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RESEARCH ARTICLE

KERALA MODEL OF DEVELOPMENT: ISSUE OF SUSTAINABILITY.

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Abstract

Kerala was able to achieve high living standards matched by high developed nations despite performing relatively lower on various economic indicators when compared to them. This development experience had been christened as ‘Kerala model of development’ in academic circles. A series of academic discussions began around late 1980s highlighting the unsustainability of such a model. With the recent implementation of stringent NITAQAT laws by middle east nations and booming return migration, Kerala was forced to reconsider the development pattern so far followed and issue of sustainability as never before. The present article examines the question of sustainability of Kerala development model in detail.

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Introduction:-

Despite registering a relatively poor performance on many economic indicators like per capita income, Indian state of Kerala was able to achieve high living standards like high literacy, high life expectancy and low infant mortality rate. This put state at the centre of many academic debates. Academicians christened this unorthodox pattern of development experienced by the state as Kerala Model of Development. When we analyse the literature associated with the Kerala’s paradoxical development experience, we will understand that western scholars at large, had been the admirers of Kerala model, while indigenous scholars, more or less are sceptical about the achievements of the state. Many statisticians like Dandekar and Rath (1971) also share this view. However the pathbreaking study conducted by Centre for Development Studies on the behalf of United Nations in 1975 demolished many prejudices regarding the state’s uneven development pattern. Titled as “Poverty, unemployment and development policy: A case study of selected issues with the reference to Kerala” (1975) touches upon policies relating to the education, health, poverty, unemployment as the title of the study itself suggests. Though it fails to give an explicit solution, the study was significant in the sense that it raised some important questions for future studies. But more significantly, study succeeded in bringing out many inappropriate benchmarks used in the earlier studies which gives an poverty-ridden impression of the state.

Human Development Report (1996) opines that no country can follow a course of lopsided development for such a long time- where economic growth is not matched by advances in human development, or vice versa ; A development pattern followed closely by the state. A closely related view shared by renowned economist Simon Kuznets is worth mentioning. Kuznets (1957) says that a macro economy with a few dominating sectors is more prone to be unsustainable in long run.

When we analyse Kerala's economic sector, it becomes evident that primary sector shows a general decline over the years. However this is not matched by an increasing share of secondary sector but a tertiary sector. Industrial sector of Kerala have been experiencing a general stagnation over the years. (See Table 1 below).

Table 1:- Sectorial contribution of primary, secondary and tertiary sectors to the GSDP of Kerala from 1960-61 to 2012-13

SECTORS	SECTORAL SHARES IN GSDP AT CONSTANT PRICES							
	1960-61	1970-71	1980-81	1993-94	2000-01	2010-11	2011-12	2012-13
PRIMARY(AGRICULTURE)	56.0	49.4	39.23	32.23	25.30	10.42	9.71	9.34
SECONDARY(INDUSTRY)	15.2	16.4	24.37	20.32	19.50	22.01	21.81	23.94
TERTIARY(SERVICES)	28.8	34.2	36.40	47.45	55.20	67.57	68.48	66.72

Source: Various issues of economic reviews, Government of Kerala

Having briefly explained Kerala model of development, there are two main questions which we need to consider. Firstly, how state was able to achieve this rare feat and more importantly is Kerala development model unsustainable. If yes, how did it become unsustainable?

Two main reasons by which state was able to achieve the high living standards matched by many developed nations were land reform legislations and educational achievements. However this should not be taken as achievement of any particular government. First arts and science college of the state, C.M.S. College was established in Kottayam during 19th century itself. On similar lines, steps were taken to eliminate jenmis or intermediaries in Travancore in 1865. Cochin also adopted the system towards the turn of the century. This was nearly 90 years before the first ministry of the state decided to implement the land reforms. Thus a civic sense of collective wellbeing was present among Keralities even before the formation of state itself in 1956.

Question Of Sustainability:-

Many Middle East countries are seriously considering revamping their migration policies in order to give more job opportunities to their local people through the implementation of NITAQAT laws, bringing the question of sustainability of Kerala model into limelight.¹ Before considering the issues associated with the Kerala model and its sustainability issue, it is imperative to understand what sustainable development itself means. The idea was mooted in World Commission on Environment and Development report entitled as "Our Common Future" in 1987. Although there is a lot of ambiguity surrounding the concept, the most widely accepted definition of sustainable definition is "development which meets the needs of present without comprising the ability of future generation to meet their own needs". Much of the literature associated with the development economics reveals that maximising economic growth in an environmentally prudent way has become synonymous with sustainable development (Parayil 1996). However this traditional view which overemphasis on the growth and consider development as a by-product of growth, is not followed by Kerala. On the other hand, the state had always put development at its focus. Govindan Parayil (1996) lists out four reasons for which Kerala model should be considered as sustainable like increase in standard of living brought out by the improvements in life expectancy and reduction in infant mortality rate and birth rate, decline in political strife, improvements in environmental stability and social and economic justice. Subrahmanian and Azeez (2000) says that Kerala after new economic reforms was expected to set off on the path of industrialisation, but on the contrary, it set off on servicitation and deindustrialisation. New economic reforms which were expected to carry the states' dream further turned into a daring nightmare providing opportunities along with new challenges. The optimism and euphoria of good old days have given way for serious doubts regarding the sustainability. The issues associated with the Kerala model became manifested at first in the fiscal sector. Scholars were always curious about how Kerala was able to achieve high human development given its economic deficiencies. State seemed to be reached at a breaking point at 1990s when slow growth eventually became a constraining factor in financing welfare expenditure. Fiscal map provides a real picture of the situation. After incurring social service expenditure from its plan funds in the previous periods, Kerala was forced to carry out these expenditures in non-plan account increasing the cost of living (George 1990). This will eventually lead to a

¹NITAQAT law makes it mandatory for local companies to hire one Saudi national for every 10 migrant workers. The move is an attempt at long run indigenisation of the employment opportunities. Many other middle east nations also follow this path.

point where no further social expenditure can be made. The state is caught in a cob web of problems or in better words “Vicious Cycle” i.e. low economic development will lead to low human development which in turn lead to low economic development further. How the state caught up in such a cycle and how to break it are the big questions before Kerala.

The answer lies with the basic problems with the model. Kerala had been facing the problem of educated unemployment, which is qualitatively different from the rest of India. This becomes more interesting as this happens in a state which boasts of high level of literacy. The shortvisioned policy to setup unaided colleges especially in engineering and science fields putting enormous stress on our employment sector is a main reason for this. Lack of periodic curriculum revising also adds to this. Policymakers who seems to be still living in Kerala’s educational legacy, failed to take into account this.

Changing demographic profile of the state is another concern. The state was able to brought down its death rates and improve its life expectancy rates. High proportion of senior citizen or aged group in population means high level of pension bills. However the state’s already vulnerable budgetary situation makes these second generation problems of Kerala model graver.

Agricultural sector of Kerala had been on a declining phase from late eighties onwards. A gradual shift towards the cash crops is visible if we analyse agricultural sector, matched with the general agricultural decline of the state. This made the state more vulnerable to the supply shocks and inflationary tendencies. The sustainability of any economic model which cannot ensure food security to its citizens is dubious. Average annual per capita food grain production of Kerala is an indicator of food security. It was only 38.38 kg per annum against national average of 175.20 kg in 1987-88, which further declined to 21.6 kg at present level. Proper rain water management is a prerequisite for agricultural development, especially in areas like Kerala, which is dependent on monsoon rain. Though there are many programmes for rain water harvesting, Kerala is still wasting 1.11 lakh cubic meters of rainwater a year.²

Policy makers of the state however failed to check the unhealthy practices of the state like tendency to start up some industry so as to get easy bank credit without creating any productive asset and also to devise a proper regulatory system for registration of small scale units (Jeromi 2003). Small Scale Industries dominated Kerala’s industrial sector. Medium and large scale sectors are highly underdeveloped in the state. Land density is quite high in Kerala, which limits the scope of development of those industries. Both left wing and right wing trade unions are quite strong in Kerala and played a pivotal role in raising the wages periodically. This drastically affected the investor friendly image of the state by increasing the production cost. Inability of the state to finding alternate power sources apart from relying on hydroelectric power and poor infrastructure facilities add further to the problem. Thus a critical analysis of Kerala economy, reveals that the proximate reason for the sustainability of model, if any, is huge migrant remittances and a vibrant tertiary sector. It is the failure of policymakers to check underlying issues in these, put Kerala in a cobweb of economic problems and also forced to seek out alternative development routes. With the market determined floating exchange rates in the post reform period, the influence of migrant remittances had increased manifold due to rupee depreciation. An argument in favour of this tendency is that Kerala’s rich social sector infrastructure enabled them to migrate. However that line of reasoning had flaws. Many of the migrants from Kerala especially to Middle East nations are unskilled labourers, who did not even have proper education. Moreover why should they migrate on first place when their own state is a paradise of social development? With the onset of reforms, the consumption choices of Keralities have significantly increased. Steady flow of remittances ensured the effective demand shoot up to the new levels. Thus economy witnessed the phenomenon of ‘jobless growth’, as in many households, only single migrant member earnings enable the rest of the family to continue their consumption standards without any jobs. This also paved the way for strong transport, banking and tourism sectors. But since a major part of these consumption goods comes from other states, lion share of revenue accrued will be foregone. Environmental issues are a matter of concern in the state. Even if we use traditional ‘eco-friendly’ terminology of ‘Sustainability’, we cannot say that model is sustainable. Pollution in major rivers had reached alarming proportions.

²See <http://english.mathrubhumi.com/news/kerala/what-a-waste-kerala-wasting-1-11-lakh-cubic-metres-of-rainwater-annually-english-news-1.1088875>

Daily monitoring of state pollution control board found that every 100 ml of water in Pampa contains 5, 50, 000 coliform bacteria against the permissible level of 500 per 100 ml.³

There had been a decline in forest cover over the years. Economic review of 2014-15 reports that this decline is much more pronounced in very dense and moderate dense forest areas. Damming and channelization affects the normal flow and is a threat to various riverine species. For example, Bharathapuzha and her tributaries are subject to numerous dams, affecting its normal course to a great extent, thereby virtually dry for most of the year. All these highlight that Kerala model of development can no longer be regarded as sustainable and state must consider alternative development methods like tourism, information technology etc...seriously than ever before.

Concluding Remarks:-

Kerala model of development was a puzzle or riddle to social scientists across the globe as the state demonstrated how high level of social development can be achieved despite performing relatively low on economic indicators like per capita income. However more than three decades have passed and earlier euphoria no longer exists around the model. The million dollar question before us is highly acclaimed Kerala model sustainable?. The answer is negative. The issues of unsustainable nature of Kerala model casts its dark shadow first on fiscal sector itself. State was entrapped in some sort of vicious circle with lower economic development impeding further social sector expenditure, thereby leading to lower human development and further lower economic development. Gradual shift towards cash crops, labour union militancy, ecological degradation makes it clear that the sustainability of Kerala model no longer exists, thereby forcing the state to consider alternative development methods.

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