

INDIA POLITICAL ECONOMY PROGRAM ESSAY

**WOMEN BUREAUCRATS WHO HELPED
SHAPE INDIA'S 1991 ECONOMIC
REFORMS**

Shreyas Narla and Kadambari Shah, *Mercatus Center*

**THE1991PROJECT.COM
MERCATUS.ORG**



MERCATUS CENTER
George Mason University

Shreyas Narla and Kadambari Shah, "Women Bureaucrats Who Helped Shape India's 1991 Economic Reforms," Mercatus Essay, Mercatus Center at George Mason University, Arlington, VA, June 2023.

SUMMARY

This essay highlights the contributions of women bureaucrats to India's 1991 economic reforms, underscoring the challenges they faced in a male-dominated field. Despite systemic barriers, they played crucial roles in financial and budgetary reforms, working with India's policymakers to navigate the looming economic crisis and lay the foundation for future growth.

Keywords: Women bureaucrats; India political economy; 1991 economic reforms; gender barriers

JEL codes: N45, J16, O53

© 2023 by Shreyas Narla, Kadambari Shah, and the Mercatus Center at George Mason University

The views expressed in Mercatus Essays are the author's and do not represent official positions of the 1991 Project, the Mercatus Center, or George Mason University.

On the cover: Pillar of Ashoka (detail) at Sanchi, Madhya Pradesh, India. The pillars of the emperor Ashoka the Great (268–232 B.C.), renowned for their polished sandstone and intricate carvings, were dispersed throughout the Indian subcontinent and carried imperial edicts promoting moral and ethical conduct. The Lion Capital of Ashoka, which tops the pillar at Sarnath, Uttar Pradesh, has been adopted as India's national emblem. Twenty of the pillars of Ashoka still survive.

In every retelling of the 1991 liberalization episode, technocratic excellence and political acumen of the reformers stand at the center. However, much like the legends of the Arthurian Camelot, only the contributions of men have been highlighted; all 21 reformers in Prime Minister P. V. Narasimha Rao’s government were men. While working on the 1991 Project, we have wondered: Where were the women?

In an earlier essay, we highlighted the contributions to the liberalization process of three free-market women economists—Padma Desai, Sudha Shenoy, and Isher Judge Ahluwalia, albeit in some ways from outside the government machinery.

Because of a variety of institutional and structural factors, only a few women were in senior positions in the bureaucracy. Recruitment policies favored men, and structural changes were introduced too late. After independence, women were allowed to join the services, subject to the condition that they would quit should they marry. This marriage disqualifier was not removed until 1970. Stereotypes about women’s competencies also often led to their placement in “soft departments” such as cultural affairs and education.

Consequently, by 1991, most women officers held junior roles,¹ especially in the Ministry of Finance, the Ministry of Commerce, and the Ministry of Industry. The Rao Camelot—which largely comprised technocrats from international financial institutions, academia, and policy organizations—also did not hire women laterally.²

1. For instance, Sudha Krishnan, a junior officer from the Indian Audit and Accounts Service with a postgraduate degree in public policy from George Mason University, seconded N. K. Singh when he was the joint secretary in the Finance Ministry in charge of the negotiations with the international financial institutions.

2. The Indian bureaucracy broadly comprises career bureaucrats, who are drawn from the civil services, and lateral hires, who are often subject specialists who take up advisory positions.

The few who were able to make it and play a role in the liberalization reforms did so despite the institutional barriers and lack of networks. This essay is about them.

In 1985, Prime Minister Rajiv Gandhi, a reform-minded modernizer, broke tradition and chose Sarla Grewal, independent India's second female officer from the Indian Administrative Service (IAS), to lead his office as the principal secretary. Inspired, Renuka Viswanathan of the 1971 cohort of the IAS rallied to secure a spot in the Department of Expenditure in the Ministry of Finance, housed in the North Block³—the seat of the Indian government. The men in charge were used to preferential treatment in choosing posts.

Unaccustomed to valuing female officers, they were at odds to place this scholarofficer who had completed a comparative study of fiscal federalism in noncommunist democratic countries to secure a *doctorat d'etat* in public finance (higher than a doctor of philosophy) from Paris Dauphine University. But Viswanathan—who had many firsts to her credit by then, including being the first woman of the Karnataka State cadre of the services to be designated as a district magistrate—persevered and secured a spot when her candidacy was deemed best suited for the Finance Ministry by Gandhi himself. Despite the roadblocks, she eventually joined the prized Department of Economic Affairs (DEA) and was later promoted to joint secretary for external commercial borrowing in the department in 1986.

By the late 1980s, the country's balance of payments crisis was looming large. Gopi Arora, the finance secretary, could not overlook the murmurs in the department that cast a shadow on a woman officer's capability to provide round-the-clock updates on the crisis. Viswanathan's 17 years of rich experience in the services and her qualifications were somehow not enough. Dejected but not deterred, Viswanathan persuaded Arora to bet on her. Those challenging months put her to the test, but she singularly kept track of the levels of foreign exchange (forex) reserves, which allowed the ministry to put out fires until 1991 during Finance Minister Yashwant Sinha's short tenure.

A year after Viswanathan took charge as joint secretary, Janaki Kathpalia, joint secretary of the Finance Ministry's Budget Division—along with two men, Chandy Andrews and C. R. Sundaramurti, of the Indian Civil Accounts

3. Core ministries of the Indian government—that is, Finance, Home Affairs, External Affairs, and Defence—and the Prime Minister's Office are housed in the Secretariat building in New Delhi. It comprises the North Block, which houses the Finance and Home Affairs ministries, and the South Block, which houses the remaining three.

Service—pushed to introduce Mac computers to the division, one of the earliest efforts to modernize the Indian government. When the Rao government came into power, Kathpalia took over as the additional secretary (budget) and worked closely with Finance Minister Manmohan Singh and his team in preparing the reform-oriented union budgets from 1991 to 1995. They built on the work Viswanathan and her team had done as part of an internal committee advising the previous finance minister, Yashwant Sinha.

In 1994, banks were offering a high-interest deposit scheme to attract capital inflows and help finance the deficit in the current account. The Reserve Bank of India (RBI) provided the exchange guarantee on those deposits, and US dollars were added to foreign currency assets. But the balance of payments crisis had made matters worse as forex reserves depleted and the RBI did not have the funds to finance the US\$10 billion liabilities accrued on the deposits. Kathpalia and RBI Deputy Governor R. Janakiraman devised a solution whereby the government would finance all the losses arising from the plummeting forex balances to enable the banks to meet their dollar outflows. This action greatly helped the situation; the RBI agreed to transfer additional profits to the government to meet such liability every year.

Kathpalia also played a key role in India's relations with the International Monetary Fund and the World Bank during the reform years. After the two-step devaluation in 1991, the Finance Ministry's core team had to negotiate with and convince the international financial institutions to raise loans. This team, led by K. P. Geethakrishnan (finance secretary) and Montek Singh Ahluwalia (DEA secretary), comprised Kathpalia, N. K. Singh (joint secretary, Fund Bank), and Y. V. Reddy (joint secretary, Capital Markets).

A few minutes' drive from the North Block, in the Ministry of Industry, there was Sudha Pillai. The daughter of a civil servant and school principal, Pillai (née Khanna) set her eyes on joining the services upon receiving an award in school from Sarla Grewal. In 1972, Pillai stood second in the country's services examination and opted for the IAS. Starting off as a district collector, she would go on to become a joint secretary in the Ministry of Industry in the Rao government in 1991.

Relying on 800-odd recommendations and interactions with experts, Pillai worked on the amendments, which significantly altered the oppressive Monopolies and Restrictive Trade Practices (MRTP) Act, 1969. In August 1991, those amendments came into effect, removing the restrictions that stifled corporations from expanding or diversifying.

In the same ministry, junior to Pillai by two decades, was Vandana Aggarwal. An Indian Economic Service officer, she received her training at the Delhi School of Economics. She assisted Rakesh Mohan, economic advisor to the Ministry of Industry, in documenting the length and breadth of industrial licenses that shackled India's industry, a behemoth task that no one had attempted until then. This undertaking culminated in their seminal paper, "Commands and Controls: Planning for Indian Industrial Development, 1951–1990," which was published in the *Journal of Comparative Economics*.⁴ The research in that paper served as their groundwork for preparing the new industrial policy, a blueprint that was crafted during the V. P. Singh government in 1990 but was only green-lighted by the Rao government in 1991. During this crucial period, Aggarwal also worked on indirect tax proposals for the union budgets between 1991 and 1994 and on the reform of the MRTP Act as part of Pillai's team.

Aggarwal then assumed responsibilities as a deputy director in the Ministry of Finance through the second half of Rao's premiership. She worked on financial and monetary policies related to credit ratings and regulation and management of India's commercial borrowing portfolio. In the late 1990s, Aggarwal directed and led the work of the Trade Policy Division of the Ministry of Industry. Then, from 1998 to 2002, she became the first woman to be the First Secretary in the Permanent Mission of India to the World Trade Organization, where she conducted trade negotiations on industrial and agricultural goods, customs valuation, and trade facilitation.

In the Ministry of Commerce, Sindhushree Khullar, an IAS officer of the 1975 cohort, served as an officer on special duty to P. Chidambaram between 1986 and 1989, when he was minister of personnel and introduced some changes in restructuring the Civil Services. She later transitioned into the role of private secretary to Chidambaram when he served as commerce minister between 1991 and 1992. Along with Commerce Secretary Montek Singh Ahluwalia—and later A. V. Ganesan, who took over from Ahluwalia—this team oversaw the rapid changes that were introduced in the trade policy: reduction of the control state agencies held over foreign trade, tariff reductions, and abolition of the Office of Chief Controller of Imports and Exports, among other reforms.

Thereafter, Khullar became the additional secretary of DEA in the Finance Ministry. Later, as special secretary in the same department, she chaired an

4. Rakesh Mohan and Vandana Aggarwal, "Commands and Controls: Planning for Indian Industrial Development, 1951–1990," *Journal of Comparative Economics* 14, no. 4 (1990): 681–712

expert group that examined schemes of statutory clearances for the industry and infrastructure sectors.

Bad and gendered recordkeeping does a disservice to these women.⁵ For instance, Sarla Grewal's name does not appear on the official list of principal secretaries to the prime minister. It is as if in the years 1985 to 1989, India's prime minister had no principal secretary⁶ to oversee his government's nascent efforts⁷ to liberalize India.

In the absence of comprehensive institutionalized history, we tried piecing together the stories and timelines of these women from secondary sources⁸ and interactions with a few reformers, including Viswanathan and Aggarwal. Although this is not an exhaustive list, it is an ongoing effort to expand and fine-tune the literature on India's economic liberalizers.

FURTHER READING

Ahluwalia, Isher Judge. *Breaking Through: A Memoir*. Uttar Pradesh: HarperCollins India, 2020.

Basu, Narayani. "Ambassador." *FiftyTwo* (blog), June 24, 2021. <https://fiftytwo.in/story/ambassador/>.

Bhatia, Surabhi, and Akshi Chawla. "Marriage, Education: Why There Have Been So Few Women in Hallowed IAS." *Business Standard*, January 9, 2022. https://www.business-standard.com/article/current-affairs/why-there-have-been-so-few-women-in-india-s-administrative-services-122010600172_1.html.

Business India. Issues 356–60 (1991).

Chowdhury, Javid. *The Insider's View: Memoirs of a Public Servant*. Delhi: Penguin Random House India, 2012.

Controller General of Accounts. Speech, October 31, 2011. <https://cga.nic.in/writereaddata/SpeechofCGA.pdf>.

5. There were some others too, such as Otima Bordia, who was industry secretary before A. N. Verma took charge.

Little is known about her time as possibly India's first woman industry secretary

6. Little is known about her time as possibly India's first woman industry secretary. "List of Principal Secretaries to PM along with Their Tenure," accessed May 21, 2023, <https://www.pmindia.gov.in/wp-content/uploads/2017/04/list-of-prlsecy-to-PM-along-with-their-tenure.pdf>.

7. Arvind Panagariya, "India in the 1980s and 1990s: A Triumph of Reforms" (IMF Working Paper No. 04/43, International Monetary Fund, Washington, DC, March 2004).

8. We were able to track down names from our conversations with the reformers whose oral histories we have recorded, newspaper archives, papers and memoirs related to the period, and government documents and orders. Viswanathan is the only exception as she has captured some aspects of her journey as an afterword in T. R. Raghunandan's book, *Everything You Wanted to Know about Bureaucracy but Were Afraid to Ask* (Delhi: Penguin Random House India, 2019).

- Gonsalves, Trijita. *Women in the Civil Services: Gender and Workplace Identities in India*. 1st ed. New Delhi: Routledge India, 2022.
- Gupta, Meena, and Renuka Viswanathan. "Sex Bias in the IAS: Second Class among the Twice-Born." *The Statesman*, March 28, 1987.
- Iyer, P. Vaidyanathan. "RBI: Why a 'Joint Family' Story from the Past Is Creating a Buzz Today." *Indian Express*, November 19, 2018. <https://indianexpress.com/article/business/business-others/rbi-central-boardbudget-government-5452696/>.
- Mohan, Rakesh, and Vandana Aggarwal. "Commands and Controls: Planning for Indian Industrial Development, 1951–1990." *Journal of Comparative Economics* 14, no. 4 (1990): 681–712.
- Narla, Shreyas. "Breaking Out and Through: An Essay on India's First Women in Liberal Economics." 1991 Project, Mercatus Center at George Mason University, Arlington, VA, 2022. <https://the1991project.com/essays/breaking-out-andthrough-essay-indias-first-women-liberal-economics>.
- Raghunandan, T. R. *Everything You Wanted to Know about Bureaucracy but Were Afraid to Ask*. Delhi: Penguin Random House India, 2019.
- Rajya Sabha. "Changes in Environmental Clearance Process." Unstarred Question No. 893, Session 217. New Delhi, July 13, 2009. <https://sansad.in/rs/questions/questions-and-answers>.
- Srinivas, V. 2019. *India's Relations with the International Monetary Fund (IMF): 25 Years in Perspective 1991–2016*. New Delhi: Vij Books India. <http://ncgg.org.in/sites/default/files/2021-04/IMF.pdf>.

ABOUT THE AUTHORS

Shreyas Narla is a research associate with the Indian Political Economy Program at the Mercatus Center at George Mason University.

Kadambari Shah is a research associate with the Indian Political Economy Program at the Mercatus Center at George Mason University.

