

Ejaz Ghani (ed.), *The Poor Half Billion in South Asia: What is Holding Back Lagging Regions?* New Delhi: Oxford University Press. 2010. Hardbound. 339 pages. Rs 795.00.

South Asia portrays an interesting paradox; it is the second fastest growing region in the world, yet the region has high concentration of poverty and is home to dismal social outcomes, conflicts and gender disparities. South Asia in fact is a land of two highly diverse regions; 'Asia Shinning' and 'Asia Suffering'. The disparity between the two areas as lagging and leading regions is so sharp that these seem to be anchored in two different centuries. The richer region has experienced stupendous growth, due to its economic geography, globalisation and growth-promoting institutions while the limited growth potential of the poorer region has been further compounded by the weak capacity of the state to deliver social services. The question then is what should be done to address the gigantic task of poverty alleviation and take up the challenges posed by the concentration of poverty. What should be done and what the public policy can do? With a focus on this contrast as seen in Bangladesh, India, Pakistan, and Sri Lanka, the essays in this volume put into perspective the colossal task of poverty eradication and inclusive growth. The research studies included in this book not only provide fresh perspective on spatial disparities but also offer innovative, short-term as well as long-term, policy solutions to escape the poverty trap.

The book has two major sections; the first part, comprising six chapters, is about the challenges of growth in the lagging regions while the second part, having three chapters, suggests some new approaches for policy interventions to alleviate poverty. The nexus between growth and poverty has been investigated empirically at the intra-country and inter-country level. The authors have examined the well-being of the poor half billion in South Asia in four different perspectives, namely growth, poverty, human development and gender disparities. The first chapter demonstrates that growth has remained low in the lagging regions due to variety of conflicts in the society, limited mobility of the people and the weaker transmission of the price signals through trade. The development strategy in the leading region has, however, worked well. The policy-makers, in the lagging regions, should therefore focus in the short run on direct policy interventions to reduce poverty. In chapter 2, the trends regarding convergence and divergence across the regions of South Asia have been examined. On the positive side, greater absolute reductions in poverty and infant mortality is observable while on the negative side, no evidence of convergence in per capita incomes could be traced across the leading and lagging regions of the South Asia. The chapter 3 examines the economic geography of both the lagging and the leading regions. The findings suggest that though trade globalisation has contributed to accelerated growth but its benefits are spread unevenly across the lagging and the leading regions. The disparity has arisen because the scale economies and market forces have caused the production to agglomerate in the leading regions. The lagging regions do not enjoy sufficient access to international trade, because the poor infrastructure and weaker institutions in the region, have respectively contributed to higher transportation costs and a greater cost of doing business.

In the following chapters, the author shows that trade liberalisation has generated a positive but unequal impact in the leading regions and the lagging regions. The author

suggests that better infrastructure, including a network of roads and ports should be built to bridge the gap between the two regions. He recognises the positive role of institutional performance, especially the institutions of property rights and contracting towards economic growth. The author suggests various institutional reforms, both at the micro and the macro level, to improve the overall business atmosphere in the lagging regions. He emphasises that governments can play a vital role in the ensuring security of property rights, functioning of both the financial markets and the labour markets and most importantly in controlling corruption.

In the context of education, the author explains that educational indicators are much worse in lagging regions particularly in India and Pakistan. The author shows that Sri Lanka and Bangladesh fare better than India and Pakistan with respect to up-gradation and development of infrastructure in schools, hiring of teachers, provision of schooling inputs and running promotion campaigns, within households to encourage schooling. Private schools have flourished in India and Pakistan, primarily due to the shortcomings of the public school systems. The implications are that the policy-makers should focus on public schooling to; enroll children who are currently out of schools, retain students, guarantee minimal educational attainment and raise the terminal level of education attained. Moreover, the author sheds light upon the relationship between federal government and sub-national governments in South Asia. Analysing the relationship closely, the author suggests that inter-state fiscal transfers have contributed a great deal to the developmental initiatives in the lagging regions. In contrast, the fiscal transfers, from the central government to sub-national governments, have shown a tendency to be directed towards the richer states, perhaps due the greater influence with the Centre. Regarding the efficacy of the direct fiscal transfers to the lagging regions, the author suggests that the resource transfers should be accompanied by thorough accountability and increase in authority as well as responsibility at the local level.

Investigating issues regarding mobility labour and migration, the author has emphasised the importance of these two features and shows how the two are an integral part of the overall development process. The author demonstrates that the migration in South Asia is hampered due to language diversity, low level of education and some policy-induced constraints. Moreover mobility costs, including landownership laws and high priced urban housing, further diminish the inter-state migrations. In the final chapter of the book, the need for revolutionising agriculture has been given special treatment in view of the larger concentration of rural poor in the lagging regions. Small local markets in the lagging areas need to be globalised and the existing resources should to be directed towards improving the productivity of land and labour, suggests the author.

The suggestions put forth by the author do raise some questions. Firstly, in terms of the vital need to protect environmental interests, the question is will the lagging areas enjoy growth options similar to the leading areas? Secondly, though it is recognised that certain strategies, if adopted, are expected to generate a spectrum of skills that will contribute to environmentally less debasing growth. However one is left wondering how South Asia in general and the lagging areas in particular may devise strategies to benefit from established conventional activities in agriculture, forestry, and handicrafts.

To conclude I would say that this, topical and hard-hitting book highlights key issues facing the South Asia. The book provides useful insight into research on different

aspects of development in the two diverse regions, segregating a single nation. Not only this, it also offers possible solutions which can be of great use to the policy-makers in designing development strategies aimed at bring prosperity with equity in the region. Overall, the book provides useful information on South Asia's growth process drawing comparisons at the international, national, and sub-national levels. The book is highly recommended for the students, researchers, policy-makers and persons connected to media, NGOs, and the development agencies.

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