

## Annexure 2

**Law** is a term which does not have a universally accepted definition, but one definition is that law is a system of rules and guidelines which are enforced through social institutions to govern behaviour. Laws can be made by legislatures through legislation, the executive through decrees and regulations, or judges through binding precedents (normally in common law jurisdictions). Private individuals can create legally binding instruments, though not laws strictly speaking, through for example contractual arrangements, particularly arbitration agreements that exclude the normal court process.

In legal parlance, in India, Constitution of India is the highest piece of law. IT is even above the parliament. The meaning of law as defined by Supreme Court of India in following case

Maneka Gandhi (1978), a decision of a bench of seven justices – rendered after the end of the internal emergency (25 June 1975 to 21 March 1977) – authoritatively established that the word law in Article 21 ( in the phrase ‘except according to procedure

established by law) meant not any enacted law, but a law made in conformity with Article 14 (the right to equality) and Article 19 ( the right to freedom of speech and expression, the right of assembly, the right to form associations, the right to move freely throughout the country and reside and settle in any part of India and the right to practise any occupation, trade or business or profession). In Maneka Gandhi, Justice Krishna Iyer handed down the court's unanimous interpretation of Article 21 :

To sum up, procedure in Article 21 means fair not formal procedure. Law is reasonable law, not any ‘enacted piece’ (para 120)

The judge then went on to say: What is law? Anything formal, legislatively proceeded, albeit absurd or arbitrary? Reverence for life and liberty must overpower this reduction ad absurdum. Legal interpretation, in the last analysis, is a value judgement. The high seriousness of the subject matter – life and liberty- desiderates the need for law, not fiat, Law is law when it is legitimated by the conscience and consent of the community generally. Not

any capricious command but reasonable mode ordinarily regarded as dharma or law, approximating broadly to other standard measures regulating criminal or like procedure in the country. It is legislative act, but it must be functional, not fatuous.

The formation of laws themselves may be influenced by a constitution (written or unwritten) and the rights encoded therein. The law shapes politics, economics and society in various ways and serves as a social mediator of relations between people.

**Commercial law**, also known as **business law**, is the body of law that applies to the rights, relations, and conduct of persons and businesses engaged in commerce, merchandising, trade, and sales. It is often considered to be a branch of civil law and deals with issues of both private law and public law.

Commercial law includes within its compass such titles as principal and agent; carriage by land and sea; merchant shipping; guarantee; marine, fire, life, and accident insurance; bills of exchange and partnership. It can also be understood to regulate

corporate contracts, hiring practices, and the manufacture and sales of consumer goods. Many countries have adopted civil codes that contain comprehensive statements of their commercial law.

**economic law** was the legal theory and system under which economic relations were a legal discipline independent of criminal law and civil law.

Sometimes there may be an overlapping in commercial law, business law and economic law.

Types of agreements / Arrangements entered into between two or more countries

International investment agreement

An **International Investment Agreement (IIA)** is a type

of treaty between countries that addresses issues relevant to crossborder investments, usually for the purpose of protection, promotion and liberalization of such investments.

Most IIAs cover foreign direct investment (FDI) and portfolio investment, but some exclude the latter. Countries concluding IIAs

commit themselves to adhere to specific standards on the treatment of foreign investments within their territory. IIAs further define procedures for the resolution of disputes should these commitments not be met. The most common types of IIAs are Bilateral Investment Treaties (BITs) and Preferential Trade and Investment Agreements (PTIAs). International Taxation Agreements and Double Taxation Treaties (DTTs) are also considered as IIAs, as taxation commonly has an important impact on foreign investment.

Bilateral investment treaties deal primarily with the admission, treatment and protection of foreign investment. They usually cover investments by enterprises or individuals of one country in the territory of its treaty partner. Preferential Trade and Investment Agreements are treaties among countries on cooperation in economic and trade areas. Usually they cover a broader set of issues and are concluded at bilateral or regional levels. In order to classify as IIAs, PTIAs must include, among other content, specific provisions on foreign investment. International taxation agreements deal primarily with the

issue of double taxation in international financial activities (e.g., regulating taxes on income, assets or financial transactions). They are commonly concluded bilaterally, though some agreements also involve a larger number of countries.

A **trade agreement** (also known as **trade pact**) is a wide ranging tax, tariff and trade treaty that often includes investment guarantees. The most common trade agreements are of the preferential and free trade types are concluded in order to reduce (or eliminate) tariffs, quotas and other trade restrictions on items traded between the signatories. Status of forces agreement  
From Wikipedia, the free encyclopaedia

A **status of forces agreement (SOFA)** is an agreement between a host country and a foreign nation stationing military forces in that country. SOFAs are often included, along with other types of military agreements, as part of a comprehensive security arrangement. A SOFA does not constitute a security arrangement; it establishes the rights and privileges of foreign personnel present in a host country in support of the larger security arrangement. Under

international law a status of forces agreement differs from military occupation.

Offset agreement

Defense **offset agreements** are legal trade practices in the aerospace and military industries. These commercial practices do not need state regulations but, since the purchasers are mostly military departments of sovereign nations comparable to the US Defense Department, many countries have offset laws, public regulations or, alternatively, formal internal offset policies. The international names for these commercial practices connected to weapons trade are various: industrial compensations, industrial cooperation, offsets, industrial and regional benefits, balances, *juste retour* or equilibrium, to define mechanisms more complex than counter-trade. Offset agreements are protectionist, and distort competition.[1][2] Counter-trade can also be considered one of the many forms of defence offset, to compensate a purchasing country.[3] The main difference between a generic offset and countertrade, both common practices in the international defence trade, is the involvement of money. In countertrade

goods are paid through barter or other mechanisms without the exchange of money, while in other defence offsets money is the measure and the medium of exchange.

Generally people confuse in respect of following concept.

A person being

1. A person being resident of a particular state / country
2. A person being national of a particular state / country
3. A person being citizen of a particular state / country

These three concepts are strangers to each other.

India has a concept of HUF. Other countries does not have it at all.