

Social Inequality Threatening India's Economic Stability

Can a country where a third of the population is illiterate be an Information Technology superpower? Can a country where 78 million rural homes have never seen electricity be an economic superpower? Can anyone feel safe living in islands of prosperity in a sea of poverty? While India's educated elite are reveling in their newfound status on the global stage, inequitable distribution of wealth and opportunities are shaking the very foundation of India's new economy. Will the Indian government's apathy toward the rural poor bring India's party to an abrupt end?

In the last 12 years, India's economy has grown at an average annual rate of about 7 percent, reducing poverty by 10 percent. However, 40 percent of the world's poor still live in India, and 28 percent of the country's population continues to live below the poverty line. More than one third live on less than a dollar a day, and 80 percent live on less than two dollars a day. India's recent economic growth has been attributed to the service industry, but 60 percent of the workforce remains in agriculture.

The rate of increasing disparity between the 'haves' and the 'have-nots', is hard to miss in tech centers like Bangalore, Chennai and Delhi. Technology professionals are returning, having made their millions in the US. They are driving expensive cars and living in luxury apartments. Cities are growing in all directions. Farmlands are being acquired to build luxury townships, golf courses, five star

hotels, spas and clubs. Poor farmers get paid off, and are forced to move further away from the city. And while global leaders and businessmen wax eloquent about India's growing status as an IT superpower, everyone turns a blind eye to the majority of the population untouched by the economic growth.

And the scenario is not too different in smaller cities. Nagpur is a bustling metropolis in the heart of India, in a region known as Vidarbha. There are signs of economic boom everywhere in the city—shopping arcades, multiplexes, pubs, and luxury clubs. Yet, right outside the city, farmers are committing suicide due to their inability to repay debts as small as \$100. In the last five years, almost two thousand farmers in the region have killed themselves.

Hyderabad is the capital city of the state of Andhra Pradesh. In the last decade, Hyderabad has established itself as a worthy successor to Bangalore. Companies like Microsoft, Wipro, Infosys, GE, HSBC have all made their presence felt in the city. Bill Gates, Bill Clinton, Jack Welch and a host of other global biggies have visited the city and proclaimed their confidence in its play in the global world. Yet, a continuing drought and a lack of government support has led to 4500 farmer suicides in the last 7 years in the state of Andhra Pradesh.

A socio-economic structure as lopsided as this is bound to collapse sooner or later. And some horrific incidents in the recent past signal the appearance of cracks in the Indian structure.

Last month, Adobe India CEO Naresh Gupta's two-year old son was kidnapped from Noida in suburban New Delhi. The child was released on the payment of a ransom of \$100,000, but the kidnappers were eventually caught by the police and the ransom amount recovered.

More recently, Adhip Lahiri, a young man working for i2 technologies in Bangalore, was brutally murdered as he was returning home from work at 10.30pm. His wristwatch, ring, wallet, laptop, cellphone and car were missing, and robbery seems to be the motive behind the crime.

In the last six months, five cases of carjacking have been reported from Bangalore alone. It is quite obvious that India's recent economic growth has not trickled down to the bottom. The majority of the population has been sitting by the sidelines watching the buildings grow taller and the roads get wider. What's concerning is that there doesn't seem to be any concerted government effort to rectify the situation. For the poor, a severe lack of basic health, education and training opportunities mean that not only are they in a miserable condition today, there isn't much hope for the future either. It is only a matter of time when they barter their spades for knives, in a desperate attempt to liberate themselves from the throes of poverty.

A country with such an unequal distribution of opportunities and wealth can never promise long-term security and stability. Any individual or establishment that symbolizes this economic and social disparity will be under threat. India wishes to become an economic

superpower. But, if India wants what it wishes, these glaring social and economic problems must be addressed directly and earnestly. And until, these problems are addressed, no company setting up base in India can feel truly secure.

While, the government must own primary responsibility for social upliftment, the answer to India's woes probably lies in a public-private partnership towards addressing India's deprived poor. It's happening in pockets. Companies like the Tata Group have ingrained social responsibility in their DNA. Azim Premji Foundation, promoted by the Wipro Chairman, is working with state governments to improve grassroots level education in rural India. What's probably now needed is for all private enterprises and government bodies to collaborate, to create a larger, more meaningful, nationwide impact.

Corporations should not view it purely from a philanthropic perspective. A bigger pool of educated and employable population will mean availability of better quality human resources. And a stable society creates a far more secure environment to do business in. Cleansing the environment where you are running your operations definitely makes better long term business sense. And the sooner corporations realize this, the better it is for everyone.