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DEVELOPMENT NARRATIVES**

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# KERALA'S CHANGING DEVELOPMENT NARRATIVES

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## **Abstract**

*The popular development narrative for Kerala suggests that the Kerala experience throws up relevant issues that are expected to inform policy makers elsewhere in their endeavour to achieve human development goals within the constraints set by modest economic expansion. The positive tone of this narrative got somewhat subdued in the nineties by the growing literature on the problem of 'sustainability' and 'crisis' potential of the so-called Kerala model. The crisis narrative now seems to be giving way to an emerging narrative of economic growth that might have indirect links with the earlier achievements in the spheres of education and health. In this paper, an attempt has been made to present Kerala's recent development experience in terms of several identifiable narratives, each one of which may have complex connections with 'facts'.*

## **Introduction**

"The record of economic growth and human development over the past 30 years shows 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". This is what the *Human Development Report 1996* observed. Until recently the dominant narrative on Kerala's development experience over the past decades seemed to stand in contrast to this general statement. For a rather long time, the narrative suggests, Kerala had been

living with “a course of lopsided development” – its human development achievements were not matched by economic growth. This narrative, however, is now giving way to a newly emerging one, which suggests that growth has not eluded Kerala after all. For the past fifteen years or so Kerala’s SDP has been growing at a rate that is slightly above all-India average. From this new discovery one can predict that at least two things would happen: a series of attempts to explain this new phase of growth, and emergence of parallel narratives cautioning against the rise to dominance of the growth narrative.

In this paper we make an attempt to understand Kerala’s development experience in the recent decades in terms of several identifiable narratives, with special emphasis on what we identify as the emerging narrative of the recent growth experience and its linkages with past human development. Instead of presenting the recent experience in a straightforward empiricist way as ‘new findings’ we choose to present them as narratives. Any new empirical observation, if it goes contrary to the dominant narrative of the time, triggers a social process that eventually culminates into a different narrative. However, it would be wrong to view this process as displacement of one dominant narrative by another in a linear fashion. Two or more narratives can exist side by side for quite some time even though apparently the truth claim of any of the alternatives is supposed to be settled by empirical observations.

What is a narrative? A narrative is akin to a story. It “has a beginning, middle, and end (or premises and conclusions, when cast in the form of an argument) and revolves around a sequence of events or positions in which something happens or from which something follows” (Roe, 1991: 288). Narratives describe scenarios – not so much about what should happen as what has happened and will happen, according to their tellers, if the events or positions are carried out as described. In the development discourse on Kerala, for example, a popular narrative runs in terms of the supposedly unsustainable nature

of the state's development pattern that has a 'crisis' potential. Not all the arguments in support of the prognosis of crisis are put in strictly falsifiable terms. Nevertheless, they form a 'story' that has been seriously debated by the community of scholars, and that also has ample force in shaping public discourse.

### **Kerala's development narratives**

Scholarly inquiry into Kerala's exceptional nature of social development has had a longer history than the concept of human development and the associated 'paradigm shift' in development thinking. Kerala has not only succeeded in making impressive strides in health, education and various welfare-oriented interventions, it has also developed, over the past thirty years or more, a tradition of inquiry that has informed scholars and policymakers around the world about the significance of the Kerala experience.

Much has been written on Kerala's high profile performance ever since the Centre for Development Studies (CDS) embarked on a pioneering study in the mid-seventies, which was sponsored by the Committee for Development Planning of the United Nations. The widely acclaimed CDS-UN (1975) study has had an important place in the chain of intellectual events that culminated into the paradigm shift in development thinking with the publication of the first HDR in 1990. Much before the Human Development Reports became an integral part of development discourse, the CDS-UN (1975) study noted how educational policies followed in Kerala helped promote considerable vertical social mobility by making school education accessible to students from all socioeconomic strata. The study also underscored the instrumental role that education played in bringing about a variety of positive changes in Kerala. Education was seen as an important factor governing the utilisation of public health services, thereby reducing infant and overall mortality rates and raising life expectancy, helping to postpone the age of marriage of girls, changing their attitudes to family size and promoting the

effectiveness of family planning programmes. And all this could be attained in spite of Kerala being 'a relatively poor state in India'.

The CDS study triggered curiosity and scholarly interest in Kerala's development experience as it was considered to be an exemplary case that could be invoked to demonstrate the general possibility of achieving high levels of social development even with very little economic advancement. Kerala's experience was thus held up as a 'model' for the developing world, and the so-called 'Kerala model' eventually became part of the global development discourse. Opinions on the 'model', however, differed significantly – ranging from enthusiastic admiration to prophecies of gloom and doom. While on average western scholars have been the net admirers (i.e. admiration net of criticisms) of the model, the scholars from Kerala, on average, have been less enthusiastic about mere celebration of its human development achievements. The latter would rather engage in critical inquiries into the question of sustainability of Kerala's pattern of development. Thus, for quite a while, we observed two parallel narratives – one of which, i.e. of the pessimistic narrative of unsustainability and crisis, gradually gaining force.

*Narrative I:* Kerala's remarkable achievements in terms of the basic indicators of human development can best be seen as the outcome of the interplay of a variety of factors specific to the region, rather than as the consequence of any particular causal factor that can be replicated elsewhere to produce the desired results. Nevertheless, the Kerala experience throws up relevant issues that are expected to inform policymakers elsewhere in their endeavour to achieve human development goals within the constraints set by modest economic expansion<sup>1</sup>.

*Narrative II:* The lack of economic growth and persistently high unemployment will lead to a situation of 'crisis' as they stymie further progress in human development. The state would fail to generate enough revenue to finance and maintain its

social sector expenditure, and the fiscal crisis that we often see is reflective of a deeper structural crisis of continuous stagnation in the productive sectors of the economy. While George (1993) systematically developed this fiscal constraint argument, several others dealt with various problems of the primary and secondary sectors and articulated the crisis view in different ways<sup>2</sup>.

How does one read the Kerala experience now, almost thirty years after the first stocktaking exercise? Our contention is that a new narrative is in the making. And in what follows we extensively deal with the possible arguments that would form this new narrative. Before entering into those arguments we present an updated review of Kerala's achievements in some of the dimensions of basic capabilities.

At the beginning of the present century, Kerala's life expectancy at birth stands at 73.3 years, which compares well with such countries in Asia as South Korea, Malaysia, China and Indonesia, which, unlike Kerala, have achieved high levels of per capita income in the recent period. Kerala's female-to-male ratio, which is 1.058, is quite similar to that of Europe and North America, and substantially higher than the figures for China (0.94) or the rest of India (0.93). The infant mortality rate is only 13 per thousand live births. There is no female disadvantage on any of the indicators related to health status. The life expectancy for females is 75.9 years, whereas that for males is 70.4 years. This is still in striking contrast with the overall experience in South Asia. Females naturally have survival advantage over males, and they live longer if they receive comparable care. In the case of Kerala, this relative advantage seems to have increased further over time. For instance, the women who were to live only a year longer than men in the 1950s are expected to live 5.5 years longer in the 1990s, whereas in India as a whole, women are expected to live only 1.2 years longer than men.

Kerala's population has been growing at a much slower rate than that of India as a whole. The total fertility rate now stands

at 1.8 per woman, which is below replacement level. It was 5.6 in the 1950s and declined to 3.7 in the 1970s. The fertility rate declined in both rural and urban areas with the same rapidity. By contrast, in India the TFR was 6.3 in the 1950s and declined to 3.3 in the 1990s, which indicates a much faster decline in Kerala than in India as a whole. Kerala has reached the final stage of demographic transition that is characterised by low fertility and mortality.

Kerala is much ahead of all other major Indian states in achieving the goal of universalising elementary education, which is reflected in the literacy rate of over 90 percent and almost universal enrolment and very low dropout rates at the primary and middle level. And more importantly, there is hardly any gender gap in school education. The most basic problem of access to schooling has largely been overcome in Kerala. While 97 percent of the children in the age group 6-10 were attending school in 1995-96, only 14 percent of the population in the age group 5 to 24 years dropped out at the primary or middle level. For all-India, it was around 56 percent (National Sample Survey, 52<sup>nd</sup> Round).

Education has been remarkably effective as an engine of change in Kerala. It has been identified by scholars as the central process through which other changes in society, especially for the poor, were brought about. High literacy – female literacy in particular – has been regarded as one of the key factors that facilitated Kerala's demographic transition to a low fertility-low mortality regime and achievement of a high health status (Kannan, 2000). The remarkable expansion of health care facilities by the public sector and effective monitoring of the delivery of services can be attributed to education of the people. There is also evidence that education has allowed Kerala to have a much faster reduction in income poverty than has been achieved in many other Indian states (Ravallion and Datt, 2002).

What is to be noted here is that, Kerala's human development indicators have continued to improve with remarkable consistency

even in the more recent period; and more importantly, whatever little disparity that could be seen about half a century ago in the indicators across regions and gender and social groups has narrowed down substantially. In terms of both life expectancies at birth and infant mortality rates there is almost no difference between the rural and urban areas. Much has been written on the factors behind Kerala's success in the spheres of education and health. The roles played by extensive missionary activities, the governments of the erstwhile princely states of Travancore and Cochin in the late nineteenth century, and the social reform movements in the early part of the twentieth century have been discussed in the literature extensively.

### **'A course of lopsided development' and the narrative of 'crisis'**

If one takes the period from the early sixties through the end of the eighties, in every sub-period the growth rate in Kerala's NSDP is found to be much below the all-India average. For example, between 1970-71 and 1980-81 Kerala's NSDP (at 1970-71 prices) grew at 2.27 per cent per annum. Between 1980-81 and 1987-88 the growth rate further came down to a mere 1.16 per cent even though India's NDP grew at 4.71 per cent in the same period (Kannan, 1990). Thus, for almost thirty years between the late fifties and 1987-88, Kerala's economic performance had been rather dismal. This evoked a narrative that eventually came to be dominated by a serious concern about an impending crisis. The logic that underlies this pessimistic narrative is that if the economy fails to grow it would be impossible to sustain the achievements in social development.

During the sixties Kerala was often referred to as a 'problem state' because of its political instability compounded by chronic food shortage and high unemployment. Even though the problem of food shortage somewhat eased out in the seventies, the image of a highly organised working class constantly in strife against capital and the entrepreneurial class got permanently



imprinted on the state since then (Kannan, 1990). In the seventies, while the economy continued to perform poorly, a good number of Kerala households began to see the possibility of a better life because of the money sent by their family members working outside Kerala. From the mid-seventies the Kerala economy started receiving significant amount of remittances, and the trend has continued through the nineties and beyond.

Kerala's development experience over the thirty years prior to 1987-88 had indeed been what HDR 1996 would call "a course of lopsided development". Kerala's remarkable human development achievements were clearly not matched by economic growth. What should have happened according to HDR's prognosis? Here is what HDR 1996 would have said. The report notes that "[l]opsided development can last for a decade or so, but it then shifts to rapid rises in both incomes and human development, or falls into slow improvements in both human development and incomes".

The possibility of slow improvements in human development because of slow growth in income was indeed hinted at by several scholars. George (1993) articulated this view rather forcefully :

[T]he Kerala model of development has almost reached the end of its tether. The paradoxical phenomenon of rapid social development unaccompanied by corresponding gains in economic growth has been exhausting itself (p 133).

One might wonder, in spite of its relative advantage in terms of the better-educated and healthy labour force, why Kerala failed to translate its advantage into economic growth. The experience of the East Asian economies has strongly underscored the importance of education – primary education, in particular – in bringing about rapid economic growth. Kerala's experience with economic growth, however, seems to have gone contrary

to the East Asian experience in spite of their apparent similarity in terms of spread of primary education.

Education and better health, of course, cannot by themselves transform an economy. The quantity and quality of investment, together with the overall policy environment form the most crucial determinants of economic growth. Why have investment rates been persistently low in Kerala? Explanations often run in terms of the popular perception of labour militancy that is supposed to lie behind the high wage cost and industrial unrest. However, many scholars have pointed out that in the more recent period at least, one finds no strong evidence in support of this. As a matter of fact, there are indications of an improvement over time of the competitiveness of Kerala in terms of labour cost (Subramanian and Azeez, 2000). Why then does the situation of low industrial investment persist? The answer perhaps lies in both history and expectations. The way we behave today and in the future are shaped by both our history and our expectations.

If we ask a small potential entrepreneur, who would have invested in Kerala only if the state were a bit more 'investor-friendly', "How do you know that Kerala is not investor-friendly?" his answer would perhaps be that one does not see many who are willing to invest in Kerala. If we asked those others why they were not investing, the chances are that they would have given the same answer. In other words, here an equilibrium situation persists because of the expectations that each potential investor holds about others. There is reason to believe that to a great extent these expectations themselves are shaped by history. If a region experiences stagnation for a considerable period of time, it is likely that it will continue to be so at least for a while. But this of course does not amount to historical determinism because it is also reasonable to believe that coordinated changes are capable of creating swings in expectations. And here lies the role of the government – in making coordinated changes possible. However, policy decisions themselves are not devoid of history – they do bear the influence of previous policy decisions. Thus

policy continuity is generated, at least partly, by society's attachment to its past choices<sup>3</sup>. Kerala's hesitation in inviting foreign investment, for example, is indicative of this adherence, even though a supposedly 'similar' West Bengal has gone much ahead in this direction breaking away from its past. Policy continuity suggests a congruence between choices in consecutive periods, which is perhaps due to the fact that the distribution in one period affects individuals' expected payoffs in the next. However, in spite of the tendency towards policy continuity, expectations can change, but very little is known about the circumstances that motivate the change. It requires careful examination to find what kind of change in perception has led to the emergence of the new types of entrepreneurship in the recent years, for example, in some areas in Kerala.

Coordination failure or Centre's discriminatory treatment in relation to public investment, lack of resources or entrepreneurship – all these together do not exhaust the possible explanations for Kerala's stagnation in the material production sector. Whatever be the explanation, the lack of investment in productive sector has been viewed with alarm because it has direct bearing on unemployment and the future course of human development. While the CDS-UN report clearly identified educated unemployment as one of the most serious problems and discussed at length the problem of growing unemployment in a condition of high social development, the first few HDRs of UNDP, which seemed to have drawn positive lessons from the successes of Kerala on the social front, somewhat underplayed the importance of economic growth and its ability to generate productive employment and increase wages. The *Human Development Report 1996*, for the first time, dealt explicitly with the relationship between economic growth and human development.

The supposedly transitory nature of lopsided development, as indicated by the passage quoted in the last section from HDR 1996, triggers speculation about various alternative possibilities.

Ranis, Stewart and Ramirez (2000) have further articulated the basic idea of the possibilities of two diametrically opposite alternative consequences of lopsided development, in terms of what they call "virtuous and vicious cycles of development". Ranis et al suggest that there are two distinct causal chains – one runs from growth (EG) to human development (HD) and the other from HD to EG. These causal chains may give rise to mutually reinforcing upward or downward spiral. High HD may lead to high EG, and high EG in turn makes a higher level of HD possible. And conversely, low HD constrains EG, which in turn stymies further HD. As people become healthier and more educated they contribute more to economic growth, although not all dimensions of HD contribute to EG.

Thus Ranis et al classified countries into four categories – virtuous, vicious and two types of lopsidedness. Lopsidedness could be of either HD-lopsided type (i.e. strong HD and weak EG) or EG-lopsided type (weak HD and strong EG). One of the most significant findings of their cross-country study is that "while HD-lopsidedness permitted movement towards a virtuous cycle, in the case of EG-lopsidedness, all the cases reverted to a vicious cycle."

If we confined our observation to the thirty-year period indicated above, neither virtuous nor vicious cycle would seem evident. For a rather long period Kerala had not achieved rapid rises in income in spite of its high human development. Neither had it slipped into a situation of low income and low human development, as the HDR 1996 generally predicted. In other words, lopsided development persisted much longer than what is considered normal by HDR 1996 ("a decade or so"). This long period of lopsidedness encouraged a series of writings in the nineties with pessimistic prognosis about the future. The focus of discussion in the International Congress on Kerala Studies held in 1994, for example, turned out to be on "the contemporary crisis and the possible solutions rather than on

the much acclaimed achievements of the past.” (Isaac and Tharakan, 1995).

Mention should be made of one particular version of this crisis narrative which runs in rather systemic terms and is posed as a fundamental critique of Kerala’s pattern of development. Tharamangalam (1998) draws extensively on George’s fiscal arguments and extends them further to establish that the particular model of state intervention and mobilised pressure from below, which have made exceptional levels of social development possible, are at the very roots of the ‘crisis’<sup>4</sup>. The lack of growth was seen by some as inherent in the very pattern of development which has been heavily welfare oriented. Even though this line of argument appears to be close to the one discussed above, the two are fundamentally different. The position presented in Narrative II, which emphasises fiscal limits to maintenance of high welfare expenditure, nevertheless accepts the assumption that the relationship between human development and economic growth is one of complementarity; economic growth is indeed needed to generate resources for social development. The latter position, however, seems to reject the idea of complementarity itself and suggests that the lack of growth might be due to the heavy emphasis on human development.

### **From ‘crisis’ to turnaround – the emerging narrative**

Things have changed considerably in the past fifteen years or so. Kerala can no longer be treated as a ‘relatively poor state’ of India if one compares its per capita income with the all-India average. Kerala’s per capita net domestic product has been above the all-India average since 1993-94, and it has been growing almost at the same rate as India’s. But what has been viewed with more-or-less the same level of concern as before, if not more, is the problem of ever-growing mass of educated unemployed. Thus, over the greater part of the nineties, the prevailing mood among the analysts and observers of Kerala

was somewhat mixed, if not of 'despondency and despair' as some scholars observed (Tharamangalam, 1998).

In the more recent years, however, one observes a turnaround in the narrative of lopsidedness, unsustainability and crisis. Several studies have now come up with the observation that Kerala indeed has experienced fairly good growth since the end of the eighties. (Subramanian and Azeez, 2000; Ahluwalia, 2002; Pushpangadan, 2003; Jeromi, 2003). Here we give a broad analytical overview of the possible linkages between this new phase of growth and past human development.

For almost a decade and a half Kerala's economy has been growing on average around 5.8 percent per annum, which is close to the all-India average. Because of its low population growth, its performance in terms of growth of per capita SDP has been even better than the Indian average. In his analysis of the performance of the fourteen major states in India in the two periods 1980-81 to 1990-91 and 1991-92 to 1998-99, Ahluwalia (2002) notes that the performance of Kerala in the 1990s "deserves special mention". Although Kerala's growth performance in the 1980s was much below the all-India average, it improved remarkably in the 1990s. Kerala's potential for economic expansion, implicit in human development, did not translate into actual achievement till the eighties. Specific favorable conditions seemed to have been subsumed under the prevailing policy regime. In the light of the prognosis made in HDR 1996, Kerala now appears to have passed the phase of lopsided development, if one takes into account the recent phase of growth. But does it indicate the onset of a virtuous cycle?

Interpretations of the experience of economic growth in a specific country context are usually based on growth accounting. Traditional Solow-style neoclassical growth economics that underlies the growth accounting approach is based on the assumption that capital accumulation is subject to diminishing returns. Therefore, in the long run the rate of growth is

independent of the rate of investment. In such models, long-run growth of income per person requires that exogenous improvements in technology generate productivity growth – reflected in the growth accountant's residual.

Understandably, economists have been increasingly unhappy about this type of model ever since Solow put it forward, mainly because too many important things are kept outside the model. Endogenous growth models attempt to endogenise some of those factors assumed exogenous in the Solow-type model. The core of endogenous growth models is the proposition that investment in human as well as physical capital, and the production of knowledge through research, drives the growth process. Growth in these models is based on the accumulation of reproducible factors of production that does not experience diminishing returns. Long-run growth in per capita incomes occurs without the need to invoke exogenous technological progress. In addition, positive externalities to investment especially through the spillover effects of learning are often stressed.

All these pieces of ideas can be useful to throw light on a concrete situation like Kerala's. However, it is now increasingly being recognised that the rate of investment, the rate of technical progress, or even population growth rates, depend on a variety of factors internal to the system. Such characteristics as social attitudes or the expression of individual preferences are dependent on the history of a country's development, or perhaps on what its citizens expect of their own future. Ironically, recent attempts at testing models of growth proceed without making any reference to history. They usually look at data series for many countries over a period of 30 years or so and apply econometric techniques. Their focus seems to be on questions about models of growth, rather than on explanations of any particular country's growth experience. However, as we indicated earlier, the core ideas thrown up by this literature, viz., the importance of investment in human capital and accumulation of reproducible factors of production that does not experience

diminishing returns, seem to be able to throw some light on the growth process in a specific regional context.

The link between human development and growth has to be drawn through the human capital route. But in the Kerala context, it is not human capital – in the sense growth theorists would incorporate it in growth models – that has propelled growth. It is rather the outstanding achievement in the sphere of *basic education* that has created a variety of opportunities for the people of Kerala, particularly in the present context of an increasingly integrated world. Migration of job seekers from Kerala to countries abroad has reached such phenomenal proportions that its impact is felt in every aspect of life in the state. Since the mid-seventies in particular Kerala economy started receiving significant amount of remittances from Keralites working abroad.

Thus complex linkages seem to exist between early achievements on the human development front, seeking opportunities in the labour markets outside Kerala, and remittance-driven growth in consumer demand that is behind the service sector growth. Expansion of the goods producing sector depends on comparative advantage vis-à-vis other states, but most services are spatially embedded, and therefore expand as local demand increases.

Slower growth eventually becomes a constraining factor on financing welfare expenditure. The state cannot generate enough revenue to finance and maintain its social development. The recent fiscal crisis is partly the result of certain committed expenditures. But Kerala has so far avoided slipping into a situation of slow improvement in human development largely because private expenditure seems to have complemented public expenditure to finance health and education. For instance, 59.9 percent of those who receive hospitalised treatment in rural areas, and 61.4 in urban areas, go to private hospitals (NSS, 52<sup>nd</sup> Round). The number of 'private unaided' schools (which run mostly on students' fees) and self-financed courses in colleges



have increased dramatically in the nineties. The remittances from Keralites working outside the state provide the vital link in this chain of arguments. Studies show that apart from house construction, education and healthcare are two major items on which households spend their money received as remittances. Thus one can tentatively conclude that the continued improvement in human development in the eighties and nineties could partly be attributed to this indirect mechanism leading to increasing private income and the resulting growth in purchase of healthcare from the market.

The changing pattern of sectoral composition of output in the 1990s too can be seen as an integral part of our story. While the primary sector continued to grow at a low 2.3 percent throughout the 80s and the 90s, the secondary and tertiary sectors recorded much higher growth in the 90s than in the 80s. These differential growth rates have changed the structural composition of state income. While the share of the primary sector declined from 39.2 percent in 1980-81 to 25.7 percent in 2000-01, and that of the secondary sector from 24.3 percent to 20.9 percent, the tertiary sector share rose from 36.5 percent to 53.3 percent during the same period. At this point, almost as a matter of habit, it is usually pointed out that with economic development the share of the secondary sector increases in the initial phase, and then the tertiary sector, according to Kuznets. Thus, according to this folklore, the structural change that bypasses the secondary sector during the transition stands in contrast to what Kuznets suggested. And Kerala's experience is interpreted as an anomalous case in this regard as well.

In reflecting on the tertiary sector growth we must beware of accepting unthinkingly the commonplace interpretations of such growth. First, there is nothing anomalous about tertiary sector growth in a less developed region like Kerala. Research shows that the economic development path of Western Europe, which is the motivation behind Kuznets' hypothesis, does not generalise to most of the countries in the world – developing or developed.

The tertiary sector has always been one of the least understood portions of the economy. In Kerala, the tertiary (or service) sector has been the leading source of growth for a long time. Even during the phase of low overall growth of the seventies and eighties, it is the tertiary sector that had the highest growth rate. In the recent phase, except 'real estate and ownership of dwellings' all the other sub-sectors within the service sector have grown in such a way that their overall composition has not changed significantly. The growth in trade, transport, hotel and restaurants, telecommunication and others – all can be related to the surge in consumption demand driven by the flow of remittances (Pushpangadan, 2003).

It can also be argued that the rapid growth of the tertiary sector has been beneficial to the poor in Kerala. Studies find that higher farm yields, higher state development spending, higher non-farm output and lower inflation are all poverty-reducing. Among them, non-farm output alone is found to have differential elasticities across the Indian states and substantially higher elasticity for Kerala. Even though there is hardly any rural-urban difference in human development indicators, there might be some connection between urbanisation and reduction in income poverty through the non-farm income route (Narayana, 2002).

The recent experience of high tertiary sector growth can thus be seen as both facilitating and facilitated by high human development achievements. Unfortunately, this has not been given the attention it deserves, perhaps because of the predominant view that services are not 'productive'. Due to interlinkages with other activities, several services can dramatically affect the overall development performance of countries.

Is a decrease in the contribution of manufacturing to the overall growth a cause for concern? If the overall economy is performing well despite an unimpressive manufacturing growth, the idea of manufacturing-based industrialisation itself needs careful rethinking, particularly because here we are dealing with

a sub-region in a national economy, not an entire national economy. However, the crucial loss due to a shrinking manufacturing base is that of a vital source of productivity growth, the basis of which is 'learning by doing'.

To conclude, a little unpacking of the rapidly growing service sector, along with what we discussed earlier, supports our basic intuition that there must be complex linkages among early achievements on the human development front, seeking opportunities in the labour markets outside Kerala, remittance-driven growth in consumer demand and the resulting service sector growth. This story would not be complete if we kept out the phenomenon of growing educated unemployment.

### **Unemployment and emigration – not so virtuous**

There has been a growing literature on emigration from Kerala and its impact on the economy of Kerala. Empirically estimating the total impact of migration is a notoriously difficult task. Nevertheless some commendable attempts have been made in this direction (Kannan and Hari 2002, Krishnan 1994). Various estimates show that the total remittances form somewhere between 25 to 40 percent of Net State Domestic Product of the state. Here we make an attempt to relate analytically the education system, migration and unemployment, and we argue that there might be some structural links between them.

Unemployment, by any reckoning, is the most serious form of capability failure in Kerala. From the perspective of human development, employment can be seen as both means and an end. The 'recognition aspect' of employment can be taken as a capability similar to 'being able to appear in public without shame'. The number of registrants in the live register of the employment exchanges in Kerala is 3.84 million<sup>5</sup>. Together they constitute 12.07 percent of state's population. While 0.5 million are registered for more than 15 years, 0.93 are for 10 to 15 years, 1.21 for 5 to 9 years and 1.86 million for 2 to 4 years. Again, 3.1 million have a level of education till secondary and above.

Undoubtedly, impressive quantitative expansion of education has brought about a series of interrelated benefits to the people of Kerala over a long period of time. On the other hand, educational expansion has led to a mismatch between the aspirations of the new entrants to the labour force and the requirement of the labour market for people to fill relatively unskilled, low productivity jobs. The cruel truth is that given the structure of the economy, Kerala simply does not require almost 90 percent of the new entrants to the labour force to have SSLC and higher level of education.

One might think that the excess supply of the educated people would force the educated to accept any job after a while, which would drive down the wage differential between the educated and the uneducated. Although it might have happened to some extent, the level of wages in the organised sector, where most of the educated end up, is still determined by a variety of institutional factors. A part of the reason why the frustrated job-seekers do not take up some form of underemployment lies in the existence of various welfare supports that a family receives from the state, each of which in isolation may appear meagre, but together they are not insignificant. This support allows the unemployed to draw on family resources to carry on at least with the minimum for subsistence.

In terms of a schematic model, one can draw some logical inferences, the importance of which is not readily discernible in the policy discussions. Here is a sketch. In spite of the existence of a large pool of unemployed, wages do not adjust even at the lower rungs of the skill ladder. However, one could reasonably hypothesise that the lowest wages tend to get pulled up by the highest. With this kind of institutionally given wage setting, it is inevitable that the labour market will be characterised by a very high degree of open unemployment. Even though unemployment is pervasive among people with almost any educational level, and it is more so among the more educated, there has been a politically articulated demand for expansion of the education

sector – both as a means to further enhance access and as a potential sector for employment of the educated. And this demand got translated into educational expenditures by the state.

The expected wage of the educated is the product of the average wage for workers with different levels of education and the probability of getting jobs. A person with school education in Kerala is likely to have a higher expected wage than an average Indian living in another state with similar education. This is because of the higher probability that the Keralite would land up in a job in a Gulf country, which would fetch him a much higher income than what an average Indian with school education would end up earning. This may further increase the number of labour market entrants who have school education, and correspondingly the supply of uneducated decreases. It can thus be argued that with emigration of the educated people, educated unemployment, instead of decreasing, will increase because of the increase in the supply of educated labour. At the same time unemployment among the uneducated will most likely decrease. And this will manifest as 'labour shortage' in certain kinds of manual work. In other words, even if the current trend of emigration among the more educated segments continues the problem of educated unemployment may not improve. It can even worsen. These are of course tentative theoretical arguments, and one has to be very careful before any policy conclusion is drawn. This may take us to an examination of passive versus active labour market policies. European governments have generally favoured "passive" labour market policies, such as increased unemployment benefits, over "active" policies, such as job creation incentives. To some extent, Kerala too has evolved something close to the European model through its wide network of social security.

### **Education in the narrative of the virtuous cycle**

The typical story of human capital based growth suggests that a large component of growth can be due to improvements

in the quality of the labour force through increased education and better health, together with technological progress and economies of scale. Cross-country studies suggest the possibility of a threshold level of human capital accumulation beyond which a country's growth is likely to accelerate (Azariadis and Drazen, 1990). For Kerala, as we discussed earlier, the story seems to have followed a rather different trail. The growth rate in the recent period has indeed increased perceptibly, and at the same time the average level of human capital in terms of enrolment and mean years of schooling has been fairly high. But the association between the two seems to have come about via an indirect route. Impressive achievements in health and school education have definitely improved the quality of the labour force, but the domestic economy has largely failed to reap the benefit of good health and education in the direct manner as suggested by the growth theories and the experiences of the high performing countries of East Asia. We have argued how it has possibly influenced the recent phase of growth in an indirect manner through international migration, remittances, increased demand for goods and services, and service sector expansion.

We discussed earlier how impressive had been the expansion of school education and how it has helped Keralites seek labour market opportunities outside the state, which in turn has had indirect effect on the overall growth of the economy through the remittance-driven service sector expansion. This line of argument complements the other two kinds of instrumental role that education is believed to have played in Kerala. At the societal level, education has been considered as instrumental in creating the 'educated citizenry', which has positive effect on overall governance and development in Kerala, while at the individual level, the demonstrable instrumental worth of school education that the Keralites saw early on created strong demand for such education. The combination of the two led to the impressive quantitative expansion of school education.

However, till the middle of the last century, education's

instrumental worth in expanding employment opportunities had not been the primary concern. It was the liberating role of education as pure advancement of knowledge that was emphasised. Over time, as education came to be seen more and more as the only means of economic security and advancement, the gap between expectations and the education system's actual ability to fulfill them has increased.

Generally, investment in education can be thought of as a composite of two kinds of investment decisions. Individuals or families make expenditure (both money and time) to procure education, and others – individuals, institutions, or society – invest for providing or selling education. The decision-makers in the individual domain and those in the institutional domains are different sets of agents. In modern market economies, individual decision-makers are predominantly motivated by the microeconomic considerations like the private rate of return, broadly conceived. The institutional investors are guided by diverse factors including social rate of return, macroeconomic and political considerations. In the policy discussions on education the complementary nature of these two kinds of investment decisions tends to be ignored. Institutional investments in facilities are often made on the assumption that there are high returns (pecuniary or non-pecuniary) to such investments and there exists 'unmet need'. The institutional or societal investment can be meaningful only if there are students who will invest their own time and money to get that education.

However, there are two kinds of problems that may lead to under-investment at the individual level, even if the private rates of return can be shown to be high. First, there may be failures in the credit market that restricts the ability of the poor parents to borrow using future earnings of their children as collateral. And second, imperfect information may reduce parents' interest in investing in their children's education. Some aspects of the education infrastructure that now exists in Kerala can be examined analytically with reference to these basic points.

The quantity of school education provided to the school age children in Kerala has been consistently much higher than in any other state in India. As of 2002-03, there are 12271 schools with a total enrolment of 50 lakh (about one-sixth of the state's population). Kerala has one lower primary school for every square km, and one high school for every four square km. Facilities are more or less evenly distributed in both urban and rural areas, which is demonstrated by the Sixth All India Educational Survey conducted by the NCERT in 1993-94. According to the survey, about 90 percent of the population had a lower primary school, 67.5 percent an upper primary school, and 62 percent a secondary school within a reach of 1 km.

Institutional investment in facilities has been matched by individual investments, which have resulted in impressive growth in enrolment and average years of schooling. By the eighties, enrolment at the primary level was near universal. What is remarkable is the complete absence of gender gap in enrolment. In other words, not only that investment on the institutional side has been unbiased with respect to gender, it has been unbiased in the individual domain too. Parents have viewed investments in education of both girls and boys as equally important. Apart from the variety of initiatives from social reform oriented community groups and individuals in the early part of the last century, a remarkable institutional feature later on played an important positive role in closing the gender gap in school education. That is, the high percentage of female teachers in schools. Parents in many countries generally would like their girl children to be taught by women. A shortage of female teachers can inhibit school attendance. As early as in 1956-57, 41 percent of the school teachers in Kerala were women. The number has steadily increased over the years, and now the percentage of women teachers stands at 68. This can be contrasted with states like Bihar or Uttar Pradesh where the percentage is not greater than 20.

The dropout rates for girls in Kerala are in fact less than



those for boys, which is clear from Table 1. In the table we follow two sample cohorts of 100 students each, for each category of students – one enrolled in 1990-91 and the other enrolled in 1993-94. Out of all the girls who enrolled in the first standard in 1993-94, only 9.82 percent dropped out before reaching the tenth standard in 2002-03, whereas 18.93 percent boys enrolled in the same year dropped out by the tenth standard. And this pattern is uniform across all social groups. A comparison of the two sets of cohorts starting at two points in the nineties shows that even though the dropout rates have come to quite low levels they continue to fall even in the nineties. And the decline is slightly more (in absolute terms) for Scheduled Tribes and Scheduled Castes than for others, which is indicative of a narrowing differential among social groups.

**Table 1**

**Retention pattern across gender and social groups:  
1990-91 to 1999-00**

	I	II	III	IV	V	VI	VII	VIII	IX	X
<b>All Com</b>										
Boys	100	104.44	101.86	101.10	102.32	100.84	104.32	99.69	90.70	70.04
Girls	100	103.34	100.72	100.18	100.15	98.94	102.26	99.33	95.79	81.44
Total	100	103.90	101.31	100.65	101.26	99.91	103.31	99.52	93.19	75.62
<b>SC</b>										
Boys	100	105.93	104.24	104.03	102.57	100.32	102.26	95.90	82.73	57.55
Girls	100	104.69	101.63	101.38	100.11	97.71	100.11	96.21	90.94	71.10
Total	100	105.32	102.96	102.73	101.36	99.04	101.20	96.05	86.76	64.20
<b>ST</b>										
Boys	100	94.20	87.90	83.08	75.46	65.66	62.84	55.34	43.75	28.65
Girls	100	96.31	91.06	84.64	74.95	68.23	66.25	60.47	51.92	39.33
Total	100	96.21	88.38	83.82	75.22	66.88	64.46	57.77	47.62	33.71

**Retention pattern across gender and social groups:  
1993-94 to 2002-03**

	I	II	III	IV	V	VI	VII	VIII	IX	X
<b>All Com</b>										
Boys	100	104.65	103.47	102.86	106.75	105.97	112.20	110.48	103.03	81.07
Girls	100	103.18	101.65	100.99	103.49	102.63	107.26	106.24	104.59	90.18
Total	100	103.92	102.58	101.94	105.14	104.32	109.77	108.40	103.80	85.55
<b>SC</b>										
Boys	100	107.88	107.96	108.73	110.22	108.89	114.27	110.18	100.11	71.56
Girls	100	105.37	104.00	104.24	104.15	102.99	107.65	105.82	103.18	82.32
Total	100	106.65	106.02	106.53	107.26	106.01	111.04	108.05	101.61	76.82
<b>ST</b>										
Boys	100	101.71	93.89	91.75	87.75	78.25	79.21	74.65	63.73	42.17
Girls	100	102.09	95.57	89.26	84.62	75.99	76.25	71.76	68.95	50.65
Total	100	101.89	94.69	90.56	86.25	77.17	77.79	73.26	66.24	46.24

*Source: Educational Statistics since Independence, Directorate of Public Instruction, 2004*

In Kerala, public spending on education both as a share in the total budgeted expenditure and as a percentage of NSDP has been among the highest in the country. In the recent period the latter has varied between 4 to 6 percent. More than 80 per cent of this expenditure goes to school education. However, the state is increasingly finding it difficult to sustain this level of expenditure because of the fiscal squeeze. The share of education expenditure in NSDP has come down from above 6 percent in the eighties to around 4.5 in the nineties. Some hold the view that the fiscal crisis has been responsible for falling standards in education. We make an attempt here to take our analysis beyond this commonplace position.

The relatively rapid demographic transition in Kerala to a low-birth-rate low-death-rate regime has important implications

on resource allocation in the education sector. Between 1981 and 1991 the population age 5-14 years has in fact declined from 59.72 lakh to 59.05 lakh. When the school-age population grows, expenditures on basic education need to rise rapidly just to keep enrolment rates constant. But Kerala's declining school-age population increases the resources per child *potentially* available for education, which can either be utilised for improving the quality of basic education or strengthening the next level of education. Whether this potential has actually been realised is a question we address here.

The total enrolment reached its peak in 1991-92, and it has been steadily falling since then. The total number of teachers too has been falling since 1992-93, but not as fast as enrolment. As a result, the student-teacher ratio has fallen from 31 in 1991-92 to 28 in 2002-03. Given this trend one would naturally expect no further expansion of schools. But the total number of schools has in fact slightly increased in the nineties – from 12134 in 1990-91 to 12310 in 1999-00, although it now stands at 12271 (2002-03). The scope for improving efficiency of government expenditure through modest decreases in teacher-student ratios is enormous because teacher costs account for about 85 per cent of total spending.

What is, however, interesting is the change in the distribution of total enrolment between private unaided, private aided and government schools and the corresponding change in the composition of these three types of schools. Between 1990-91 and 2002-03 enrolment in government schools fell by 25.6 per cent, whereas that in private unaided schools increased by 79 per cent. Private unaided schools constituted only 1.16 per cent of the total number of schools in 1980-81, which has gone up to 4 per cent in 2002-03.

From this evidence it would be wrong to conclude that since parents are 'willing to pay' the state should reduce its spending on basic education. The popularity of private unaided schools should

rather be taken as indirect evidence of quality problem. A small but rapidly increasing number of parents are viewing private unaided schools as a better alternative to government (and 'private aided') schools even though the former are several times more expensive than the latter. Clearly these parents are willing to pay for quality. But if quality were available only at a high price, a vast majority of the parents would not be able to pay for it. And therefore they would invest less in their children's education than what is desirable from the point of view of social return. This is the familiar argument of market failure. There is a fair amount of consensus among the economists and policymakers that there is a strong case for government to reduce the direct and indirect costs of schooling not only by making public schooling available and free but also by making other selective interventions like mid-day meal programme.

In Kerala the policy followed by the state has so far been in the right direction as far as the relative emphasis between basic education and higher education is concerned. In this context the argument that Kerala's economic growth has suffered because of the neglect of its higher education<sup>6</sup> seems rather weak. That Kerala has indeed been spending more than 80 percent of its education budget on school education has no fundamental conflict with the objective of economic growth. Interestingly, Kerala's pattern of allocation of public expenditure on education is very similar to that of the East Asian countries, particularly South Korea (Table 2). The allocation of public expenditure between basic and higher education is the major public policy dilemma in every society. What largely accounts for East Asia's extraordinary economic performance is the quantity of basic education provided. The share of public expenditure on education allocated to basic education had been consistently higher in the East Asian countries than elsewhere, throughout the period of their rapid growth. By giving priority to expanding the primary and secondary bases of the educational pyramid, East Asian governments have stimulated the demand for higher

education, while relying to a large extent on the private sector to satisfy that demand.

**Table 2 :**  
**Share of expenditure on school education in total education expenditure**

Year	Kerala	India	Korea, Rep. Of	Malaysia	Thailand	Mexico	Brazil
1980	82.8	64.0	83.1	69.1	83.6	57.8	51.9
1985	80.2	63.3	83.7	74.8	79.5	58.3	53.7
1990	81.7	65.9	78.6	68.8	77.8	61.9	55.7
1995	78.9	66.0	82.0	71.7	74.6	82.8	73.8

Source: Chandrasekhar et al (2001)

However, what makes East Asia different from Kerala, as far as human capital accumulation is concerned, is perhaps the quality of human capital. In nearly all the rapidly growing East Asian economies, the quantity and quality of school education improved markedly. Tests reveal that the cognitive skill levels of secondary school graduates in some East Asian economies are now even higher than that in North America and Western Europe.

While universalisation of school education from access point of view is no doubt a laudable achievement, it still leaves out the question of translating this access into reasonably good performance in terms of quality and efficiency outcomes. A study carried out by Kerala Sashtira Sahitya Parishad (KSSP) found that in Thiruvananthapuram district more than one third (35.27 percent) of the students from Standard III to VII in 529 schools scored less than 12 marks out of 100 in a simple test of language and numeracy. If the failure in acquiring the basic skills is a clear indication of decline in quality, dropout and repetition are indications of inefficiency. Students discouraged by failure are most likely to drop out. If they do not, they repeat.

In order to reduce repetition and dropout 'automatic promotion' has been followed in Kerala. Further observations can be made on the basis of Table 1.

If we follow the sample cohort of 100 students who enrolled in Standard I in 1990-91, up to the seventh standard, retention outweighed dropout for 'all communities' including SC students. However, a large number dropped out in Standards VIII and IX. In a couple of years, the dropout rate further came down but remained concentrated at the ninth standard. This shift in the concentration of dropouts from lower standards to upper standards has the effect in terms of rising average years of schooling. If we looked at the mean years of schooling, which is close to nine years, and ignored this particular pattern of dropout and the reason for its concentration in the ninth standard, we could have missed the real implications of it on human capital accumulation. Given this pattern of dropout as well as the results of some microlevel studies on learning achievements, we can argue that the mean years of schooling is not a good indicator of the real worth of the human capital stock for Kerala.

Variation in the quality – perceived or real – of secondary education between the 'private unaided' schools and others results in children from low-income backgrounds being forced into the private sector or entirely out of the education system. It can be argued that if public funds are reallocated to improve the quality of basic education in Kerala, it is more likely to benefit children of low-income families who might otherwise have difficulty completing school education.

In the early stages of human development and growth, expansion of primary education is the most efficient way of advancement, in terms of its contribution to growth, which in turn advances human development. Once universalisation of primary education is accomplished it is the investment in secondary education that yields higher social return, and later on, as the economy relies more and more on the knowledge-based sectors, tertiary education becomes important.

In spite of the recent experience of growth in SDP, it can be argued that Kerala has perhaps reached the limits of the growth potential of achievements in basic human capabilities. This would somewhat dampen the optimism implicit in the idea of 'cumulative upward spiral' generated by human development and economic growth (Ranis et al. 2000). At the moment, a great majority of those entering the labour force do not have more than school education, although this by itself is a big achievement in the national context. That the higher education sector has been, in relative terms, more neglected in Kerala than in many other states is now becoming clear. This may give a wrong signal to other states, which are still lagging behind in terms of basic education, that higher education has to be sacrificed in order to achieve universalisation of basic education.

Higher education contributes to self-sustaining growth through the impact of graduates on the spread of knowledge. Institutions of higher education have the main responsibility for equipping individuals with the advanced knowledge and skills required for positions of responsibility in government, business, and the professions. These institutions produce new scientific and technical knowledge through research and advanced training and serve as conduits for the transfer, adaptation, and dissemination of knowledge generated elsewhere in the world. The contribution of higher education to growth may increase with levels of technology and as countries achieve universal primary and secondary education.

Kerala has 186 colleges, eight universities, 65 colleges for professional education including 19 colleges for teacher education. In other words, there are 80 institutions of higher education per one lakh population. This again is far below the all-India average of 99. Enrolment in higher education in Kerala has grown at 2.6 percent per annum between 1970-71 and 1998-99, whereas that in the country as a whole has grown at 4.8 percent (Tilak, 2001). On the outcome side, the percentage of people aged 7 years and above with education level 'graduate

and above' is 4.56, which is slightly above the all-India average 4.15 percent, according to NSS 55<sup>th</sup> Round. According to Census 1991, the respective percentages were 3.15 and 3.00, which means that in the nineties the growth of graduates as a percentage of 7 years and above population in Kerala has not been more than that in the rest of India. Given the impressive advancement in school education in Kerala in the seventies and eighties, one would expect a higher percentage with higher education at the top of the educational pyramid. On this count Kerala trails behind five major states – Maharashtra, Karnataka, Tamil Nadu, Gujarat and West Bengal, even though all the five states lag far behind Kerala in terms of achievements in school education.

Even from these scanty indicators it emerges that higher education in Kerala has not seen the kind of quantitative expansion that one would expect, given its impressive school education system. It is difficult to believe that expansion has not taken place even though there was demand for higher education. Then, the only plausible explanation is lack of demand. A large number of students are reluctant to invest their time and money in conventional courses in sciences and humanities. On the other hand, there has been a rapid growth in self-financed courses, which is indicative of a growing demand for such courses.

The implications of the relative neglect of higher education in Kerala seem to have so far been benign. However, the dramatic changes in the labour markets around the world, because of technological change, labour migration, and so on, must sooner or later impinge on the future of the Kerala economy and the opportunities it can open up for its people. Accumulation of new knowledge and adapting to new technology are going to be important for sustained growth. These have important implications for the education system. Education must be designed to meet the increasing demands for adaptable workers who can readily acquire new skills rather than for workers with a fixed set of technical skills that were earlier believed to remain useful throughout their working lives.



## **Parallel narratives of 'disturbing trends' and 'challenges'**

Even though Kerala has been so successful in reducing gender inequality at the level of health and educational outcomes, inequality seems to have survived at other levels. It is now increasingly making appearance in scholarly writings that gender equality in education and health indicators in Kerala have not led to elimination of female disadvantage in social and economic roles. Earlier writings on these issues were largely based on select case studies and casual observation, and therefore did not have much success in making an impact on the celebratory narrative, which was built on a few quantitative indicators of human development. The recent commentaries, however, are increasingly basing themselves on quantitative data – either from some secondary sources or collected through carefully designed sample surveys. In other words, the parallel narrative of 'disturbing trends', which includes, besides gender-based disadvantage that women face, growing incidence of mental illness and suicides, is increasingly being articulated in quantitative terms.

Conventional HD indicators, including GDI and GEM, show absence of gender gap in Kerala. However, on certain non-conventional measures, such as the indicators of autonomy and household decision-making, mobility and access to/control over money, Kerala falls behind several other states, according to the National Family Health Survey II data. Findings of this nature, as well as an increasing number of microlevel studies by individual researchers, bring into question the adequacy of standard indicators in capturing the position of women in Kerala. Property rights, labour market discrimination, crimes and violence, participation in the political process are some of the issues that are now being highlighted in this context (Eapen and Kodoth, 2002). Doubts can, however, be raised about the empirical basis of some of the 'disturbing trends' like increasing crime and violence. The interstate comparison of crime is usually done on the basis of the data on 'recorded crimes' compiled by

the National Crime Records Bureau from the state government agencies, and there is no way to ascertain whether high 'recorded crime' is due to high occurrence of crime or the fact that a high proportion of crimes get reported. Yet Mukherjee et al (2001) tried innovative ways to get the maximum out of this data set and could indicate a certain pattern in crime against women. Kerala's record does not seem all that good in this regard. However, we do not make any attempt here to 'evaluate' the strength of the variety of evidence. This is in conformity with our narrative view of things.

It has also been noted that certain social groups, such as the people belonging to the Scheduled Tribes and fishing communities, are somewhat behind the rest of the population in terms of some of the indicators of human development, although the degree of inter-group inequalities in Kerala is far less compared to India as a whole. Poverty in the state is more concentrated in certain segments of the population, such as traditional fishermen, cashew and coir workers and the people belonging to the scheduled tribes.

Kerala is now facing new kinds of challenges on the human development front ostensibly because of its early achievements in such dimensions as education, health, and the resulting demographic transition. Certain forms of vulnerability exist because of the strain these changes impose on society. One of the most serious among them is the issue of social security for the growing old-age population. The changing pattern of diseases caused by shifting age structure of population calls for priority setting in provision of health care. It was in 1973-74 that NSSO reported a startling finding that Kerala's morbidity was one of the highest among the Indian states. That triggered an interesting debate as to whether the high perceived morbidity rate was due to the high level of health awareness among the people. Accumulating evidence now shows that high morbidity is not all perceived. In a study based on a survey of 10,000 households, Kannan et al (1991) argue that Kerala's high morbidity was to

a large extent real. They give two reasons. A large share of morbidity was found to be due to infections, which cannot be attributed to the perception factor alone. And secondly, the poor people reported more illness than the rich, from which one can at least say that the poor bear an excess burden of morbidity relative to the rich. This too weakens the perception argument. Indeed, the question of 'perceived versus real' is often wrongly posed in either-this-or-that terms. Clearly both factors are at work, in some unknown proportion. The higher prevalence of some of the diseases like asthma and tuberculosis, along with the emerging 'problems of affluence' like obesity and hypertension are posing difficult challenges to Kerala's health system.

### **Concluding remarks**

In our attempt to understand Kerala's development experience in the recent decades, we have stepped a little away from the straightforward empiricist way of presenting new empirical material as 'facts'. We have self-consciously chosen this approach to avoid the possibility of marginalisation of other narratives than the dominant one. We have outlined a story based on a set of 'facts', which seem to be giving rise to a new development narrative for Kerala. It is a narrative of economic growth seemingly helped by early achievements on the human development front. Apparently, like the earlier celebratory Narrative I, this narrative too has to come to terms with the parallel narratives of 'disturbing trends' and 'challenges'. These parallel narratives have so far been posed as counterpoints to Narrative I that lauds high human development in Kerala in general, and 'high status' of women in particular, in terms of conventional indicators. However, it remains to be seen whether these narratives would eventually form, to use one of Sen's distinctions, 'constitutive plurality', or 'competitive plurality'<sup>7</sup>.

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## Notes

1. This is the view most Kerala observers around the world tend to hold, largely influenced by Amartya Sen's various writings. See Ramachandran (1996) for a comprehensive review of Kerala's achievements till the early nineties.
2. See Isaac and Tharakan (1995) for a glimpse of the papers that articulated the 'crisis' view in the International Congress on Kerala Studies, A.K.G. Centre for Research and Studies, Thiruvananthapuram.
3. This is labeled as 'collective conservatism' by Kuran (1987).
4. Similar arguments were put forward earlier by some analysts in the context of Sri Lanka. In the late seventies and early eighties, a group of scholars started highlighting the exceptional achievements of Sri Lanka in the human development indicators as an example of how welfarist interventions could enable a country to bring about significant improvement in the basic capabilities of people relatively quickly. And this could be achieved without waiting for economic growth. Some detractors, however, argued that Sri Lanka's long-term growth prospects were seriously impaired by its welfarist policies. This led to a lively debate to which Bhalla, Glewwe, Isenman, Sen, Ravallion, Anand and many others contributed.
5. According to the recently published *Report on Activity Status of Registrants in the Live Register of Employment Exchanges*

(SASORREE), Department of Economics and Statistics, GOK, 2003.

6. Tilak (2001) holds this view.
7. The distinction that Sen (1987) makes between two kinds of plurality in a somewhat different context may be apposite here. While by 'competitive plurality' he means different views that stand as alternatives to each other and only one of them gets accepted, 'constitutive plurality' refers to internal diversity within a view, which may have different aspects that supplement, rather than supplant, one another.

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