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# EIGHT STRATEGIC SECTORS OPEN TO 100% FDI IN INDIA

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India once approached foreign investment in its strategic sectors with marked caution, allowing limited access to safeguard national interests. But that paradigm has shifted. Driven by its position as the world's fastest-growing major economy, India has embraced a more open and future-forward investment regime.

Now ranked as the world's fourth-largest economy<sup>1</sup>, India's economic rise calls for a reimagined FDI approach. The government has responded with bold reforms like progressively liberalising FDI norms, including in sectors once considered out of bounds. Today, 100% foreign direct investment is permitted under the automatic route in multiple high-impact sectors, signaling both economic confidence and strategic ambition.

This evolving landscape presents unprecedented opportunities for global investors. Based on our sectoral insights, we have identified eight industries poised to drive the next wave of FDI-led growth in India.

## BFSI

India's financial sector sits at the intersection of scale, technology and transformation. With the country's expanding middle class, rapid digital adoption, a robust fintech ecosystem, and a pro-reform regulatory environment, the BFSI sector has evolved into one of the most compelling investment stories in India.

Within the BFSI sector, India's insurance industry is poised to attract more investments from foreign investors in 2025. The reason is twofold. First, the general insurance industry reported a premium collection of over ₹3.07 lakh crore in FY 2024–25.<sup>2</sup> Second, to sustain and boost the continued growth of the insurance sector, the government recently increased the FDI limit from 49% to 74%<sup>3</sup>, positioning the industry as an investment magnet.

However, this is only the beginning. India is experiencing increasing income levels, policy reforms, and a heightened appetite for financial security. When you consider other BFSI avenues such as credit, fintech, and retail banking, India's financial landscape transforms from a mere market into a significant movement.

## Mining and refining

India's mineral wealth is vast yet significantly underutilised. As the global economy accelerates towards advanced manufacturing, India has positioned its mining and refining sector as a strategic engine for both domestic growth and international supply chains.

To promote reforms in the mining sector, the government is establishing a State Mining Index to share best practices.<sup>4</sup> They have also launched the National Critical Mineral Mission (NCMM) in 2025<sup>5</sup> to facilitate 1,200 exploration projects from 2024–25 to 2030–31 and enhance the domestic availability of critical minerals within the country.

For investors, it presents an excellent opportunity to participate in building India's critical minerals infrastructure, which will ultimately have downstream integration into refining, processing, and advanced manufacturing.

## Manufacturing

The National Manufacturing Mission (NMM) was announced in the Budget 2025–26 under the broader ambit of the 'Make in India' programme.<sup>6</sup> The mission aims to leverage advanced technologies to propel India's Micro, Small, and Medium Enterprises (MSME) sector forward. This initiative comes at an opportune moment, considering recent geopolitical shifts, a robust and maturing labour force, and government PLI schemes, India is swiftly positioning itself as the world's next great factory floor.

Apart from NMM targeted at MSMEs, there is a general focus on leveraging the Production Linked Incentive (PLI) Scheme to push the sector. For instance, electronics and EV manufacturing have been allocated over ₹9,000 crore worth of PLIs for FY 2025–26.<sup>7</sup> The government's goal is to promote FDI in electric vehicle (EV) manufacturing and build an EV future for India. The country is also developing integrated industrial corridors and ensuring access to both skilled and semi-skilled talent for industries. For an investor, this is a strong indication to invest in the future of the world's next manufacturing powerhouse.

## Civil aviation

India's aviation sector is soaring higher than most anticipated. Fueled by rising disposable incomes, rapid infrastructure expansion and bold government initiatives, the industry is on a trajectory that may outpace even the most optimistic projections. The number of operational airports and domestic air passengers have in the country have more than doubled since 2014.<sup>8</sup> Recently, India officially became the third-largest domestic aviation market in the world with a footfall of 350 million passengers, trailing only the US and China.<sup>9</sup>

Government has undertaken multiple initiatives to ensure growth in this sector. Initiatives including the Bharatiya Vayuyan Adhiniyam, 2024, which seeks to modernise and streamline civil aviation regulation in India<sup>10</sup>, and the Protection of Interest in Aircraft Objects Bill, 2025,<sup>11</sup> aimed at lowering aircraft leasing costs and enhancing financial viability for domestic carriers, are working to ensure the sector stays on its high-growth trajectory. The Regional Connectivity Scheme–UDAN is also transforming India's domestic aviation industry by boosting regional connectivity, creating job opportunities and bolstering state economies.

As an investor, it is easy to assume that India's aviation growth is limited to manufacturing or flight operations. However, this view does not represent the complete picture. The sector encompasses a multi-layered ecosystem that includes airport infrastructure, logistics, engineering, and aviation services, all of which are evolving quickly to support the surge in air travel.

## Telecom

India's telecom sector stands at the heart of its digital transformation, marked by rapid infrastructure expansion, policy reform and record data consumption. India boasts over 1,200 million telephone subscribers with a teledensity of ~85%.<sup>12</sup>

The sector continues to experience unprecedented growth, driven by the government's decision to permit 100% FDI in telecom. With India's planned 5G rollout gaining momentum and telecom infrastructure strengthening, the sector remains in the top five in attracting foreign investment. It received \$746 million in FDI in FY 2024–25, more than double the inflows recorded in FY 2023–24.<sup>13</sup>

To support this momentum, the government has introduced forward-looking policies such as the Telecommunication Act 2023<sup>14</sup>, which consolidates and updates legacy laws, reduce regulatory burden and ensure smoother spectrum management. For investors, India's telecom sector offers sustained growth, backed by structural reforms, rising Average Revenue Per User (ARPU), and a long-term shift toward next-generation communication technologies.

## Pharmaceuticals

India has long been recognised as the "pharmacy of the world", playing a critical role in the global pharmaceutical industry. It continues to consolidate that position through scale, innovation and growing global trust. FDI in pharmaceuticals account for nearly 3% of India's total FDI inflow.<sup>15</sup> Around 70% of India's pharmaceutical exports are shipped to highly regulated markets in the US and EU.<sup>16</sup> It reflects the competitive advantage India offers to global pharmaceutical companies.

With an almost \$50 billion valuation, India's pharmaceutical industry<sup>17</sup> has a highly diversified product base covering generic and bulk drugs, over-the-counter drugs, vaccines and more, with a strong global presence. According to National Accounts Statistics 2024, total output for industry was ₹4,56,246 crore for FY 2022–23.<sup>18</sup>

India is also poised to become the next hub for biopharma R&D and clinical trials. Leading global companies are driving FDI in pharmaceuticals for joint ventures and innovation centres in India. If you're looking for a sector with scale, resilience, and global demand, India's pharmaceutical industry stands out. For long-term investors, it represents a solid opportunity, positioned at the heart of the future of global healthcare.

## Infrastructure

India is relentlessly pursuing progress, transforming challenges posed by infrastructure gaps into opportunities for innovative solutions and dynamic growth. The government has allocated over ₹11.21 lakh crore (3.11% of GDP) for infrastructure development in the Budget 2025–26.<sup>19</sup> From roads and highways to ports and shipping, the massive scale of infrastructure development is enhancing private and foreign participation in traditionally public-heavy segments.

To ensure the success of this infrastructure push, the PM Gati Shakti initiative supports infrastructure projects by breaking down silos and accelerating multimodal connectivity, thus making project execution faster and more efficient. Various other initiatives are a part of the infrastructure push, such as the Smart Cities Mission for improving quality of life,<sup>20</sup> the National Green Hydrogen Mission for exploring alternative green fuels and allowing 100% FDI in renewable energy, and more.<sup>21</sup>

Notably, there is a growing shift towards public-private partnerships, viability gap funding and asset monetisation, creating more structured and investor-friendly models across infrastructure projects. This long-term policy visibility, de-risked frameworks, and high-return potential across core sectors underpin India's infrastructure growth, providing peace of mind and Ease of Doing Business (EoDB) for investors.

## Biotechnology

India's biotechnology sector is advancing beyond traditional pharmaceuticals and vaccines into innovative fields such as genomics, synthetic biology, bio-manufacturing, and precision medicine. The confidence evident in the pharmaceutical industry also applies to biotechnology. The industry, worth \$165.7 billion in 2024<sup>22</sup> is taking impressive strides forward!

Additionally, the recent BioE3 (Biotechnology for Economy, Environment, and Employment) Policy<sup>23</sup> is working to build a greener India and accelerate innovation-driven research and entrepreneurship in high-performance biomanufacturing. For investors, biotechnology in India offers the perfect blend of cutting-edge science, supportive policy and scalable innovation. Whether you're eyeing early-stage ventures or looking to back large-scale bio-manufacturing, the opportunity is not just real—it's accelerating.

## Conclusion

India presents a promising outlook for global investors. A vision that incorporates scale, stability, and sector-specific policy clarity. The best part? All of it is backed by strong governance and long-term growth fundamentals. Whether you're seeking high-growth opportunities or stable, asset-backed investments, India's evolving landscape presents a compelling case for every investor.

The next step is to explore opportunities, analyse incentives, and find sector-specific entry points. To get started, visit [investindia.gov.in](https://www.investindia.gov.in)