

Role of DPIIT and Invest India in Facilitating Foreign Investment

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1. Abstract India has emerged as one of the attractive investment destinations in the world after the liberalization reforms. The growth of Foreign Direct Investment (FDI) in India is supported not only by liberal government policies but also by different institutions which helps in promoting and facilitating foreign investment. Among these institutions, the Department for Promotion of Industry and Internal Trade (DPIIT) and Invest India plays an important role in India's investment ecosystem. DPIIT is mainly responsible for formulating and implementing industrial and investment policies, while Invest India works as the National Investment Promotion and Facilitation Agency and provide support to domestic and foreign investors. This article examines the role, functions and institutional structure of DPIIT and Invest India in promoting FDI in India. It also discusses how both institutions works together to improve the investment environment, provide information and facilitate investors in different sectors. The study is based mainly on secondary data collected from government reports, official publications, research articles and other relevant sources. The article finds that DPIIT and Invest India have contributed significantly in creating a more investor-friendly environment and supporting the growth of FDI in the post-liberalization period. However, some challenges related to regulatory procedures, infrastructure and implementation still remain. Strengthening institutional coordination and improving facilitation services can further support India's position as a major global investment destination.

Keywords: DPIIT, Invest India, FDI Facilitation, Investment Promotion, Ease of Doing Business, India

2. Introduction Foreign Direct Investment (FDI) has become an important part of economic development in developing countries. It provides financial capital, modern technology, managerial knowledge and new opportunities for employment and business development. For a country like India, FDI has played a significant role in supporting industrial growth and integrating the Indian economy with the global market. Since the economic liberalization of 1991, India has gradually changed its investment policies and introduced several reforms to create a more favourable environment for foreign investors. However, attracting foreign investment is not only dependent on liberal policies and financial incentives. Investors also need a clear regulatory system, proper information, administrative support and a simple process for establishing and expanding their business. Therefore, strong institutions are required to convert investment policies into practical facilities for investors. In India, the Department for Promotion of Industry and Internal Trade (DPIIT) and Invest India are two important institutions working in this direction. DPIIT functions under the Ministry of Commerce and Industry and has an important responsibility in developing industrial and investment-related policies. It also works on improving the business environment, promoting investment and coordinating with different government departments and state governments. Invest India, on the other hand, works as the National Investment Promotion and Facilitation Agency. It provides information and guidance to investors, helps them in understanding government policies and supports them in dealing with different stages of investment. It also promotes investment opportunities available in various sectors of the Indian economy. The role of these institutions has become more significant as India seeks to attract greater investment in manufacturing, infrastructure, technology, renewable energy, services and other emerging sectors. Various initiatives such as Make in India, Startup India and other investment facilitation measures have also supported India's efforts to improve its investment environment. The coordination between central government institutions, state governments and investors is important for reducing procedural difficulties and creating a more investor-friendly system. In the post-liberalization period, India's FDI environment has changed considerably due to policy reforms, sectoral liberalization and improvements in investment facilitation. DPIIT and Invest India have contributed in this changing environment by supporting policy development, investment promotion and investor

facilitation. Despite these efforts, issues such as regulatory complexity, infrastructure gaps, differences between states and implementation challenges still exists in some areas. Therefore, this article focuses on the mandate, structure and functions of DPIIT and Invest India and examines their complementary role in India's investment ecosystem. It also discusses how these institutions have supported the growth of FDI and contributed to making India an important destination for international investors during the post-liberalization period.

3. Research Objectives

4. To To examine the role of DPIIT in promoting and facilitating foreign investment in India.
5. study the structure, functions and major responsibilities of Invest India in supporting foreign investors.
6. To analyse the policies and initiatives introduced by DPIIT for creating a favourable investment environment in India.
7. To examine the contribution of Invest India in providing investment information, guidance and facilitation services to foreign investors.
8. To understand the coordination between DPIIT, Invest India and other government agencies in facilitating foreign investment.
9. To analyse the trends and growth of Foreign Direct Investment (FDI) in India during the post-liberalization period.
10. To identify the major challenges faced by DPIIT and Invest India in attracting and facilitating foreign investment.
11. To suggest measures for improving investment facilitation and strengthening India's position as an attractive destination for foreign investors.

12. Review of Literature

Foreign Direct Investment (FDI) has been widely studied as an important source of capital, technology, employment and economic development. The literature generally suggests that the investment environment of a country depends not only on economic conditions but also on government policies, regulations and institutional support. In the Indian context, the importance of institutional mechanisms has increased after the economic reforms of 1991, when India started liberalising its investment policies and encouraging greater participation of foreign investors. OECD (2009), in its Investment Policy Review: India, observed that India had made considerable progress in developing an investment-friendly policy environment after the beginning of economic reforms. The review highlighted that liberalisation of investment policies helped in increasing FDI inflows, but it also pointed towards challenges related to infrastructure, regulation and implementation of reforms across different states. This indicates that policy reform alone is not sufficient and effective implementation is also necessary for attracting investment. The literature on investment promotion also gives importance to institutional facilitation. Research on investment facilitation explains that investors require information, administrative assistance, faster approval procedures and support in obtaining different permissions. Investment promotion therefore includes activities such as attracting potential investors, providing information, facilitating approvals and supporting investors after investment. These functions can reduce the administrative difficulties faced by foreign companies while entering a new market. In India, the Department for Promotion of Industry and Internal Trade (DPIIT) has an important role in the formulation and development of FDI policy. According to DPIIT, the department undertakes investment promotion and facilitation and works towards liberalisation and rationalisation

of the FDI policy. It also coordinates with different stakeholders and supports initiatives aimed at improving the investment environment. The establishment of Project Development Cells, the Empowered Group of Secretaries and investment promotion activities are some of the institutional measures taken to support investment in India. The role of DPIIT has also become important in simplifying the process of FDI approvals. Following the abolition of the Foreign Investment Promotion Board (FIPB), FDI proposals requiring government approval are processed by the concerned ministries and departments, while DPIIT acts as an important interface for facilitating investors. The National Single Window System (NSWS) has further been developed as an online platform through which investors can obtain information and seek various approvals. Such digital mechanisms are intended to reduce paperwork and make the investment process more transparent and convenient. Invest India has received increasing attention in the institutional literature because of its investor-facing role. Invest India was established in 2009 and functions as India's National Investment Promotion and Facilitation Agency under DPIIT. It provides support to investors from the initial stage of investment through facilitation and aftercare. Its activities include providing information, sectoral guidance, location assessment, regulatory support and assistance in resolving issues faced by investors. Government sources also describe Invest India as an important link between investors, government departments, state governments and industry. Its role includes investment promotion, investor targeting, facilitation, policy advocacy and aftercare. This indicates that Invest India performs a different but complementary function to DPIIT, with greater emphasis on direct interaction with investors and practical assistance during the investment process. The U.S. Department of State's investment climate assessment also identified DPIIT as responsible for industrial policy and facilitating FDI, while describing Invest India as the government's lead investment promotion and facilitation agency. It noted that Invest India supports investors during different stages of the investment lifecycle, including market-entry support, industry information and policy-related assistance. Recent government material further shows that investment facilitation has been expanded through digital platforms and institutional coordination. The Foreign Investment Facilitation Portal (FIFP), which is integrated with the National Single Window System, provides a single-point interface for FDI proposals under the government approval route. The system provides features such as electronic communication, reduced paperwork and application-status related communication. These developments indicate an increasing use of digital governance in India's investment facilitation system. Overall, the existing literature shows that India's FDI performance is influenced by a combination of policy liberalisation, regulatory reforms and institutional facilitation. DPIIT mainly performs the policy, coordination and investment-promotion functions, while Invest India provides more direct and operational support to investors. However, much of the available literature discusses FDI policy and investment promotion in a broader manner, while comparatively less attention has been given to examining the combined and complementary role of DPIIT and Invest India in the post-liberalisation period.

13. **Research Gap** The review indicates that there is a need for more focused research on how DPIIT and Invest India work together in facilitating foreign investment in India. Existing studies often examine FDI policy, ease of doing business or investment promotion separately. Limited research connects the policy-making and coordination role of DPIIT with the investor-facing facilitation role of Invest India. Therefore, the present study attempts to examine their institutional structure, functions, major initiatives and contribution towards creating a favourable environment for foreign investment in India.

14. **Research Methodology** The present study is descriptive and analytical in nature. It aims to examine the role of the Department for Promotion of Industry and Internal Trade (DPIIT) and Invest India in promoting and facilitating foreign investment in India. The study mainly focuses on the post-liberalization period, with special attention to the institutional developments and measures introduced to make the investment environment more supportive for foreign investors.

15. **Sources of Data** The study is based mainly on secondary data. Information has been collected from official publications and reports of the Government of India, particularly DPIIT, Invest India, the Ministry of Commerce

and Industry, and the Reserve Bank of India (RBI). Relevant information has also been taken from reports of international organisations, research papers, academic journals, books, and other reliable published sources.

16. **Method of Analysis** The collected information has been examined through descriptive and qualitative analysis. The study reviews the policies, programmes, institutional mechanisms and services provided by DPIIT and Invest India. FDI trends and related information are used wherever required to understand the broader investment environment in India. The role of both institutions is discussed separately as well as in relation to each other to understand their contribution in investment promotion and facilitation.

17. **Scope of the Study** The study covers the role of DPIIT and Invest India in India's foreign investment framework. It focuses on areas such as investment promotion, policy support, investor facilitation, regulatory coordination, digital services, investment aftercare and assistance provided to investors. The study also considers major reforms and initiatives introduced after economic liberalization which have influenced India's investment environment.

18. **Limitations of the Study** Since the study is primarily based on secondary information, its findings depend on the availability and reliability of published data. Information about the direct impact of individual institutional activities on particular investment decisions may not always be available. In addition, policies and institutional arrangements related to foreign investment may change over time. Therefore, the findings should be understood in the context of the period and sources considered in the study. Overall, the methodology helps in understanding how DPIIT and Invest India contribute to creating a more accessible and supportive system for foreign investors in India.

19. **Results and Analysis** The analysis of the available data shows that India has experienced a substantial expansion in foreign investment during the post-liberalization period. Along with policy reforms, the development of investment promotion and facilitation institutions has helped in creating a more organised framework for investors. DPIIT and Invest India have different but connected responsibilities in this framework.

20. **Growth of FDI Inflow in India** The FDI data indicates a considerable increase in foreign investment in India during the last decade. According to the DPIIT Annual Report 2024–25, total FDI inflow increased from USD 45.15 billion in 2014–15 to USD 84.84 billion in 2021–22. Although FDI inflow declined to USD 71.36 billion in 2022–23 and remained almost stable at USD 71.28 billion in 2023–24, the overall level of inflow remained much higher than at the beginning of the period. DPIIT also reported that cumulative FDI inflow during 2014–24 was USD 667.74 billion, which was around 120% higher than the USD 304.06 billion received during 2004–14.

Financial Year	Total FDI Inflow (USD Billion)
2014–15	45.15
2015–16	55.56
2016–17	60.22
2017–18	60.97
2018–19	62.00
2019–20	74.39
2020–21	81.97
2021–22	84.84
2022–23	71.36
2023–24	71.28

Source: DPIIT Annual Report 2024–25; data sourced by DPIIT from RBI. The trend shows that FDI increased strongly between 2014–15 and 2021–22. The decline after 2021–22 suggests that FDI inflows are also influenced by wider international and domestic economic conditions. Therefore, institutional facilitation should be understood as one component of the investment environment rather than the only reason for changes in FDI.

21. **Role of DPIIT in Investment Facilitation** The findings indicate that DPIIT performs an important policy and coordination role in India's investment framework. Its activities include development of FDI policy, investment promotion, coordination with different departments and measures aimed at improving the business environment. The department has also supported mechanisms intended to make investment procedures more accessible to investors. The increasing use of digital systems is another important result. Investment-related processes have gradually moved towards online platforms, which can reduce the need for physical documentation and improve communication between investors and government agencies. These changes are particularly important in a large federal economy where investors may need to interact with several authorities.

22. **Role of Invest India** The analysis shows that Invest India has a more direct investor-facing role. It provides information and assistance to investors and works with ministries, states and Union Territories on investment promotion and facilitation. Its work includes investment targeting, investor facilitation, capacity building of state investment teams and policy-related support. An important feature of Invest India's facilitation approach is that its services to investors are provided without charging investors for these services. This can reduce some of the initial information and procedural difficulties faced by potential investors entering the Indian market.

23. **Sectoral Distribution of FDI** The recent data also shows that foreign investment is spread across several important sectors of the Indian economy. During April–December 2024, the services sector received the largest share of FDI equity inflow at 18%, followed by computer software and hardware at 14%. Non-conventional energy and trading each accounted for 8%, while cement and gypsum products accounted for 4%. This sectoral pattern indicates that India's investment opportunities are no longer limited to traditional manufacturing activities. Services, information technology, renewable energy and other emerging areas have become important parts of India's FDI environment.

24. **Country-wise Distribution of FDI** The analysis of country-wise investment also shows a diversified source of foreign capital. During April–December 2024, Singapore was the largest source among the top investing countries, accounting for 29% of FDI equity inflow. Mauritius contributed 17%, while the United Arab Emirates and the Netherlands each contributed 10%, and the United States accounted for 9%. The presence of investors from different regions suggests that India's investment promotion activities are relevant to a wide range of international investors. It also highlights the importance of maintaining transparent policies, reliable infrastructure and effective investor facilitation.

25. **Complementary Role of DPIIT and Invest India** The results indicate that DPIIT and Invest India perform complementary functions. DPIIT is more closely associated with policy formulation, investment promotion and coordination, whereas Invest India provides practical assistance and interacts directly with investors. Invest India also works with central ministries and state governments, which is particularly important in India's multi-level administrative structure. Therefore, the relationship between the two institutions can be understood as a combination of policy support and practical facilitation. DPIIT provides the broader institutional and policy framework, while Invest India helps investors understand and navigate the investment environment.

26. **Major Findings** Based on the analysis, the major findings of the study are as follows: • India's FDI inflows have increased significantly over the post-liberalization period, although the annual flow has not increased continuously in every year. • DPIIT has an important role in developing investment policies and coordinating investment-related activities. • Invest India provides direct assistance to investors and supports investment promotion and facilitation. • Digitalisation and online investment facilitation have become important components of India's investment ecosystem. • FDI is increasingly distributed across services, software and hardware, renewable energy, trading, infrastructure and other sectors. • Singapore, Mauritius, the UAE, the Netherlands and the United States were among the major sources of FDI equity inflow during April–December 2024. • The functioning of DPIIT and Invest India demonstrates the importance of institutional support in translating investment policies into practical assistance for investors. • Despite improvements, continued attention to regulatory coordination, infrastructure, implementation and state-level facilitation remains important for maintaining an effective investment environment. Overall, the results suggest that DPIIT and Invest India have become important components of India's institutional mechanism for attracting and facilitating foreign investment. However, the rise in FDI cannot be attributed solely to these institutions because investment decisions are also affected by market size, economic growth, global conditions, infrastructure, policy reforms and sector-specific opportunities.

27. **Conclusion** Foreign investment has become an important part of India's economic development after the liberalization of 1991. The growth of FDI has supported capital formation, technology transfer, employment generation and expansion of different industries. However, attracting foreign investors depends not only on favourable policies but also on effective institutions which can provide proper guidance and facilitate the investment process. The study shows that DPIIT and Invest India have an important role in India's foreign investment system. DPIIT mainly works in the area of investment policy, industrial development, investment promotion and coordination with different government departments. Invest India provides more direct support to investors by giving information, guidance, facilitation and assistance during different stages of investment. Thus, both institutions perform different functions but their objectives are closely connected. The development of digital platforms and single-window facilities has also made the investment process more convenient for investors. These measures can help in reducing procedural difficulties and improving communication between investors and government authorities. The increasing FDI inflows during the post-liberalization period also reflects the changing investment environment of India, although FDI is influenced by many other economic and global factors. Despite the progress, some challenges still remains in areas such as regulatory coordination, infrastructure, implementation of policies and differences in investment facilities across states. Therefore, further improvement in institutional coordination, transparency, digital services and investor aftercare is required. Regular feedback from investors can also help the government in identifying practical problems and improving the investment system. In conclusion, DPIIT and Invest India have become significant components of India's investment facilitation framework. Their combined efforts has helped in creating a more organised and investor-friendly environment. Continued policy reforms and stronger coordination between central government, state governments and investment agencies can further support India's efforts to attract and facilitate foreign investment in the future.

28. **Recommendations** Based on the findings of the study, some measures can be suggested for improving the role of DPIIT and Invest India in facilitating foreign investment in India.

29. **Further Simplification of Procedures:** Investment procedures should be made more simple and transparent. Investors often need to deal with different rules and authorities, therefore better coordination can reduce delays and confusion in the investment process.

30. **Strengthening Digital Facilitation:** Digital platforms should be continuously improved so that investors can get information, submit applications and track their investment-related processes easily. A more integrated online system can help in reducing paperwork and administrative burden.

31. **Better Coordination with States:** Since many investment approvals and business-related services are handled at the state level, DPIIT and Invest India should further strengthen coordination with state governments. Sharing best practices between states can also help in improving the overall investment environment.

32. **Improving Investor Aftercare:** Investment facilitation should not stop after an investor enters India. Regular follow-up and aftercare services should be provided to existing investors so that their operational problems can be identified and resolved in timely manner. This may also encourage existing investors to expand their activities in India.

33. **Sector-Specific Investment Promotion:** More focused investment promotion can be undertaken in sectors having high growth and employment potential, such as renewable energy, electronics, information technology, infrastructure, manufacturing and advanced technologies. Sector-specific information should be made easily available to potential investors.

34. **Improvement in Information Services:** Investors should have access to updated and reliable information about policies, regulations, incentives, infrastructure and investment opportunities. DPIIT and Invest India can make their information systems more user-friendly and regularly update important investment related information.
35. **Support for Smaller Foreign Investors:** Special guidance can be considered for small and medium-sized foreign enterprises that may have limited knowledge about Indian regulations and business procedures. Dedicated information and facilitation support can make their entry into the Indian market easier.
36. **Capacity Building of Investment Agencies:** Continuous training should be provided to officials and investment facilitation teams. Better knowledge of international investment practices, technology and changing business requirements can improve the quality of services provided to investors.
37. **Greater Policy Predictability:** Foreign investors generally require a stable and predictable policy environment for long-term investment decisions. Therefore, policy changes should be communicated clearly and implementation should be consistent across different levels of government.
38. **Strengthening Feedback Mechanism:** A regular feedback system should be developed where investors can share their difficulties and suggestions. The feedback can be analysed by concerned authorities and used for improving policies and facilitation services. In conclusion, DPIIT and Invest India have an important role in strengthening India's foreign investment environment. Their effectiveness can be further improved through better coordination, digital services, investor aftercare, transparent procedures and stronger engagement with state governments. These measures can help in making the investment process more accessible and efficient for foreign in
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