth sectors such as infrastructure, manufacturing, and green energy. The study concludes that for India to achieve its Viksit Bharat 2047 vision, FDI should be treated not merely as a funding source but as a strategic tool for structural transformation and inclusive growth.

Research Gap

The above review of literature proves beneficial in identifying the research issues and the research gaps, which are mainly the edifices on which the objectives of the present study are based. Though facts and figures used in the paper are associated with the latest period, there was an exception in the data belonging to the ranking of ease of doing business index issued by the World Bank. The latest data is from 2020, after that, it seems the World Bank has not yet released the updated ranking. But it is safe to assume that India has made enough improvement in providing an efficient and hassle-free working environment for foreign business and investors which will ultimately lead to upscaling of its rank in the index.

RESEARCH METHODOLOGY

This research aims to explore the potential of the Indian economy to be developed by 2047. Though the Viksat Bharat goal is ambitious, it comes with a lot of dedication and self-reliant vision. To achieve this, there are various indicators that need to be evaluated so that pragmatic targets are made and met accordingly.

The primary variables analysed in this study include:

FDI inflows: The Reserve Bank of India (RBI), Ministry of Commerce and Industry, and United Nations Conference on Trade and Development (UNCTAD).

Global trade participation: Data on India's global trade as a percentage of GDP sourced from the World Bank and World Trade Organization (WTO).

GDP growth rate: Annual GDP growth rates from the Ministry of Statistics and Programme Implementation (MOSPI), the World Bank, and the International Monetary Fund (IMF).

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Trade surplus: India's trade balance (exports minus imports) is sourced from the Ministry of Commerce and Industry, WTO, and the RBI.

Ease of Doing Business Index: Data from the World Bank's Doing Business reports, rank countries on ease of conducting business in various sectors.

India's GDP world ranking: Ranking data from the World Bank and IMF, comparing India's GDP to global standings.

Exports data: Export data covering major export commodities and services, sourced from the Ministry of Commerce and Industry.

Per capita income: Gross national income (GNI) per capita data from the World Bank

Global Value Chain (GVC) participation: Data on India's participation in GVCs, sourced from the World Trade Organization (WTO), UNCTAD, and the World Bank.

This methodology provides a systematic framework for analysing the relationship between global trade, FDI, and economic growth in India, utilizing a combination of descriptive and inferential statistical methods. The use of diverse economic indicators allows for a multi-dimensional analysis of the factors that drive India's economic development in the context of global trade and investment.

DATA DISCUSSION AND INTERPRETATION

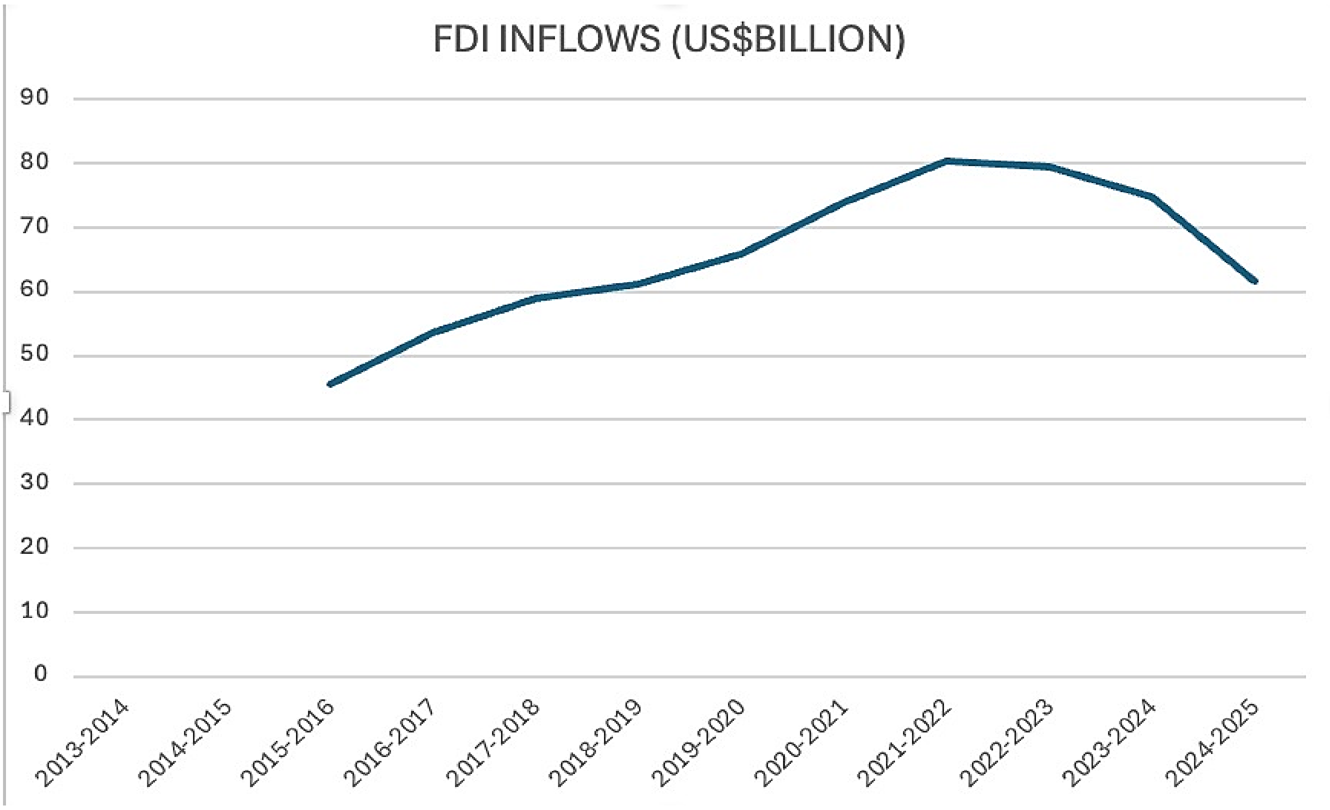

Table 1: Annual FDI Inflow in India and its distribution

Source: India Brand Equity Foundation. (n.d.). *Foreign direct investment*. https://www.ibef.org/economy/foreign-direct-investment

Interpretation:

The chart shows the moving average of annual FDI inflow in the country. To achieve developed country status, India needs to have at least a 100-billion-dollar FDI inflow for the next 22 years.

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Foreign direct investment (FDI) equity inflows in India fell to a five-year low of USD 44.42 billion in FY24, down 3.5% from the previous year. This decline is attributed to factors like high interest rates in developed countries and limited investment capacity in India. Overall FDI, which includes equity, reinvested earnings, and other capital, decreased by 1% to USD 70.95 billion, according to the DPIIT.

Between 2019 and 2021, foreign direct investment (FDI) in India rose as a result of various policy reforms, enhancements in the business climate, and government initiatives such as "Make in India," which sought to draw foreign investment and stimulate economic growth.

The data depicts that though our FDI inflow is not comparatively low still it needs improvement. This can be increased through aggressive foreign trade policies, business-friendly customs, simpler tax implications, more trade-friendly agreements, raising foreign investment limits, removing regulatory barriers, developing infrastructure, and improving the ease of doing business to attract more FDI.

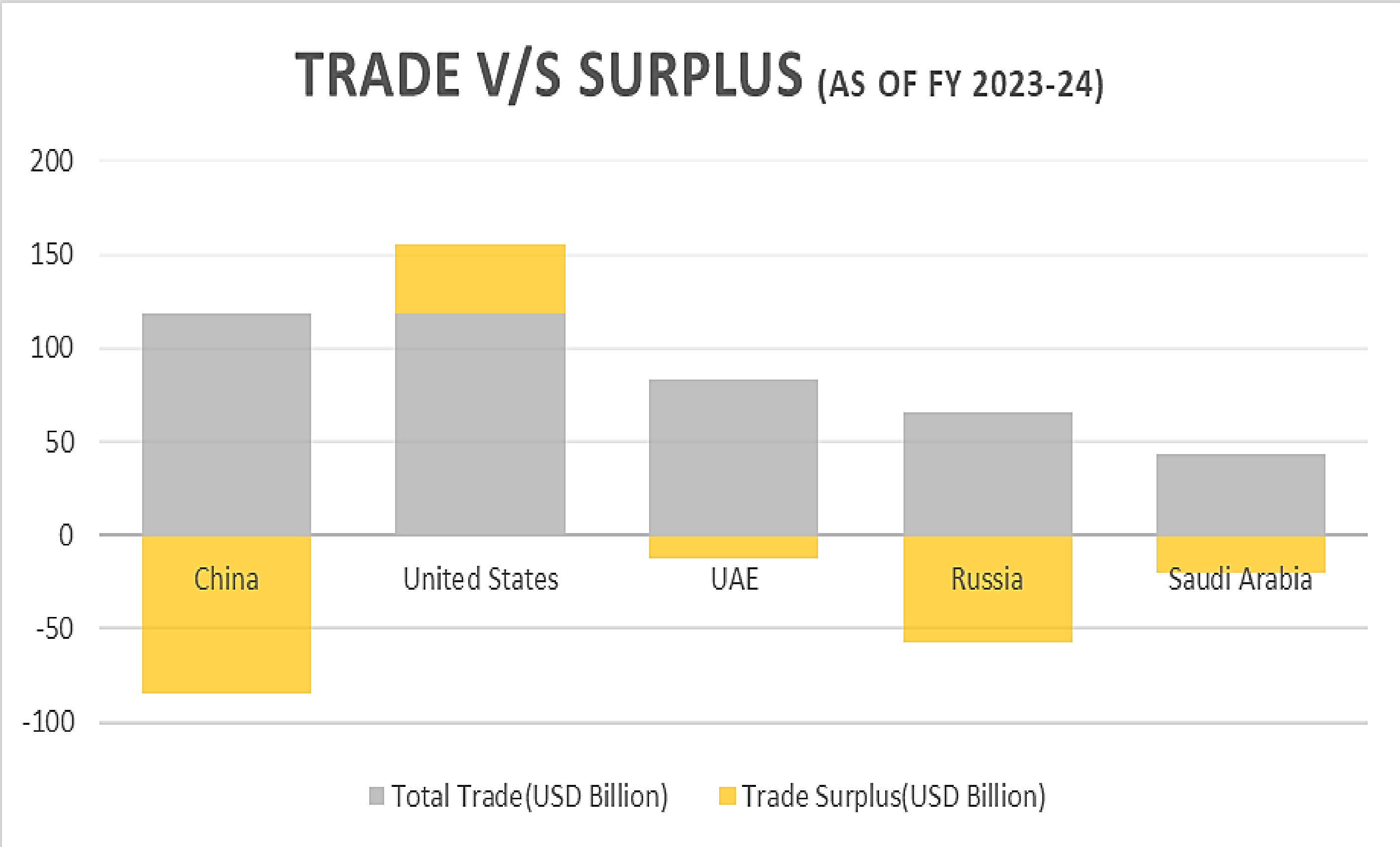

Table 2: Total trade (by volume) and trade surplus of the top five trading partners of India

Source: Seair Exim Solutions. (n.d.). *Top trading partners of India*. https://www.seair.co.in/blog/top-trading-partners-of-india.aspx

Interpretation

The data shows the top 5 trade partners of India by volume of their trade. As it is visible that the trade surplus with majorly all these economies is negative, it highlights the need to aggressively export goods to these countries as well. With bilateral talks and improving trade customs, India can very well target these big economies to sell their domestically produced commodities. In January 2025, India's total exports reached $775 billion. But if we talk about being a developed nation, estimated export targets stand at $1.58 trillion by value in 2030, $4.56 trillion by 2040, and $8.67 trillion by 2047. This implies a 14 percent annual growth rate which is 3 times faster than the IMF projection of India's global export of goods and services in the same period. Upskilling the youth to taper the services' exports globally can be a very pragmatic step towards achieving a self-reliant economy. Also, focus should be laid on improving non-IT related workforce as they too contribute a significant amount in the services export of the country.

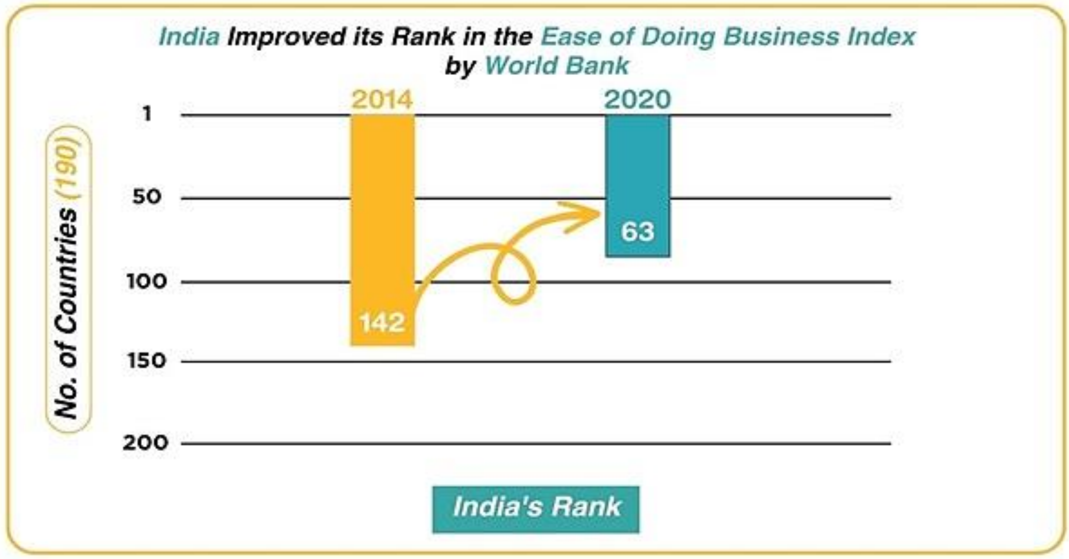

Table 3: Comparative Ranking of India in the Ease of Doing Business Index issued by the World Bank

Source: Doing Business. (n.d.). *Economy rankings*. https://archive.doingbusiness.org/en/rankings

Interpretation:

This data states the ranking of India in the Ease of Doing Business Index issued by the World Bank. It clearly states the massive improvement in the field of providing a socio-political-legal environment to foreign companies. To be a developed nation, we want rapid technological advancement, but at the same time, have to provide smooth and friendly working conditions to foreign companies which includes: a supply of skilled labour, simpler tax reforms, reduced logistics costs, hassle-free administrative clearances, more Free trade agreements (FTAs) with developed countries and a flexible approach towards foreign custom and duties.

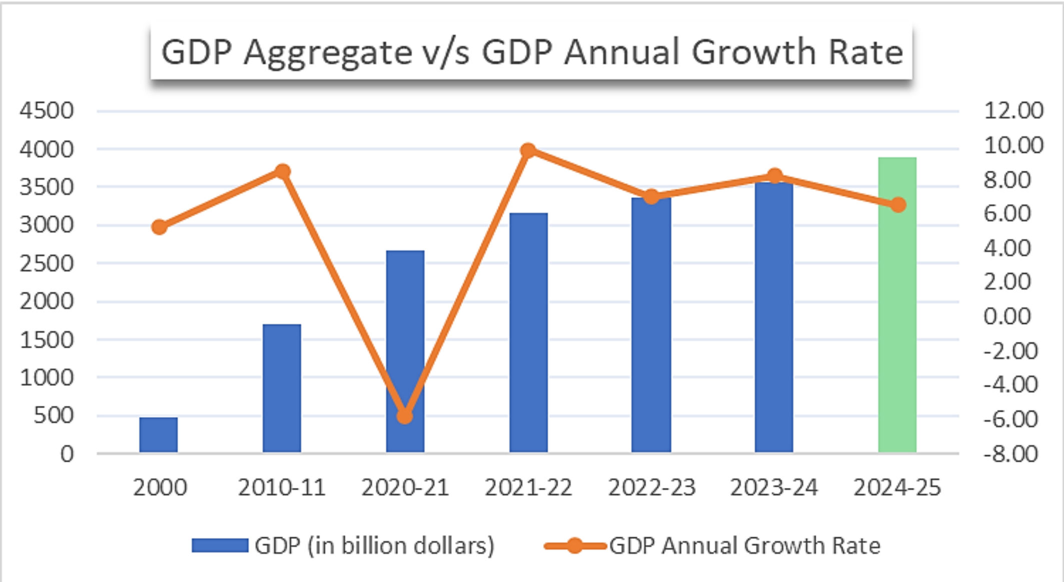

Table 4: GDP in current price along with the annual GDP growth rate from 2000 to 2025

Source: Statista. (2024). Gross domestic product (GDP) in India from 1987 to 2029. https://www.statista.com/statistics/263771/gross-domestic-product-gdp-in-india/

Interpretation:

The table shows the aggregate GDP value at the current price along with the GDP annual growth rate. The Indian GDP showed its highest growth peak in the post-covid period (2021-22) where it grew at 9.7 per cent per annum. This was majorly due to the effective policies in tackling the COVID pandemic which resulted in prosperous growth. At the same time, the economy hit rock bottom in the Covid period (2020-21) where everything slowed and the world economy fell into a recession. This majorly hampered India's vision of becoming a 5 trillion-dollar economy by 2025. But, since then, our economy has managed to give an annual growth rate of around 8 per cent and is expected to grow at 6.5% in the 2024-25 fiscal year ending March 2025. This marks the slowest pace of growth since the COVID-19 pandemic drove the economy into a recession in the 2021-2022 year, but it is revised marginally higher from the initial estimate of 6.4%. This figure marks a sharp slowdown from the previous year, missing the ambitious expectations that were signalled by the government as higher energy prices and slower overall growth in Asian emerging economies magnified the impact of tight liquidity conditions stemmed from restrictive monetary policy from the RBI and the central bank's effort to defend the rupee by intervening in foreign exchange markets.

According to the GDP estimates, to be a developed country, we should reach $7 trillion by 2030, $16 trillion by 2040, and $29 trillion by 2047. This implies that we need to grow at 7.8 per cent per annum for the next 22 years to become a self-reliant economy. This ambitious target is achievable provided we work aggressively towards them. This huge leap can be made through powerful infrastructure development, societal empowerment, women empowerment, sustainability towards growth, increasing public and private sector investments, strengthening financial regulations, easing FDI policies, expanding credit access for the MSMEs, investing in youth skills, healthcare and education. Also, since trade plays a major part in developing a nation, imports and exports should be encouraged through trade reforms and foreign tax simplification.

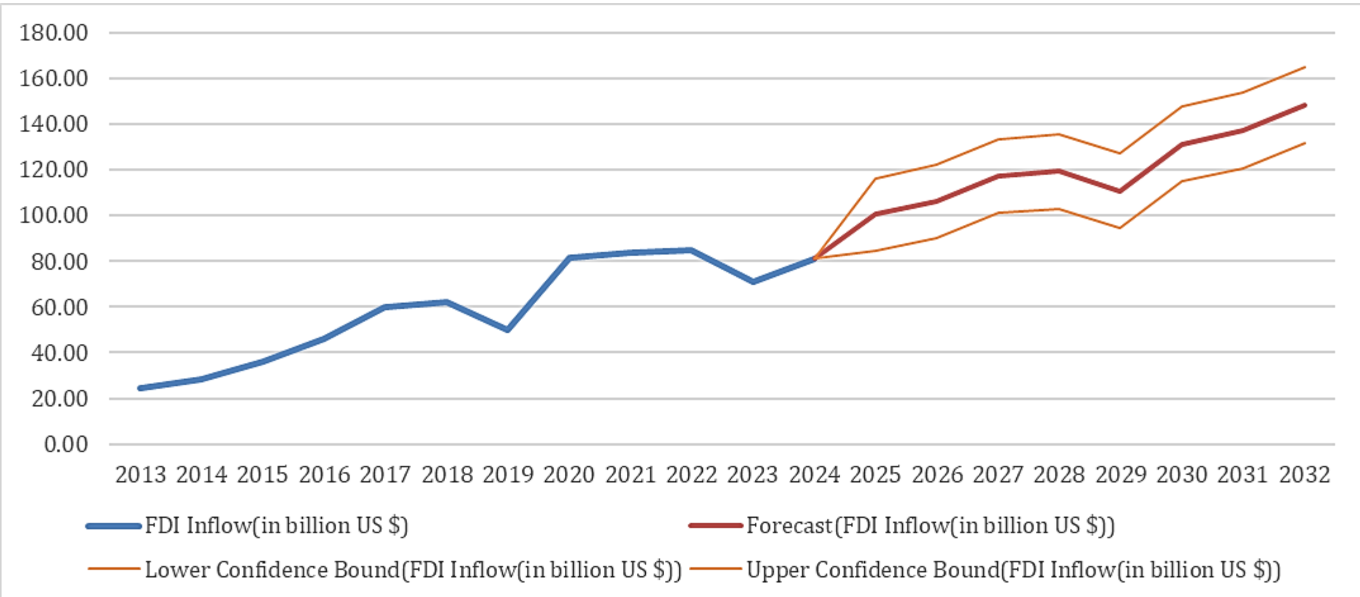

Table 5: FDI Inflow and its forecast with a confidence bound of 95 percent

Source: India Foreign Direct Investment | Historical Chart & Data https://www.macrotrends.net/global-metrics/countries/ind/india/foreign-direct-investment

Interpretation

Drawing from historical trends, we developed a forecast of India's FDI inflows with a 95% confidence interval. The analysis suggests that, if the current momentum continues, the country could witness annual FDI inflows reaching approximately USD 150 billion by 2032. The projected range, spanning USD 130 billion to USD 165 billion, reflects a strong and consistent growth outlook.

This trajectory underscores the growing confidence of global investors in India's economic potential. With rapid urbanization, expanding industrial capacity, and continued policy reforms, India is steadily positioning itself as a preferred destination for foreign investment. The forecast not only offers quantitative insight but also reflects a broader narrative: India's transformation into a dynamic, forward-looking economy with a compelling value proposition for international capital.

FINDINGS

Fluctuating FDI Inflows: India's FDI equity inflows have recently declined, reaching a five-year low of USD 44.42 billion in FY24. This downturn is linked to global high interest rates and limited domestic investment capacity. However, past spikes in FDI between 2019 and 2021 highlight the effectiveness of policy reforms and campaigns such as Make in India in attracting foreign investment.

Trade Imbalance with Major Partners: The analysis of India's top five trading partners reveals a consistent trade deficit, indicating that imports outweigh exports. Despite achieving export volumes of $775 billion in January 2025, the country still falls short of long-term export targets required to attain developed nation status.

Improvement in Ease of Doing Business: India's improved position in the Ease of Doing Business Index demonstrates progress in creating a more conducive environment for foreign investors. However, to sustain this momentum, India must continue simplifying taxation, reducing logistical barriers, and offering smoother administrative processes.

GDP Growth Recovery Post-COVID: India saw a remarkable GDP growth rate of 9.7% in FY 2021–22 post-COVID due to effective policy responses. However, growth slowed to 6.5% in FY 2024–25 due to inflationary pressures, high energy prices, and tight monetary policy. To achieve the $29 trillion GDP target by 2047, India needs consistent annual growth above 7.8%, driven by both domestic and foreign economic reforms.

SUGGESTIONS

Revamp FDI Strategy: India should revisit its FDI policies by reducing regulatory hurdles, enhancing infrastructure, and ensuring faster project clearances to regain investor confidence and reach the targeted $100 billion annual FDI inflow.

Promote Export-Oriented Growth: The government must focus on export-driven growth by targeting trade surpluses with major economies. Strengthening bilateral agreements, improving product competitiveness, and ensuring better market access can drive this objective.

Develop Skilled Workforce for Global Services: Investment in vocational training and higher education should be intensified, particularly in non-IT service sectors. Upskilling the youth will boost service exports and help meet international demand, pushing India toward self-reliance.

Sustain Ease of Doing Business Reforms: Continued policy commitment is necessary to enhance India's business ecosystem. This includes reducing bureaucratic delays, improving legal transparency, cutting corporate tax rates, and simplifying GST regulations.

Strengthen Infrastructure and Investment Climate: Achieving long-term GDP goals requires massive infrastructure investments, especially in transport, logistics, energy, and digital ecosystems. At the same time, access to credit for MSMEs and promotion of public-private partnerships must be prioritized.

Enhance Trade Reforms and Global Integration: Simplifying import/export procedures and lowering foreign trade taxes will facilitate smoother global trade. Signing more FTAs with developed countries can also attract foreign capital and widen India's trade footprint.

Integrate Sustainability into Growth Models: Environmental sustainability and gender inclusiveness should be central to development planning. Promoting green technologies, empowering women economically, and ensuring equitable growth will support India's ambition of becoming a developed economy.

CONCLUSION

India's vision of becoming a developed nation by 2047 is bold yet achievable, provided a strategic and multi-pronged approach is adopted. Realizing this goal will require sustained efforts to attract substantial Foreign

Direct Investment (FDI), maintain strong economic momentum, and carry out sweeping reforms across key sectors. To reach the projected $29 trillion economy by 2047, India must maintain an average annual growth rate of 7.8%. This demands modernization of infrastructure, improving business conditions, and fostering an environment that encourages innovation and investment.

Key reforms in sectors like education, technology, healthcare, and manufacturing are essential to boost India's global competitiveness. Enhancing tax structures, reducing trade barriers, and expanding Free Trade Agreements (FTAs) with major economies will further support economic expansion. Securing at least $100 billion in FDI annually will be vital—not just for growth, but for job creation, infrastructure improvement, and technological advancement.

Equally critical are flexible trade policies and a forward-looking foreign policy that positions India as an integral part of global value chains. This integration will drive industrial growth and modernization across sectors. Achieving this vision will require policy stability, effective governance, and a clear national roadmap. Initiatives, like Make in India, Atmanirbhar Bharat, and Digital India, are already laying important groundwork for this transformation.

For "Viksit Bharat" to become a reality, India must pursue inclusive and sustainable development—ensuring that economic gains are equitably shared, especially among marginalized communities. Enhancing quality of life, promoting social equity, and generating meaningful employment are key elements. Self-reliance should not mean isolation but rather building a resilient and self-sustaining economy capable of thriving amid global uncertainties. With focused investments, innovation, structural reforms, and strong global partnerships, India is well-positioned to become a leading global force by the time it celebrates 100 years of independence.

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