

India Needs Stronger Property Rights to Attract Ample Foreign Direct Investment

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Abstract: A lot of companies are looking for alternatives to China for their manufacturing. As it stands now, India and Vietnam are competing for the top spot. Vietnam reformed their property rights last year which puts them at a distinctive advantage over India and there is no recognition in India of this. This adds significantly to the urgency of what makes reforming property rights the number one issue that needs to be addressed if India is to become the economic goliath that is her destiny. India being among the most economically developed is nothing new. For an extended period of time in history, a quarter of the World's GDP was produced in India (Maddison, 2007). Furthermore, prior research shows the orthogonal condition applies to robust property rights and predatory MNCs with business practices that result in extraction of natural resources while exacerbating conflicts and turmoil in the region. The key is robust property rights encouraging manufacturing, etc. with other regulations in place to prevent predatory business practices. A look at per capita high-income nations, such as the OECD countries, who have strong property rights makes that case. Additionally, the Modi government has a strong reputation of being anti-corruption. Stronger property rights have historically led to further reforms which have cleaned up corrupt practices in other countries (Bai, et al, 2019).

Keywords: International Finance, Foreign Direct Investments, Property rights, Sustainable Financial Development.

Introduction

India is on her way to become an economic giant and a lot has been done since the liberalization of the Indian economy that has led to this. However, there still remains work to be done. The goal for a thinking Indian should be to contribute in a manner so that India becomes the most developed country in the world. This is precisely what will get us there.

Robust property rights give foreign investors the assurance that their money will be protected in the host nation and are especially crucial for attracting foreign direct investment (FDI). These strong property rights laws tend to draw more FDI because investors see lesser risks and more opportunity for financial gains.

There is confusion about property rights being owned by foreigners in India. A major reason for this is due to the confusion of the term *foreign nationals* being used as a broad umbrella that includes NRIs (Non-Resident Indians), PIOs (Persons of Indian Origins), as well as Foreign Nationals who do not fall under the NRI or PIO category. This third category needs to obtain various permissions as well as adhere to additional guidelines as well as regulations. The process is extremely bureaucratic which results in a lack of confidence in property rights which further leads to obstacles in the path to economic growth in India.

A lot of companies are looking for alternatives to China for their manufacturing. As it stands now, India and Vietnam are competing for the top spot. Vietnam reformed their industrial property rights last year which puts them at a distinctive advantage over India. This adds significantly to what makes property rights the number one issue that needs to be addressed if India is to become the economic powerhouse that is her destiny. India being among the most economically developed is nothing new. For an extended period of time in history, a quarter of the World's GDP was produced in India (Maddison, 2007). As of now, there is absolutely no recognition in India that Vietnam is outmanoeuvring India in property rights. The following link to this news article from CNBC.com in the US gives us a sense of what is going on: <https://www.cnbc.com/2024/04/02/india-wants-to-become-the-top-manufacturing-alternative-to-china-but-first-it-needs-to-beat-vietnam.html>

Non-fungible Tokens (NFT) are encrypted and unique identification codes that exist on a blockchain and can be used to keep track of property rights (Sharma, 2024). NFT technology use makes it extremely difficult to commit fraud.

Foreign direct investment has been pushed by international organizations and policymakers as a vital tool for economic growth. According to the theoretical literature that backs this theory, FDI can spur development and growth by creating technology and knowledge spillovers.

Literature Review

According to North (1990), a nation's economic performance may deteriorate if property rights are not strong enough. Wei (2000) investigates how FDI inflows are affected by the protection of property rights. He concludes that because there are less dangers and uncertainties for foreign investors, nations with stronger protections for property rights typically draw larger levels of FDI. Li and Resnick (2003) investigate the connection between FDI inflows, democracy, and property rights. They discover that nations with more robust democratic institutions and protections for property rights draw in more foreign direct investment than do nations with less robust institutions and less democratic governance. Bhattacharya (2024) finds that foreign direct investment encourages economic growth by encouraging domestic investments, inspiring confidence in the economy and the policies implemented by the government, and by encouraging entrepreneurship via increased knowledge and funding sources. Bai, et al (2019) discover that bribe extraction does actually decline with business expansion. This tendency is especially evident for businesses that have extensive property rights and those that operate throughout several provinces, and is in line with these businesses moving more quickly. Their findings indicate that corruption goes away on its own in developing nations and shows positive feedback between strong institutions and economic growth.

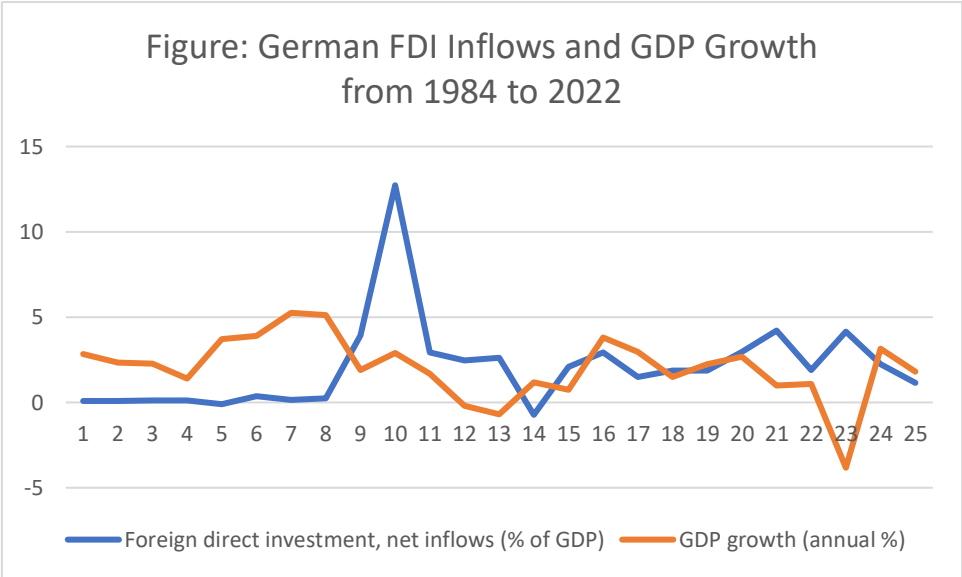
Studies point out why there are at times unfavourable outcomes in economic growth from foreign direct investment (FDI). Research has demonstrated that favourable outcomes from FDI are contingent upon features of the host nation, including the degree of human capital, financial markets, and institutional frameworks (Blomström and, 2003; de Mello, 1999). However, there has been criticism and unease about the actions of multinational corporations (MNCs), particularly in the extractive industry and natural commodities sectors where resources are frequently found in areas that are prone to violence. According to recent studies, there have been instances where foreign corporations involved in the extractive industry have exacerbated violence and conflict by giving money or weapons, for example (Amini, 2004). Furthermore, as recent studies have shown, the function that host nation attributes play in drawing in foreign investment in countries with an abundance of untapped natural resources is different from that of other economies.

Alfaro et al. (2004) investigate the connection between FDI, GDP growth, and the expansion of local financial markets. They conclude that stable property rights and healthy financial systems play a significant role in FDI inflows and their impact on economic expansion. Busse, M., & Hefeker, C. (2007) looks into how institutional quality, which includes the protection of property rights, and political risk affect FDI flows. As a result of lower investment risks, it concludes that nations with stronger property rights protection see higher FDI inflows. Javorcik, et al (2009) examines the impact of corruption and property rights protection on FDI at the firm level. It finds that firms are more likely to invest in countries with stronger property rights protection, as it reduces the risk of expropriation and enhances investment security.

In many nations, women are not afforded the same protections under property rights as males. This inequality should have a big impact on growth because strong property rights are essential for economic expansion. The significance of women's property rights for economic growth across a wide range of nations is tested in an article by Sheehan and O'Reilly (2023). Growth is strongly correlated with women's property rights, even after adjusting for the impact of men's rights. This implies that institutional advancements on a broad scale can have a notably significant impact on economic expansion. Countries with better property rights protection tend to have higher levels of economic development and attract more foreign direct investment over time, according to Acemoglu, Johnson, and Robinson's (2001) analysis of the historical roots of property rights institutions and their long-term effects on economic development. Dunning's (2008) groundbreaking research sheds light on the factors that influence foreign direct investment, and particularly the significance of protecting property rights. He contends that stable and predictable investment environments, which are provided by solid property rights, are crucial for drawing in and keeping foreign direct investment.

Discussion

Foreign Direct Investment (FDI) leads to Economic Growth under the right circumstances and there is considerable evidence of that. The relationship between FDI inflows and GDP growth rate from Germany, for example, is illustrated in the chart below:



Data Source: World Development Indicators from The World Bank, April, 2024.

For the period 1984 to 2022, German Economic growth, as measured by GDP growth in percentage, and FDI net inflows as a percent of GDP show similar trends with GDP growth lagging FDI inflows by a couple of years. The anomaly during this period is around the year 2000 when US economic growth slowed considerably due to the Internet Dotcom bust and there was a considerable inflow of investment into Germany. There is a considerable amount of work that can be done here but that is an area of further research.

A corporation or individual from one country investing in business interests in another is referred to as foreign direct investment, or FDI. This investment can be made in a number of ways, including starting a business, buying assets, or gaining a substantial ownership position in overseas corporations. FDI inflows are frequently interpreted as an indication of investor optimism for a nation's economic future. Higher FDI levels may help a nation by facilitating the growth of new markets, jobs, infrastructure, and technology transfer.

By promoting economic activity through investments in human, technological, and physical capital, FDI inflows can help GDP rise. FDI frequently results in the establishment of new companies, the growth of already-existing companies, and the construction of infrastructure, all of which can increase economic production and productivity. Technology transfer and knowledge spillovers can be facilitated by FDI, and this can boost productivity, efficiency, and innovation in the host nation. Long-term GDP growth may then result from this in turn.

While FDI can boost GDP, there are risks and difficulties associated with it as well. For instance, FDI may cause economic distortions or dependency if it is concentrated in particular industries or controlled by foreign monopolies. Furthermore, the economic policies, institutional quality, infrastructure, and regulatory framework of the host nation all affect how well foreign direct investment (FDI) stimulates GDP development. All things considered, FDI has the potential to significantly contribute to GDP growth, especially when combined with laws and other policies that support its beneficial effects on the economy. But because of the complex and variable nature of the relationship between FDI and GDP, governments must carefully control and utilize FDI inflows to promote sustainable economic growth.

The following table shows countries with the strongest Property Rights as measured by the International Property Rights Index are all among the high-income countries (as measured by per capita income in US 2022 dollars) of the World.

Table: Property Rights and Per Capita Income:

<u>Country</u>	<u>IPRI</u>	<u>2022</u>
Finland	8.09	\$ 50,871.93
Singapore	7.958	\$ 82,807.63
Netherlands	7.853	\$ 57,025.01
Denmark	7.812	\$ 67,790.05
New Zealand	7.793	\$ 48,418.59
Norway	7.772	\$ 1,08,729.19
Sweden	7.771	\$ 56,424.28
Luxemburg	7.767	\$ 1,25,006.02
Germany	7.748	\$ 48,717.99
Australia	7.688	\$ 65,099.85

Data Source: IPRI and World Development Indicators, The World Bank, April, 2024.

Many important factors, such as investments in human and physical capital, including foreign direct investments, technological innovation, effective resource allocation, and supportive institutional frameworks, are the main drivers of economic growth. Investing in tangible assets, including equipment, machinery, and other facilities, increases output and enables companies to grow and generate more products and services. In a similar vein, funding for healthcare, education, and training gives individuals the information and abilities needed to sustain the economy and encourages innovation and higher output. Technological innovation is a key factor in economic growth since it promotes efficiency gains, the creation of new markets and industries, and product innovation. Efficient resource allocation optimizes economic production and growth potential by focusing resources on the most productive uses, which is made possible by strong regulatory frameworks and competitive marketplaces.

Economic expansion has several advantages above just raising GDP. Growth in the economy encourages consumption and household incomes, which in turn lowers poverty, increases employment opportunities, and raises living standards. It makes it possible for governments to set aside money for public services, infrastructure, and social programs, enhancing residents' quality of life and promoting social cohesion. Moreover, technical advancement, entrepreneurship, and innovation are all encouraged by economic expansion and lead to structural change and economic diversity. Economic expansion increases fiscal revenues because it increases the size of the economic pie. Reinvesting these revenues could help lay the groundwork for long-term prosperity and equitable growth in sectors such as healthcare, education, and environmental sustainability.

However, it is not simple to achieve consistent economic growth. The main obstacles to economic growth that nations encounter include imbalances in the macroeconomic system, inequality, and environmental harm. Widening income disparities can exacerbate social unrest, threaten social cohesiveness, and prevent the fair sharing of the gains made in development. The long-term sustainability of economic growth is threatened by environmental degradation, which is caused by unsustainable patterns of production and consumption and puts ecosystems, biodiversity, and human health in jeopardy. If macroeconomic imbalances like inflation, budget deficits, and external debt are ignored, they can also cause economic instability and erode public trust in the process of growth.

In conclusion, economic expansion plays a critical role in prosperity and development by generating opportunities for job creation, social advancement, and the reduction of poverty. However, inclusive, sustainable, and equitable growth strategies must be used to solve problems like inequality, environmental degradation, and macroeconomic instability in order to effectively use economic growth. Countries can leverage economic expansion to build a brighter future for everybody by allocating resources to research, education, and infrastructure development. Promoting foreign direct investment (FDI) is essential for fostering innovation, jobs, economic growth, and knowledge transfer.

Pro-investment legislation and regulatory adjustments should be put into place in order to attract international investment. This entails cutting bureaucratic red tape, streamlining bureaucratic processes, and guaranteeing predictability and openness in regulatory actions. Foreign ownership in major economic sectors will increase if investment restrictions are loosened. Reducing obstacles to entry and lowering restrictions on foreign investment can

boost economic growth by attracting more investors and increasing competitiveness. To entice foreign investment, provide tax incentives, exemptions, and other fiscal stimulus measures. To lower the cost of doing business for foreign enterprises, this could involve tax vacations, lowered corporate tax rates, investment tax credits, and exemptions from customs duties. In order to aggressively promote the nation as a desirable location for investments, specialized organizations known as Investment Promotion Agencies (IPAs) must be established. Potential foreign investors may find it helpful to have the experience, assistance, and support services of IPAs while they proceed with their investment. Businesses can benefit from infrastructure development investments by having better access to connections, logistics, and utilities. Improving the nation's internet access, transportation, and energy infrastructure can attract more foreign investment.

To attract foreign investment financial subsidies, grants for research and development, and technology transfer programs could all be used to promote foreign direct investment (FDI) in high-tech, knowledge-intensive industries. In addition to ensuring political stability, the rule of law, and excellent governance, political stability and governance will also give foreign investors a stable and predictable economic environment. Reducing political risks and boosting investor confidence can be accomplished through fostering openness, combating corruption, and assisting institutions. It is recommended that trade agreements and market access be negotiated in order to facilitate international commerce and foreign investment. Large consumer markets and advantageous trade agreements may draw foreign businesses looking to go worldwide. PPPs, or public-private partnerships, are designed to promote cooperation between the public and private sectors in the building of public services and infrastructure. Major projects can be financed and possibilities for foreign investors can be generated by utilizing the resources and expertise of the private sector. These tactics can help nations become more prosperous and experience steady growth by boosting economic growth, luring in foreign investment, and strengthening their integration into the global economy.

For a number of reasons, property rights are essential to promoting foreign direct investment. A key component of property rights is legal certainty, which is also essential for encouraging investment and economic growth. The definition and legal recognition of property rights are guaranteed by legal certainty. It is necessary for both individuals and corporations to have this clarity in order to facilitate transactions, investments, and economic activity by knowing who owns what. Investment and economic growth may be hindered by property ownership uncertainty. Property rights are enforceable through the legal system when there is legal certainty. In the event that disagreements emerge about property ownership or use, people and companies must have faith in their ability to file a legal complaint. Property rights need to be enforceable, which instils confidence in investors by guaranteeing the protection of their rights.

Property rights should be continuously respected and upheld in a predictable legal environment that is created by legal certainty. For the purpose of evaluating risks and selecting investments, investors rely on predictability. Investment may be discouraged by a legal system that exhibits ambiguity or inconsistent application of property rights because of increased risk and unpredictability. The rule of law, which guarantees the uniform and equitable application of the law, is intimately related to legal certainty. Property rights are essential to the rule of law because they guarantee that property can be acquired, used, and transferred in conformity with recognized legal standards and shield people and enterprises from capricious official action.

By lowering perceived risks for investors, legal certainty on property rights fosters a positive investment climate. Strong property rights laws tend to draw greater international and domestic investment because investors feel more secure about the stability of the legal system and the security of their money. Stable property rights and a clear legal framework promote economic growth. Legal certainty encourages capital creation, entrepreneurship, and innovation, which raises productivity and economic prosperity by offering a stable basis for investment and economic activity.

Furthermore, successful property rights protection and enforcement depend on clear legal frameworks. In property-related problems, it provides clarity, enforcement, predictability, and adherence to the rule of law, which produces an environment that is favourable to investment, economic growth, and development. Property rights must be interpreted clearly in order for a nation to draw investment and see steady economic growth.

Since risk mitigation entails taking steps to reduce the possible negative effects of ambiguity, disputes, or threats to property ownership, it is a crucial component of property rights. Property rights help reduce risk in a number of ways. Robust property rights offer defence against capricious acts by people, groups, or governments that can jeopardize the ownership or use of property. Investments are protected when there is less chance of expropriation, confiscation, or unauthorized asset seizure thanks to legal frameworks that precisely identify and uphold property rights.

In the event of a dispute or an infringement on someone's property, property rights allow both individuals and businesses to pursue legal action. The danger of suffering damages as a result of disagreements over ownership,

boundaries, or usage rights is reduced when there are efficient legal procedures available to settle property-related disputes. By guaranteeing that their capital will be shielded against capricious actions or unfavourable outcomes, well-defined and upholdable property rights inspire trust in investors—both local and foreign. By lowering the perceived risks connected to real estate ownership and enabling long-term planning and financial commitment, this confidence promotes investment.

Having property rights makes it easier to obtain financing and insurance plans that reduce the risks involved with owning real estate. Clear title and legal certainty surrounding property rights are usually conditions required by lenders and insurers before they will provide financing or coverage against risks like liability, loss, or damage. Also, by lowering uncertainty and volatility in real estate markets, secure property rights help to maintain market stability. Property values and market conditions are more stable when property rights are well established and upheld because buyers and sellers can transact with confidence.

Secure property rights promote investment in infrastructure, development projects, and productive assets by reducing the risks connected with property ownership. When investors are certain that their rights will be protected and that the legal system will remain stable, they are more likely to commit resources to property-related endeavours. By encouraging investment, entrepreneurship, and innovation, property rights effectively mitigate risk and promote economic development as a whole. Strong property rights laws tend to draw more foreign investment, increase economic stability, and lead to higher levels of development and prosperity over time.

In short, property rights are essential for reducing risk because they offer security from capricious behaviour, permit legal action, boost investor confidence, make insurance and financing more accessible, stabilize the market, attract investment, and stimulate economic growth. Robust property rights laws are necessary to establish an atmosphere that supports prosperity and sustainable growth.

There are a number of reasons why property rights are a major inducement for investment, both locally and abroad. People and companies can feel secure knowing that their investments are shielded against arbitrary seizure, confiscation, or expropriation when they have well-defined and enforceable property rights. This security incentivizes investors to devote funds to property-related projects, including infrastructure, real estate, and productive assets. With property rights, investors can confidently make long-term commitments and plans. Investors are more inclined to fund projects requiring significant capital outlay and extended gestation periods, like industrial facilities or infrastructure development, when they are guaranteed the protection of their property rights over time.

Property rights enable people and companies to amass assets and earn returns on their investments, which in turn promotes wealth growth. By guaranteeing that people may keep and profit from the products of their labour and capital, secure property rights encourage saving and investment, which boosts economic activity and prosperity. Investors with clearly established property rights can use their assets as leverage to get funding from capital markets, banks, or other financial organizations. When borrowers give property with clear title and enforceable rights as collateral, lenders are more likely to grant credit or supply cash. By lowering the capital constraints that investors must contend with, this availability of financing promotes investment.

Strong property rights foster entrepreneurship by giving entrepreneurs the chance to acquire and grow assets and enterprises. When entrepreneurs have faith that their intellectual property will be safeguarded and that their efforts and ideas will pay off, they are more willing to take chances and invest in new businesses. Property rights encourage market efficiency by making it easier for ownership and usage rights to be transferred through open, legally binding transactions. The confidence that investors have in the protection of their rights while purchasing, selling, leasing, or mortgaging real estate contributes to the property markets' increased liquidity and price discovery. Safe property rights play a key role in drawing FDI by giving international investors the assurance that their money would be well-protected in the host nation. Strong property rights laws tend to draw more foreign direct investment because investors see lesser risks and more opportunity for financial gains.

To sum up, property rights are a strong inducement to invest since they guarantee ownership, allow for long-term planning, make wealth creation easier, improve access to financing, encourage entrepreneurship, improve market efficiency, and draw in foreign capital. Higher levels of investment, economic growth, and development are more likely to occur in nations that place a high priority on the defence and enforcement of property rights.

Property rights and access to finance are closely related because having safe and enforceable property rights makes it easier to use assets as security to get loans and other types of funding. In this way, property rights facilitate financial access. People and companies with property rights can use their possessions, like real estate, buildings, or machinery, as security for bank and other financial institution loans. When borrowers put up valuable assets with enforceable

property rights and clear ownership as collateral, lenders are more likely to give loans, lowering the chance of default.

Since lenders get assurances about the stability and value of the collateral being given, secure property rights help improve borrowers' creditworthiness. When property rights are well-defined, lenders may more easily evaluate the value and marketability of the collateral, which speeds up the loan approval process and gives borrowers access to finance on advantageous terms. By giving lenders a way out in the event of a default, property rights help to reduce the risks involved in lending. Lenders have the right to foreclose on collateral and use the legal system to recoup their investment in the event of nonpayment. Enforced property rights lower the risk and expenses of asset recovery, hence lowering the risk of lending for financial institutions.

With lenders ready to make loans at lower interest rates when they see less risks, borrowers with secure property rights typically have easier access to financing. Property owners can benefit from more favourable lending conditions and reduced borrowing costs when there is less information asymmetry between lenders and borrowers due to clear property rights. Property rights allow people and companies to use their assets as leverage to get funding for investments in profitable ventures like real estate development, infrastructure construction, and corporate expansion. Financial accessibility promotes investment, boosts economic expansion, and generates job opportunities, all of which add to the general well-being.

Secure property rights, especially in underprivileged or marginalized populations, increase property owners' access to formal financial services, hence promoting financial inclusion. Owners of real estate can use their assets to build credit histories, get company or personal loans, and engage more fully in the formal economy. By giving entrepreneurs the ability to obtain the funds required for investment and expansion, property rights enable them to launch or grow firms. Property can be used as collateral by entrepreneurs to obtain loans for starting their own businesses, buying equipment, or stocking up on goods. This promotes economic growth, innovation, and job creation.

To put it briefly, safe and enforceable property rights are necessary to make it possible for people to obtain financing because they let property owners use their assets as collateral, improve creditworthiness evaluation, reduce lending risks, lower borrowing costs, encourage capital formation, make financial inclusion easier, and encourage entrepreneurship. Strong property rights laws are typically associated with more advanced financial systems, easier access to credit, and better rates of prosperity and economic growth.

Property rights are essential for promoting innovation and technology transfer because they safeguard intellectual property (IP) rights, encourage investment in R&D, and create an atmosphere that is favourable to innovation. Property rights support innovation and technology transfer in a number of ways. By guaranteeing that businesses will be able to profit from their innovative endeavours, secure property rights encourage businesses to invest in R&D. Businesses are more inclined to devote resources to creating novel technology, goods, and procedures when they are aware that they can secure patents or other types of intellectual property protection for their creations.

Trade secrets, copyrights, patents, and other intellectual property are all shielded from unlawful use, duplication, or exploitation by third parties by property rights. By allowing inventors to keep ownership of their ideas, intellectual property protection encourages them to share their discoveries and enter into technology transfer contracts with suppliers, partners, or licensees. Technology transfer and licensing are made possible by property rights, which can be achieved through joint ventures, licensing agreements, and partnerships between innovators and other stakeholders. By granting licenses to third parties for commercialization, manufacturing, or further development, innovators can generate revenue from their intellectual property assets and help spread knowledge and technology throughout markets and sectors.

When international investors have the assurance that their intellectual property will be protected in the host nation, secure property rights draw FDI. Due to their desire to obtain a competitive edge in international markets, multinational corporations (MNCs) are more inclined to invest in nations with robust IP laws. By allowing people and businesses to safeguard and market their inventions, property rights promote entrepreneurship. When entrepreneurs believe they will be able to protect their intellectual property rights and profit from commercialization, they are more inclined to devote time, energy, and resources to creating new technologies and business concepts.

Property rights have a trickle-down effect that fosters innovation in a variety of fields and enterprises. The information created by these discoveries may spread to other businesses and industries through technology licensing, collaboration, or staff mobility when companies invest in R&D and secure IP protection for their creations. This could spur additional innovation and economic growth. By encouraging a culture of innovation, entrepreneurship, and knowledge-based growth, secure property rights increase the competitiveness of businesses and economies. Strong intellectual property laws put a nation in a better position to draw in talent, capital, and technology from around the globe, boosting its economy, competitiveness, and productivity.

In other words, property rights play a critical role in promoting innovation and technology transfer by enticing FDI, fostering entrepreneurship, generating spillover effects, protecting intellectual property, facilitating technology licensing and transfer, and boosting competitiveness. Robust intellectual property laws are essential for developing innovation-driven economies that depend on the constant development, uptake, and spread of new concepts and technology.

Property rights are essential for investment, entrepreneurship, market efficiency, and innovation, and they are strongly correlated with economic growth and development. Property rights support economic growth in a lot of different ways. The assurance that investments made by people and companies will not be subject to expropriation, confiscation, or arbitrary seizure is a result of secure property rights. This guarantee promotes investment in profitable assets like companies, real estate, and infrastructure, which boosts capital creation and spurs economic expansion.

By providing entrepreneurs the tools to obtain funding, safeguard their intellectual property, and reap the rewards of their hard work and inventiveness, property rights enable them to launch or grow enterprises. The presence of secure property rights promotes innovation and entrepreneurship by allowing people to engage in innovative projects and take calculated risks without worrying about unjustified interference or asset loss. Transparent and enforceable transactions, lower transaction costs, improved liquidity and price discovery in asset markets are all made possible by well-defined and enforced property rights. Property rights give buyers and sellers the confidence to transact, which improves economic efficiency and the effective use of resources.

Thanks to property rights, people and companies can borrow money from banks and other financial organizations by using their assets as collateral. For investment, business expansion, and entrepreneurship, financing is essential. Secure property rights improve creditworthiness, lower borrowing costs, and make capital more accessible, all of which promote economic growth. Property rights are essential to both the rule of law and efficient governance because they guarantee that the law is enforced equitably and consistently and that property can be obtained, utilized, and transferred in compliance with accepted legal norms. Strong property rights laws are typically associated with improved governance, decreased levels of corruption, and more welcoming investment environments—all of which promote economic development and growth.

Over time, households and individuals can raise their standard of living by accumulating assets and creating wealth thanks to secure property rights. Property ownership contributes to social mobility and the decrease of poverty by offering a mechanism of wealth development, asset accumulation, and intergenerational wealth transfer. FDI is drawn to countries with secure property rights because they give international investors peace of mind that their money will be well-protected there. Strong property rights laws tend to draw more foreign direct investment into nations because investors see reduced risks and more opportunity for profit. This increases capital inflows, knowledge transfer, and economic growth.

Therefore, property rights are critical for stimulating economic growth because they encourage investment, foster entrepreneurship and innovation, improve market efficiency, make it easier to obtain financing, bolster the rule of law and governance, permit the creation of wealth and the reduction of poverty, and draw in foreign direct investment. Nations that place a high priority on the defence and upholding of property rights have a greater chance of long-term, steady economic growth and development.

In conclusion, steps taken to address property rights needs to be nuanced so MNCs looking to set up manufacturing facilities in India are encouraged in doing so while at the same time regulations are in place so that predatory MNCs are prevented from business practices that lead to extraction of natural resources while exacerbating conflicts and turmoil in the region. Regulations that make predatory practices highly punitive are not only a deterrent but may also serve as a source of revenue for enforcement of the same. Strong Property Rights leads to greater inflows of FDI which under the right circumstances lead to greater economic growth. There is ample evidence of this. The concern is that issues such as predatory business practices must be addressed via strong regulations that directly address them. In short, a Scalpel approach as opposed to a Large-Sword approach is advocated.

For an extended period of time in history, a quarter of the World's GDP was produced in India. We deserve to be among the most economically developed and that's what we will do. We will work on creating opportunities for everybody in our country so if they have talent, they can take that talent and add productively to the GDP of our country. Particular focus will be on the education sector.

Also, investors from rich countries are well aware of India being a prime destination for global investment funds even as of now. They need to step up and apply pressure where they can so they participate in the further gains-to-be-had.

Finally, they need to ask who would they rather sell their product to? A not-so-rich India? Or a rich one?

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