

**State-owned enterprises.** The share of state-owned enterprises (SOEs) in 1991 was about 13% in India's GDP. The Indian federal government paid out over five times more money in subsidies to SOEs in 1991 than it spent on either education or health. A World Bank study has found that the larger part of the subsidies to SOEs end up being captured by the rich and the middle class.<sup>17</sup> India is trying to reform around SOEs and still maintains industrial licence requirements in 15 industries. For reforms to move any further, the Indian government would have to reduce its holdings in SOEs below 50%. So far, there is little political will to take this step.

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<sup>17</sup>The World Bank, *Bureaucrats in Business*, 1995.