Q What is meant by Bilateral investment treaty? Discuss the challenges present and suggests measures to overcome it.

Ans Bilateral investment treaty (BIT) is the treaty signed between the two states making commitments for investment in other's state, with each state providing special incentives for investment in the respective state.

Challenges —

- Indian government has unilaterally withdrawn from 66 BITs citing inproportionate terms there in. GoI
- has also taken course of exhausting all domestic remedies in case of any arbitration and mediation needed before going for the international route.

1. Such changes have eroded trust of investors in Indian market that need to be strengthened.
2. Past implementation of various BITs

have resulted in more investment of Indian investors in partner country than partner investors in India.

3. Eroding ratings of Indian economy in recent lockdown that followed growth slow down have brought along its own challenge.

4. Lack of trust on part of Indians who see foreign investors with suspicion.

5. Albeit most of investment is now done through automatic (FDI) route still in many sectors bulk investment require government approval.

Measures —

1. India needs to negotiate BITs on equal terms keeping Indian economy as priority in particular as soon as possible.

2. Sensitization of Indian industries about FDIs.

3. Public investment in infrastructure as per Keynsian Principle to bring economy on track ~~to~~ which ultimately raise Indian companies ratings with rise in economic activity.

With 1.3 billion population large amount of investments are needed to end absolute poverty for which BITs are key component,