



1-7-1992

Session I: Changing Investment Climate in India

NR Madhava Menon

Follow this and additional works at: <https://repository.nls.ac.in/nlsj>

Recommended Citation

Menon, NR Madhava (1992) "Session I: Changing Investment Climate in India," *National Law School Journal*: Vol. 4: Iss. 1, Article 9.

Available at: <https://repository.nls.ac.in/nlsj/vol4/iss1/9>

This Legislative or Case Note is brought to you for free and open access by Scholarship Repository. It has been accepted for inclusion in National Law School Journal by an authorized editor of Scholarship Repository. For more information, please contact library@nls.ac.in.

**CHANGING INVESTMENT CLIMATE
IN INDIA**

The session commenced with Mr. G. Ramaswamy, Attorney General for India, introducing Mr. Nani Palkhivala. He showered glowing tributes on Mr. Palkhivala and described him as the defender of constitutional liberties, champion of human rights, teacher, author and economic developer.

This was followed by a keynote address by Mr. Nani A. Palkhivala, Senior Advocate and former Indian Ambassador to the United States of America.

Mr. Palkhivala was of the view that India is engaged in the greatest experiment ever undertaken in the art of domestic governance. In order to appreciate the recent changes in investment patterns he claimed that it was necessary to look into the previously existing social climate. He opined that for four decades the socialism that was practised in India was the one that did not transfer wealth from the rich to the poor but from the honest rich to the dishonest rich.

Mr. Palkhivala felt that enterprising Indians enriched a hundred foreign nations but were not allowed to enrich their own due to the socialist policy that was being followed in India. Here Mr. Palkhivala was of the view that while the successive governments respected the shell of socialism State control and State ownership — the kernel i.e., the spirit of social justice was left with no chance of coming to life. Therefore the speaker felt that we were not poor by nature but poor in policy.

He remarked that the era of change in India had begun about six years ago with the dynamic young Prime Minister, Mr. Rajiv Gandhi, who initiated in 1985 a policy of lowering taxes and dismantling controls. Mr. Palkhivala emphasised that the new Industrial Policy of 1991 was the biggest metamorphosis in the economic climate. He felt that the sincerity of the present cabinet was the single biggest asset on the credit side of India's balance sheet. He also stated that the dynamic and far seeing section of our society is determined to make India the Mexico of Asia.

He further commented that as always there was a more obstinate bureaucratic machinery involved. Mr. Palkhivala enumerated the formidable opposition to the changing investment trend. He was of the view that there was opposition from three quarters as follow:

- Some influential politicians who still want to cling to socialism as the official policy.
- Several buraucrats who are intent on opposing the new Industrial policy.

— A certain class of businessmen who are much more interested in their own personal prosperity than in the future of the country.

Mr. Palkhivala concluded by saying that the vitality of our nation is remarkable. The country, he conceded, may not have a powerful economy but it has all the ingredients to build one.

He quoted ambassador J. K. Galbraith who had remarked that while he had seen poverty in many countries of the world he had found a richness in their poverty. He saluted the Indians saying that they did not count their wealth in money alone.

Mr. Palkhivala concluded by saying that it was no exaggeration to compare the Indian economy to a sleeping giant who if awakened could make a powerful impact on global economy.

Session II

**INDUSTRIAL LICENSING AND
FOREIGN INVESTMENT POLICIES**

Mr. Ashok Desai, Senior Advocate of the Supreme Court of India chaired this session. He called for an innovative approach from lawyers as well as economists — an approach that could be to the great advantage of furthering economic development. He said that today the Union of India has within its powers the ability to change a policy throughout the country by making a decision in Delhi.

The next panelist was Mr. P. J. Kurien, Minister of State for Industry. He spoke about the new Industrial Policy. He reminisced that India started from a mixed economy, which was a Nehruvian concept of development and today we had made radical changes in the fiscal policies and industrial policies. He was of the view that India was strong enough to cope with the Industrial or fiscal changes and that was the responsibility of every citizen of this country to see that the new industrial policy announced is successful. He stated that advocates could also help the implementation of this policy.

He was of the opinion that there should be a positive approach in litigations **causing hurdles in development projects** and if a **negative attitude is taken** it will certainly go against it but this should be done without compromising on the fundamental rights of the citizens.