



India FDI: Opportunities for Scotland

EY UK Attractiveness Survey 2026



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Executive summary

India has emerged as one of the UK's most strategically important sources of foreign direct investment (FDI), cementing its position as the UK's second-largest inward investor for the fifth consecutive year.

In 2025, Indian companies delivered 71 investment projects into the UK, representing 46.4% of all Indian investment into Europe. In effect, the UK now attracts almost one in every two Indian investment projects entering Europe: a position unmatched by any other European economy.

The UK continues to enjoy a uniquely strong investment relationship with India, underpinned by deep business relationships, common legal frameworks, language, talent mobility, strong services-sector connectivity and Commonwealth links.

For Scotland, the untapped opportunity is significant.

Scotland remains the UK's largest FDI destination outside London, holding the number one spot for 11 years, and is the eighth largest destination in Europe. Of the 108 projects secured by Scotland in 2025 only one of those projects came from India, in the software sector.

There is an opportunity for the Scottish Government and enterprise agencies to look at where investment is coming from and consider targeted responses where there appears to be an opening. India is a case in point.

Although Scottish project numbers fell during 2025, investor sentiment towards Scotland strengthened markedly. Investor intentions to invest in Scotland in 12 months from survey increased from 25% to 33%, making it the clear second choice location in the UK after London.

Broadening the range of source countries is increasingly important not only for fostering competition and enhancing knowledge exchange, but also for reducing Scotland's exposure to geopolitical risk and building a more resilient and internationally connected economy.

For Indian investors, Scotland is:

- A gateway into the UK and European markets
- A lower-cost alternative to London
- Part of a respected Financial Services landscape enabling competitive governance
- Home to world-class AI, data and FinTech ecosystems
- A centre for renewable energy and climate innovation
- A highly skilled talent market supported by leading universities
- A location with strong institutional support from Scottish Enterprise and related agencies

India's strategic importance to UK FDI

The UK's position as India's preferred European investment destination is one of the most notable findings in the annual [EY Attractiveness survey](#).

Key facts, 2025

71

Indian FDI projects in the UK

2nd

Rank among UK inward investors

46.4%

Share of Indian FDI into Europe secured by the UK

5

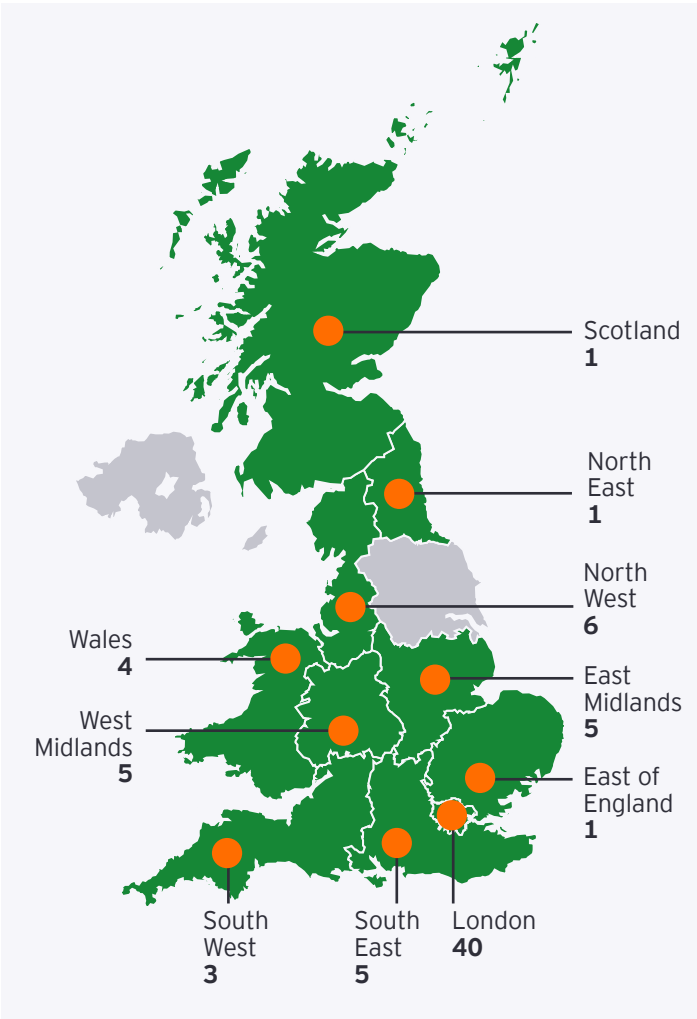
Consecutive years India has been UK's second-largest investor

The UK substantially outperforms competing European markets for Indian investment.

- UK: 46.4% of Indian FDI into Europe
- France: 8.5%
- Germany: 14.4%
- Netherlands: 0.7%

This demonstrates that the UK enjoys a highly differentiated position with Indian investors and occupies a strategic role as India's principal gateway into Europe.

2025 India FDI to the UK in numbers



Scotland's current FDI position

Despite wider market pressures, Scotland continues to perform strongly relative to other UK regions and nations.

Scotland by the numbers, 2025

108

FDI projects secured

2nd

UK ranking

14.8%

Share of UK FDI projects

8th

European regional ranking

Although project volumes declined by 20% from a record high in 2024, Scotland's share of UK projects remained significantly above its long-term average, demonstrating the resilience of Scotland's investment proposition.

This is largely attributed to Scotland's differentiated sector strengths and the effectiveness of its investment support ecosystem.

Edinburgh and Glasgow continue to perform

Scotland continues to stand out through the performance of its major cities.

Projects, 2025

30

Edinburgh

23

Glasgow

5

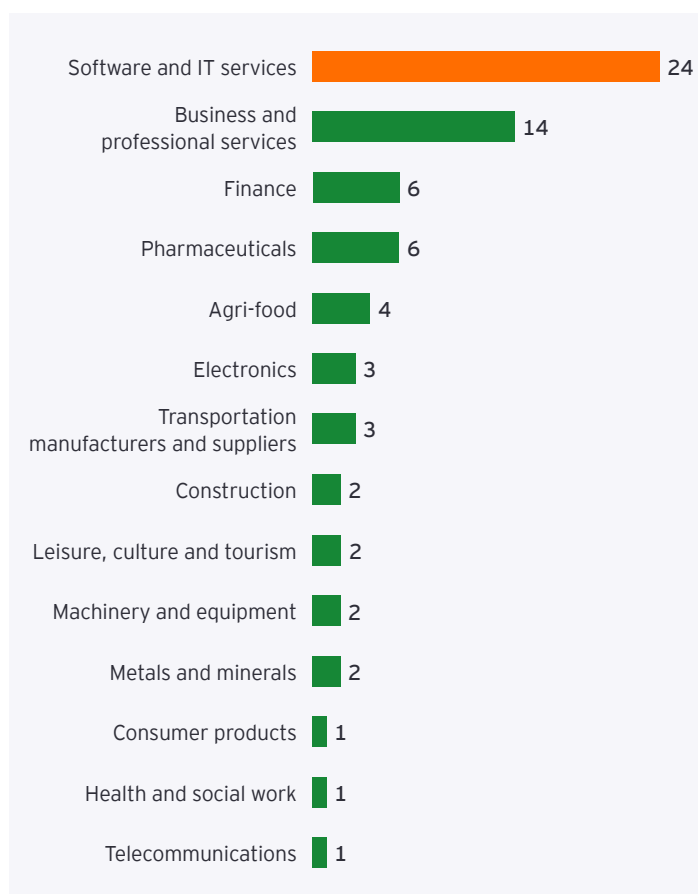
Aberdeen

Edinburgh is the UK's second most successful city for FDI outside London (with one project less than Manchester at number one) while Glasgow remained among the UK's leading investment destinations. Scotland once again punched above its weight by having two cities in the UK top four.

Why Scotland is well positioned to attract Indian investment

The sectors identified in the EY Attractiveness Survey as driving future UK growth align closely with Scotland's areas of competitive advantage and with the globalisation strategies of many leading Indian companies.

UK sectors attracting India FDI in 2025 (number of projects)



1 Technology, AI and digital services

Software and IT services is the strongest future growth sector, with investors also highlighting AI, digital skills and research ecosystems as key drivers of investment decisions.

Scotland's strengths include:

- Edinburgh's internationally recognised AI and data science cluster
- World-class universities and research institutions
- Growing FinTech ecosystem
- Strong digital and technology talent base

These capabilities align closely with India's growing cohort of international technology, consulting and digital services businesses seeking expansion opportunities.

2 Financial services and FinTech

The financial services sector remain one of the most attractive sectors for international investment and are viewed by investors as a key future growth sector.

While Scotland has remained the most attractive destination outside of London overall, financial services investors are even more bullish on Scotland and Edinburgh in particular.

Edinburgh's position as the UK's second financial centre creates opportunities to attract Indian firms seeking:

- European market access
- Asset management capabilities
- FinTech partnerships
- AI-enabled financial services development

More than half (52%) financial services investors say they plan to invest in 12 months from survey, specifically in Scotland. This marks the sector out as a uniquely strong area relative to other areas of the economy because Scotland's high rating – in which respondents can choose multiple UK investment locations – is also impressive in that it is on a par with London.

Furthermore, at the city level, the three most attractive cities for financial services investment are London (52%), Edinburgh (44%) and Glasgow (23%). The strength of these results represents a ringing endorsement of how positively financial services investors view Scotland, and a clear signal for policymakers to take action to capitalise on these enduring positive perceptions.

As Indian financial institutions increasingly internationalise, Scotland's financial services cluster presents a strong alternative to London.

3 Business and professional services

Business and professional services projects in the UK more than doubled in 2025, increasing from 74 to 153 projects.

Growth areas:

- Consulting and advisory services
- Operational and business process services
- Technology-enabled services
- Outsourcing and professional support functions

These areas mirror the strengths of many internationally active Indian companies and represent a natural fit for Scottish locations offering high-quality talent and competitive operating costs.

4 Clean energy and energy transition

Investor attention is increasingly focused on clean technology, renewable energy and energy security.

Scotland offers a compelling proposition in:

- Offshore wind
- Green hydrogen
- Renewable energy generation
- Energy transition technologies
- Net-zero innovation

As Indian businesses accelerate global investment into sustainable infrastructure and green technologies, Scotland's credentials in the energy transition present a significant opportunity.

5 Defence and advanced engineering

EY Attractiveness highlights a major increase in defence-related FDI across Europe, rising from 33 projects in 2024 to 106 projects in 2025. UK defence-related projects doubled during the same period.

Established sector skill:

- Defence manufacturing
- Maritime technologies
- Aerospace
- Advanced engineering

Scotland's strengths in these areas position it well to benefit from growing international collaboration and defence sector investment.



Scotland compared with the wider UK

Most encouragingly for Scotland is the improvement in investor sentiment.

When investors were asked where they planned to establish or expand operations in the coming year:

- London remained first at 51%.
- Scotland increased from 25% to 33%.

This was one of the strongest improvements recorded across any UK nation or region.

Scotland's growing attractiveness is particularly notable given that actual project volumes declined during 2025. This suggests that Scotland's investment proposition remains strong and that future activity may depend on translating that uniquely high sentiment into projects.

Scotland's competitive advantages

Strongest relative strengths

- Strong international reputation
- High-quality talent base
- World-class universities
- Established financial services sector
- Leading energy transition capabilities
- Effective investment support ecosystem
- Multiple investable cities rather than reliance on a single centre

Key challenges

Like the wider UK, Scotland faces challenges relating to:

- High energy costs
- Global economic uncertainty
- Reduced manufacturing investment
- Competition for highly skilled labour
- Lower levels of large-scale R&D investment

Strategic implications for Scotland

The evidence suggests that Scotland should position itself as the UK's premier location for Indian investment outside London.

Priority sectors with opportunity for Indian FDI:

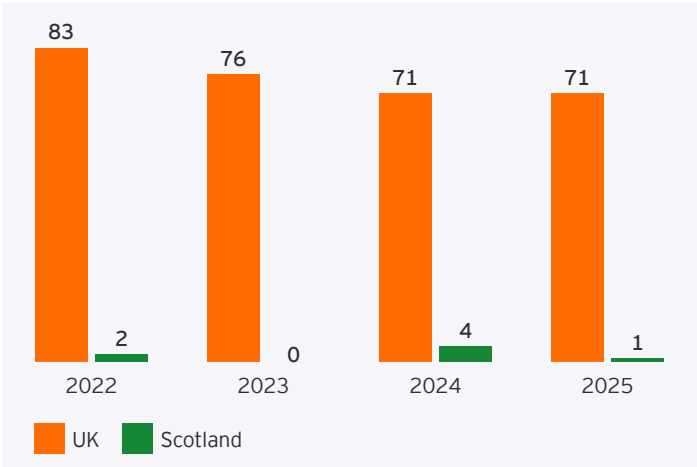
- 1. Technology and AI
- 2. Financial services and FinTech
- 3. Business and professional services
- 4. University-led R&D and innovation
- 5. Clean energy and net zero technologies
- 6. Life sciences
- 7. Advanced manufacturing
- 8. Defence and security technologies

The key opportunity lies in leveraging the UK's exceptional position as India's preferred European investment destination while promoting Scotland's differentiated strengths in talent, innovation, financial services and energy transition.

The UK-India investment corridor stands out as one of the UK's strongest FDI success stories. India is now firmly established as the UK's second-largest inward investor, and the UK attracts almost half of all Indian investment entering Europe.

For Scotland, the outlook is encouraging. Scotland remains the UK's second-largest investment destination, with two cities in the UK's top four outside London, and future investment intentions towards Scotland have increased sharply.

The combination of Scotland's growing attractiveness and the UK's dominant position in securing Indian FDI creates a significant opportunity. Previous years demonstrate a similar trend:



Taken together, the evidence suggests Scotland has a strong opportunity to secure a larger proportion of future Indian investment by focusing on sectors where both Scotland and India are strongest: technology, financial services, professional services, clean energy and innovation-led sectors.

If Scotland can convert its improving perception into project wins, it is well positioned to secure a larger share of future Indian investment and outperform many competing UK regions in the years ahead.



Contacts



Sue Dawe OBE
Scotland Managing Partner
Ernst & Young LLP
sdawe@uk.ey.com



Phil Milne
Scotland Head of Government
and Infrastructure
Ernst & Young LLP
philip.milne@ey.com

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