Harvard economist Gita Gopinath on Wednesday said Kerala’s high remittance rate was both boon and bane.

Speaking on the Kerala Model Development at Emerging Kerala, here, Gita, the first Indian woman to become a professor at the economics department of Harvard University, pointed out that remittances constituted 30 per cent of Kerala’s economy.

“While high remittances ensure high income and high standard of living, they have led to high costs for state’s resources like land and labour. One cannot advise that remittances should be cut. The way out is to raise the productivity of labour,” she said.

She said there was no need for a contradiction between a welfare state and an economically advanced one. “Look at the Scandinavian welfare nations like Sweden or Switzerland that also rank high
“As per a World Bank survey on investment friendliness, India is a poor 132rd among 163 countries. Among the cities in India, Kochi is ranked 16, which is just above Kolkata that has the last rank.”

Ms Gita said Kerala’s 7.5 per cent economic growth in the last decade was commendable and the State should look forward to investments in core sectors like IT&BT, tourism, healthcare, banking and investments.

“The State should take advantage of its large educated class while shortage of land remains its main constraint,” she said.

It was also found worldwide that younger countries could generate jobs at a faster rate and so it would be to the State’s advantage to encourage ventures of young entrepreneurs, Ms Gita suggested.


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