



"Reforming Education, Healthcare, and Economy: Ace Economist Unveils Strategies to Tackle India's Deep-Seated Inequality"

Dr Pranab Bardhan
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Dr. Pranab Bardhan Advocates Bold Policy Shifts, Progressive Taxation and Empowering the Marginalized for a More Equitable India

Intro: This week Indiastat interacted with **Prof Pranab Bardhan** on the sidelines of the Ideas for India seminar at his lecture 'Inequality, Labour and Social Democracy.' Join senior journalist **Mahima Sharma** in an exclusive conversation with **Prof Bardhan, Emeritus Professor at the University of California, Berkeley**, as he delves into the core of India's economic landscape. Dr. Bardhan shares critical insights on fostering inclusive growth, entrepreneurship, and the delicate balance between economic development and labor rights. Join us, as Indiastat seeks a more equitable and vibrant future in the ever-evolving world of economics.

MS: We claim to be a burgeoning economic power in the world, while millions are yet to alleviate from poverty in India. How can India address income inequality effectively in the context of its economic policies?

Prof Bardhan: This constant hankering for being a big power is symptomatic of a deep sense of inferiority complex that our leaders have displayed and tried to instill in people. For addressing the problem of acute economic inequality we need to reform our education (particularly its quality and level of vocational skill-formation), health (going away from the current model of subsidised private insurance to one of universal health care), land reform, technical extension services to small and middle enterprises, substantial taxation of capital (wealth and inheritance taxes are zero at the moment, and capital gains taxes are at lower rates than in the US), a vigorous anti-monopoly policy, and a restructuring of our welfare policies (which currently are deemed as gifts from our leaders) to make them as part of a citizens' basic right to minimum economic security.

MS: Do you believe that progressive taxation is an effective tool in reducing income inequality, and what changes might be considered in India's tax structure?

Prof Bardhan: I have already mentioned this above in detail. To answer the second part of your query, I would suggest the need for a less regressive GST.

MS: How would the geo-political shift and the two ongoing wars impact the economy of India? The common man thinks the wars are far away from India, but you know it the best. For their understanding please explain the consequences and alerts for the next decade.

Prof Bardhan: The common man is already paying higher prices in the market on account of the two wars. But in the long run the geo-political tensions between the US and China will have serious consequences in terms of protectionism in the US damaging the prospects of exports from developing countries (including India). Also, in foreign policy India's increased alliance with the US and Israel is a harmful and unthinking departure from India's long-standing multi-party foreign policy.

MS: Do you think boosting entrepreneurship among the lower strata can break the inequality patterns? If yes, What measures can be taken to boost entrepreneurship and innovation in India's economic landscape?

Prof Bardhan: I have already suggested technical extension services to small and middle enterprises as part of inequality-reducing policies. India must combine this with a restructuring of credit, insurance and marketing policies to help such enterprises.

MS: How can India leverage its demographic dividend to fuel better socio-economic growth and development for the poor? And how should better placed citizens contribute to the cause of a wholesome development of the nation?

Prof Bardhan: Our long-standing failure in creating enough good jobs for our burgeoning young population will mean that this so-called dividend will be largely empty. The better-off sections of our population could contribute more by paying more capital and income taxes, demand more universal access to public health and education and environment-friendly public services (for example, more and better public transport than polluting private cars in cities), instead of demanding their private access to education, medical services and the comforts of gated communities.

MS: What kind of futuristic policy initiatives do you recommend for enhancing rural development and reducing urban-rural economic disparities in India?

Prof Bardhan: Productivity improvement in Indian agriculture and rural industrialization has to be part of policies of product diversification into a variety of high-value crops and agro-processing, technological extension, drip irrigation and other water-saving technology, moving away from chemical inputs in agriculture to more environmentally-friendly bio inputs, recasting the marketing structure in the form of autonomous cooperatives, etc.

MS: Financial education and management has not yet been made compulsory in the NEP. What suggestions do you have towards this step, so that women and youth can be guided towards better financial independence?

Prof Bardhan: It is not just a matter of improving financial literacy among women. This is part of a general neglect for quality education for women. Also one has to come to grips with the question of why women's participation in market work in India is one of the lowest.

MS: In the context of technological advancements and automation, how can India ensure inclusive growth without exacerbating unemployment and income inequality?

Prof Bardhan: Long before automation and robots, India has failed to export (or reach high quality in) labour-intensive goods, unlike neighbouring countries like Bangladesh, China, Indonesia, or Vietnam. One should analyze this failure and reorient policies towards encouraging employment of labour and improving their skills.

MS: How can India strike a balance between economic development and the protection of labor rights, especially in industries with a high reliance on manual labor which are now shifting to AI based automation?

Prof Bardhan: I have, in my recent book "A World of Insecurity" as well as in the I4I Lecture that I recently gave, suggested the role of increasing labour voice in corporate governance and the adoption of a more labour-friendly direction in a firm's R & D policy and use of technology. Wage-subsidies to firms can also help in encouraging labour-intensive methods of production.

About Prof. Pranab Bardhan

Prof. Bardhan is Emeritus Professor in the Department of Economics of the University of California, Berkeley. Educated at Presidency College, Kolkata, and Cambridge University, he is a distinguished economist and academic. His extensive career includes faculty positions at MIT, Indian Statistical Institute, and Delhi School of Economics, along with notable affiliations at Cambridge, Oxford, and the London School of Economics. Specializing in rural institutions, political economy, and international trade, he served as Chief Editor of the Journal of Development Economics. With 17 books, 14 edited volumes, and over 150 journal articles, Bardhan's contributions span diverse disciplines. Recognized with a Guggenheim Fellowship, he received an honorary DSc from the Indian Statistical Institute and remains a prominent figure in global economic discourse. He has several papers and books to his name. His latest work, "A World of Insecurity," was lauded by the Financial Times. Additionally, his memoir, "Charaiveti: An Academic's Global Journey," is set for publication by Harper Collins India in the end of 2023.

About the Interviewer

Mahima Sharma is an Independent Journalist based in Delhi NCR. She has been in the field of TV, Print & Online Journalism since 2005 and previously an additional three years in allied media. In her span of work she has been associated with CNN-News18, ANI - Asian News International (A collaboration with Reuters), Voice of India, Hindustan Times and various other top media brands of their times. In recent times, she has diversified her work as a Digital Media Marketing Consultant & Content Strategist as well. Starting March 2021, she is also a pan-India Entrepreneurship Education Mentor at Women Will - An Entrepreneurship Program by Google in Collaboration with SHEROES. Mahima can be reached at media@indiastat.com

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