Post-COVID 19 Investment opportunity and India: Measures Necessary to Establish India as a World Investment Hub

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ABSTRACT:

It is seen that besides single tax structure, reformed FDI approval process, reduced corporate tax, India has not been able to attract huge foreign investment inflows as expected and required. The COVID 19 catastrophe has brought hope, an opportunity before dispirited India to wrest investment from the firms moving out from the Chinese region due to China’s role in COVID – 19. Still, many have expressed the doubts that it is not certain that companies will shift India. Investors’ dissatisfaction against India which started over delay in implementing arbitration award, cancellation of 2G spectrum licences and retrospectively amending the tax law, were the previous challenges which India was facing. In this study, we would examine how to grasp that opportunity. Besides fulfilling other infrastructure requirements such as matching production cost, supply chain, the legal and regulatory requirements would also be checked. This study is required as presently India is a party to only 14 BITs and negotiations on future BITs is pending.

KEY WORDS: Bilateral Investment Treaty, Investment opportunity and India, Foreign Direct Investment, COVID 19

1. Background

The present government led by Prime Minister Narendra Modi has introduced several measures to attract foreign investment into India. The government has been reluctantly taking several reformative actions such as implementing a single tax structure in the form of Goods and Service Tax (GST), liberalising FDI policy, reducing corporate tax to attract Foreign Direct Investment (FDI).\(^8\) GST resulted in uplifting India’s ranking in ease of doing business.\(^9\) The government has reformed the FDI approval process and made easy by abolishing the Foreign Investment Promotion Board in the year 2017. The government has opened many sectors for FDI, such as defence, aviation, telecom, private security, information and broadcasting, education, e-commerce and also increased the limits of FDI through...