GLOSSARY

Ad-hoc Arbitration: Proceeding where the parties select arbitrators as per their choice and choose rules & regulations to settle dispute between them.

Arbitration Ombudsman: An independent and impartial authority who acts neutral and hear grievances from the parties related to arbitration proceedings.

Brownfield Investment: A hybrid investment by way of merger & acquisition of existing enterprises.

Calvo Doctrine: A clause included in foreign policy to prevent diplomatic process or armed intervention in investment disputes till the exhaustion of local remedies by the investors which are available in host state.

Chit Fund: A transaction under which a person enter into an agreement with specified number of persons where every person will subscribe certain amount.

Cooling-off Period: The Period during which, the parties negotiate to settle their claim before making a request for arbitration proceeding.

Cultural Rights: Rights of individual with respect to his family, cultural and rights associated with human rights.

Espousal: Home state exercise diplomatic protection to assert the international claim of its national for the injuries caused by host state.

Expropriation: Foreign investments will be acquired and ownership is exercised by the host state for public purpose as per the due process of law.

FDI Equity: Investments in the form of equity which gives ownership & control to the hands of investors in an enterprise.

FDI Performance: The amount of FDI received by the states as per their economic size.

Financial Deficit: The economic expenditure of a state is more than its financial budget in a given fiscal year.
**Fiscal Incentives:** Incentives like subsidies, tax holidays, exemption from duties and charges which are provided by states to attract FDI.

**Foreign Exchange Risk:** A risk which exist when a financial transaction of a company takes place in currency denomination other than the currency of the base company which will pose a threat to the investors.

**Foreign Exchange:** Change of one currency into another state’s currency.

**Foreign Institutional Investment:** Foreign enterprises incorporated outside India is investing in India as FII in accordance with SEBI Regulations 1995.

**Fork in the Road:** If disputed parties select a particular dispute resolution procedure, later cannot avail other disposal mechanism.

**Greenfield Investment:** Fresh investments made by the investor in new projects.

**Gunboat Diplomacy:** Foreign states use military force to protect their nationals’ interest in another states’ territory, a threat of warfare.

**Inward FDI:** The amount of FDI enters into state’s territory.

**Lex Specilais:** Special laws applicable to a particular subject.

**Lock in Period:** The profits earned by FDI cannot be taken back to the home state for a particular period of time.

**Make in India:** An initiative programme started by the Government of India to attract FDI in manufacturing sector.

**Most Favoured Treatment:** States shall not discriminate between the investors of other states. The host state shall not make any favour to particular investor and the treatment given to one particular investor, same shall be given it to other states’ investor also.

**National Treatment:** Host states must treat the foreigners as its own nationals and the facilities which are provided to the nationals shall be provided to foreign investors without any discrimination.
**Nidhi Company:** A non-banking Indian finance sector recognised under section 406 of Companies Act 2013 and lending among its members only.

**Outward FDI:** The amount of FDI goes outside the state’s territory to another state.

**Performance Requirements:** Export restrictions, use of local content, import restrictions, technology transfer and supply of goods to a particular state or world market.

**Portfolio Investment:** Investment made by investor not exercising any ownership or control in an enterprise.

**Preferential Treatment:** Few investors are given certain preference with respect to their investment activities in host state and it goes against non-discrimination principle.

**Red-Tappism:** Corruption in administrative procedures which prevailed in states.

**Repatriation:** Return of profits earned by FDI into its home state.

**Single Point of Contact:** A Single door through which all the facilities and procedures will be completed related to FDI.

**Special Economic Zones:** Area established by states to promote economic activities by providing all the facilities for investors to carry out their investment activities.

**State of the Art:** The highest level of general development of a device or technique or development achieved in scientific field at a particular period.

**Subrogation:** Home state compensates the damage suffered by its nationals in host states, later steps into the shoes of nationals and claim damages from host state.

**Sustainable Development:** To maintain a balance between human development and use of available natural resources for economic progress.

**Tax Holidays:** The investors are exempted from payment of taxes for a definite period.

**Technology Transfer:** Advanced & innovative technology developed by states is transferred to another state especially to developing states for economic development.
**Third World Countries:** Countries which are non-aligned with neither American Group nor Communist bloc and countries with colonial past including Africa, Asia, Latin American states.

**Top-Down Implementation:** The treaty adopts a mechanism which is applicable to all the actors and will not concentrate on one particular subject.

**Trade Barriers:** Restrictions imposed on cross-border trade through regulations in the form of export & import restrictions.