India’s GDP amounting to 2.7 trillion USD makes rank among the top 10 countries in terms of total productivity. The average growth rate of GDP in India is approximately 8% whereas is below 5% in developed economies. Liberalisation of trade practices and globalisation are considered to be a key components contributing to the economic growth in several economies. Several literature also prove the same. The economic reforms of 1991 has enhanced flow of FDI and free trade in India which has created a greater impact on the economic growth in the recent decades. This paper is an attempt to study the relationship between the FDI inflows, trade openness and GDP in India and China. The annual data since 1975 was considered for the study to understand both short and long run relationships.