



VAJIRAM & RAVI
Institute for IAS Examination

The Analyst

CURRENT AFFAIRS Handout

9th June 2026



CONTEXT: Principles on which Centre is remodelling its BITs

New BIT Model

Features of India's early BITs

Broad, investor-friendly investment definitions:

- Direct + indirect and portfolio investments
- Wide protection: small financial interests

Strong Fair and Equitable Treatment clauses:

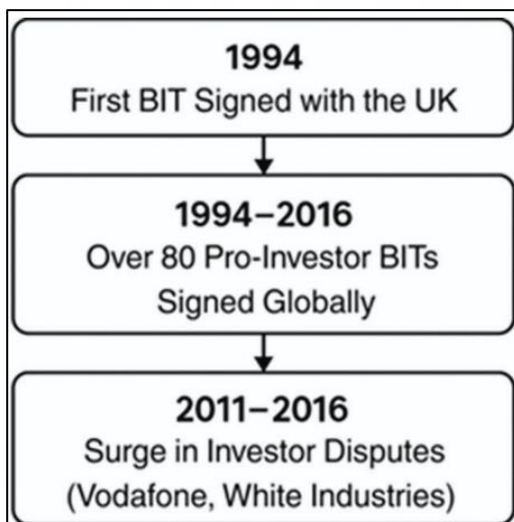
- Substantive protections + No explicit limitations
- Arbitral Tribunals: interpretive freedom
 - a. Broad interpretations: restricting India's regulatory actions

MFN clauses:

- Foreign investors "borrow" more favorable provisions from India's other investment treaties
- Unintended network effect

Minimal procedural requirements for dispute settlement:

- Investors direct access to international arbitration
- Unrestricted ISDS
- Parallel legal system



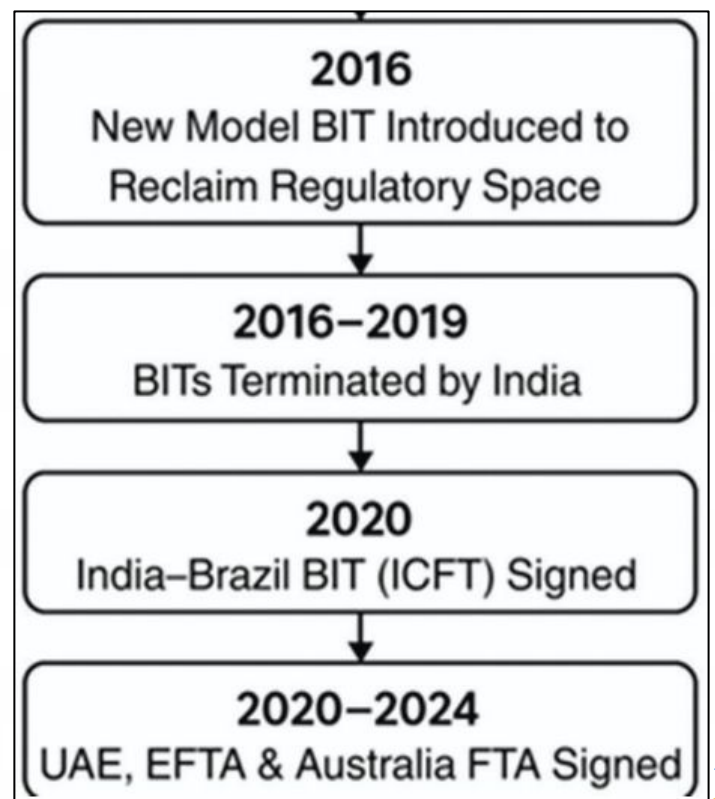
Legal Challenges and ISDS Cases against India

White Industries v. India, 2011:

- Delays in Indian courts: enforcement of commercial arbitration award
- Creative treaty interpretation
 - "borrowed" the "effective means" standard from India-Kuwait BIT via MFN clause in India-Australia treaty
- Expansive reading of MFN principle
 - Investors cherry-pick

Vodafone International Holdings v. India, Cairn Energy Plc and another v. India, Antrix-Devas Case:

- Retrospective taxation
- Fundamental authority to determine tax policies – core sovereign function



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2016 Model BIT: Reasserting State Sovereignty

Definition of "investment"

- Enterprise-based approach
- Implications:
 - Enterprises legally constituted in India can only bring claims
 - Characteristics of investments
- Definition narrow + ambiguous
 - Ambiguity >> room for interpretation >> arbitral discretion

Reduction of substantive protections

- MFN
- FET

Exhaustion of local remedies requirement

- Minimum five years
 - 163rd in EoDB for "Enforcing Contracts"
 - 1,445 days (about 4 years) to resolve contractual dispute in India
- Bypass local remedies exhaustion requirement
 - show "no available domestic legal remedies capable of reasonably providing any relief"

Post-2016 Developments

- From investor-centric policies to protection of regulatory autonomy

A. Termination and Renegotiation of BITs

- March 2023: termination notices to 68 countries

- Effectively most BITs back to 1990s
- proposed renegotiations based on 2016 Model BIT

B. Impact on India's Investment Climate BIT-FDI relationship:

- Individual signing of BITs limited influence
 - cumulative effect of series of BITs very significant
- Comprehensive investment protection ecosystem that network of agreements creates

Actual investment flow performance:

- Actual investment flows \$596 billion in FDI during 2014-2023
 - "golden era"
 - Twice the inflow during 2005-2014
- Factors
 - market size, economic growth prospects, sector-specific reforms outweigh concerns about investment protection

Multilateral engagement:

- More assertive stance in international forums
 - Opposition to China-led Investment Facilitation for Development Agreement (IFDA) at WTO



New BIT Model

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Comparative Analysis of India's Investment Agreements vs 2016 Model BIT

Provision	India-UAE CEPA	Australia-India ECTA	India-EFTA TEPA	India's Model BIT (2016)
Investment Protection Rules	Omits FET, FPS, expropriation clauses; no investment chapter	Omits FET, FPS, ISDS; no binding investor protection	No enforceable protections; focuses on facilitation	Includes FET, FPS, expropriation; narrowly defined
MFN Clause	Not included	Not included	Not included	Omitted to strengthen regulatory autonomy; prevents treaty shopping
ISDS Mechanism	Not included; excludes access to arbitration	Not included; no investor recourse	Absent; no international arbitration	Permitted only after 5-year exhaustion of local remedies
Regulatory Autonomy	High; investment fully decoupled from trade	High; full autonomy preserved	High; avoids legal commitments	Preserved through carve-outs and narrow definitions
Policy Intent	Prioritizes domestic flexibility and regulatory space	Minimizes exposure to arbitration risk	Reinforces decoupling from traditional investor protections	Defensive legalism balancing sovereignty and minimal investor protection
Treaty Type	Trade agreement with investment facilitation	Trade agreement with omitted investment protections	Trade agreement with political commitment but no legal obligations	Formal investment treaty model (BIT)



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Rationale for Reform

- Termination of 44 BITs
 - Investors routing capital through jurisdictions
- Model BIT: regulatory sovereignty but excessive rigidity
 - Mandatory five-year exhaustion of local remedies
 - Exclusion of MFN treatment
 - Narrow definition of investment
 - Recent practice: excluding investment protection provisions entirely
- Global trend: reformed not abandoned
- Need recalibrated approach

Suggestions for Guiding Principles

Balance Protection and Regulation

- Precise drafting > blanket exclusions
- Respective rights and obligations

Procedural Transparency and Efficiency

- Investment dispute resolution mechanism
 - Early resolution
 - Less procedural barriers
 - Filtering mechanisms

Sustainable Development Integration

- ESG considerations
- Beyond CSR clauses

Institutional Flexibility and Adaptation

- Regular review

Specific Recommendations

Definition of Investment & Investor

- "Substantive business activities" test
- Prevent shell companies and treaty shopping
- Include denial of benefits
- Explicitly include technology transfers, IP arrangements

Fair and Equitable Treatment

- Do not abandon FET
- Limit FET standard to:
 - Denial of justice
 - Fundamental breach of due process
 - Manifestly abusive treatment

MFN

- MFN clause as qualified, substantive-only provision excluding procedural entitlements (ISDS access, arbitration modalities, timelines)
 - Competitive parity
 - But no interpretive overreach
- Explicit carve-outs for agreements with developing-countries
 - Specificity prevents tribunals

Expropriation

- Maintain strong protection against direct expropriation
- International best practices
 - Detailed annex clarifying non-discriminatory regulatory measures
 - CPTPP and EU-Singapore



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Specific Recommendations Contd...

Investor Obligations & CSR

- Non-binding CSR provision to enforceable investor obligations
 - Comply with domestic laws
 - Internationally recognized labour rights
- Link obligations to treaty protections
 - Morocco-Nigeria BIT

ISDS Mechanism

- Flexible fast-track system
 - Fast-Track Arbitration mechanism under Section 29B of the Arbitration & Conciliation Act, 2015
- Special investment dispute benches in few HCs
 - Or jurisdiction to NCLT with timelines
- Procedural transparency:
 - Public hearings
 - Full disclosure of pleadings

Reviving Terminated BITs

- Reformed model as template
- Investment partners where FDI flows declined
 - developed countries with reciprocal investment protection
- Transitional arrangements grandfathering protection for existing investments

Investment Protection in Future CEPAs/FTAs

- Modular approach: different levels of protection based on development level, institutional capacity
 - With developed: comprehensive investment chapters
 - For developing: focus on investment facilitation and cooperation

A MINIMUM two-year period for local remedies before initiation of international arbitration; no most-favoured nation clause; and, an exclusion of tax-related provisions.

These are the three key principles on which the Centre is remodelling its Bilateral Investment Treaties (BITs) with

tailoring them according to engagement with other countries, with even a one-year cooling window for local remedies being considered for a few countries amid ongoing negotiations.

a top Government source told this newspaper.

“We have to protect the sovereignty of our country, the

MAINS PRACTISE QUESTION

Q. Bilateral Investment Treaties (BITs) have been an important instrument for attracting foreign investment and providing legal certainty to investors. Trace the evolution of India's BIT framework since the 1990s. Discuss the major challenges associated with India's current BIT regime and suggest measures to balance investor protection with the country's regulatory sovereignty.



Nuclear Stockpile & No First Use



CONTEXT: India expanded its nuclear arsenal in 2025: SIPRI

Nuclear escalation ladder

India's 'No First Use' policy states that nuclear weapons will only be used in retaliation against a nuclear attack on Indian territory or on Indian forces anywhere. A look at the India-Pakistan escalation ladder, at the top of which is a nuclear war



- ▲ Swift deployment of troops on the western border within days if a full-blown war arises
- ▲ If ever Cold Start was authorised it would be only in response to a credible threat from or action by Pakistan

Nuclear Doctrine

Background

- NPT - Non-proliferation, disarmament, right to peacefully use nuclear tech
- Peaceful Nuclear Explosion in 1974
- Pokhran II in 1998 as nuclearised neighborhood & constraining non-proliferation environment

Draft Nuclear Policy

- No first use - retaliation only - Article 51
- Deterrence - Not for conventional weapons e.g. Kargil, cross border terror by Pak, China territorial incursions
- Credible Minimum - not race for size as costly

- National Security Objective: Global, verifiable, non-discriminatory disarmament
- Civilian Control
- Massive retaliation - unacceptable damage
- Non-use of nuclear weapons against non-nuclear weapon states

Why NFU

- Avoid provocative signals
- No arms race
- NSG, UNSC membership
- Responsible power, disarmament goal
- Regional balance



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Nuclear Doctrine

Arguments against NFU

- Antidote to alleged conventional inferiority
- Restricts military options
- Rejected by nuclear states

Security is a dynamic concept.

India's tryst - period of restraint, responsibility & maturity.

- ❖ Develop Military capability

Delivery Systems

- Nuclear-capable aircraft:
 - French-manufactured Mirage 2000H "Vajra"
 - British/French-designed Jaguar IS/IB "Shamsher"
 - Nuclear-capable Rafale fighter-bombers from France in 2016: could be converted to serve a nuclear role
- Land-based Ballistic Missiles:
 - Medium-range Agni-II, III, and IV
 - Intercontinental-range Agni VI under development
- Sea-based Ballistic Missiles
 - K-15 submarine-launched ballistic missile (K-4 SLBM under development)

that India's nuclear stockpile had increased to around 190 warheads by early 2026. The country had around 180 such warheads in 2025.

SIPRI noted that New Delhi's ongoing nuclear modernisation programme is increasingly focused on developing longer-range weapons capable of reaching targets across China, while continuing to address security concerns arising from its long-standing rivalry with Pakistan.

year. The country ranked behind only the United States, China, Russia and Germany in defence spending.

India also remained the world's second-largest importer of major arms during the 2021-25 period, accounting for 8.2% of global arms imports. SIPRI identified Ukraine, India, Saudi Arabia, Qatar, and Pakistan as the five largest arms importers, collectively accounting for 35% of global imports during the period.

The report said all nine nuclear-armed states - the United States, Russia, the United Kingdom, France, China, India, Pakistan, North Korea, and Israel - continued to modernise their arsenals and increasingly relied on nuclear weapons as instruments of national power. Globally, the nine countries possessed an estimated 12,187 nuclear warheads at the start of 2026, of which around 9,745 were held in military stockpiles for potential use.

MAINS PRACTISE QUESTION

Q. Highlighting the salient features of the draft Nuclear Doctrine of India, discuss whether we should continue with the No First Use Policy in an increasingly nuclear environment.



Anti-conversion law panel in A.P. submits report after 48 years

Why?

- Article 14
- Article 19(1)(a)
- Article 25
- Article 21
- Minority
- Coercion
- Social Fabric

Case Laws

- Rev. Stanislaus v. State of MP, 1977
- Hadiya v. Ashokan K.M
- Justice Puttaswamy vs Uoi
- Lata Singh v. State of Uttar Pradesh
- Sarla Mudgal vs. Union of India
- S Pushpabai v. C.T. Selvaraj



SYLLABUS : Prelims: General issues on Environmental ecology, Biodiversity and Climate Change
Newspaper: The Indian Express **Page Number :** 10

Background

Benefits of Electric Vehicles

- less maintenance
- alternative to ICE
- intensity of GHG emissions
- geopolitical tensions affecting oil prices
- future innovation in mobility
- regional industries
- homegrown manufacturing
- Employment - production, charging
- sustainable transportation solutions - rising urbanization

Challenges of Electric Vehicles

- Charging Infrastructure
- Slow Charging: 12 hours for slow charger
- Stable Policy For EV Production
 - capital intensive sector
 - long term planning to break even
- Technological Challenges: batteries, semiconductors, controllers
- Infrastructural Support
 - AC versus DC charging stations
 - grid stability
 - range anxiety
- Import of lithium and cobalt

Prelims Pointers

Govt Initiatives

1. FAME India Scheme

- **Phase I (2015-19)**
 - Focus: Demand generation, tech advancement, pilot projects, charging infra
- **Phase II (2019-ongoing)**
 - Focus: Public/shared transport electrification

2. PLI Scheme

- domestic manufacturing of advanced auto tech (AAT)
- Target: \$5 B investments in 5 years

3. Electric Mobility Promotion Scheme (2024)

- Focus: E-2W & E-3W adoption

4. Battery Swapping Policy

- Standardized battery specs (2W/3W)
- Battery safety, ID tracking, recycling norms

5. Other Key Initiatives

- **Tax Benefits:**
 - GST cut: EVs (12%→5%), charging stations (18%→5%)
 - Customs duty waiver for Li-ion cell machinery
 - Road tax waivers to reduce EV costs
- **Registration & Permits:**
 - Green license plates for EVs
 - No permits required



SYLLABUS : Prelims: Economic and Social Development–Sustainable Development
Newspaper: The Indian Express / The Hindu **Page Number :** 12/15

Prelims Pointers

Schemes

- PM Surya Ghar Muft Bijli Yojana
 - 8 lakh rooftop solar installations (aim 1 cr)
 - Free electricity upto 300 units/month
 - Cash subsidy for equipment
- PLI schemes for National Programme on High Efficiency Solar PV modules
- Solar Park Scheme
 - 50 parks of >500MW
 - Financial aid to states for large-scale solar park development
- PM KUSUM
 - Solar pumps irrigation
- Canal bank & Canal top Scheme
 - 100-MW floating solar project in Ramagundam
- Atal Jyoti Yojana
 - solar street lighting
- National Solar Mission, VGF Schemes

More Steps

- FDI – 100% automatic route
- International Solar Alliance
- Waiver of Inter State Transmission System charges
 - for projects to be commissioned by 30th June 2025
- Standards for solar PV system/devices
- Power dispatched against Letter of Credit (LC) or advance payment
 - Timely payment by distribution licensees to RE generators
- Green Term Ahead Market
 - Sale of RE power including Solar power through exchanges

- PM Suryaghar Yojana and PM-KUSUM
 - installation of 13 GW of decentralised
 - Target 40 GW by end of current FY

Free electricity hindering adoption:

- Power subsidies
 - to domestic and agricultural consumers
 - Punjab – 300 units free monthly to domestic consumers, completely free for all agricultural tubewells
 - i. > Rs 20,000 crore on power subsidy bills last year
 - Low offtake in TN, Karnataka, Delhi
 - i. Karnataka subsidy bill of Rs 27,000 crore; TN Rs 15,700 crore
- No incentive to spend on upfront installation
- MNRE: effective electricity tariff for domestic consumers near zero in many states

More subsidies as response?

- UP and Raj – highly subsidised power
 - still do well on both schemes
- Additional financial incentives on top of existing scheme benefits
 - easy to buy equipment and switch to solar
- One-time expenditure for state vs unending recurring liability of power subsidies

Heat link:

- Decentralised solar crucial for transition
- Power demand expected to continue rising
- Availability of land for large solar parks already problematic
- Electricity from grid (even solar) would have to be subsidised – politically sensitive
- PM Suryaghar, if fully implemented
 - save about Rs 75,000 crore every year in electricity costs: Estimates Committee report
- Solar set to take over from hydroelectricity as 2nd source



SYLLABUS : Prelims: Economic and Social Development
Newspaper: The Hindu **Page Number :** 10

Prelims Pointers

Indicators removed from NFHS-6

- NFHS commissioned by MoH&FW
- 101 indicators vs 131 in NFHS-5
 - a. Anaemia, mortality, sex ratio at birth, sanitation, clean cooking fuel
- Data from 6.8 lakh households
- Preliminary findings
 - a. mothers getting > 4 antenatal check-ups
 - b. increase in institutional births
 - c. women's internet usage
- Declines
 - a. exclusive breastfeeding of infants under 6 months (down 8%)
 - b. modern contraception use (52.7% from 56.4%)
- Previous surveys additive by design
 - a. NFHS-4 (2015-16)
 - i. 114 indicators
 - ii. Added district-level estimates and tablet-based digital interviewing
 - b. NFHS-5
 - i. preschool education, disability, access to toilet facility, death registration, bathing practices during menstruation, methods and reasons for abortion
 - c. NFHS-6 new questions
 - i. DBT, SHG memberships, digital literacy, financial transactions

Why Anaemia dropped?

- Worsening picture between NFHS-4 (2015-16) and NFHS-5 (2019-21):
 - Among children: 58.6% to 67.1%
 - Among women 15-49: 53.1% to 57%
 - Among pregnant women: 50.4% to 52.2%
- Big leaps: Assam 35.7% to 68.4%; Mizoram 19.3% to 46.4%
- Despite Anaemia Mukt Bharat campaign in 2018
- Reason for dropping indicator: how data being collected
- NFHS: measured haemoglobin from finger-prick blood sample read on portable analyser
 - overstated anaemia compared to venous blood drawn by other surveys
- Now tracked through dedicated Diet and Biomarkers Survey
 - data on individual dietary intake across age groups, paired with blood and urine biomarkers
 - Built upon nutrition deficiencies and tracked obesity alongside anaemia



SYLLABUS : Prelims: Economic and Social Development
Newspaper: The Hindu **Page Number :** 10

Other changes

- **Sanitation indicator dropped**
 - NFHS-5: 70% of population living in households with access to sanitation facilities
- **Clean cooking fuel indicator dropped**
 - Share of households using clean fuel for cooking (58.6% in NFHS-5)
 - direct measure of success of PM Ujjwala Yojana
- **3 mortality indicators cut:** neonatal, infant and under-5
 - will be tracked by SRS
 - i. But no district-level data and socio-economic breakdowns; available in NFHS
- **Sex ratio indicators absent**
 - Sex ratio of total population
 - Sex ratio at birth (929 females per 1,000 males in NFHS-5)
- **4 cancer-screening indicator cut:** cervical, breast, oral

Survey results: NFHS-5 vs. NFHS-6

- **Spousal violence:** down to 22.3% from 29.3%
- **Stunting among children <5:** declined >6%
- State-level changes sharper:
 - **Health insurance coverage** – rose most in WB: 33.7% of households in NFHS-5 to 88.2%
 - **Women's internet use** – Andhra Pradesh: from 21% to 63.6%
 - **Exclusive breastfeeding among infants under six months** – fall in Haryana: from 69.5% to 41.2%



SYLLABUS : Prelims: Indian Polity and Governance
Newspaper: The Hindu **Page Number :** 06

Prelims Pointers

- 1956: Enforcement Unit in DEA to investigate cases of foreign exchange violations
- 1957: renamed as ED
- 1960: Administrative control shifted to Department of Revenue

Organisational Structure

- HQ: New Delhi
- 5 Regional Offices: Mumbai, Chennai, Chandigarh, Kolkata, and Delhi
- 27 Zonal Offices: Hyderabad, Gurugram etc.

Composition and Recruitment

- Directly recruited officers + drawn from govt services: IRS, IPS, IAS
- Director
 - appointed by Central Govt
 - Reco of a high-level committee
 - i. CVC, VCs, Secretaries of Home, Personnel, and Finance
 - Tenure: Initially fixed at 2 years
 - i. DSPE (Amendment) Act, 2021 allows extensions up to 5 years, in 1-year increments

Functions

- Enforcement of Economic Laws:
 - Implements FEMA (1999), PMLA (2002), and FEOA (2018)
- Investigation of Financial Crimes:
 - money laundering, bank fraud, forex violations
- Prosecution and Adjudication:
 - arrests, searches, seizures, and summoning individuals or records
- Collaboration with Other Agencies:
 - CBI, IT Tax Department, Customs

Territorial Jurisdiction and Powers

- Nationwide jurisdiction over any person or legal entity involved in economic crimes
- Powers:
 - cannot act suo motu
 - investigate upon receiving a complaint or referral
 - Once case registered >> can seize assets, make arrests, initiate proceedings under FEMA and PMLA



Q1. With reference to government initiatives promoting electric mobility in India, consider the following statements:

1. The FAME India Scheme Phase II primarily focuses on the electrification of public and shared transportation.
2. Customs duty has been completely abolished on the import of lithium-ion cells used in EV batteries.
3. Under the Electric Mobility Promotion Scheme (2024), incentives are provided for the adoption of electric four-wheelers and buses.

How many of the statements given above is/are not correct?

- a) Only One
- b) Only Two
- c) All Three
- d) None

Answer: b

Q2. With reference to solar energy promotion in India, consider the following statements:

1. PM-KUSUM promotes the use of solar-powered pumps for irrigation.
2. PM Surya Ghar Muft Bijli Yojana provides free electricity up to 300 units per month to beneficiary households.
3. Atal Jyoti Yojana focuses on the installation of solar-powered street lights.

How many of the statements given above is/are correct?

- a) Only One
- b) Only Two
- c) All Three
- d) None

Answer: c

Q3. With reference to the National Family Health Survey-6 (NFHS-6), consider the following statements:

1. NFHS-6 covers a greater number of indicators than NFHS-5.
2. Preliminary findings indicate a decline in exclusive breastfeeding of infants below six months

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Answer: b

Q4. With reference to the Enforcement Directorate (ED), consider the following statements:

1. It functions under the administrative control of the Department of Revenue in the Ministry of Finance.
2. It can initiate investigations suo motu based on complaints received directly from individuals.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Answer: a

Q5. Which of the following are members of the high-level committee that recommends the name for the appointment as the Director of the Enforcement Directorate?

1. Central Vigilance Commissioner (CVC)
2. Vigilance Commissioners
3. Secretary, Ministry of Finance
4. Cabinet Secretary
5. Attorney General of India

Select the correct answer using the code given below.

- a) 1, 2 and 3 only
- b) 1, 3 and 5 only
- c) 2, 4 and 5 only
- d) 1, 2, 3 and 4 only

Answer: a





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