

Tharman: Businesses can lead social change in India

■ BY WONG MEI LING

POLITICS in India is more sectarian and caste-based today than 60 years ago, but economic development and the private sector can help break down these social barriers, Finance Minister Tharman Shanmugaratnam said yesterday.

He was speaking at the Fourth International Conference on South Asia in Singapore about the challenges of unequal development and chronic poverty in India despite its strong economic growth.

"In India, you don't cast your vote, but you vote your caste," Mr Tharman said, citing a Financial Times journalist, drilling home the point that social barriers at the political level continue to constrain the economic and social development in India, especially for the poorest.

One quarter of India's population still lives below the poverty line, according to the latest report by the World Economic Forum.

Nevertheless, Mr Tharman argued that the caste barrier in India is dissolving in its own way. Through migration from rural villages to the cities, these social barriers slowly come undone.

"On the factory floor...everyone is equal on the production line regardless of your social background," Mr Tharman said.

For this reason, he said, India needs to focus on manufacturing to boost employment and also help improve the skills of rural people who take up jobs

in the city. This will in turn reduce poverty and inequality which is rife in the rural areas.

But depending on the political system to bring about this change will not suffice. Instead, the private sector is better poised for the job.

"There's a whole range of social initiatives that are happening in India bottom up. Not through government planning but through the energy of the private sector," he said.

Citing the example of an Indian IT firm, Satyam, which uses IT services and mobile health-care vans to deliver basic health care to rural Indians, Mr Tharman argued that businesses are better placed to help reduce poverty in the country.

Dr Arun Shourie, a former minister of the Indian Cabinet, agreed.

"Politics prevent the state from performing its basic function... (and) there is no political system that politicians cannot pervert," he said in a separate session. But he too, placed hope in India's entrepreneurs, industrialists and the middle class.

Mr Tharman added that despite the current financial turmoil, there is a confidence in India that the country can match global standards of development, but "it will often do it in its own way with the same outcomes".

Yesterday's conference was organised by the Institute of South Asian Studies, with experts from key research institutions, former ministers from India, and the World Bank to discuss the challenges to economic growth, inequality and conflict in South Asia.