

Rich-poor inequality increasing in India: economist

India's poverty is declining slowly, but inequality between the rich and the poor is on the rise, noted US-based economist Kaushik Basu has warned.

Basu, a professor at Cornell University, said globalisation had proved to be a boon for India as its growth was phenomenal. But poverty was declining very slowly and the rate of decrease in the population below the poverty line was also not up to the mark.

'What is a matter of concern is that due to globalisation, inequality is increasing between the rich and the poor,' Basu, here to attend an international seminar on poverty, told IANS in an interview.

Regional inequality in the country is another worrying factor. There are regions with no development where millions have been bypassed by the globalisation boom, he said.

Basu however acknowledged that globalisation had helped in India's growth.

'Globalisation increases the potential for everybody to do better but that does not mean everybody does better. The India example is in keeping with the large segment that has done well. There are groups also which have been marginalised precisely because of globalisation'.

The economist, considered one of the votaries of globalisation, said the government has responsibility towards these marginalised people.

'In my view there are two measures to address them - provide social security and direct support for the poor and go for massive industrialisation so that the private sector's demand for ordinary labour goes up. Then only they will be able to bargain for higher wages and earn a life of dignity,' said Basu, who did his doctorate under Nobel laureate Amartya Sen.

He said the government should not ignore the marginalized sections because their anger and frustration may destabilise the country politically and stall the economic resurgence.

The government needs to be active in redistributing the spoils of high growth to those who have not benefited from the economic growth.

Basu also pointed out that the manufacturing sector had great hope in India. But for that, the country has to start a new drive to build infrastructure like roads, ports, airports and railways. So far most of India's boom has been in the services sector, he said.

'With the rise of China in the global scenario, the US is keen on creating another pole of political power and India fits this need. It is an advantage that has luckily landed at our doorstep. We should seize it with both hands. I see India as an important player in economic globalisation,' Basu added.

Imran Khan (© IANS / India eNews)