The discourse on economic liberalization has uniformly called for the elimination or reduction of governmental bureaucracies in favour of markets and private enterprise. Drawing upon some empirical materials from India and China, this article by Supriya RoyChowdhury highlights the need for some rethinking on the role of bureaucracies in the context of economic reforms in developing countries. One may need to assess more realistically than has been done so far, first, the practical limitations to any dramatic reduction of bureaucracies in developing countries, and second, the need for resocializing and reeducating bureaucratic personnel in the context of economic reforms.

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In the last two decades, there has been an international shift from state-centred to market-led models of economic development. In most cases, this shift has been accompanied by a general indictment of bureaucracies. The justification for the market, provided by a resurgence of faith in neo-classical economics, has been strengthened by a rhetoric which has underlined the failure of states in general, and bureaucracies in particular, to generate and sustain economic growth and just distribution. This rhetoric has uniformly called for the elimination or reduction of governmental bureaucracies in favour of markets and private enterprise.

This paper presents some empirical material on the role of different levels of the bureaucracy in India and China in the context of economic reforms in these countries. In both these countries, while top echelons of the bureaucracy have supported and helped shape liberalization, middle and lower ranks have been ignorant of, obstructed or at least foot dragged on liberalization. Further, any comprehensive administrative reform in terms of cutting down excess staff or streamlining the structure of administration, as part of the liberalization agenda, has not been attempted on a significant scale.

This article highlights the need for some rethinking on the role of bureaucracies in the context of economic reforms in developing countries. One may need to assess more realistically than has been done so far, first, the practical limitations to any dramatic reduction of bureaucracies in developing countries, and second, the need for resocializing and reeducating bureaucratic personnel in the context of economic reforms.

**Bureaucracies and Economic Liberalization**

The post-war era of industrialization saw the expanded role of the state inborn the developed and the developing world. The early success of post-war economic growth created a robust sense of optimism regarding the state's ability to manage the economy; additionally, a generalized belief in the state's responsibility to administer welfare led to expanded governmental functions.

From the mid-1970s onwards, declining levels of growth, rising unemployment, and inflation underlay the general shift in state policies almost the world over towards the contraction of the state's role. These shifts
have been accompanied by the efforts of state elites to define more narrowly the scope of state functions and responsibilities.

In many parts of the developing, so called third world, market-oriented economic reforms have called for some basic rethinking on the nature of governance and the relative roles of public and private enterprises. In many of these countries, state-centred developmental models were underlined by the notion that the state must fill in for the absence or immature growth of markets and private enterprise. Also, in many newly formed nations, governments have been subject to turbulent changes, political instability, disruptions, and challenges. In such contexts, the bureaucracy often symbolized political continuity and stability. Additionally, the bureaucracy, in many cases inherited from a colonial past, represented a concentration of talent, administrative expertise, and organizational coherence, significantly lacking in other institutional contexts in developing countries. Bureaucracies, as the permanent executive, thus, came to be regarded as the central vehicles of the wide ranging changes that were being sought to be brought about by developmental states.

It is this context that makes the emerging critique of bureaucracies in countries such as India somewhat dramatic. In India, if a generalized critique of the state's economic role has driven economic liberalization, governmental bureaucracies have come to symbolize state incapacity, associated not only with inefficiencies but with corruptions relating to the misuse of office for power, personal aggrandizement, and money. Implicitly or explicitly, the critique of bureaucracy has involved a certain overturning of the conceptualization of the public and the private that had underlined the earlier state-centred policy regime. The perception now is that if the bureaucracy is withdrawn, seemingly a refreshing wind of change would purify the air, releasing energies and correcting the ethical degeneration that was the product of a stifling system of bureaucratic controls.¹

Yet, curiously, much of the discourse on the hated babu has been unaccompanied by any clear thinking on how actually to reduce or reform bureaucracies. In the first place, many developing countries, India and China in particular, have been characterized historically by state-centred political traditions. Within these traditions, bureaucracies have acted as powerful patrons, their claim to rule sanctified by status dimensions ranging from superior knowledge, birth, or property. Such traditions, which have assigned a high degree of political and social status to the bureaucracy, may not be easily reversible.

It is also important to recognize the central role played by some sections of the bureaucracy in the liberalization process. As the next section will present, an emerging technocracy, composed primarily of economists and other policy intellectuals, has not only played an architectonic role in the formulation of liberalization policies, but has also importantly shaped the discourse that legitimates the shift from a state-led to a market-oriented model of development.

Secondly, most developing countries embarked upon the post-World War II period with highly statist models of development which generated large and ever growing governmental structures. This paper documents that in widely different political systems — China's one party authoritarianism and India's so called democracy — efforts to dismantle bureaucracies in the era of economic reforms have not really succeeded. In India, legitimacy formulas of governments have frequently built on continuously expanding governmental structures as a source of providing employment. The liberalization programme has not come up with any alternative political formulae to replace such legitimating practices. Programmes of economic reform may need to be built upon the recognition of the impossibility of actually cutting bureaucracies on any significant scale.

Finally, realistically speaking, the shift from a state-led to a market-based economy actually calls for a wide range of state interventions, for example, in providing social security, directing the process of privatization, and in the general creation and sustenance of a political economic environment where both foreign and domestic capital will be induced to invest. Hence, there may actually be a need to develop, rather than reduce in any absolute sense, governmental capacities.

These considerations are at cross purposes with the liberalizer's vision of the end of bureaucracy and may indeed pose a paradox for the liberal credo; but for practical purposes, the paradox needs to be factored into economic reform programmes, rather than wished away.

**Technocracy and Economic Reforms**

In India, economic liberalization has highlighted, particularly, the role of technocrats and policy intellectuals within the bureaucracy. Their induction into key advisory positions within the government became pronounced from the early and mid-1980s onwards, particularly under the premiership of Rajiv Gandhi who wished to impart a strongly professional and technocratic flavour to economic policy making. Technocrats and policy intellectuals belong to a group of
professionals, usually with degrees from elite US or British universities, and often with backgrounds in the World Bank or the IMF. They are most often handpicked by the political leadership and inducted laterally into the economic bureaucracy. Others are of more indigenous variety, who see themselves as good, hard nosed pragmatic economists and are known for their market-oriented views. A large number of senior career bureaucrats also appear to have played a key role in the formulation of economic liberalization. Additionally, there are economists who had played important roles in the formulation of India's earlier plans, and for whom economic liberalization is a rational response to the perceived failure of the earlier policy regime.

The impact of these persons upon the policy making process cannot be a matter of quantitative judgement. It is also important to remember that, in India, policy making is primarily a political process; thus the decision to shift from a state-centred to a market based economy emerged in the mid-1980s largely from the political leadership and was rooted in the widely perceived failure of the earlier model of development to generate economic growth. Also, given India's democratic political framework, the ultimate parameters of power are set by the fact that the politician is in some way responsible to a constituency while the bureaucrat is not. In India, therefore, the technocracy has played a facilitating and advisory role in economic liberalization rather than a catalytic or leadership role, as has been the case in the British or Latin American contexts. Bureaucracy has shaped the liberalization process and was rooted in the widely perceived failure of the earlier model of development to generate economic growth. Also, given India's democratic political framework, the ultimate parameters of power are set by the fact that the politician is in some way responsible to a constituency while the bureaucrat is not. In India, therefore, the technocracy has played a facilitating and advisory role in economic liberalization rather than a catalytic or leadership role, as has been the case in bureaucratic-led adjustment/liberalization programmes in countries like Mexico and Brazil (Weintraub, 1990; Schneider, 1994).

However, within these parameters, the emergence of this technocracy has spelt important changes in the face of the Indian bureaucracy and has also centrally shaped the liberalization agenda. In contrast to the career civil servant—typically a generalist par excellence—the lateral induction of technocrats into key positions within the economic bureaucracy has signalled the special status that the state is now accorded by the technical expert in government. Over the last one decade, at least three different parties have come to power at the central government (the Congress I, the Janata Dal and the Lok Dal, the latter two governments being coalitions with other parties); throughout this period, the continuation of a group of economists in key advisory positions has been sustained. Thus, the state, driven by the need to find pragmatic solutions to pressing economic problems, has been inclined to select a particular genre of intellectuals as its policy advisors: professionals with specialized expertise in economic policy making. Many in this emerging technocracy belong to a younger generation which has not inherited the Nehruvian socialist credo; given the nature of their academic training and professional expertise, these persons are firm believers in a market philosophy.

To the extent that a market economic model has largely replaced centralized planning in India, the emerging technocracy has centrally shaped this process. The technocracy has, in fact, imparted a certain legitimacy to the liberalization programme. This can be traced partly to the fact that the technocrats bring a particularly valued set of skills to their task; a large part of the value granted derives from their association with prestigious western centres of learning, and with powerful international economic institutions, as also with ideas dominant in the international economic order. Partly, also, their legitimacy derives from their association with state power itself; deriving their authority from the state, and in a sense lending their knowledge credentials to it, they succeed in imprinting upon the state the beliefs, values, and opinion that they bring to their work.

Their involvement in the policy making process has led to the generation of a somewhat new definition of economic policy making. Centralized planning in India was marked by the predominance of ideological and normative concerns with issues of poverty, redistribution, etc. In the period of economic liberalization, policy intellectuals have stressed the importance of pragmatism over ideology, and economic policy making has come to be seen as the exercise of a set of technocratic skills that has little to do with ideology. Economic liberalization has been presented as a set of rational technocratic responses to perceived problems with earlier policies. One consequence of this has been that economic policies have increasingly emerged in a language that is comprehensible to few, mostly shrouded in technicalities. Many in the technocracy are of the opinion that economic policy ultimately should be a matter less of political choice and more of scientific-technical rationality.

The role of the technocracy in India's economic reform process has not received due attention. This role is significant not only for its contribution in the initiation and ongoing process of liberalization, but for future directions in the Indian political economy. Literature on political economy in recent years has pointed to the inherent tensions between the institution of market economics and political democracy in developing countries (Migdal, 1988; Haggard, 1990; Kohli, 1991) This literature has underlined that popular pressures and/or political changes resulting from democratic politics may slacken or even reverse the course of reform.
Market-oriented reforms spell the withdrawal of state protection and patronage and may bring forth at least short-run intensification of economic inequalities and hardships; within a democracy, such reforms may be resisted by populist forces. Conversely, authoritarian states, usually led by bureaucratic or military personnel, are more insulated from societal pressures and, therefore, free to pursue the objectives of economic growth with relatively less concern for distributional consequences (O'Donnel, 1973; Deyo, 1989). From this perspective, a technocracy may be presented as pursuing a set of rational, objectively formulated goals, counterposed to the image of democratic politics as chaotic, turbulent, and given to uncertainties.

In India, the termination of political democracy may not seem likely to occur in the foreseeable future; nevertheless, the shaping of economic policy in the hands of the technocrat may increasingly create a situation where the scientific rationality of the intellectual/bureaucrat and the concerns of the politician become incompatible features of the policy process; and the inaccessibility of the language of economic policy would create a situation where economic policy making is more or less taken outside of the bounds of political arguments.

**Gujarat: Administrative Reforms**

In India, while the broad contours of economic policy are set by the central government, much of the implementation process is determined by the effectiveness of state governments. This section and the next will present some material on administrative reforms and the industry-bureaucracy interface in Gujarat in the context of economic liberalization.

In Gujarat, the need for administrative reforms is highlighted by certain emerging contradictions in the political economy over the last decade. Gujarat is now the second most industrialized state in the country and industrial investment has shown significant expansion. On the other hand, large pockets of poverty have emerged, urban unemployment has increased, and public spending in social sectors like health and education has declined.

The rise in the fiscal deficit in non plan expenditure and in administrative expenditure as a percentage of total revenue has drawn much attention in recent years. It was in this context that the Eighth Finance Commission recommended a time-bound comprehensive programme of administrative reforms to "streamline procedures and improve productivity"; such reforms should be aimed at "reducing the number of government employees by hiving off organizations and activities which are no longer relevant to the basic objectives of the Government or have become totally redundant in the present environment" (Government of Gujarat, 1994).

Very few of these recommendations have, in fact, been implemented. The total number of sanctioned posts in the various departments of the Government of Gujarat declined from 271751 in 1986 to 245794 in 1992; the total number of employees working declined from 234900 in 1986 to 207761 in 1992. This decline in the total number of departmental employees demonstrates that restrictions imposed on the creation of new posts and filling up of vacancies are being fairly strictly implemented since 1992. However, on enquiries across various departments, it appeared that while new posts had not been created and vacant posts had not been filled, very little attempt had been made to reduce manpower by cutting down positions. A Voluntary Retirement Scheme has been in force for some time. Under this scheme, an employee who has put in a minimum of 20 years of service can opt for voluntary retirement with full pension and other benefits with a weightage of 5 years. However, this scheme seems to have attracted a minuscule percentage of government employees in various departments.

**Gujarat: The Bureaucracy-Industry Interface**

Gujarat has witnessed a fairly significant scale of industrial development since its inception in 1960 and has climbed from the eighth to the second position in terms of states' ranking in industrial development. What has importantly characterized the industrial policy regime of each government has been a positive and supportive approach to private business. This approach has underlined the setting up and increasing role of a number of government agencies designed specifically for the purpose of providing assistance to industrial entrepreneurs on a wide range of services. Important amongst these agencies has been the role of the Gujarat Industrial Development Corporation (GIDC), the Gujarat Industrial Investment Corporation (GIIC), the Gujarat Small Industries Corporation (GSIC), and the Industrial Extension Bureau.

In spite of this supportive network, at micro levels, entrepreneurs continue to face a whole range of problems which delay or obstruct the implementation of their projects. A common set of problems relate to power, water, telecommunications, transfer of land, and bureaucratic attitudes towards entrepreneurs. Many entrepreneurs traced the problem to the fact that at the grassroots level, government officers were not sensitive to the needs of industry in terms of time and cost. A frequently mentioned issue was the need to decentralize
power so that decisions can be quickly taken at the field level. Many reported that officials maintained an attitude of the powerful patron towards entrepreneurs and saw themselves in a position of being able to grant favours, in terms of quickness of service, for example.

These obstructions can be traced to two factors. In the first place, several laws remain in force which allow government officials to play a hindering role in industrial development. The Industrial Boilers Act, for example, continues to provide a framework within which Boiler Inspectors can create numerous obstructions and delays. Similarly, a lengthy process of obtaining sanctions for obtaining agricultural land for industrial purposes tends to reproduce the power of the government official and places him in a position where he can hold up the private entrepreneur, demand bribes, etc.

The second important factor that this study revealed was variations in the attitude of the bureaucracy towards industrial entrepreneurs. The network of governmental agencies, outlined above, are headed by senior level IAS officers. These bureaucrats perceive themselves as providing crucial supports and inputs necessary for the industrial development of the state. They seem to believe that the state needs to support rather than directly undertake industrial activity. There is also a fairly high level of awareness amongst these civil servants about the overall framework of economic policy changes that have been introduced through the liberalization package. It seemed that, in their perception, economic liberalization had brought about a reversal in the roles of the bureaucrat and the entrepreneur: While earlier, the entrepreneur had to woo the government official for permits and licenses, in the present scenario, government officers were increasingly impelled by the need to go out and seek business.

Senior government officials did not convey a sense that through liberalization they had undergone a divestiture of power. Many, in fact, said that the definition of state or bureaucratic power had been changed from that of a negative sense of controls and regulations to a positive sense of helping and supporting industry. Several conveyed a sense of excitement with the new policy regime and, in fact, saw themselves as playing key roles in supporting the industrial development of the state.

This impression was entirely lost as one went down the bureaucratic hierarchy. From the collector to the inspector, to the personnel actually engaged in the work of implementing a power connection or a water connection, there seemed to be an astonishingly low level of awareness of the changed policy scenario and the positive and supportive role that these officials need to play with regard to private entrepreneurs. In fact, very few of middle and lower level officials, drawn from the state civil services, actually had any information about economic liberalization. Several of these officials, in as important positions as, say, that of the Managing Director of a District Industries Centre, conveyed an attitude of suspicion and mistrust towards private entrepreneurs; they stated clearly the importance of their positions as regulators and watchmen over private business. In this, they saw themselves as representing in some ways the interests of the people, of the collective, as opposed to the particularistic interests of businessmen. The work ideology of a large cross-section of middle and lower level government officials appeared tuned to a highly state-centred philosophy.

There seemed to be two factors that accounted for this rift between the higher and lower bureaucracies. The exposure of IAS officers, both in their work situation and through consciously designed training programmes to the new economic reforms, is fairly high. Ironically, the contrary is true of lower level bureaucrats. There is relatively little in the everyday universe of an inspector, for example, to sensitize him to the new policy context or to new functions. The most striking gap here seemed to be in the area of any conscious effort to impart information and training regarding the new economic reforms. In Gujarat, the Sardar Patel Institute of Public Administration, administered by the Gujarat Government, is responsible for designing and conducting training programmes for state level bureaucrats. The Compendium of Training Programmes for 1994-95 reveals that in the contents of as many as 96 courses scheduled, the phrase "economic reforms" does not occur even once. The faculty at the Institute acknowledged that this was a serious gap in the training programmes that they were conducting but that they did not have sufficient resources to organize training programmes on economic reforms.

The analysis presented above shows in a microcosm the multiple contradictions that might beset a bureaucracy in the context of structural adjustment. While industrial development in Gujarat has been fairly rapid, relatively little has been done to cut down surplus manpower or to train civil servants in concepts and practice of market reforms. Thus, while there are senior level IAS officers who see themselves as facilitators of the private sector, entrepreneurs are frequently delayed and frustrated by bureaucratic red tape, unhelpful officers, and by rigid or obsolete rules which recreate the power of the government official in obstructionist ways.
**Economic Liberalization and Administrative Reforms: China**

In what ways have other reforming countries dealt with the question of administrative reform as a response to economic liberalization? In China, the Communist Revolution of 1949 led to the foundation of the Communist state in 1949 and the creation of a fully state-owned economic system both in industry and agriculture. This system was led over three decades by the party and governmental bureaucracy. Since 1976, the socialist economy of China has been significantly changed as market principles have been sought to be introduced inborn industry and agriculture, privatization has been attempted, and fairly large amounts of foreign investment have been brought in. China’s measures of economic liberalization granted greater autonomy to factory managers, created a market in the distribution of both agricultural and industrial commodities, decollectivized agricultural production, and allowed both agricultural and industrial commodities, factory managers, created a market in the distribution of economic liberalization granted greater autonomy to factory managers, created a market in the distribution of both agricultural and industrial commodities, decollectivized agricultural production, and allowed greater room for individual entrepreneurship.

The reform of the Chinese bureaucracy began as early as 1979 with a concerted effort to replace older, less educated and conservative cadres with younger cadres possessing some degree of educational qualifications, and with demonstrated commitment to the new ideology of economic liberalization. One of the principal instruments adopted was a policy of mandatory retirement for senior government officials with adequate pension and compensation. The net effect of these reforms has been a lowering of the average age of Chinese officials and an increase in the percentage of officials with formal educational qualifications, such as a college degree. With regard to the civil service, the thrust of the reforms has been to fix retirement ages, to create fixed terms and regular rotations in order to prevent concentration of administrative power, and to provide clear definitions of official tasks to avoid inefficiencies and abuse of power by officials. A more stringent method of evaluation of performance was also adopted.

While these reforms have done some good, in many ways, the Chinese bureaucracy has successfully resisted reforming itself. In the first place, cutting the size of the bureaucracy has proved difficult. On this count, there was an initial record of success. Thus, it was announced in 1982 that the number of vice ministers had been cut by 80 per cent, the number of directors and deputy directors of central government bureaus by 50 per cent, and the central party staff by 17 per cent. Comparable cuts were also made in bureaucratic agencies. The number of central ministries was reduced from 52 to 43, the total number of central government agencies cut from 100 to 61, and the number of provincial bureaucratic offices trimmed by 30 to 40 per cent. But these positive achievements had only a short-term impact as certain counter tendencies began to surface; it became evident by the late 1980s that by hiring "temporary," or "supplementary" staff on account of pressure of work, the bureaucracy had begun to recreate for itself similar staffing levels as had existed before the drive for reform. Similarly, the efforts to institute personnel management reforms such as fixed tenures, retirement age, etc. have been isolated and no comprehensive legislation has come about underlining these principles. Resistance within the bureaucracy to the threat of being deprived of their security of tenure has prevented both comprehensive reform and any significant cutting down of numbers of personnel.

The resistance of the Chinese bureaucracy to change is possibly most obvious in the area of enterprise management reform. The post-Mao economic reforms have given managers greater freedom over financial resources, employee dismissals, and enterprises profitability. However, both party and state bureaucracies have been reluctant to surrender their controls over state enterprises. In many cases, government agencies at the local and municipal levels have unofficially retained their control over state enterprises. Some state industrial bureaus have used their control over raw materials to exercise power over enterprise managers. Party committees at the local levels too have continued to exercise control over managers. There is, in fact, a great deal of bitterness and frustration amongst enterprise managers with the lack of actual implementation of the deregulation of state enterprises.

Many bureaucratic institutions have tacitly, if not openly, opposed the reforms and supported a conservative stance primarily because they perceived the reforms as heralding the end of their power and prestige. The Ministry of Heavy Industries, of example, had benefitted enormously from the priority assigned to that sector under the Stalinist model of growth; it clearly sees itself as under attack in the new policy framework which stresses the importance of consumer goods, light industries, and foreign investment. The state planning apparatus, similarly, has resented and resisted the loss of power as central planning has given way to greater space for the market.

**Conclusion**

Can bureaucracies truly change their character? Or, how much can they change? Much of the thinking on structural adjustment in developing countries has indeed
emerged from technocrats and policy intellectuals who have posed a critique of the state from within the state. These enclaves have acted on a combination of factors: their exposure to the international economic environment, their response to the pressures of international agencies, their own initiatives and perceptions of the need for change. On the other hand, much of the sharpness of the focus on liberalization is lost in the heaviness of structure and the routine activities in the middle and lower rungs of the bureaucracy which have remained relatively uninformed of the liberalization programme or have resisted the perceived divestiture of power. At the same time, these structures are central in the implementation of liberalization policies.

Structural adjustment/economic liberalization programmes need to be contextualized rather than pursued as uniform, universal policy prescriptions. In pursuing structural adjustment programmes, governments in advanced industrialized countries of the west have relied upon strong institutional traditions of laissez-faireism and a ready vocabulary of liberalism in which to contextualize market-oriented reforms. In contrast, in societies such as in China and India, political traditions sustain and support pervasive and enduring bureaucracies. In China, historically, an elaborate bureaucracy which pervaded all levels of political life down to the remotest village has been a powerful and enduring political institution. Static socialism and the absence of democratic institutions in the modern period have further reinforced these state-centred traditions. In India, the foundational concept of Hindu and Moghul kingdoms, and later of the colonial state, was that of the all-powerful bureaucracy standing above society; this paradigm of hierarchy which framed the state-society relationship was again reinforced by the socialist rhetoric in the post-independence era.

In such societies, market-oriented reforms come up against a certain institutional vacuum; there exist, in fact, few institutional forces which can readily replace the central role that states and bureaucracies have traditionally played. This historical tradition would suggest that rather than attempting to do away with states and bureaucracies, market-oriented economic reforms in such societies need to be balanced by continuing roles of bureaucratic structures, reoriented to a revised set of tasks, responsibilities, and attitudes to suit the shift from a state-centred to a market-led developmental paradigm. A certain conceptualization of state reform must, then, accompany economic liberalization. In this context, it would seem that intensive and extensive socializing and educative programmes, dealing with the theory and practice of market-oriented reforms, would play a crucial role in generating the necessary changes in the mind sets of bureaucracies from a statist to a market philosophy, and to a positive orientation to new functions.

Notes
1 To take a few examples, Jagdish Bhagwati, who had played an important role in the formulation of India's centralized planning system in the 1950s and 60s, became a strong advocate of liberalization in the 1980s:
   "In essence, the industrial licensing system .... had grown into a Frankenstein that few of us for saw in the early 1950s when we gave it birth" (Bhagwati, 1987).

   Similarly, IG Patel who had played a pivotal role in the formulation of the Second Five Year Plan, said,
   "Relinquishing the exercise of arbitrary power cleanses the economic and political environment immediately" (Patel,1987). In a similar vein, Abid Hussein said,
   "To me the attraction of privatization is that it gets the babu and the neta out of the mainstream of economic activity and confines them to the periphery" (Hussein,1989).

2 Important among this group would be Montek Singh Ahluwalia, Nitin Desai, Rakesh Mohan, and Sam Pitroda.

3 For example, economists like Abid Hussein, Y K Alagh, and Raja Chelliah who shaped the Seventh Five Year Plan, known to be an important watershed in India's history of liberalization.

4 For example, the late L K Jha, economic advisor to Indira Gandhi and Rajiv Gandhi, and Gopi Arora, Finance Secretary during Rajiv Gandhi's regime.

5 Jagdish Bhagwati and IG Patel would be two good examples of this genre of older economists.

6 Thus, Jagdish Bhagwati underscored "the non-ideological profile of the new leadership (...). All who have bothered to look dispassionately at the system, without wearing ideological lenses, have called for a progressive dismantling of this abomination (the public sector)" (Bhagwati,1987).

   Similarly, Nitin Desai, senior economic advisor in the finance ministry, commented in reaction to a criticism of liberalization (The Economic Times,1989):
   "The main thing is that within the government there is an awareness today that economists know what they are doing."

   In the same vein, a young economist at the Planning Commission commented with some impatience.
"all we need is some faith in economics as science and that eventually it will produce results." (Interview at the Planning Commission on request of anonymity, May 1991).

7 The fiscal deficit of the Gujarat Government increased from Rs 246.78 crore in 1980-81 to Rs 1875.71 crore in 1991-92 and Rs 1173.66 crore in 1992-93. This fiscal imbalance has been accompanied by the acceleration in the growth of non-plan expenditure. Non-Plan Revenue Expenditure (NPRE) as percentage of total expenditure has increased sharply from 47.63% in 1980-81 to 65.13% in 1993-94. The rise in the non-plan expenditure is accounted for largely by the growth in expenditure on establishment. Administrative expenditure as percentage of total revenue grew from 13.96% in 1984-85 to 16.03% in 1989-90. During the 1980s, revenue expenditure rose by 3.1 times while the spending on salaries and administration, which is a component of the total revenue expenditure, went up by 3.5 times. The revenue receipts rose by only 2.5 times.

8 This section draws on interviews conducted by the author with IAS officers in the various concerned departments of the Gujarat Government, officers at the District Industries Offices, and office bearers of various industry associations in the Ahmedabad area.

9 The material on bureaucracy reforms in China draws from the following secondary sources: Harding, 1987 and Rosen, 1992.

References