

Kerala's Development : A Policy Framework for Comprehensive Development

B. A. Prakash

**(Professor, Rajiv Gandhi Institute of Development
Studies, Thiruvananthapuram)**

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Kerala has been facing an unprecedented development crisis. In this context, we present a policy framework for comprehensive development. This note gives an account of the current crisis of Kerala, the strategy objectives and policy framework for comprehensive development.

A) Kerala's Development Crisis

Poverty, Unemployment and Standard of living

- ❖ There has been a continuous increase in the incidence of Poverty in the State. According to the estimates of the State government, around 42% of the total population in Kerala lives below the poverty line.
- ❖ Unemployment, especially educated unemployment is on the rise. Kerala has the highest rural unemployment and the second highest urban unemployment levels in the country. One fourth of the total labour force is unemployed.
- ❖ As a direct consequence of high levels of poverty and unemployment, the standard of living and quality of life of Keralites show a declining trend. Around 25 % of the total population is estimated as sick or morbid.
- ❖ According to the 2001 census data, major parameters of quality of life such as condition of houses, drinking water availability, availability of latrines, cooking gas, electrification of houses etc indicate a dismally low level of development.

Suicides, alcohol consumption and Mafias

- ❖ Kerala has the highest suicide rate among the states in India.
- ❖ It is also the state with the highest alcohol/liquor consumption levels.
- ❖ The crime rate in the state is the highest in the country.
- ❖ Neglect of road transport has resulted in roads becoming death traps to the citizens. It is reported that road accidents claim around 54 lives per week and leave around 600 persons injured.
- ❖ The influence of economic mafias like the sand mafia, the lottery mafia which drains around 14599 crore rupees per year from the state, real estate mafia, liquor mafia, etc are growing alarmingly in the state.

- ❖ The skyrocketing prices of essential commodities have put an unbearable burden upon the layman.

Collapsing infrastructure

- ❖ Majority of the roads in almost all districts of the state are in a deplorable condition.
- ❖ The failure on the part of state government to implement proper solid waste management and disposal mechanisms has resulted in public protest in several regions in the state.
- ❖ Both urban and rural areas face severe drinking water shortages.
- ❖ Complacent attitude of the state government towards land acquisition has jeopardized the timely completion of several projects like Railway coach factory at Palakkad, National highways, doubling of railway lines etc.

Widespread environmental degradation

- ❖ Encroachment and destruction of forest areas, illegal sand mining, reclamation of water bodies and paddy fields for non-agricultural purposes, pollution of rivers and other water bodies, etc result in environmental degradation in the state.
- ❖ Water, air and sound pollution add to the already worse situation.

Stagnation of agricultural and industrial sectors

- ❖ General backwardness of agricultural sector and decline in growth rates.
- ❖ Agricultural sector in the state is plagued with several grave issues like high production costs, shortage of agricultural labour, adverse impacts of climate change, lack of adequate irrigation facilities, legal bottlenecks which prevent leasing of land, diseases that affect crops, etc.
- ❖ These problems make agriculture a largely unprofitable occupation, with few incentives for the farmers, forcing them to search for alternatives.
- ❖ The shift in cropping pattern in favour of cash crops has greatly endangered the general food security situation in the State. Kerala's domestic rice production meets only 20% of the total domestic demand. More than three fourth of the requirement for vegetables, meat, poultry, fruits etc are met through imports from other states.
- ❖ Industrial sector remains backward. The LDF government failed to create a favourable climate for private investment by adopting investor friendly policies.

- ❖ The ruling coalition focused mainly on the policy of public sector based industrial development.
- ❖ The districts like Wayanad, Idukki, Kasargod, Malappuram, Pattanamthitta remain very backward. Policies failed to address backwardness.

Flawed economic policies

- ❖ The LDF Government failed to formulate and implement a clear economic policy to deal with the crisis and to launch the State on a sustainable growth path.
- ❖ The Government and State Planning Board often adopted conflicting stands on crucial issues like economic growth, attracting private and foreign investment etc.
- ❖ The LDF which were constantly conducting agitations against the liberalization policies since 1991, failed to provide any viable alternate policy.
- ❖ Since the formation of the State in 1956, no State Planning Board has formulated such retrograde economic policies as the present one.

Fiscal Management

- ❖ The fiscal situation deteriorates continuously and the capital expenditure is declining.
- ❖ Increasing reliance on borrowing for financing current expenditure and annual plans.
- ❖ The public debt has increased inexorably, and more than three fourth of the amount borrowed each year is spent on interest payments.
- ❖ The CAG report points out the deficiencies in fiscal management of government. Several projects sanctioned by the legislative assembly could not be implemented due to dearth of funds.

Annual Plans and the Central Plans

- ❖ Often, exaggerated figures are projected about plan allocation and implementation. The estimates of Accountant General indicate the deplorable state of plan implementation.
- ❖ The Government failed to implement the annual plans continuously for the last five years. Major share of the plan expenditure is incurred during the last two months of the financial year.
- ❖ The major portion of the annual plan of local self government institutions are implemented hastily during the last two months [February, March] of the financial year.
- ❖ The implementation of centrally sponsored schemes for poverty alleviation and employment

generation, in which 75% to 90% of the funds are granted by the centre, is in a pitiable condition.

- ❖ Due to gross indifference on the part of government, projects such as Vizhinjam port , Kochi Smart city, Metro rail, Railway coach factory at Palakkad, Agricultural packages for Kuttanad and Idukki, Kannur Airport etc. which have immense potential to give a fillip to overall development of the state, could not be implemented.

B) Strategy for Development

On the basis of the above analysis about the development crisis of the State of Kerala, we present a strategy for rapid and inclusive growth and development. The major elements of this strategy can be summerised as follows.

- ❖ The strategy aims at increasing investment in productive social and economic infrastructure and human resource development, which will facilitate the State on an accelerated and sustainable growth. Along with this, application of modern technology in agriculture, industry, service and administrative sectors will be encouraged.
- ❖ The strategy will give thrust to development with a human face, giving special emphasis to poverty eradication and employment generation thereby improving slandered of living as well as quality of life of the under privileged. Strong and effective market intervention policies will be adopt to ensure equitable distribution of the fruits of development. Economic empowerment of the poor will be given equal importance.
- ❖ The development strategy will be such that, on the one hand the mixed economy will be preserved as such by continuing effective market interventions and by protecting and improving the performance of public sector enterprises. On the other hand policies that aim at attracting private and foreign investment will be pursued. An Investment Regulatory Commission will be established for the approval, regulation, product pricing etc. of the large scale private funded projects. Such projects will be approved by protecting the public interest environment and in a transparent manner.
- ❖ The administrative set up will be revamped to enable the government to deliver just governance as well as to effective implement the five year plans and other development/social welfare programmes. The lethargic, rotten, inept and corrupt administration will be replaced by modern administration. Similarly, mafias and other vested interest groups will be curbed. To achieve this end, legislations will be adopted. Government departments, institutions, public sector enterprises, Universities, local self government institutions etc. will be made efficient.

C) Objectives of Development

This policy document identifies six major objectives of comprehensive development.

- Accelerated economic growth and development
- Tackling effectively poverty and unemployment.
- Ensuring the welfare of NRIs.
- Emphasis on food security, social welfare and development of social overhead capital, in order to ensure improved quality of life.
- Better fiscal management, plan implementation and reformation of governance.
- Conservation of environment, ecosystems and natural habitats.

Accelerated economic growth and development

- ❖ The focus should be on achieving higher and sustainable growth rates by attracting large investment. The state economy should be converted from a remittance oriented to production oriented economy. Kerala should be made the top ranking state in the country in terms of both economic and social development.
- ❖ The development crisis in the agriculture sector should be addressed in a holistic manner by giving priority for food crops and amending outdated land legislations. Related sectors like animal husbandry, fishing, forestry etc should be given due attention.
- ❖ Simultaneously, the problems of traditional and small scale industries like Khadi should be solved.

Poverty and unemployment

- ❖ The major objective is to achieve poverty eradication within the shortest possible period. Our aim is to improve the quality of life of poor and underprivileged sections of the society [the dalits, the tribals, fishermen, the destitute, the handicapped etc]
- ❖ Unemployment, especially educated unemployment should be effectively tackled. More employment opportunities for women should be provided.

Non Resident Indians

- ❖ Migration of labour in search of better employment opportunities within India and abroad should be encouraged.
- ❖ Measures should be taken to rehabilitate the returning NRIs.

- ❖ Policies should be conceived and implemented to ensure the welfare of returnees.
- ❖ Steps should be taken to realize the full potential of expatriates in terms of their professional expertise and remittances.

Infrastructure development, food security and social welfare

- ❖ Thrust should be given to the development of basic infrastructure which has a direct impact upon the common man. This includes provision of basic amenities, drinking water facilities, electrification, development of roads and other means of transport, improvement of urban infrastructure etc.
- ❖ Food security should be ensured. The spiralling prices of essential commodities should be bridled. Thrust should be given to strengthening of the public distribution system, enhancing the market intervention and boosting domestic food production.
- ❖ Universal accessibility to public health and educational services should be ensured. Proper mechanisms for geriatric care should be implemented. Expand the existing public educational and health institutions and create new ones.
- ❖ Changes in economic, political and social fields should be initiated to ensure Gender equality. Women empowerment through measures like greater representation in legislative bodies, equitable inheritance rights, uniform wages, and equal opportunities should be undertaken.
- ❖ Societal ills like liquor consumption , widespread corruption, wealth mafias, black marketing etc should be uprooted.

Fiscal Management, Plan implementation and Reformation of governance

- ❖ The financial condition of the government should be improved, earmarking adequate resources for the development projects. Thrust should be given to efficient implementation and timely completion of state annual plans, centrally sponsored programmes and other development projects.
- ❖ The local self government institutions should be strengthened administratively and financially. Enable these institutions to effectively bring about local development and improvement in social welfare through decentralized planning and devolution of power.
- ❖ The government machinery should be revamped to purge the ills of corruption and lethargy. It should be made capable of delivering efficient, just and development oriented governance, benefiting the people.

Conservation of ecosystems and natural habitats.

- ❖ Top priority should be accorded to conservation of environment.
- ❖ Natural habitats should be protected.
- ❖ Proper waste management policies should be adopted

D) Policy recommendations for comprehensive development

1. Accelerate high and sustainable rates of growth

- ❖ For this large scale capital formation is needed not only in the agricultural, industrial and service sectors, but also in basic infrastructure and human resource development.
- ❖ In the backdrop of resource crunch faced by the government, an investor friendly policy should be adopted to invite private, corporate, foreign, co operative, and NRI investment. The public private partnership [PPP] projects should also be encouraged. Special economic zones and development parks should be given priority.
- ❖ Banks should adopt suitable policies to increase the credit-deposit ratio.

2. Policies should be formulated and implemented to transform the state economy from a consumer economy reliant on remittances to a productive one.

- ❖ Policies should be formulated to channelize the NRI savings to productive investment in sectors like agriculture, industry and services.
- ❖ Unproductive speculative investment in real estate, gold etc should be discouraged through appropriate policy measures.
- ❖ Items like luxury cars, foreign liquor, imported liquor, luxury homes, hotels, clubs, other luxury items etc should be brought under the ambit of luxury tax.
- ❖ Ceilings should be fixed for land holdings in urban areas. In rural areas, ceilings should be made applicable to non agricultural land holdings.
- ❖ Tax concessions should be given to producers in agricultural and industrial sectors.

3. Development of hilly areas and coastal regions

- ❖ Special development programmes should be formulated for the development of the backward districts, Idukki and Wayanad.
- ❖ Special district development projects and programmes tailor made for the other backward districts like Kasargod, Malappuram, Pathanamthitta should be adopted.

- ❖ Focussed programmes with special emphasis on development of drinking water facilities, waste disposal, electrification, roads etc should be adopted for the improvement of basic infrastructure in coastal areas.
- ❖ Policies that aim at creation of income generating opportunities for the population in hilly and coastal regions should be given priority.

4. Development of agriculture and related sectors.

- ❖ Steps should be taken to make the cultivation of food crops profitable, thereby incentivizing the farmers to continue their cultivation [paddy, tapioca ,pulses, fruits etc]
- ❖ Irrigation facilities should be improved. Farmers should be given support via subsidies, product procurement, subsidized distribution of fertilizers and seeds, concessional loans etc.
- ❖ Climate change, pest infections, crop diseases etc have adversely affected almost all crops. Farmers should be given adequate support through crop insurance policies.
- ❖ Full time farmers should be given incentives on the lines of benefits given to the BPL section.
- ❖ Stabilizing mechanisms should be put in place to avoid price fluctuations in the case of cash crops.
- ❖ Mechanization of the farm sector should be encouraged by means of subsidies and other incentives.
- ❖ Land Reforms Act should be amended so as to facilitate leasing and mortgaging, by those who are willing to undertake cultivation.
- ❖ Ownership rights of landowners in such cases should be given legal protection.
- ❖ Aid should be given to start food processing units. Industrial parks should be established to further boost the food processing sector.
- ❖ Product diversification should be encouraged in agriculture and related sectors. Incentives should be given to production of soft drinks, snacks, pickles, curry powders etc.
- ❖ Technology transfer from ASEAN countries for value addition in cash crops like coconut, pepper, rubber etc should be encouraged and the potential should be fully utilized.

- ❖ Policies conducive for organic farming should be adopted.
- ❖ Factors like irrigation, soil conservation, construction of bunds which have a direct impact up on production and productivity increases should be given thrust .
- ❖ Coconut, the largest single crop cultivated in Kerala should be rescued from decline by adopting the following measures.
 - i) The existing mechanisms and centers for procurement of copra should be expanded.
 - ii) Procurement of raw coconut should be implemented.
 - iii) Commercial production and marketing of tender coconut water should be expanded.
 - iv) Entrepreneurs interested in commercial production of tender coconut water should be given incentives by way of government grants and aid.
 - v) Farmers should be given the rights to produce toddy .
 - vi) Import of coconut, coconut oil etc from other states should be regulated.
 - vii) Palm oil { palmolein } imports should be regulated and taxed to protect coconut cultivators.
 - viii) The diseases that affect the crop [like basal stem rot and coconut root wilt] should be effectively dealt with.
- ❖ Treatment of diseases that affect cattle should be ensured. Animal husbandry should be encouraged by improving product marketing, increasing credit accessibility and providing special incentives to farmers.
- ❖ In the fishery front, production should be increased. Government aid should be provided to fishermen to increase access to fishing gears and fish harvesting systems. The availability of kerosene should be ensured. Marketing of marine products should also be improved to make fishery a lucrative occupation. The welfare of the fisher folk should be accorded high priority along with the rapid development of basic infrastructure in coastal areas.

5.) Industrial development.

- ❖ Industrial policies should be formulated in such a way that only environment friendly industrial projects are allowed to be established.

- ❖ Industries with greater employment generating potential to absorb the educated youth should be given preference.
- ❖ Policies aimed at removing the backwardness of IT sector in Kerala should be formulated.
- ❖ Educational system should be revamped and reoriented to enable the youth to find jobs in the IT industry. Training programmes should also be conducted to achieve this end.
- ❖ Adopt investor friendly policies to attract private investment in industrial sector.
- ❖ Policies which are conducive for BOT, NRI investment, public private partnership projects, special economic zones, industrial parks, co operative investment, foreign investment etc should be implemented.
- ❖ Expansion of food processing industry should be given maximum priority
- ❖ The traditional industries like coir, handloom, cashew etc which suffer from prolonged stagnation should be given assistance to overcome the crisis.
- ❖ The crises faced by Khadi and other small scale and cottage industries should also be tackled.
- ❖ PPP projects in industrial and service sectors should be encouraged. Policies to build up investor confidence, thereby attracting investment should be adopted. It should be ensured that the employment opportunities thus generated will mostly benefit Keralites.

6) Tourism

- ❖ The dearth of basic infrastructure is a major bottleneck which hampers the growth of this otherwise promising sector. Adequate policy measures are needed to foster growth in tourism sector.
- ❖ Special tourism zones on the lines of special economic zones should be established.
- ❖ Steps should be taken to realise the full potential of Ayurveda tourism, cultural tourism, eco tourism, backwater tourism, hill tourism etc.
- ❖ Political parties should reach a consensus to avoid bandhs , hartals etc which pose a serious threat to tourism sector.

7) Implement new policy measures for poverty eradication.

- ❖ Focus should be shifted from distribution based poverty alleviation policies to programmes of economic empowerment of the marginalized sections. Creation of assets that ensure a steady stream of income for the poor should be undertaken.

- ❖ Policies should be formulated to rectify the skewed distribution of wealth.
- ❖ Job oriented training programmes and migration should be encouraged to improve the employment opportunities of the underprivileged sections.
- ❖ The existing poverty alleviation programmes should be implemented efficiently and in a timely manner.
- ❖ The food grains and other edible necessities should be distributed to the BPL sections of the society through public distribution system.
- ❖ The monthly welfare pensions for the poorer sections should be distributed efficiently.
- ❖ Taking in to account the immense potential of micro enterprises in poverty alleviation and employment generation, a Micro Enterprises Promotion and Finance Board should be established to promote the development of micro enterprises and the expansion of the existing ones.
- ❖ The existing small scale subsistence programmes and their functioning should be in collaboration with the suggested Micro Enterprise Promotion and Finance Board to plan for numerous work programmes.

8) Steps to tackle the problem of unemployment.

- ❖ Thrust should be given to vocational educational programmes, which enable the youth to obtain employment.
- ❖ Training should be preceded by careful manpower planning. Policies that cater to the specialized needs, resource availability and size of labour force of each district should be formulated.
- ❖ The educational system should be reoriented to help in creating young entrepreneurs and investors.
- ❖ Public awareness programmes aiming at a change in the favoured attitude and preference of youth towards white collar/ government jobs are needed.

9) Social security and welfare of weaker sections.

- ❖ New policies should be formulated and existing programmes implemented efficiently to ensure social security and welfare of the weakest sections of the society.
- ❖ Policies that aims at equal distribution of the fruits of economic development should be adopted.
- ❖ Steps should be taken to bring the marginalized sections of the society to the mainstream.

10) Welfare of NRIs.

- ❖ Migration in search of job opportunities should be encouraged by providing training facilities and easy access to loans.
- ❖ Steps should be taken to ensure welfare of the emigrants and to protect them from exploitation.
- ❖ The returned emigrants should be given assistance by way of pensions and insurance schemes to help them find sustainable livelihood options.
- ❖ The retrenched expatriates should be given employment opportunities.
- ❖ The savings as well as the professional expertise of the NRIs can be used to establish productive ventures in industrial and service sectors.
- ❖ Steps should be taken to ensure voting rights to NRIs.

11] Development of basic infrastructure.

- ❖ Prompt measures should be taken to improve the conditions of roads to make them suitable for transportation.
- ❖ Development of roads and other modes of transport should be undertaken. Resources for this could be mobilised through PPP.
- ❖ Measures should be taken to solve drinking water shortages.
- ❖ New sources of power generation should be explored and steps taken to increase installed capacity.
- ❖ Irrigation facilities should be expanded to boost cultivation of paddy, plantains, fruits vegetables etc.

12) Improve quality of public education and health institutions.

- ❖ Steps should be taken to improve the quality of education imparted by Government and aided educational institutions from school level to University level.
- ❖ The amenities in public health care institutions like the availability of adequate staff, essential medicines, etc should be improved to ensure better quality of services.

13) Improve the fiscal environment of the state.

- ❖ The tendency to rely on borrowing to meet the current expenditure should be curbed. Sustainable borrowing levels should be maintained.

- ❖ Steps should be taken to reduce administrative expenditure and other wasteful expenditure.
- ❖ Policies should be formulated keeping in view resource mobilization through tax and non tax sources.
- ❖ The services of professional experts should be used to improve the general fiscal management in the State.
- ❖ Private sector should be encouraged to play a greater role , thereby bringing about a change in the general perception that government is the only entity solely responsible for bringing about development.
- ❖ The essential and basic public services that have to be provided by the State should be provided through co operatives, and PPP projects.

14) Mechanisms to ensure time bound implementation of projects.

- ❖ Measures should be taken to ensure implementation of annual plans right from the beginning of the financial year.
- ❖ In the case of centrally sponsored programmes, mechanisms should be put in place to ensure timely completion of projects so as to avoid the lapse of allocated funds. Railway projects, highway development projects etc should be implemented in a time bound manner.
- ❖ Steps should be taken to speed up the land acquisition by acquiring land at market prices.
- ❖ A post of District Development Commissioner, equivalent to that of district collector should be created to supervise annual plans, centrally sponsored projects etc.

15) Steps against Mafias, alcohol consumption etc.

- ❖ The mafias that affect the society like a cancer should be strongly dealt with. The sand mafia, lottery mafias, real estate mafia etc should be curbed with an iron hand.
- ❖ Alcoholism, that affect the very health of the social fabric must be discouraged through well conceived awareness programmes.

16) Conservation of environment.

- ❖ Encroachment of forest land, destruction of forests, sand mining in rivers, destruction of water bodies, paddy field reclamation etc should be tackled through focused policy initiatives.
- ❖ New mechanisms should be put in place for waste disposal and treatment.

- ❖ Waste treatment should be done in a decentralized manner. Plants should be started in multiple locations in each district.
- ❖ Construction activities, industrial projects etc that pose a threat to environment and natural habitats should not be allowed.
- ❖ Effective legislations should be enacted to control air, water and sound pollution.
- ❖ Public latrine facilities should be provided in major urban centres.

17) Strengthening the local self government institutions.

- ❖ Remove the ambiguities in the definition of responsibilities, duties and powers of local self government institutions.
- ❖ Though several responsibilities were entrusted to these institutions after decentralization, there have not been proportionate changes in the staff strength or the general administrative set up. This should be changed.
- ❖ Steps should be taken to effectively collect land tax, professional tax, building tax, entertainment tax etc which are the major sources of revenue for the local self government bodies.
- ❖ Professional experts should be included in the technical advisory councils to avoid the delays in project evaluation and approval.
- ❖ The approved projects should be implemented in a timely manner. Long term projects should be given preference over short term ones.
- ❖ At local level, priority should be given to development of infrastructure, sanitation programmes, availability of drinking water etc in the backward regions.
- ❖ Grama sabhas should be strengthened by reducing the number of meetings from four to three and by ensuring maximum participation of the local population. The opinions and views voiced in such meetings should be recorded.
- ❖ The activities of Village, block and district panchayats should be coordinated. Similarly, activities of different departments should also be coordinated.
- ❖ At present the spillover projects once approved by DPC, are required to be approved again, in case they could not be completed as per the time line. This should be changed to avoid undue delays in project implementation.
