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എ.കെ.ജി. പഠനഗവേഷണ കേന്ദ്രം
തിരുവനന്തപുരം

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AKG Centre for Research and Studies
Thiruvananthapuram - 695 034, Kerala, India

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AN AGENDA FOR KERALA'S DEVELOPMENT: 2006-2015

(Draft for discussion)

PART I

KERALA'S DEVELOPMENT EXPERIENCE: TOWARDS A NEW PERSPECTIVE

I
INTRODUCTION

Kerala has entered the new millennium amidst widespread anxiety of imperialist globalisation undermining its democratic gains of the past. The State has in the past been able to create socio-economic conditions where the vast majority of its citizens enjoy a superior standard of living and human dignity than most parts of India or the third world of comparable economic development. Kerala has shown to the people of India that an economy need not wait indefinitely for the benefits of economic growth to "trickle down" to lower levels so that it can enjoy universal education, primary health care, minimum food and social security, at least a hutment land to build one's house, minimum wages, access to formal credit and the abolition of worst forms of social unfreedom.

The most sensitive index of social well-being is perhaps the infant mortality rate (IMR). The IMR in Kerala in 2001 was 13 per 1000 live births, vis-à-vis 66 for India as a whole. The corresponding maternal mortality rates were 198 and 407 per 100,000 live births. The life expectancy of an average Keralite was 73, which was 12 years higher than of an average Indian. The near universal literacy (91 per cent in Kerala vis-à-vis 65 per cent for India), particularly that of women, and the vast network of social infrastructure in health and food distribution has been responsible for the decline in mortality and increase in life expectancy. The rapid decline in mortality rates has had a virtuous impact on fertility rates; the fertility rate in Kerala is 1.7. The population growth in the State is expected to stabilise over the next 50 years; some projections show that Kerala may have zero population growth by about 2035.

Redistributive development strategy

These achievements of Kerala were facilitated by years of public action. Land reforms were successful in a major redistribution of landed assets. It tilted the balance of rural power in favour of the poor. It encouraged collective bargaining leading to redistribution of incomes. The co-operative network successfully extended credit to rural areas, undermined the hold of usury capital and helped to reorganise the traditional industries by removing the middlemen. Kerala established a vast network of social infrastructure including public health centres, schools and ration shops, whose regional distribution was remarkably equitable. The social security system through Welfare Funds covers majority of the wage workers. All these steps were backed by affirmative and enabling legislative measures. This history of public action has had a long tradition beginning from the late-19th century when movements for social reforms emerged. The Left in Kerala carried forward these democratic traditions, linking them to struggles against landlordism and for national freedom. Successful Left governments in Kerala, starting from the 1957 communist ministry headed by E. M. S. Namboodiripad, proved to be nodal points in the evolution of the State's developmental path. It is precisely the possibilities of such democratic developmental paths that have been limited by the process of imperialist globalisation today.

The Right-wing challenge to the Left's strategy of focussing on redistribution has traditionally been based on the equity-versus-growth paradigm. They have consistently opposed, or put stumbling blocks on, the implementation of land reform, efforts to democratise education, strengthening the collective bargaining power of workers and the democratic decentralisation of public administration. The current embrace of the neo-liberal developmental ideology in Kerala by the Right is a logical culmination of such reactionary stance. The mass organisations of people and their socio-political consciousness are seen as impediments to growth. Welfare gains are viewed as a "burden" on the exchequer. Democratic regulations for social and economic justice are seen as "rigidities" that slow down economic expansion. Such thinking gained currency in the context of the economic stagnation of the regional economy from the early-1970s. It was charged that this economic stagnation was an outcome of the failed redistributive strategy, including land reforms.

Such pessimistic perspectives have proved to be shortsighted by the recent development experience in the State. Economic growth in Kerala, including in agriculture, accelerated from the second half of the 1980s. The rate of growth of Kerala's Net State Domestic Product (NSDP) between 1987-88 and 1999-2000 was 6.2 per cent per annum, which was higher than the national average. The most important source of growth after 1986-87 was the remittance-led expansion of the service sector. The rapid increase in the number of migrants to the Middle East, and more recently to the para-technical sectors in the West, may be viewed as an endogenous outcome of earlier investments in human resources. There was a remarkable recovery in agriculture from the mid-1980s until the price crash of the late-1990s, which clearly was a result of trade liberalisation. The agricultural revival from the mid-1980s was the lagged result of a long-term shift in cropping pattern in favour of perennial crops.

The acceleration in economic growth underlines certain positive factors that could contribute to a pattern of growth that combines equity with rapid economic development. The first is the availability of substantial potential investment in the form of remittances-led high savings rate in the State. This is shown by the data on the high level and rapid growth of per capita bank deposits and assets of rural households. Though Kerala cannot claim to have any large business house, it is bountiful in small capital that could be harnessed to develop small-scale industries, service industries and agriculture.

Secondly, the domestic consumer market in Kerala is one of the largest in India, as evident from the high levels of per capita consumption expenditure. Data from the National Sample Survey (NSS) show that average monthly per capita consumption expenditure in Kerala in 1999-2000 was Rs 809, which was the highest for any State in India.

Thirdly, the nature of human resource development provides Kerala with a comparative advantage in the new growth sectors that are knowledge-based (Information Technology and Biotechnology) and service-based (Tourism).

Fourthly, the State has successfully completed the demographic transition, which makes it easier to universalise the provision of basic needs and drastically reduce the levels of absolute poverty.

Fifthly, social achievements of the State and the vibrant political and civil life act as a platform to experiment with innovative ideas like democratic decentralisation. It represents an ideal framework for the development of agriculture and small-scale industry and the improvement in quality of services through community participation. In other words, the legacy of human development can directly provide a basis for the acceleration of the growth process.

Threats posed by globalisation

We, however, have concerns on the threat that imperialist globalisation poses to the possibilities of such a virtuous growth cycle. In the developing world, globalisation has led to sharply widening inequalities and a large-scale impoverishment of the majority. The increased dependence on the flow of global finance capital has limited the possibilities of an autonomous path of development for developing countries. The following threats may be readily identified.

First, the sharp changes in the relative prices of agricultural products and the impact of price cycles in the international market result in severe and unprecedented strains on domestic agricultural growth. Due to the perennial nature of the major crops, the internal adjustments are greatly painful and traumatic. There has been a decline in even the *nominal* agricultural income in the State after 1999-2000. The general agrarian squeeze resulting from the fall in commodity prices, removal of input subsidies, rising costs of credit and decline in public investment have led hundreds of farmers to commit suicide.

Secondly, traditional industries and the fisheries sector are in doldrums. Even in industries like cashew, coir and fisheries, which are currently characterised by buoyant markets, economic globalisation has actually led to a significant decline in the incomes of the working population.

Thirdly, the recent growth process, with some exaggeration, can be called "jobless growth." There was a decline in employment in the organised sector and the employment elasticity of even the service sector seems to have fallen. The severity of unemployment is reflected in the astonishingly high unemployment rate among women: 26 per cent in rural areas and 28 per cent in urban areas (by current daily status of the NSS). The high female unemployment rate is a major contributor to the low and declining female work participation rate.

Fourthly, the fiscal crisis of the state has undermined its effectiveness in dealing with a crisis situation. The fiscal crisis of the state is primarily due to the inadequate resource transfers from the centre. The ability of the state to mobilise domestic resources has also been curtailed by the recent tax reforms of the central government, legislative limits to expenditure imposed by the Fiscal Responsibility Act and the recommendations of various Finance Commissions. The outcome has been a squeeze on the social and economic expenditure as well as investments in agriculture and traditional industries.

The current development experience during the period of United Democratic Front (UDF) rule shows how socially devastating and disruptive the impact of unbridled economic globalisation can be. The estimates of State Income show that income from the primary sector (that employed about 32 per cent of the total workers) fell by 15 per cent in nominal terms between 1999-2000 and 2003-04. The income from manufacturing also fell by 3 per cent in the same period. Unemployment has tended to balloon. Inter-district income inequalities have widened. The so-called safety nets of the government, such as the provision of micro-credit, have not been able to prevent the widening of inequalities and the immiserisation of the majority. The resultant social tensions, wherever not channelised into democratic protests, have become the seedbeds of casteist, communal, sectarian and divisive forces.

The withdrawal of regulatory mechanisms of the state in sectors like education has led to virtual chaos, threatening the norms of merit and social justice and the principles of egalitarianism. The public health system in the State is also slowly gravitating towards the so-called "uneconomic" status, which the political Right has been characterising the public education system to be in. The democratic decentralisation process has been stalled and privatisation is replacing community participation. The Enterprise Reform Committee recommended, and the government accepted, wholesale privatisation of the public sector. According to the white paper published by the government, the fiscal crisis of the state was to be tackled by downsizing the state, reducing benefits to employees (in effect, a unilateral abrogation of the agreements with employees) and implementing a stringent version of the Fiscal Responsibility Act.

Not surprisingly, the State also witnessed mass struggles against the above policies of the UDF government, such as hiking of user fees in public services, privatisation of common property resources, sale of public assets, commercialisation of the educational system and the implementation of structural adjustment conditionalities imposed by international lenders.

The Left stands in opposition to imperialist globalisation; it demands a revision of neo-liberal economic reforms at the national level and a transformation of the present imperialist-driven global economic order. It is evident that such a transformation of the global and national order is a pre-condition for Kerala fully realising its democratic potential for development and harvesting the advantages offered by new advances in human knowledge.

The above, however, does not mean that nothing can be done until imperialist globalisation is overthrown. We realise that the struggle against globalisation would require an engagement with the existing world realities. Just as the progressive forces in Kerala engaged with the colonial and post-colonial regimes to win a better life for its citizens, and thereby also successfully mobilised the people for struggle against those regimes, today's Left movement in Kerala has to have an agenda to engage with the current globalisation. With no illusions that we can resolve all the developmental problems of Kerala within the present crisis-prone imperialist framework, we are putting forward an agenda that would help minimise the threats and make maximum progress within the constraints.

Towards the second Congress on Kerala Studies

Looking back into history, it was the Left in Kerala that first put forward an agenda for development during the movement for United Kerala. E. M. S. Namboodiripad's book *Kerala: The Motherland of Malayalees* was the most comprehensive statement of this development vision. The implementation of this vision, within the limits imposed by the federal polity and the disruptions created by the right-wing politics, resulted in significant transformations in the economy and society of the State. The success also created new challenges, which some have described as "second generation problems." This necessitated a stocktaking and reorientation of the development policies. What should be the new agenda for the changed Kerala in the changing world? This was the question that E. M. S. Namboodiripad placed before the gathering of nearly 1500 academics, policy makers and socio-political leaders in 1994 at the International Congress on Kerala Studies (ICKS) convened by the AKG Centre for Research and Studies. E. M. S. Namboodiripad said in his inaugural address:

> I feel that we need to take fresh stock of our present situation and draw up a *new agenda.* This is not the task of any one political party or of political parties alone. It is a national task, in which the academic community and scientific professionals have an important role to play.
>
> When we set out to draw up an agenda for a democratic Kerala half a century ago, there was hardly any academic community and few modern professional experts. We activists took up the challenge...The problems of today are different and, perhaps, more complex. We need urgently a dialogue between academics and professionals in various disciplines and political activists, and between various political parties – both on the Left and the Right – on how the development process in our State can be sustained through strengthening the material production base. Political differences will remain, but a consensus on a broad platform of measures to overcome the crisis can be achieved.

It was not the intention of the ICKS to reach a consensus, but a broad outline of the new approach did emerge. The dialogue was to continue in various forums and post-Congress seminars.

The new awareness created by the ICKS significantly influenced the policies of the 1996-2001 government led by the Left Democratic Front (LDF). The most remarkable achievement was the implementation of the Peoples' Plan Campaign (PPC). The PPC involved one of the most radical schemes of devolution to local bodies and importantly, mobilised a mass movement in support of democratic decentralisation. There was also a focus on the new growth sectors, such as Information Technology and Tourism. Basic policy frameworks for the development of these sectors were drawn up and key infrastructural facilities were set up. The emphasis on new growth sectors did not imply a neglect of agriculture or the traditional industrial sectors. Reorganisation of traditional industries, rejuvenation of PSUs, strengthening of group farming in agriculture, widening of the welfare and social security measures and learner-centred school curriculum reforms were also important concerns. Vigorous efforts were made to create a consensus in the State with respect to developmental policies and the creation of a social environment conducive to rapid development.

The UDF government that assumed office in 2001 dealt a serious blow to this emerging consensus by embarking upon a policy of neo-liberal reforms. Their neglect of agriculture and traditional sectors, which had disastrous consequences, has already been noted. In every developmental sector, their policies resulted in controversies. Even with respect to democratic decentralisation, around which the broadest consensus had developed in the State, the UDF contribution has been disruptive. They could not even stand the name *Peoples Plan Campaign,* which was changed to an inept title *Kerala Development Programme.* The recommendations of the third Administrative Reforms Commission were downgraded into a *Modernisation of Government Programme* (MGP), which was prefaced with a notorious attack on trade union rights and the radical consciousness in the State, ostensibly to create an enabling environment for reforms.

A decade has passed since the 1994 ICKS. The Left in Kerala has the experience of five years in government, and later five years in opposition. Drawing from the rich debates and practice, we wish to place before the people our development agenda for the State for widest debate and discussion among academics, policy makers, socio-political leaders and all sections of people.

II
ECONOMIC GROWTH IN KERALA: AN ASSESSMENT

At the 1994 ICKS, E. M. S. Namboodiripad declared,

> Let not the praise that scholars shower on Kerala for its achievements divert attention from the intense economic crisis that we face. We are behind other States of India in respect of economic growth, and a solution to this crisis brooks no delay. We can ignore our backwardness in respect of employment and production only at our own peril.

E. M. S. Namboodiripad was referring to the phase of severe stagnation in Kerala economy until the late-1980s. Even though there has been an upward shift in the growth trend since then, his emphasis on acceleration of economic growth, particularly in the material production sectors, remains as relevant today as in the past. In this context, it would be relevant to look at the broad contours of economic growth in Kerala since independence.

We may identify five distinct phases in Kerala's economic growth since independence. Available indicators show that the region that constitutes Kerala today failed to partake in the economic buoyancy that characterised the first three Plan periods in India. The situation changed from the mid-1960s, when there was acceleration in the State's economic growth and its economic growth rate was higher than the national average. The national economy, it may be remembered, had entered into a phase of crisis and stagnation from the mid-1960s. Between 1966-67 and 1972-73, Kerala's NSDP at constant prices grew at about 5.13 per cent per annum (see Table 1). The corresponding rate of growth for India as a whole was less than 4 per cent per annum. In this period, the rates of growth of agriculture, manufacturing and services in Kerala were higher than the corresponding national averages.

The annual rates of growth of NSDP of Kerala began to slow down from 1973-74. Between 1973-74 and 1986-87, the rate of growth of Kerala's NSDP was only 1.63 per cent, which was lower than the corresponding figure for India as a whole (see Table 1). The NSDP from agriculture grew at a negative rate of – 0.01 per cent per annum in this period. The growth rate of the manufacturing sector also slowed down from 9.73 per cent per annum between 1966-67 and 1972-73 to 2.64 per cent per annum between 1973-74 and 1986-87.

The growth rates in Kerala's NSDP picked up significantly after 1986-87. Between 1987-88 and 1999-2000, the annual growth rate of NSDP in Kerala increased to 6.16 per cent, which was higher than the corresponding rate of growth for India, which was 5.90 per cent. In the descending order of the rates of growth

Table 1 *Annual rates of growth of Net State Domestic Product at constant prices, sector-wise, Kerala and India, 1970-71 to 2003-04*, in per cent per annum

Sector	Annual growth rates in the period (%)				
	1960-61 to 1965-66	1966-67 to 1972-73	1973-74 to 1986-87	1987-88 to 1999-2000	1987-88 to 2003-04
Agriculture	0.7	2.2	-0.01	**3.55**	**0.65**
Forestry and logging	11.08	-2.2	-10.11	3.17	2.67
Fishing	-4.38	14.99	-3.29	3.75	2.61
Mining and quarrying	-18.4	-0.39	5.29	4.88	5.58
Manufacturing	4.37	9.73	2.64	**6.14**	**3.61**
Construction	13.76	8.12	4.46	8.18	7.58
Electricity, gas and water supply	8.03	10.68	-2.91	19.19	22.16
Transport, storage and communication	5.75	6.59	7.28	14.38	15.34
Trade, hotels and restaurants	3.25	9.41	1.09	5.48	5.94
Banking and insurance	10.07	11.41	9.36	11.9	12.44
Real estate, ownership of dwellings and business services	3.39	0.52	-0.62	-17.4	-11.32
Public administration	7.99	8.2	9.54	5.54	6.01
Other services	2.76	4.69	1.88	5.25	6.02
Net State Domestic Product (NSDP)	**2.68**	**5.13**	**1.63**	**6.16**	**5.71**

Source Computed from the databases of Government of Kerala and the Economic and Political Weekly Research Foundation, Mumbai.

of per capita income, Kerala's rank among 14 Indian States was 13 in the 1980s; the rank moved up to 5 in the 1990s. Compared to the growth in the earlier phase of income stagnation, growth in agriculture and manufacturing was revived.

Nevertheless, the real engine of Kerala's overall economic growth after the 1986-87 was the tertiary sector, which grew at over 7 per cent per annum between 1987-88 and 2003-04. Specifically, the major contributing tertiary sectors to the increased rate of growth of NSDP after 1986-87 were "transport, storage and communication", "banking and insurance", "construction" and "trade, hotels and restaurants". Together, these four sectors contributed about 64 per cent of the incremental growth of NSDP after 1986-87. It is now widely accepted that this rapid growth in the tertiary sector was largely remittance-driven. Due to the continuous devaluation of the Rupee after 1991, the Rupee value of remittances had shot up in the following years.

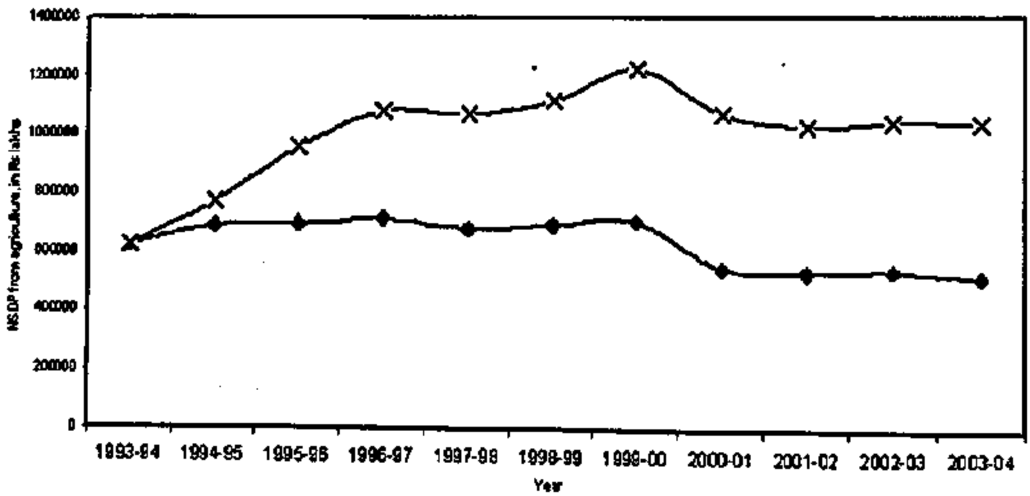
This revival in the growth of productive sectors of the economy, however, seems to have weakened after 1999-2000. The rates of growth in agriculture and manufacturing between *1987-88 and 2003-04* and between *1987-88 and 1999-*

2000 differ significantly. The annual rate of growth in agriculture between 1987-88 and 1999-2000 was 3.55 per cent per annum. When the period of analysis is taken as between 1987-88 and 2003-04, the growth rate in agriculture slips to 0.65 per cent per annum. The annual rate of growth in manufacturing between 1987-88 and 1999-2000 was 6.14 per cent per annum. When the period of analysis is taken as between 1987-88 and 2003-04, the growth rate in manufacturing falls to 3.61 per cent per annum. Reflecting these changes, the annual rate of growth of NSDP between 1987-88 and 1999-2000 (6.16 per cent) was also higher than the annual rate of growth of NSDP between 1987-88 and 2003-04 (5.71 per cent).

This signals a clear slowdown in the process of economic revival in agriculture and manufacturing. We have already pointed out the absolute decline in the *nominal* and *real* incomes from agriculture after 1999-2000 till 2003-04 (see Figure 1). It is considered a general rule in economic development that the share of agricultural sector in the national product declines with economic growth. In Kerala, the share of agriculture in the NSDP declined from 21.5 per cent in 1999-2000 to 12.9 per cent in 2003-04. This sharp decline over a short period of just four years was not accompanied by any fall in the share of workforce employed in agriculture, and was the result of an absolute decline in agricultural income. In other words, the agrarian crisis of today, which is directly related to the policies of trade liberalisation at the national level, represents a serious drag on the general economy of the State. A continuation of such a phenomenon has serious implications for employment and income distribution in the State's economy.

Which sectors should form the basis of Kerala's future economic growth? There is an argument that the future growth of the Kerala economy can be based on the buoyancy in the tertiary sector alone. However, there are many convincing reasons as to why an accelerated growth of the productive sectors of the economy is also necessary to achieve sustained economic growth.

Figure 1 NSDP from agriculture, 1993-94 series, Kerala, 1993-94 to 2003-04, in Rs lakh



First, the current growth in the services sector is dependent on the inflow of remittances to a large extent. High level of dependence on remittances is risky given the looming threat of a fall in these inflows. There are indicators that return migration may increase in the future given the dwindling opportunities of new employment in the Middle East. Fall in remittance incomes, whenever it has taken place in the past, has caused severe strains on the State's economy. A good example is the period that followed the Gulf War in 1991. Hence, it is more sustainable to have a productive sector-led growth process, which is complemented by growth in services.

Secondly, the growth in the services sector cannot be sustained if there is no concomitant growth in the material production sectors of the economy. Demand for services solely arising from the non-productive sectors within and outside the regional economy disturbs the structural balance of an economy, and hence has serious limits.

Thirdly, the prices of cash crops relative to the prices of food crops in the State may well decline in the future given the adverse effects of trade liberalisation on primary commodity prices. In other words, the ability of the State to import food grains financed by the revenues from the export of cash crops is likely to be reduced. Hence, the productive sector of the economy has to generate significantly higher incomes than at present to finance the purchase of food grains.

Fourthly, it would be fallacious to assume that growth in the services sector would be sufficient to provide employment to the increasing number of educated unemployed in the State. A major growth in the productive sectors is necessary to achieve any significant reduction in the rates of educated unemployment.

III
A STRATEGY FOR SUSTAINABLE AND EQUITABLE GROWTH

Acceleration of the economic growth rate is the centrepiece of our development strategy. Kerala's growth rate has to be significantly higher than the national average due to many reasons. First, the elasticity of educated employment with respect to investment may be expected to be low. As a result, the investment required to generate one job may be higher in Kerala than in other regions. Secondly, higher levels of economic growth are required in order to strengthen the social infrastructures and expand the coverage of the social security system in the State. Thirdly, the state currently faces a major fiscal crisis, and it is only through a rapid economic expansion that it can come out of its mounting debt burden.

Acceleration of economic growth to rates significantly higher than the national average requires a major stepping up of our investment rates. How much additional investment would be required depends up on the Incremental Capital Output Ratio (ICOR) at the State level. ICOR, simply put, is the number of units of capital to be invested in an economy to produce one unit of output.

The availability of reliable State level data on Gross Fixed Capital Formation (GFCF) is a serious constraint in the estimation of State level ICORs. The estimates of GFCF provided by the Central Statistical Organisation (CSO) and the Department of Economics and Statistics (DES) in the State are widely different. Using data from the DES, we estimated the investment rate in Kerala between 1993-94 and 1997-98 to be 16 per cent and the ICOR to be at a low level of 3.35. The CSO's estimates for GFCF are obtained at the national and State levels using different approaches. From the CSO's estimates of GFCF for Kerala between 1993-94 and 1999-2000, we obtained an investment rate of 32 per cent and a much higher ICOR of 5.9.

Given the contradictory nature of the available State level estimates of ICORs, we decided to use the national estimates of ICOR and investment rate in our present exercise to project investment requirements for Kerala between 2006 and 2016. We must point out that this is only an illustrative exercise rather than an attempt to precisely estimate the investment requirements at varied target levels of growth rates.

The ICOR at the national level between 1993-94 and 2002-03 was 3.96. The average investment rate for the same period was 22.1 per cent. Assuming an ICOR of 3.96 and a rate of investment of 22.1 per cent, we are presenting the requirements of investment to achieve an NSDP growth rate of 6 (the current rate), 8, 9, 10 and 12 per cent per annum (see Table 2). At the current rate of growth, the per capita income in 2015 would be 148 per cent of the per capita income in 2005-06. At a 10 per cent rate of growth, it can be raised to 238 per cent of the per capita income in 2005-06. At a 12 per cent rate of growth, it can further be raised to 285 per cent of the per capita income in 2005-06.

As an illustration, we assume a target growth rate of 10 per cent per annum. To achieve this rate, we would require an investment rate of 39.6 per cent (Table 2). Applying this investment rate to projected figures of NSDP, we get an aggregate investment requirement of about Rs 711,369 crores between 2006 and 2015. Assuming the current investment rate in Kerala to be at the national average of 22.1 per cent, we get a GFCF of Rs 20,673 crores in 2006-07. To achieve a 10 per cent rate of growth, this GFCF should increase to Rs 38,423 crores at that year. The stepping up of investment from the present 22.1 per cent of the NSDP to 39.6 per cent of the NSDP is the central challenge in accelerating Kerala's economic growth.

What is the source of this additional investment required? The public investment in India (inclusive of both central and State governments) in 2003-04 was roughly Rs 5000 crores or 20 per cent of the GFCF. Given the serious fiscal constraints of the state and the neo-liberal policies of the central government, at best what we can hope for is to maintain this ratio. Maintenance this ratio itself is too tall a task, and would require significant step up of central government investment in the State. That is, more than 80 per cent of the additional investment would have to come from the private sector. This simple exercise underlines the vital role that private investment would have to play in accelerating economic growth.

The major components in private investment are foreign direct investment (FDI), private corporate sector investment and household sector investment. It would be unrealistic to assume that FDI would play a major role in bridging the investment gap. Even at the national level, the share of FDI in GFCF is less than 3 per cent. In Kerala, the current FDI inflow is negligible. Therefore, while taking a positive attitude towards FDI inflows in order to create productive capacity, generate employment and upgrade technology, the major sources of private sector investment would have to be the Indian private corporate sector and most importantly, the non-corporate household sector in Kerala. As we have already noted in the introductory section, an important strength of Kerala economy is the high level of domestic savings

Table 2 *Investment requirements to achieve higher growth rates in different scenarios*, in per cent of NSDP

Targeted growth rate (in per cent per annum)	PCI in 2015-16 (in Rs)	Investment rate required at an ICOR of 3.96 (as per cent of NSDP)
At the current rate	38,944	23.8
8	52,381	31.7
9	57,438	35.6
10	62,931	39.6
12	75,356	47.5

Source: Calculated from official data sources.
Note: PCI – Per Capita Income. The projected PCI in 2005-06 is Rs 26,405.

and potential savings in the form of NRI transfers. The major policy intervention to step up investment should be to create an investment environment in the State, so that household domestic savings flow into investment in agriculture and industry.

Creation of such an environment will depend up on modification of the sectoral development policies that are currently being pursued, improvement in the work culture, strengthening of healthy industrial relations, making the government more efficient and transparent, stepping up of public investment in agriculture and traditional industries and improvement in key infrastructures.

The sectoral growth policies are reviewed in detail in Part II of the document. Institutional reforms and government finances are discussed in Part III. Before we move on to Part II, a brief summary of the broad approach to these issues is presented below.

Production and productivity

The production sectors consist of agriculture, traditional industries, the existing large and medium private corporate and public sector and importantly, the new growth sectors including service-based industries. The key slogan in these sectors has to be improvement in productivity and expansion of production.

The present stagnation in agriculture and traditional sectors is unacceptable. Faster agricultural growth would require a shift from major and medium irrigation projects to watershed-based projects, a shift from crop-wise planning to integrated farm planning to maximise returns per unit area of land, innovation of new agrarian institutions in land and water management and labour sharing, spread of appropriate productivity-enhancing technology and a revamp of rural extension programmes. Though difficult, Kerala also has to seriously address the issue of growing instability in the prices of its major agricultural commodities. The fisheries sector requires major Aquarian reforms.

In the traditional industries, modernisation, diversification and strengthening of co-operative enterprises are important. The existing viable and potentially viable public sector enterprises will have to be restructured and strengthened by infusion of investment and technology, ensuring functional autonomy and professionalisation of the management.

Acceleration in the growth rate of NSDP requires a greater effort in tapping the potential of the emerging new sectors, such as Information Technology, Biotechnology and Tourism. We can expect three major forms of benefit to the state economy from a faster growth in the emerging new sectors. First, they create employment for the educated labour force. Secondly, the results of increased growth in these sectors could be used to improve efficiency in the delivery of services as well as to accelerate growth within the domestic economy. Thirdly, there is great potential for export-oriented growth in Information Technology and Biotechnology resulting in foreign exchange earnings.

Quality of services

As regards the service sectors, the focus would be on improvement in quality and the tackling of second generation problems rather than quantitative expansion. The State has a vast network of social infrastructure, whose service delivery has to be significantly enhanced. It involves improving the physical facilities, greater community participation and the improvement of work culture at service delivery points. Schools, public health centres, anganwadis and the local offices of agriculture and animal husbandry should be the focal points.

In the school sector, there is no need for quantitative expansion. The challenge is to bring about a dramatic improvement in the quality of education, a strengthening of the pre-primary public education system and ensure the full enrolment of the children belonging to the Dalit, Adivasi and fishing families in schools. The tendency towards encouraging private unaided educational institutions has to be reversed.

In social infrastructure, the most catalytic sector is higher education. In higher education, it is very important to rapidly expand facilities, diversify into new areas with employment opportunities and raise the quality of education. Higher private participation is inevitable in this process, but social control in the form of merit in admission, social justice and quality of teaching would have to be ensured.

Kerala stands much ahead of other States in physical infrastructure. But once again, the quality of connectivity is far from satisfactory. Major historical lapse has been the neglect of the waterways, which has to be rectified. There is urgent need for north-south Rapid Transport Systems (RTS) for which appropriate rail/road facilities have to be created. The growth potential of Cochin metropolis has to be tapped. The State also has to look out for the development of new ports, such as Vizhinjam. The energy gap is widening and will prove to be a major constraint with economic acceleration. It requires continuous expansion of energy production capacity and improvement in the efficiency of distribution.

Poverty, Gender and Environment

The above economic objectives, which focus on maximisation of growth, have to ensure that the remaining islands of absolute poverty in Kerala are eradicated, there is greater gender justice in the development process and resource depletion and environmental destruction are avoided.

In order to eradicate absolute poverty in the State, we need to focus on those socio-economic groups that were not able to achieve the levels of social development that the majority achieved. These sections include the Adivasis, the fishing community and the destitute among the poor. Major proportion of the Dalit population also falls into this category. Kerala also cannot turn a blind eye to the welfare of the increasing numbers of manual workers migrating in from other States. The thrust here has to be on a qualitative improvement in the social security system, including the Welfare Funds. A major challenge would the revival of the Public Distribution System, which is facing a grave crisis under neo-liberal policies. Decentralised planning has had a positive impact on the standard of living of relatively deprived sections. This success has to be consolidated and taken further forward.

Socio-political and economic advance among women and their status in Kerala are not commensurate with the historic achievements of women in the fields of education and health. Female unemployment in Kerala is the highest, and work participation rates lowest, in India. Sharp gender division of labour and discrimination persists. Economic planning should be used as a conscious instrument to overcome the above situation. The experience of implementation of the women component plan of local self-governments has been encouraging, and should be strengthened. Gender budgeting has to be introduced. The self-help networks under the panchayats (*kudumbasree* scheme) need universalisation and greater gender orientation. Our educational system has to be made more gender-sensitive. Women's Vigilance Committees (*Jagrata Samities*) under the State Women's Commission should be constituted as part of the local plans.

The environmental crisis in the State is manifested in serious resource depletion (such as the shrinking of forests and marine resources, and sand mining), decline in soil fertility, disruption of water cycles, soil erosion and landslides, loss of biodiversity and pollution. Measures such as mandatory environmental appraisal of all projects, protection of the remaining forests and community management of common property resources with statutory backing are urgently required. Sanitation and waste management have to become focal points of a campaign mode intervention.

Reforming the administration

The above path of development requires not withdrawal, but a greater participation of the state. Public investment and private investment are complimentary; public investment *crowds in* private investment. The state has a major role to play in facilitating infrastructural growth, attracting private investment and making investment-led growth socially sustainable.

The fiscal crisis of the State government cannot be resolved without a restructuring of centre-State financial relations. While vigorously taking up issues of federal finance at the national level, steps would have to be taken to raise the tax-SDP ratio at the State-level and improve the efficiency and economy of expenditure.

Our approach to administrative reforms is guided by the recommendations of the third Administrative Reforms Commission chaired by E. K. Nayanar, the former Chief Minister of Kerala. Institutionalisation of the decentralisation process through completing the redeployment of staff, amending the statutes and regulations, drawing of new manuals and procedures in the functioning of local offices, computerising panchayat administration and instituting more effective participatory mechanisms are most urgent tasks. There is also an urgent need to revitalise the local planning process through strengthening District Planning Committees, integrate the local plans through district plans, improve agricultural interventions through watershed approach and strengthen *grama sabhas* and neighbourhood groups. Democratic decentralisation is necessary not only for good citizenship and better governance, but also for accelerating economic growth.

PART II

SECTORAL GROWTH STRATEGIES

IV
AGRICULTURE

Kerala has received national and international acclaim for its radical land reforms. Land reforms gave 28 lakh tenants ownership rights over 6 lakh hectares and gave at least 5.3 lakh households ownership rights over homesteads. However, because of various loopholes in law and the policies of successive non-Left governments, the extent of ceiling surplus land redistributed was very small, and its availability declined drastically over the years. Land reforms undermined not only feudal landlordism, but also the traditional economic base of upper caste domination. It raised the bargaining power of rural workers by assuring them security of ownership of homestead land.

However, it has become fashionable today among the right-wing ideologues to denigrate the achievements of land reform highlighting the agrarian crisis of the 1970s. Kerala's agricultural growth had grown at negative rates in the 1970s and early-1980s. The average rate of growth of agricultural NSDP between 1973-74 and 1986-87 was –0.01 per cent per annum. However, it is gaining wider acceptance today that the agrarian stagnation in the 1970s was not due to any adverse impact of land reforms, but due to the specific nature of the investment-output cycle of tree crops and the rapid shift in the cropping pattern from food crops to tree crops. The shift in the cropping pattern definitely contributed to the accelerated growth in the period after 1986-87. In the period between 1987-88 and 1999-2000, agricultural growth in the State increased at 3.6 per cent per annum.

The present agrarian crisis

The revival of agriculture in the State has been cut short by the policies of globalisation. From the late-1990s, agricultural commodity prices in Kerala have collapsed. This collapse was due to the policies of trade liberalization, decline in international prices and the reforms in market regulation for crops like coffee. This has had a disastrous impact on Kerala's agriculture. There was an absolute decline in the *nominal* agricultural income from 12,221 crores in 1999-2000 to 10,382 crores in 2003-04, that is, by about 15 per cent. In *real* terms (in 1993-94 prices), the decline in agricultural income was from Rs 7,017 crores in 1999-2000 to Rs 5,165 crores in 2003-04, that is, by about 26 per cent. The contribution of agriculture to the NSDP fell from 21.4 per cent in 1999-2000 to 13 per cent in 2003-04. The available data also shows that public and private investment in agriculture has declined in the period of agrarian crisis.

The widespread agrarian crisis has been most cruelly experienced in the form of thousands of farmers' suicides. The debt outstanding per farmer household in Kerala is the second highest among all States in India. Kerala has the fourth rank among all States in India in the share of farmer households indebted. The share of small and marginal farmers among all indebted farmer households is the highest among all States in India.

How to overcome this agrarian crisis is the single largest developmental challenge before the State. The factors that have contributed to the present crisis have emanated from national policies. These policies do not take into account the specific features of Kerala's agriculture. In order to draw up a regional agricultural development policy in agriculture, it is important that we undertake a brief survey of these specific features.

Specific features of Kerala's agriculture

(a) Food grains and grain substitutes constitute only 16 per cent of the gross cropped area in the State. Commercial crops dominate the cropping pattern. A major share of agriculture is marketed in other States and countries. Trends in the national and international markets are therefore critical for the agricultural sector of the State.

(b) The commercial crops are mostly tree crops, such as coconut, arecanut, coffee, tea and rubber. Even crops like pepper and cardamom have fairly long gestation periods. As a result, agriculture is characterized by the investment-output cycle and rigidity to short-term price fluctuations.

(c) The agrarian system is dominated by homestead gardens in the coastal and midland regions, interspersed with wetlands and valleys where paddy is cultivated. Plantations dominate the upland region. Given the diversity of ecological and agrarian conditions, it is not possible to devise a uniform agricultural policy for the State.

(d) The non-plantation sector is dominated by marginal and small holdings. The average per capita land available in the State is 0.13 ha, per capita cultivable land 0.10 ha and the average size of operational holdings is 0.33 ha. The fragmentation of landholdings makes the adoption of many modern technologies and economies of scale difficult.

(e) Agriculture in Kerala has traditionally been characterized by high intensity of hired labour. Hired labour is employed even in marginal and small holdings. Powerful trade union movements have eliminated most of the bonded relations and raised the wage rates. In this context, it is important to ensure that productivity rises with the wages if higher labour absorption is to be ensured.

Roots of the agrarian crisis

Policies of globalisation are the immediate cause for the recent collapse of agriculture. But the crisis is also related to certain long run factors that are ecological, technological and institutional in nature. The ecological degradation in the State is dramatically manifested in the recurrent summer droughts and monsoon floods year after year. The denudation of the Western Ghats, conversion of paddy lands and the degradation of the traditional systems of water control have disrupted the traditional water cycle. The hills and slopes are subjected to severe soil erosion. The decline of the traditional homestead farming systems is also adversely affecting soil fertility. The root wilt disease that has been spreading across the State for more than a century, along with the recent epidemic of mites, has been the bane of the coconut economy.

The investments in irrigation during the plan periods were heavily biased towards dam and canal systems of irrigation, which is highly inappropriate to the undulating terrain in the State and results in exorbitantly high costs. Irrigation investments were mainly focused on paddy cultivation, whose area has been falling. Besides, the agricultural interventions by the state have been crop-specific, ignoring essential inter-linkages that characterize homestead cultivation. Partly due to ecological degradation, the State has witnessed increased application of chemical fertilizers and pesticides, contributing to high costs of cultivation. We have also failed to develop innovative and appropriate agricultural machinery for our small-farm agriculture. Above all, lab-land linkages and extension work have been far from satisfactory.

Even though land reforms were relatively successful, the political instability in the State prevented its extension into larger agrarian reforms, particularly into land and water control mechanisms, labour supply and management institutions and co-operation among the farming community. In a sense, democratic decentralisation of the government can also be viewed as a component of agrarian reform in the sense that it empowers local communities and institutions of farmers and agricultural labourers to plan the use of newly gained land-based assets.

Historically, the terms of trade have been favourable to the commercial crops, and this has been the single most important factor responsible for the changes in cropping pattern. However, changes in the cropping pattern, which was induced also by the motive of reducing labour requirements, has contributed to ecological degradation through the loss of paddy lands and resulted in a socially sub-optimal pattern of land use. In the changed policy environment, it is threatening food security and leading to greater vulnerability to national and international market movements.

The broad policy framework

Agreement on agriculture

India's signing of the highly discriminatory *Agreement on Agriculture* (AoA) of the World Trade Organisation (WTO) is one of the most important reasons for the continuing agrarian distress in Kerala. The AoA has failed to improve market access for developing countries. The WTO has also failed to put an end to the gross violation of commitments by developed countries, which have used concepts like Amber box, Green box and Blue box to continue with high levels of domestic support for farmers.

As a result, the revision of the AoA has become absolutely essential. India has to give leadership to the fight for such a revision from the part of developing countries. As the M. S. Swaminathan Commission pointed out, India should argue for the abolition of all boxes; as an "alternative negotiating principle, a fourth box relating to sustainable livelihoods (Livelihood Security Box) may be proposed, which will empower developing nations facing the challenge of providing livelihoods to the rural population to place restrictions on imports, where there is convincing evidence that such imports will erode job/livelihood opportunities in their countries." The All India Kisan Sabha has also put forward a set of counter proposals for the draft proposals that are coming up before the Ministerial meeting of the WTO at Hong Kong.

The Free Trade Agreements (FTA) with SAARC countries have also been harmful for Kerala's agriculture. These agreements need revision. Another major grievance has been the exclusion of rubber from agricultural products category, depriving it of many benefits. Public opinion has to be mobilized to force the central government to intervene in the agricultural trade negotiations, taking into account the regional specificities of Kerala's agriculture.

As the Swaminathan Commission pointed out, certain steps have to be taken by the State government also to protect farmers from recurring crises. We have to establish a **Sustainable Agricultural Trade Security System** for Kerala. The markets of Kerala's traditional export crops have to be enlarged through quality improvement, value addition and raising competitiveness. Organic forms of cultivation in export oriented crops need to be encouraged in a major way. Public investment in sectors like soil and water conservation, rural infrastructure, post-harvest technology, marketing, research, extension, education and health has to be stepped up to protect the livelihoods of peasants and agricultural workers. We need to look at more effective ways of linking the wide network of co-operative credit institutions in the State with the requirements of agriculture.

The rich biodiversity of Kerala has to be protected through adequate interventions. Herbal medicine and Ayurveda, tied to tourism, are potential high-growth areas that deserve special attention. Herbal plants-rich regions have to be developed into herbal sanctuaries. We need to prepare a detailed catalogue of our plant species and register them under legislations like the Protection of Plant Varieties and Farmers' Rights Act. We should initiate a participatory biodiversity documentation exercise in every panchayat in the State with co-operation and technical support from biology departments in colleges, Ayurveda colleges and the Tropical Botanical Garden and Research Institute (TBGRI). Panchayat biodiversity registers should be the outcome of this campaign.

Public investment

Given the current crisis in the agrarian sector, one would have expected a step up in public investment in agriculture. In the third plan period in the 1960s, the share of agriculture in the state plan was nearly 25 per cent. It steadily declined from then on to reach 14 per cent in the eighth plan period. In the ninth plan period, the share of agriculture in the total plan expenditure declined to 6 per cent. This sharp decline was largely due to devolution of funds to local governments. The sectoral guidelines for the preparation of local plans had insisted that 30 per cent of the plan outlay had to be earmarked for production sectors, the major beneficiary of which was agriculture. Thus, it is unlikely that the expenditure on agriculture declined in the ninth plan period when compared to the previous plan period.

However, in the tenth plan period, the annual plan size of the LSGIs was cut every year midway through the implementation and sectoral allocation guidelines were not enforced strictly. The share of plan expenditure on agriculture in the total plan expenditure in the tenth plan period was only about 5 per cent. Investments by local self-governments would have contributed another 2 to 3 per cent, making the share of plan expenditure in agriculture less than 8 per cent of the total plan expenditure. Thus, there has been a sharp decline in the share of agricultural investment in total expenditure. In the background of this experience, the recommendation of the State Planning Board that sectoral allocation guidelines to local bodies are to be withdrawn is a sure recipe for disaster. An increased allocation for agriculture is necessary for inducing large private investment and faster growth.

Price policies

Stable and remunerative prices in agriculture are a pre-requisite for raising production and productivity levels in the long run. The fluctuation in the prices of important agricultural commodities grown in Kerala is certainly one factor that has slowed down improvements in productivity. There are suggestions that the government has to create a **Price Stabilization Fund** for crops most vulnerable to such fluctuations, such as coconut, pepper, cardamom, tea and coffee. This Fund should be run with contributions from the central government, State government and producers and used for providing price support and export subsidies during times of falling prices. Floor prices have to be fixed taking into account the costs of production.

Reorientation of the irrigation strategy

An assessment of the status and utilization of water resources is taken up later in this document. Here, we wish to point to a growing consensus on the low efficiency of the present large and medium irrigation systems. Instead of extending to new projects, the emphasis should be on commissioning and maintaining the already built up system and command area development. Minor irrigation, drawn up as part of the watershed plans, should be the focus of irrigation interventions.

Watershed planning should form the basis of the agricultural interventions of the local self-governments in the 11th Five Year Plan. The programme should involve resource mapping of every micro-watershed in the State utilising satellite resource information, and information collected by volunteer squads. Watershed committees should be elected by the*grama sabhas* and farmer's groups and neighborhood groups should be linked to watershed committees. The action plans for the micro-watersheds should be integrated at higher levels, which should form the point of reference for agricultural interventions by all tiers of government.

Agrarian institutions

There are three types of agrarian institutions that need to be promoted in the context of post-land reform situation in the State. These are (a) co-operative institutions for credit delivery, marketing and other services; (b) co-operative institutions among farmers for joint undertaking of certain agricultural operations, agricultural planning and water management; (c) co-operative institutions for labour supply and management, such as labour bank and labour army. The first, and particularly credit, is fairly well developed in Kerala and is dealt in more detail elsewhere in this document. It may be noted here that the proposed policy of the central government to restrict primary agricultural credit societies to banking activities alone, and delink them from other agricultural services, is a retrograde step. Co-operatives are important in the field of agricultural marketing and agro-processing.

The group farming programme introduced by the LDF government in the late-1980s attempted to introduce collective undertaking of selected agricultural operations, including the purchase of inputs and marketing of products. It was proved to be effective in paddy cultivation. Later, the group approach was taken further forward consciously linking it to more scientific cultural practices and adoption of technology in experiments, such as GALASA. There have also been interesting attempts to extend the concept of group farming into non-paddy crops like coconut and vegetables. These experiments have to be replicated on a wide scale taking into account the experience so far.

One of the most interesting experiments in the PPC was the creation of labour banks. All interested rural wage labourers were encouraged to register with the labour bank, which provided labourers to farmers on a mutually agreed timetable spread over the life of the crop on credit. Full payment was to be made by the farmer to the labour bank only when the crop was taken. The bank in turn guaranteed the labourers minimum number of days of work every month. If there was no sufficient demand from farmers, the gap was made good by public works. All the public work programmes of the panchayat were implemented through the labour banks. The agricultural labourers received monthly payments, health insurance, educational facilities for children and other fringe benefits. They were trained in modern cultural practices and modern agricultural implements were supplied through panchayat grants. The labour bank also agreed to cultivate the land of farmers who were not interested in direct cultivation. Such labour banks are ideal instruments for the implementation of the employment guarantee scheme.

There has been a mushrooming of self-help groups (SHGs) to collectively undertake vegetable cultivation on the lands of their neighbors, on a nominal lease. This has become popular not only in paddy fields as a rotation crop, but also as an intercrop in the homestead gardens. This can be considered as a form of labour sharing that should be encouraged.

Land use

One of the most important aims of land policy in Kerala should be to protect paddy lands. We need to strictly implement the laws of the land related to the conversion of paddy lands. In this task, panchayats have to be provided with greater powers for implementation and penal action. A task force appointed by the State Planning Board in 1997 had recommended amendments to the Kerala Land Utilisation Order 1967. It suggested that all predominant paddy-growing areas (which have the required endowments) in the State be notified with legal provisions for their protection. In the non-notified areas, it suggested allowing conversions to non-food crops, taking into consideration a broader land use and land resource management policy. It had also recommended that a capital gains tax be levied on conversions for non-agricultural purposes, and the funds so raised be used to conserve paddy-based farming. However, the experience of the UDF government also shows how even a small relaxation of the Land Utilisation Order has been manipulated and misused by land speculators and vested interests. Therefore, it is an issue that requires public discussion to evolve a consensus.

Farming systems

Paddy

In paddy-based farming systems, we need to focus on sustaining production in areas that are naturally endowed and where the required infrastructural facilities are available to secure higher levels of yield through scientific management. We need to inculcate the spirit of group activity in rice cultivation by energising Group Farming Samities. A reliable seed production programme has to be evolved at the local level for regular replacement with quality seeds. State support has to be provided to identify, develop and popularise machineries suitable for our small-farm paddy agriculture. Production and use of organic manure has to be promoted at the local level. Integrated practices of pest management have to be designed and extended to farmers. Location-specific irrigation and drainage facilities have to be evolved. Losses due to pests, diseases and natural calamities have to be insured with state support.

A system approach to raise incomes from unit area has to be adopted by integrating paddy farming with other sectors like livestock and fisheries. However, integration of fisheries with paddy cultivation has proved to be controversial because it has been argued, and experience has shown, that once introduced fisheries tend to displace paddy cultivation. There has to be a guarantee against such degeneration before this policy is adopted by consensus.

A comprehensive policy of remunerative floor prices, procurement, processing and public distribution of paddy will have to be implemented. It involves close co-operation of the central government, farmer's co-operatives and the civil supplies department of the State government.

Homestead gardening

Homestead farming is a major feature of agriculture in Kerala. It is estimated that average size of homesteads is less than 0.44 ha, and coconut is the base crop in 67 per cent of the homesteads. Homesteads could be made the focal point of agricultural development in Kerala. Appropriate models of homestead farming that facilitate production of egg, milk and meat and recycling of organic waste through vermicomposting have to be promoted. It has been shown by research that homestead models could generate an additional net income per acre of Rs 15,000 to Rs 37,000 per year per household.

Homestead gardening helps us to maximise production per unit of land. It is also an ecologically more sustainable form of agriculture. However, of late, there has been a tendency in the official circles to contrast homestead farming with commercial farming and promote the latter as a solution to low productivity. It should be emphasised that the homestead farming is not synonymous with subsistence farming. Homestead farming represents an intensive multiple cropping system that developed in tune with the unique ecology and settlement pattern in the State.

However, majority of homesteads currently show low system productivity, mainly due to overcrowding or under utilization, which could be further attributed to the incidence of pests and diseases in the base crop (coconut), absence of family labour consequent to the migration of males and high transactions costs related to hired labour. To address these constraints, special schemes have to be formulated by the Department of Agriculture integrating certain crop-specific schemes into homestead-based schemes. Extension work is paramount in raising productivity levels of crops in homesteads. Scientific methods of cultivation as well as the adoption of appropriate homestead models have to be promoted by improving the functioning of Krishi Bhavans and establishing Agro-Clinics. The farms of elite farmers should be developed into demonstration farms. More soil analysis facilities for comprehensive analysis of macro- and micro-elements have to be established. Availability of labour, a major constraint in the agricultural production, has to be addressed through Labour Banks.

There are also issues that are to be understood and dealt with crop-wise. Low productivity is a major problem in the case of **coconut**. Productivity of coconut in Kerala is 5895 nuts per ha as compared to 8362 nuts per ha in the neighboring Tamil Nadu. In coconut, the major challenges are to increase productivity through a package of measures including the replanting of uneconomic palms with superior cultivars, creation of irrigation facilities and promotion of scientific management under a mixed farm system. Irrigation throws up possibilities of doubling productivity in coconut, as well as the introduction of new intercrops. There should also be a new policy to promote coconut seedling production, where mother palms are identified in a decentralized manner and made available to the public, including private nurseries, for further development. The central government should consider the root wilt disease that is spreading unabated in the State as a national disaster and support a massive scheme for integrated development whose focal point would be replanting the diseased palms. Development of appropriate harvesting machinery is an urgent requirement. Marketing of coconut is an area where the co-operative sector can play a major role.

In **pepper**, the objectives should be to provide better management in traditional gardens. Low productivity is making Indian pepper uncompetitive in the international market. About 50 per cent of pepper vines in the State are estimated to be unproductive, and needs replanting. Possibilities of increasing the cultivated area within homesteads have to be explored. Integrated disease management programmes have to be promoted to tackle quick wilt and stunting.

There is great scope to raise the area under cultivation of **cashew**. Vegetatively propagated and high yielding planting materials have to be promoted for density planting in the new areas.

More than half of the total area under cashew is planted with trees that have passed the economic bearing period of 30 years. Replanting has to be organized on a mass scale. The commercial uses of cashew apple remain unexplored.

Fruit cultivation has to be promoted in homesteads. Currently, the cultivation of fruits remains scattered, constraining efforts to promote them. Pineapple and banana are the only two fruits that are planted on a commercial scale. Banana and plantain have historically been part of homesteads. There is very little commercial utilization of traditional fruit crops like jack, mango and papaya. There is also a need to preserve indigenous varieties of fruit crops. We need better arrangements for the mass multiplication of banana and plantain varieties using *micro-propagation technology*. The industrial potential of crops like banana has to be consciously encouraged.

Intensive **vegetable** production programmes have already received momentum in the State. Innovative programmes by the Kerala Horticultural Development Programme (KHDP) and also by self help groups have to be promoted. Packages of assistance, including improved seeds, irrigation support and marketing support have to be provided in all panchayats to groups cultivating vegetables. While vegetable cultivation in homesteads can satisfy household demands, we also need to promote their commercial cultivation in a major way. Necessary institutional arrangements have to be designed to make land available for groups cultivating vegetables as an intercrop or as a rotation crop.

Innovative new crops like **flowers, mushrooms** and **medicinal plants** have already proved their potential in the field. What is important is to propagate appropriate cultivation practices and technology, and assure steady markets including export market.

Plantations

The four major plantation crops of Kerala are coffee, tea, rubber and cardamom. **Coffee** cultivation in Kerala is characterised by a very high concentration of small holdings of size less than 2 ha. In these small holdings, the levels of productivity are lower than the national average. The important reasons for the low levels of productivity are the lack of attention to replanting in large areas where the trees have become old and moribund and the lack of scientific methods of cultivation and cultural practises. The short-term strategy in coffee should focus at (a) appropriate market intervention to ensure remunerative prices; (b) providing institutional financial support for replanting, irrigation and purchase of inputs, (c) promoting effective extension work by streamlining the activities of the Coffee Board and the Department of Agriculture and (d) tackling the debt burden of farmers. In the long-term, our research and extension work has to focus on attaining the research station yield level of 2800 kg per ha.

Tea is cultivated in Kerala mainly in estates due to the specific technological features of its processing. It is now well understood that the survival of tea industry in Kerala depends crucially on raising the levels of quality and competitiveness. The levels of productivity of tea in Kerala are lower than the national average. One reason for the low level of productivity is the high share of area (above 70 per cent, according to some estimates) with plants aged above 50 years. Only about 1 per cent of the area under the uneconomic age group plants gets replanted annually. The vacancy ratio for tea in Kerala is also the highest in India at about 20 to 30 per cent. Urgent attention needs to be given to accelerate replanting in tea estates, as a crisis in the tea sector affects the livelihood of thousands of workers employed in the plantations. Short-term measures to ameliorate the distress conditions of estate workers, finding local markets for tea estates in Kerala and review of the present auction practises are required.

While the commendable extension work undertaken by the Rubber Board and a relatively stable price regime have helped to raise levels of yield in rubber, the levels of yield in Kerala can be still raised. The task in the rubber sector is to identify regions with low productivity and adopt special agro-management packages to raise levels of yield to the realisable levels of 2500 kg per ha. The potential for intercropping in rubber gardens, as well as of supplementary occupations in rubber gardens like bee keeping, needs to be tapped to raise incomes per unit area.

In the case of cardamom, studies have shown wide differences between the actual yields and potential yields. Adverse agro-climatic factors, high share of area under old plants and absence of modern methods of cultivation are the major reasons for low yields. The focus in cardamom, thus, should be to promote replanting, use of improved planting materials, irrigation and adoption of scientific cultural practices. The import of cardamom under different pretexts has to be curtailed.

Agro-processing

The processing of agricultural commodities of Kerala needs special attention while we are trying to enlarge our export markets. While certain steps may be applicable to all crops, certain others are crop-specific. We have to attract more private investment from inside and outside the State in the agro-processing sector and agro-based industries; a State level body for this purpose has to be established. More quality control laboratories have to be established. Storage facilities for crops, including cold storages, have to be established at the level of panchayats, in association with farmers' organisations. Value addition through sorting, grading and packing is not practiced rigorously at present, and needs encouragement. Co-operative marketing organizations, such as MARKETFED, RUBBERMARK, KERAFED, CAMPCO AND CAPEX have to be strengthened, and enabled to compete in the market. One suggestion has been to establish a **Kerala Agricultural Markets Project** to improve the agricultural marketing system across the State. Under this project, a few large markets are to be established at the major trading centers, with links to a number of feeder markets in remote areas. Kerala is a State where the Act for regulated markets has not yet been passed; we have to look at the usefulness of establishing regulated markets for at least a few suitable crops.

In crops like coffee, we need to upgrade the technology of processing, weaken the role of intermediaries and provide adequate institutional support for primary marketing. We need to standardize different post-harvest operations. We also need to encourage the growth of co-operative marketing societies of producers. In tea, quality improvement and standards have to be given top priority. In coconut, we need to encourage marketing co-operatives as well as encourage the production and marketing of the diverse products from coconut, such as coconut shell, coconut husk, coconut cake, raw kernel, coconut wood, leaves and tender coconut water. Adequate institutional finance has to be ensured in the promotion of small-scale industries that focus on diverse coconut-based products. For vegetables, which are highly perishable, we have to establish thermo-cool facilities of low cost types in every district or block. Special attention has to be provided for regions that are naturally endowed for vegetable cultivation.

V
ANIMAL HUSBANDRY

The performance of the livestock sector till recently has been exemplary with the growth rate of milk production that was around 2.5 per cent in the first two decades of the post-independence period, sharply rising to 12.5 per cent per annum in the 1970s. In the 1980s, the rate of growth of milk production was 6.4 per cent per annum and in the 1990s, it further declined to 4.2 per cent per annum. The expansion of the milk production has been achieved through the success of genetic improvements through cross breeding (82 per cent of cattle in Kerala are cross-bred; 88 per cent of villages have veterinary hospitals within a distance of 5 km; and there is 1 artificial insemination centre for 1000 cattle), effective disease control coverage (a veterinary hospital in almost every grama panchayat) and development of marketing infrastructure (increase in the number of co-operatives from less than 200 in the early-1960s to over 3000 in the late-1990s). The growth of the livestock sector was also aided by buoyant market conditions. Kerala, traditionally a low milk-consuming State, has been rapidly diversifying its consumption pattern from cheaper protein sources like fish to milk and milk products and meat.

The productivity of milch cattle also sharply increased doubling between 1977 and 1991, and is currently 6 litres per animal as against the national average of 2.8 litres per animal. Yet, the level achieved in Kerala is still below the potential yield of 8 to 10 litres per animal. We have already noted the deceleration in milk production; in the sub-period 1996-97 to 2001-02, the growth rate in milk production was only 3.8 per cent per annum. The number of cattle has also tended to decline, leading some experts to conclude that the dairy sector in Kerala is facing a major crisis.

The success of technology transfer and diffusion has not been complemented by other ingredients of the white revolution package, such as the increase in availability of fodder, domestic production of feed concentrates and value addition through milk processing. The changes in the cropping pattern have been towards a livestock-unfriendly crop mix with nearly 80 per cent of the crops not contributing to animal feed. The gap created by the decline of paddy has not been bridged by fodder production. As a result, farmers in Kerala are forced to rely increasingly on high cost and often low quality concentrated feed. The domestic capacity of concentrated feed is only 40 per cent of the demand.

Equally important has been the decline of homestead farming. An important feature of animal husbandry sector in Kerala is the lack of development of commercial large-scale dairying. The milch animals are owned and reared by small and medium farmers as part of the homestead system. Women in households make the main labour contribution in animal rearing. The institutional framework of animal husbandry in the State is facing severe stress.

The development programmes in the State do not sufficiently address the above issues and have been focussing on stepping up public *investment in technology* and extension services as a way out of the looming stagnation. As an incentive for the farmers not to neglect the calves during the critical period, different programmes of veterinary care and subsidised feed concentrates are made available. In contrast, there have been strong suggestions that Kerala should now consciously move towards industrial large-scale dairying. While commercial large-scale dairying may be promoted in areas where suitable land and entrepreneurship is available, for the medium-term future, Kerala's focus has to be on improving productivity within the homestead farming systems. With the growing popularity of organic farming, animal husbandry is becoming an essential component of agricultural activity.

A rapid expansion of fodder production is the key link. The SHG approach, which is proving to be a success in vegetable production, may be adopted for the promotion of fodder production. Fodder-harvesting machinery would have to be promoted and enrichment of post-harvest fodder supported. It is an ideal programme that can be taken up by the LSGIs. The present provision of technological inputs and extension services is inadequate. The State may be divided into animal husbandry zones, primarily on the basis on potential for fodder production and zone-specific strategies may be drawn up for expansion and full realisation of milk production potential. The prime production zones must be protected against all major contagious diseases through universal vaccination. These region-specific strategies are ideal for decentralised planning. It may be remembered that investment in the animal husbandry sector by the LSGIs comes to about 40 per cent of the State government investment.

The farmer has to be assisted in the lean period of rearing, especially in the calf hood and pregnancy period. One of the problems in increasing productivity of cattle in Kerala has been the delay in reaching the first calving stage due to delayed puberty. In order to overcome this problem, we need to provide adequate and cheap feed and health cover as well as promote scientific rearing of cattle as part of our extension programmes.

It is worthwhile that there is scope for further improving our extension system. It has been observed that only 41 per cent of households receive any information from extension agencies on breeding. This share was 27 per cent with respect to feeding, 43 per cent with respect to health care and 8 per cent with respect to animal management. This scenario calls for serious attention.

Today, the entire State is under the network of 2577 Anand pattern dairy co-operatives with a membership of 7.3 lakhs. The APCOS procures 7.1 lakh litres of milk everyday. Due to high seasonality of milk production in Kerala, the Kerala Co-operative Milk Marketing Federation (KCMMF) has to import milk from outside the State. The KCMMF has been diversifying its milk products even though its misconceived joint venture with Mother Dairy failed to take off. A thorough review of the co-operatives and the Federation has to be undertaken in to increase the efficiency and reduce the handling costs and increase value addition so as o ensure a better return to the producer.

The backyard poultry rearing has been the backbone of the poultry development programme in the State. The commercial-scale poultry rearing is limited to broiler production. There has been sharp decline in the number of fowls in the State. Today nearly 60 per cent of the demand for eggs are met from outside. The interventions of the Kerala State Poultry Development Corporation to provide day-old chicks and technical support to poultry farmers have to be strengthened with the help of LSGIs.

Rearing of goats, pigs and rabbits is another important activity in this sector. Being cheap sources of protein, there have to be major local level schemes to promote these activities on a commercial scale within the larger framework of homestead farming systems.

VI
FISHERIES DEVELOPMENT

Kerala with 10 per cent of the national coastline is one of the most productive fishing grounds in the world. The State produces about 6 lakh tonnes of marine fish every year, which accounts for about 20 per cent of the national fish production and exports. Yet, the population of about 15 lakhs that depends on fisheries is one of the most economically backward social strata in the State. The fisheries sector income per fisherperson was 66 per cent of the State per capita income in 1980-81. In 2003-04, the corresponding ratio was lower at 50 per cent. Between 1998-99 and 2003-04, the income from fisheries per fisherperson virtually stagnated, or grew at a snail's pace of 1.2 per cent per annum. In the same period, the State per capita income had grown at 4.4 per cent per annum.

The stagnation of income levels is the basic constraint to an improvement in the standard of living of the fishing population. It severely restricts the beneficial-linkage impact of numerous social welfare activities that are currently undertaken for the fisherpersons. The problem of landlessness, inadequate housing, lack of sanitary latrines, absence of household electrification and scarcity of drinking water are severest in the fishing villages after the Adivasi colonies. Among fisherpersons, infant mortality rate is double the State average, sex ratio is less than unity and life expectancy is significantly lower than of the general population. The fishing villages remain pockets of poverty and represent a major development challenge.

While the social sector interventions should be strengthened, it is of utmost importance that we understand the reasons for the economic stagnation and undertake remedial measures. On the one hand, the fisheries sector is faced with serious crisis of resource depletion due to ecological degradation, over-fishing, deployment of destructive fishing gears and also illegal encroachment of in-shore fishing grounds by foreign trawlers operating from the deep sea. Even though it has been possible to arrest the trend of declining fish production from the mid-1970s, primarily through conservation measures to restrict monsoon trawling, marine fish production has tended to stagnate at less than 6 lakh tonnes per annum.

On the other hand, the cost of fishing has been rapidly escalating for two reasons. First, the increasing competition among the fishing units for the limited fish resources has taken the form of continuous upgradation of fishing technology in terms of bigger boats, more powerful engines and larger nets. This has resulted in what may be called the "overcapitalisation" of the fisheries sector. The motorisation of fishing boats has made very rapid advance and now the trend is for a shift from outboard engines to inboard engines. Secondly, the supply of ration kerosene has been dwindling and the cost of fuel has been sharply increasing.

The above situation has pushed most of the fishing units into a precarious situation. A simple macro exercise of aggregating the fishing expenditures, such as for fuel, wages and interest payment on capital investment would show that the net income of the fisheries sector is negative when depreciation is taken into account. The above situation is responsible for high levels of indebtedness among the fishing community. The inter-linkages between the credit and product markets through moneylenders and traders deny the fisherpersons the advantages of the buoyant fish market. The exporters and the middlemen appropriate the major proportion of the surplus generated.

The inland fisheries sector, consisting of backwaters, rivers, low-lying Kuttanad and Kole paddy lands and the innumerable canals and ponds today accounts for only 10 to 12 per cent of the total fish production in the State. The ecological degradation and over-fishing is even more severe in the inland sector. The lot of the inland fisherpersons is no better than their marine counterparts.

We have already referred to the beneficial impact of the regulation of monsoon trawling. The most urgent requirement in the fisheries sector is a comprehensive legislation for *Aquarian Reforms* that would restrict the ownership of fishing vessels to actual fisherfolk, strengthen the traditional community regulation mechanisms and confer the right of first sale on the shore to the fisherfolk themselves. A draft bill had been prepared during the tenure of the last LDF government, which has to be revived.

Development of fish-aggregating structures in the inshore fishing grounds has also been suggested. But it has to be accepted that the inshore fishing grounds in the State have reached their optimum level of exploitation. Therefore, we have to move to tap the fish resources in the deep sea. While correctly opposing the operations of foreign fish trawlers, a deep sea fishing fleet has to be built up through modernisation of a part of the excess mechanised fishing fleet currently operating inshore. A deep sea fishing corporation may be set up to provide mother vessels and other technological support. The companies and large operators currently working inshore would have to move out to the deep seas once Aquarian Reforms are implemented.

Expansion of inland aquaculture involves urgent measures to reduce water pollution and strengthen regulatory mechanisms against destructive forms of fishing. Revival of *Janakeeya Matsya Krishi* to encourage better utilisation of innumerable ponds and canals, expansion of reservoir fisheries, systematic and regular release of fish seedlings in rivers and backwaters, better utilisation of paddy lands for fish cultivation, promotion of cage culture of fin fishes, marine ranching and development of shell-fish farming in backwaters are the major measures to be undertaken in aquaculture.

To implement the above programme, government would have to undertake major infrastructure development, such as construction of fishing harbours and landing centres, setting up of farms and hatcheries, establishing a cold chain and chilled fish sales outlets and strengthening the marine regulatory mechanisms. Aqua parks for ornamental fisheries have also significant potential. The functioning of the fisheries development agencies would also have to be thoroughly overhauled. The functioning of MATSYAFED and the co-operatives has to be democratised and strengthened. The *Matsya Bhavan* network has to be expanded.

Fish processing clusters for production for value addition can significantly contribute to the incomes of the fishing community. Local self-governments could play an important role in this process. There have been suggestions for the introduction of policies of Coastal PURA (Provision of Urban amenities in Rural Areas). The proposal of the task force of the State Planning Board, developed by Laurie Baker, for establishing an alternative model of fishing villages with modern amenities should be incorporated into the PURA scheme. A comprehensive area development programme based on the PURA concept can attract central government funding. Protective sea walls have to be constructed in vulnerable areas. Other alternatives like vegetative protection should be seriously taken up.

A time bound programme to raise amenities in fishing villages to State standards would have to be drawn up by the coastal panchayats for which funds would have to be earmarked. The safety mechanisms for marine fisherfolk have to be strengthened. The export houses will have to make a major contribution to the welfare of the fishing community and the legal loopholes have to be plugged. Technical education for children from fishing families will have to be ensured to promote job diversification. In the long run, the major proportion of the fishing community would have to be moved to other jobs.

VII
CONSERVATION OF FORESTS

Forests covered more than 40 per cent of the geographical area of Kerala at the beginning of the 20th century. By the end of the 20th century, the forest coverage had shrunk to 28 per cent, which really refers to the area that is still formally under the forest department vis-à-vis the revenue department. Much of it is denuded or degraded through human intervention for settlement, cultivation and other non-forestry purposes. The area under forests under different natural vegetation types comes to 7699 km^2 and the area under forest plantations comes to 1862 km^2, according to Forest department estimates of 2003. Of the natural vegetation forests, 62 per cent is degraded. In the moist deciduous forest type (constituting 65 per cent of the natural forests) in the lower altitudes closer to human habitations, the extent of degradation is as high as 78 per cent.

The forests provide raw materials for a number of forest industries. Given the level of forest degradation, there is no scope for their further expansion. Efforts must be made to enhance the value addition in these industries. The focus of the forest policy is shifting to forest conservation whose economic significance is gaining wide acceptance.

The traditional development calculus took into account only the direct benefits of forests, such as the timber and non-timber forest produce. The non-marketed services like carbon sequestration, watershed protection, climate regulation and aesthetic and genetic diversity cannot be economically valued. However, the opportunity cost of the income foregone (say, from additional electricity production) because of the siltation in the dams or excess run-off due to degradation of the forests would far outweigh the direct income. The economic value of biodiversity in Kerala (which is home to more than 8000 taxa of Angiosperms, Gymnosperms, Pteridophytes, Bryophytes, Lichens, Algae and Fungi) cannot be estimated today. A greater understanding of social costs of forest degradation and the precipitous decline in the extent of non-degraded forests has contributed to the change in the forestry paradigm from development to conservation.

The ongoing plunder

The last five years of the UDF government have proved to be a major setback to forest conservation efforts in Kerala with a gush of encroachments and erosion of statutory protection. There has been a consensus in the State that 1977 would be taken as a cut-off period for the regularisation of encroached land. The government has committed before the High Court that nearly 7000 hectares of forest land has been encroached upon after 1st January, 1977. The passive attitude of the government has encouraged fresh encroachment on to forest land all over the State.

Section 3 (2) and 3 (3) of the Kerala Private Forest (Vesting and Assignment) Act 1971 are still are being abused to usurp prime forest land. The government pleaders have connived with the encroachers to lose many of the cases. Forged documents have been used in many cases to get restored the forest land. Supreme Court ordered that in such cases fresh petitions could be filed in the lower courts to prove that the documents are fraudulent. Such cases are to be taken in the trial courts to regain the alienated forest. A rough estimate is that about 20,000 acres of forest land has been involved in such cases. While replacing the Ordinance brought out in 2000, a change was made to the definition of the forestland, which was not relevant and could cause only confusion in the application of the Act. Clarity should be brought at relevant provisions in the Act.

While declaring the present protected areas, the ecological significance has not been given much consideration. Many ecologically sensitive and important areas were left outside the protected area network in Kerala. There should be proper rationalization and redrawing of the boundaries of the protected areas network, considering biodiversity protection and other significant factors.

Consequent to the Kannan Devan Hills (Resumption of Land) Act, 1971 and as per the Land Board Award (1974), 22,253 acres of forest land of Mankulam, Idukki district has been handed over to forest department. So far there is no reserve notification on this land. Encroachment of prime forest land is going on in this area. Now there is an attempt to assign part of this land to private parties. Mankulam is an area of rich bio-diversity and is ecologically fragile. More than 17,000 acres of forest land in Munnar, resumed from the Kannan Devan Company is under the custody of Revenue Department. This area, which is ecologically important, has not been so far notified as forest. The land is now open to encroachment. Forged title deeds are being manufactured with the connivance of Revenue officials. These ecologically sensitive areas in Munnar and Mankulam must be protected at any cost.

A serious situation exists in Cardamom Hill Reserves (CHR), as witnessed in Mathikettan. Forest encroachments in this ecologically sensitive area were rampant till the recent past. After the enactment of Forest Conservation Act, 1980 by the Central Government, provisions in previous State Cardamom rules are obsolete. But the revenue Department is still assigning forest land to encroachers. Also title deeds are being manufactured in the CHR in favour of encroachers.

Even after closing down of all sandal factories in Kerala as per the High Court order, cutting and smuggling of sandal trees from Marayoor sandal forest is going on. Stringent measures are to be taken to safe guard the remaining sandal forest in the state. It is a characteristic feature of the current government that honest and efficient officers who strive to protect the forest are shunted from post to post or are otherwise harassed. This has to be stopped forthwith and such officers should be recognized and rewarded if the morale of the Department is to be salvaged.

Forest conservation policy

The first point in the Forest Conservation Policy 1988 is to protect forests from any further encroachments and put a firm end to tendencies that we have discussed above. The remaining forest area has to be divided into contiguous zones, each with a core that would be preserved without any future human intervention whatsoever. The core would be surrounded by an intermediate protective forest area and by an outer layer where sustainable use of forest products would be permitted. Participatory forest management is appropriate for the third layer.

Joint forest management that seeks to develop a healthy partnership between local community institutions and the forest department has proved to be a success in the State. The *vana samrakshana samities*(VSS) set up under this programme is empowered to manage and protect forests based on micro-plans approved by the Conservator of Forests. The micro-plans of the VSS can also be linked to the local plans of LSGIs. The traditional knowledge of the tribal communities may be tapped and scientifically used for biodiversity conservation, regeneration, making of herbal medicines and other by-products.

Dependence of tribal communities on forest is of varying degrees. Some are primarily agriculturists; where as some tribal communities are still dependent on forest/biodiversity wealth. It is necessary to understand the type of dependence of each tribal group to support them efficiently in their livelihood endeavours.

It is a paradox that the investment in social forestry is larger than in the rejuvenation and protection of actual forests. This is clearly a case of misguided priority. Investment in protection and rejuvenation of natural forests and fire protection should be substantially enhanced. For much of the forest land that has been formally diverted in Kerala for non-forestry purposes, money has been remitted by the user agencies for compensatory afforestation. But it is not clear what has happened to such compensatory afforestation programmes, where have they been undertaken and what is the success of such programmes. It has to be ensured that such programmes are implemented in a time bound manner and in a satisfactory way.

VIII
THE MANUFACTURING SECTOR

The Achilles Heel of Kerala's economic development has been its industrial backwardness. This statement may sound to be paradoxical because the share of workforce employed in the manufacturing sector in the State has traditionally been larger than the national average. However, its industrial backwardness is exhibited by the fact that the share of the manufacturing sector in SDP has been less than half its share in workforce. The share of the manufacturing sector in NSDP was only about 8 per cent in 2002-03. Industrial development in Kerala from the late 19th century onwards has been dominated by traditional industries, many of which are agro-based. These labour-intensive industries have been characterised by traditional handicraft technology, low productivity and low wages. In a sense, the traditional industries were acting as a residual sector absorbing the surplus labour in the economy. Currently however, these traditional industries are in the throes of a deep crisis due to fundamental changes that have taken place in the labour, raw material and product markets. At the same time, modern industries have failed to grow and offset the impact of the decline in traditional industries. In short, Kerala is losing its old world industries and the new world industries are yet to take root and flourish.

The rate of growth in the manufacturing sector of Kerala between 1960-61 and 2003-04 has followed the broad phases of growth of NSDP. The annual rate of growth of manufacturing between 1960-61 and 1965-66 was 4.37 per cent, which increased to 9.73 per cent in the period 1966-67 to 1972-73 (see data in Table 1). Between 1973-74 and 1986-87, the annual rate of growth in manufacturing fell to 2.64 per cent. The revival in manufacturing began since the late-1980s; the annual rate of growth increased to 6.14 per cent between 1987-88 and 1999-2000, but only to stagnate afterwards. When the period of calculation is taken as between 1987-88 and 2003-04, the rate of growth in manufacturing falls to 3.61 per cent per annum. It may be further noted that between 1987-88 and 2003-04, the manufacturing sector grew at a rate slower than of the NSDP. In other words, manufacturing has tended to lag behind even in the growing phase of the economy.

There are also certain simple indicators that show that notwithstanding a revival in growth rates, the industrial sector in Kerala may have continued to stagnate in terms of value addition and capital investment. Value added and fixed capital invested in the industrial sector of Kerala have always been less than proportionate to Kerala's share in the Indian population. Fixed capital stock in Kerala's factory sector grew at annual rates of 14.2 per cent in the 1960s and 9.0 per cent in the 1970s, but the growth rate slowed down to 6.4 per cent in the 1980s and 6.6 per cent in the 1990s.

The central problem in Kerala's industrial sector is the inadequacy of investment for modernisation and technological upgradation so that the existing industries become more competitive. Also, large investments are required to start new industries so that the industrial product structure is diversified in tune with the changing demand conditions. In short, removal of capital's shyness to move into Kerala's industrial sector is an important challenge.

One of the major reasons given for the industrial stagnation in Kerala by right-wing propagandists and a section of the media is the high incidence of unionisation. They lament that "labour militancy" in the State has resulted in strikes and stoppages of work even at the slightest provocation, thus reducing the attractiveness of investment. Such a dogmatic stance has logically led them to support the outrageous demand for a ban on strikes and other democratic forms of protests by workers as a pre-condition for development.

The argument that there is a high degree of labour militancy in Kerala and that it is the reason for industrial backwardness is contra-factual. The percentage of man-days lost due to labour disputes in Kerala is below the national average. Average industrial wage rates in Kerala are also below the national average, even when the low-wage traditional industry segment is excluded from consideration. Moreover, labour costs are never viewed in isolation, but only in relation to labour productivity. Careful analyses have shown that annual growth of employee earnings in Kerala's factory sector has actually been positively associated with annual growth of labour productivity. The weak empirical basis of the argument that industrial slowdown in the State is caused by "labour militancy" and high rate of wages is clear from the foregoing. In fact, what Kerala needs is not an anti-labour approach, but a "labour-friendly approach" in industrial relations, which would gain the confidence and co-operation of workers in efforts to raise productivity.

It is also now fairly well accepted that level of wages is only one of the factors that determine the attractiveness of an economy as an investment destination. Investment responds more to broader macroeconomic conditions such as the market conditions, the level of regional public investment, the effectiveness of government institutions, the condition and cost of physical infrastructure and the level of access to credit for fixed and working capital. In the specific context of Kerala, industrial backwardness has long historical roots also.

The State of Kerala situated in the south-western end of the sub-continent did not have the benefit of metropolitan growth even in the colonial period. The indigenous industrial classes were weak and were characterized by strong links to commercial agriculture and trade, which provided profitable avenues for investment in the post-independence period. In the administrative turmoil of integration in the first decade after independence, the region exhibited little governmental dynamism in the promotion of industries. Central sector investment in the industrial sector of Kerala has historically been very low. Kerala's share in the total central sector investments has also been sharply declining over the years. In 1970, Kerala's share in the total central sector investment was 3.1 per cent, which fell to 2.3 per cent in 1980, 1.5 per cent in 1990, 1.2 per cent in 1995 and 1.7 per cent in 2000. Similarly, the extent of financing of manufacturing activities in Kerala by national financial institutions (like IDBI, IFCI, ICICI and SIDBI) has been low relative to the State's share in population. In the total amount sanctioned by these financial institutions, Kerala's share was only 1.5 per cent in 1997-98. The credit-deposit ratio of nationalised banks in Kerala has also been very low, ranging between 40 and 50 per cent.

The historical predominance in the industrial sector of what are known as "traditional industries" is another reason for the industrial backwardness of Kerala. This sector is covered in a little detail in the following sub-section.

A. TRADITIONAL INDUSTRIES

The major traditional industries in Kerala have been coir, cashew, handloom, beedi rolling, pottery and other handicrafts. Historically, the middlemen and exporters who dominated these industries used to drain away the entire surplus, leaving the small producers and workers with bare minimum subsistence incomes. The working conditions were also abysmally poor. Powerful trade union movements came up from the late-1930s in response to this situation, particularly in sectors such as coir, cashew, beedi and tiles, which were characterised by large factory-scale production. Employers responded to the success of the trade union movement by closing down large-scale factories and decentralising production to small-scale units in sectors like coir, beedi and handloom. In the case of cashew, where trade union opposition and legislation prevented decentralisation, the industries tended to shift to low-wage regions outside Kerala. All the same, even today the largest share of industrial workers in Kerala is employed in the traditional sector. The cashew factories and few of the handloom, coir and beedi factories that survive still account for more than 50 per cent of the total factory sector employment in Kerala. Majority of workers employed in the traditional sector are women.

The struggles within the decentralised sector and fierce opposition to middlemen formed the background for state-sponsored efforts to reorganise these industries, particularly coir yarn spinning, beedi rolling, handloom and handicrafts. In cashew industry, a public sector corporation was formed to run factories that were closed down by employers. These interventions resulted in significant improvement in the wages and standard of living of the traditional industry workers from the 1960s.

Nevertheless, these traditional industries continue to be squeezed by the scarcity of raw materials in the input market and a decline in demand due to competition from substitutes in the product market. Competition from industries in other States with lower cost of production has been becoming more acute. The co-operative societies that pay minimum wages and other benefits find it difficult to compete with the private informal sector that pays lower wages. It was in such a situation that state support to co-operative societies was curtailed in the 1990s as part of the implementation of neo-liberal reforms. The reform measures threw the struggling traditional industries into an unparalleled crisis. The crisis exists even in industries like coir and cashew, which currently enjoy buoyant demand conditions in the market.

Given the fundamental differences between the different traditional industries, the strategies for their revival are also different. However, certain general policy strategies may be noted.

First, the thrust has to be on the diversification and regulated modernisation of these industries. Secondly, the revitalisation and reorganisation of co-operative societies are of paramount importance. They would constitute the basic organisational framework for state intervention in traditional industries. Thirdly, the adoption of cluster-based approach is a step in the right direction. However, there is a wrong tendency to see cluster-based development as a substitute to co-operative based development. In fact, the co-operatives could themselves become cluster centres. Fourthly, we have to improve the effectiveness of the delivery mechanisms of state interventions in these industries, ranging from training and welfare measures for co-operatives to marketing support. The performance of State-level apex organisations as intervention agencies is currently dismal. We need to improve their financial position so that institutional funds are better mobilised and channelled into traditional industries. Fifthly, we need to involve the local bodies in an effective manner in the reorganisation of traditional industries. Sixthly, given the export thrust in many traditional industries, we need to focus on bringing in greater professionalism in the running of these industries. The aim has to be to improve competitiveness in terms of cost as well as the self-imposition of strict quality standards.

Coir

Coir is the most important traditional industry employing around 2.5 lakh workers. About 80 per cent of the coir workers, most of whom are women, are employed in the coir yarn spinning sector. Coir weaving, localised in Alappuzha district, employs about 50,000 workers. Despite the rapid expansion of exports and increase in export prices, prices received by the small producers and wages received by the workers have tended to decline. This situation is primarily due to the withdrawal of minimum export price for exporters and minimum purchase price for small producers. With the collapse of co-operatives, the bargaining power of workers has seriously eroded leaving them at the mercy of middlemen. Decline of coconut production in the traditional coir production areas has increased the scarcity of coconut husks and fibre, and has made Kerala depend up on fibre imports from Tamil Nadu. Escalation of fibre prices during the past few years has worsened the conditions of small producers and workers.

By and large, there is a consensus today on the measures to be undertaken in the coir industry, as reflected in the near unanimous decisions reached by the "Committee on Coir Reorganisation" appointed in 2004 by the State government with representatives of all stakeholders. Crises and unrest have continued to plague the industry because the present UDF government has refused to implement the recommendations of this Committee. The recommendations of this committee involve revitalisation of coir co-operatives through a one-time wipe-off of their losses, implementation of the purchase price scheme for small producers, removal of depot owners or middlemen from the chain, measures to improve the industrial use of domestic husk from the present 25 per cent to 50 per cent and measures for product diversification and technological upgradation.

Cashew

Next in importance comes the cashew industry employing nearly 2 lakh workers, around 95 per cent of whom are women. Cashew industry is an agro processing industry characterized by very high labour intensity and little mechanization. The industry has witnessed fluctuating fortunes throughout its history. After a long drawn period of stagnation since the mid-1970s, production and exports picked up in the 1990s. Even though there was a mini-crisis in the early 2000s, the industry has now returned to its booming days in terms of production and exports. As in the case of coir, the cashew industry is characterized by the paradox of a surge in production and exports on the one hand and deterioration in labour standards on the other. As we noted earlier, unions were able to prevent decentralisation in the cashew industry in the 1960s. However, there has been a very large-scale informalisation of the industry in the 1990s, threatening a return to the unregulated conditions of the past. Today, processing takes place largely in informal, and often illegal, processing units that deny workers their statutorily established rights.

Unlike in coir, there is no consensus on any package to save the cashew industry from the present crisis. However, there are some measures to which everybody appears to agree with. First, the dependence of the industry on imported raw nuts from Africa has sharply risen over the 1990s. Therefore, every effort should be made to enhance domestic production, mainly in Kerala and then in other centres of cashew cultivation within the country. Secondly, there has been a growth of non-conventional markets in the recent years, both within and outside the country. It is important not only to develop these upcoming markets but also to ensure a growing share in the final price for our producers. Thirdly, import markets of food items all over the world, as well as our competitors like Vietnam and Brazil, are becoming more quality-aware and safety-conscious. We have to prepare ourselves to participate in this quality/safety race. Fourthly, there are possibilities of better industrial utilisation of cashew by-products and value addition of cashew products.

A contentious issue, one on which there is little agreement among employers and workers, is the choice of measures required to improve labour standards. The growing informal sector has to be regulated. The public sector and the co-operative sector have to be strengthened through professional and commercial management so that they continue to be the reference points for labour standards in the cashew industry. The severe international competition among the cashew processing countries is the major factor generating pressures for reducing labour cost. India is responsible for pushing down wages in the industry, forcing others to follow suit. Therefore, it is of utmost importance that multilateral measures are initiated among producing States and countries to put an end to this mutually harmful race to the bottom.

Handloom

Unlike cashew and coir, handloom industry has been facing a decline in demand for its products. Its domestic market has been largely sustained by the rebate support given by the government during festival seasons. Curtailment of the rebate system has plunged the handloom co-operatives, which account for 85 per cent of the total production in the State, into a deep crisis. The crisis has been much more acute in southern Kerala, which has continued to produce traditional handloom products. Handloom weaving in northern Kerala, particularly in Kannur district, has traditionally been organised on a factory scale and catered to non-traditional products and export markets. However, even the handloom co-operatives in northern Kerala have been squeezed by the rising yarn prices and stiff competition from similar power loom products from neighbouring States. The export market has also come to be dominated by middlemen. The new textile policy, as in the rest of India, has had a deleterious impact on the handloom industry in the State.

Diversification into high value products like sarees and furnishing material and promotion of product innovation are the major challenges. Three traditional products – dhotis, lungis and towels – account for 70 per cent of the production in Kerala. Saree production currently accounts for only five per cent of the total production. In contrast, the corresponding ratios in the rest of India are 50 per cent and 25 per cent respectively.

The handloom industry and the state should attempt to take advantage of the phasing out of multi-fibre agreement through product diversification, quality improvement and cost-competitiveness. The progress of the establishment of a fashion technology and design centre at Kannur and measures to be implemented for Kannur as per its "Town of Export Excellence" status are moving at snail's pace. The cluster-based approach has to be pursued more vigorously. Revitalisation of co-operative societies and weeding out dormant and fake societies has to be undertaken. Comparison of HANVEEV and HANTEX in Kerala with the apex bodies in neighbouring States reveals lack of professionalism, managerial inefficiency and poor financial condition. Overhauling their functioning is a pre-condition for the revival of co-operatives and small-scale production.

Beedi rolling

Beedi rolling has been rapidly declining due to competition from cheaper beedis from other States and small cigarettes, and importantly, a shift of consumption from beedis to cigarettes. Beedi has survived as an organised industry only in pockets of northern Kerala, particularly in Kannur and Kasargode districts. The Kerala Dinesh Beedi Co-operative Society in Kannur, which emerged in the background of struggles against decentralisation and shift of production to low-cost areas in the late-1960s, has had an exemplary track record. In the latter half of the 1980s, the co-operative had expanded to employ about 40,000 beedi workers to whom minimum wages and fringe benefits were paid. The earnings of Dinesh workers were more than double the earnings of beedi workers in other States. Despite its higher labour costs, the co-operative made profits, accumulated assets and attained the largest turnover for any beedi enterprise in the country.

The Kerala Dinesh Beedi Co-operative Society is currently in doldrums, primarily due to the collapse of the beedi market. Fake Dinesh beedis and other cheap brands from neighbouring States have captured a significant proportion of the domestic beedi market. The co-operative is also facing stiff competition form the growth of unorganised sectors in the Kasargode-Mangalore region. Excise duty has been another heavy burden for the co-operative. Stringent actions against trademark violations, state support for diversification programmes, implementation of uniform zonal wages and exemption for the co-operative from excise duty can contribute to the rejuvenation of one of the most remarkable co-operative experiments in the State.

Other traditional industries

Traditional bamboo products, which were mainly domestic or agricultural utensils, are on their way out. However, handicraft products of bamboo and new products like bamboo plywood have large market potential. The bamboo corporation has failed to meet expectations. Diversification of bamboo products, formation of clusters and expansion of bamboo plantations are the major interventions required in this sector.

The handicrafts have a growing export market and demand from the growth in tourism. Traditional apprenticeship has to be supplemented with formal skill upgradation programmes and introduction of new products. Here also, a cluster-based approach can be effective. Scarcity of raw materials is a major problem in this sector. The functioning of the Handicrafts Development Corporation has been inadequate.

With the introduction of RCC construction techniques, tile industry has been on the decline. Rising cost of firewood in the absence of coal has been another major problem. The existing factories can survive only with modernisation and reorientation of production to suit the demand from the construction sector. Traditional pottery survives only in a few pockets. The future of this craft depends upon product diversification and a shift to decorative and fashion products.

Kerala has a large artisan population, which includes traditional construction workers like carpenters and masons and metal workers like blacksmiths, goldsmiths and bronze good makers. With the development of capitalism, a process of deskilling and incorporation of artisans into wage workers, particularly in the construction sector, has been going on. Artisanal workers in other sectors are also going through great strain due to commercialisation of their trades and the emergence of commercial monopolies and their chain market outlets. It is in this context that the role of the Kerala Artisanal Development Corporation assumes relevance.

Khadi and village industries have also been in severe crisis. The withdrawal of government support to these units can sound their death knell. Revitalisation of co-operative societies and a cluster approach with emphasis on diversification and modernisation is important.

The crisis in toddy tapping industry is directly the outcome of government policies. The *abkari* policy of the government discriminates against toddy in favour of IMFL. While toddy shops have been closed down, new bars and restaurants are opening. The workers' co-operatives have been dismantled and the present system of licensing does not provide the contractors sufficient incentives to undertake investment for modernisation of the shops. Adulteration of toddy and sale of illicit liquor has become the norm. The *abkari* policy has to be changed in favour of low alcoholic beverages like toddy and beer. Measures suggested by the Udayabhanu Commission would have a positive impact on the industry. A scheme for modernisation of the toddy shops to ensure hygiene and quality has to be formulated and implemented. Toddy workers' co-operatives may also be encouraged to undertake *Neera* preparation.

B. STATE LEVEL PUBLIC ENTERPRISES. (SLPEs)

In erstwhile Travancore, the government played a direct promotional role in attracting investments from business houses to establish modern industrial units. For various reasons, this inflow of industrial capital dried up in the decade that followed independence (but for exceptional cases, such as the entry of Mavoor Rayons Factory). In the years that followed, the State government began to play a more direct role in the industrial development. As part of the Five Year Plans, a large number of enterprises with the government as promoter and owner were established in the State. In fact, Kerala is today the State with the largest number of SLPEs in India (113 out of 1071). In 2003-04, these 113 SLPEs provided employment to about 116,000 people. The total investment in these SLPEs was more than Rs 18,000 crores in 2003-04.

An important problem with state investment in SLPEs in Kerala has been that scarce resources were spread thinly across a large number of enterprises. As a result, these investments have not been successful in improving operational efficiency in these firms. Currently, majority of SLPEs is saddled with outdated equipment and non-viable processes due to the absence of modernisation of equipment, technological upgradation and product diversification. Other important problems of SLPEs include underutilisation of capacity, low productivity, high cost production, poor product quality and marketability and inventory accumulation. SLPEs also seriously lack in professionalism and accountability on the managerial front.

As on March 2004, 79 out of the 113 SLPEs were running on losses. The cumulative loss incurred by SLPEs as on March 2004 was Rs 4239 crores. In 2003-04, there was an aggregate loss of Rs 219 crores on the account of all SLPEs together. Of the 113 enterprises, 56 enterprises come under the Department of Industries. These enterprises are grouped into various categories as Development and Infrastructural agencies, Chemical industries, Engineering industries, Textiles, Electronic industries and Traditional industries. Of the above 56 enterprises, 13 enterprises operate profitably and the remaining 43 operate in loss today. Some of them have accumulated loss to such an extent that the net worth has been fully eroded. Though in the recent years, the financial performance of some of the SLPEs has shown encouraging trends, there is a need to sustain improved performances over the long term in order to wipe out accumulated losses.

The shift in economic policies at the centre after 1991 has resulted in shrill demands for an outright closure or privatisation of loss-making public enterprises. Neo-liberal policy makers even demand the sale or disinvestment of profit-making public enterprises. The UDF

Government's Industrial Policy of 1991 had also suggested privatisation and liquidation as the solutions to the problems of public enterprises. However, in marked contrast, the LDF Government's Industrial Policy of 1998 specifically aimed at a restructuring of loss-making public enterprises to transform them into *performing assets* instead of privatising them. This policy aimed to empower SLPEs so that they (a) move away from the continued dependence on government protection and price preference through improved performance; (b) manage competition from both domestic and foreign competitors; (c) identify redundant manpower and appropriately deal with it; (d) introduce better production systems, upgrade technology, improve working conditions and ensure quality; (e) manage change as a collective effort involving the management, trade unions and government; and (f) build up an overall culture of productivity and efficiency in organisation and become attractive for investment. The 1998 policy also aimed to launch a special purpose vehicle to meet the urgent financial requirements of SLPEs under a performance contract umbrella.

The LDF government formed sectoral committees to study and recommend restructuring programmes. The broad strategy was to develop a macro perspective and formulate short term to medium/long term plans for the restructuring of potentially viable enterprises. An option for closure was also reserved if the sectoral committees found any enterprise with no potential for viability. In 1998, the government set up the Kerala Industrial Revitalization Fund Board (KIRFB) to provide financial support at low interest rates to ailing units. The KIRFB disbursed loans worth Rs 240 crores to 19 SLPEs that developed definite proposals for revival within a reasonable span of time. The above support helped several SLPEs settle high interest-bearing loans and improve their working capital position. This process came to a halt with the change of government in 2001.

The UDF government constituted the Enterprises Reform Committee (ERC) in November 2001 with a clear mandate to implement neo-liberal reforms. The ERC, in its approach paper, suggested that Government should move away from its ownership and financial support to SLPEs. Chronically loss-making units should be closed down and its assets sold off. Other units operating in loss should be privatised. In the profit-making SLPEs also, private participation for expansion was envisaged. The government accepted the recommendations of the ERC and initiated steps to proceed on the lines of the above recommendations. However, this step could not be implemented because of stiff resistance from the workers.

In the meantime, employees in many of the units organized under trade unions and officers' associations made attempts to address the challenge of restructuring of their units. Unfortunately, the government failed to respond positively to the employee-initiatives. In Keltron Counters Limited, the entire managerial staff was given VRS (Voluntary Retirement Scheme) so that any revival attempt became difficult. The worst case was probably the Kerala State Drug and Pharmaceuticals Limited. Despite the avowed policy of the UPA government to strengthen public sector drug production units and large-scale annual requirement of drugs by the State government, production in the factory has been stopped for the last two years. Nearly half of the employees have taken VRS or moved into alternative employment. An alternative proposal from the workers had showed that the company could break even just by the execution of orders won through competitive bidding from the Department of Health. With the infusion of a bare minimum of Rs 5 crores as working capital loan, the existing credit from financial institutions could have been rescheduled, statutory payments made and working losses avoided in the current year itself. The government deliberately dragged on negotiations for months and after repeated assurances that were reneged, finally refused even to pay an advance for the supply of medicines for which orders had been placed by the Department of Health.

The government also refused to undertake responsibility to devise appropriate revival packages on behalf of units under the BIFR/ AIFR. Instead, the UDF government wanted these units to gradually stop operations and eventually face closure so that the units and its assets could be sold off to private groups. Today, several units have been closed down, many units have ceased production and some units are continuing operations incurring losses. This has not only resulted in a loss of revenue for the government and has also given rise to a host of socio-economic problems.

Amidst state-wide protest against the indiscriminate sell-off of the units and a severe backlash in the elections, the government was forced to set aside the recommendations of the ERC in November 2004. In the place of ERC, a ministerial sub-committee was formed to consider the revitalization of SLPEs. But the stalemate has continued with disastrous results.

Broadly, the approach adopted by the Industrial Policy of 1998 continues to be valid. However, certain modifications may be necessary in the policy so that restructuring plans for the SLPEs meet their objectives of ensuring operational efficiency. A critical review of the implementation of the public sector restructuring programme between 1996 and 2001 should be carried out to identify factors that belied the expectations of revival of SLPEs, despite substantial investment and effort. It is clear that in many cases, the revival packages did not have viable strategies and clear road maps. There was a tendency to succumb to populist pressures. Funds infused into restructuring were often used to meet the immediate financial requirements of firms and not to resolve structural problems and increase productivity. A firm that cannot come up with a viable revival plan in the monitorable road map and a firm commitment from the stakeholders cannot be funded on an ad hoc basis from the budget.

It is evident that continuous budgetary support to neutralise public sector losses is not possible given the financial crisis of the government. Therefore, revival packages will have to be designed through a case-by-case approach. It would include financial restructuring (one-time settlement with creditors, conversion of government loans into equity and provision of soft institutional loans), technological upgradation, redeployment of staff and commitments on providing full functional autonomy. There should be a rigorous performance monitoring system to critically address vital operating parameters, such as consumption ratios of raw materials, utilities and procurement and effective management control. It is a common experience that units wait indefinitely to get approval from the government to go ahead with restructuring plans. Such waiting results in irreparable damage to equipment and trade credibility, which can be fatal. Managements should be encouraged to close down activities in loss-making sectors to reduce losses. Disposal of unwanted assets should be taken up as a priority in the restructuring process. A revaluation of assets may help firms to access more institutional finance.

C. LARGE AND MEDIUM INDUSTRIES

Besides the SLPEs that we have discussed, there were 719 large and medium enterprises in Kerala of which 23 were central sector units, 94 were State/joint sector units, 20 were in the co-operative sector and 582 were in the private sector as on 31st March 2004.

The 23 central public sector units in Kerala had a total investment of Rs 14,548 crores and employed 47,971 workers as on 31st March 2004. The central public sector industries are dominated by chemical and mineral processing industries. Many of these units, including the largest of the central sector units like Fertilisers and Chemicals Travancore (FACT) and Hindustan Machine Tools (HMT), are facing serious crisis due to the changed neo-liberal policy regime. However, a silver lining has been the proposed expansion of capacity in some of the central sector units, such as the Cochin Refineries Limited (CRL), the National Thermal Power Corporation (NTPC) and Cochin Shipyard.

The realization of the Liquefied Natural Gas (LNG) terminal project proposed at Cochin in 1998 is going to make available a cheap and environment-friendly natural gas (at $ 3.5 to 4 per Million British Thermal Units (MMBtu) as against the prevailing $ 18-20 per MMBtu for Naphtha and $ 15-16 per MMBtu for Fuel Oil). This project would help several existing units to survive and prosper besides spurring further industrialization of the State. A gas distribution and supply company to sell Compressed Natural Gas (CNG) to automobile/small scale/domestic consumers is required. Recently there has been a proposal for a GAIL-BPCL-KSIDC combine to form a company for this purpose. The State Government should be able to influence its pricing mechanism through active involvement in the proposed GAIL-BPCL-KSIDC combine so that it is available at affordable cost to the industry and commerce.

There is potential for a world-class Ammonia-Urea complex (1500 MT per day ammonia and 2400 MT per day Urea) at Ambalamedu using Natural Gas as feedstock following the installation of the LNG Terminal at PuthuVypeen. There is vast existing infrastructure and utilities at the Cochin Division of FACT remaining redundant and unused following the closure of the old ammonia and urea complex based on naphtha. Their use will help FACT to competitively operate in the fertilizer market, maintain and continue its growth and increase the turnover. There has also been a long standing demand to set up a petrochemicals complex in the Kasargode region. The availability of natural gas will also be a fillip to this proposal.

India has a growing petrochemical market. The government-owned petrochemical giant IPCL has been sold off to Reliance and now they have a virtual monopoly in the Indian market. With the LNG Terminal at Cochin coming into operation, there is potential for a gas cracker complex at Ambalamedu. Such a project is being considered by the Gas Authority of India Limited (GAIL). Both these products are basic inputs for a variety of petrochemicals.

Titanium based pigments and paints, titanium metal and its alloys are one of the fast growing segments in the chemical processing industry. A master plan for titanium development, including moving up the value chain to produce titanium sponge and metal, and encompassing the future growth prospects of KMML and TTP may be developed. The tendency has been to process the rare mineral sands of Kerala for exports. Such a strategy of mineral development is counterproductive because while the value addition takes place abroad, we are left with the burden of repairing the ecological damage and pollution.

We also need to pursue vigorously the proposal to expand Cochin Shipyard in scale and technological capability in line with the advanced shipyards of Korea and Japan. The suggestion is to improve the existing facilities and a new sip building unit either at the same premises or at the Vallarpadam Terminal.

The number of public sector units established every year has been declining, and only 11 public sector units were established in the State in the 1990s. This underlines the importance of attracting more Indian private corporate sector investment. The current levels of private investment in this sector are very low; between 1991 and 2000, Kerala's share in the amount of total proposed investment in India (*Industrial Entrepreneur Memorandum* and *Letter of Intent*) was only 1.1 per cent. The corresponding share with respect to FDI was only 0.3 per cent. Not only was the quantum of private sector investments low, it was also channelised into a narrow band of industrial sectors.

According to data from the Annual Survey of Industries (ASI), two industries – chemicals and rubber-based industries – dominate value added in the factory sector and two industries – cashew processing and beedi making – dominate employment in the factory sector of Kerala. Between 1995 and 1998, chemicals and rubber-based industries accounted for 38.9 per cent of the total value added by Kerala's factory sector (see Table 3). On the other hand, in terms of share in employment, the dominant industry groups were mainly cashew processing and beedi making, which together accounted for 44.1 per cent of Kerala's factory employment. ASI data show that, in 1994-95, Kerala was 11th among 15 Indian States in diversification with respect to the number of constituent three-digit industries in the factory sector. The presence of metal-based industries and machinery and transport equipment manufacturing industries in Kerala's industrial sector are less than proportionate to the countrywide average.

Diversification *within* major industries in Kerala has also been rather limited. According to ASI data, while there were 44 four-digit industries within the two-digit industry group of "chemicals" in India in 1994-95, only 15 of them had a presence in Kerala in that year; the

Table 3 ***Shares of two-digit industries in total value added and employment, factory sectors, Kerala and India, 1995-98,*** in per cent

Industry group	Share of value added (%)		Share of employment (%)	
	Kerala	India	Kerala	India
Food	17.7	7.3	34.8	13.1
Tobacco	2.2	1.6	9.3	5.8
Cotton textiles	5.1	3.8	6.3	8.6
Paper	5.2	2.3	4.4	3.5
Chemicals	20.7	18.3	7.4	7.8
Rubber	18.2	7.8	5.8	3.5
Minerals	3.4	3.6	5.8	4.7
Metals	3.2	10.0	2.2	6.9
Machinery	7.0	12.0	4.9	9.6
Transport	2.5	8.1	1.3	6.0
Total factory sector	100.0	100.0	100.0	100.0

Notes: The ten two-digit industries for which we have presented data, together, account for shares of, respectively, 85.2 per cent and 74.8 per cent in total value added by the factory sectors of Kerala and India; and shares of, respectively, 82.2 per cent and 69.5 per cent in total employment by the factory sectors of Kerala and India.

Source: Calculations from ASI Results for factory sector, various years.

corresponding number for a State like Maharashtra was 38. Chemical industry in Kerala has not diversified beyond the production of some inorganic chemicals and fertilizers. Petrochemical industry, production of plastics and synthetic fibres, and drugs and pharmaceuticals industry all have very limited presence in Kerala. In sum, it can be said that the industrial structure of Kerala is relatively narrow in size and not very diversified in product mix.

Unlike the industrial sickness in the SLPEs, the crisis faced by the existing private large and medium industries in Kerala has not received sufficient attention. One has only to visit the Kanjikode industrial belt, which even in the latter half of 1990s caught the State's attention by its rapid expansion, has today become a virtual industrial graveyard. A large number of private sector units in chemicals, textiles and engineering are closed or under the threat of lockout. A special purpose vehicle under the KSIDC may be formed with due representation of the financial institutions to examine each case and prepare revival packages.

The major strategic initiative with respect to future course of industrialization in Kerala is two-fold. One, which we have already touched up on, is strategic planning to take best advantage of the LNG terminal at Kochi. The second is a clearly enunciated policy for diversification of the industrial structure in the new dynamic sectors in which Kerala has greater competitive advantage, such as knowledge industries and service industries that we shall take up separately.

D. SMALL-SCALE INDUSTRIES

The small-scale industrial sector contributes to nearly half the total industrial production in Kerala. In terms of employment, its share would be around 80 per cent. Over the years, there has been a significant increase in the number of small-scale industries in Kerala. As on March 2004, there were 2.8 lakh small-scale industrial units in the State that employed 12.4 lakh workers and had a total investment worth Rs 4031 crores. Of the 2.8 lakh small-scale industrial units, about four per cent were run by Dalits and Adivasis and about 18 per cent were run by women.

However, many of the small-scale units are currently facing serious problems related to industrial sickness, firm mortality and low levels of productivity and value addition. Data indicate that the number of new small-scale units established has been declining. This trend has to be reversed and conditions created whereby viability issues of the existing small-scale units are taken care of. A major policy step in this direction has been the adoption of a cluster-based development approach. The experience of clusters that have already been set up in rubber, plywood, rice mill, ethnic food, gold ornaments, diamond polishing, plastic products, tiles, garments, agricultural implements, leather, bamboo, silk, food processing, paint and general engineering should be carefully monitored and appropriate lessons drawn. Yet another step in the right direction has been the setting up of industrial parks by KINFRA. Earlier attempts at creating industrial estates have not been greatly successful. Suggestions have been made in the past to establish Technology Transfer Centres to make available the latest technologies to entrepreneurs. Marketing networks, through either co-operatives or corporate agencies, are also required. In these initiatives, the participation of trade associations is central.

The present entrepreneurship development programmes have to be strengthened with more product and process orientation. Entrepreneurship training should be integrated with the identification of viable projects and the facilitation of a package of supporting measures, including credit. There should be follow-up and monitoring of projects by the training institutes. Many complicated procedures need simplification along with statutory backing. District Industry Centres (DIC) need to be professionalised in order to ensure better governance and co-ordination among various support agencies.

The ambitious programmes for starting micro-enterprises have not been successful. The experience is that these enterprises are often very stereotyped, produce goods of uncertain quality and in the absence of branding, are confined to immediate local markets. Most of the micro-enterprises, particularly those catering to food and other consumer products, do not survive for long forcing the entrepreneurs to manage heavy debts. It may be necessary to provide common work facilities to ensure more efficient monitoring of quality of the products of micro-enterprises.

The Achilles Heel of micro-enterprises has been marketing. In order to ensure stable markets, it is important that clusters of units are developed with standardised and high quality products that can be branded and sold by centralised marketing agencies. An important proposal has been to create a chain network of at least 5000 sales outlets with standardised modern facilities for preservation, display and creating a State-wide brand image with the help of LSGIs. The existing large stock of IRDP sales outlets and part of the marketing complexes of the LSGIs can be used effectively for this purpose. Each of these sales units can be franchised to kudumbasree units.

Suggestions have also been made to create a Small Enterprises Commission to ensure a co-ordinated approach towards networking enterprises and bringing about better inter-industry co-operation.

E. THE INVESTMENT ENVIRONMENT

It is by now clear that faster growth in the industrial sector requires more investment, which has to come from private sources within and outside the State. To become an attractive destination for investment, the State needs to identify the major factors that have led to the perception of investment-unfriendliness and adopt corrective measures. The perception of a prospective investor depends on a complex set of factors related to the ease of entry and exit, flexibility of operations and anticipated returns to capital. More specifically, an investor would examine the behaviour of labour, levels of infrastructure, nature of regulations, attitude of the bureaucracy and the thrust and stability of state policy.

It is true that Kerala is perceived as a "labour problem State" thanks to the propaganda unleashed by the right-wing as well as a section of the media. We have already explained earlier how this is more rooted in ideologically motivated propaganda rather than reality. Nevertheless, there are certain unhealthy labour practices in certain sectors related to transportation and construction that create bottlenecks for smooth establishment of industrial units. These practices have to be collectively reviewed and rectified on the basis of a consensus. The trade union movement itself has self-critically acknowledged such deviations and proposed measures to counteract them. The social security protection of workers in such areas has to be further strengthened. Industrial relations in these sectors have to be brought within the ambit of regulatory regimes, which have proved their effectiveness wherever they have been implemented.

An outstanding feature of labour organization in Kerala is that it has brought in informal-sector workers into its fold, while informal-sector workers in other parts of India continue to survive under oppressive working conditions. Wage rates of informal-sector workers in Kerala have risen above the corresponding Indian averages and the corresponding wage rates in neighboring States. It is worthwhile at this juncture to quote the sincere and self-critical remarks of E. M. S. Namboodiripad with respect to Kerala's industrial growth and labour unions. Concluding the debate that was initiated by his Mathai Manjooran Memorial Lecture in 1992, he said,

> Due to the efforts of working class political parties, workers have been successful in raising wages and salaries through collective bargaining. However, landowners and industrialists have been unable to raise the levels of agricultural and industrial productivity at the same rate...Landowners and industrialists should gain the capacity to raise the levels of material productivity at rates higher than or equal to the rate of growth of wages and salaries. The state, employers and employees should work collectively to develop new technologies that are suited to achieve it...I declare that we are ready to correct any mistake in our approach in attaining this objective.

It goes without saying that infrastructure bottlenecks that keep transaction costs high and productivity and profitability low need to be removed to increase the inflow of private capital. The higher price of land in Kerala compared to other States is another important infrastructural constraint. Possibilities of allotment of land to prospective investors with reasonable discounts on prices have to be ensured. Institutionalised mechanisms to deal with environmental hazards created by some industries have to be put in place. There is a lack of institutional infrastructure in the high-value added financial and technical services. There is also a shortage of centres of educational excellence for R & D activities and training in specialised and advanced skills. Urgent measures are necessary to ease these constraints.

Bureaucracy in Kerala needs to be shaken up to become friendlier to investment. Red tape, complications in administrative procedures, delays in sanction, corruption and suspicious officials are the nightmare of any investor, and scare them away. The number of "clearances" required to start an enterprise in Kerala remains high, and needs to be reduced. The "single window" approach to clear industrial applications has to be practised in its true spirit. Each government department here has to act as a facilitator and not as an obstructer. Further, different departments have to act in tandem in clearing applications. Better co-ordination between departments is required in this regard.

A broad development consensus is also required among the political parties transcending narrow and sectarian positions. This is more so in a State like Kerala where no political party has had a permanent dominance over state power. The Left has always taken the initiative to evolve a political consensus for development in the State. We have already seen the how UDF policies have disrupted the political consensus on development that had emerged through the development dialogues after the first International Congress on Kerala Studies in 1994. In his Mathai Manjooran Memorial lecture, E. M. S. Namboodiripad had called for a new *developmental culture*in Kerala. He elaborated,

> I stand for a developmental culture where, even while handling politics in mobilising resistance against the Congress, the BJP and other caste-based and communal formations, political parties work together in furthering the cause of local development...The winners should seek co-operation from the losers and the losers should offer co-operation to the winners [on issues relating to development].

IX
THE NEW GROWTH SECTORS

As we have already seen, Kerala's industrialisation started with the development of agro-processing industries. Kerala was abundantly rich in natural resources in terms of forest and marine wealth and also the diversity of commercial crops. However, resource-based industrialisation did not advance beyond the stage of proto-industrialisation and the primary processing of agriculture-forest-fishery products. The upper end of the value chain in these primary commodities always lay outside the State. There was not sufficient policy intervention by the government to enhance value addition in agro-processing within the State itself. With the spread of unionisation, the cheap labour-assisted competitive base of these industries has eroded.

State intervention in industrial development was focussed on, for historical reasons, the promotion of investment in energy-intensive chemical industries. An important factor was the perceived availability of cheap hydroelectric power. This was true of the industrial policy of erstwhile Travancore and also of the early decades of planning in independent India. However, by the 1980s, Kerala was chronically facing power-shortages, and power rationing and power cuts crippled the growth of large industries. Kerala also lost its early advantage over other Indian States with respect to the cost of electric power. There were constraints with respect to the marketing of chemicals and allied industrial goods produced in Kerala; downstream industries consuming chemicals or other intermediate goods never emerged on a large-scale. There have also been popular protests against the polluting of air and water by chemicals-producing units. All these factors limited the expansion of the chemicals-dominated, modern industrial sector of Kerala.

An acceleration of future industrial growth in Kerala involves a conscious reorientation of our industrial promotion policies for the promotion of sectors where Kerala has currently clear comparative advantage. The availability of skilled and educated, but no cheaper, labour, an ecological system characterized by inter-linked water systems and a dense population that is sensitive to pollution concerns are some of the basic considerations to be borne in mind. The focus also has to be on industries where investment would have greater linkage effects with the small capital in the domestic economy.

It is in this context that the so-called "knowledge-based" industries, such as information and communication technology (ICT) and biotechnology, skill-intensive industries, such as light engineering and service-industries, such as tourism are vital for the future industrialization prospects of Kerala. Historically, industrialization in Kerala has involved relatively low levels of investment in the above industries. There are hardly any major research institutions in Kerala carrying out basic or applied research in science or engineering.

Evidence from various countries clearly indicates that effective state intervention is crucial for a region's success in knowledge-based industries. For instance, government intervention in setting up high technology industries and, more importantly, in education and research was the key to Taiwan's success in high technology industries and services. It is a case of policy failure that in Kerala, despite the relatively large supply of an educated workforce, there have been no major investments by the State or central Governments in high technology industries or in institutions for research and higher education.

A. INFORMATION COMMUNICATION TECHNOLOGY (ICT)

Information Communication Technologies (ICT) can contribute to the acceleration of economic growth in many ways: (a) creation of ICT industries, such as in hardware, software, telecommunications and entertainment; (b) providing new and more efficient methods of production for the existing industries; (c) bringing previously unattainable markets within the reach of local producers; and (d) improving the delivery of government services and increasing access to basic social goods and services. The ICT sector could thus open up a number of opportunities in the State towards bringing in better technology, attracting investments and generating employment for the educated work seekers.

Few States in India have Kerala's advantages to exploit the possibilities offered by ICT. Kerala's advantages include better human resource development in general, availability of low-cost professionals at the entry level, excellent connectivity (as shown by the highest telephone density and international gateway presence at Kochi) and significantly lower operational costs compared to other cities. To make use of the opportunities, a concerted effort has be launched to overcome the weaknesses of the State, such as shortage of middle- and senior-level professionals, inadequate power supply, insufficient industrial park area and facilities and poor perception of the State as an investment destination.

The current status of the ICT industry in Kerala relative to that in India is very poor. Even though Kerala was the first State in India to take definitive steps towards building an electronics industry, total sales revenue in the ICT industry in Kerala as a share of total revenue in the ICT industry in India was only 2.5 per cent in 2003 (see Table 4). In the new ICT growth segments (that is, computer software, Information Technology services, Information Technology Enabled Services (ITes) and Business Process Re-engineering) also, the share of sales revenue in Kerala relative to India as a whole was less than the share of its population. The total sales revenue of the ICT industry in Kerala in 2003 is estimated to be Rs 4200 crores. The only two sectors where the share of sales revenue in Kerala appears to be high were "computers and peripherals" and "Communication and Broadcasting Equipments". The total direct employment in the ICT industry in 2003 was about 1,55,000. It is evident that Kerala has not been able to seriously participate in the gold rush phase of the ICT industry in India at all.

The IT sector in India, according to reports, is poised to expand rapidly to more than double its present size and account for more than 35 per cent of the total exports from India within the next five years. Kerala should have a pro-active policy to exploit these newly emerging opportunities.

One important feature of the ICT industry in Kerala is that over 40 per cent of its employment generation is in the service segment. Further, 71 per cent of the employment in the ICT industry in the State is in small and micro enterprises, which is almost equally divided between services and manufacturing. Thus, the micro and small enterprise section of the service sector, which forms only 4.2 per cent of the overall industry size, accounts for 34.8 per cent of the total employment in the ICT industry. The labour-intensive micro and small enterprise segment of the industry is characterised by low levels of skill, technology and value addition.

From the above, it follows that a growth strategy for the ICT industry in Kerala should focus on,

a. building up substantial strengths in service segments;

b. capitalising on existing strengths in the manufacturing segment, as growth in this segment will have a bearing on the rest of the segments;

c. improving the performance and quality of the micro and small industry base and broadening this base further;

d. accelerate the incorporation of ICT technologies in the production and delivery systems (see the discussion on e-governance in Part III); and

Table 4 *Sales revenues from the ICT industry, Kerala and India, by segments, 2003, in Rs crores*

Name of the Segment	Sales revenue (in Rs crores)		
	India	Kerala	Kerala's share (%)
Consumer Electronics	13800	519	3.76
Industrial Electronics	5550	252	4.54
Computers and Peripherals	4250	689	16.21
Communication and Broadcasting Equipments	4800	388	8.08
Strategic Electronics	2500	4	0.16
Components	6600	240	3.64
Computer software (Domestic)	2100	41	1.95
Computer software (Exports)	10420	145	1.39
Information Technology Enabled Services and Business Process Outsourcing (Domestic)	1450	40	2.76
Information Technology Services (Domestic)	14150	48	0.34
Information Technology Enabled Services and Business Process Outsourcing (Exports)	16380	40	0.13
Information Technology Services (Exports)	31440	0	0.00
Entertainment Industry	2220	91	4.10
Telecommunication Services	49768	1692	3.40
Total	165428	4189	2.53

Source

e. move more rapidly towards universal e-literacy.

This growth strategy would have to be, by and large, driven by private sector investment, with the government playing the role of facilitator and regulator. The proper lessons from the failure of the earlier investment promotion efforts in the ICT industry, such as the manufacturing enterprises in the public sector, have to be learnt.

Earlier investment promotion measures had been, by and large, open-ended, large industry-oriented and centred in ICT growth centres. The existing Technopark, Infoparks, Software Technology Parks of India (STPI), KINFRA IT parks and the Cochin Special Economic Zone have to be strengthened and new ones established. There have been suggestions to establish an integrated IT complex at Ambalamedu as an expansion of the Infopark at Cochin and also an IT corridor from the Technopark along the bypass road. We also need to attract prominent global players in the ICT sector. However, initiatives for establishing district-level software parks with high quality infrastructure and amenities should also receive adequate attention.

Efforts should be made to bring more transparency in the functioning of software parks to enhance their social accountability, acceptability and credibility. We also have to purposefully link these parks to academic institutions and open up avenues for linkages between these institutions and micro and small enterprises. We should build up common facility centres and facilities for incubation to promote Small and Medium Enterprise (SME) start ups. We should also build packages to facilitate the growth of high quality business consulting services, technical consultancy services, intellectual property assistance and venture funding for SMEs.

We need to continuously upgrade the technical infrastructure and facilitate 365-day 24-hour operational facilities with flexi-timings in software parks. Accompanying measures should include the improvement of city infrastructure and urban amenities and establishment of institutionalised mechanisms for speedy handling of clearances.

In order to sustain the growth of the ICT industry, we also need regular supply of fresh stock of human resources with varied skills, experience and exposure. This stock includes entry-level engineering graduates, software engineers, developers, trainers, project leaders, project managers, domain specialists, technical writers and marketing executives. To start with, our target should be to ensure adequate supply of entry-level professionals. Improving the quality of training in both the formal and informal sectors is a priority requirement for this. Currently, it is estimated that there are 2850 ICT training institutes in the State. Short- and medium-term strategies have to be formulated to upgrade educational infrastructure and improve the quality of training around the existing centres of excellence. Facilities for certification of training centres, trainers and professionals should be established wherever required, apart from industry-based certification mechanisms. A beginning has already been made in the incorporation of ICT in the school curriculum, which needs to be expanded.

Business Process Outsourcing (BPO) and Information Technology Enabled Services (ITes) sectors have the potential to absorb large number of graduates, and even matriculates and diploma holders. Promoting ITes would require abundant supply of human resources with strengths in spoken English, good accent and domain specific skills (such as payroll processing, insurance processing and medical transcription). Growth of ITes also requires provision of good quality broadband connectivity and physical facilities like space and power supply.

B. BIOTECHNOLOGY

Biotechnology is another component of the contemporary science and technology revolution that is radically transforming the production processes by creating new methods and products in a variety of areas, such as agriculture, health care, industry and environmental conservation. Being a biodiversity hotspot in the world, Kerala has natural advantages in biotechnology, which is further complemented by the presence of a large educated workforce and well developed knowledge and skill in ayurveda and the production of herbal medicinal products. However, we have failed so far to make use of our advantages for want of adequate research infrastructure, investment and policy orientation. The State has adopted a Biotechnology Policy, which largely remains unimplemented.

Agricultural biotechnology

Agricultural biotechnology can contribute to the rejuvenation of Kerala's agriculture and the integration of the educated labour force into agricultural activities. For this purpose, priority areas of biotechnology have to be identified, which are suitable for our agro-economic and social environment. Biotechnology can effectively complement the conventional plant breeding strategies. Its applications include generation of improved crops, use of molecular markers to tag and select genes of interest, DNA-based diagnostics for pests and pathogens of crops, assessment and monitoring of biodiversity, and *in vitro* mass multiplication of elite planting material. It is also important that biotechnology provides low cost solutions to address the problems of farmers.

We also need to pay attention to what are called "lower biotechnologies", such as the production of biofertilisers and microbial and insect bio-control agents. Medium-sized tissue culture propagation units have to be encouraged as a means of employment generation. Rare plants have always had a premium market at the international level. We have to encourage the establishment of units that can multiply and export these plants and plant materials. A net work of low-cost *in vitro* propagation units would also be useful in multiplying new varieties for the use of farmers. They would help to reduce the cost of planting materials as well as ensure the availability of sufficient quantity of good quality propagules.

Entrusting the hardening of tissue culture plants to Self Help Groups (SHGs) would be useful in increasing the volume of production of tissue culture plants, providing an additional source of income to the unemployed and popularizing technology in a participatory manner. Appropriate technology, right practice of technology and prevention of malpractices are important for the success of commercial tissue culture propagation. Virus indexing has to be made mandatory for tissue culture propagation of crops like banana and cardamom.

Health care: Pharmaceuticals and Ayurveda

In the field of health care, development of recombinant DNA and other modern technologies can help in finding solutions to the health hazards, such as cancer, diabetes and cardio-vascular and other physiological disorders. We can provide a major boost to ayurveda using biotechnology by combining the use of traditional knowledge with the scientific validation and technical product profiling of our biodiversity.

There are significant opportunities for building up a global herbs-based industry in Kerala. As per WHO estimates, almost 80 per cent of the population in developing countries relies on traditional medicine, mostly plant drugs, for their primary health care needs. A minimum of 25 per cent of the drugs in the modern (allopathic) pharmacopoeia are derived from plants. China exports herbal medicines valued at US $ 5 billion per annum, while India's exports are valued at about US $ 300 million. The size of the domestic market for ayurvedic, herbal and plant-based products is estimated to be around Rs 3000 crores, which is growing the rate of 15 to 20 per cent per annum. There are about 7500 manufacturing units for these products in India, of which about 1000 are in Kerala.

Over 800 species of medicinal plants are used in production of traditional medicines. Of these, less than 20 per cent are under commercial cultivation and have to be collected from the wild. Inefficient and destructive harvesting leads to depletion of the plant resource base. Further, for industrial production of herbal products there is a need to ensure authenticity and quality of plant material used.

In spite of the commercial success of the phytopharmaceutical industry, numerous problems related to the safety and efficacy of plant-based medicines have emerged. The identity of medicinally active markers remains elusive. Much variability exists between individual plants in the concentration of marker and active constituents, depending on the growing conditions, management practices and the time of harvest. Furthermore, the adulteration of medicinal preparations with misidentified plant species, contamination of plant materials and the resulting preparations with insects, bacteria, fungi, and environmental pollutants are major concerns. Depending on the storage, duration of storage and techniques for drying and processing, the medicinal content of finished products can be compromised. In this scenario, to truly exploit the enormous potential of the phytopharmaceutical sector, Kerala will have to develop a research agenda covering a spectrum of needs from ensuring availability of quality plant material to the large-scale cultivation, harvesting, storage, processing, testing, and packaging of important medicinal plants to meet the stringent requirements of global and domestic markets. A major drug research centre, especially to address the above issues, has to be established.

Human resource development and infrastructure

Considering the rapid pace of development of biotechnology at the national and international levels, there is immense potential for human resource development in this field. An integrated course in biotechnology as per national standards, post-doctoral programmes and short-term training programmes are essential. Technician Training Courses (TTC) in various aspects of biotechnology hold promise for massive employment generation. Job-oriented training courses may be initiated, for generating skilled technicians. A State-level Biotechnology Coordination Committee can effectively take care of biotechnology development in the state.

Biotechnology Parks that can act as a single point contact for product selection, technology identification, outsourcing and consultancy services are necessary. Attempts should be made to make use of the tremendous opportunities offered by the outsourcing of biotechnology works by developed countries.

Research priorities in biotechnology should have relevance to the specific requirements of the State. Equipping our research institutions towards this end should form a component of our future strategy in biotechnology. It is essential that meaningful multi-institutional programmes for biotechnological interventions are initiated. Centres for bioinformatics, Centres for molecular and immunological disease diagnosis and facilities of virus indexing have to be established.

C. TOURISM

Along with ICT and biotechnology, tourism has been identified as a new growth sector. The rich natural biodiversity of the State that includes high ranges with its hill stations and wild life sanctuaries, the rolling mid lands and meandering rivers and coastal plains with lagoons and beaches make Kerala one of the most attractive tourist destinations. The hospitality industry is suited to the high human development attainments of the work force. The experience of the last two decades has confirmed the tourist potential of the State.

The number of foreign tourists visiting Kerala has increased from 12,562 in 1975 to 66,139 in 1990 and 294,621 in 2003. Of all the foreign tourists arriving in India, only about 2.7 per cent visited Kerala in 1975; this share increased to 5 per cent in 1990, and 11 per cent in 2003. In nominal terms, the earnings from foreign tourists increased from Rs 27 crores in 1990 to Rs 984 crores in 2003. The number of domestic tourists visiting Kerala was 100,496 in 1975. This number increased to 866,525 in 1990 and 5,011,221 in 2000. In the 1990s, the rate of growth of foreign tourist arrivals was 12 per cent per annum and the rate of growth of domestic tourist arrivals was 18 per cent.

It is estimated that the contribution of travel and tourism forms 7.7 per cent of Kerala's NSDP; travel and tourism also accounts for about 6 per cent of all jobs in the State. Visitor exports (tourism receipts from international and ex-Kerala Indian visitors, including spending on transport) are estimated to be 14 per cent of total exports.

The World Travel and Tourism Council (WTTC) has projected that the share of travel and tourism economy employment in total employment in Kerala would increase from 6.2 per cent in 2003 to 15 per cent in 2013. This represents a total generation of 15 lakh additional jobs. Visitor exports are projected to rise from Rs 41 billion in 2003 to Rs 270 billion in 2013. At the same time, the total capital investment in tourism has to increase from Rs 18 billion in 2003 to Rs 75 billion in 2013. Almost all of this additional investment has to come from the private sector. However, promotion of tourism requires state investment in certain critical infrastructure and formulation of appropriate regulatory frameworks.

Infrastructure also includes ensuring enough tourist accommodation as well as facilities for travel. Many international hotel chains already have presence in the State. In 2003, there were 2 five-star deluxe hotels, 5 five-star hotels, 9 four-star hotels, 66 three-star hotels, 40 two-star hotels, 11 one-star hotels and 9 heritage resorts in Kerala. Over the years, the increase has been in the number of three-star hotels. In our scenario of tourism development, this trend would continue. However, there is urgent need to rapidly expand the room availability in all types of star accommodation involving large investment. The standard investment per room is about Rs 40 lakh for four-star hotels and about Rs 15 lakh at lower levels. Around 30,000 additional rooms have to be created. Steps to ensure the strict enforcement of quality and standards are very important in this context. Keeping our advantages in mind, we also have to look at innovative ways of linking the protection of our traditional buildings with the promotion of tourism. Suggestions have been made to set up a "Heritage Home Protection Scheme" that provides incentives to convert traditional houses to tourist accommodations.

To encourage private sector investment, a number of special tourism zones with assured basic amenities, such as quality access, water, power, communication, waste management and other municipal facilities will be set up. We have the experience of Kovalam before us on how a tourist spot should not be developed. Unplanned and unregulated construction activities and overcrowding in tourist spots have to be avoided. Each identified region with tourism potential should come under a master plan. This master plan should contain a carrying capacity study, details of the necessary infrastructure and an environmental impact assessment.

Besides the hotel accommodation, a significant expansion of luxury cruises and luxury houseboats are required, as these are areas that raise the revenue per tourist significantly. Boat centres with common sanitation facilities have to be set up so that the current disastrous trend of tourist waste pollution in the backwaters is put and end to. Introduction of luxury buses and coaches for the travel of tourists from one place to another is also an area where investment needs to come in.

The creation of tourism products has already been identified as an important measure to attract tourists to the State. The specific natural features of Kerala, such as the backwaters, beaches and the tradition of ayurveda, are rapidly developing into marketable products. New tourism products, such as farm tourism, adventure tourism, medical tourism, ecotourism and monsoon tourism hold great potential. Unexploited regions of the State with tourism potential would also have to be developed into unique products. Historical monuments, buildings, festivals and unique skills (as in culinary) would have also to be considered in this effort. A scheme for standards and approval of all tourism products has to be implemented to safeguard against deterioration of quality and to support innovation.

The expansion of tourism during the last one decade has been largely been due to the success of the marketing strategy that was initiated under the last LDF government. The brand image of Kerala as a destination of quality tourists has to be maintained through aggressive promotional campaigns. While the focus on European markets would have to continue, efforts must be made to diversify to Gulf and South East Asian regions also.

The educated unemployed have to be imparted specialised skills in tourism management to best exploit the possibilities in this sector to reduce unemployment. Kerala already has one institute for tourism and travel studies and one institute for hotel and catering management. The possibilities of starting more such institutes to provide training to the additional jobs created in this sector as well as to raise the quality standards in the existing institutes have to be given priority. An international institute of hospitality management has to be set up. A network of quality institutes in collaboration with leading tourism enterprises have to be established. A board has to be formed to monitor and approve tourism related courses. Tourism and hospitality related courses could be included in the curriculum of our universities. A related area is the general education to be inculcated in persons employed in tourism-related vocations, such as waiters, taxi drivers, tourist guides, cooks and information providers. Spread of public awareness regarding civilised behaviour with tourists is yet another area that needs attention.

The competitive advantage of Kerala lies in our natural beauty and cultural heritage. Therefore, we have to ensure that short run profit motives do not disrupt the social fabric and the environment, which involves strict social regulation. There are large numbers of concerned citizens who have expressed fears regarding the rapid expansion of tourism. These groups can act as watchdogs and their criticisms and concerns will have to be given due consideration.

Domestic tourism is largely accounted for by the influx of devotees into the forest shrine of Sabarimala. The master plan for Sabarimala development should be given statutory backing with clearly defined roles for different agencies and a special agency set up to co-ordinate its time-bound implementation. The Sabarimala pilgrimage has close linkage with the local economies along the pilgrim route; hence, the LSGIs on the pilgrim route should also be involved in the formulation and implementation of the master plan.

LSGIs will have a major role in the development of special tourism zones. They would be involved intimately in the planning exercises and the master plans so drawn up in a participatory process under expert guidance would become points of reference to local level infrastructural and other development programmes. Such plans hold the vital key to integrate tourism with planned local level development through backward linkages of *tourism services and products to local small scale* enterprises (besides the normal development of tourism infrastructure) and ensure a due share of the benefits of tourism development to local communities. The necessary changes have to be made in the Kerala Tourism (Conservation and Preservation of Tourism Area) Act 2005 to ensure local level planning and participation.

X
ENERGY SECTOR

A major constraint to acceleration of industrial development in the State would be the availability of energy of sufficient quality and quantity and therefore, it is an area of priority concern and action. Kerala is relatively poor in energy sources; it does not have any known reserves of coal, oil or natural gas. The constraints faced by the state arising out of this poor resource base is evident from the low value of per capita commercial energy consumption (i.e., excluding biomass consumption), which was 266 Kgoe in 2003, as against the national average of 325 Kgoe, China's average of 915 Kgoe and the world average of 1553 Kgoe. Surprisingly, the industrialisation strategy of the State till the end of the 1970s largely revolved around efforts to attract several energy-intensive industries. During a brief period, the Kerala State Electricity Board even earned revenue from exporting surplus power to neighbouring States. This only underlined the low level of commercial energy utilisation and backward industrialisation of the State.

By the mid 1990s, Kerala was seriously deficient in electric power leading to frequent rationing mostly for industrial consumers. There was 100 per cent power cut and load shedding prolonging up to 3.5 hours in the night/day. Through determined efforts, the LDF government (1996-2001) was able to increase the capacity from 1509 MW in 1996-97 to 2542 MW in 2000-01. The power cut and load shedding ended. The significant step up in the annual sales, extension of lines and the number of distribution transformers between 1995 and 2000 (see Table 5) is a reflection of the efforts of the LDF government. By contrast, there has been a deceleration in the growth of power infrastructure and energy sales after 2001. Load shedding has been re-introduced, more out of financial considerations rather than technical constraints based on the inadequacy of peaking capacity.

Despite the good performance in the latter half of the 1990s, the growth rate of installed capacity between 1971 and 2004 for Kerala was only 4.9 per cent per annum, while it was 6.4 per cent per annum at the national level. This indicates that there can be no complacency in the expansion of installed capacity. If the significant acceleration of economic growth that is envisaged in our document is realised, there is no doubt that the State would be facing a power deficit even in the short-term scenario.

Problems on the supply side

The Kerala power system includes 18 hydel stations, 2 captive power plants, 2 thermal stations and 3 Independent Power Projects (IPP). The share of power from hydel sources in the total availability has declined from 67.1 per cent in 1999 to 38.3 per cent in 2003 and 31.4 per cent in 2004. The share of thermal energy and imported energy has increased from

33 per cent in 1999 to 61.7 in 2003 and 68.5 per cent in 2004.

The cost of internal generation has increased drastically following the increasing dependence on expensive thermal generation. It has been pointed out that the variable costs of Brahmapuram Diesel Power Plant have worked out to Rs.3.23 per KWh and Rs. 2.90 per KWh in April 2004 to September 2004. The variable cost of Kayamkulam combined cycle Gas Turbine Station (using naphta) is Rs.3.39 per KWh. With every increasing price of crude oil in the international market, the variable cost of power generated by the independent power producers in Kerala (viz., BSES, KPCL and NTPC) has become prohibitively costly.

The hydro power plants, which are crucial for keeping the cost of production within limits, have started suffering from high forced outages and declining availability. Delays in completion of ongoing hydel projects including augmentation and diversion projects, delays in environmental clearances are compounding the situation further. The tariffs have not been keeping pace with the rising costs, adversely affecting the Boards' financial condition.

Problems on the demand side

On the demand side, the pattern of consumption in the State is also distinct from the rest of the country. Between 1981 and 2004, the share of domestic consumption has disproportionately grown from 16.4 per cent to 44.2 per cent. In contrast, the share of high-tension consumers declined from 62.1 per cent to 25.2 per cent in the same period. An even more disconcerting feature is that the share of low- and medium-tension consumers has also tended to decline from 8.1 per cent in 1981 to 6.5 per cent in 2001. Since then this ratio has climbed back to 8.5 per cent in 2004. Agricultural consumption is only 2 per cent to 3 per cent of the overall consumption. The steep rise in domestic consumption coupled with the stagnating industrial consumption has affected seriously the revenues of the Board. The industrial and commercial consumers compensated low revenue from the subsidized domestic sector. Also, the change in the composition of demand has resulted in a very high peak in the load curve of Kerala grid system, the peak load being twice that of off-peak load. This has warranted huge investments towards meeting the peak demand, resulting in low Plant Load Factor (PLF) and inefficiency of the system.

Insufficient distribution of transmission lines and inadequate number of transformers, in both number and capacity, has led to unacceptable

Table 5 *Indicators of growth in Kerala's Power sector, 1951 to 2004*

Particulars	1951	1961	1980	1990	1995	2000	2004
Installed Capacity (MW)	38	133	1012	1477	1492	2351	2616
Annual Sales (MU)	140	518	4318	4890	7081	8813	8911
EHT lines circuit (km)	911	1900	4404	5770	9109	7599	9256
EHT Sub-stations (number)	12	22	86	130	157	178	205
HT lines Circuit (km)	1067	5449	13348	19627	24509	28672	33280
LT line circuit (km)	992	8889	47606	95838	125390	180499	201637
Distribution transformers (No.)	324	2898	10821	16394	22478	29551	34758

level of transmission and distribution loss, which is as high as 35 per cent as per certain unofficial estimates. The reasons for the power loss are due both to technical and non-technical reasons. The official estimate has been 30 per cent, which has been marginally brought down by the latter half of the 1990s. The system losses are lower in Kerala compared to other Indian States but in the absence of adequate and accurate monitoring, losses could be considerably higher. About 40 per cent of the meters are believed to be faulty. As on 30th August 2004, the number of faulty meters was estimated to be around 559,473.

Another issue related to power distribution is that about 23 million out of the 32 million population of Kerala live in isolated houses in villages. Because of this peculiarity in settlement, more low-tension lines are to be built to supply electricity to rural houses. This leads to adverse HT-LT line ratio, which is at present 1:6.25 against the norm of 1:1, resulting in increased capital investment and T&D losses.

The factors of demand and supply that we discussed so far have had adverse impacts on the financial position of the Kerala State Electricity Board (KSEB). It is estimated that the average growth rate of the cost of power supply, which was 3.8 per cent per annum in the 1970s, has increased to 15.4 per cent per annum in the 1990s. The unit cost-revenue difference has also been steadily growing.

The perspective for the future

To increase the availability, accessibility, reliability and affordability of power keeping in pace with the anticipated demand should be the aim of our power policy. A realistic estimate of energy requirements has to be made based on the varied growth scenarios that we have presented at the beginning of our document. Though we have not undertaken such an exercise here, it is clear that substantial increase in the installed capacity and improvement in the transmission network are required. The ongoing projects have to be expeditiously completed, new projects in the pipeline have to be taken up and completed within the time frame, old generating stations have to be renovated and modernised, and preparation of new projects has to be taken up.

The potential of hydel power generation in Kerala has been estimated to be 4333 MW. Out of this, only 1864 MW has been harnessed. A few of these projects are knotted in inter-State disputes and another couple denied environmental clearance. Other potential projects should be taken up and completed on a priority basis. Steps have to be taken to ensure the early environmental/forest clearance of some of the major hydro projects in the pipeline. Cost of power can be kept low only if the share of hydel power is increased. The potential of micro-hydel projects have to be tapped on a war footing.

The experience is that petroleum-based imported fuel projects are not viable. Instead, all efforts are to be taken to establish the LNG terminal expeditiously and to convert the existing naphta-run projects to LNG fuel. The possibilities of signing Power Purchase Agreements (PPA) for the power generated by CGS with due consideration for costs may be explored. The existing PPAs and BPTAs may be renewed in accordance with the regulations issued by the CERC and safeguarding the interests of the State.

The investment requirements of the power sector are substantial for stepping up installed capacity, improving the transmission and distribution network and for providing good quality electricity to consumers. In fact reducing outages and providing stable power of fairly good quality is extremely critical from the point of view of the State's growth plans in the Information communication technology, Biotechnology, Light engineering industries and Tourism.

Another major development in the state

power sector has been the enforcement of Electricity Act 2003. It is a legal framework of the neo-liberal policies in the power sector. As per the Act, the State Regulatory Commission (SERC) has been constituted. There is provision in the Act to continue the Board as a single entity as a distribution licensee and state transmission utility, which owns generation assets. The KSEB has to be retained in the public sector and the autonomy of the Board has to be ensured within the framework of the policy directions issued by the government. At the same time, the performance issues at the KSEB level in terms of project management, dues collection, maintaining availability and service delivery need addressing. A strategy of improving the performance of the KSEB within the broad framework of the power policy of the State government declared in September 1998.

Demand side management measures include reducing auxilary consumption, reducing Transmission and Distribution losses, reducing lighting load through promoting compact fluorescent lamps and other energy saving devices. Power factor improvement and conducting energy audit measures etc. have to be strengthened substantially. Theft detection mechanisms shall be strengthened followed by steps for improving metering. In areas like improved demand side management, distribution network strengthening, energy audit, theft detection and improving metering local governments and consumer organisations have to be involved in a big way for drastic improvements in transparency, civic responsibility and performance improvement. There is also a need to look at connected load as a critical parameter in all sectors including domestic sector to weed out luxury consumption from minimum needs. There are also suggestions for operationalising the concept of time-of-the-day metering. One-time settlement of bad debts, systematic and rapid computerisation of billing systems and better arrangements for settlement of disputes is essential, considering the fact that KSEB has a fairly low staff to consumer ratio. A concerted effort to improve the technical performance of the Board through massive capability building is also most essential.

The transmission and distribution system has to be strengthened. An inter-State 400 KV line to Areekode from Kolar and the 400 KV s/s at Areekode and a 220 KV power corridor from the south to north of Kerala are to be established by 2008-2009. We have to bring down the HT:LT line length to at least 1:3

We had started off with the reference to the low per capita consumption in the State. Conventional consumption-focused supply-sided planning strategies have serious limitations and demand based end use-focused conservation-oriented energy planning strategies have started becoming popular from the sustainability as well as equity point of view. Total energy programmes that include the conventional power sector as well as the thermal energy requirements for the industry and domestic sector have to be worked out.

There has been very little focused effort in non-conventional energy in the State. The Agency for Non-conventional Energy and Rural Technology (ANERT) and Energy Management Centre (EMC) are nodal agencies functioning in this area. Both these agencies have failed to seriously intervene in the energy programmes of local governments. There has also been little progress in areas like remote solar electrification, solar thermal, biomass gasification, energy plantations, biogas generation, solid waste-based electricity generation, small hydro development and wind and energy conservation programmes. There is a need to assess the capability of various agencies involved in this sector and work out clear mandates for their functioning. Research and implementation functions of the agencies need to be redefined with clear time-bound targets for support to local governments.

XI
TRANSPORT AND URBAN DEVELOPMENT

A. TRANSPORT

Roads

Kerala has the highest road density in the country. Per square kilometer, there was 3566 km of roads in Kerala in 2003-04, as against the national average of 801 km. Even with respect to population, Kerala fared much better with 434 km of roads per lakh population, as against the national average of 239 km. The road length has also been rapidly increasing from 110,649 km in 1986-87 to 145,704 km in 2003-04. Given the settlement pattern of Kerala and high vehicle density of the State, it is understandable that the demand for road transport mode is very high. But the severe distortion in the transport mode mix of the State as manifested in the near extinction of inland water transport and the drastic reduction in the relative importance of rail transport cannot be explained with reference to traffic preference.

The neglect of water transport in the successive Five Year Plans and the slow pace of modernization and extension of rail transport have contributed to the creation of a mono-transport mode in Kerala. The inland waterways that accounted for 18 per cent of the goods traffic in 1965-66 accounted for only 3 per cent of the traffic in 1978-79. It has dwindled even further to negligible levels in the subsequent decades. Similarly, the share of railway that accounted for 18 per cent of the goods traffic in 1964-65 declined to 16.7 per cent in 1978-79 and is today around 10 per cent.

The excessive dependence on roads has resulted in higher cost of transport, greater environmental pollution and higher consumption of energy. It has also resulted in higher road congestion. The motor vehicle population in Kerala had been increasing at 10 per cent per annum between 1998 and 2004 and number of registered motor vehicles today stand at 2,792,074. The number of vehicles added comes to 657 vehicles per day, of which 402 are two wheelers. It has to be noticed that the growth of personal vehicles is faster than the public transport vehicles leading to road chaos and congestion. The number of light commercial vehicles is also growing at a faster rate among freight carrying vehicles.

The number of registered accidents in the State per day in 2004 was around 110. More than 8 persons die every day due to motor accidents and more than 135 persons get injured daily. About 75 per cent of the emission of carbon monoxide, 95 per cent of the volatile organic compounds and 77 per cent of the oxides of nitrogen emitted in Cochin arises from vehicular pollution. This indicates the potential health hazards unless eco-friendly fuels are popularised and the issue of traffic congestion is addressed.

It may be noted that 79 per cent of the total road length is rural roads or municipal roads that are managed by the LSGIs while in India the proportion of such roads is only 53 per cent. Most of these rural roads have come up in a haphazard manner rather than as part of a comprehensive road network plan. Further, more attention is paid to the construction of new roads than proper maintenance of those already built. Only 31 per cent of the roads are surfaced.

A proposal for a north-south Express Way, a high-speed corridor of 506.5 km connecting Kasargode and Thiruvananthapuram has been discussed for congestion-free travel from the north to the south. The objective of the Express Way has been cited as to reduce the long distance transit time from 12 hours to 4 hours. There is need to develop a rapid transport system. But before a decision for mass investments in these projects is taken, careful assessment of the social and environmental impact and the case for alternatives has to be made. One such alternative is the creation of an additional rapid rail line. At any rate, what is of utmost urgency is to strengthen the NH-17, MC Road and NH-47 networks, widening the first two for two-lane traffic and third one for four-lane traffic.

Given the geographical features, the pressure of traffic growth in Kerala has been increasing mostly on the arterial routes and hence strengthening of the backbone of Kerala's transport infrastructure should be of the highest priority. Weak bridges are the major bottlenecks in this segment. The rest of the road network serves as feeders and distributors to the arterial routes, which will have to undergo qualitative improvements in geometry and upkeep to cope with the increasing traffic volume. High traffic volume to capacity ratio roads and stretches with poor pavement conditions may be identified for immediate improvement. Along with this, bypassing of cities and urban towns enroute national and state highways has to be taken up immediately to relieve congestion of urban roads as well as to save time and fuel for the traffic. Speedy completion of rail over bridges is another priority area.

The crisis in the public sector KSRTC has been aggravating in the last two decades. The share of passengers serviced by the KSRTC has reduced to nearly 15 per cent over the years. The improvement in the physical performance of the KSRTC is not reflected in its financial performance. The net loss has been coming down but still exceeded Rs 100 crores in 2003-04. Instead of the piecemeal approach, a comprehensive rejuvenation package for the KSRTC ha to be drawn up and implemented.

Inland Water Transport

Water transport is the most energy efficient mode of transport; hence it will be desirable to develop the existing inland water ways of the State to attain their full potential and link them with coastal shipping and other modes of transport as an economic alternative. The total cargo movement in the waterway during 2003-04 was 1,362,149 MT, which was only 0.15 percent of domestic transportation. The objective should be to raise it to about 15 per cent. Another additional objective would be encouragement of water tourism.

The priority is to develop a connected navigable waterway that stretches from Thiruvallam in the south to Hosdurg in the north covering a distance of about 550 km. Of this, 168 km from Kovalam to Kottappuram, including navigable stretches of rivers crossed enroute, have already been declared as National Waterway No III with 32 m bed width and 2.2 m draught and capacity to move 500 tonnes of cargo. The proposal for extending the National Waterway III at both sides from Kollam to Kovalam in the south and Kottappuram to

Kasargode in the north is to be given high priority. These stretches have an average width of only 15 m and are blocked due to heavy siltation and water hyacinth problems. A southern segment has two tunnels at Varkala whose width is only 5.8 m. Extending the canal to Vizhinjam port is yet another proposal that needs to be seriously considered. In the northern portion, there is an uncut portion of the canal between Valapattanam and Mahi for a length of 58 km.

There are about 500 km long feeder canals in the State. Three of these waterways with a total length of 93 km (Alappuzha-Kottayam, Alappuzha-Changanassery and Kottayam-Vaikom) have been identified for widening, vegetation banking and dredging under the Kerala State Transport Project (KSTP).

The network of navigational canals has to be linked with other transport modes through developing modern transshipment facilities at major terminals and minor Jetties. Special tourist boat terminals, water side amenities, sanitation and waste disposal facilities, beautification works and water sports development have to be provided and undertaken. Safe and dependable boat service has also to be ensured. These tourism and conservation components of inland waterways are equally applicable to the backwaters.

Railways

The railway system in the State has a route length of 1050 km of which 224 km is double lines yielding a total running track length of 1274 km. The rail borne traffic is substantial and many stretches, especially in north Kerala, are in a stage of saturation. Doubling of railways is very critical in relieving the pressure of short distance passengers and freight.

Rail transport is far more energy efficient that road transport. In terms of the payload carried, the advantage of the former is particularly significant in the case of freight. There is an added advantage that electric traction is possible on railways saving petroleum fuel. With the railway's capacity constraints – both in terms of infrastructure and rolling stock – freight movement in recent times has been confined to full trainloads of commodities like food grains, fertilisers, cement and steel. Since the railway's ability to move piece-meal goods wagon is not likely to improve in the foreseeable future, it would be advantageous for the State to plan for bimodal transport of goods in containers combining the dual advantages of long hauls by rail and door-to-door services at both ends with short hauls by road.

For passenger movements along the existing railway network, the number of intercity trains and fast shuttles has to increase. This would require completing the doubling of the railway line in various stretches from Trivandrum to Kasargode to avoid bottlenecks and completing the costal railway by extending the Trichur-Guruvayur line up to Tanur. There are also proposals for additional new lines and expansion of facilities at rail stations.

A proposal for a light Metro rail system for Cochin covering a distance of 35 Kms with 27 stations in between should be given priority. Another proposal for a sky bus in Cochin City to overcome traffic shackles has also been discussed. It may be pursued based on technical feasibility.

Ports

Along the coast line of 585 km, Kerala has only one major port (Cochin), three intermediate ports (Neendakara, Alappuzha and Beypore) and fourteen minor ports.

Cochin is ranked 7th among the major Indian ports in terms of the total cargo handled. The major share of the cargo currently handled at Cochin port is related to petroleum and allied products. The focus of growth of the port should be to capitalise on container traffic, making use of the vantage position of Cochin vis-à-vis the nine degree channel, by improving port management focusing on productivity parameters like average turnaround time and average pre-berthing time and aggressively competing with Jawaharlal Nehru Port (JNP) for container traffic and Paradip and Tuticorin ports for dry bulk cargo. Attracting cruise vessels linked to the State tourist network and targeting of passenger traffic to the Middle East could be also be attempted.

The container handling capacity would increase substantially with the establishment of the International Container Trans-shipment Terminal (ICTT) at Vallarpadam. With the establishment of the ICTT, the International Bunkering Terminal, the LNG terminal at PuthuVypeen and the port-based Special Economic Zone (SEZ), there is an urgent necessity to strengthen the railway infrastructure and establishment of container depots to transfer trucks from roll-on-roll-off trains. Doubling of Feroke-Shornur section, electrification of Shornur-Mangalore railway line, providing rail linkages from Edappally or Kalamassery to connect to the port without passing through the city and enhancing the capacity of the Konkan railway are all most essential. Establishing an alternative road from Vallarpadam Island through the outskirts of city should be planned for the movement of containers linking it to NH-47 in the south and NH-17 in the north. An inter-governmental arrangement to work out an integrated plan for the Kochi region and to explore sources of finance is most essential.

Among the intermediate ports, cargo handling is confined to Beypore and Vizhinjam. An integrated strategy for minor port development centred around reserving available land in the vicinity of selected ports, for setting up port-based marine industries, establishing coastal shipping to ease the burden on heavily congested highways, constructing Jetties to operate captive facilities, and improving infrastructure facilities should be considered. The overall strategy should be to provide infrastructure facilities in the intermediate minor ports linked to economically viable specific projects or activities.

Vizhinjam has the geographical advantage of being within 10 nautical miles from the International shipping route and the East-West shipping axis, and the availability of a natural draught of 20 meters within one kilometer offshore. It can be developed into a specialised port that can become a mega-transshipment hub catering to all types of super post panamax vessels and mega container carriers, with facilities like container stack yard, container freight station and floating craft.

Air travel

The Cochin International Airport has already attracted national attention through efficient and imaginative management as an alternative to privatization of the airports. The expansion of Thiruvananthapuram International Airport, which ranks third in revenue in the country, and the Kozhikode Airport has been extremely tardy. The proposal for an airport in Kannur has to be earnestly pursued.

B. URBAN DEVELOPMENT

The brief discussion on Kochi port given above and the related industrial developments that we referred to in the section on Large and Medium Industries, give an indication of the shape of things to come in Kochi metropolis region. For the first time in history, the State is poised for the emergence of a truly metropolitan growth pole. The establishment of container and LNG terminals, port-based special economic zone and submarine cable gateway, is going to attract major investments to the region. The acceleration of economic growth in the State is crucially dependent on how rapidly we can expand the physical and social infrastructure of the Cochin metropolis. One has only to observe the infrastructural crisis faced by the city of Bangalore to realise how Kochi's growth potential could be choked out unless a comprehensive infrastructure expansion plan is implemented on war footing.

The cities of Thiruvananthapuram and Kozhikode are the hubs of economic activities for southern and northern Kerala respectively. Now there are two more Corporations in the State; Thrissur, situated in the Kochi-Palakkad industrial corridor and Kollam, heading the Kollam-Kundara-Punalur industrial belt. Besides, there are 53 municipalities, but for a handful, all are located in the coastal and midland regions. These urban centres, particularly the cities and major towns like Alappuzha, Kottayam, Palakkad, Kannur etc are also going to play a major role, though smaller in scale compared to Kochi, in the acceleration of economic growth in the State.

These urban centres covering only 8 per cent of the land area, account for 26 per cent of the State's population and 50 to 60 per cent of the total SDP of the state. This simple fact should drive home the tremendous pressure generated by the population density and intensity of economic activity within a localised area leading to a number of problems specific to urban areas like congestion, pollution and degradation of amenities. The present infrastructural facilities are awfully inadequate to meet the demands of accelerated growth. Thiruvananthapuram, being the capital city, would require special consideration through a Capital City Regional Development Master Plan.

Water supply, the basic public amenity, suffers from inadequate transmission and distribution systems. The actual average supply rate in the cities is limited to 40-90 litres per capita per day (lcpd) for those with access to distribution network, compared to the target of 150-200 lcpd. The quality of piped water has also been questioned in many areas. Large sections of the urban population, as high as 54 per cent of the poor, remain without access to piped water and are forced to depend upon shallow open wells and tube wells which are often contaminated.

Of the five municipal corporations, only Thiruvananthapuram and Kochi have underground sewerage system, that too covering less than one third area. About 7 per cent of the city population resort to open defecation. Drains in the cities are poorly maintained and often blocked by the accumulation of silt and waste resulting in water logging and flooding in many congested city areas during rains.

There is no effective primary collection of solid waste in any of the cities resulting in accumulation of the waste on the road sides, vacant plots and the drainage systems. The secondary waste collection is inadequate with open refuse vehicles, and there is little synchronisation with the primary collection process. Finally, only Thiruvananthapuram has a modern solid waste processing facility, which has been working much below capacity.

Road and transportation are deficient in traffic engineering and maintenance, parking and terminal facilities and public transport. The roads are generally too narrow to accommodate heavy traffic. There is mixing of local and inter-city transport contributing to congestion.

Considerable data have been collected and much thinking has already gone into these issues in the city and town master plans, preparatory documents of externally funded projects and reports prepared as part of the People's Plan Campaign. There are also a number of schemes and agencies often without much coordination. All these interventions have to be integrated to a comprehensive programme as part of the plans of the local self governments. The resources that are required would be substantial and outside the financial capabilities of the city corporations and municipalities, and therefore requires special consideration from the government.

An important component of the urban development policy would be people's participation. The experience of people's planning has been that urban areas have lagged behind rural areas in popular participation. However, the international experience does not confirm the traditional bias about the urban milieu being hostile to community participation. The best specimens of participatory planning and development are provided by some of the cities in Latin America with remarkable positive outcomes. "Participatory budgeting", similar to Peoples Planning introduced in Kerala, has been rapidly spreading across the South American continent. Therefore, we have to self-critically examine our experience in respect of the method, design and institutions for participation in urban areas. Local residents' associations will have to play a greater role in the participatory process. Further, imaginative methods have to be employed to involve the abundant supply of experts living in the urban areas in the development process.

Rapid urbanization inevitably gives rise to widening of inequalities and creation of slums. If left unattended, it can strengthen the process of criminalisation and emergence of organised crime gangs. Therefore, the infrastructure development plan of the urban system has to be integrated with a package of programmes that directly addresses urban poverty.

Finally, the growth of Kochi metropolis and rapid growth of other cities and major towns is definitely going to widen regional inequalities. An important feature of the settlement pattern in Kerala has been the urban-rural continuum and the existence of a large number of small-scale urban centres even in the rural areas. The inter-district income disparities have also been declining till recently. Reversal of these trends would have adverse social consequences and therefore must be counteracted to the extent possible. Strengthening connectivity of urban agglomerations with satellite towns and hinterlands through better transport, communications and economic linkages are important in this context. Such a policy would also help to reduce the urban pressure. Minimum standards of amenities similar to the urban centres would have also to be guaranteed in the rural areas.

XII
EDUCATION

It was the spread of education that triggered off many of the economic, social and demographic processes that have come to characterise modern Kerala. Education would have to continue to play a central role in equipping the State to face the new development challenges. It involves improvement in the quality of school education and expansion, modernisation and diversification of higher and vocational education.

At the time of formation of Kerala State in November 1956, there were 6699 lower primary schools, 1589 upper primary schools, 762 high schools, 44 arts and science colleges, one medical college and engineering college, one university, a few polytechnics and nursing schools, one law college, four Sanskrit colleges and a few training institutions. By 2004-05, these have increased to 6805 lower primary schools, 3061 upper primary schools, 2803 high schools, 1565 higher secondary schools, 400 vocational higher secondary schools (VHSEs), 490 central schools, 12 fine arts and music schools, 43 schools for handicapped children, 184 TTIs, 181 nursing schools, 17 commercial institutions, 286 arts and science colleges, 13 medical colleges, 11 ayurveda colleges, five homeo colleges, five law colleges, 44 nursing colleges, nine dental colleges, 20 pharmacy colleges, 84 engineering colleges, three agricultural colleges, two veterinary colleges, one fisheries college, one forestry college, six music and fine arts colleges, 57 polytechnics and 458 ITIs and ITCs.

Of the above, over six per cent schools are unaided, 39 per cent of the arts and science colleges, 60 per cent of the medical colleges and 60 per cent of the engineering colleges are self-financing. A move is on to sanction more than 1000 unaided schools when almost 300 schools have already been termed "uneconomic" by the government. A sizeable section of other higher education institutions are also self-financing. The quantum jump in the proportion of unaided and self-financing institutions has taken place only in the last few years. It has had adverse implications for equity, merit and quality of education. The process of dismantling the public school education system in Kerala has been totally mindless of its consequences for the nature of even citizenship. How do we address the urgent need for educational reforms for quality improvement and diversification without sacrificing our traditions of egalitarianism?

Pre-primary education

With near-universal enrolment at the primary stage, the focus of quantitative expansion has to shift to the pre-primary stage. It is a task that has so far been neglected. Only 50 to 60 per cent of the children of pre-primary age group are attending nurseries, pre-schools or anganwadis. There are 23,000 anganwadis and 5000 other pre-primary institutions in the State.

The transfer of anganwadis to LSGIs has resulted in significant improvements in their physical infrastructure, and this process has to be accelerated. However, the centrally determined content of the ICDS programme inhibits pedagogic innovations and specific local interventions. The preparation of a scientific curriculum for pre-primary schooling is of utmost importance. New pre-primary schools may be attached to the existing lower primary schools. The *Bala Kairali* programme initiated by the Mararikkulam South panchayat has proved to be one of the sustaining innovations in this sector. A comprehensive legislation to promote and regulate the pre-primary education is also necessary.

School education

In the 1990s, although residual problems of access to school education remained, social and political attention in Kerala had turned to other important issues in school education: the retention of children in schools, the quality of education and new forms of community participation in school education.

Dropout was the major factor that is responsible for the difference between the number of school students and the school-aged population. According to the 2001 census, children of the age group 5-15 in Kerala were 55.3 lakhs. But the enrolment in schools in 2004-05 was only 48.5 lakhs. That is, there were almost seven lakh children in this age group who were not attending schools. The dropout rate was 1.1 per cent for the population in 2002-03. Among Dalits, the dropout rate was 1.33 per cent and among Adivasis, the dropout rate was 4.3 per cent. In other words, among the socially and economically backward sections, over 10 per cent of the school-aged population was not attending schools. It was also seen that the dropout rate sharply increased after Class 9. Until the recent introduction of grading system of evaluation, majority of students had been failing to pass Class 10, even after "moderation". The levels of learning achieved by children at different stages of the school system, particularly in the backward areas of the State, were unacceptably low. The majority of income-poor children and children from educationally deprived social groups went to government and aided schools, and the SSLC results showed that disparities in educational achievement based on differences in the social and economic backgrounds of students persisted.

In response to these issues, the LDF government policy on school education between 1996 and 2001 focussed on the following areas: the devolution of school administration to the LSGIs; building school infrastructure; creating and strengthening parent-teacher, particularly mother-teacher associations and their participation in the school system; introducing new curricula, textbooks, teaching methods and programmes of remedial education; strengthening in-career teacher training; and changing the system of evaluation of classroom performance. The most remarkable policy change has been the transfer of schools to LSGIs. It triggered a large number of local initiatives for improvement of school education.

The UDF government that followed dilly-dallied with curriculum reforms, but finally decided to continue the programme with some cosmetic changes. The UDF also dealt a body blow to the public school system in Kerala by giving almost unrestricted freedom to start unaided schools and taking steps to close down the so-called "uneconomic" schools.

A major task in the near future would be to reverse the expansion of the unaided sector. Permission to start new schools and to close down existing ones should be strictly on the basis of the recommendations of the concerned local government based on convincing evidence. The decline in the number of children in the school going-age, owing to demographic transition, allows us to raise the teacher-student ratio. The curriculum and textbook revisions, reform of evaluation systems and retraining of all teachers initiated by the previous LDF government have to be continued rigorously, particularly in the background of such reforms undertaken by the NCERT. The objective is to substantially improve the standards and abilities of a student once he/she completes 12 years of schooling.

Vocational education

Unemployment in Kerala is most rampant among the youth, most of whom possess only secondary education or below. Unemployment is basically an outcome of wrong macroeconomic policies. Nevertheless, the educational system also plays a role in aggravating this situation; (a) our secondary education system does not impart the required skills to people who enter the job market; and (b) our vocational higher secondary schools are not really vocation-oriented. These institutions rather aim at preparing students for university courses. The courses available are not based on demand assessments and are not developed as terminal courses. The laboratory and workshop infrastructure are inadequate and the staff do not have adequate teaching/skill training, majority being employed on casual arrangement. Further, the expansion of VHSEs has taken place in a haphazard manner.

The Industrial Training Institutes (ITIs) and the Industrial Training Centres (ITCs) provide craftsman training to around 57,000 students. About 76 per cent of the students are in privately owned ITCs. The course duration is one to three years. The number of registered unemployed among these trained craftsmen has been rising, and it seems to have dampened the intake into these institutions. The current dropout rate is as high as 20 to 40 per cent. Unless infrastructure is modernised, obsolete trades substituted with those with high market demand and scope of apprenticeship expanded, the present downward trend in this sector cannot be checked.

Besides the 59 polytechnics, of which 43 are state-owned, there are now new 10 self-financing polytechnics. The total intake of students is nearly 11,000 and the total student strength is about 30,000. Polytechnics produce skilled personnel in the economy, and it is necessary that their expansion be given priority. To increase employment opportunities among these students, it is required to upgrade the infrastructure and diversify and improve the quality of courses.

The international demand for medical nurses has been sharply increasing and it presents an important avenue for external employment. To take advantage of this possibility, we need to consciously plan the rapid expansion of paramedical training. Recently more than 40 self-financing nursing colleges were established. One of the major problems faced by the new nursing colleges is the lack of qualified nursing teachers. This has resulted in deterioration of the quality of nursing education in Kerala. Since nurses from Kerala would have to compete with well-trained nurses from countries like Philippines, we should not compromise on the quality of nurses training. At present, there are facilities to train only 26 M.Sc. nursing graduates at the three nursing colleges in Kozhikode, Kottayam and Thiruvananthapuram medical colleges. An immediate step the government can take is to start new colleges attached to Thrissur and Alappuzha medical colleges where infrastructure facilities are already available. The number of seats for M. Sc. nursing should be increased in these colleges. The training of specialised paramedical staff is done only at the Sree Chitra Thirunal Institute of Medical Sciences and Technology now. Based on their experience, such advanced courses can be commenced in medical colleges.

University education

There is an academic stagnation in Kerala within the University system and the affiliated colleges, resulting in a fall in academic standards and employability of graduates. The system of university administration is not conducive for the achievement of academic excellence. There is an overemphasis on professional education with the general neglect of arts and science colleges, where the majority of students still study. Currently, colleges offer a plethora of courses, such as traditional courses, UGC-sponsored courses, self-financing courses, off-campus courses and courses run by other universities. The semester system has been introduced at the postgraduate level, but undergraduate courses are still run on the basis of terminal summative examinations. The refresher and orientation courses conducted by the Academic Staff Colleges and the National Seminars being organised by the departments in the colleges and universities have not resulted in the academic improvement of the teachers. Teachers also lack the knowledge about modern teaching methodologies and technologies, as there is no training programme to upgrade their pedagogical skills. The result is that the academic calibre of many teachers is so poor that they cannot enthuse the students.

Enrolment of private students has been termed as the drag on universities in introducing various academic reforms. To overcome this problem, and ensure the rights of private students, an open university in the model of IGNOU can be established whereby other universities are freed from the burden of catering to the needs of private students.

There is virtual anarchy with the introduction of self-financing courses and colleges. Modern courses in many self-financing colleges, taught by guest and contract lecturers, are leading to an erosion of academic standards. The recent spurt of self-financing professional colleges, the attitude of the management of some these colleges, the court verdicts that deny access to higher education for the poor have all contributed to chaos in the educational sector in Kerala. There has been a fall in the quality of professional education, which is mainly due to the lack of good teachers and good infrastructure. Such institutions are run purely commercially leading to the denial of equity and social justice to a large number of students. New institutions should be allowed to start functioning only after satisfying all stipulations. The emphasis has to be on improving quality and standards in the existing institutions.

There is sharp divergence between the norms stipulated by universities and those observed by affiliated institutions. Academic norms have to be specified by the universities on the basis of recommendations of academic committees, which no institution should be allowed to flout. There should be strict social control over these institutions in observing qualifications in appointments and admission and prescribing fees. No institution should be allowed to go scot-free if any of these norms is violated. The suggestion for private universities is totally retrograde. Acts related to general and higher education are to be reviewed and modified on the basis of the experience to raise academic standards, improve the efficiency of administration, strengthen democratisation and to face the challenges posed by privatisation and GATS.

Academic autonomy to the departments and academic faculty in the universities and affiliated colleges is a desirable and necessary educational reform. However, it has become controversial because of the concrete realities of the higher education sector in Kerala. Therefore, this should be implemented only with the concurrence and consensus of teachers, students the management of the affiliated colleges, and after laying down definite norms and protocols.

It should be understood that autonomy in the affiliated colleges works only in the presence of a well functioning university system and academic vibrancy in the affiliated colleges. In the absence of both these, autonomy by itself will not bring in the desired changes, as shown by the experiences of autonomous colleges in other States. Autonomy should be a collective decision of the universities and the affiliated colleges. Within the colleges, the demand for autonomy should come from the teachers and students.

In the expansion, modernisation and diversification of higher education, the private sector has a legitimate role. But education should not become an arena for private capital to enter in search of quick and substantial profits. In many Western countries, there are many cases where private funds have entered the field of education, with the objective of promoting education of a high quality in various branches of knowledge. In Kerala itself in the past, many religious and community groups had established colleges from a social rather than profit motive. However, the recent expansion of higher education under self-financing managements has degenerated into a source of unbridled profiteering in most cases. There should be social control over educational institutions to ensure social justice, merit-based admissions and quality.

Finally, there is a challenge of financing public education. Public expenditure in Kerala has always been characterized by a rare commitment to school education. Public expenditure on education – and on primary and secondary education – has risen consistently in real terms over the last four decades. However, since then, expenditure relative to NSDP has tended to decline (see discussion in the section on State finances). This trend has to be reversed, and the earlier level of expenditure has to be maintained. In particular, the expenditure on technical and higher education would have to be substantially increased. The overall expenditure on education would have to be maintained at around 6 per cent of the NSDP. This would imply additional resource mobilisation. Many have suggested a special educational cess for modernisation and expansion. An education fund will have to be set up for providing scholarships and soft loans to economically backward students.

XIII
HEALTH

Kerala's achievements in health are related to its achievements in education, particularly that of women. Today, Kerala can be said to have made the transition from a society with high population growth rate, high crude death rate, and high infant mortality rate to one with a stable population growth rate, low crude death rate, and low infant mortality rate. However, there have been a number of disturbing trends in the health sector of Kerala in the recent years.

Even though mortality rates are low, morbidity rates are higher in Kerala compared to other Indian states. Infectious diseases like dengue fever, diarrhoea and leptospirosis and lifestyle diseases like diabetes, hypertension, cancer and cardiac disorders have been rising at an alarming rate in Kerala. Low birth weight of infants is a widely reported problem. Many epidemics that were supposed to have been eliminated from Kerala like Malaria are being reported to be returning. Japanese Encephalitis, which was sporadic in Kerala, has appeared in many parts as an epidemic. The modern scourge of AIDS is also reported though the incidence is relatively low compared to other States.

Another disturbing trend is the fall in the quality of services at government hospitals. The system of health care is getting more and more commercialised and commoditised. Private medical care facilities have now become the dominant sector with nearly 60 per cent more number of beds and double the number of doctors than in the public sector. In the provision of more sophisticated methods of diagnosis and therapy, such as CT Scans, MRI Scans and endoscopy units, the private sector is far ahead of the public sector. The laboratory facilities and the supplies of medicines in the public sector are highly inadequate. The privatisation of health care is leading to "overmedicalisation" and escalation of the costs of health care, depriving the poor of proper health care.

In short, the new challenges before the health care sector in Kerala are three-fold: (a) high morbidity and continued dominance of diseases of poverty; (b) simultaneous appearance of diseases of affluence and lifestyles and increase in demand for geriatric health care, mental health care and physically challenged; and (c) decay of the public health system, uncontrolled growth of the private health sector and consequence escalation of health care costs, marginalising the poor.

The solution put forward from some quarters is a targeted health insurance for the poor. Such an insurance system has the potential danger of a vicious cycle of cost escalation, alienation of the non-targeted majority from the public health system and thus undermining the public health infrastructure of the State. Further, in the name of perceived inefficiency of the public health system, the recent years have seen a spurt of vertical programmes, which are implemented by private as well as public sponsored non-governmental organisations. These parallel structures are draining the public health system of the best medical personnel.

Reinstating the primacy of the public health services should form the basis of the health policy for Kerala. Minimum facilities (infrastructure, medicines and medical personnel) have to be assured at public hospitals at all levels. The existing infrastructure is inadequate to cater to the needs of even the one-third population who mare currently accessing the public health system. Facilities for geriatric and palliative health care have to be strengthened and expanded. Health care costs should be brought down to affordable levels for the poor. The State drug formulary listing would have to be regularly published and medical personnel should be given training in treatment protocols and essential drug concepts. The Kerala State Drugs and Pharmaceuticals would have to be developed as a captive kitchen factory of the public health system. Mental health programmes have to be strengthened. Rehabilitation services for the physically mentally and socially challenged are required to help them regain highest possible level of functional ability and self reliance. There should be social control and auditing of the private sector.

Community involvement in formulating and implementing health care programmes holds the key to rejuvenating the public health sector in Kerala. A major administrative change has already been brought about by transferring PHCs and district hospitals to the LSGIs. There has been significant investment undertaken already by the LSGIs to improve the physical infrastructure in the PHCs. However, the department has failed to provide adequate medical personnel leading to unutilised excess capacity. Therefore, the LSGIs may be permitted to directly appoint doctors to PHCs and community health centres, as is being done in the case of nursing staff. After a certain period of service, these doctors could come to the common pool to get transfer to other districts and hospitals. The PHCs should be developed as the Local Epidemiological Surveillance Units. The effectiveness of sub-centres under the PHCs can be enhanced by linking them to anganwadis, which in turn would be linked to the women NHGs in their area of operation. The role of health inspectors and Junior Public Health Nurses at the sub-centres must be redefined in the context of the new health challenges and the new paradigm of participatory health care that we are suggesting.

Once the primary and secondary health care facilities are improved through the local bodies, tertiary care centres like the medical colleges can entirely concentrate on medical education, research and tertiary health care. Administrative autonomy to medical colleges has to be ensured. Post-graduate courses have to be started in new specialities like Geriatrics, Palliative Care, Family Medicine, General Practice, Emergency Medicine, Trauma Care, Acute care, Hospital Management and so on. New PG/Diploma integrated interdisciplinary courses have to be started jointly with other research and academic institutions. In order to ensure adequate time to the teaching staff to be involved in research and other academic pursuits, private practise of doctors in medical colleges should be banned with adequate increase in salary and perks similar to central institutes. A medical university bringing all the medical colleges, nursing colleges, paramedical training centres under it is desirable. One of the medical colleges has to be developed as an institution of advanced medical research and education on the lines of AIIMS. Effective social control of self-financing medical institutions is necessary to ensure quality and social justice and admissions should be based on merit in all quotas.

A mass participatory multi-sectoral programme for morbidity reduction may be launched under the leadership of the LSGIs involving total sanitation, universal coverage of safe drinking water, upgradation of nutrition programmes in anganwadis and health awareness programmes. Sanitation and drinking water hold the key to eliminating most of the infectious diseases. Early detection, lifestyle changes and protocol-based management of diseases like diabetes and hypertension under the leadership of LSGIs, with the active involvement of the NHGs, besides vaccination and other preventive measures against communicable diseases, can also contribute significantly to a reduction in morbidity. Health volunteers in the NHGs may be trained for health monitoring and reporting. Their network can constitute the basis of a health surveillance and health information system that can continuously gather information regarding morbidity and other health indicators. Such a health campaign would not involve large additional funding since the attempt is to integrate the ongoing health related schemes into an integrated programme.

Other systems of medicine, such as ayurveda, homeopathy, sidha and unani, will be encouraged and facilities provided for their growth. The focus of tourist promotion of ayurveda is currently on *sukha chikitsa* and has to shift to therapeutic care for disorders, such as chronic arthritis, paralysis, ulcers, discogenic diseases and neuro-muscular disorders. A large and unexplored market exists for ayurvedic medicines for the above disorders in western countries. However, the therapeutic efficiency of the treatment of these diseases should be established by appropriate clinical trials and protocols.

While emphasising the primacy of the public health system for providing affordable health care to all citizens, health care in specialised centres may be encouraged as a service industry catering to outside State and patients from abroad. Such institutions must be linked to advancements in biotechnology and development of the pharmaceutical industry, some of which already have been referred to in the section on potential of biotechnology in health care. We have already referred to the potential of a Modern Drug Research Institute n the section on biotechnology. Kerala should aspire to be the Cuba of the East in health care.

A major criticism against developing high speciality health care centres as a service industry is that it would have backwash effects on the public health care system by draining the latter of more efficient medical personnel and escalating the cost of medical personnel. Great caution has to be exercised against such an eventuality and it would involve greater investment in the public health system, which to an extent can be cross-subsidised. The medical education facilities would have to be further expanded and government hospital posting for one year for doctors after the completion of MBBS would have to be made compulsory.

XIV
WATER RESOURCES, DRINKING WATER AND SANITATION

A. WATER RESOURCES

Kerala, by virtue of its natural endowment, is bountiful in water resources. However, it faces serious problems in terms of quantity and quality of water available for use. With an annual rainfall of 3063 mm, gross yield from rainfall is 115 km^3 per year. After the run-off of rivers (77.9 km^3 per year), the utilizable surface water is estimated to be 45 km^3 per year. Of the available ground water of 7.5 km^3 per year, the total utilizable groundwater is estimated to be 5 km^3 per year. Thus the gross available water is 85.4 km^3 per year and the gross utilizable water is 50 km^3 per year. In other words, per capita available water is 2440 m^3 per year and the per capita utilizable water is 1428 m^3 per year. The minimum requirement per head is only 456 m^3 per year. Clearly, the central issue of water scarcity in Kerala is one of proper management of water resources.

Our management practices have not taken into account the decentralized nature of water resources. Besides, most of our water management programmes have been project-driven and consequently sectoral in implementation and partial in achievement. Reorientation of these progarmmes calls for a multidisciplinary and holistic approach that considers water a part of the ecosystem and not just a commodity to be priced and transacted. The neo-liberal tendency of privatization and commodification of water resources would not only price out large sections of the poor from this basic need, but is incapable of addressing larger issues of ecosystem. Water is a component of environmental resources and its management cannot be divorced from total management of land and biomass. It is this understanding that should form the basis for future policy.

Development of river basins and sub-basins and integrated watershed management plans, which maximise water availability, ensure water quality and create institutional mechanisms for the financial and managerial sustainability, should be important components of the State's water policy. Our future strategy should be aimed at maximising the possible storage of rainwater and minimising runoff. This requires water resource planning to be done for a hydrological unit. Watershed management is a strategy that preserves and restores terrestrial and aquatic ecosystems. Resource planning should be carried out for an entire drainage basin or sub-basin after a proper assessment of its assimilative and supportive capacity. Appropriate multidisciplinary organizations for the planned development and management of river basins have to be established, which would ensure the participation of local people. Projects on irrigation and drinking water must ensure conjunctive use of both surface and ground water.

Forty four rivers, the combined length of which is 3200 km, flow through the State. On an average, these rivers are fed by 12 sq km of catchment area for every kilometer. There are 30 reservoirs covering an area of 296 sq km in the upstream sections of the rivers for irrigation and generation of hydroelectric power. Of the 44 rivers, 3 flow to the east to join the upper part of the Cauvery river system. There are water-sharing agreements with neighboring States for the waters of Periyar, though the river is fully within the geographical boundaries of Kerala and does not have catchment areas in other States. Recently, there have been demands for a higher share of water and also suggestions for interlinking the rivers under the presumption that the State is water-surplus. Conceding to these demands would have deleterious effects on water scarcity in the summer months as well as the ecosystem in some of the river basins.

There is a necessity to generate baseline data for water management. Measurement of rainfall, run-off and sediment yield and their interrelationships in a given terrain condition are necessary to work out the intervention package. Data are available for large basins, but for micro watersheds they hardly exist. Data on yield of surface water resources, its utilization and requirement for agriculture, domestic and industrial purposes were prepared in 1974. Since then, hardly any attempt has gone into the reexamination of the data base although considerable change in landuse pattern has taken place in the State and many rivers need additional flow to flush out pollutants. Data on the intensity of water pollution, prevalence of water borne diseases, actual water availability and quality of drinking water are available in bits and pieces. Hardly any reliable and primary data are available on impact of human activities on water resources.

We have already noted the criticisms against the viability of canal irrigation projects in Kerala's specific terrain conditions. Moreover, changes in the cropping pattern have added a new dimension to the distribution and management of irrigation water. The mismanagement has resulted in gigantic cost overruns and has rendered them economically unsustainable. Instead of new projects, the focus would be on utilization of the capacity already created and creation of institutional mechanisms to generate synergies between beneficiary farmer's associations, panchayats and irrigation officials in the command areas.

River water pollution has emerged as a major concern. People living around the polluted rivers find it impossible to use water for domestic purposes. Polluted river water also affects the quality of well water. Quality of well water is in turn affected by the lack of adequate sewage disposal facilities.

Apart from the rivers, there are other surface water bodies like backwaters, freshwater lakes, ponds and tanks, and springs, which are utilised for various purposes. However, all these systems are under various degree of stress. Pollution from factory effluents, pesticides, hydrocarbons, sewage and domestic discharges, retting of coconut husks and the motorisation of country boats have strained the wetland ecosystem irrecoverably. Large-scale fish mortality rates due to water pollution have been quite common.

The groundwater resources are also under stress from (a) excess withdrawal; (b) salinity intrusion into the coastal belt and adjoining low-lying areas; and (c) deteriorating quality. Excessive water withdrawal from dug-wells in the coastal areas cause irreversible damage to the aquifer. Regular monitoring of dug wells have indicated a relationship between groundwater fluctuation and salinity intrusion. The problem of water contamination is more around big cities, like Thiruvananthapuram, Kochi and Kozhikode. Given the settlement distribution pattern in Kerala, the entire coastal tract and the lowlands are susceptible to serious pollution both in surface and subsurface water. Rainwater harvesting and constant efforts to recharge the aquifers have to be undertaken as part of watershed management. It must be remembered that there may be areas where drainage is more vital and important.

B. DRINKING WATER

After irrigation, drinking water is the largest claimant of water resources. From the water supply schemes launched during the first Five Year Plan, government intervention to provide protected water through pipes from safe drinking sources has covered 80 per cent of the urban and 60 per cent of the rural population as per the *Economic Review 2004*. In the district of Ernakulam, coverage is as high as 90 per cent. Such statistics fly in the face of reality, as reflected in the Census of India 2001, which show that tap water coverage is only 14 per cent in rural areas and 40 per cent in urban areas. About 77 per cent of the rural population and 56 per cent of the urban population draw their drinking water from wells.

The contrast between the two sets of data is understood if one realizes that the former refers to supply side coverage based on capacity of a water supply system and norms of per capita supply. The operation and maintenance of Kerala Water Authority (KWA) schemes are generally poor ultimately leading to breakdown and distribution loss. Several old water supply schemes need replacement of pipelines, motor pumps, improvement to treatment plants, electrical installation etc. About 40 per cent of the water produced is lost in distribution. The source protection/maintenance is absent in many of the schemes. Inappropriate source of funding, improper engineering, demand-supply mismatches etc all contribute to the inefficient performance.

KWA has 9.4 lakh service connections and 1.8 street taps. The accumulated loss is Rs 160 crores. But its arrears on water charges are Rs 410 crores. The local self-governments – the major defaulters – argue that much of these arrears are inflated charges for non-existent supply. The non-Plan grant from the government and the water charges from the consumers are not adequate to meet the revenue expenditure of the KWA, and as a result the revenue deficit has been rising continuously: it was Rs 120 crores in 2003-04. Major long-term measures are required to rehabilitate KWA, which would include overhaul of the management, project planning and implementation and water distribution and metering (nearly 40 per cent of the water supposed to be supplied is not currently accounted for).

Whatever be the reason, even in areas that are supposed to be covered by tap water, people are forced to depend up on unprotected sources of water supply, most important of which today is the household well. The dug well density of the state is about 140 per sq. km, which works out to almost one well per seven persons. Kerala has also the highest coverage of household latrines in India. Pathogenic pollution of open dug wells and boreholes due to leaching from the sanitary latrines is increasingly becoming a threat to public health. The problem is more pronounced in coastal tracts. The contamination of surface water source due to poor sewage disposal and solid waste management systems, especially in the urban environment, also poses serious health issues. Besides, many wells are experiencing source deficiency in recent years due to large-scale adoption of pumping. This is more pronounced in laterite areas of the midland, delta region of the lowland and certain pockets of coastal regions. The dug wells on the banks of rivers and wetlands subjected to excessive sand or clay mining are also subjected to severe summer shortage.

Given the above, there are many who argue for replacing the traditional systems and providing tap water for every household. The investment required for such a transformation would be prohibitive. Therefore, a feasible strategy would be the following. For urban areas, centralized devoted tap systems are preferable. Catchments of the reservoir designated for water supply to the urban area warrants proper treatment so that the reservoir is not silted up and water quality is maintained. Drinking water supply can be separated from other water requirements in the households and provisions for parallel supply may be explored for other uses. In rural areas, a different strategy that focuses on strengthening and protecting the traditional sources, watershed planning, community management of small-scale water supply systems and larger scale centralized supply systems where such protected sources of water are not identifiable will be more appropriate.

Improper silting of dug wells, wrong estimation of summer recuperation rate and sustainable yield, poor recharge conditions, are the major problems that affect smaller water supply schemes. The lack of importance and attention given to source finding, flow sustainability and water conservation measures are some of the other major issues. Adequate internal capacity and financial and technical capability for establishing new drinking water projects and taking over of existing single panchayat schemes has to be created. Poor source efficiency, requirement of rehabilitation and augmentation and failure to give adequate financial support was behind the reluctance of grama panchayats to take over single panchayat schemes from the KWA.

A large number of private and local community owned tanks and ponds and unused fresh water wetlands are dying due to the preference for piped water supply systems. A participatory model for the LSGIs to improve these assets and put them to optimum use is required. Technology support and management programmes, including incentives for summer resistant wells, hydro-geological assistance for location of well sites and flexi funding for water recharge activity can be thought of under the local self-governance.

Many panchayats like Olavanna, Kodom-Belur and Chellanam innovated organization and technology for micro-level drinking water projects by making use of different types of sources, mainly the perennial nature of sources, beneficiary participation and contribution and indigenous capability building for operation and maintenance. Since 1997-98 till 2003-04, on an average, Rs.50 crore is earmarked by the LSGIs for taking up around 6000 schemes per year. It has enabled a new paradigm in rural water supply, which has been made controversial due to the unfortunate intervention and adoption by the World Bank. The model that the Bank espouses imposes externally determined non-governmental organizations on the panchayats as the providers of technology and community facilitators, seeks to collect the entire O & M charges from the beneficiaries, including the BPL families and do not give panchayats the option to raise resources through alternative means.

Even though Peoples Plan Campaign has demonstrated models of user communities assuming highest level of involvement in decision making and resource management in the areas of drinking water supply, irrigation and watershed development, these lessons are yet to be scaled up for Statewide application. The supportive and proprietary role of local self government institutions in developing and pursuing a shared and common purpose for water use and water resource management are yet to fully develop in Kerala. The Water Policy of Government of Kerala is almost a decade old and does not reflect the emerging issue, requirements and trends in the drinking water sector.

C. SANITATION

Proper sanitation is a prerequisite for safe water. Instead of viewing water, sanitation and hygiene as separate entities, it is necessary to treat them as integral elements requiring overall strategies. Yet, government responsibilities on sanitation and water supply are segregated and vested with the Rural Development and Water Resources departments respectively. This division often leads to a dichotomy between policies, approaches and programmes. Therefore, issues of sanitation that affect drinking water quality and issues of water availability that affect sanitation get marginalized.

At the State level, there are multiple agencies operating in the sanitation sector with overlapping responsibilities and functions. The Kerala Total Sanitation and Health Mission (KTSHM) set up by the Rural Development department coordinates the implementation of Total Sanitation Campaign (TSC), whereas the Clean Kerala Mission established by the Local Self-government department coordinates solid waste management programmes. There is also the Kerala Rural Water Supply Agency (KRWSA) of the Water Resources department, which implements the World Bank-sponsored rural water supply and sanitation project. Directions of tackling issues in sanitation cannot be found in isolation. The issues of governance, policy and institutions are so critical that there is an overriding need to integrate the different government agencies functioning in the sanitation sector. This is required for addressing sanitation in its totality – integrating personal hygiene, household sanitation, environmental sanitation and institutional sanitation. There is also a pressing need to redefine the roles and responsibilities of these agencies in the context of decentralised governance.

Waste Water Management

Wastewater is often a localised problem with sources including market place wash water, kitchen and bathroom silage, street tap drainage, hotel and commercial discharges. This wastewater discharges cause localised wet spots, which are unsightly breeding sites for mosquitoes and pathogens. In the absence of proper drainage facilities wastewater may find its way to natural water bodies. We have already noted the pathogenic pollution of wells due to leaching of the "sanitary-latrines" becoming a threat to public health. The present water testing facilities concentrated in district headquarters are grossly inadequate. To meet the requirement of micro water supply systems, low-cost, user-friendly water quality testing field kits need to be propagated through the Community Development Society (CDS) system as community based water quality surveillance. Since dug wells continue to be the most frequently used source of drinking water, there is a need to improve water quality in these wells through technical and informational interventions. More than one third of these wells do not have parapet walls. There is an urgent need to convert the unprotected open draw wells into sanitary wells. Periodical water quality monitoring and chlorination through the CDS system can also be thought of.

Soakage pits are the most inexpensive and easiest method of silage disposal. However most of the towns need drainage channels for storm water and wastewater. The sewerage coverage of even the major corporations is extremely limited. A sewerage system whose maintenance costs can be met through a charge on the building tax would be more cost effective than individual household-based septic tanks.

Sanitary latrines

Kerala has a relatively high coverage of households with sanitary latrines (84 per cent in 2001). There is a strong demand, particularly from women, to have sanitary latrines and this priority was fully reflected in the plans of local self-governments. During the ninth plan, local governments constructed about 5.7 lakh sanitary latrines, which was much more than the total achievement in the past 15 years. With the launch of the Total Sanitation Campaign, the programme has continued to maintain the momentum. Therefore with proper planning and pooling of resources it should be possible for Kerala to finish the last lap of achieving universal coverage of household sanitary latrines within a year.

Having reached individual sanitation coverage of more than 84 per cent, it is the problem areas with space and water availability constraints that remain unreached. Invariably these include slums, coastal and tribal areas and population on encroached land where illegitimacy stands in the way of service delivery. Also, space constraint for construction of individual toilets has cropped up as a major issue. Technologies appropriate to high water table and water scarce areas that are available have to be tested and adopted.

In the past, sanitation programmes have concentrated almost exclusively on the provision of low cost latrines. Now the focus has shifted from household latrine to household sanitation (*Veettuvalappu Suchithwam*), which is package of health education, safe latrine and disposal of household silage and solid waste.

Solid waste management

Solid Waste Management is an obligatory function of local governments. It is estimated that in the State, every day, about 1200 tonnes of waste are left to decompose on road margins, drains, canals, water bodies and open space. Upgrading solid waste management through a systematic and comprehensive approach in tandem with environmental and legal obligations is hampered by inadequate financial resources, institutional weakness, improper choice of technology and public apathy. The activities associated with the management of solid waste from the point of generation to final disposal can be broadly grouped into four.

(1) *Segregation and storage at source* Solid waste is collected as a mixture of biodegradable, non–biodegradable and domestic hazardous waste. This state of affairs leads to littering and dumping of waste along roadside and open space. This can be overcome by community participation and a well-designed system for primary collection.

(2) *Collection and transportation* Experience in many cities has already shown that the kudumbasree units may be effectively organised, trained and equipped as doorstep waste effectors. It is necessary to introduce modern equipment, tools and proper vehicles, which are designed to avoid manual handling.

(3) *Processing* The low calorific value and high solid moisture contents of solid wastes in Kerala rule out thermal processes of waste management. The carbon nitrogen ratio of solid waste in the State is most suitable for composting. Expensive and energy intensive technologies like power generation, fuel pelletisation and incineration are not proven under Indian conditions. There is therefore a need for informed choice of technology.

(4) *Disposal* Identification of land for waste processing and disposal is also a critical issue. As per Solid Waste (Management and Handling) Rules 2000, all urban local governments are required to develop long-term sanitary land fill sites required for the final disposal of compost rejects, inert and treated biomedical wastes. At present no local government in the State possesses scientifically developed sanitary landfill site conforming to engineering and environmental specifications.

Community participation is critical to the success of an integrated solid waste management system. There should be a well designed IEC campaign aimed at promoting zero waste concept by popularising the 4-R strategy- Reduce, Reuse, Recycle, Recover and motivating towards segregation and storage at source. There is also a need to vigorously promote home-based and community level composting. The complexities of the problems in the planning and implementation of each of these set of activities are such that the State government cannot absolve itself of the responsibility for strengthening the capacity of local governments in this sector.

All Panchayats in the State face solid waste management problems of varying extent. Despite this Solid Waste Management systems are almost non-existent in Grama Panchayats.

At best the present system is confined to occasional removal of heaps of rubbish and there is no organised regular collection and disposal system. Small-scale windrow or vermicompost units would be ideal for grama panchayats.

Biomedical Waste Management

Kerala has the highest number of hospitals in India. It is estimated that a hospital bed generates 1.9 kg solid waste and 450 litres of liquid waste per day. On an average the health care institutions in the state generate about 1.5 lakh tonnes of solid waste /day. About 85 per cent of the waste generated in hospitals is general waste, which can be handled along with municipal solid waste. The remaining 15 per cent constitute biomedical waste which should be disposed of with care as per Biomedical Waste (Management and Handling) Rules 1998.It is the responsibility of the waste generator to dispose of biomedical waste. At present there is a laxity in enforcing the provisions of the rules and this poses a major public health risk

Special problems

The increase in the number of automobiles in the State has led to serious air pollution problems. Also the uncontrolled use of loud speakers causes sound pollution, which will have undesirable effects on the health and productivity of people. There is a need to abate the increasing degradation in the quality of air. The state pollution control board is the enforcing authority under the Air Prevention and Control of Pollution Act 1981. However enforcement apart, there should be a plan to raise community awareness and to promote socially acceptable air pollution control facilities and programmes

As per the data for 1990-91, 5.75 lakh large animals and 5.07 lakh small animals were slaughtered in the state. Unauthorized slaughtering of animals is 2.5 times higher than authorized slaughter. Illegal slaughterhouses pose a major sanitation problem and health hazard calling for immediate intervention. Popularization of decentralized low-cost slaughter houses (Rs 300,000 per unit) has emerged as a possible solution.

Most of the market places have arisen spontaneously at a given location and have evolved, sometimes over hundreds of years, without any planning or consideration for sanitation. These markets are often unclean with no provision for proper garbage and silage disposal. They do not have basic sanitary facilities, thereby causing grave distress, especially to women.

A growing proportion of Kerala population depends on hotels and street vendors for ready to eat food. There is a possibility of microbial contamination of food due to improper storage/ handling or due to poor environmental conditions. Therefore, there is a need for educating hoteliers and street vendors and raising consumer awareness.

The plastic carry bags are creating problems in the management of solid waste. Some of the local governments have already taken steps for prohibiting the use of carry bags. The manufacture and use of plastic carry bags with less than 20 microns thickness has already been banned. Studies are needed about use of plastic and regulatory measures introduced.

The existing approach to Information, Education and Communication (IEC) in sanitation sector is training oriented, supply driven, in-put based and not scalable. An alternate approach, which is output based and result-oriented with emphasis on capacity building and flexible and demand driven IEC needs to be evolved. There is a need to locate cultural barriers/rooted habits standing in the way of translating knowledge in hygiene and sanitation into actual practice.

XV
DEVELOPMENT OF DALITS AND ADIVASIS

Dalits and Adivasis are two communities that have failed to partake fully in the remarkable social sector achievements that generally characterise Kerala's developmental process. As a share in the population, Dalits form about 10 per cent and Adivasis form about 1.1 per cent. In terms of the usual indicators of education and health, the standard of living among Dalits is lower than the State average, but much higher than the national average. The incidence of landlessness, homelessness and poverty among Dalits are also relatively lower in the State compared to the rest of India. In 2001, the literacy rate among Dalits in Kerala was 88.1 per cent and among Adivasis was 70.1 per cent. The success of affirmative action has enabled a small section of the community to move into government sector employment. Nevertheless, their occupations reveal lack of diversification and backwardness; about 68 per cent of Dalits were employed in agriculture and allied sectors in 1991, whereas the corresponding State average was only 48 per cent. The vast majority is still trapped in low-income manual labour activities. This reveals the weak economic basis on which their social welfare gains have been made.

The Adivasis have not been able to achieve the social progress attained by the Dalits. About 88 per cent of Adivasis were employed in agriculture and allied activities in 1991. But for the literacy rate, the conditions of Adivasis are deplorable in terms of housing, drinking water, sanitation and health. The development process has tended to pauperise them, alienating them from their land, denying them access to forests and making them victims of alcoholism. It may also be noted that there are some tribal communities are relatively more advanced, but the above situation would characterise majority of the tribal community.

Special provisions have been made in the constitution as well as in the Five Year Plans for the development of scheduled communities. Today, the main instruments of plan efforts in this direction are Special Component Plan (SCP) for Dalits and Tribal Sub Plan (TSP) for Adivasis, besides the allocations for the scheduled communities from the centrally sponsored rural development schemes.

Special Component Plan (SCP)

It was the Janata government in 1977 that integrated the allocations under different departmental programmes for the development of Dalits into a Special Component Plan. The allocations from the various departments, taken together, were to be proportional to the share of Dalits in the population. The projects included in the SCP had to directly benefit Dalits and were to be integrated into a single plan. In 1980, special central assistance was also started to facilitate this integration process. In Kerala, the planning and implementation of the SCP was decentralised to the districts in 1983. However, the bureaucratic department planning continued to be plagued with notional flow of funds, irrelevant programmes and serious shortfalls in implementation.

It was in this context that major changes were made in the allocation, planning and implementation of the SCP in 1996-97. Instead of each department allocating the SCP funds, funds in proportion to the population of Dalits were earmarked in the plan outlay itself and devolved to the local self-governments. This measure put an end to the departmental practice of using notional flows and opened up possibilities of involving Dalits in each locality in setting their priorities, drawing up plans and monitoring their implementation. Separate discussion groups were mandated in grama sabhas, development seminars and task force meetings for the preparation of SCPs. Stringent guidelines on the choice and implementation of common infrastructural projects were formulated. Special grievance redressal mechanisms were also instituted. Later, a community facilitator was also appointed in every panchayat.

The democratic decentralisation resulted in reduction of leakage of SCP funds with the vast majority of the projects being individual beneficiary-oriented, such as in housing. The infrastructure projects, such as roads, which are amenable to misuse, constituted relatively small percentage of the projects. In majority of the panchayats, all Dalit families with house sites have been provided with houses. With an imaginative programme of providing house site and house, it should be possible to provide universal housing and also to ensure minimum basic amenities in all Dalit habitats. This is a target that is achievable in the next five years.

Greater attention has to be paid to improve the occupational mobility of Dalits through skill upgradation and also to open up greater opportunities in sustainable self-employment programmes. Education should continue as the main focus of the SCP even in the current phase. Retention rates in the schools have to be improved and the schemes for model residential schools extended to all districts. Higher education support schemes have to be modified to enable Dalit students to make use of the educational facilities in self-financing colleges and also pursue higher studies outside the State. The educational allowances and scholarships should be enhanced and special incentives for students of proven talents substantially enlarged.

Tribal Sub Plan (TSP)

Unlike the plan programmes for the Dalits that were envisaged as separate components of the general programmes, a different approach was mooted for the Adivasis. The Tribal Sub Plan focussed on the development of tribal areas due to the special problems faced by the Adivasi population. The TSP was to include both development programmes as well as protective programmes. Given the diffused settlement pattern of the Adivasi population in Kerala, TSP could not be implemented in its true spirit. As in the case of SCP, TSP was also decentralised in 1983 to the district-level bureaucratic working groups. However, its impact on planning and implementation of tribal development programmes was no different from the case of decentralisation of SCP. A close examination of the implementation of the TSP shows non-expenditure of the allotted funds, misuse of tribal funds for the development of general infrastructure, irrelevant programmes, lack of integration and corruption. Democratic decentralisation initiated in 1995-96 under People's Plan Campaign did bring about a qualitative change in the planning process as well as the implementation of TSP.

The focus on basic needs in TSP under People's Plan Campaign was even higher than that in SCP. However, an evaluation of TSP in the first year of the Campaign showed very poor participation of Adivasis, many instances of misuse of funds for irrelevant infrastructures and serious delays in the project implementation. A number of urgent rectification measures were undertaken to ensure greater participation of Adivasis in the Campaign and check misuse and leakage of funds through more stringent guidelines, particularly for the infrastructure projects. It was mandated that *oorukoottams* or tribal village assemblies would be convened in every hamlet to discuss the plan and that no project could be adopted by the local self-government without the approval of the *oorukoottams*. To facilitate the assemblies, educated Adivasi youth were selected, trained and appointed with a monthly allowance. There are no scheduled tribal areas in the State and the Adivasi population is today so diffused that they do not constitute a majority in any panchayat, Under the given circumstances, the procedures adopted for TSP ensures maximum autonomy for the Adivasi community within the existing panchayati raj system.

The UDF government seriously disrupted the democratic decentralisation process by withdrawing the TSP funds from local self-governments and resorting to the earlier procedures of departmental planning. This disruption had disastrous results. The plan funds remained unspent and major irregularities surfaced in the utilisation of funds. A portion of the TSP has now been returned to the local self-governments. The damage was, though, done. The *oorukoottams* had by then become namesake and the cadre of Adivasi community facilitators got integrated with the bureaucratic machinery of the tribal department. The development challenge today is to reactivate the *oorukoottams* and make the TSP a truly participatory process.

Besides the developmental programmes, major protective measures are also to be urgently undertaken in the tribal areas. The first is related to the land question. It is not practically feasible to take back all the alienated tribal land, particularly those areas that have changed ownership to small landowners. Tribal households that lost land would have to be fully compensated with alternative land and other landless Adivasi families would have to be given a minimum area for cultivation. The land question has given rise to a new social ferment among the Adivasis and struggles to occupy surplus land and forest land. A solution to the land question is the central developmental issue related to Adivasis today.

The second problem is related to the traditional forest rights of Adivasis: the right to collect minor forest produce and occupancy rights for those living in the forests. The traditional forest rights of Adivasis have to be honoured and Adivasi co-operatives for the collection and sale of minor forest produce strengthened.

The third problem is related to social oppression, particularly the sexual abuse of Adivasi women. Stringent legal actions, supported by DNA tests and other modern techniques, have to be adopted. The single unwed mothers have to be given special social support.

The social security systems for the tribals would have to be strengthened to take care of all exigencies of unemployment, illnesses and unforeseen events. The Adivasi model residential schools have been an innovative idea, which has been proved successful, will have to be further strengthened.

XVI
GENDER AND DEVELOPMENT

One of the paradoxes of Kerala's development is that the dramatic improvements in conditions of life have not resulted in commensurate improvements in the status of women or their empowerment. This contrast is to an extent captured in the data presented in Table 6.

The educational indicators, such as literacy and enrolment rate, health indicators, such as maternal mortality and institutional delivery, and demographic indicators, such as fertility rate, life expectancy and sex ratio, with respect to women

Table 6 *Selected indicators of conditions of life of women, 2001*

Indicator	Kerala	India
Sex ratio	1058	933
Life expectancy	75.9	61.8
Proportion of girls marrying after 21 years	63.0	25.9
Maternal mortality rate	140	407
Percentage of institutional delivery of women	93.0	33.6
Total fertility rate	1.9	2.9
Literacy rate	87.9	54.2
Median number of years of schooling, 1998-99	7.9	0.0
Work participation rate	15.3	25.7
Unemployment rate (daily current status), 1999-2000		
Registered crimes against women per lakh population	17.1	14.0
Percentage of women not involved in any decision making in the household, 1998-99	7.2	9.4
Percentage of women not involved in decision making on staying with parents/siblings after marriage, 1998-99	40.3	51.9
Percentage of women with no access to money	33.3	40.4
Percentage of women who need permission to visit friends and relatives	62.1	75.6
Percentage of women who need permission to go to market	52.2	68.4

Source: Various official sources.

in Kerala are significantly better than the national averages. The most well known ratio, of course, is the sex ratio, which is 1058 as compared to 933 in India.

With improvements in education and decline in fertility, one would expect that the female work participation rate in economic activities would rise. However, in the case of Kerala, the female work participation rate has declined from 21 per cent in 1961 to 16 per cent in 2001. This is much lower than the male work participation rate of 47.4 per cent and 50.2 per cent respectively for the above years. While male work participation rate has exhibited some rise in the recent decades, Kerala is one of the few States in India where the female work participation rate has continued to decline.

As we have already seen, agriculture and traditional industries that account for a major share of female employment has been in deep crisis. The cropping pattern changes in agriculture have been towards less female labour absorbing crops and technological changes in the traditional industries have been female labour displacing. In contrast, because of sex-typing of jobs, women are not able to get an adequate share of the new service sector or modern industry jobs. The small expansion of female employment has taken place in trade, export oriented garment industries, ICT and tourism. The result has been a sharp rise in the rate of female unemployment, which was 27 per cent in 1999-2000, much higher than the male unemployment rate in Kerala and the female unemployment rate in India. The high level of unemployment discourages women from seeking employment and thus further dampening the work participation rate. However, these women who withdraw from economic activities or are seeking employment are forced by economic pressures to contribute to family incomes through involvement in a variety of subsistence related domestic economic activities. As a result, their work remains invisible and unaccounted.

Not only has the work participation rate been low, but women are also largely confined to low-paying low-skill sectors and activities. Even within the same activities, women get much lower wages than men. Even the official minimum wages reflect the discrimination against women. A result of all these processes has been that women are increasingly marginalised in the development process in the State. The number of female-headed households has been rising and is about 22 per cent. A large proportion of the BPL households are female headed.

Despite the lower earnings of women, women contribute significantly to the actual family disposable earnings, particularly in the lower strata. They are also burdened with domestic work and the participation of men in domestic activities has been very low and in no way different from other States in India. As shown by the data from the NFHS 1998-99, levels of women's autonomy in terms of involvement in domestic decision making, some of which are given in Table 6, are only marginally higher than the rest of India. The rate of crime against women has been higher than the national average. The practice of dowry has become more perverse and pervasive. Women have been scarce in the leadership of socio-political movements.

The riddle of women's status in Kerala cannot be resolved with reference to the economic development process alone. It is part of a much larger socio-political phenomenon involving traditions, institutions and ideology of patriarchy. The progressive movements in Kerala, which have been successful against outdated feudal institutions and norms, have to develop an effective gender critique and practice in the context of capitalist growth. We do not intend to address this socio-political challenge in its totality in this document, but confine to highlighting of certain development perspectives that would be complimentary to the larger socio-political project.

The development policy for women in the State has historically been welfare-oriented resulting in remarkable improvements in the educational and health conditions of women that we have already discussed. However, the content of education has tended to reinforce traditional norms of patriarchy and its overhauling remains a major task. There continues to be gender bias in family planning and there is lack of sufficient sensitiveness to women concerns in the medical facilities. The medical care institutions and the practice of family planning are not sufficiently women-friendly.

Over time, there has been a shift in the focus of development policy towards anti-poverty schemes. The most important legacy of this policy has been the Integrated Child Development Scheme (ICDS), the largest women-related development programme in the country. It addresses some of the most important practical needs of women. A major policy change in this sector has been the implementation of democratic decentralisation and the transfer of anganwadis to LSGIs. However, the transformation of anganwadis to meet the requirements of pre-primary education, nutrition supply, health care and community centres for women have been restricted by the rigidities of the vertical programmes. Expansion of the facilities at these centres, improvement in the services and integrating them with the women neighbourhood networks and the empowerment programmes of the LSGIs are essential.

The People's Plan Campaign was an important landmark in the gender and development policies of the State. Gender equality was made one of the explicit objectives of the decentralisation process and it was mandated that every project under the local plan should have a gender impact statement. Over and above, every LSGI was to set apart 10 per cent of their plan funds to projects whose direct beneficiaries would be women and managed by women. This component of the local plan, known as the Women Component Plan (WCP), has an average outlay exceeding Rs 100 crores every year. A critical evaluation of the WCP reveals that its focus continues to be poverty and the projects address the practical needs of the women. The empowerment components that address strategic gender needs have been few and weak. However, the potential of WCP to generate gender awareness through programmes that can break down the existing gender division of labour, make women's work more visible and mass-based development of popular education has been amply proved. The challenge is to transform WCP into an empowerment/transformation programme.

The most important innovative project that evolved under People's Plan Campaign and was not followed up in the last five years was the local women's status report programme. Every panchayat may be encouraged to prepare a women's status report. There may be a panchayat level team that would act as facilitators for leading a structured discussion on various aspects of women's status, documenting the conclusions and preparing a report. The women NHGs can provide the organisation for undertaking the above activities. The report preparation can thus be converted into a self-study and awareness programme spread over a couple of years. The resultant report would not only be a future guideline for future WCPs, but also a basic document for discussions on gender in the panchayat involving both men and women.

The kudumbasree self help women's network has been consciously designed as distinct from the usual neo-liberal micro-credit paradigm. Kudumbasree network has to be strengthened ensuring the autonomy of the units and the coordinating role of the panchayats. The movement from micro-credit to micro-enterprises will have to be carefully supported by technical and marketing umbrella organisations. The scope of kudumbasree has to be widened without losing its anti-poverty focus. Universalisation of kudumbasree network would enable the units to function as sub-sets of grama sabhas and thus, an important component of the local democratisation process.

The activities of the State Women's Commission should also be linked to the LSGIs. *Jagrata Samities* should be constituted in every locality as a watchdog against crime and violence directed at women. These activities may be included in the WCP. The Women Development Corporation should be transformed into a facilitator of the WCP. In a sense, gender budgeting has been inbuilt into the local level planning process. It has to be strengthened and scope expanded for integrating gender into the State level budgetary policies as well through such methods as sex-disaggregated beneficiary assessment, expenditure incidence analysis, and gender-aware budget statements and so on.

XVII
POVERTY, SOCIAL SECURITY AND HOUSING

Poverty

According to official statistics of the Government of India, Kerala is one of the States where the fastest reduction in poverty has taken place. Between 1973-74 and 1999-2000, the head count ratio (HCR, the proportion of poor in the population) in rural India declined from 56.4 per cent to 29.2 per cent; in the same period, the HCR for rural Kerala declined from 59.2 per cent to 10.7 per cent. As a result, Kerala's share in the allocations within centrally sponsored rural development schemes has sharply declined. However, the figures of recent estimates of poverty have been disputed. The NSS estimate, from which the money value of consumption expenditure is taken, also provides actual quantities of food consumed. Following Utsa Patnaik, an independent estimate of poverty based on direct calorie consumption indicates that there has been no significant decline of poverty in Kerala and it remains at high levels as in the past.

According the BPL survey of 1999, 36.5 per cent of the households in Kerala were classified as below the poverty line. We do not have the outcome of the most recent survey undertaken by the Rural Development Department. This survey has been carried out on the basis of exclusion criteria to identify the poor, rather than an income cut-off. The kudumbasree scheme also employs an exclusion criterion to identify the poor. But the norms employed are more specific to the Kerala situation. The estimate based on kudumbasree statistics gives the share of the poor to be 35 to 40 per cent. If the criteria for the identification of the BPL families employed by the Rural Development Ministry are not revised to take into account the specific features of the State, it would stand to lose heavily in its share of funds from the central poverty alleviation schemes.

There are broadly three types of schemes that are oriented towards poverty alleviation. The first is the set of centrally sponsored schemes, such as SGRY and Indira Awas Yojana. A recent concurrent evaluation has indicated that the effectiveness of the schemes in the State is less effective than at the national level. A reorganisation of implementation of these schemes is necessary. The integration of these vertical programmes with the local plans was a thorny issue in the People's Plan Campaign. There is no rationale for these schemes being independently implemented through the Rural Development department when the LSGIs are implementing similar self-employment and wage labour programmes on a much larger scale as part of the local plans. Leaving aside the norms determined by the central government, administrative factors like the existence of Rural Development department independent of the local self government department and that of the DRDA from the district panchayat are responsible for this lack of integration. These issues have to be resolved in favour of full integration with the local level planning process.

From the current year, the major employment programme, the Rural Employment Guarantee Act is being implemented. According to the draft rules of the Act that has been circulated, it is more likely that the REGA degenerates as what happened to the food for work programme in the State. The REGA has to be fully integrated with the local planning process and should not set up any parallel structures or processes. The officers and administrative bodies of the scheme should be fully under the respective LSGIs. It is also necessary that greater options are given to the State to choose the types of development activities that could be undertaken under the Act. Given the serious nature of the agrarian crisis, besides public irrigation and soil conservation works, selected agricultural activities even in private land, such as replanting of the tree crop, should be permitted. The agrarian organisational innovations like the labour banks provide the ideal framework for the implementation of the scheme. Finally, rather than choosing certain districts, all grama panchayats who draw up comprehensive programmes of employment guarantee, integrating the schemes with the local plans should be included in the scheme.

The second major anti-poverty intervention has been the kudumbasree. We will be discussing more about kudumbasree in the section on gender and development. The importance and feasibility of micro-credit has been more than proved. While such efforts have to be strengthened, it is important to move from micro-finance to micro-enterprise so that additional income is generated for the poor and the burden of debt is reduced. If the micro-enterprises are to succeed, their forward and backward linkages should be ensured through the local planning process.

There has been a recent tendency to describe micro-finance and micro-enterprise as a panacea to the problem of poverty. Without denying it significance, a fundamental clarification has to be made. These are not going to succeed if the macro policies undermine the main livelihood of the poor. About 47 per cent of the poor in Kerala are agricultural labourers, 26 per cent are traditional industry workers and 15 per cent are artisans. It is a paradox that the UDF government, whose policies have been mindlessly undermining many of the traditional occupations of the poor, should at the same time choose micro-enterprise route to retrain them in occupations that are not fundamentally different from the traditional occupations. In our document, our emphasis is on the protection and promotion of the sectors where the poor are mostly employed. Micro-credit and micro-enterises can play an importanat, but only a supplementary role. To make things worst, the UDF government started to use the SHGs to undermine the workers' co-operative in traditional industries like coir. These are retrograde steps that would serve only to generate popular reations against the SHG movement.

The third major intervention for poverty alleviation has been the poverty sub plan of the LSGIs. Basically, the projects in the PSP may be divided into two types. The first are the self-employment and wage employment programmes for the poor. The second are the projects to provide for the basic needs of the poor. It is the latter type of projects that have received priority in the local plans. The expenditure by the LSGIs has to a large extent offset the decline in government expenditure in the social sectors.

Every panchayat and municipality should prepare a programme to guarantee basic rights to every citizen in a time bound manner. House for every household, electricity, water and sanitation in every house is a practical objective within the timeframe of the 11th Five Year Plan. Achievement of this target would be a major step toward eradication of poverty in the State.

Housing

The housing conditions in Kerala are superior than most of the States in India. At the national level, while 52 per cent of households live in permanent households, the corresponding share in Kerala is 68 per cent. While an average house in India has only two rooms, in Kerala there are three rooms per house.

The improvement in the housing conditions in Kerala could be traced back to the implementation of land reforms. Tenants who received ownership rights to land and the agricultural workers who became owners of hutment land could aspire to build a permanent house. In India, it is mostly the centrally sponsored housing schemes that address the housing aspirations of the poor. However, from the one-lakh housing scheme in the early 1970s, the State government in Kerala has been strongly intervening to provide housing. This has been a process that peaked with the People's Plan Campaign. About 6 lakh houses were built for the poor by the LSGIs alone in this period. The district panchayats of Kollam, Thiruananthapuram and Thrissur prepared Total Housing schemes for the districts. Instead of waiting for 10 to 20 years to provide houses for everyone by setting apart a share of its plan outlay annually, they attempted to take a housing loan from HUDCO, which was to be repaid from the future flow of plan fund grants from the State government in order to provide houses to everyone immediately. The schemes, but for in Thrissur (where the scheme was to be implemented with COSTFORD), did not involve loan component to the beneficiary and did not incorporate innovative low waste building technology. Nevertheless, it was a bold innovative intervention that unfortunately was not carried forward by the UDF.

The housing for adivasis has for long been a problem area. The issue is not lack of funds but it has not been possible to ensure the participation of beneficiaries. The sense of ownership was limited and the beneficiaries expected the government to step in even for normal house maintenance. As a result many houses fell into disrepair. Involving accredited NGOs in the implementation of housing schemes for the adivasis have been more successful. The house designs have to suit the cultural lifestyle and needs of the adivasis and should be implemented with active involvement of adivasi assemblies.

In the last four decades, the housing styles and construction materials used has undergone a sea change. The roofs of 74 per cent of the houses were thatched, or made of coconut leaf of grass, which declined to 11 per cent in 2001. In contrast, the share of concrete houses rose from 0.1 per cent to 21 per cent in 2001. While 33 per cent of the houses in India were either cemented or more costly materials, the corresponding share was 72 per cent in Kerala.

On one hand, a large section of the population has to make do with limited resources. On the other hand, there are extravagant houses, which are totally out of proportion to the number of inhabitants. In Kerala, the house is a statement of status. The size of houses is larger compared those in other States. This trend was fuelled primarily by the inflow of remittances from the Gulf. The hard working Keralite abroad would willingly pour his savings into a palatial residence. Today, all Keralites spend a substantial amount on building a dream house. This trend has a disastrous ecological impact through the depletion of natural construction material.

The government should actively encourage and propagate construction techniques which minimize the exploitation of non-renewable and energy-intensive resources, preferably by adopting these in public buildings. The government should take responsibility to provide land and houses to the poor, providing full subsidy. All others should have loan linked programs, and even for the poor other than the poorest, it may be a long-term subsidy programme that can be implemented effectively through the kudumbasree network. Houses built under subsidy schemes should have a minimum time period before which the ownership cannot be changed. Group housing in designed clusters should be encouraged to make optimum use of land, which is at a premium in Kerala. The norms for beneficiary selection should be scientifically fixed and stringently enforced. The activities of all public agencies working in the housing sector for the poor should also be coordinated through the grama Panchayat for effective implementation.

Social Security

The State has been a pioneer in designing and implementing social security programmes for workers in the unorganised sector. There are at present 23 Welfare Fund Boards covering agricultural workers, major traditional industries like coir, cashew, toddy tapping, bamboo workers, artisans, handloom workers, beedi workers, khadi workers, construction workers, head load workers, tailors, fishermen and part-time public or related workers like anganwadi workers, ration dealers, lottery sellers and even traders, involving more than 50 lakh members. Pensions are also provided to destitutes, widows and disabled. There is also an unemployment allowance scheme.

A common feature of all the welfare fund schemes is the provision of pension of Rs 100 to 150 to members above the age of 60. They also provide a package of educational, medical, housing and other benefits to working members. The normal funding pattern involves a small monthly contribution from workers, a larger contribution from the employers and a matching grant from the government. A positive feature is the involvement of trade unions in the management of these funds. The major problem of social security in the unorganised sector is the difficulty in finding the employer who in most cases would be petty in scale making it difficult to collect the employer contribution. In Kerala also, the collection of contribution from petty employers has not been successful, either in agriculture or non-agriculture sectors, except in a few sectors like head load, construction and toddy tapping. It is precisely the latter type welfare funds that have proved to be the most effective. The functioning of welfare funds in these latter sectors has also brought in an element of social regulation in the functioning of these sectors.

In the export oriented unorganised sectors, such as fisheries and coir, the welfare fund act provides for a contribution from the exporters also in proportion to their export turnover. This approach of identifying the ultimate and indirect employers proved to be a great success in the initial period. However, these schemes have run into crisis with the courts ruling in favour of exporters who deny any employer-employee relationships with the scattered workers in the unorganised sector. Yet another problem with most of the welfare funds has been heavy administrative expenditure, which comes to as high as 10 to 20 per cent. The government contribution has also tended to be haphazard. As a result, the pension payments are now in arrears ranging from one to two years. The payments other than the benefits have become meagre.

As an immediate measure, the challenge from the exporters has to be met through negotiation and appropriate legislation. The tendency to start new and separate welfare funds for each sector of employment should be curbed, as it would increase the overhead and administrative charges. The smaller funds in similar sectors should be brought together to reduce the overhead charges. Integrating the welfare fund schemes in Kerala with social security schemes proposed by the central government in the unorganised sectors is necessary. It has to be ensured that the central act takes into consideration the special situation in the State. There have also been suggestions of a universal social security scheme involving the entire unorganised sector providing comprehensive coverage. A Commission inclusive of trade union representatives should be appointed to make suggestions on increasing the coverage and effectiveness of social security systems in the State.

XVIII
CO-OPERATIVES AND FINANCIAL INSTITUTIONS

The State has an extensive co-operative network of 12,457 societies covering credit, marketing, consumer marketing, housing, SC/ST, women, health and other sectors. Besides, there are 9342 co-operatives under the different directorates, such as fisheries, dairy and industries. These public institutions are also part of the people's movement and therefore, are unique instruments of developmental intervention. Though their expansion has been part of public policy in successive Five Year Plans, many of them, particularly in the industrial sector, are also the outcome of trade union struggles and resistance movements from below. In the national co-operative movement, Kerala has a relatively higher proportion in terms of the number of co-operatives, deposits mobilized, value of production and business turnover. However, certain unhealthy trends have been spreading in the recent decades. These issues have to be addressed and the co-operative movement further strengthened.

Taking advantage of some of the weaknesses of the co-operative sector, the neo-liberals have been demanding, in the name of "autonomy", that the co-operative sector should be divorced from public control and support. The Government of India and the UDF government have been advocating what has come to be known in Kerala as *swasraya* co-operatives. No doubt, the autonomy of co-operative institutions and member control must be ensured. They should also be commercially competitive. At the same time, their role as an important public instrument for developmental intervention cannot be ignored and government financial support will have to be continued. The co-operatives present an important organisational framework for implementation of many of the sectoral policies that we have advocated in this document.

Primary Agricultural Credit Societies (PACS)

The PACS constitute the primary grass root units of the co-operative credit structure. In 2004, there were 1655 PACS, of which 1600 were functional. The total paid up share capital was Rs 409 crores and reserves of Rs 570 crores. The total disbursement came to Rs 900 crores. A total of 703 societies were earning profits in 2004.

Nevertheless, the following disconcerting trends are causes for worry. The share of agricultural credit has been declining and was as low as 23 per cent in 2003-04. There has been declining recovery rate and a sharp increase in non-performing assets (NPAs). A total of 884 societies are making losses and the current loss amounted to nearly Rs 400 crores. The management costs have been rising and with the recent pay hike, its proportion in the total costs would reach an all time high. Instances of unhealthy competition between PACS as well as between PACS and other co-operative credit institutions have been on an increase.

A reorganisation of PACS is urgently

required by amalgamating and liquidating unviable ones so that there is only one PACS for every panchayat. The management costs should be brought down to less than 2 per cent of the working funds by increasing the volume of business and productivity of the staff. The training for the co-operators and the co-operative employees has to be overhauled and strengthened. The move for public recruitment of co-operative staff is a step in the right direction.

The accumulated loss of the PACS should be wiped out and capital base strengthened. The proposal of the Government of India in this regard is welcome. However, the recent moves to bring the credit co-operatives directly under the supervision of RBI and divest them of non-credit operations are not acceptable. The special strength of service co-operative banks lies in their potential to directly link credit with the provision of a wide variety of agriculture-related services. The recent spurt in overdue is a result of the deep agrarian crisis in the State that we have already discussed. In a situation where hundreds of farmers are committing suicide because of debt trap, the trend in recovery could not have been different. The government has declared a moratorium and one-time settlement of the farmer's debts, which is most welcome, but the burden of debt amelioration has been disproportionately falling on the co-operatives. The commercial banks have been exempted from such social burdens.

Credit has to be linked to specific agricultural projects and the banks have to play a proactive role in preparing such projects as well as monitoring them. There must be close links between the local self-governments and the local PACS. The PACS could act as the banker for the LSGIs and LSGIs can utilise the service provision facilities of the PACS for the implementation of the projects. The Kisan Credit Card system must be further extended and the scale of finance for various crops must be realistically revised.

Other Co-operatives

The apex co-operatives at district and State level should have monitoring and administrative control over the PACS. However, the functioning of most of the apex societies, but for a few, is far from satisfactory. The present unhealthy tendency for the State and district co-operative banks to open branches in competition with PACS should not be encouraged. These apex institutions have large surplus funds, which could be utilised for commercially viable development projects in the State.

Majority of the industrial co-operatives are currently sick reflecting the serious crisis that has enveloped the traditional industries and the policies of the government that are biased towards the private sector. In our document, the co-operative revitalisation continues to be the focus of reorganisation of the traditional industrial sectors.

The Anand Pattern Diary Co-operatives (APCOs), which played an important role in the expansion of animal husbandry in the State, has a membership of 7.3 lakhs. They are currently facing a crisis, which is partly a reflection of the state of affairs of the apex society. The MarketFed, the apex marketing society, has been enmeshed in scandals. The RubberMark has not been able to effectively intervene in the rubber market. In the context of globalisation, the co-operative marketing societies can play an important role to protect the farming communities.

Co-operative Academy for Professional Education (CAPE) was set up to establish professional education institutions in the co-operative sector. In the context of the unregulated expansion of the self-financing colleges, CAPE can play an important role in setting up socially acceptable standards in admission and fees. The health co-operative sector is another new and rapidly expanding sector. Out of the 77 co-operative hospitals in the State, 57 are functioning at an optimum level. The expansion of ConsumerFed through Neethi stores in the supply of medicines and gas cylinders have proved to be popular.

Financial Institutions

NABARD and NCDC are the All India Financial Institutions (AIFI) that are directly related to the co-operative sector. In 2003-04, Kerala received 4.5 per cent and 15.4 per cent of the total disbursement by NABARD (Rs 342 crores) and NCDC (Rs 96 crores) respectively. These figures are much higher than the allocation to Kerala made by the other AIFIs like IDBI, UTI and LIC. While Kerala received 6.7 per cent of the combined disbursement of NCDC and NABARD, Kerala's share of overall disbursements by all the AIFIs is only 1.2 per cent.

The bulk of the NCDC assistance to Kerala is for the Integrated Co-operative Development Project (ICDP) for strengthening the co-operative infrastructure including computerisation. However, Kerala has not been fully utilizing the NCDC assistance. In 2004, only 64 per cent of the allocation was utilized. The attempt of NABARD to introduce a special scheme for "model bankable agricultural product" is an innovative proposal for increasing the flow of credit to agricultural sector.

The credit deposit ratio of commercial banks in Kerala is between 40 and 50 per cent, while in Maharashtra and Tamil Nadu it is 80 to 90 per cent. It is an indication of the leakage of funds to outside Kerala through banking channels. The usual response of the banks is that they do not receive sufficient bankable projects. However, we have just seen that even with respect to AIFIs, whose credit decisions are not entirely based on market criteria, the share of Kerala in the disbursements is very low. The banks also have to take a pro-active role. Their refusal t do so was dramatically revealed in the controversy that erupted during the People's Plan Campaign when the banks declined to be involved at any formal level in the local planning process. More recently, in the initial phase of micro-credit expansion through panchayats, the commercial banks were unwilling to get involved. Currently, we are witnessing the same attitude with respect to the educational loan scheme. The bank managements alone cannot be blamed for this situation. The national banking policy has been steady moving away from social banking to a narrow market and profit orientation. The methodology for drawing up credit plans has to be revised so as to integrate better with the local level planning.

Besides the organised financial institutions, there are a large number of non-banking financial intermediaries and private moneylenders in the State, who charge exorbitant interest rates. The spread of co-operatives, and more recently kudumbasree, has helped to reduce the stranglehold of private moneylenders. Nevertheless, the recent episodes of violence linked to blade companies reveal their fraudulent practices and also links with organised criminal groups who enforce their recoveries. The real answer to this problem lies in the public banking sector and co-operatives making available more credit to the informal sector, if necessary through micro-credit organisations.

Chitties have been an important form of efficient and reliable savings credit schemes that have traditionally operated in the State. Though there are many long standing companies with reliable track record, the anarchy that was spreading in the sector made it necessary to have a rigorous regulatory regime to ensure the safety of public funds. The emergence of KSFE, a public sector financial institution, helped to make the chitty business more organised and stable. However, the recent amendments made to the law have raised widespread anxiety of deregulation leading to the earlier anarchical situation and undermining of the KSFE. There is no sufficient information base regarding the operation of NBFIs in the State. A comprehensive enquiry into the informal credit system in Kerala may be instituted so as to regulate and strengthen the credit supply to the informal sector.

XIX
CULTURE AND SPORTS

Culture

Development being a social process has an important cultural dimension. The development process in turn has significant implications in the cultural sphere. At a time when we are trying to reorient our development strategy in which people's participation is an essential component, an appropriate cultural milieu that promotes secularism, self-reliance, sense of involvement in social issues and unity of the people is imperative. However, the present trends in the cultural field are disquieting. The neo-liberal ideologies have been spreading among the middle class and intelligentsia. The demonstration effect produced by the migrant population and commercialization of the media has fanned consumerism. The cultural degradation is also reflected in the gender relations in the State to which we have already referred to. Parallel to all these, there has been a resurgence of casteist and communal ideologies reminding us of the characterisation of Kerala as a 'den of casteist lunatics' by Swami Vivekananda in the late 19th century.

It was the renaissance movements led by social reformers like Sree Narayana Guru, Ayyankali, Chattambi Swamikal, Vaghbhatanandan and V. T. Bhattathiripad, and the national independence movement and the left movements that followed, which democratized the socio-political institutions of Kerala and left deep imprints in its cultural life. The art and literature of this period of transformation not only reflected, but also enthused and reinforced, the momentous changes. A number of new cultural organizations like Progressive Writer's Movement and institutions like Kalamandalam emerged. Establishment of village libraries was an important part of the nationalist movement and trade union activities. The movement for a united Kerala further nourished these trends.

The first popular government in Kerala led by the Communist party tried to stabilise these trends by the establishment of various academies for literary and artistic activities, promotion of the library movement and the development of Malayalam as the official language in governmental activities. These democratic and secular traditions were continued by the successive Left governments while the policies of the Right coalition, whose cultural foundation has been the notorious anti-communist liberation struggle of 1959, have been a counteracting influence. Globalization and the rise of religious fundamentalism have strengthened the reactionary tendencies into a cultural retrogression. The new cultural milieu goes against the people-centered development agenda and against resistance to the cultural impacts of imperialist globalization. How to meet the threat to our renaissance heritage and unity of the people is a major challenge before us.

A broad unity of the democratic and secular forces in the cultural arena is necessary to confront the threats from imperialist globalization and the rise of fundamentalist forces. Cultural policies would necessarily have to be informed and guided by the need for such interventions. There is yet another context within which we are examining culture as part of the development agenda. The promotion and strengthening of the cultural institutions is an important component of the planned development process.

At present, there are nearly two dozen cultural institutions under the government and it is not possible now to go into the functioning of each of these institutions. However, the basic approaches may be clarified. These institutions should not be used for the pursuit of narrow, sectarian interests, but must reflect a very broad democratic and secular unity. Though they are public institutions, autonomy is vital for their creative functioning. The urban and middle class bias in the activities of these institutions must be changed and their popular outreach expanded. There should be greater co-ordination among organizations with similar objectives leading to jointly prepared cultural action plans. The activities of the academies should be extended to the rural areas in a big way, with the help of local self government institutions. Preservation of our classical and folk art forms should be given due importance. Facilities have to be provided for establishing a deemed University in Kalamandalam for performing and other arts. Most importantly, the financial support from the State government for the cultural sector has been meagre and this has to be substantially enhanced.

The library movement in Kerala whose outreach extends to almost every ward in the State is a legacy of non-formal education unparalleled in the third world countries. However, for about two decades from the mid-1970s, the library network has gone into a process of decay for various reasons including the political disruption of its democratic character in the emergency period. A new phase started in the mid-1990s because of the promotional measures of the LDF government and interventions by the LSGIs. The library movement in Kerala is in the process of redefining its role in the context of struggle against globalization and the development initiatives under democratic decentralization. The grants to the libraries have to be substantially enhanced so that the quality of book collection is enhanced and modern facilities, such as internet are widely available in all libraries. The science movement in Kerala has a tradition of more than four decades. Science organisations and movements have a significant role to play in the struggle against obscurantism and the creation of a scientific temper. It can contribute to better awareness regarding the misuse of science and development alternatives.

The development of Malayalam as the official language should be earnestly pursued. The publication activities of the autonomous institutions under the government should be reviewed and a comprehensive programme should be drawn up for realising the objectives for which they were established. Development of the language technology with a view to promote local language computing in the context of information technology, especially at the local level, needs to be paid attention.

The total newspaper circulation in Kerala is more than 32 lakh. There are a number of popular magazines that top the circulation list at the national level. The State is soon likely to have a dozen television channels. There is no State in India where the media has so much influence in fashioning public opinion as in Kerala. Media has played an important developmental function by disseminating development information and also in environment creation. One of the best examples of such interventions has been the total literacy campaign in Kerala. However, the trend of commercialization, intense commercial rivalry and vested managerial interests raise certain doubts on how the vital developmental role of the media can be played. Nevertheless, a free and fearless media is important for the function and success of a democracy and the attendant democratic rights should be respected and strengthened.

New mechanisms for ensuring the societal role of the electronic media have to be explored. Community radio networking and linking the local self governments with local FM radio stations for dissemination of information should be taken up. Development of new platforms like Internet/web based portals and broadcasting will have to be encouraged.

The development of sports is important not only for its recreational purpose but also for the development of a physical culture, which is an important factor in improving people's health. Currently, the field of sports suffers from inadequacies in training both in terms of infrastructural facilities as well as paucity of qualified trainers. Lack of development of sports medicine and doctors with sports specialization lead to many a promising career being nipped in the bud by injuries. At least two major sports complexes with synthetic tracks, hostel facilities, indoor stadium and facilities for all the major games have to be created. The level of promotion of sports activities and sportspersons by public and private sector companies is much below that in other Indian States.

The standard of the sports hostels must be raised to SAI standards. The tournaments and sports festivals have been declining in Kerala. National tournaments must be encouraged. Special attention ha to be paid to strengthen the network of sports clubs. The Sports Council must be rejuvenated. The district and lower level sports councils must be resurrected. Kerala Games must be restarted. The refresher courses for trainers reorganised. The awards for the best panchayats, colleges and clubs reinstituted, and the insurance scheme expanded. In short, many of the measures undertaken by the UDF would have to be reversed. A special sports training programme targeting 2016 Olympics has to be drawn up.

XX
NON-RESIDENT KERALITES AND DEVELOPMENT

In the opening part of this document, we identified the non-resident Keralites to be one of the key sources of contribution to the additional investment requirement for acceleration of growth. It is surprising that most discussions on migration in Kerala have been on rehabilitation, perhaps a legacy of the exodus experienced during the Kuwait crisis of 1991. The Gulf migrants who constitute more than 90 per cent of the expatriate Kerala population are temporary migrants and have to return home at the end of the contract period. It is true that around 20 per cent of the migrants are not able to recover even the costs of migration due to short duration of contract or unexpected termination of the contract. In the recent decade, the earnings of workers in the Middle East have also been sharply declining. Such Gulf returnees would require government support for rehabilitation.

However, majority of the Gulf returnees with their foreign experience, skills and savings are important assets whose integration with the domestic economy can significantly contribute to the acceleration in economic growth. The contribution of non-resident Indians in the development of other States like Gujarat, not to speak of the role of expatriate Chinese in China, is an indicator of the growth potential of a strategy consciously attempting to tap the skills and savings of migrants.

As per one of the most recent studies on migration form Kerala, the number of external migrants is 18.4 lakhs and of them 90 per cent are in the Gulf countries. The non-resident Malayali associations consider this figure to be a serious underestimate. The migration to the western countries and that to the Gulf have been two distinct streams. The former started in the immediate post-independent period and also included the remigration of Malayali expatriates from Singapore to UK in the initial stages. The major component of the western migration was from the educated middle class in central Travancore. Most of these migrants have been working in the professional or semi-professional areas and with the large-scale migration of nurses in the recent years, the western stream has further expanded.

However, in terms of number of migrants and the remittance income, it was migration to the Gulf countries from the mid-seventies that has been much more significant. Even though the workers to the Gulf are mostly unskilled and skilled wage labourers and lower end clerical workers and with relatively lower earnings than non-resident Malayalis in the West, being temporary workers are compelled to remit their entire earnings sooner or later to Kerala. As most of them do not have families staying with them, the rate of savings is also higher. According to an estimate in 1990, an average non-resident

Indian in the US remitted $ 650, while the Gulf worker whose earnings are one fifth of the US migrant remitted $ 585.

A direct estimate made by Centre for Development Studies, Trivandrum of the remittance income gives a figure of Rs 18,465 crores in 2004. This formed around 20 per cent of the NSDP. This comes to more than seven times the central assistance to Kerala. Inclusion of remittance income to the NSDP is likely to raise the per capita income of the State to a level 30 per cent higher than the national per capital income. The Gulf migration and remittance has been one of the most important economic factors influencing the fortunes of Kerala economy. It has transformed the regional economy of Kerala that was characterised by low level of consumption-savings-investment-growth to an economy characterised by high level of consumption and savings.

However, as we have seen earlier, this transformation has not resulted in high level of investment proportionately high level of investment and acceleration of growth. The consumption expenditure and investment in housing by the Gulf migrants has had only a low multiplier impact on the regional economy. The Gulf migration period has witnessed a rapid widening of the regional trade deficit. The high savings of the Gulf migrants, as reflected in bank deposits, has tended to flow out to other growth centres in India through the banking channels. The non-resident Keralites cannot be held responsible for this outcome. It is only a commentary of the weakness of our domestic production structures and failure of policy making in the State. Overcoming this weakness and failure should be a major component of our development strategy.

The sectoral policies that we have discussed would contribute to creating an environment that would enable higher investment in each of the sectors including the savings of the return migrants. However, a more important task is how to attract the savings of current non-resident Keralites into investment channels in the State. It may be remembered that in the recent period, the deposits in the NRE accounts has started to decline, as they have become relatively less attractive than in the past. Besides, the deposits in the normal banking channels need to have no direct impact on investment within the State. Therefore certain specific measures are required to tap the savings of non-resident Keralites abroad.

An important proposal in this context has been to start a special financial corporation to receive development deposits from non-resident Keralites. These deposits would be for financing specific projects whose detailed technical and financial viability would be made available to the potential depositors. They would be a guaranteed return in the form of interest. The depositors would receive additional bonus depending on the returns from the project. Another proposal has been that entrepreneurs could collect shares from non-resident Keralites for viable projects by guaranteeing employment to the investors or their nominees subject to qualifications and availability of jobs. The government could stand as a facilitator in the process.

The most important demand of the migrant workers today is the need for a comprehensive migrant-friendly Emigration Act. The Kuwaiti crisis and the numerous instances of forced return have dramatically exhibited the ineffectiveness of the existing provisions in the Emigration Act of India. This Act requires Indian emigrants to provide a non-refundable migration fee and a refundable non-interest bearing deposit equivalent to the return airfare. This fund of hundreds of crores of rupees has proved to be ineffective and only makes legal emigration costly. Security deposit schemes could be replaced by a repatriation-cum-insurance-cum-welfare fund. The protection of migrants at their workplace abroad has become even more important with the increasing migration of women to service sector employment in the Middle East and rising reports of ill-treatment and denial of contractual benefits. Countries like Philippines and Sri Lanka have already comprehensively changed their Emigration Acts based on contemporary experiences.

The Embassies in the Middle East have to play a more proactive role in the welfare of the migrant workers. The present staff strength cannot perhaps do justice to the task, which involves regular contacts with far-flung isolated worksites. Given the high proportion of Keralite workers, there should be more officers from the State in the Embassies so that common workers can interact more effectively with the staff.

The air fare to Gulf from airports in Kerala is much higher than the fares from other international airports in India and also other international air sectors. The explanation often given is that the airports in Kerala do not come under the open skies policy. This is one of the longstanding demands of migrant workers from the State. The budget airline flights of Air India have not been of much help. In this context, the proposal for an alternative and independent air carrier is very relevant. The airports have to be modernised and the scandals involving the customs officials have to be firmly dealt with.

The ODEPC, the public sector agency for promoting employment in foreign countries, could only help about 4300 migrants since its inception form 1977. The functioning of special departments for migrants started by the last LDF government has also not been effective. The governments of the Gulf migrant countries play a major role in opening up employment opportunities for citizens abroad. As is well known today, the nationality mix of migrant population in the various Gulf countries have undergone systematic changes in the last three decades, which cannot be explained by economic factors alone. Special orientation courses for potential migrant workers will have to be introduced. The boom in demand for nursing and other paramedical staff in the West should be tapped by rapidly expanding the training facilities in the State or helping the aspirants to get the necessary training outside the State.

The inadequacy of the present information system on emigration is a major limitation for the analysis and realistic policy formulation. It is not that data is not being collected, but what is being collected is seldom made available. Only a small proportion of the information currently being collected at various institutions connected with international migration, such as passport offices, office of the Protector of Emigrants, licensed agents, commercial banks, customs offices etc is being even processed. Enhancing the data collection capacities of the existing agencies connected with migration, mostly with commonsensical changes in data collection, format and coverage and ensuring timely processing will be a big step towards overcoming the data gap. They may be supplemented with periodic surveys.

Today, labour supplying countries are in a cut throat competition that is resulting in lowering of wages and labour standards. There has to be greater multilateral understanding of wages, labour laws, social security schemes and the international code of rights of migrant workers. It is also a paradox that in an era of shrill demands for free international flow of not only goods but also capital and services, labour services alone are relegated to discriminatory restrictions.

XXI
ENVIRONMENTAL SUSTAINABILITY

In the last three decades, a number of major debates on ecology and environment protection took place in the State in connection with some of the development projects. As an outcome of these debates and also growing global concerns, a new environmental awareness has emerged in the State. The concept of sustainable development has today entered into the mainstream development policies. As is reiterated in the programme of the CPI (M), "comprehensive steps will be taken to protect the environment. Development programmes will take into account the necessity to sustain the ecological balance. The country's bio-diversity and biological resources will be protected from imperialist exploitation."

As we noted in the introduction itself, a major weakness of the development process in Kerala has been the neglect of environmental sustainability. Our survey of the development problems in many sectors have highlighted how such an attitude has today boomeranged on the development process itself. Resource depletion is a major problem of fisheries and forest sectors. The degradation of the forests, reclamation of wetlands, mining of the sands and filling up of waterways and ponds have disrupted the water cycle in the State contributing to the present agrarian crisis. The soil erosion due to the denudation of the slopes leads to silting of the dams. As we noted, the cost of water and electricity foregone due to the silting of the dams would itself far outweigh the income received from the logging operations. We often neglect the long run and indirect costs of the development projects. It is understandable that such considerations do not enter the profit-loss calculus of private entrepreneurs. However, a society can adopt such a stance only at its peril. The environmental problems of most of the developmental sectors have already been touched up on and they do not need to be repeated here. Our overall approach in this document has been to integrate policies for rapid economic growth with those for environmental sustainability.

The most important task from the point of view of sustainable development is to conserve the surviving forests. We have already underlined the importance of a detailed project, which while preserving the virgin forest core for posterity, would enable sustainable utilisation of forest resources from the periphery. The economic benefits from biodiversity and the genetic resources so preserved are incalculable. We also underlined the importance of preserving and documenting the biodiversity in the non-forest areas also.

The protection of wetlands is yet another urgent task. Ashtamudi kayal, Sasthamkotta Lake and Vembanad kayal have been declared as Ramsar sites. However, the development interventions in this area are yet to reflect the considerations that we are committed to give such areas. The Thanneermukkam Bund has already wrecked the ecological balance large parts of the Vembanad kayal system. The environmental protection of wetland systems and rivers are important from the point of view of health, inland water transportation, tourism development and fisheries. Like the Pampa river action plan, a restoration project has to be drawn up for some of the most degraded areas. A related issue is the protection of remaining patches of mangroves in the State, none of which is larger than a few square km.

The depletion of ground water resources and decline of the water table is another growing area of concern. Though now confined to certain blocks in the State, it can rapidly become a State level problem given the low depth of our ground water. Intrusion of saline water is a problem along the coastal areas and concerns have been raised regarding seepage from latrines into wells. Water pollution is caused by not only industrial and urban wastes, but also increased use of motor boats and wastes from tourist boats.

In the energy sector, conservation and demand management measures were also emphasised. Energy audit has to be made mandatory. The promotion measures for non-conventional energy have been weakened substantially in the recent years, which have to be remedied.

Sanitation has been given a central role in the urban development programme and in the health programmes. It is also important for the promotion of tourism, as it can also have environmentally devastating results. We have underlined the need to promote sustainable tourism.

The traditional settlement rights of the fisherfolk should be respected while implementing CRZ regulations. But under this excuse, the entire regulatory regime is now frozen. Besides, the recent tsunami disaster has raised fundamental questions regarding the settlement patterns along the coast as well as protection of the sea shore. The 150 km of sea coast is under severe coastal erosion. Another 170 km also faces threat of coastal erosion. Building of sea wall is the accepted technology today. The 12th Finance Commission has given a special grant to the State to build the sea wall. There is no doubt that protective measures have to be undertaken on a war footing in stretches that are thickly populated. However, scientific doubts have been raised regarding the feasibility and viability of building coastal walls all along the sea coast of Kerala. Without losing the present momentum on sea wall construction, it is important to think about alternative techniques of protection also.

The floods and landslides have been increasing natural disasters in the State. The experience of tsunami has shaken our notions about the ferocity of natural disasters. We have to adopt a policy regarding natural disaster management and undertake adequate measures for preparedness to minimise the losses and for rapid rehabilitation.

The State Technology and Environment Committee (STEC) and the State Pollution Board are the two agencies that are directly entrusted with the regulatory and promotional roles in the environmental sector. The setting up of ENVIS has been an important step in the collection and dissemination of environment information. The annual report on environment should not be just a compendium of information but also a document to systematically monitor and coordinate the major environmental initiatives. The LSGIs have also to be brought into the network of environmental protection activities. They would play a vital role in the preparation of watershed programmes, sanitation and the preparation of biodiversity registers.

PART III

STATE FINANCES, INSTITUTIONAL REFORMS AND DEMOCRATIC DECENTRALISATION

XXII
STATE FINANCES

Our discussion of the sectoral growth strategies underlines the importance of greater state intervention. Therefore, the resource situation of the State government and its efficiency are of paramount importance in implementing our development agenda. Though a major share of the additional investment will have to come from the private sector, the quantum of public investment has also got to rapidly expand over the next decade. It is in this context that in this concluding part of the document, we are discussing the dimensions of fiscal crisis of the State government and critically evaluating the government machinery and governance and suggesting reforms that are required.

Government finances in Kerala are in a fragile state. Revenue collections are not buoyant, current expenditure is large leaving nothing for capital spending and the debt burden is rising. None of these problems are specific to Kerala. Being so, it would be naïve to expect wholly Kerala-based solutions to these problems. However, this is not a justification for complacency at the State level.

Centre-State fiscal relations

In the Indian quasi-federal set up, revenue mobilisation powers of the States are disproportionate to their expenditure obligations, especially in providing social and economic services. Realisation by the founding fathers of our Constitution of this problem, often called "vertical equity", as well as differences in tax capacities across States, led to the provision for devolution of taxes and grants from the centre to the States by constituting Finance Commissions every five years. Before proceeding to discuss Kerala's fiscal problems, let us briefly place on record the issues at the central and all-State's level.

At the Central level, the tax-GDP ratio has been falling in the 1990s (from 11.4 per cent during 1985-90 to 9.73 per cent in 2000-01 to 2003-04) along with the expenditure-GDP ratio (from 21 per cent in 1985-90 to 18 per cent in 2000-01 to 2003-04). Capital expenditure has absorbed most of these cuts. The thrust of fiscal consolidation has been on targeting fiscal deficit as a proportion of GDP. The fall in Centre's tax-GDP ratio as well as the cut in investment expenditures have adversely affected the States. Since the centre has shifted to market borrowings to finance deficits by abandoning the monetisation route, its interest expenditure has increased sharply. Since direct taxes have not risen to compensate the cuts in customs duty (undertaken as a part of economic liberalization), the expenditure-revenue gap has also risen. The crisis, thus, is due to a fall in revenue receipts and not due to a rise in expenditure.

The fiscal problems of the States are mainly consequential to the fiscal problems of the centre. It is quite interesting to note that despite the States having less elastic sources of revenue when compared with the centre, the tax-GSDP ratio of the States have not fallen, though it has also not shown any rise. As already stated, the States shoulder a larger obligation with regard to social services, which require large employee strength. Consequently, salaries and pensions occupy a major portion of States' expenditure. Besides, interest payment on borrowings from the centre is another big burden on the States. The shift to market borrowings from central loans also entails a rise in the cost of credit. Almost all the States are borrowing to finance plan expenditures, including its revenue component, at a high cost. At the same time, the shares of taxes and grants have not only fallen, but also have been made conditional upon the implementation of measures like deficit targeting by the recent Finance Commissions.

Kerala's problems, thus, are part of a national problem. However, consequences of a fiscal crisis can be more disastrous for Kerala, as it could affect the sustainability of social welfare gains, which were made possible with considerable state intervention. Service taxation is now a Union subject and outside the divisible pool of Central taxes. As a result, the structural pattern of Kerala's economic growth, which is service-sector dominated constituting 56 per cent of the NSDP, has deprived the State government of a large resource base. The export orientation of the State's production sectors is yet another constraint to resource mobilisation through commodity taxation by the State government. In addition to these, there are also impediments in tapping the existing resource base, as there is organised resistance to tax collection in Kerala from certain sections. Though certain steps can be taken, it has to be recognised that in the given set up of Centre-State relations, the scope for improving the fiscal situation through measures at the State level is limited. Keeping this background in mind, let us examine the fiscal crisis faced by Kerala.

The fiscal crisis

The main indicators of fiscal crisis in Kerala are the following (see also Table 8).

1) Tax buoyancy in major taxes has come down. In sales tax, the tax buoyancy declined from an average of 1.3 between 1960-61 and 1990-91 to 0.89 between 2000-01 and 2003-04. Own non-tax revenue as share of SDP declined from an average of 1.8 per cent in the period 1970-75 to 0.01 per cent in the period 2000-04. Central government transfers as a share in the total revenue declined from an average of 38.2 per cent in the period 1970-75 to 25.8 per cent in the period 2000-04.

1) While the revenues of the State stagnated, the revenue expenditure continued to increase primarily due to interest obligations and increase in salary and pension payments. The average share of revenue expenditure in SDP increased from 10 per cent in the period 1970-75 to 19 per cent in the period 2000-04.

2) The average share of revenue deficit in SDP rose from 0.23 per cent in the period 1986-90 to 4.3 per cent in the period 2000-04. Fiscal deficit as a share in SDP also rose from an average of 4 per cent in the period 1970-75 to 5 per cent in the period 2000-04. Most importantly, the average share of revenue deficit in fiscal deficit increased from 36.4 per cent in the period 1986-90 to 75.9 per cent in the period 2000-04.

3) There is a negative balance in current

Table 8 *Indicators of State Finances, Kerala, 1971-75 to 2001-03*

Item	1970-71 to 1974-75	1975-76 to 1979-80	1980-81 to 1984-85	1985-86 to 1989-90	1990-91 to 1994-95	1995-96 to 1999-00	2000-01 to 2003-04
Own tax-SDP share	4.3	6.3	7.6	9.4	9.4	9.5	9.3
Own non-tax SDP share	1.8	2.4	0.03	0.02	0.02	0.01	0.01
Share of central transfers in total revenue	38.2	33.7	32.0	33.2	32.0	28.1	25.8
Revenue expenditure-SDP share	10.0	13.0	15.0	18.0	18.0	18.0	19.0
Revenue deficit as share in SDP	0.2	0.1	0.1	1.3	1.6	2.8	4.3
Fiscal deficit as share in SDP	-	-	0.04	0.05	0.05	0.05	0.05
Revenue deficit as share of fiscal deficit	-	-	-27.3	36.4	44.0	53.3	75.9
Public debt as a share of SDP	16.2	19.8	26.9	29.8	30.4	30.2	38.9
Capital expenditure as share of SDP	4.0	4.0	5.0	5.0	4.0	3.0	2.0

Source: Computed from RBI databases.

revenues, which leaves no own resources for plans. Borrowing finances the plan expenditure to a large extent.

4) Public debt has been mounting from about 10,000 crores in 1995-96 to 37,452 crores in 2003-04. The high cost of debt is reflected in the interest burden, which has increased from 912 crores in 1995-96 to 2451 crores in 2001-02. Doubts regarding the sustainability of debt have been raised.

An examination of State level data shows that chronic revenue deficits started appearing in State budgets from 1987-88. In Kerala's case, it started appearing a little earlier – from 1982-83 onwards. But even before 1982-83, there were lurking signals of a fiscal crisis since the 1960s with intermittent appearances of revenue deficits. Before the late-1990s, Kerala was a State with a low-income base and the slow growth in incomes was given as one of the reasons for the fiscal limits. Later on, when the State's economy started growing faster, the fiscal situation, and especially the revenue situation, actually worsened instead of improving. This was because the emerging services sector, which grew the fastest, was outside the taxing powers of the State.

Consequent to the fiscal crisis, the expenditure on developmental sectors has sharply fallen in the recent years (see Table 9). A part of the decline is due to devolution of plan funds to the panchayats from 1996-97. The expenditure by the panchayats have not been considered in working out the shares in this table. As a share of the total expenditure (revenue and capital), the expenditure on education fell from about 23 per cent in 1990-91 to about 17 per cent in 2003-04. The expenditure in medicine and public health as a share of the total expenditure fell from 6.3 per cent in 1990-91 to 4.3 per cent in 2003-04. In social security and welfare, the share of expenditure in total fell from 2.2 per cent in 1990-91 to 1.1 per cent in 2003-04. Similar declining trends can also be noted in the case of nutrition, water supply and sanitation.

Tax and non-tax revenues

The main revenue source of the State was sales tax (till 1 April 2005) and excise duty, and more than 40 per cent of the revenues came from petroleum and liquor. Sales tax had a narrow base with the first sales within the State being taxed. Studies have shown that there has been considerable evasion of sales tax in the State. While a reform of the tax system was overdue, it is debatable whether what has come in the shape of the present VAT will augment revenues. Instead of an across-the-board prescription of a "revenue neutral" tax rate (some experts have argued that 12.5 per cent is not the revenue neutral rate for all States), floor rates could have been prescribed, giving States more freedom in fixing commodity specific rates. Tackling tax evasion requires administrative reforms as well as political will and mass mobilisation.

Table 9 *Expenditure on major social sectors (revenue and capital expenditures) as a share of total expenditure (revenue and capital expenditure), Kerala, 1990-91 to 2003-04*, in per cent

Year	Expenditure in social sectors as a share in total expenditure (%)						
	Education, sports, art and culture	Nutrition	Medical and public health	Water supply and sanitation	Housing	Welfare of SC, ST and OBC	Social security and welfare
1990-91	22.97	0.19	6.30	1.95	0.33	1.55	2.18
1991-92	20.87	0.16	5.56	1.73	0.26	1.55	1.61
1992-93	20.89	0.14	5.27	1.63	0.22	1.28	1.49
1993-94	22.29	0.15	5.53	1.62	0.41	1.24	1.62
1994-95	22.67	0.17	5.76	1.48	0.43	1.14	1.59
1995-96	20.73	0.15	4.88	1.47	0.42	1.14	1.38
1996-97	20.35	0.15	4.64	1.30	0.43	2.46	1.49
1997-98	17.94	0.11	4.27	1.48	0.48	1.76	1.50
1998-99	18.45	0.05	4.39	1.41	0.39	1.92	1.51
1999-00	20.23	0.03	4.52	1.41	0.36	1.52	1.24
2000-01	19.93	0.02	4.42	1.24	0.28	1.46	1.87
2001-02	18.82	0.02	4.77	1.00	0.26	1.31	1.66
2002-03	16.70	0.01	3.94	1.38	0.46	1.72	1.58
2003-04	16.88	0.01	4.25	1.76	0.46	1.64	1.12

Source: Computed from *Handbook of Statistics on Indian Economy*, Reserve Bank of India.

On the major and minor non-tax revenue front, there is laxity in collection of taxes, such as land revenue and lease rents. The bulk of non-tax revenue of the State (about 25 per cent) is from forests and this is falling. Under valuation of land and evasion of stamp duty is widespread and is an area that needs urgent attention. This hurts the State in two ways: (a) by loss of stamp duty; and (b) consequent income tax evasion, which makes the shareable pool of the centre smaller.

The Approach to Fiscal Consolidation

Our emphasis here is that a solution to the fiscal crisis, especially in a growing economy has to be revenue-led and not based on deficit-targeting, which more often than not results in a cut in the funds for the needs of the poor and vulnerable. Though economy in expenditure has to be observed, attempts for across-the-board compression of expenditures lead to deceitful accounting practices and a denial of timely disbursal of social security benefits to the poor and unorganised sections (that currently constitutes only 2 per cent of the revenue receipts).

In Kerala, all the recent efforts to achieve fiscal consolidation have followed a deficit targeting approach, and there has been no focus on raising revenues. Deficit targeting adopted in the FRBM Act is inflexible and the limit is kept too low. In fact, the Kerala Act has put the actual deficit target levels in the Act itself, while the Central Act has put it in the rules to be prescribed, thus providing more flexibility. Deficit targeting also disregards the quality of fiscal consolidation. There has been a compression of expenditure in essential sectors like health in the recent years (from about 11 per cent of revenue expenditure during 1960-61 to 4.9 per cent between 2000-01 and 2003-04).

The State has not benefited from the incentive criteria of the 11th and 12th Finance Commissions, despite having the third highest tax-SDP ratio among all States. This aspect has not been adequately highlighted before the centre or the Finance Commissions. The normative method adopted by the Finance Commissions has been widely off the mark when compared to actuals. The State did not receive any grant under Article 275 from the 11th Finance Commission and received only a meagre amount of Rs 400 crores from the 12th Finance Commission despite having high deficits in the non-plan revenue account.

The attempt in the State to find a way out of the fiscal crisis has to be under the following broad framework.

1) We should try to mobilise more revenues from the existing resource base through tax administrative reforms and through mass mobilisation to overcome the tax resistance mindset. It is of utmost importance that the existing VAT system of uniform rates be changed to floor rate, and the State be allowed to impose higher tax rates on luxury commodities. VAT system has resulted in a reduction in the incidence of tax on luxury commodities from above 20 per cent to just 12.5 per cent. Stamp duty reforms of fixing minimum land values for different grades of land have to be implemented. A detailed study of the major and minor sources of non-tax revenues should be undertaken for identifying revenue potential. Even though Kerala can claim the third position in India by measure of tax-SDP ratio, if remittance incomes are also taken into consideration, the rank would be much lower. Enquiries have also revealed that tax collection from the major commodity sectors is much lower than the tax potential, as revealed by the turnover. All these point to the possibility of increasing tax revenues by more efficient collection.

2) Selective economy in expenditure, as against across-the-board expenditure compression should be emphasised. The recommendations of the Expenditure Commission made in the late-1980s have remained largely unimplemented.

3) We have to effectively argue our case before the centre for powers to tax services and for the modification of the present incentive criteria of the Finance Commissions. We should press strongly for transfer of the service tax and for changing the present VAT system with common rates across the States to a system with floor rates. We should also strongly press for raising the State's share of the central tax revenue from the present level.

4) Kerala Fiscal Responsibility Act 2003 is impractical and even the UDF government has admitted its failure and infeasibility. It has to be drastically amended to change the strategy and pace of fiscal consolidation and made conditional to the central government achieving certain fiscal targets in its tax collection efforts and transfers to the State.

5) Public debt would have to be restructured through debt swaps and other appropriate measures to reduce the cost of debt. The incremental revenue receipts should meet the incremental interest burden and incremental primary expenditure.

6) The online computerised treasury network would improve the budgetary controls. Budgetary reforms to promote departmental accountability, flexibility and performance are also required.

XXIII
ADMINISTRATIVE REFORMS

The State government machinery in Kerala has played an important role in building up social infrastructure, undertaking developmental extension work, framing and implementing radical legislations – in short, in creating the modern Kerala. The successive progressive government that have come to power in the State and the leftist strategy of mass mobilisation to put pressure over the government machinery even while in power and outside it have left deep imprints on the bureaucracy. Further, the widespread education and affirmative action system in recruitment have ensured that a considerable number from among the lower strata have entered the bureaucratic hierarchy. The unionisation of government employees and the strengthening of fraternal relations with other mass movements have also contributed to the democratisation of government machinery.

The process of decentralisation, which we shall discuss in detail in the next section, was another major step in the democratisation process, qualitatively changing the interface between the government machinery and the people and generating considerable synergies. However, the restructuring of the government at the grass root level requires an overhaul of the entire government machinery. The severe fiscal constraint under which the State government operates also underlines the importance of economy and efficiency in the expenditure of the state.

It is in this context that an Administrative Reforms Committee (ARC) under the chairmanship of E. K. Nayanar was constituted in 1997. It was the third of such committees formed in the State, the first being under the chairmanship of E. M. S. Namboodiripad and the second under the chairmanship of M. K. Vellodi in 1965. The first ARC was constituted in the context of urgent administrative reforms necessitated by the integration of Travancore, Cochin and Malabar into the modern State of Kerala and the launch of planning. There was also a strong political will to make the administration people-oriented and restructure it to implement progressive measures, such as land reforms and democratic decentralisation. At the time of the second ARC, the sheen of planning was wearing off and pressures of growing welfare state was making themselves felt. The second ARC suggested a few measures to make governance clean and efficient. However, fundamental reforms recommended by the two ARCs, such as democratic decentralisation, rationalisation of staff and department structures, merit promotion, office discipline, redefinition of secretariat functioning both in the administrative and finance wings, creation of Kerala Administrative Service and financial discipline particularly in creation of staff, could not be fully implemented over the years. During the next four decades, the bureaucratic departmentalism actually became more entrenched, corruption became more widespread and cynicism became pervasive. The democratic decentralisation implemented by the LDF government was also a response to this situation. The terms of reference of the third ARC were set in this context.

The terms of reference to the third ARC, quoted below, in fact gives the broad contours of intervention that are urgently required in the administration.

(i) To review the working of the administrative machinery in the State and the systems and procedures under which it functions with a view to assess their adequacy and suitability for a democratic Government in a welfare State responsive to the needs and aspirations of the people, in particular the backward and weaker sections of the society.

(ii) In the light of the above, to suggest measures calculated to improve the efficiency of the administrative machinery to enable it to cope with the developmental activities in a welfare State.

(iii) To suggest measures including changes in the hierarchical setup for the co-ordination of the activities of the different Government departments and the Panchayat Raj and Nagarpalika Institutions and for the avoidance of overlapping in such activities.

(iv) To suggest measures for the further decentralisation of the power at various levels so as to ensure expeditious despatch of business in all public offices including local bodies and maximum satisfaction to the public.

(v) To suggest measures to eliminate delays, lethargy, corruption and nepotism in the Administration and to make it result oriented.

(vi) To suggest measures to cut unnecessary and avoidable paper work and for using modern management techniques in administration.

(vii) Generally to make any other recommendation arising from the above matters or incidental to them or considered necessary or appropriate to the Committee.

The ARC focussed on concomitant reforms that are required outside the area of decentralised sectors, as the Committee of Decentralisation of Powers (popularly known as Sen Committee) had already made suggestions for institutionalising decentralisation and further deepening and expanding the scope of the local self-governments. The four-volume report and the recommendations of the third ARC constitute the basic agenda for future administrative reforms in the State.

In the first report, the Committee gave recommendations for the following themes: (a) Citizens' Charter; (b) Transparency and Right to information; (c) Public grievance redressal; and (d) Application of these themes to LSGs. With regard to citizen's charter, not only the concept but also detailed procedures for preparing them were laid down. Though legislation was required to ensure right to information, a beginning could be made through executive instructions. A number of measures, even department-specific, were made for improving public grievance redressal. A State level social audit panel under the chairmanship of a retired judge and consisting of eminent non-officials, a minister and the leader of opposition was also recommended.

The second report of the ARC dealt with the monitoring of movement of files, attendance and the use of information technology. It was recommended that an attendance monitoring system should cover the entire Secretariat in the first phase and extend to all the offices of the head of departments and other important district level offices, which have high public interaction, in the second phase. A Centralised Computerised File Monitoring system was to be introduced to enable tracking of individual files, assessment of workload of individual officers and monitoring of delays. This system was to be linked to Enquiry Counters.

The third report dealt with reforms in the Finance Department. The Committee dealt with (a) smoothening of procedures in the Finance Department for improving the quality of consultations and speeding of clearances; (b) enhancing the delegation of administrative departments and heads of departments basically to bring them up to date and to enable tackling of special problems; (c) rationalising economy controls; and (d) improving interactions between the finance and administrative Departments.

The fourth report dealt with personnel reforms. Detailed recommendations were given for improving the efficiency of the Public Service Commission (PSC). It underlined the importance of capacity building and setting apart at least 2 per cent of the plan budget for human resource development. Induction training for every category staff and on promotion was also recommended. The training policy and institutional mechanism for operationalising it was also addressed by the Committee. It reviewed the placement and transfer policy and also discipline among the employees.

An important issue to be addressed is the reforms in the Secretariat so that it does not act as a log in the wheel of technical departments and also the process of decentralisation. There is also the urgent task of implementation of the Right to information Act. The UDF government has exhibited no enthusiasm to create the necessary conditions for the implementation of this Act. Kerala should be the model in bringing in transparency in governance.

There a few recommendations of the ARC to which employees have reservations. Barring them, there has been a consensus regarding the recommendations. The report of the ARC, along with the report of the Sen Committee, constitutes the agenda for administrative reforms. The recommendations of the latter were complied with to an extent, largely because of pressures generated by the People's Plan Campaign. However, the recommendations of the former have remained largely unimplemented, except for a few simple correctives in areas where there were obvious deficiencies. Many of the more fundamental changes in procedures, systems and institutions suggested by the two committees remain unimplemented. With respect to decentralisation, changes in the legislative framework have been made, but rules and manuals remain unchanged.

The reasons for the above situation cannot be different from the analysis made by the third ARC on why the recommendations of the first and second ARCs were not implemented. The conclusions reached by the third ARC in this regard are quoted below.

(1) The Reports of the ARCs had a total vision and the recommendations emerged out of this holistic view of the administrative set-up. The recommendations were organically linked and piecemeal implementation did not yield the desired results and reduced their impact.

(2) The earlier reports were submitted at one go. This necessitated follow up at various points at various levels, more or less simultaneously. Since the Committees were wound up after the submission of the report, no continued interaction was possible to clarify perceptions or to monitor follow up action.

(3) The recommendations of the Committees were often terse and precise. However in a government set-up, this called for processing and fleshing out before the suggestions could be operationalised. They needed to be transmuted into usable form, which required a lot of work. This was too much to expect from a bureaucratic system. Critical recommendations got entangled in the red tape that can tie up in knots any innovative suggestion and strangle any attempt to change.

(4) The monitoring of implementation of the accepted recommendations was not well organised. Time limits were either not set or were ignored. Since an Action Taken Report was not to be prepared by the Government, there was natural laxity in carrying the recommendations to their logical end.

(5) Some of the recommendations of the earlier two Committees were very fundamental ones. Reforms like decentralisation upset status quo and threatened to dislodge entrenched interests. Such recommendations raised opposition from affected interests or, even more dangerously, created a consolidated, silent but firm checkmating of reforms by these interests. The possibilities of disturbing the existing equilibrium often weakened political resolve.

History has repeated itself. During the past five years, the UDF government paid little attention to the recommendations of the ARC and the Sen Committee. Instead, new consultants were appointed to draw up the details of a new *Modernising the Government Programme*(MGP). Though there has been much talk about e-governance, the concrete achievements in this sector have also been scanty. This is an aspect that has not been dealt with sufficiently by the earlier ARCs and therefore merits a brief discussion. A high level empowered committee shall be set up to guide and monitor the implementation of the recommendations of the ARC and the Sen Committee with necessary modification, if any are required in the light of the

E-governance

The primary objective of an e-governance programme in the state should be the implementation of the administrative reform measures outlined by the ARC. Departments like commercial taxes, treasuries, transport, agriculture, other development departments, police and courts, which were not covered by the ARC, would also have to be included. The overall focus should be to improve service delivery to the citizens through integrated service centres comprising of FRIENDS janasevanakendrams, IKM janasevanakendrams and AKSHAYA kiosks. Service delivery options should include e-procurement, e-payment, e-certificates and e-information. The State-wide Area Network connectivity should be substantially connected and extended up to the grama panchayat level. The participation of the private sector should be sought in extending these services and related infrastructure without compromising on the rights to access of the public.

The focus of implementation in the commercial taxes department should be to plug the losses of revenue and reduce corruption; in treasuries to manage float electronically; in the transport department to provide automated transport services, traffic control and accident prevention measures; in agriculture and other development departments to facilitate knowledge management for small and medium enterprises and farmers to enhance production and productivity; in home department to establish an organised crime-management system and for speedy disposal of litigations and suites in courts.

The e-governance applications should be distributed widely and a state information infrastructure should provide for the transmission for MIS information over the network. The application should invariably have language interfaces in Malayalam, Tamil and

Kannada. Graphics, CAD and GIS information should be integrated with the text wherever required. E-governance applications should mature from front-end solutions to back-end solutions, eventually ending up in Business Process Re-engineering. Common facility centres should be established through out the State for capability building, technical support and handholding. A State Information Service (SIS) should be established within the State civil service to lead the e-governance initiative for which resources need to be mobilised.

Choice of technology to be used would have to be made at different periods based on concrete analyses of concrete situations. Nevertheless, as a policy, free/open software technologies that are emerging as major business opportunities in e-governance as well as in content building education will have to be promoted. Purposeful strategies to promote competition and reduce monopoly and overdependence on specific technology providers and related operating systems should be worked out in the provision of e-governance.

XXIV
DEMOCRATIC DECENTRALISATION

In the previous section, we have already referred to the fundamental transformation that has been talking place in the powers, resources and functions of Local Self-government Institutions (LSGIs) during the past one decade. Today, Kerala stands in the forefront of the democratic decentralisation process in the country. This transformation was initiated through the People's Plan Campaign between 1996 and 2001.

The launch of the People's Plan Campaign in 1996 represented a fundamental break with the past when more than 35 per cent of the annual plan outlay of the State was devolved to the local self-governments in one step. More than three-fourth of this amount was in the form of untied grants. Maximum autonomy was ensured in the exercise of LSGI functions. However, it was laid down that before the local self-governments would claim funds, they had to prepare Annual Plans in a transparent and participatory manner.

The participation of all sections of people in the grama sabhas and other forums of the planning process transformed the planning process into a mass movement for decentralisation. The People's Plan Campaign empowered the local self-governments to prepare local plans as well as to implement them despite the fact that necessary preconditions had not yet been met. The necessary statutory changes had not then been formalised. Adequate staff was not yet redeployed. The formal information base had also not yet been created. The elected representatives and officials had no experience of training. These pre-conditions were to be created in the process of decentralisation itself. It was at the juncture of institutionalising the radical changes brought about by the Campaign that the LDF lost the elections and the UDF came to power in 2001.

Unlike in 1991, when the UDF government scuttled the District Council reform, they did not dismantle the entire decentralisation structures and procedures. Yet, they have reduced the plan grants to the local self-governments, created administrative hurdles by introducing a large number of vertical programmes and parallel bodies, revived the DRDA and did not grant the full complement of redeployed staff. Some of the powers of the LSGIs were modified or taken back. The people's participation was reduced into a mere formality. There was all around bureaucratisation.

People's Plan Campaign, despite its many achievements, had many limitations. Such weaknesses were inevitable because we were taking an unchartered course. People were learning-by-doing. Therefore, there would always be scope for rectification and improvement. The People's Plan Campaign had itself identified the required remedial measures. Our strongest criticism against the UDF is that for the last five years, they refused to address any of these issues that had been identified. Most of the new initiatives have been put to cold storage in the last five years.

We consider the following to be the major issues that have to be addressed to take democratic decentralisation process forward.

1) The procedures of planning by individual LSGIs have withstood the test of time and do not require major modifications. However, the most important weakness of the present planning process is with regard to integration. There are considerable gaps, duplications and contradictions between the different tiers of the government. The district planning process that had been initiated in 2000 has to be revived. The district plans would consist of a macroeconomic development perspective for the district as a whole and an aggregation and critical review of the plans of different tiers of government in the district. From such an exercise, district-specific guidelines for plan preparation have to be drafted taking into account the macroeconomic specificities and development potentials of each district. The District Planning Committee (DPC) would undertake the exercise with the participation of LSGIs and the help of professionals. The DPCs will have to be strengthened in order to undertake this task. District Plans would be the standard of reference and instrument of integration of the local plans. The scope of vertical programmes would be drastically reduced. Planning rules would be framed. Plan and new budget manuals would be instituted before the 11th five year plan.

2) Another major problem with the present planning process is related to the projects and programmes in the productive sectors. The local level planning in these sectors have not risen to their expectations in terms of their innovation, comprehensiveness and effectiveness. Before we enter into a discussion on the measures to improve the quality of projects, a major concern regarding the quantum of investment in the productive sectors has to be noted. The sectoral guidelines had prescribed that a minimum of 30 per cent of the plan grants be spent on productive sectors and the investment in roads and infrastructure should not exceed 30 per cent. In the tenth plan period, the sectoral guidelines were not seriously implemented. As a result, calculations show that agricultural investment has drastically suffered. This needs to be urgently rectified. In this context, the suggestion of the State Planning Board that the sectoral guidelines be removed entirely is a virtual abdication of the responsibility of overall planning.

3) In the agricultural sector, comprehensive watershed development plans have to be prepared for every *micro-watershed*, which would be integrated at meso- and macro-levels. In 2000, every micro-watershed in the State was mapped, brief reports of them presented before the *grama sabhas*, which elected the watershed committees. The watershed committees have become defunct since then. They have to be revived and strengthened with necessary expertise and information support to prepare *micro-watershed* plans. The micro-watershed plans would be integrated into *sub-watershed* plans and thereafter into *watershed* and *river basin* plans. For this purpose, watershed committees of experts, elected representatives and volunteers of the appropriate tier would be formed at sub-watershed, watershed and/or river basin level. The watershed plans so drawn up and

approved by the DPC and by the Planning Board for inter-district river basins would form the basic document with reference to which the annual choice of projects have to be justified. Peasants and agricultural workers would be mobilised on a large scale with the help of their mass organisations for the preparation of *micro-watershed* plans. New land and water management institutions, Labour Banks, Group Farming Samities etc would form important components of the watershed plans.

4) There has been a mushrooming of micro-enterprises as part of the planning process. However, the present experience is that most of the units do not survive due to problems related to technological choice, inadequate technical and managerial training, inconsistent quality and marketing problems. As we have already noted in our discussion on industry, the micro-enterprises have to be developed in clusters. Effective linkage has to be established between community polytechnics, engineering colleges and research institutes for providing technology and finding solutions to problems that crop up. Umbrella marketing organisations at the district and block level have to be set up. At present, the LSGIs have been largely delinked from the co-operatives. This situation has to be reversed. Industrial co-operatives form an important mode of industrial intervention for the LSGIs. Necessary protocols for this purpose have to be prepared.

5) Integrated health plan is another instrument for improving the quality of local plans. The focus would have to be on prevention, early detection and community monitoring. A multi-sectoral intervention strategy of nutrition programmes in anganwadis, safe drinking water, total sanitation, health monitoring and preventive measures and strengthening the health infrastructure should constitute the main components of the health programme. Monitorable indicators of health would be fixed as targets. The *primary health centre – sub-centres – anganwadis – kudumbasree NHGs* will be the basic organisational framework.

6) Improvement of the services from the offices and establishments transferred to the LSGIs is one of the most important challenges. A social audit of the functioning of each institution should be undertaken with the participation of all the stakeholders, and office procedures and norms should be fixed and published by the LSGIs. This would form the basis of the *citizen's charter.*

7) Though there has been much talk on institutionalisation, very little success has been achieved under the UDF government, except in staff redeployment. Even the extent of staff redeployment has been less than what the Sen Committee had recommended, and many of the redeployed technical staff has since reverted to parent departments. No new rules have been framed, or manuals prepared. Instead, the UDF government has destabilised many of the measures undertaken earlier for checking corruption and strengthening LSGIs. The Ombudsman has been reduced to a one member commission, District Rural Development Agency (DRDA) revived, departmental control over transferred institutions strengthened, performance audit transformed into yet another version of financial audit and the State Development Council given up. A plethora of new vertical programmes have been started and parallel authorities and boards set up. MLAs have

been granted special area development funds for undertaking developmental projects that properly belong to the domain of the LSGIs. The TSP was withdrawn from LSGIs, though it has been partially restored. Some of the legislative enactments to create special tourism zones and on irrigation have significantly encroached upon the powers of the LSGIs. The above trends have to be reversed. It is important that the rural development department and local self government department be integrated and DRDA merged with the district panchayat.

8) The full complement of staff, as recommended by the Sen Committee, would have to be made available to the LSGIs. The primary control of the transferred officials and institutions should be with the LSGIs. In the long run, salaries and other non-plan expenditures in relation to the redeployed department officials should also be transferred. The Sen committee recommendation of a special administrative officer as the chief executive of the grama panchayat is very important. DRDAs should be integrated with the district panchayats and the BDOs have to be redesignated as block panchayat secretaries.

9) Regarding the plan implementation, following are the major issues. (a) The beneficiary selection procedure should be reviewed and strengthened to ensure that appropriate criteria are fixed and beneficiaries are not equally allocated to all wards irrespective of need. (b) The beneficiary committees have to be encouraged with rigorous safeguards and deterrents against benami operations. (c) Monitoring committees should be made mandatory for all projects.

10) The allegations that decentralisation has increased corruption are baseless. It has only made corruption more visible and therefore enhanced the possibility of correction. To strengthen this process, the following measures may be adopted. (a) Awareness campaigns on the Right to Information Act may be organised. (b) Ombudsman and tribunals may be strengthened. (c) Procedures for social audit may be formalised and made mandatory. (d) The audit comments may be communicated to grama sabhas. (e) An audit commission may be formed.

11) The need to strengthen the Women Component Plan (WCP) and kudumbasree has already been discussed in the section on gender and development.

12) The SCP and TSP, particularly the latter, have been weak links in the local planning process. The procedures have been amended to ensure that *oorukoottams* are separately convened to discuss and decide on the programmes in TSP. Similarly, separate discussion groups are mandatory at the grama sabhas and development seminars for the SCP. SCP and TSP also are to have separate task forces. The social animators who were conceived to play a leading role in the effective functioning of the above bodies have not risen to the expectations. This situation needs immediate rectification.

13) The fund devolution practice of the UDF government has attracted sharp criticism. While it is true that there was a cut in plans in the year 2000-01 during the rule of the LDF, it has become a normal feature year after year under the UDF. Because of the public process of plan formulation, arbitrary reduction in plan size creates severe strains on the public relations of LSGIs. Even the formal allotment of plan grant-in-aid in 2005-06 came to only about 25 per cent of the annual plan outlay. Further, all unspent balances in the account lapse to the State government at the end of the financial year.

Between 1996 and 2001, 25 per cent of the plan fund allocations were permitted to be carried into the next year by the LSGIs. This healthy practice has been given up and local governments are under pressure to spend the entire amount by 31 March under the threat of lapse. The delay in the release of funds and restrictions of fund withdrawal from the treasury makes it inevitable that a significant portion of the funds is lost at the end of every financial year.

Greater incentives will be built into the devolution formula for additional resource mobilisation by the LSGIs. Greater coordination between the co-operative sector and local level planning is also relevant in this respect.

14) The limitations of grama sabhas in Kerala are well known. Nevertheless, given its constitutional character as the grass root level participatory forums, their importance cannot be understated. An important step to improve the quality of deliberations and participation in the grama sabhas would be to link the kudumbasree NHGs to the grama sabhas. The kudumbasree NHG households with their menfolk and other non-member households would constitute an NHG that would meet before each grama sabha meeting. There may be an executive body (ward development society) and an office for the grama sabha. The trend in the nature of participants in the planning process has also been disconcerting. The middle class and the educated have been withdrawing from the process. It has to be reversed. It involves the creation of appropriate special forums and roles for different strata of people. In this regard, the populist notions of abolishing expert committees, task forces etc mooted from some quarters are counterproductive. The involvement of the local academia and the retired professionals has to be ensured.

SYMPOSIA

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SOCIALISM TODAY: CHALLENGES

SITARAM YECHURY

Below we reproduce the speech made by Sitaram Yechury, CPI(M) Polit Bureau member, at the panel discussion organised by the Social Scientist and Social Science Probings at the World Social Forum, 2004, Mumbai on January 17.

AT the outset, we are extremely heartened and grateful that more than twenty important Communist Parties of the world — from the socialist, developed and developing countries — are participating in this programme.

I consider it both an honour and privilege to initiate this discussion. I would, however, choose to provoke a discussion! On the basis of our modest efforts in India and based on our experience, I wish to place before you seven points in the nature of a healthy provocation!

No matter what we may think about the actual experience of socialism in the past, one thing is undeniable. It was the first time in human history that a society had come into being not spontaneously, not on the basis of the spontaneous movement of history independent of human will, but on the basis of human conception. Karl Marx had remarked in *Capital* that the difference between the best bee and the worst architect is that the architect, unlike the bee, erects a structure in the mind before erecting it in reality. Socialism is the first structure of society that was first erected in the mind before it was erected in reality. True, what came into being might not have fully corresponded to what was in the mind; nonetheless socialism, even as it existed, was the first non-spontaneously evolved mode of production in human history. Quite apart from its historical significance in establishing the rule of the hitherto exploited classes, in defeating fascism, in enabling the oppressed nations to liberate themselves from imperialism and in forcing capitalism, however transiently, to adopt welfare state measures, this aspect of socialism, of representing the first grand effort of mankind to transform a vision into reality, must never be lost sight of. In fact, socialism defined, to a significant extent, the contours of human civilisational advance in the 20 century and left an inerasable imprint on all its aspects. Since mankind would never again rest content leaving its fate to the blind forces of history, the victory of socialism, not necessarily in the form it originally appeared in but may be in some other form, representing a vision going beyond capitalism towards social ownership, is assured and inevitable. Through all our present travails this is a truth we must never lose sight of.

Nonetheless we must face the question: why did socialism collapse over large parts of the world? The usual answer to this question focuses on the defects of the system that was erected, notably the extreme centralisation of power in the socialist societies, which were characterised by a dictatorship of the party and which ultimately ended up de-politicizing the working class to a significant extent. The CPI(M) had, in its 14 Congress, identified four areas, viz, the character of the socialist state; the content of socialist democracy; the construction of the socialist economy; and inadequate development of ideological consciousness amongst the people, where distortions and deviations took place undermining the socialist state. There is of course much truth in this. But this answer itself has to be located within a historical context, and that context was provided by imperialism. Imperialism leading to uneven development kept socialism confined only to countries in the periphery while countries in the metropolis, belying the hopeful anticipation of Marx and Engels and the expectations of Lenin and his comrades, came close to, but never succeeded in, achieving the breakthrough to a socialist revolution. As a result, socialism, wherever it had come into being, remained ***Encircled.*** Throughout its entire brief history, resulting in an ossification of the centralised bureaucratic structure from which there was no escape other than through a collapse of the system itself.

There is an additional point to note. Not only did revolutions not happen in the advanced centres of capitalism but the very revolutionary conjuncture itself passed. The programme of the Comintern was based on the notion of a ***general crisis of capitalism*** from which the only way out could be provided by a transition to socialism. All of us recollect the meetings of 1957 and 1960. 81 Communist and Workers Parties in a declaration asserted in 1960 that the international correlation of forces had shifted decisively in socialism's favour; that capitalism is incapable of developing any further; that socialism is irreversible in the existing socialist countries, etc. In retrospect, it is clear that there was both an underestimation of capitalism and an overestimation of socialism. An incorrect estimation that had grave consequences for the advance of the socialist cause.

Capitalism restructured itself in the aftermath of the second world war, through Keynesian demand management ushering in to an unprecedented boom, through political de-colonisation removing the moral stigma of being an oppressor of other nations from it, and through the diffusion of a degree of development to certain pockets in the third world, such as East Asia, which appeared to belie the Sixth Congress thesis that development of the third world could occur only through socialism. These changes, together with the experience of the very horrors of the second world war, contributed to the passing of the revolutionary conjuncture of the period 1913-1950. While we have a renascent imperialism today and the moral stigma associated with oppression and stagnation is once again beginning to adhere to capitalism, portending the beginning of yet another possible revolutionary conjuncture, the fact remains that this would not be a return to the earlier conjuncture. Lenin always teaches us that concrete analysis of concrete conditions is the living essence of dialectics. Just as he authored Leninism as Marxism in the era of imperialism, it falls on our collective shoulders to define the contours of the socialist revolution in the present conjecture. Therefore, there is no going back. We can stand on Lenin, s shoulders to see the future but we cannot see it through Lenin's eyes.

Given the fact of uneven development under imperialism, it is clear that the transition to socialism would be a protracted affair. Likewise, given the reassertion of hegemony of imperialism in the epoch of the emergence of a new form of international finance capital, it is clear that the socialist movement must be engaged above all in an anti-imperialist struggle. Indeed the chief hallmark of the socialist movement today is that it constitutes the most consistent fighter against imperialism, since it alone can visualise a transcendence of capitalism, which is a necessary condition for the transcendence of imperialism. For, Marx has irrefutably proved that capitalism can never survive without its *raison-d-etre*, i.e., exploitation of man by man and nation by nation. To those who spread illusions of reforming capitalism (since Bernstein) and to those who parrot the TINA (there is no alternative to globalisation) factor, the communist answer can only be that the alternative to TINA is SITA — socialism is the alternative. We can therefore carry the struggle for socialism forward today only through the adoption of an uncompromising stand against imperialism. This is our historic task in an era when the vileness of imperialist predatoriness, notwithstanding all high phrases about ***Freedom*** and ***Democracy*** is becoming apparent to everyone in the aftermath of the war on Iraq.

There is an additional point to consider. The reassertion of imperialist hegemony is occurring in a situation of the ascendancy of international finance capital in a new form, which has the effect of causing deflation, recession and unemployment everywhere. In other words, the contemporary imperialist aggressiveness is the other side of the same coin, which imposes enormous burdens on the working classes in the advanced capitalist countries in the form of unemployment and cuts in social wage. Imperialism of course tries to pit the workers in the advanced countries against those in the third world by arguing that the latter are snatching jobs away from the former. Nothing could be further from the truth. It is the worldwide deflation imposed by finance capital that is the cause of unemployment everywhere, not the re-distribution of employment from one section of workers by another.

An anti-imperialist struggle, provided it can make this point clear and present a vision for improving the lot of mankind as a whole, embracing the working class and other exploited classes in all countries — developed, developing and underdeveloped — can acquire worldwide support and contribute to a change in the conjuncture.

Of course the precise contours of what a future socialist society would look like still need to be drawn, based on the past experience of socialism. The road map of this would naturally vary from country to country, depending on the concrete realities. Each one of us has this historic responsibility to discharge in our respective countries. However, the task of advancing the anti-imperialist struggle worldwide cannot afford to wait. Nor can it wait until that intellectual task of evolving a coherent and comprehensive revolutionary theory for the socialist revolution in the present conjecture, important though it is, is completed.

Finally, let us confront a reality squarely. The present phase of capitalist globalisation is simply unsustainable. This is precisely because, by sharply accentuating economic inequalities — between countries and between the rich and the poor in individual countries — the vast majority of world's population are increasingly placed beyond market operations as they simply lack the requisite purchasing power. Imperialist hegemonic drive, therefore, will increasingly be determined by military aggressiveness. Under these conditions, as Rosa Luxembourg said earlier and as Fidel Castro says today, the choice before humanity's future is between socialism or barbarism.

Each one of us, working in tandem with our domestic revolutionary goals, will have to work for integrating the worldwide anti-globalisation protests with the global anti-war upsurge into a mighty anti-imperialist movement. This requires, simultaneously, the intensification of the ideological combat within these movements that seek to obfuscate socialism as the only alternative available to humanity.

MISSION IMPOSSIBLE? VENEZUELA'S MISSION TO FIGHT POVERTY

By: Gregory Wilpert

Over the past two years or so there has been much polemic between the government and the opposition over the issue of poverty. Chavez was originally elected on a platform to pay particular attention to the needs of Venezuela's poor. Also, without a doubt, the poor represent Chavez' most important constituency. Opinion polls, whose accuracy one can legitimately doubt for being biased towards the opposition, consistently show that Chavez draws most of his support from Venezuela's poor.

However, in an effort to discredit Chavez and to cast doubt among his followers, the opposition, with the help of poverty research centers, such as of the Catholic University Andrés Bello (UCAB), argue that poverty has increased dramatically during Chavez' tenure as president. One of the opposition's favorite anti-Chavez ads, shown quite regularly whenever the TV stations mobilized for an anti-Chavez demonstration, shows a poor woman in one of Venezuela's slums, who says, "Chavez said he would put an end to poverty – what he is really doing is putting an end to the poor."

Whether poverty has increased or decreased with Chavez, what all sides agree upon is that poverty has become the number one political issue in Venezuela ever since Chavez came to power. Opposition parties recognize that if they really want to beat Chavez in an election, they have to offer a credible alternative of how to combat poverty in Venezuela. While they have not yet offered such a program, it is clearly on their minds.

No matter what the government or opposition programs are, when examining the data on poverty, there appears to be an odd contradiction. On the one hand many research centers show an increase in poverty since Chavez came to power. On the other hand, some indicators suggest that poverty has become less severe in the past five years. In what follows, I will examine some of the poverty data and policies during the Chavez administration and compare these with earlier presidencies.

Poverty Data

There are two fairly incontrovertible trends in Venezuela over the past twenty years, which have had a profound effect on increasing poverty. The first trend is a steady increase in inequality. The second is a steady decrease of per capita income. These two trends combined, have produced in Venezuela the greatest poverty rate increase of any country in Latin America.

The standard measure for inequality, the so-called "Gini-Coefficient," which measures income inequality in any country, does not show significant change over the course of almost thirty years in Venezuela. From 1971 to 1997 it fluctuated irregularly, but generally remained between .45 and .50, ending at almost the exact same level in 1997 as it was in 1971.[1] However, the Gini index only measures wage and salary income, not capital income. Other data shows, for example, that the share of capital income (income from capital investments) increased substantially more than wage and salary income increased over the past thirty years in Venezuela. Research done by Francisco Rodriguez, for example, shows that labor lost 11% of GDP to capital between the seventies and the nineties.[2]

Thus, if one takes capital income into account, according to Rodriguez, Venezuela's inequality increased quite dramatically, so that Venezuela is now one of the world's most unequal societies, surpassing the inequality of even South Africa and Brazil.[3] The reason for this can be traced to several factors, the most important of which are an increasing concentration of capital and a collapse in wage rates during this period.

One can trace this collapse in wages rates to some extent to a declining per capita oil income in Venezuela. Even though per capital oil exports doubled from 1973 to 1983, per capita oil income declined. The main reason for this can be traced to declining oil prices, which dropped from a high of about $15.92 per barrel in 1982 to $3.19 per barrel in 1998 (both figures in 1973 prices).[4] The value of oil exports, per capita, thus dropped from $955 in 1974 to $384 twenty years later, in 1993.[5]

Since oil is Venezuela's principal source of income, its decline, combined with growing inequality in Venezuela, had a significant impact on the poverty rate. Depending on which statistics and measurement methods one uses, poverty increased dramatically from 33% of the population in 1975 to 70% in 1995.[6] While poverty more than doubled, the number of households in extreme poverty increased three-fold, from about 15% to 45%. Other poverty measures, particularly ones that are not just based on income, are slightly lower, but all of them paint the picture of a large increase in poverty in Venezuela over the past 25 years. Compared to other countries in Latin America, Venezuela has the largest increase in poverty in this time period and among the larger countries, it has the largest proportion of the population living in poverty.

Trends which accompanied this increase in poverty are a dramatic decline in real industrial and minimum wages, which dropped to 40% of their 1980 levels in twenty years, leaving them at a level below that of the 1950's.[7] Overall government social spending dropped from 8% of GDP in 1987 to 4.3% in 1997. Also, the percentage of people working in the informal economy grew from 34.5% in 1980 to 53% in 1999. Finally, the level of unionization dropped from 26.4% in 1988 to 13.5% in 1995.

Oddly, however, Venezuela's Human Development Index (HDI), as measured by the United Nations Development Program (UNDP), does not reflect the poverty trend. The HDI measures not only per capita income of a country, but also factors in health and education statistics, such as mortality, schooling, literacy and other rates. Between 1970 and 1990 Venezuela's HDI rose from 0.689 to 0.821. It then declined slightly in the second half of the 1990's and then increased again in 1999 to 2001, during the early years of the Chavez presidency, ending at 0.7694 in 2001.[8]

There are perhaps two major possible explanations for this apparent contradiction. First, one possibility is that since inequality increased between 1975 and 2000, the wealthier portions of the population raised the HDI because their HDI improved disproportionately with regard to the HDI of the poor, thus increasing the HDI for the overall population. Second, it is possible that even though the proportion of the population that is poor increased, their HDI, just as that of the population in general, improved because government measures strengthened the country's social safety net. While lacking concrete data make the argument conclusive, I would suggest that an examination of the poverty policies shows that the improvement in the HDI during the Chavez presidency is mostly traceable to renewed public policies that are focused on the country's poor.

Anti-Poverty Policies before Chavez

The evolution of anti-poverty policies in Venezuela before Chavez followed the overall development of poverty and the economy, going through a build-up phase during the boom years, from the mid 70's to the mid 80's and a decline (as marked by the decline in social spending) during the bust, from the late 80's to late 90's. Prior to the oil boom, the main government program against poverty was the rural land reform program, which redistributed land to 150,000 families during the early 1960's. However, with the oil boom, Venezuela was intent to become a modern industrialized country and neglected the land reform program in favor of programs that would move the country away from agriculture. Primarily, during the boom years, anti-poverty policies meant providing free universal education, free health care, a decent minimum wage, and massive public works projects. All of these were dependent on high oil revenues and ended up having a clear impact on reducing poverty in Venezuela. Other social assistance programs existed as well, but all of them suffered from clientelism and paternalism.

However, with the previously mentioned 20-year down-turn, which began in the mid 1980's, the most important measures, which were originally meant to benefit the country's poor, ended up benefiting the middle class. As the country became poorer and poorer and median wages declined dramatically, the middle class could no longer afford private health care and private education. As a result, the middle class gradually took over the country's public education and public health system. Also, other programs originally targeted for the working class, such as the home buying assistance program, international study abroad grants, or the tax-free automobile increasingly became policies that supported the middle class.

An important factor in the gradual class shift in beneficiaries of government programs was that the services were no longer free. Public education, for example, gradually instituted registration fees and ever increasing costs for school supplies. Similarly, public health care, while nominally free or low cost, required patients to pay for all treatment supplies. The government's sporadic shifts towards neo-liberal economic measures during the Carlos Andrés Perez administration (1989-1993) and towards the end of Rafael Caldera's presidency aggravated the problems of poverty in Venezuela, due to privatization measures, social spending cutbacks, and increasing costs of public services.

Not only did the target population of government policies gradually shift towards the middle class, but poverty itself gradually changed. In addition to encompassing an ever larger proportion of the population, poverty began affecting people who would, based on their education, normally be considered part of the middle class. Poverty thus became much more diversified and generalized. Also, with large streams of migration coming from Colombia and other Latin American countries, the poor became ethnically more diverse. By the time of the second Caldera government (1994-1998), the state's resources for alleviating poverty had become so scarce that hardly any programs were left that directly benefited the poor.

Anti-Poverty Policies during the Chavez Presidency

Plan Bolivar 2000

Chavez got elected in late 1998 on three basic promises: first, to break Venezuela's old political system, known as "puntofijismo," named after the location, Punto Fijo, at which Christian Democrats (Copei) and Social Democrats (Acción Democrática) signed an accord to limit Venezuela's political system to a competition between these two parties. Second, Chavez promised to end corruption. And third, Chavez promised to alleviate poverty in Venezuela.

Chavez' first year in office, 1999, however, was dedicated to breaking with the puntofijo system, via a new constitution. Because of the recession which hit Venezuela during 1999, few resources were available for anti-poverty policies. As a result, he focused on the one institution in Venezuela that was relatively expensive, but did not do much for social well-being: the military. That is, he ordered all branches of the military to devise programs that would benefit the poor. The overall name for the civilian-military program was "Plan Bolivar 2000." Each branch of Venezuela's military developed a different program under this larger program.

The Air Force developed a plan to transport people who could not afford to travel but urgently needed to, for free, to different parts of the country. The Navy developed Plan Pescar (fishing) 2000, which involved repairing refrigerators, organizing cooperatives, giving courses. The National Guard became involved in police activity, particularly in areas where the state's presence was minimal. Another program was Plan Avispa, also organized by the National Guard, to build homes for the poor. Plan Reviba was similar, except instead of building new homes from scratch, involved rebuilding old homes. Other aspects of Plan Bolivar 2000 involved distributing food to remote areas of the country.

Plan Bolivar 2000 generated much controversy during its three years of existence, from 1999 to 2001. Perhaps the most important criticism leveled against it was that it was poorly managed and with little transparency. The result was that many charges of corruption were leveled against the officers in charge of the program.

However, in the year of the program's existence, Plan Bolivar 2000 repaired thousands of schools, hospitals, clinics, homes, churches, and parks. Over two million people received medical treatment. Nearly a thousand inexpensive markets were opened, over two million children were vaccinated, and thousands of tons of trash were collected, just to name a few of the program's results.

Certainly, much of the program was of an ad-hoc nature, where government officials and military forces identified a social problem and then tried to figure out how to solve it in the short term. While this is a valid criticism, one has to see the program in the context of a severe lack of resources, given that 1999 was a recession in Venezuela. Also, towards the end of the year, the Vargas disaster occurred, in which over ten thousand people were killed in mudslides and over a hundred thousand were made homeless, with nearly $4 billion in estimated property damage. Given the seriousness of the problems, the lack of resources, and the government's focus on reforming the constitution, Plan Bolivar 2000 had an important positive impact on the poor of Venezuela, which probably also had a positive impact on Venezuela's human development index (HDI).

Mission Chavez: Long-term and medium term anti-poverty policies

It was not until 2001 and 2002 that the Chavez government was able to concentrate more on an overall macroeconomic policy for alleviating poverty. The most important elements of this plan were to reduce inflation, diversify the economy, and increase non-oil revenues. All of which were goals of previous governments in one form or another. However, almost all previous governments failed to achieve these goals. It now remains to be seen if the Chavez government, if given the chance, will have more success.

With respect to program devoted specifically to fighting poverty in the short term, 2002 was another crisis year, due to a coup attempt, three employer-led general strikes, and the shut-down and sabotage of the country's most important industry, the oil industry. As a result, the government had few resources to devote to specific anti-poverty programs, beyond the on-going programs it already had. The on-going, or perhaps medium term policies (with the macro-economic representing long-term policies), included the urban and the rural land reform programs, the micro-credit programs, increased spending on primary education, and the efforts to promote cooperatives throughout the country.

While it still is too early to judge the long-term effectiveness of these programs in fighting poverty, it is a generally established fact among poverty researchers that land redistribution, providing educational opportunities, and the promotion of small-scale private enterprise help people get out of poverty. Let's take a brief look at each of these in turn.

Rural Land Reform

Venezuela's rural land reform program probably represents one of the key turning points in Chavez's presidency. When it was introduced in November 2001, it was one of the laws the opposition objected to the most of the package of 49 laws, which were passed at the same time. The law basically states that all adult Venezuelans have a right to apply for a piecé of land for their family, as long as they meet some basic prerequisites.

This land is to be taken from state-owned land holdings, which are enormous and make up the largest part of Venezuela's agriculturally viable land. Also, the law opens up the possibility for the state to redistribute privately held land, if it is part of a large land estate of more between 100 hectares of high quality agricultural land to 5,000 hectares of low quality land. The land would be expropriated at market rates, making Venezuela's land reform a relatively non-radical program in the history of land reforms around the world.

The land reform program got off to a slow start, mainly because the necessary infrastructure needed to be put into place. While the government distributed very little land in 2002, the next year it went into high gear and turned over 1.5 million hectares to about 130,000 families. This comes to about an average of 11.5 hectares per family and a total beneficiary population of 650,000 (based on an average of five persons per household). It should be noted that so far no land has been expropriated. However, there has been much conflict over land which the government considers state land, but which large land owners claim to be theirs, even though they lack the documents to prove it.

The land reform is supposed to be a comprehensive program and thus aims to avoid the problems such programs have faced in many other places by making sure that the new farmers have the skills, credit, technology, and marketing channels to actually make a living off of their newly acquired land. So, in addition to the national land institute (INTI), there is an institution that provides credit and skills training and an organization for marketing agricultural products that are produced by beneficiaries of the land reform.

Overall, the rural land reform program is designed to pursue both long-term and short-term goals. First, in the long-term, it is supposed to contribute to the diversification of Venezuela's economy and to assure what is known in Venezuela as "food sovereignty," meaning Venezuela's ability to produce its own basic food necessities. Second, in the medium term, the program is aimed at reducing rural poverty (and urban, to a very small extent, insofar as people decide to move out of urban slums and into the countryside).

Urban Land Reform

Another very important anti-poverty measure of the Chavez government is the urban land reform, which is to redistribute the land of the barrios, the urban slums, to its inhabitants. The concept is quite similar to the one Hernando de Soto has promoted in Peru and in other countries,[9] but it incorporates some interesting additional elements that could make this program an example for other countries.

The concept of urban land redistribution addresses many issues simultaneously. First, when people acquire title to their own self-built home in the barrio, they have some security for the first time that the home is theirs and will not be repossessed by the original landowner. Second, they can use the home as collateral for a small loan, to either improve their home, to buy a better home, or to invest in a small business. Third, it creates a real estate market, which, if regulated, can improve the general quality of the neighborhood. Fourth, the process of acquiring urban land titles is a collective process, which brings the neighborhood together in the interest of improving the neighborhood's infrastructure, such as roads, access to utilities, security, comfort, etc.

This last point about the collective nature of the process is perhaps the most innovative aspect of the government's urban land redistribution program. That is, in order to acquire titles, 100 to 200 families in a neighborhood have to get together and form a land committee, which then acts as a liaison with the government on regularizing the land ownership of the families that the committee represents. As a perhaps unintended positive consequence, what has happened in many cases is that the land committees have begun working on many more issues besides the negotiation and acquisition of land titles. They have also formed sub-committees that deal with public utility companies, such as the water company, the electric company, and so forth. The land committees for the first time provide partners for different governmental agencies and utilities to deal with directly. Previously these agencies and utilities had to deal with local government officials, who generally were too removed from the problems of the specific neighborhoods to make a difference.

Until now the urban land reform process is based on a presidential decree, which means that only governmentally owned land can be redistributed to barrio inhabitants. There is a law that has been drafted, so that all barrio inhabitants might be a part of the process, but this law has been put on the backburner in favor of more pressing laws. However, just via the decree as many as a third of the barrio inhabitants could acquire titles, since it is estimated that about a third of the barrio land is on government property (another third is on private property and one third on land where ownership is as yet undetermined). The process is extremely slow, though, because the process is quite complicated, involving many technical and legal steps. By November 2003, throughout Venezuela, about 45,000 families (befitting 225,000 individuals) had received titles to their homes, with another 65,000 families (or 330,000 individuals) in the pipeline to receive them soon.

The "Social Economy"

The social economy project of the Chavez government is not "just" an anti-poverty measure, but constitutes a fairly central element in Chavez' Bolivarian project. That is, it is not only designed to alleviate poverty, but is also a central aspect for creating a more egalitarian, more democratic, and more solidaristic society. The government's website on the social economy defines the social economy as encompassing the following seven elements: [10]

1. The social economy is an alternative economy.
2. Where democratic and self-governing practices dominate.
3. It is driven by forms of work based on partnership and not on wage-earning.
4. Ownership over the means of production is collective (except in the case of micro-enterprises).
5. It is based on the equal distribution of surplus.
6. It is solidaristic with the environment in which it develops.
7. It holds on to its own autonomy in the face of monopolistic centers of economic or political power.

The above definition is probably an idealization, since it was written by a team that worked under the former Planning and Development Minister Felipe Perez and Vice-Minister for local planning Roland Denis, who were dismissed from their posts in early 2003. Generally, the social economy project of the Chavez government has boiled down to the promotion of cooperatives and micro-finance.

The micro-finance program is in many ways modeled on the Grameen Bank of Bangladesh and has several different institutional bases. First of all, there are several banks dedicated to micro-finance, such as the Banco de la Mujer (Women's Bank), Bandes (Bank for Economic and Social Development, Banfoandes (Bank for the Promotion of the Andean Region), and the Banco del Pueblo (People's Bank). Then there are institutions such as the Fund for the Development of Micro-Finance and the Ministry of Development of the Social Economy. Also, there is a controversial banking law, which requires all conventional banks to dedicate a certain percentage of their loans to micro-finance.

Between 2001 and 2003 about $50 million worth of micro-credits have been given out by the banks named above. The Women's Bank and the People's Bank have given 70,000 micro-credits between them. For the next year, the government intends to expand the micro-credits program by tripling it, according to the Minister for the Social Economy, Nelson Merentes.[11] Private and public banks also gave out micro-credits for a total of $75 million just during the month of September 2003.[12]

Among the most important beneficiaries of the micro-credit program are the cooperatives, which represent the second dimension of the government's social economy. While Venezuela had only about 800 cooperatives when the Chavez government came to power, it is now estimated that there are over 40,000 – a 50-fold increase. The active promotion of cooperatives not only boosts the small business sector, which is generally known to be the first place new jobs are created in an economy, but also provides for greater equality as the members of the cooperatives share their income much more evenly than in a conventional business.

Bolivarian Schools and Daycare Programs

As mentioned in the introduction, Venezuela's free public education system gradually excluded larger and larger numbers of the poor, as the school system increased the barriers for poor children to participate. These barriers mostly took the form of registration fees, which were set by each school individually, often to compensate for the lack of resources it was receiving from the central government. By 1996 public spending for education had dropped to 2.1% of GDP.

When the Chavez government came to power spending on education was one of the areas the government focused on the most. By

2001 it increased public spending on education to 4.3% of GDP, twice the level of 1996 and one of the highest levels in twenty years. Much of the new investment in education went towards the building of new schools and the transformation of old ones into "Bolivarian Schools."

Bolivarian schools are supposed to address Venezuela's poverty in a variety of ways. First, they are day-long schools, thus freeing up both parents from daytime childcare duties, allowing them to work during the day. Also, the day-long program allows the incorporation of more cultural and sports activities. Second, Bolivarian schools provide breakfast, lunch, and a late afternoon snack, regular meals that many poor children often did not receive before. Third, the schools are supposed to be more closely integrated into the community than normal public schools.

As of 2003, approximately 2,800 Bolivarian schools have been opened, of which half are newly constructed. These schools now serve about 600,000 children, or 12% of all school-age children.[13] The government says that via the elimination of registration fees and the expansion of the public school system, over 1.5 million children have been included in Venezuela's public schools system between 1999 and 2002, which were previously excluded. Venezuela's percentage of children in school thus went from 83% in 1999 to 90% in 2002.

Complementing the Bolivarian schools program is the "Plan Simoncito," which is supposed to provide free daycare and pre-school education to children from ages 0 to 6, so that parents may dedicate themselves to making a living. Since many poor households are single parent households who have a hard time finding ways to balance parenthood with a job, this program promises to help poor single parents, mostly mothers.

State-sponsored daycare is nothing new in Venezuela. Already since the late 1980's such programs have existed and have expanded steadily. While in 1989 only 19,000 infants were in state-supported daycare programs, by 1998 just over 150,000 had been incorporated. However, when the Chavez government came to power, the day care programs were further expanded and now serve over 300,000 infants. The percentage of children in daycare thus went from 40% to 45%.

Bolivarian University

Just as primary education gradually excluded more and more poor children from the school system, so did higher education. This development accelerated particularly due to the fact that Venezuela's population grew much faster than the university system. While technically anyone with a high school degree ("bachiller") is supposed to have access to the university, public universities had to restrict entrance via entrance examinations. These, as is usually the case, ended up filtering out students coming from poor or working class backgrounds. An important factor in this filtering process is that middle and upper class students can afford to take special classes that prepare them for entrance examinations, while those from poor backgrounds cannot. While in 1984 70% of students from poor backgrounds who applied for entrance to the university were admitted, by 1998 only 19% were admitted.[14] For working class students the admission rate dropped from 67% to 27%. As a result, it is estimated that there are over 400,000 Venezuelans who formally fulfill the requirements and would like to attend the university, but cannot because they did not score well enough in the entrance examinations.

The Bolivarian University of Venezuela (UBV) is thus supposed to fill the gap which exists between university supply and university demand. More than that, it is supposed to prioritize its admissions towards students from poor backgrounds. So far 2,400 students are enrolled in the university, which began its first classes in October 2003, and another 20,000 are pre-registered. The university will have branches throughout the country and is eventually supposed to reach a total enrollment of 100,000.[15]

Short-Term Anti-Poverty Measures – The Missions

With the severe economic crisis that the April 2002 coup attempt and the December 2002 oil industry-shut-down provoked, few resources were available to continue the short-term anti-poverty measures of the Plan Bolivar. So during most of 2002 and 2003 little was directed towards programs of that nature. However, by late 2003 the state's finances were recovering and the government could focus once again on implementing short-term anti-poverty measures. Of course, the presidential recall referendum process and the need to improve the president's popularity probably added urgency to the development of such policies.

Mission Robinson – Primary Education

By October 2003 President Chavez announced seven different "Missions" for fighting poverty. The first mission was Mission Robinson, named after Simon "Robinson" Rodriguez, who was Simon Bolivar's teacher. Mission Robinson is supposed to address illiteracy. While illiteracy is fairly low in Venezuela, only about 7% (for all of Latin America and the Caribbean it is 11%), illiteracy is certainly one of the most serious contributing factors to poverty.

Thus, via a cooperation agreement with Cuba, Venezuela invited hundreds of Cuban literacy experts to come to Venezuela and to train teachers. In the first phase of the program, which was launched July 1, 2003, students are taught to read and write, using a Cuban methodology which is based on numbers, since most people who are illiterate do know numbers. According to government statistics, over 1 million Venezuelans are currently benefiting from the program, with the help of over 100,000 literacy teachers, who work throughout the country.

The second phase, Mission Robinson II, goes beyond literacy and aims to teach participants everything they need to reach 6th grade. The program is very compressed, so that in two years students would complete the Robinson II program, in stead of the usual six years it takes for Venezuelan primary education. Mission Robinson II began October 28, 2003, and intends to incorporate over 629,000 students for this year, most of whom had participated in the first Robinson program.

Venezuela's opposition claims that the literacy program is nothing other than a cover for a Cuban indoctrination program. However, even a cursory glance at the materials used (so-called "libraries" of a dozen books, which every household or participant receives for free) and conversations with people who have graduated from the program, shows that there is nothing to such accusations.

Mission Ribas – Secondary Education

Parallel to the literacy and primary education programs of Mission Robinson, the government has created Mission Ribas, named after independence hero José Felix Ribas, for individuals who dropped out of high school to complete their high school education. According to government statistics, there are over five million Venezuelans who dropped out of high school. Mission Ribas is supposed to incorporate these into an educational program that would allow them to graduate in a maximum of two years. The Minister of Energy and Mines, who is one of the main coordinators of the program, announced in early November that slightly over 700,000 Venezuelans indicated an interest in participating in Mission Ribas. The first 200,000 will begin classes on November 17th and the rest at a later date.

Just like all of the missions, the program is free. However, 100,000 participants will receive scholarships, based on financial need. Most of the courses will be in the form of "tele-classes," or videos, with the help of a facilitator. Once students complete their studies, the state-owned oil company PDVSA and the electric company CADAFE will offer to place students in the mining, oil, and energy sector. The whole program is being primarily coordinated by PDVSA and CADAFE, which are also providing most of the funding for the program.

Mission Sucre – Higher Education

For the poor, one of the greatest hindrances to a university education is their lack of financial resources for such an education. They generally have to work on the side, often supporting family members at the same time, making studies nearly impossible. Mission Sucre, named after another independence hero, is essentially a scholarship program for a university education, through which, in the first phase, which begins in November 2003, 100,000 poor Venezuelans can receive the Venezuelan equivalent of $100 per month for their university education.

Already in September 2003 over 420,000 Venezuelans indicated an interest in the scholarships. Guiseppe Gianetto, the rector of Venezuela's largest public university, the Universidad Central de Venezuela, who is also an outspoken critic of the Chavez government, has said, though, that Mission Sucre is a "demagogic" program because the government will never be able to accommodate the 400,000 students who want to enter the university system, but for whom there is no place. The existing public universities cannot possibly accommodate these students, according to Gianetto. The government, however, says that most of these will eventually find a place through the new Bolivarian Universities, which are being opened throughout the country. It is unclear, though, where these 100,000 students will find a place to study until the Bolivarian University is in place. For 2004, there is space for only 20,000 students in the Bolivarian University. While the remaining 80,000 might eventually be accommodated, this leaves another 300,000 outside the university system.

Mission "Barrio Adentro" (Inside the Neighborhood) – Community Health Care

In order to address the severe health problems in the "Barrios," the poor communities, the Chavez government launched a community health program called, "Barrio Adentro." This program, with the help of just over 1,000 Cuban doctors, places small community health clinics in the Barrios, in areas that previously never had doctors nearby. The program was first launched in Caracas as a pilot project, and is now being expanded to the rest of the country. After six months of existence, the program had served almost three million Venezuelans, primarily in the greater Caracas metropolitan area.

While the inhabitants of the barrios generally welcomed these doctors, who also made house calls, something that was previously unheard of, Venezuela's doctor's association was up in arms. Immediately the association filed a for a court injunction against the Cuban doctors, saying that they do not have the credentials required by Venezuelan law. In July of 2003 a court granted the injunction. The Health Minister, however, said that the public's health is a higher priority than the court injunction and that the government would this not recognize the injunction. Maria Urbaneja, the health minister at the time, said that even though there were plenty of unemployed doctors in Venezuela, not enough could be found who were willing to work in the barrios. There is a plan, though, to gradually replace the Cuban doctors with Venezuelan ones, as they can be found.

Mission Miranda – Military Reservists

Venezuela's military has long been a place where people from poor backgrounds can find an education and a place to work. However, once they leave the military, they often end up unemployed. So as to address this segment of the population, the Chavez government launched Mission Miranda, named after yet another independence hero, General Francisco de Miranda. This mission creates a military reserve out of people who once served in the military. Everyone who participates in the program would receive the minimum wage, training in forming cooperatives, and the opportunity to apply for micro-credits. When the program was announced, on October 19th, 2003, 50,000 former soldiers had already signed up, with another 50,000 to be added before the end of the year. All of the reservists who signed up are currently unemployed.

The opposition questioned the intentions behind Mission Miranda, saying that Chavez is creating a parallel army that would be directly under his personal command. The suspicion is that Chavez intends to militarize the country and to create an armed force that would be completely loyal to him and which is being created in light of the possible recall referendum. The suspicion is that Chavez would use this armed force to keep himself in power, even if he loses the recall referendum. Whether or not one should believe that this is the intention depends ultimately on how Machiavellian one believes President Chavez is. So far, however, there is no indication that Chavez intends to remain in power by force, should he be defeated through democratic elections.

Mission Mercal – Food Distribution

Finally, there is the Mission Mercal, which is a network for distributing food throughout the country at slightly below market rates at government supported supermarkets. The concept for this program emerged partly as a result of the December 2002 employer sponsored general strike, which to a large extent shut down food distribution. As a result, the Chavez government decided to establish a state sponsored food distribution network. The program got off to a slow start, so that by November 2003 there were less than 100 throughout the country. However, the government is accelerating the building of these supermarkets, so that the number will double to 200 in December and increase ten-fold, to 2,000, by February 2004.

The opposition criticizes this program too, of course, saying that the Mercal markets undermine the private sector. This is probably the case in situations where a Mercal market is set up next to a regular supermarket. However, just as with the Barrio Adentro program, Mercal markets are supposed to serve areas that are currently underserved by the private sector. Thus, the impact these will have on the private sector will probably not been all that great.

Conclusion

When reviewing the many programs that exist to fight poverty in Venezuela under the Chavez government, it is clear that the greatest emphasis is on education. Both the medium term and the short term anti-poverty programs are mostly centered on education. This makes much sense since numerous studies of poverty have shown that education is one of the most effective ways to reduce poverty. However, it is also a strategy which takes a long time to bear fruit. If, in the course of the implementation of this strategy, there is a severe set-back, as was the case in 2002-2003, then the government's anti-poverty measures will look like they are not having any effect in the short term.

The Chavez presidency is so far marked by four distinct phases. The first phase was 1999, which was a period of severe economic recession, constitutional reform, and natural disaster,[16] in which little was done about reducing poverty, other than the initiation of Plan Bolivar 2000. The second phase, 2000-2001 was a relatively successful period, in which the Chavez government consolidated its political power and began implementing its long and medium term poverty reduction programs, of macro-economic reform, urban and rural land reform, the creation of Bolivarian schools, and support for micro-credits and cooperatives. The third phase, from about December 2001 to May 2003, was the most difficult phase, in which the government had to cope with several employer-led general strikes, a coup attempt, and the shut-down of the country's all-important oil industry. During this phase the country and the government suffered its greatest setbacks in terms of reducing poverty. There is little doubt that as unemployment and inflation increased, poverty also increased. Also, few resources or attention were available for actively implementing poverty reduction programs.

May 2003 one could say marks the beginning of a fourth phase, which is approximately when the country's oil industry recovered and the opposition began focusing on political rather than economic or military strategies for ousting the president. During this phase the government once again had more resources, especially given the relatively high price of oil, to implement short-term anti-poverty measures and to refocus on its medium term strategies, placing particular emphasis on land reform and on the Bolivarian University. How long this phase will last is, unfortunately, once again largely up to the opposition. If it plays straight during the upcoming recall referendum process, the government will be able to pursue its existing programs more or less as planned. However, if the opposition tries to provoke another crisis, then the programs could be derailed once again and poverty will once again increase, just as it has in Venezuela for the past 20 years or so.

[1] The Gini Index goes from 0, meaning complete equality (all incomes the same), to 1, meaning complete inequality (all income held by one individual). Source: Francisco Rodriguez (2000), "Factor Shares and Resource Booms: Accounting for the Evolution of Venezuelan Inequality" in World Institute for Development Economics Research - Research Paper from World Institute for Development Economics Research - Research Paper http://www.wider.unu.edu/publications/wp205.pdf

[2] ibid., p.5

[3] Rodriguez: "If our calculations are correct, Venezuela today is one of the most unequal countries in the world, with its 1997 Gini [of 62.6] surpassing that of South Africa (62.3) and Brazil (61.8)." ibid., p.6

[4] OPEC Statistical Bulletin, 2001

[5] In 1985 dollars. Own calculations, based on value of oil exports (IMF, *International Financial Statistics Yearbook 1993*), population (Instituto Nacional de Estadistica, Venezuela: www.ine.gov.ve), and 1985 exchange rate (Banco Central de Venezuela: www.bcv.org.ve).

[6] According to the income-based poverty line used by the Poverty Project of the Catholic University Andres Bello (Matias Riutort, "El Costo de Eradicar la Pobreza" in *Un Mal Posible de Superar, Vol. 1*, UCAB, 1999)

[7] Kenneth Roberts, "Social Polarization and the Populist Resurgence in Venezuela," p.59, in *Venezuelan Politics in the Chávez Era*, edited by Steve Ellner and Daniel Hellinger (2002), Lynne Rienner Publishers.

[8] Instituto Nacional de Estadistica: www.ine.gov.ve

[9] See: Hernando de Soto (2000), *The Mystery of Capital*

[10] http://w.economiasocial.mpd.gov.ve/sistema.html

[11] Source: *El Mundo*, Nov. 4, 2003 (http://

www.venezuelanalysis.com/news.php?newsno=1087)

[12] Source: Bulletin #56 (October, 2003) of the Finance Ministry (http://www.mf.gov.ve/acrobat/Boletin%20Finanzas%20Ed.%2056.pdf)

[13] Based on a primary school-age population of 5 million (grades 1-6 or ages 6-13), according to statistics of the INE (National Institute of Statistics).

[14] See: 3 Años de la Quinta Republica (http://www.mpd.gov.ve/3%20A%D1OS/3AnosdelaVRepublica.pdf)

[15] According to Aló Presidente, #168, of October 19, 2003.

[16] The Vargas mudslides, which took place in December 1999, in which over 10,000 people died and over 150,000 became homeless.

GLOBALISATION, STRUGGLE FOR SOCIALISM AND THIRD WORLD DEVELOPMENT

Amiya Kumar Bagchi

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[Under capitalist hegemony, there have been two phases of globalisation of the world economy. The first was the period from around 1873 to 1913, when imperialist powers finally succeeded in bringing practically the whole world under their formal and informal control. The second is the phase starting between 1971 and 1973 and lasting until now. Both phases were characterized by the drive of the most important capitalist nations to impose a regime of one-way free trade on their formal or informal dependencies, while violating the tenets of free trade in their own practice. In both the phases, finance and the arms industry came together to make war and preparedness for war ever more profitable. Both phases were also characterized by absolute immiserisation of the peasantry in the poorer countries.

But both the phases also witnessed heightened resistance by the exploited people. In the first phase, the working classes of the major capitalist powers spearheaded this resistance. In the current phase, a united front of the lower middle classes, the workers and peasants of the poorer countries has been spearheading the struggle. They are now increasingly being joined by the working classes of the advanced capitalist countries. In both the phases, the objective of the most potent resisters has been the overthrow of the capitalist system and its eventual replacement by socialism. However, in both phases there have erupted contradictions within the ranks of the resisters, as was cruelly revealed by the most powerful social democratic party of Europe, namely, that of Germany going chauvinist and supporting the imperialist war aims. In the current phase, there are tensions between the aims of East Asian socialist governments and those of the struggling masses of poor capitalist nations; there are also tensions between the narrow and shortsighted economism of some of the trade unions in advanced capitalist countries and the real interests of workers in all countries. It is necessary to recognize these tensions and find ways of forging a united front for the struggle for an alternative world order, characterized by principles of true equality and liberty of all the people of the world.]

The world has witnessed two phases of determined globalisation aimed at increasing the wealth and power of the rich, especially in the rich capitalist nations. Both have also been phases of imperialist expansion. Capitalism started as a system of expansion of markets and resources, including labour power, with the help of arms and state power. The late nineteenth century saw the determined drive of European powers to carve up all African lands as formal colonies or dependencies of themselves and the process was completed by the end of the nineteenth century. The brutality of suppression of the Boxer revolt in China also signalled the virtual subjugation of all of Asia, except the rising imperialist nation of Japan.

In the economic sphere, this phase saw the enormous expansion of international trade with the help of cheapening of sea fares and costs of international communication on the one hand and the penetration of hitherto unexploited regions in the colonial countries and in the expanding frontier areas of the USA, Australia, Canada and Argentina and other settler colonies of the Europeans. The latter had in the meantime cleared of the original inhabitants of those countries through extermination or banishment to more inhospitable locales.

But this stage also witnessed struggles of workers against capitalist exploitation, the founding of the First International by Karl Marx and his associates, the growth of the German Social Democratic Party to the status of the largest mass party in Europe, and the beginning of May Day celebrations being some of the defining events of this period. On the positive side, the following policy measures and scientific and technological advances led to the improvement of standards of living in the advanced capitalist countries, including the predominantly white settled countries of the USA, Canada, Australia and New Zealand:

a) Improvement in sanitation in major urban areas with clean, piped water and paved streets;

b) The establishment of the germ theory of disease and the adoption of prophylactic measures against infectious diseases;

c) Rising real wages of workers, borne on workers' struggles, the cheapening of primary products through the exploitation of non-white dependencies and the expanding frontiers of white-settled colonies, and migration of more than forty million Europeans to the overseas colonies;

d) The initiation of rudimentary social insurance, partly in order to deflect the resistance of the growing socialist movement in Germany and other countries;

e) The promotion of industrialization through the extension of state aid in the form of tariffs and quotas against imports and subsidization of a whole range of activities including agricultural production and research, and of course, heavy industries related to military requirements: the military-industrial complex was born during this period.

This phase also witnessed some of the biggest famines in history, especially in the two countries that had sustained the largest numbers of human beings in recorded history, namely, China and India (Bagchi, 2005, chapter 18). It saw the growth of the military-industrial complex, and with a struggle for re-division of the world, it ended in World War I.

Globalisation Phase II had its beginning in 1971, when the link between the value of the US dollar and gold was snapped. The pace accelerated with 1973, when in the financial sphere, trade in derivatives (futures) was legalized in the New York and Chicago stock exchanges. Accompanying that were the ideological props of neo-liberalism and especially of financial deregulation crafted by the inventors of the theory of options pricing, supposedly anchored in economic fundamentals and the theory of 'financial repression' alleged to be resulting in low rates of saving and investment in underdeveloped countries. But neo-liberalism really got going from the late seventies. The imperialist powers used repressive devices at home to put down workers' bargaining strength. Abroad they used military interventions, support for dictatorships and entrapment in a debt process to push back the increased strength of the developing countries. The OPEC had quadrupled the price of oil in 1973. But most of the gains accrued to client regimes of the imperialists with no agenda of economic or political empowerment of the ordinary people. The transnational banks recycled the OPEC surplus to mostly anti-people rulers of the developing countries. Most of these loans were at variable or floating interest rates. When the Reagan administration steeply raised the bank rate in the USA, in order to take care of inflation and widening budget deficits, the accumulated interest charges became too large for the Third World regimes to pay and from 1982 most heavily indebted Third World countries¯ and they included practically all the major economies of Latin America and Sub-Saharan Africa¯ became involved in a debt trap. They were then subjected to severely deflationary policies by the Washington twins and by the USA and its allies. The neoliberal regime was firmly ensconced from then on. India had been free of external debt problems until 1984. But from the time of Rajiv Gandhi's Prime Ministership, India was manoeuvred into a debt trap and subjected to a similar kind of IMF medicine from 1991. But the resistance of the Indian people has slowed down the process of converting India into a fully liberalized, client regime of the USA and its allies, but the Central government is bent on trying to get India into that kind of humiliating and impoverishing dependency.

In order to grasp the necessity of the struggle for socialism and the characteristics of that socialism, it may be useful to list some of the major features of the current phase of neoliberal planetary imperialism or Globalisation in its second wave.

a) All legal restrictions on the movement of commodities and services across borders of Third World countries are sought to be removed.

b) All state regulations on the movement of capital between and within countries have been done away with.

c) The movement of unskilled labour to advanced capitalist countries has come under increasing surveillance.

d) Big corporations seek to monopolize all new technologies and all commercially useful scientific discoveries, including old knowledge that has not been already patented.

e) All state support to productive investment is sought to be delegitimized.

f) States are reduced to becoming mere police states, guarding the property of the global rich.

g) While subsidies are removed from the capacity of Third World states by imposing a long-standing deflation on most of them, they continue to be showered on agro-industrial complexes in rich countries and thereby destroy or damage the livelihood of hundreds of millions of farmers throughout the world.

Some of the most frightening outcomes of the planetary imperialism and neoliberlism are the following:

a) The danger of a nuclear holocaust, with the USA openly stating the intention of starting pre-emptive wars and using nuclear weapons for such purposes.

b) The danger of ecological collapse, with many scientists warning the world that the threshold of nature's tolerance of global warming, extinction of species and exhaustion of fossil fuels having been already crossed.

c) The wilful destruction of the framework of international law, and cavalier treatment of human rights by The USA and Britain, with the attendant reaction of disregard of legality by disaffected groups across the globe.

d) The reversal of the trend of increasing levels of economic and human development in many countries of the Third World.

When we struggle for socialism in this world, we will have to recognize that it will be a democratic socialism and heed the warning of Rosa Luxemburg fought side by side with Lenin against the chauvinist wing of the German social democrats who had supported the German imperialists launching World War I. But when the Russian revolution brought the communists to power, she warned them that 'without general elections, without unrestricted freedom of the press and assembly, without a free struggle of opinion, life dies out of every public institution, becomes a mere semblance of life, in which only the bureaucracy remains as the active element' (Luxemburg, 19/2004). Whether the fledgling revolution could have survived the massive imperialist onslaught with the kind of openness that Luxemburg advocated is another matter. Even with the bureaucratization that ultimately overwhelmed the Soviet system, because of the power of the egalitarian ideology that launched the Russian revolution, it achieved a degree of speed of industrialization that would not have been attained otherwise (Allen, 2003, chapters 8 and 9). Moreover, after the setbacks caused by the famine of 1931-32 and despite the calamitous war against Nazism from 1941 to 1945, the Soviet Union achieved remarkable advances in longevity, education and the standard of living until almost the end of the 1960s (Ibid, chapter 10).

We have to learn from both the positive and the negative aspects of the great Soviet experiment. In a country with formal democracy, the task of the socialists will be to deepen it and make sure that there are no systemic tendencies towards the exclusion of any group from access to all the goods and freedoms necessary to attain the human capability potential of everybody. Secondly, attention must be paid all the time to human development and freedom, which cannot be narrowed casually in the name of pragmatism or economic progress.

The difference between purely utopian socialists and Marxist socialists lies in the conviction of the latter that the contradictions of capitalism not only lead to its disarray but also throw up elements for construction of the socialism they are struggling for. Unlike the utopian socialists, they do not consider that the choice between capitalism and socialism is *only* a moral issue or that it is somehow the goodwill of a set of ethically guided persons that will bring about the desired change. What are the real world developments that socialists can utilize to continue their struggle for social transformation?

First, in the international arena, Latin America, which was once considered to be the backyard of the US empire has been exploding in revolt from Venezuela to Uruguay and from Bolivia through Ecuador to Argentina (Amin and Houtart, 2004; Bagchi, 2005, chapter 24). All the illegal pressures and sanctions against Cuba exerted by the US government have not succeeded in breaking the resistance of the Cuban people, who have found new friends in Venezuela, Brazil and other Latin American countries. Apart from the national revolts virtual civil wars against governments collaborating with imperialism are going on in Mexico (the Zapatistas) and Colombia (FARC-EP).

Secondly, despite savage wars of extermination mounted by the US and Britain, the people of Iraq, Afghanistan, Iran and Palestine continue to defy the imperialists.

Thirdly, in the economic arena, the USA not only faces challenges from the two other members of the Triad, namely, the EU and Japan, but also from the People's Republic of China, South Korea and Taiwan. These East Asian countries have emerged as the workshop of the world. It is necessary to be vigilant in drawing lessons from the success of China (and for that matter, Vietnam). With the strength of a state successfully pursuing the trajectory of development through maximizing productive investment and utilizing the power of an increasingly better-educated working but relatively low-paid working class, China is every year increasing its share of world exports and GDP. However, this kind of utilization of the brains and brawn of a low-paid workforce for maximizing the rate of productivity and well-being is not is not available to countries that have not undergone a social transformation abolishing landlordism and putting a worker-friendly government in power. Moreover, even for such countries this strategy can be considered only a tactical move to counter imperialist hegemony. Pursued too far, it will lead to the ensconcement of a new privileged class and a struggle for socialism will have to be re-launched in those countries.

Fourth, in many countries, and especially in countries with formal democracy, people are trying on the one hand to counter the power of corporate feudalism with client politicians in power and on the other hand, they are trying to upgrade formal, representative democracy. Not only in developing countries such as India and Brazil, where experiments have taken place with people's planning in Porto Alegre, Kerala, West Bengal and Tripura but also in the Greater London Council in the UK and many municipalities in the USA, experiments for giving people direct access to the decision-making process for allocation of public goods have been going on. Protests against the IMF-World Bank-WTO raj have erupted all over the world and workers in most of the G7 counties have come out in sustained protests against the policy of treating human lives as freely disposable commodities.

Treading the path of fight for socialism means fighting the germs of imperialism and oppressions of class, caste, gender, ethnicity and religious fundamentalism in every cell of the body politic and body social (Bagchi, 2003/2004). The struggle to combine the fight against overarching structures of oppression and against their manifestation in everyday life is not an easy one and a mere analyst cannot provide any guidelines about that beyond cautioning against some of the past errors and present dangers of the travelers on the long road to socialism.

Capitalism has always been a system of competition for profit with the help of arms. Since the British Industrial Revolution, it has also been a system that thrives by gouging out the non-renewable resources of the world. The slogan now should be that if we want to save human civilization, there is no alternative to a democratic, decentralized, non-chauvinist ecofriendly socialist order with a tight leash on human greed so that the need of fulfillment of the human capabilities is not jeopardized.

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THE UPA REGIME AND ECONOMIC POLICY

Prabhat Patnaik

The defeat of the NDA in the last elections was a source of consternation in international financial circles. The Wall Street Journal even asked editorially: "Why should developing countries like India have such frequent elections?" And it went on to add that if a country like India does have elections, then surely the outcome can not be left entirely to the Indian people; "foreign investors" too must have a say since they have a "stake" in the Indian economy. Similar views were aired in public and private in Washington DC among the Fund-Bank staff and among the financial bureaucracy and the "financial class" within India. Nerves were soothed only when it became clear that policy-making, at least in economic matters, would be entrusted to three persons who had been closely associated with the induction of "neo-liberal" policies, namely Dr.Manmohan Singh, Mr.Chidambaram and Mr.Ahluwalia. Even so, Mr.Chidambaram had to miss the first session of Parliament for some days during which he made a trip to Mumbai to reassure the leading lights of the stock-market regarding the new government"s adherence to the "liberalization" agenda.

It is important to understand the reasons behind the financial circles" consternation. On several issues ranging from Employment Guarantee to disinvestment in PSUs, to social sector expenditure, the Congress Party"s Manifesto, many of whose proposals subsequently found their way into the National Common Minimum Programme, had a thrust very different from that of the "liberalization" agenda. Perceiving the popular mood, it envisaged a more active role for the State in promoting employment and welfare. And this is anathema for international finance capital which is interested not in a "retreat of the State", as is often claimed, but in a transformation of the State into an instrument for promoting its own exclusive interests.

The reason for its opposition to State activism in matters of employment and relief for the people however lies not just in its preference for a different, and from its point of view "better", State. It opposes such "State activism" for two other basic reasons. First, such activism destroys its own social legitimacy. Even capitalists engaged in production, who stand to gain, by way of larger profits, from the boost to economic activity that comes from larger State investment, invariably oppose the existence of a public sector (they want public ownership of any profitable unit to be only a transient phenomenon), because it undermines their legitimacy: if it becomes clear that the State too can run enterprises, then a class of capitalists, whose necessity is supposed to lie specifically in their exclusive ability to perform this task, becomes palpably superfluous. This fear is even greater for finance capital, which essentially represents rentier interests, with very little involvement in production, and which therefore sustains, in Lenin"s words, a class of "coupon-clipping" "parasites". The absurd myth that the state of the stock-market determines the pace of accumulation and hence the vigour of a capitalist economy, and the conclusion that everything must be done to keep the stock-market buoyant even to achieve social goals, which finance capital so self-servingly promotes through its various mouthpieces including the media, will cease to be sustainable if the State steps in for providing employment and relief. Finance capital therefore opposes such State activism at all costs.

Secondly, the rolling back of dirigisme has the added advantage, from the point of view of finance capital, that it unleashes a process of "primitive accumulation" of capital through the privatization "for a song" of public enterprises. On the other hand if the State were to be more active in providing employment and relief to the people, then not only would this bonanza be denied, but there might even be heavier taxation of capitalists.

Modus Operandi of Deflation: FRBM Act

The modus operandi of imposing expenditure cuts on the government is through legislation such as the Fiscal Responsibility and Budgetary Management Act, which had been passed under the NDA government, and which the UPA government promptly owned upon assuming office, even though the Act constitutes an extraordinarily irrational piece of legislation. The Act provides for a reduction, in a manner stipulated by itself, in the magnitude of the fiscal deficit to a ceiling of 3 percent of GDP. When there is no legislation stipulating the minimum tax-GDP ratio, when there is no legislation stipulating the minimum ratio of social sector expenditure to GDP, when there is no legislation stipulating the minimum expenditure on anti-poverty programmes to GDP, why there should be a law that stipulates the maximum ratio of fiscal deficit to GDP is baffling to start with, when there is absolutely no theoretical reason to believe that a fiscal deficit is necessarily harmful. Matters become even more bizarre when it is recalled that this ratio is supposed to hold good under all circumstances, whether there is a recession or not, whether there is a collapse of employment or not, whether there is massive poverty or not. And the bizarreness only increases when it is recalled that a rise in the fiscal deficit does not necessarily mean a rise in the government"s net borrowing.

Consider a simple example. Suppose the government borrows from the banking system Rs.100 to spend on an employment generation programme. Let us also assume for simplicity that the only commodity for which demand is generated through the expenditure on such a programme is foodgrains. If there are plenty of foodgrain stocks in the economy rotting in the godowns even as people go hungry owing to lack of purchasing power, then it would be plain stupid, indeed criminal, on the part of the government, not to undertake this expenditure because the fiscal deficit would increase thereby. But the stupidity in such a case is even greater than appears at first sight. The Rs.100 spent on the programme would accrue back to the FCI which holds the foodgrain stocks, which itself is a government-owned entity. The FCI may use the money to repay its bank loans by Rs.100. In this case what the government"s right hand (i.e. the budget) has borrowed from banks is paid by its left hand (the FCI), with no increase in the government"s net indebtedness to banks. Indeed if FCI transactions figured as part of the budget, as they used to do till the early seventies, then the fiscal deficit in the budget itself would have shown no increase. But the mere convention of not showing FCI transactions in the budget would mean that government expenditure on such an employment programme through borrowing from the banks would be disallowed under the FRBM Act. This Act therefore prevents the government from increasing demand in the economy, including demand in the public sector even when this sector is saddled with unutilized capacity and unemployment. It ensures both an eschewing of State activism for undertaking investment, and providing employment and relief (and hence an unrolling of red carpet for MNCs to undertake investment in lieu of the State, even through offers of guaranteed rates of return in foreign exchange), and the perpetuation of "sickness" in the public sector units which then is used as an excuse to "privatize" them for a song. Professor Joan Robinson, one of the outstanding progressive economists of the twentieth century, called this self-serving argument of finance capital against fiscal deficits the "humbug of finance". The UPA is officially as committed to this "humbug" as the NDA was, though under the force of the circumstances it has both postponed the target date for reaching the ceilings specified under the FRBM Act, and used several subterfuges to get around its stringency, as we shall see later in the context of the 2005-06 budget.

While the considerations underlying finance capital"s promotion of "liberalization" and the resulting transformation in the nature of the State are thus quite obvious, its being "international" gives the efforts of finance capital a spontaneous effectiveness. Any State that refuses to transform itself into a servitor of financial interests would find itself faced with a flight of finance from its economy, unless it imposes controls on the free movements of capital into and out of its shores, i.e. unless it reverses the "liberalization agenda" and sets up an alternative dialectic to that of "liberalization". It follows that the so-called "liberalization with a human face" is a contradiction in terms. If a "human face" is to be put on the development process, through the provision of employment and relief by the State, then willy-nilly the process of "liberalization" has to be reversed; on the other hand if the process of "liberalization" is persisted with, then one can forget about the "human face".

International finance capital is instinctively aware of this. And that is why when the UPA government came to power, it was stunned for a while, especially since the dependence of the government on Left support meant that it could not make a simple about turn with impunity on the NCMP. There is in short a fundamental opposition between the interests of the people and the interests of international finance capital and the domestic big bourgeois and financial class aligned to it. The entire period since the UPA came to power has been a period of intense struggle arising from this opposition. While appeasing financial interests and soothing the nerves of international financial capital, the government has not been able to push ahead with the "liberalization" agenda to the extent it would have liked; it has faced stiff opposition at every step from the Left on whose support it depends for its survival. At the same time it has reneged on every one of the major promises made in the NCMP, with the Left mounting intense pressure against such reneging. Some of the critical areas of such struggle are highlighted below.

The Employment Guarantee Scheme

Perhaps the most striking provision of the NCMP was the scheme for giving 100 days of assured employment to one member in every rural household. This itself was a comedown from the Congress Party"s election promise of giving 100 days of assured employment to one member from each household, both urban and rural. The idea of assuring employment to only one member per rural household was obviously discriminatory against women; and in any case the scheme promised only paltry relief, since only 100 days of assured employment per household did not amount to much. Even so, the scheme was important in the context of the sharp deterioration in the living conditions, including per capita food absorption, of the rural poor, which had come about through the drastic curtailment in rural purchasing power arising inter alia from the cutback in rural development expenditure of the government. This cutback in turn was a consequence of the reduced tax revenue and the compressed fiscal deficit that neo-liberal policies had engendered.

From the very beginning however the scheme aroused fierce opposition, first in the name of a resource constraint, and subsequently, when even the Planning Commission found that the total expenditure for running such a scheme would be no more than Rs.25000 crores annually at present, which is no more than 1 percent of the GDP, in the name of administrative difficulties. When even this failed to carry conviction, the opposition to the scheme took up the familiar refrain: "why waste money providing what in effect would be a dole when that money could be better used for increasing the growth rate and providing more meaningful productive employment through that route?" It was conveniently forgotten that if high growth could provide more productive employment in adequate quantities, then the very fact of rural distress and the very need for an employment guarantee scheme would not have arisen in the first place.

The real objection to the EGS was the fact that it went against entire thrust of neo-liberalism, promoted by international finance capital, of rolling back State activism in matters of employment and relief for the people. And this objection was reflected in the Draft Bill that was presented to the Parliament. The Draft replicates the basic flaw inherent in the original NCMP provision itself, namely, that by taking the household as the unit it ignores the claims of all individual adults for employment guarantee, and thereby also implicitly discriminates against women. In addition however the Draft reneges on the NCMP itself in at least three crucial ways: first, it does not provide for the extension of the scheme to cover the entire country within a specified period of time; secondly, even in areas where it is to be introduced the Draft allows the government to withdraw the scheme at will; and thirdly, the scheme according to the Draft is supposed to be targeted towards "poor households", which is a clear violation of the NCMP promise of a universal employment guarantee that is so essential, both because of the gross underestimation of poverty and the woefully inadequate identification of the "poor", and because universality confers a right and is therefore a means of empowerment of the working masses. In addition, the Draft does not ensure employment at the statutory minimum wage, and, by insisting on a narrow definition of "productive work", effectively ensures that most people covered under it would be entitled at best to some unemployment insurance which would be no more than a pittance. In short, instead of the significant action on the employment front, notwithstanding all limitations, that was envisaged in the NCMP, what we have is a damp squib.

The Draft is before the Standing Committee, and the coming days will see an intense struggle between the democratic and progressive forces on the one hand pressing for a worthwhile EGS, and a recalcitrant government on the other resisting this pressure. Afraid to alienate finance capital, the government may attempt to split the progressive forces by demanding a price for a larger EGS in the form of cutting some other relief expenditure; and, if pushed, it may even consider associating the World Bank and other such organizations in the financing of it. Since these organizations typically demand their "pound of flesh" for such financing and then quietly drop the scheme after having obtained this "pound of flesh", associating them would mean not a departure from the "liberalization" agenda but, on the contrary, an active promotion of it under the false pretense of introducing a "human face".

The Financial Sector

A second area of struggle has been the financial sector. A precondition for any relief to the people, it follows from the foregoing, is control over financial flows, which obviates the need for pursuing policies catering to the caprices of finance. The Left has been asking for such controls for a long time. But matters have come to such a pass, with foreign exchange reserves crossing $140 billion, and as much as $10 billion being added in the mere space of four weeks ending March 11, that even the Governor of the Reserve Bank of India asked for some checks on financial inflows, which, as he had expressed it once earlier, were using India "as a parking place for dollars". Within minutes of his having asked for such checks, he was asked by the Finance Minister to eat his words, which he duly did at a hurriedly-convened Press Conference rather late at night. In short, the government is adamant on maintaining liberal financial flows into and out of the country, and this is extracting a heavy price from the economy, apart from precluding any relief for the people owing to the constant need to retain speculators" "confidence".

This heavy price is because of the fact that while the country hardly gets any return on these reserves (the average rate of return is supposed to be around 1.5 percent), those whose inflows have contributed to these reserves are getting huge returns (inclusive of capital gains), well over 20 percent, on the funds they have brought in. Since holding reserves is analogous to lending abroad (since it entails holding "IOU"s of foreign governments and banks) the country in effect is borrowing dear to lend cheap which is both silly as well as ominous for the future. On the other hand, not holding these reserves would make the rupee appreciate in the face of such inflows, which would mean a de-industrialization of the economy paid for by short-term borrowing. If for instance $100 flow in, then, if reserves are not held, the rupee would appreciate until a current account deficit of $100 has been created through an increase in imports at the expense of domestic output; this would mean a shrinking of domestic activity and unemployment. The country"s debt in other words would have increased in order to finance its own ruin through de-industrialization, or it would have experienced what one can call a "debt-financed de-industrialization". If this is to be avoided, as well as the silly and ominous piling up of reserves, then the only way is to control financial inflows, which are being used entirely for speculative purposes. The RBI governor, by no means a radical or Leftist, had suggested just this. The government obviously however has no intention of getting off this perilous course.

Indeed on the contrary it is attempting two further steps which are exceedingly dangerous: the first is to move ahead towards capital account convertibility, and the second is to push financial liberalization even further so that the economy gets even more closely enmeshed in the vortex of globalized finance. A whole series of measures, such as merging public sector banks; enlarging the equity base of the public sector banks, apparently for satisfying the "Basle norms", through attracting private holders; allowing foreign banks to take over private sector banks; the shift away from development banking; the permission given to specialized development finance institutions (IDBI being the latest example) to start banking operations; the permission given to banks to operate on stock exchanges and commodity exchanges; the tolerance shown to banks which flout priority sector lending norms; and indeed the attempt to cover up banks" transgressions in this regard by expanding the definition of "priority sector"; are but a few illustrations of the government"s determination to detach the financial sector in India from its obligation to serve the needs of the productive national economy, and to make it instead an integral part of the world of international finance.

The era of planning and of the pursuit of a strategy of relatively autonomous capitalist development had seen a transformation of the financial sector in India from serving the needs of a colonial economy and of a few monopoly houses that had developed in the interstices of the colonial economy (especially after the grant of "discriminating protection" in the twenties and thirties) to facilitating accelerated and a broader-based capitalist development, including in agriculture through the "Green Revolution" (after bank nationalization). This transformation, starting with the nationalization of the Imperial Bank of India and the setting up of specialized financial institutions like IDBI, IFCI, ICICI, and SFCs, and ending with the nationalization of large private sector banks, had created the basis for building up the productive base of the economy in all its diversity.

What we are seeing now is yet another transformation. The case for the merger of public sector banks in terms of economies of scale is entirely unfounded. And as for the argument that such merger is necessary to make Indian banks withstand foreign competition in the new environment, it is amusing that this argument is being advanced not by the banks themselves groaning under the impact of some presumed un-competitiveness but by Mr.Chidambaram and Finance Ministry bureaucrats, who, day in and day out, preach the virtues of State non-intervention! The real idea behind this merger and allowing foreign banks to take over private Indian banks (that is so at present, but later no doubt they would be allowed to take over public sector banks as well) is to have a limited number of large players, led by foreign banks, in the banking sphere who would then go global, engage in speculative and high profit activities, detach themselves entirely from the "messy" business of lending to a host of peasants and petty producers, and get monopoly control (especially the foreign banks) over the debt of the government (or what is called "sovereign debt") which is a highly prized plum even today as it was in Lenin"s time. The result would not only be the end of the era of banks serving the needs of production, but the creation of an ambience where financial crises of the East Asian kind would occur, resulting in a stagnation of the economy and a de-nationalization of its assets.

The Bank Employees are already struggling hard to prevent such a denouement. The Left is aware of the dangers of the course being advocated by the Finance Ministry. The coming months would see intense struggles over these measures.

The Alibi of the Need for FDI

The case for financial liberalization as a total package is ultimately argued on the grounds of the presumed need for FDI. Prime Minister Manmohan Singh pleaded before a bunch of financiers in New York that unless India got \$150 billion FDI over a 15 year period to improve her infrastructure, her economic prospects were bleak. This cringing before metropolitan finance, though it started with the NDA and hence predates the UPA, certainly marks a enormous departure from the earlier days, when Prashanta Chandra Mahalanobis had gone lecturing all over America about how India was embarking on a massive industrialization effort on her own and with her own resources. The favourite ploy of our current leaders of course is to cite the example of China which these days gets around \$50 billion FDI each year compared to \$3-4 billion of India: the suggestion is made that without such heavy investment

China could not achieve her extraordinary growth rates, and that if India wanted such high growth rates then she too would have to woo FDI assiduously.

This argument is wrong on several counts. First, the large influx of FDI is hardly necessary at present for China"s remarkable growth performance. China, as is well-known, has massive and growing foreign exchange reserves which are built up out of her own earnings in the form of current account surpluses, and not through speculative financial inflows as in the case of India. She is in other words maintaining an excess of savings over non-FDI-financed investment. Her need for investible resources from outside therefore is correspondingly less. FDI in her case could be a useful means of bringing in technology or of marketing her products, but for these purposes technical collaboration or marketing agreements could do as well. Her reasons for large FDI inflows at present therefore remain obscure. At any rate, inflows on this scale are certainly unnecessary for the maintenance of her growth rate. Secondly, FDI typically flows into those economies which already have high domestic savings rates anyway. It does not constitute a means of compensating for low domestic savings. Since India has a savings rate much lower than in the East and South East Asian countries, and since this rate has not gone up at all during the period of "liberalization", to pin hopes on FDI to provide a way out of this situation is a chimera. Thirdly, in the case of India, as suggested earlier, there is plenty of unutilized capacity, within the public sector itself, which can be used with impunity for boosting public investment through an enlarged fiscal deficit, without even having to raise tax revenue.

In short, FDI is both unnecessary for boosting India"s growth rate and unlikely to come in any significant quantities, despite all the blandishments being offered. But since these blandishments include financial liberalization, which necessarily engenders deflation and cut backs in public investment, that in turn have a discouraging effect on private investment, all this wooing of FDI in the name of stepping up the investment ratio is paradoxically having the opposite effect of dampening the investment ratio.

The blandishments include an increase in the foreign equity cap in critical sectors. The first UPA budget, for 2004-05, had identified telecom, civil aviation and insurance sectors as the ones in which the level of permissible foreign equity holdings would increase. The FDI cap has already been lifted in the civil aviation sector (from 40 to 49 percent), and on February 2 the government cleared a proposal to raise the FDI limit in telecom from 49 to 74 percent. But these precisely are sectors where foreign investment is not only unnecessary but positively harmful. In the case of telecom moreover there are serious security considerations involved in having majority foreign-owned companies. The idea seems more to give foreign capital a finger in the profitable pie that is the Indian market, at a time when metropolitan capital in these sectors is desperately looking for outlets elsewhere, than to bring any benefits to the Indian economy. The Left has been fiercely resisting these measures, but these unfortunately do not need parliamentary approval.

Pension Funds

The latest move of the UPA government to let pension funds be used in the stock-market and pensioners take the risk of loss, is yet another "liberalization" measure with serious consequences for an extremely vulnerable section of the population. But it is not just a matter of how these funds are used. The 2005-06 budget permits the entry of FDI into the pension sector. In effect therefore the government is planning to hand over pension funds to MNCs for the purpose of speculating on the stock-market.

The argument often advanced that the burden on the exchequer on account of pension payment obligations is becoming too heavy is unacceptable. It is the solemn duty of the government to meet whatever burden pension payment obligations impose upon it, and it has to find the resources to fulfill it. Considering the fact that 50 percent of the pension payment obligations are on account of the armed forces, demurring at discharging this duty is in particularly bad taste.

But then, even some well-meaning observers point out, since the pensioners would be exposed to the possibility not just of losses but of gains as well, they may even end up being much better off from the proposed measure. Why should they object to it? The reasons are simple: first, any person would be the most risk-averse when it is his or her pension funds which are at stake; and secondly, the risks are far greater than usually supposed. They arise not only from the fact that the stock market fluctuates wildly, but also from the fact that the pensioners could well become victims of unscrupulous speculators using their funds.

This last point is often missed: in a country like ours the political empowerment of the people is far greater than their legal empowerment. They have a much better chance of getting redress through political pressure than they have of getting redress through legal action. They are safer when their claims are with the State than they are when these claims are on some private speculators. To leave pensioners to the mercy of a bunch of speculators by allowing the latter to play the market with their funds would be an almost criminal dereliction of duty on the part of the State which the Left has rightly vowed to resist to the bitter end.

The Patent Amendment Act

There are two areas where the government has yielded some ground under pressure from the Left. One is in the area of patents; and the other is the current year"s budget. Let us examine these.

India had a Patent system introduced through an Act in 1970 which was highly appreciated by progressive opinion all over the world. Among other things it kept the prices of drugs low, and did so by not recognizing product patents. No patentee in other words could prevent someone else producing the same good using some process other than the one which had been patented. This enabled the domestic production of drugs, which had been developed abroad, by using a different process. Domestic substitutes of drugs developed abroad could therefore be locally produced and sold cheap. The TRIPS agreement under the WTO permitted product patents, and allowed a 20 year life-span for patents compared to the 7 years under the Indian Patents Act 1970. The WTO agreement which was signed without taking the parliament"s prior permission, enjoined on India the obligation to amend her Patents Act to make it TRIPS-compatible.

The WTO agreement however, like all international agreements, has provisions and loopholes which could still be exploited to the benefit of the Indian people while amending the 1970 Act for TRIPS-compatibility. In other words, the term "TRIPS-compatibility" is itself a matter of interpretation, and any government that is concerned with the welfare of the common people, should naturally use an interpretation that safeguards their interests to the maximum extent, even assuming the we have to fall in line over "TRIPS-compatibility". But the NDA government brought in amendments that showed scant respect for the people"s welfare and passed an ordinance incorporating them. The UPA not only re-issued the ordinance, but proposed an amended Act that was an exact carbon copy of the NDA"s proposed legislation. This has been changed under pressure from the Left and the amended Act, though TRIPS-compatible, protects the people much better. To be sure the very introduction of product patents has deleterious consequences, and in that sense any amendment of the 1970 Act is retrograde. But within the framework of the WTO, the amended Act is much better than the NDA/UPA Draft.

This becomes clear if we take a look at the demands made by a Peoples" Commission which operated with the aim of getting the most out of the existing TRIPS agreement. Its main demands were as follows:

"(i).. The term "invention" should be reserved for a "basic novel product or process involving an inventive step and capable of industrial application". All three criteria, "novelty", "inventive step" and the quality of being "capable of industrial application", must be insisted upon. (ii)...The proposed amendments allow patenting of micro-organisms. This must not happen. Micro-organisms, including viruses, should not be patented, and hence should also figure alongside plants and animals, including seeds, varieties and species, in the list of non-patentable items... (iii)... The proposed amendment provides no scope for compulsory licensing in cases where, notwithstanding the offer of reasonable commercial terms and conditions to the patent holder by an enterprise, the patentee does not respond within a stipulated period of time. In all such cases compulsory licensing is permitted even within the framework of TRIPS Article 31 (a) and (b), and countries like Brazil and China have passed legislation allowing compulsory licensing. This omission from the proposed amendment must be remedied forthwith. (iv) ...In all cases where compulsory licenses are granted, even though the production is supposed to be "predominantly" for supply in the domestic market of the country in question, exporting should also be explicitly allowed... (v) ...Where applications have been received during the transitional period 1.1.1995 to 31.12.2004, ... patents, if granted, would be effective from the latter date for a period of twenty years from the date of application. In all such cases if any production activity has been started by any enterprise during the transition period, then that enterprise should be allowed to continue production on payment of a nominal royalty to the patent-holder, after the patent has been granted, instead being accused of violating the patent. (vi) ...The magnitude of royalty payment should be explicitly stipulated within a range, say 4-5 percent, of the sales turnover at ex-factory price. (vii) ... Since the TRIPS Agreement itself provides no explicit system of examination of any pre-grant opposition to the grant of a patent, the existing provision in the Indian Patents Act 1970, which is being sought to be amended, should be retained."

It is noteworthy that all these suggestions, barring (ii) and (vi) were incorporated in the amended draft of the Act owing to the Left"s insistence, and that (ii) has been referred to an experts" committee. At the same time however the necessity for mobilizing public opinion in favour of a re-negotiation of the WTO, including in particular the TRIPS agreement, remains. Unless a strong public opinion is built up the correlation of political forces cannot be changed to a point where we can either reject or go beyond the existing framework of the TRIPS agreement.

The 2005-06 Budget

The 2005-06 budget differed from other recent budgets both in its rhetoric and in the somewhat larger allocations it made for social sectors and rural development, including employment generation. The absolute amounts involved of course were still very small, and even these small provisions may not materialize if on account of tax shortfalls, which are bound to arise this year, as they did last year, owing to the significant overestimation of tax receipts in the budget, the Fiscal responsibility and Budgetary Management Act comes into play and expenditures have to be scaled down. Even so, the change is noteworthy.

This change however does not signify any shift away from the neo-liberal package of policies. On the contrary many of its suggestions like opening up the mining and pension sectors to foreign direct investment, encouraging crop diversification at the expense of foodgrain self-sufficiency, the reductions in customs duties on a range of capital goods, and the cut in corporate income tax rate from 35 to 30 percent on domestic capitalists, are all measures emanating from the neo-liberal perspective. And when one adds to this the pronouncements of the Economic Survey on capital account convertibility and on "labour market reform" (which means in effect the institutionalization of the right to retrench), it is clear that no change of direction away from neo-liberalism is being contemplated.

Two questions immediately arise. First, how is it that within a regime committed to neo-liberalism, additional financial resources have been found for rural development and social sectors? The Finance Minister appears to have given out substantial tax concessions all around and yet managed to increase the Gross Budget Support for the Plan by 16.9 percent over the previous year (BE to BE) and the Budget Support for the Central Plan by 25.6 percent, even while ensuring a marginal reduction in the fiscal deficit to 4.3 percent of the GDP. For a government that till the other day kept asking "Where is the money?" when any worthwhile proposal was mooted, including a universal EGA, this is a remarkable turnaround. How has this become possible? Secondly, does the fact that the government has made larger provision for rural development and social sectors while remaining committed to a neo-liberal course suggest that we have finally arrived at "liberalization with a human face", contradicting the claim made above that the two cannot go together? Let us discuss these seriatim.

The answer to the first question, about the source of financial resources, is simple: the budget manages to balance its figures through substantial "window dressing", both in the matter of the expected tax revenue and in the matter of the expected fiscal deficit.

With the reduction in corporate tax rate, with the removal of a large number of service providers from the purview of the service tax, with the lightening of the income tax burden, with the reduction in customs duties on a large number of items, especially capital goods, and with significant concessions in the excise duties on several items, the Finance minister's claim that his indirect tax proposals would be broadly revenue neutral and that his direct tax proposals would garner Rs.6000 cr. extra, appears untenable, notwithstanding the 50 paise cess on petrol and diesel, and the slightly heavier taxation on "health hazard" goods. But even if his claim is accepted, the tax revenue calculations still appear grossly unrealistic. If we assume a generous 9 percent growth in real terms of the non-agricultural sector during 2005-06, and a 6 percent rate of inflation, the nominal growth rate of this sector comes to 15 percent. At existing tax rates the tax revenue cannot be expected to increase at a rate much higher than this. And if additional tax revenue mobilization is a small Rs.6000 cr., it follows that total tax revenue should also increase at around 15 percent. Instead we find an expected tax revenue increase, compared to 2004-05 (RE), of 21 percent, clearly an overestimate. This would not matter if the Finance Minister chooses not to be tied down by the FRBM, a silly piece of legislation as we have seen; but if he does, then the positive features of the budget would be undermined.

The second area of "window-dressing" is with reference to the fiscal deficit. There is a substantial "off-loading" of borrowing from the budget to off-budget entities. At least three deserve mention. The first is State governments. The Budget documents show what at first glance appears a rather surprising reduction in total capital expenditure, and correspondingly in the Gross Budgetary Support for the Plan. Plan Expenditure for instance falls from Rs.145590 cr. last year to Rs.143497 cr. this year (BE to BE). The Finance Minister however claimed that the Gross Budgetary Support (on a comparable definition to what was used earlier) would be Rs.172500 cr. for 2005-06. The reason for this discrepancy lies in the fact that following the Twelfth Finance Commission's report, State governments would be borrowing around Rs.29000 cr. for their Plans from the market. Earlier the Centre would have borrowed this amount and handed it to the States, but now the States themselves would have to go the market.

This represents an offloading of the fiscal deficit from the Centre to the States. In addition it is fraught with potentially serious consequences. States may not be able to get the loans on reasonable terms, especially in these financially "liberal" times (when even the captive market for government and government-approved securities provided by the Statutory Liquidity Ratio is being abandoned according to this year's budget); some States may not be able to raise their loan requirements from the market at all. True, the Centre which earlier had the sole prerogative of market borrowing charged the States exorbitant rates on the loans it provided to them; but the solution to that lies in regulating the rate at which the Centre can lend to the States (pegging it for instance at certain fixed percentage points below the average nominal growth rate of the GDP) rather than having the States borrow directly from the market which could even be a prelude to the fracturing of the nation's unity (if States started borrowing freely from international agencies).

The second instance of implicit off-loading of the fiscal deficit is with regard to the Infrastructure Development Fund, whose capital of Rs.10000 cr., which is supposed to provide "bridge finance" for infrastructure projects that are remunerative economically but not financially, is not provided for in the budget. Instead of borrowing directly, the government, in other words, is making an agency set up by itself do the borrowing. This borrowing, being off-budget, is not shown as part of the fiscal deficit.

The third instance is the absence of any reference to the food component of the Employment Programmes in the budget documents. The 5 million tonnes which the Finance Minister has promised as the food component of the Food For Work programme and which does not figure in the budget will obviously be loaned by the FCI to the FFW programme. A part of the fiscal deficit is thus shifted out of the budget by making the FFW borrow from the FCI instead of getting funds from the government which would have had to borrow for the purpose.

For these reasons the actual fiscal deficit generated by the budgetary provisions is much larger than what appears in the documents. One cannot fault this in principle. On the contrary it only confirms the point that the FRBM Act which forces the government to do such "off-loading" of the fiscal deficit away from the budget to other government organizations is a nuisance which even people like Mr.Chidambaram have come to realize.

But it is more than a nuisance. The practice of "off-loading" which it implicitly encourages can have positively harmful implications. For instance, such "off-loading" may, given the general neo-liberal ethos, jeopardize the future of the agencies on to whose shoulders the deficit is being off-loaded: State governments, as already mentioned, might turn into proteges of agencies like the ADB and the World Bank (which some of them are already in the process of becoming) under these circumstances. This could damage the integrity of the nation. Likewise if the FCI's giving loans to the FFW programme increases its own deficit (which is covered through the food subsidy), then in the name of cutting the food subsidy the same government might decide to wind up the FCI. In other words, enlarging the fiscal deficit whether directly through the budget or through other government agencies is fine provided a consistent approach of defending the government agencies is simultaneously adopted.. But, one cannot be sure of this.

Besides, while enlarging the fiscal deficit for incurring larger expenditure is perfectly legitimate in a demand-constrained system, there is little justification for doing so together with a reduction in corporate income taxation. The argument that some parity has to be established between personal income taxation and corporate income taxation has no basis whatsoever. Hence the argument that since the highest rate of personal income tax is 30 percent, the rate of corporate income tax must also be reduced to 30 percent from the current 35 percent lacks substance.

Indeed most of the tax concessions given in the budget lack any justification. There is no reason why the scope of the service tax should be cut down from its existing level. There is no reason why import duties should be reduced on a variety of capital goods: while it would have a scarcely noticeable effect on the overall investment, it would act to the detriment of the domestic capital goods producers, causing a degree of de-industrialization in this sector, which would also follow from the de-reservation of a number of items hitherto reserved for the small-scale sector. Likewise, there is also no reason for reducing the excise duties on a variety of luxury goods like air-conditioners. And the reduction in import tariffs on a range of agricultural goods is precisely the opposite of what the government should be doing if it wished to undo the damage done to this sector by neo-liberalism. Even experts like M.S.Swaminathan have been arguing that agriculture cannot be treated like any other sector in the matter of protection, since the livelihood of millions of peasants and labourers who have nowhere else to go depends upon it. The budget alas pays scant heed to such sage advice.

While these tax concessions are being given, the imposition of a cess of 50 paise per litre on petrol and diesel appears uncalled for, especially as it comes on top of price-hikes decreed very recently on these commodities. The relief which the budget provides by way of reductions in import and excise duties on kerosene and LPG would be offset to an extent by this cess. In the case of petrol the net revenue raising effect is much less than what appears at first sight since the government is a major consumer of the commodity. In the case of diesel, any price hike jacks up transport costs and has an across-the-board inflationary impact which should have been avoided.

Two suggestions thrown out in the budget are a source of disquiet. The first relates to the banking sector where the bounds on the Statutory Liquidity Ratio and the Cash Reserve Ratio are sought to be removed and the Reserve Bank made free to prescribe such prudential norms as it deems fit. This entails giving greater autonomy to the RBI and making banks free in their portfolio choice which would enable them to speculate more freely. Both these, like the earlier pronouncement regarding making the management of public sector banks more autonomous, are measures of financial liberalization which would have adverse consequences for the economy. The Finance Minister who talks of giving more credit to agriculture in one breath, cannot advocate financial liberalization in the next without inviting the charge of not being serious about the former objective.

The second disquieting suggestion relates to the entry of foreign direct investment into mining and pension funds. The case of pension funds we have already examined above. As regards mining, the argument against FDI is obvious. Indeed, as Joan Robinson, the well-known Cambridge economistmentioned earlier, had once remarked, of all the different areas of FDI involvement, the mining sector is the worst, since minerals are an exhaustible resource. The MNCs extract the mineral, ship the surplus back home, and leave when the mine gets exhausted. But when that happens, the country is left high and dry, with no more mineral resource left. The case of Myanmar illustrates the point. At one time its oil wealth attracted much foreign investment (Burma-Shell), and it experienced for a brief period an enormous boom, when oil extraction was going on. But today, with its oil wealth exhausted, it is one of the forty "least developed" countries in the world. There is absolutely no argument whatsoever for inducting MNCs into the mining sector.

This brings us to our second question: is the budget an embodiment of "liberalization with a human face"? The fact that patently neo-liberal measures are being contemplated by a Finance Minister who has ostensibly shown concern for the poor, only demonstrates that this budget is an attempt to please all, the MNcs, the corporate sector, the salariat and, to an extent the poor and those who speak for them. Such a "please-all" budget can only be based on a degree of arithmetical jugglery and hence can only be a transitory phenomenon. Or putting it differently, this budget does not mark the ushering in of a "growth-with-equity" trajectory, or of "liberalization with a human face". It rather represents a temporary tactical compromise, a tactical adjustment in the march along a neo-liberal path, which has been necessitated by the relentless pressure exerted on the "liberalizers" by the Left.

Concluding Observations

The last few months of the functioning of the UPA government reveal clearly the bind in which it is caught. It cannot openly discard the Common Minimum Programme to which it is ostensibly committed; it cannot push ahead with impunity with the neo-liberal programme which international finance capital enjoins upon it. Its attempts to browbeat the Left to allow it to discard the CMP for a neo-liberal programme have failed. Some bourgeois commentators, impatient with this situation, have even started flying kites about a "grand coalition" between the Congress and the BJP, which in effect means a "grand coalition" between sections drawn from both these Parties. What these commentators fail to understand is that even if such a grand coalition were to come about, which is a tall order anyway, it would not get the mandate of the people who have expressed their rejection of neo-liberal policies in the May elections. The bind of the government is really the outward manifestation of an interregnum, a stand-off between the forces aligned to international finance capital on the one hand and the popular forces on the other. As the latter become more organized, conscious and effective, the present situation would change in a more favourable direction for the progressive movement.

CENTRE-STATE FINANCIAL TIES

Abhijit Sen

WHATEVER SPIN different commentators may put on the electoral verdict, one aspect is crystal clear. The electorate has rejected resoundingly the claim that a general "feel-good" has followed the economic "reforms," which have delivered to the rich by reigning in taxes and government discretion.

Every Central Government that "reformed" in this manner since 1991 has lost the subsequent election. And, in keeping with this trend, the party political message from the present verdict is also rather fractured. While the National Democratic Alliance is the big loser overall in these elections, the Congress too has not been spared. Its Vidhan Sabha defeats in the Legislative Assembly elections of Chhattisgarh, Madhya Pradesh and Rajasthan have been repeated and not only has it suffered further losses in Assam, Karnataka, Kerala and Punjab, its Maharashtra performance, though better than 1999, still augurs poorly for the Vidhan Sabha prospects.

Nonetheless, the just concluded elections have demonstrated more clearly than in the past that claims of development, however hyped, are meaningless without results at the grassroots. And, in particular, that if "reforms" and less government mean poorer infrastructure, collapsing systems of education, health and food security, and withdrawal of support to agriculture, voters will have none of it. As the new dispensation takes office on its promise of delivering to the "common people," it is necessary to bear in mind that none of these concerns can be delivered upon unless finances of State Governments are sound. Most election manifestos have missed this.

This has the implication that efforts to arrive at a common minimum programme (CMP) may fail on the essential concerns of voters if the economic content of this remains limited to broad statements on specific areas of Central Government competence. With the nation's population now split roughly evenly among the States where the Congress, its allies (both pre- and post-poll) and the NDA rule, Centre-State financial relations are probably the most important economic issue that needs to be addressed — differently from the atrocious and partisan discretion shown by the NDA on this matter.

Many of the issues involved fall properly in the domain of the Twelfth Finance Commission (TFC), which should not be interfered with. But this Commission is bound not only by its terms of reference but also by current fiscal practices which it must assume while making its awards. The Central Government must make clear whether it contemplates any change in the TFC's terms of reference or on parameters that might affect its assumptions as quickly as possible.

As to the terms of reference, the potentially controversial area is grants linked to reward of "performance." Since this is an area that gives the Centre discretion on what constitutes "performance," the new government should indicate where it stands and the matter discussed with at least those who are party to the CMP. But the more important area is to indicate immediately the new government's position on the two issues which have virtually bankrupted all State Governments: the impact of Pay Commission awards and the overhang of high cost debt.

The area on which immediate movement is possible is debt owed by the States to the Centre. The total public debt of States is currently about 30 per cent of the GDP, and interest payments have doubled as per cent of revenue since 1991 to about 25 per cent. Roughly 40 per cent of this total debt is owed to the Centre and nearly another 20 per cent is owed to the National Small Savings Fund (NSSF). Restructuring these two debt components can substantially improve overall State finances.

On this, a recent concept note from the Planning Commission has suggested that all State debt to the Centre (but not to the NSSF) be written off and that there be no further loans from the Centre to the States. According to this, all future Centre to State transfers would take only the form of grants and all borrowings would only be from the market but subject to Reserve Bank discipline under Article 293 of the Constitution.

Although this suggestion of complete write-off may attract criticism, the idea is bold. It can help to clear the logjam that currently results in much higher than market interest rates paid by the States, with the Centre receiving more from these interest payments (including to the NSSF) than it collects from income tax. A decision on this is necessary and it must also extend to Small Savings.

If not a complete debt write-off, at least the State debts should be quickly restructured to ensure that interest liabilities are at no more than the market rates at which the Centre itself borrows. For State finances to be viable, the long-run requirement is that the average rate of interest must be substantially less than the medium-run rate of growth of nominal GDP. This at least must be assured if States can begin delivering on what voters clearly want.

AGRARIAN CRISIS AND DISTRESS IN RURAL INDIA

Utsa Patnaik

Rural India is in acute distress. Though the bulk of the population in rural India has always experienced pitiable living conditions yet, their conditions are much worse at this moment than perhaps at any other time since the mid-sixties as there is not enough work, not enough food to eat and not enough water to drink for the rural population.

Those commentators who at all bother to notice the state of affairs, and they are few and far between, attribute this distress to the prevailing conditions of drought, which gives the impression, that it is a transitory phenomenon, and that it is a curse of nature. In reality however, the drought compounds the distress of the rural population as the increasing distress of the past several years has left them without any cushion.

The magnitude of distress can be gauged from the two Tables given below (both taken from Utsa Patnaik, 'Foodstocks and Hunger' mimeo.). The 1990s have not only seen a steady decline in the level of per capita food availability in the country as a whole (taking both rural and urban India together); the absolute amount of per capita food availability in the year 2002–03 was even lower than during the years of the Second World War-years that saw the terrible Bengal famine. Since urban India, on average, has not seen any drastic decline in food availability, the actual situation in rural India, it follows, must be even worse than what these figures suggest. And this situation, it must be emphasized, does not take into account the onset of the current drought. The drought has only accentuated a state of distress in rural India that has been growing ever since the 1990s, that is, ever since the country has embarked on the programme of neo-liberal economic reforms.

Apologists for the neo-liberal policies put forward a curious argument to explain the decline in per capita food availability. This decline, they contend, is because of a change in the dietary habits of the people: they have diversified their consumption pattern from foodgrains towards all kinds of less-elemental and more sophisticated commodities. Therefore, according to them, far from its being a symptom of growing distress, the decline in food availability is actually indicative of an improvement in the conditions of the people, including the rural poor. Some have even gone to the extent of suggesting that with the changes occurring in Indian agriculture in terms of the cropping pattern and use of machinery, peasants and workers do not need to put in hard manual labour. Correspondingly, the need for consuming huge amounts of foodgrains no longer arises. Therefore, the rural population now is no longer bound to follow the old consumption pattern; it can afford to sample more up-market goods, including food items, which it is doing with a vengeance.

Table 1. Summary of Food grains output and availability in the nineties
(Three Year Annual Average)

Three-yr. Period Ending In	Average Population Million	Net Output per Head		Net Availability per Head		
		Cereals Kg.	Food-grain Kg.	Cereals Kg.	Pulses Kg.	Foodgrains Kg.
1991-92	850.70	163.43	177.65	162.8	14.2	177.0
1994-95	901.02	166.74	180.28	160.8	13.5	174.3
1997-98	953.07	162.98	175.57	161.6	12.6	174.2
2000-01	1008.14	164.84	176.34	151.7	11.5	163.2
Individual Year						
2000-01	151.06	1027.03	157.79	167.43	141.42	9.64
2001-02	158.37	1046.44	165.40	177.01	146.76	11.61
2002-03*	1066.22	140.82	150.50	131.82	9.68	141.50

Source: Economic Survey for years 1999-00, 2000-01, 2002-03 for total Net Output of Cereals and Pulses, and total net availability of Cereals and Pulses, up to 1999-2000. Population figures for Inter-censal years derived by applying the growth rate of 1.89 % p.a. yielded by the Census population totals for 1991 and 2001. Availability figure of 141.5 kg. for 2002-03 is provisional; net output figure is firm, from this 9.6 m.t. of grain exports as mentioned in ES 2002-03, has been deducted - amounting to exactly 9kg. per head, and net change in stocks is assumed to be nil . Since actually over 11 m.t. has been exported up to March 31, and this may not be compensated by drawing down of stocks, actual availability may be lower

Table 2: Annual Net Foodgrains Output and Availability, British India 1891-1946

Period	Net FG Output m. ton	Net FG Imports m. ton	Net FG Avail. m. ton	Population m	Per Output Avail. Kg.	Capita Kg.
1897-1902	44196.84	-475.00	43721.84	219.74	201.1	199.0
1903-1908	41135.94	-1105.83	40030.11	225.79	182.2	177.3
1909-1914	47292.59	-1662.83	45629.76	231.30	204.5	197.3
1915-1920	45298.31	-336.00	44962.31	232.81	194.6	193.1
1921-1926	44607.21	-203.67	44403.54	239.18	186.5	185.6
1927-1932	43338.46	858.83	44197.29	253.26	171.1	174.5
1933-1938	41786.79	1374.67	43161.46	270.98	154.2	159.3
1939-1944	42702.91	521.83	43224.74	291.03	146.7	148.5
1945-1946	41397.13	596.00	41993.13	307.00	134.8	136.8

Source: Net Output is obtained from gross output data in Blyn (1966) following the present-day practice, by deducting one-eighth from Gross output on account of seed, feed and wastage. Last two columns are comparable with present day concepts of per head output and availability detailed in Table 2 below.

The dishonesty of this argument is quite appalling. All over the world, and all through history, as people have become better off *they have consumed more foodgrains per capita, not less.* True, this increase in foodgrain consumption per capita with increasing per capita incomes does not take the form of larger *direct consumption of foodgrains*; it takes the form of larger *indirect consumption*, so that taking direct and indirect consumption together the per capita consumption of foodgrains increases with rising incomes. In other words, people do not consume more corn or more cereals per se. They consume, more poultry products, meat and processed foods but the animals in turn consume more foodgrains, so that people, *directly and indirectly*, consume more foodgrains per capita. Thus in the former Soviet Union the annual per capita consumption of foodgrains, both directly and indirectly, was as much as 1 ton. This does not mean that a Soviet citizen actually consumed 1 ton of foodgrains per year; he or she consumed only a fraction of it directly and the rest via larger animal products and processed foods. Likewise in the US today the annual per capita consumption of foodgrains, both direct and indirect, comes to about 850 kilograms, which is six times the Indian figure of *availability* (the availability figure for India today is likely to be larger than the consumption figure since the former includes consumption *plus additions to private stocks* and such additions must be occurring at a time when public foodgrain stocks are burgeoning).

Within India too when we look at cross-section data across states, it is clear that states with higher per capita incomes have higher per capita consumption of foodgrains, that is, foodgrain consumption rises with income. What is true, and is invariably dragged into the argument by neo-liberal apologists, is that, according to *NSS* data, per capita consumption of foodgrains is declining over time for all income groups, which is supposed to support the 'changing tastes' hypothesis. But, in the case of the higher income groups, this finding loses its relevance because *indirect consumption of foodgrains via processed foods etc. is systematically underestimated by the NSS.* When we bear in mind the additional fact that the per capita calorie intake has gone down drastically for the entire rural population (see Table 3), and hence is likely to have gone down even more drastically for the rural poor, the fact of growing rural distress stands out in bold relief.

Table 3: Average Total Calorie intake per Diem in Rural and Urban India, 1983 to 1988

Year	Rural	Index	Urban	Index
1983	2,309	100	2,010	100
1987-88	2,285	99.0	2,084	103.7
1993-94	2,157	93.4	1,998	99.4
1998	2,011	87.1	1,980	98.5

Source:
Utsa Patnaik, "Foodstocks and Hunger" mimeo. Based on NSS Surveys on Consumer Expenditure

This growing distress has occurred precisely during the very years when the country has accumulated enormous foodstocks; indeed these two phenomena are the two sides of the same coin. The fact that accumulation of such enormous foodstocks has occurred despite a stagnation (or even a marginal decline) in per capita foodgrain output in the country during the 1990s (see Table 1), suggests that the cause of this accumulation is the absence of adequate purchasing power of the rural population. In other words, the period of neo-liberal reforms has seen a significant curtailment of purchasing power in the hands of the working people, especially in rural India, which has caused growing distress on the one hand and an accumulation of unwanted foodstocks in the hands of the government on the other. The fundamental cause of the growing rural distress is income deflation in rural India.

The most obvious and basic cause of this income deflation is the cut in government expenditure in rural areas. Table 4 gives figures of rural development expenditure as percentage of GDP.

Table 4 :Rural Development Expenditure as Percentage in GDPOF GDP

1985-90	14.5	1995-6	6.0
1991-92	11.7	1997-8	5.6
1993-94	12.2	2000-01	5.9

Note:
Rural Development Expenditure includes expenditure on agriculture, rural development, special areas programme. Irrigation and flood control. village industry, energy and transport.

The decline, especially after the mid-nineties is quite drastic. Public expenditure is an important source of employment generation in rural India. A number of well-meaning commentators, seeing that the bulk of public expenditure, including even the expenditure which is meant to benefit the rural poor, gets into the hands of the rural rich, often come to the conclusion that the curtailment of such expenditure would have little adverse effect on the rural poor. This is erroneous. No matter to whom the expenditure accrues in the first instance (and of course it is an exaggeration to say that all of it gets into the hands of the rural rich), its multiplier effects do generate jobs for the rural poor. The cessation of such expenditure therefore negatively affects them. And this is exactly what has happened. Perhaps the most important source of injection of purchasing power into rural areas has dried up under the impact of the neo-liberal economic 'reforms' that have brought in their train acute fiscal crisis of the state. In the miasma of confusion that constitutes the so-called 'State versus Market' debate (as if the pro-market reforms entail a 'withdrawal of the State' as opposed to a harnessing of the State for their own benefit by international finance capital and its local allies), what is particularly striking is the fact that the role of public expenditure in generating employment, especially in rural areas, scarcely ever figures. But that is symptomatic of an even deeper malaise, namely that rural India, especially the rural poor, have completely disappeared from the official economic discourse these days, except in the tendentious statistics about decline in poverty!

The decline in rural development expenditure by the government affects rural employment in two very distinct ways: the first, mentioned earlier, is through its immediate multiplier effects; an injection of purchasing power from outside dries up and this fact has a cumulative effect on employment via an overall reduction of purchasing power that is many times the initial reduction. Additionally however, there is another effect that operates over time. The reduction in public development expenditure has an adverse effect on rural infrastructure, on the availability of irrigation and extension facilities, on the availability of cheap inputs, and so on. All these affect the growth rate of agricultural output, and, through this mechanism, the employment situation. (And if the decline in public development expenditure is accompanied by a drying up of rural credit and a reduction in input subsidies whose impact is borne by the producers, then the effect on agricultural growth rate and employment is even more.)

Table 5 gives figures for gross capital formation in agriculture as percentage of GDP. The first point to note is the abysmally low share of investment in agriculture as a percentage of GDP. Since agriculture accounts for roughly a quarter of the GDP and since GCF accounts for roughly a quarter of the GDP, if GCF in agriculture was to be in accordance with this sector's overall weight, then it should have been 6.25 per cent (a quarter of a quarter). In contrast we find a figure that is no more than a mere 1.6 per cent. What is more, even this has been declining through the 1990s. Within investment moreover, the share of the public sector has declined quite sharply. Now, much of private investment goes into high value crops that have a lower employment intensity than the more commonplace agricultural crops, notably foodgrains, that benefit from public investment on irrigation, infrastructure and such like. It follows that the decline in public investment has had an adverse impact on agricultural employment via lowering growth rate not only of agriculture, but also of the employment-intensive crops within it. This is quite separate from its immediate demand-side effects.

Not only has there been a remarkable decline in the rate of growth of agricultural output, but this rate of growth, whether of agriculture as a whole or of foodgrains, has fallen well below the rate of growth of population in the 1990s while it had exceeded the rate of growth of population in the 1980s. The 1990s were indeed the first decade since independence when per capita foodgrain output in the country declined in absolute terms. The fact that despite this decline the country still faced a massive accumulation of surplus foodgrain stocks shows the extent of the squeeze on rural purchasing power, a squeeze arising from both decline in growth rate itself and from the reduction in the injection of purchasing power from outside.

Direct evidence on employment is provided in Table 7. While the growth rate of employment has declined in both urban and rural India in the 1990s, the magnitude of decline is much sharper in rural India. What is more, the absolute level of the growth rate of employment in rural

Table 5: Gross Capital Formation in Agriculture as Percent of GDP (Annual average, Rs crores in 1993-4 prices)

Period	Gross Capital Total	Formation in Public	Agriculture Private	GCF in Agriculture as Percent of GDP, %
1993-4 to 1995-6	14727(100)	4754 (32.3)	9973	1.6
1996-7 to 1998-9	15671(100)	4172 (26.6)	11498	1.4
1999-0 to 2001-2	17349(100)	4312 (24.8)	13038 (75.2)	1.3

Source: Economic Survey 2002-03, p.172 Figures in brackets are percentages to total.

Table 6 : Decline in Growth rates of Agricultural Output during Nineties

Period	Foodgrains	Non-Foodgrains	All Crops	Population
1980-81 to 1989-90	2.85	3.77	3.19	2.1
1990-91 to 2000-01	1.66	1.86	1.73	1.9

Source : Economic Survey, 2001-02, p.189.

The confirmation for a reduction in the growth rate of the more common crops, including foodgrains, is provided by Table 6.

India is an abysmal 0.58 percent, which is so far below the rate of growth of rural population that one can safely infer a substantial increase in the rural unemployment rate.

Table 7: Annual Growth rate of Employment during Nineties

Period	Rural %	Urban %
1987-8 to 1993-4	2.03	3.39
1993-4 to 1999-00	0.58	2.27

Source: NSS.
Note: Concept of Employment is for all Workers (*Principal Status plus Subsidiary status*). The figures are for employment growth in all *economic sectors - primary, secondary and tertiary-* in rural India and in urban India respectively.

Table 8, taken from the Government's own *Economic Survey*, shows another startling phenomenon, namely an absolute decline in the employment in agriculture. The NSS figures for the same period show a slightly different picture, namely a 0.18 per cent increase in agricultural employment, but even this is so minuscule an increase that we can conclude quite safely that agricultural employment in the 1990s scarcely grew at all.

The picture of an absolute stagnation in agricultural employment and a near stagnation in total rural employment sum up the situation of acute distress in rural India, precisely during the 1990s when the government-controlled media and economists on the pay-roll of the Bretton Woods institutions celebrated the 'achievements of liberalization'.

But it was not just unemployment that plagued rural, especially agricultural, India. In addition there was a drastic fall in prices of cash crop, which was imported from the world market under the new dispensation of 'liberal trade'. The price-fall in the world market in turn was the result of the stagnation and recession in world capitalism, which arose because, among other things, of the ascendancy of a new form of international finance capital. This made a continuation of Keynesian demand management of the post-war years impossible, and favoured the imposition of deflationary measures, which are always much liked by finance, all over the world. The price declines did not for long remain confined to cash crops alone; even foodgrain producers have seen declining prices in the recent years.

The drought has come on top of all this. Its effect would be a further squeeze in the purchasing power of the rural poor leading to acute distress. The fact of drought affecting the demand side even more sharply than it affects the supply side would appear incredible to anyone familiar with the history of the post-independence Indian economy. In the past, a drought always entailed a rise in prices, affecting the rural (and urban) workers adversely through

Table 8. Decline in Work Participation rate in the Country, and in Numbers employed in Agriculture despite larger Labour force in Agriculture, in 1990s

Sector	Annual growth Rate				
	1983	1993-94	1999-00	1983 to 1993-96	1993-94 to1909-00
Total Population, m.	790	895	1004	2.1	1.93
Total Labour Force, m.	333.5	382	406	2.29	1.03
(Participation Rate, %)	42.2	42.6	40.4		
Employment, Total, m.	324.3	374.5	397	2.43	0.98
Employment in Agriculture, m	207.2	242.5	237.6	1.51	-0.34
Percentage of Agr. Empl. To Total Empl., %	63.9	64.8	59.8		

Source: Economic Survey 2001-02, p.240

a price inflation relative to their money wages (or what is called a profit inflation). But now the picture is altogether different. The effect of the drought is much greater on the demand side than on the supply side, as a result of which while the drought brings great hardships these are no longer reflected in the figures of inflation.

Most observers have not yet become accustomed to this phenomenon of income deflation, which has the same effect on the living conditions of the group whose income is being deflated as a profit inflation has, but which is a more silent killer. A person's real earnings can be halved either through a doubling of prices or through a halving of the money earnings. The effect in either case is exactly the same but the former attracts greater notice than the latter. Just a few days ago when the rate of increase of the index of wholesale prices, which is quite low at this moment (though that fact is of little consolation since income deflation is being imposed upon the rural population) climbed up by a couple of *decimal* points there was a hue and cry that inflation was rearing its ugly head once again! But the much more persistent and drastic income deflation that has been imposed on the rural working people throughout the 1990s, ever since the programme of 'liberalization' was launched, has scarcely been noticed at all.

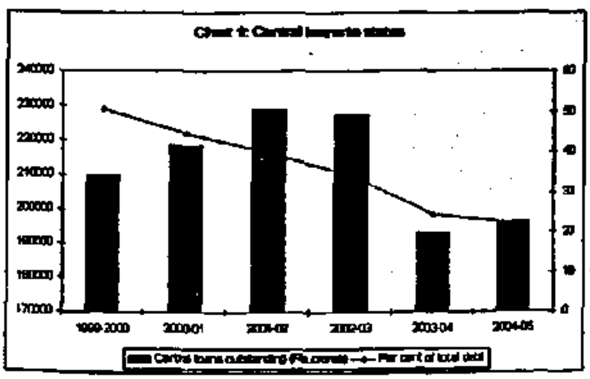
Whenever this overwhelming evidence, drawn from the government's own statistics, on rural distress is presented, the typical reaction, when all other arguments attempting to refute it fail, is: 'If things are so bad, why aren't people rising up?' There are to be sure the signs of that peculiar involuted resistance that the peasantry alone is capable of, namely suicides, which now occur on a large scale. In addition however it must be borne in mind that distress also saps the capacity to rise up. Manik Bandyopadhyay in a classic Bengali short story, 'Why didn't they snatch and eat?', set in the context of the Bengal famine, had pointed to this very fact. The reason why people died of starvation in millions, often in full sight of shops and restaurants full of food, was because they were too weak to snatch and eat. Something of the sort may well be happening in rural India today. It is therefore the duty of the progressive forces to instil hope, anger and the will to resist among the distressed people of rural India.

THE DEATH OF FISCAL FEDERALISM?

C.P. Chandrasekhar and Jayati Ghosh

The crippling role of the debt burden in affecting the finances of state governments in India has been noted in the previous issue of MacroScan. The Twelfth Finance Commission (hereafter TFC) specifically addressed this issue, as one of its terms of reference specified that "the Commission may, after making as assessment of the debt position of the States as on 31 March 2004, suggest such corrective measures as are deemed necessary, consistent with macroeconomic stability and debt sustainability."

The high interest payment obligations of States is one of the principal reasons for the tremendous pressure on their finances. Some attempt to reduce this pressure has been made since September 2002 under the debt-swap scheme of the Central Government, under which "high-cost debt" (i.e. carrying an interest rate of 13 per cent or above) on state plans or small savings could be exchanged for market borrowings and small savings securities, which at that point carried interest of around 7 per cent.



Until March 2005, around Rs. 103,000 crore of state government debt was swapped under this scheme. This reduced the average interest rate paid by States to some extent, and also changed the composition and maturity profile of the debt, but not the overall stock of the debt. However, the rather limited nature of the swap has limited the beneficial effects for the States.

The TFC has introduced a package for debt reduction with two main components. The first is the consolidation of all State debt outstanding to the Centre on 31 March 2004, at an interest rate of 7 per cent to be repaid over 20 years. The second, and much more problematic, proposal is a new debt relief scheme linked to the reduction in the revenue deficits of States.

Under this scheme, the repayments due on Central loans from the current year to 2009-10 (after consolidation) will be eligible for write-off, but the amount of write-off of repayment will be linked to the abolsute amount by which the revenue deficit is reduced in each successive year over the entire period. A pre-condition for eligibility to this scheme is the enactment of fiscal responsibility legislation: thus the scheme will be available to States only from the year they "qualify" by bringing in such a law. In turn, States would increasingly seek market borrowing or borrowing from other sources than the Centre, in line with another recommendation of the TFC, that the Centre stop acting as an intermediary for debt taken on by the States.

The rationale for these oppressive conditions is stated as follows: "As the states are increasingly exposed to the markets for borrowing, their fiscal position would be increasingly assessed by the markets. They may be forced to pay higher than average interst rates to cover additional risk if the publci finances are not evaluated to be robust by the assessment of the market. We are relying therefore on two mechanisms for fiscal correction: self-evaluation under the Fiscal Responsibility Act and exposure to the market." (page 84)

It is evident from Chart 1 that the role of the Centre as creditor to the States has already declined quite sharply over the past five years, and the value of the central loand outstanding has fallen both in nominal value terms and as a share of the total outstanding debt of the States. This has not meant that the debt burden of States has ben very much reduced – Table 1

Table 1: Debt profile of states in 2002-03

State	Debt to GSDP ratio (per cent)	Share in total debt of states (per cent)	Range of ratio of interest payments to revenue receipts (per cent)
General category states			
Andhra Pradesh	28.85	7.5	22-28
Bihar	55.33	4.79	22-28
Chhattisgarh	25.46	1.2	10-18
Goa	28.15	0.45	18-22
Gujarat	33.93	6.61	22-28
Haryana	27.85	2.7	22-28
Jharkhand	24.28	1.29	18-22
Karnataka	25.12	4.72	18-22
Kerala	36.34	4.65	22-28
Madhya Pradesh	32.28	4.07	18-22
Maharashtra	21.56	9.51	18-22
Orissa	62.93	4.23	> 35
Punjab	48.51	5.52	> 35
Rajasthan	45.38	6.31	28-35
Tamil Nadu	26.8	6.02	18-22
Uttar Pradesh	39.08	11.9	28-35
West Bengal	41.15	10.46	> 35
Special category states			
Arunachal Pradesh	55.45	0.18	10-18
Assam	33.91	1.94	10-18
Himachal Pradesh	63.25	1.71	28-35
Jammu & Kashmir	53.8	1.65	10-18
Manipur	43.08	0.31	10-18
Meghalaya	32.17	0.22	10-18
Mizoram	81.56	0.27	10-18
Nagaland	52.1	0.38	10-18
Sikkim	60.27	0.13	10-18
Tripura	37.78	0.46	10-18
Uttaranchal	32.37	0.8	10-18

indicates that a *significant number* of states still have debt-GSDP ratios of more than 40 per cent and interest payments amounting to more than 28 per cent of revenue receipts.

Not context with requiring that states enact fiscal responsibility legislation as a precondition for availing of debt relief, the TFC has also specified what such legislation should provide for "at a minimum"! This includes the following features:

- eliminating the revenue deficit by 2008-09
- reducing the fiscal deficit to 3 per cent of GSDP or its equivalent defined as a ratio of interest payments to revenue receipts
- bringing out annual reduction targets of revenue and fiscal deficits.

In addition, the TFC states that "States should follow a recruitment and wage policy, in a manner such that the total salary bill relative to revenue expenditure net of interest payments and pensions does not exceed 35 per cent." The TFC even demands withdrawal of reduction of the public sector: "In the period of restructuring, that is 2005-10, state governments should draw up a programme that includes closure of almost all loss making SLPEs (state level public enterprises)."

The problematic theoretical framework and lack of recognition of socio-economic reality that are embedded in these conditions are truly disturbing. The macroeconomic problems with a rigid fiscal responsibility framework that specifies what are finally only arbitrary limits to revenue and fiscal deficits are now well know across the world and are even becoming evident in India within the first year of such legislation been enacted.

These rigid numerical constraints are not just awkward an unnecessary but also pro-cyclical, since they operate to intensify and prolong slumps and even convert them into depressions. They are also foolish, since they can prevent important and socially necessary public expenditure which is required to improve current welfare and future growth prospects. There is no reason to keep capital expenditure within some predetermined numerical limit, since even debt sustainability depends upon the relation between the interest rate and anticipated return from public investment. So restricting capital account deficits to 3 per cent of GSDP makes little sense.

In addition there is the issue of social returns, which appear to be completely ignored by the TFC. In requiring the States to keep the salary bill within a prespecified limit, and demanding the closure of loss-making public enterprises, the TFC is ignoring the social role that can be played by public employees and even loss-making public enterprises that fulfill some social functions.

Let us consider what precisely such conditions will entail for the state governments. Remember also that the revenue raising capacity of the States is limited, more so since the Centre has taken upn itself all power to tax service sector incomes. If revenue deficits are to be progressively reduced and broguht down to zero, this necessarily means that revenue expenditures wil have to be cut. In most states, by far the largest item of expenditure on the revenue account is in fact that for salaries. It is completely wrong to see these as unnecessary or unproductive expenditures, since these are for who are to provide the *important* public services that everyone acknowledges to be essential. Since state governments are responsible for almost all of the expenditures that affect the quality of life of ordinary citizens on the ground, from infrastructure and sanitation to health and education, preventing expenditure on wages and salaries for those who would perform these functions is bizarre in the extreme.

The role of the Finance Commission, as envisaged by the Constitution, is to deal with and prevent state governments from running up large revenue deficits, by ensuring a distribution of fiscal resources between Centre and States that would allow the States to fulfill their social and constitutional responsibilities within their means. However, successive Finance Commission have failed to achieve this. And a substantial part of the problem is that the Cnetre itself has failed on the revenue mobilisation front, especially since the early 1990s, such that central transfers to the States have been falling as a share of GDP.

In this context, instead of confronting this problem and addressing the central issues of inadequate revenue generation by the Centre and its adverse implications for state finances, what the TFC has done is effectively to sound the death knell of fiscal federalism. State governments are to be forced into the same neoliberal economic policy straitjacket that the Centre has chosen to function within. They are to be prevented from exercising their own options with respect to how much revenue and capital spending they can undertake; they are to be limited in terms of how many people they can employ and how much they can be paid; they are to close down loss-making state-owned enterprises even if these are contributing to the public good; they are to be forced to turn directly to unintermediated market borrowing or accessing loans from mutlilateral insitutions that also carry similar conditionalities, and so on.

All in all, this amounts to a direct attack on the fiscal autonomy of states, and therefore in effect a betrayal of the spirit of the Constitution, which recognises the possibility of different economic approaches by different state governments.

It is ironic – but also alarming – that the social and political fallout of such apparently "technocratic" decisions is not recognised. Depriving people of necessary public services and reducing the possibilities of sustained development are not only likely to make those at the helm of particular state governments unpopular. They are also likely to increase disaffection with the entire national supposedly federalist system and thereby encourage extremely dangerous separatist tendencies.

The evident reaction of people in many parts of the European Union to a similar project should provide a telling example. The "Growth and Stability Pact" which specified similarly foolish fiscal constraints upon EU member governments has created higher unemployment and levels of economic activity well below potential, and has led to a popular backlash which is increasingly questioning the entire project.

The reason is that the policies – and even the proposed Constitution - were seen as driven by corporate interests and operating against the interest of people and the broader social good, which cannot be calculated in terms of market principles. Policy makers in India should take note: there is no reason why such policies should not lead to similar backlash in our own federal structure.

GLOBALISATION AND DECENTRALISATION: SOME REFLECTIONS

Venkatesh Athreya

1. Globalisation is essentially a process of opening up the markets for commodities and capital of sovereign countries for unfettered exploitation by the multinational corporations of the rich countries. It is enforced through such institutions as the World Bank, the International Monetary Fund and the World Trade Organisation, all of which are dominated/ controlled by the advanced capitalist countries led by the U.S.A.

2. An important consequence of globalization, which aims at free flow of capital as finance into and out of countries without any control or regulation by sovereign national Governments, is that of imposition of deflationary macroeconomic policies. Finance capitalists, who are the key drivers of globalisation, force national governments to adopt policies of reducing government expenditure, especially capital and social welfare expenditure, compelling governments through IMF, World Bank etc to minmise budget deficits. They want high rates of real interest for their finance capital, and unrestricted freedom to speculate in currency and stock markets. Finance capital is not interested in promoting industrial, agricultural or infrastructural investment or expanding employment. Since 1980, in the last 25 years, the rich countries and the imperialist-controlled agencies like IMF and World Bank, have forced such reduction of government expenditure on most developing countries. Besides the pressure exerted through such agencies, the very logic of allowing free entry and exit for foreign finance capital leads to government policy being mainly governed by the need to keep finance capital happy and hence deflationary. Policies of "*Liberalisation*" (removal of all controls on private companies, also known as *deregulation*), of "*Privatisation*" (not just privatising public sector enterprises, but also throwing open all sectors including health, education and infrastructure to foreign and domestic private capital) are inevitable concomitants of "*Globalisation*" (allowing free and unregulated entry of rich country commodities into poor countries and inflow and outflow of capital, but not of labour)

3. These policies of liberalization, privatization and globalization, or LPG for short, have been implemented vigorously in India since 1991 when the then minority Congress government, with Narasimha Rao as Prime minister and Manmohan Singh as finance minister, introduced these policies which were not at all a part of the Congress party's 1991 election manifesto. The BJP led NDA government pursued the LPG policies ruthlessly from 1998 to 2004. These policies have resulted in severe cutbacks in central and state government expenditures, collapse of the rural economy, a massive agrarian crisis, huge

unemployment, widespread hunger, starvation and farmers' suicides. The growth in the economy that has occurred, measured in terms of gross domestic product, has been largely in the so-called 'services' sector, not in industry or agriculture. Except for some growth in information technology and telecom services, most of the service sector growth has also been in low productivity activities or in the parasitical and unproductive, financial and real estate sub sectors.

4. The people of India have repeatedly expressed their anger and discontent against LPG policies and their disastrous consequences in every election held since 1991. Because of the consistent opposition to LPG policies by the Left led by the CPI(M) and the struggles of working people led by various Left-led mass organizations, people have been able to obtain some relief and the murderous onslaught of LPG policies has been checked to some extent. The political influence of the Left has also deservedly risen. All these were dramatically shown in the 2004 general elections. People not only threw out the communal-fascist BJP and the NDA coalition led by it, but also inflicted massive defeats on the TDP led by Chandra Babu Naidu in Andhra Pradesh, the UDF in Kerala, the AIADMK government in Tamil Nadu and the S.M.Krishna –led Congress(I) government in Karnataka for following LPG ruthlessly.

5. The outcome of the 2004 elections, in which the Left emerged as an important force in the parliament, was that a Congress-led UPA government at the centre supported from the outside by the Left on the condition of adherence to a common minimum programme (CMP), came into power. The UPA government has now been in power for a little more than one year. Unfortunately, while the UPA government's existence has helped to keep the communal BJP and its NDA out of power, the UPA government's economic policies have been more or less the same as those of BJP-NDA. The UPA government has aggressively pursued neoliberal policies, even while being extremely reluctant to implement the pro-people measures in the CMP. The Employment Guarantee Bill as brought forward by the UPA was a very dilute version of the commitment made on this issue in CMP. The UPA government has violated the promise made in CMP that profit-making PSUs will not be privatised, by selling shares of NTPC and deciding to disinvest in BHEL. The two budgets of the UPA government have made huge concessions to big capital, especially foreign finance capital, by removing long term capital gains tax, lowering tax rates on corporate profits, reducing import duties on capital goods and excise duties on luxury goods etc. The UPA government is also actively promoting the take-over of Indian private banks by foreign capital as well as 'autonomy' for Reserve Bank of India and public sector banks.. These measures of financial liberalisation are extremely harmful for national sovereignty and industrial and agricultural development. So also are the measures increasing/seeking to increase the caps on foreign direct investment in insurance, telecom and civil aviation, as well as the opening of pension funds, mining and retail trade to foreign capital.

6. Because of the consistent struggle of the Left-led masses and the process of dialogue with UPA government pursued by Left parties, it has been possible to secure some increase in budgetary allocations for education and health, some support for PSUs, some concessions on fuel price hikes and some significant improvement in the Patent Act amendments. Similarly, a considerably improved version of the Employment Guarantee Bill was finally passed by the parliament, thanks to the initiatives taken by the Left. This experience shows the correctness of the Left strategy of mobilising people on basic livelihood issues and national

sovereignty, and against neoliberal policies, even while extending outside support to UPA to prevent the communal BJP-NDA from coming to power.

7. The issue of democratic decentralisation and devolution of power from the Centre to the state governments and to the elected local bodies at district, block, municipal and gram panchayat levels acquires great importance in this political and economic context, where the fight against LPG policies has to be taken forward not only through class and mass struggles but also by putting forward, and where possible, implementing alternative economic policies even within the severe constraints imposed by the Indian constitution and the Central government's neoliberal policy framework. There are three important points to be made and elaborated here. First, the cause of democracy not only in the sense of representation through elections to assemblies and parliament but also in the sense of representation in local bodies and in the sense of participatory democracy through empowerment of working people right from the gramasabha to the national elected bodies, must be championed. The Left-led working people's organisations and Left parties have been the most consistent champions of this cause and must so continue. Second, neoliberal policies of the last 15 years have seriously eroded the fiscal and financial strength and autonomy of state governments, and by forcing a severe resource crunch on them, have made devolution of finances more difficult. Third, the Left-led governments of West Bengal, Kerala and Tripura have been the pioneers in practising decentralised democracy by devolving functions, finance and functionaries from the state government to elected local bodies, and making efforts to move from representative local democracy to participatory local democracy, via such initiatives as the people's plan campaign in Kerala. Let me take up these points one by one.

8. There is a misconception in some circles that Marxism and the Left are always in favour of the 'large' against the 'small'. Marx and marxists have always sought to put people at the centre of their theory and practice. In some instances, in a development context, this will involve implementation of large-scale projects. In some cases, smaller scale, local projects may be appropriate. As socialist china has shown, the marxist approach is one of 'walking on two legs', promoting local development and national development simultaneously. Similarly, while Marxism is a universalistic philosophy representing universal and common interests of the working class and all working people, it also constantly pays attention to the concrete and particular, thus promoting and supporting grassroots democracy and local collective action. In a different, revolutionary context, it was Lenin and the Russian marxists who put forth the slogan " All power to the Soviets " in Russia in 1917 where the soviets of workers, peasants and soldiers had emerged as organs of grassroots popular democracy.

The bourgeois, parliamentary form of government, while an advance over that of feudal autocracy, is severely constrained by the class rule of the bourgeoisie and is limited to representative democracy. But Marxism, while scrupulously implementing representative democracy and extending it to the local bodies, seeks to advance to participatory democracy. It is no surprise, therefore, that the Left has been the most consistent champion of decentralised democracy in India. Today, the struggle for decentralised democracy is also intimately linked to the struggle against globalisation and LPG policies, and has therefore become even more important.

9. The LPG policies of the last 15 years, pursued by ruling class parties at the Centre and in most States, have seriously eroded

government finances in general and the finances of the state governments in particular. The tax concessions and the hidden subsidies given to large foreign and Indian capitalists, and the continuous reduction in import duties under imperialist pressure have led to a decline in the tax-GDP ratio. In addition, the state governments have the least income-elastic sources of revenue. Budgetary policies of the years since 1991 have led to a reduction in central support to state government's finances. The 12th Finance Commission has worsened the matters by linking the awards under the Commission to implementation of neoliberal policies, thus reducing the autonomy of State governments. The right to levy service tax rests wholly with the Centre. Most States have now been pressurised to accept VAT without assurance of appropriate compensation. Until the end of 2002, the state governments were being charged very high rates of interest on loans from the central governments. As per 12th finance commission and the recent UPA budget, state governments are being forced to borrow large sums from the financial markets, a move that can push them into the clutches of the World Bank, ADB etc and erode national unity and sovereignty. Under these circumstances, state governments face genuine difficulties in devolving financial resources to local bodies.

10. Yet, as the left-led governments of West Bengal and Tripura, and the earlier LDF government of Kerala, have shown, where there is a will, there is a way. In Kerala, under LDF rule, 35 – 40 % of the plan funds were devolved to elected local bodies. Further, a people's plan campaign was carried out to ensure popular participation in deciding how these funds would be spent in panchayats, panchayat unions and districts. Whatever the limitations of the people's plan campaign and whatever the constraints imposed by the Centre's neoliberal policies, the experiences of Tripura, Kerala and West Bengal show that when there is a political commitment, decentralised democracy can work.

11. For the left and the progressive forces, decentralisation is not a mere administrative arrangement or an instrument for greater efficiency in development spending, but a value in itself. The merit of democratic devolution of functions, finances and functionaries to elected local bodies is that it promotes popular democracy, especially of working people-peasants, workers, petty producers, dalits, women, youth, minorities etc- at the grassroots level. Of course, when functionaries are transferred to local bodies, their legitimate rights as working people should be safeguarded and ensured. Similarly, the elected representatives at district, block and grama panchayat levels should be made accountable to the people through the grama sabhas and through live links with democratic organisations of working people.

12. Finally, the link between the fight against LPG policies and the struggle for democratic decentralisation has to be understood. I shall illustrate the link using some examples. Let us take the food for work programme (FFWP). LPG policies have sought to reduce allocations to such programmes, and we need to oppose such cutbacks.. But how are these programmes being implemented? Except where the Left is in power, the FFWP is turned into a programme administered by the district administration, often in collusion with contractors, using labour-saving machinery, providing little employment and paying below-minimum wage rates. There is little involvement of elected local bodies or grama sabhas in deciding the nature of works to be undertaken and in the mode of implementation. The entire FFWP is converted into a bonanza for contractors, bureaucrats and ruling parties. Soon the FFWP itself gets discredited, and this is exactly what the neoliberal policy-makers want. Instead of this state of affairs, if FFWP were to be implemented through grama sabha and panchayats, it would

be far more transparent, accountable, effective and credible. It would provide greater employment a n d create useful productive assets for rural people.

13. A second example is the manner in which LPG policies are aimed at bypassing elected bodies and creating a nexus between financial interests and administration to the detriment of working people. Under LPG policies, institutional credit to agriculture and rural small-scale industry was greatly reduced. To divert attention from this, great visibility was given to so-called 'microcredit' programmes, where rural women were organised into 'self-help groups' (SHGS) using NGOs in the process, and microcredit was extended to them by NABARD via the NGOs. While SHG as a concept is not unwelcome in so far as it helps empower women by providing a forum for collective action on issues of common concern, including savings and loans, what is happening in practice is the use of NGOs and SHGs to by-pass elected local bodies by providing them a privileged access to district administration and entrusting to them the execution of works, the choice of beneficiaries of rural development schemes etc.

14. There is a basic point here. Neoliberal policies are fundamentally undemocratic. People elect governments to meet their various legitimate demands. But neoliberal policy demands that governments reduce expenditure on development, capital formation and people's welfare. It demands that governments reduce taxes to provide 'incentives' to capitalists. It demands reduction of income transfer to the poor via the public distribution system and subsidies for health and education. It demands reduction of government support to agriculture which is the basis of livelihood for 60% of India's workforce. It demands elimination of government support to small and medium domestic industry, so as to favour large capital, foreign and domestic. As the consequences of LPG policies bring more and more people into the fight against these policies, the institutions of popular, decentralised democracy can become a rallying point in the struggle against LPG policies. The struggle for decentralised democracy and the struggle against LPG policies are thus intimately inter-linked.

GENDER AND DEVELOPMENT: THE KERALA EXPERIENCE

Mridul Eapen

Development, is not gender neural and the need for a gender perspective on development is perhaps the most pertinent in the context of work. While almost all women 'work', given the conventional concept of work relating to 'paid' or market linked activity, women's economic contribution to the household and economy tends to be largely understated and hence distorts the reality of women's lives. It has been widely accepted therefore that provision of jobs for women, in particular paid work, is an important way of integrating women into the development process as also making them more visible. Underlying this is the belief that women's subordination and 'invisibility' stems from their lack of independent economic power which can be acquired through work. A classic consensus which was current until the 70s was that the process of development based on industrialisation had marginalised women as production moved from the household to the factory. However, the rapid incorporation of women into the new export-manufacturing sectors from the mid-seventies and across a wider field since the early nineties necessitated a rejection of this proposition. The problem appeared to be not one of women being *left out* of the development process but of the *relations* through which they are "integrated" into the process which needed to be investigated.

Hence even attempts to 'integrate' women into development through providing them with work did not solve the 'feminist problematic', that is the subordination of women to men embedded very strongly in the social division of labour between the productive and reproductive activities which expresses the relations between men and women within the social process as a whole and the way those relations work to the detriment of women. The former relate to income generating activities, most of which are linked to the market and the latter include unpaid household work and the care economy. Needless to state, women have the major responsibility for reproductive activities as well as contributing to productive work while men are primarily engaged in productive work and considered to be the bread winners of the family. This division is supported by a range of social norms and practices, which ascribe to men and women different abilities, attitudes and behaviour, giving primacy to women's domestic role in which marriage is central. Understanding this distinction, and hence the hierarchical, patriarchal structure of a household, the site of many developmental interventions, which puts constraints on women's abilities to achieve intended development outcomes, provides us with a better understanding of the gendered impact of macro policy. Employment generation, for instance continues to be based on the assumption that a worker is relatively free of domestic and family responsibilities. For women to compete with men on equal terms would imply that they are relieved of household duties and child care; otherwise they must make adjustments at the personal level if they wish to combine two roles.

The much lower gender gap in terms of basic capabilities in Kerala, such as being literate and healthy, has been widely acclaimed and often regarded as the outcome of a gender equitous development process. Indeed Gender Development Index that has been estimated at the regional level by several scholars places Kerala at the top. In respect of Gender Empowerment Measures too, which attempts to measure the extent to which women are able to use their basic capabilities to acquire voice, economic and political, Kerala is at or near the top. Yet it is significant that on more direct measures of autonomy, including household decision making, mobility and access to/control over money, Kerala trailed Gujarat, which had much lower levels of literacy. The second National Family Health Survey, 1998-99, which incorporated similar measures of autonomy for ever-married women for the first time for 25 states, also revealed that Kerala trailed Gujarat and a number of other states (including Tamil Nadu, Goa and the North-eastern states). These findings raise the need to interrogate women's educational attainments and access to other resources in the context of entrenched patriarchal social structures, specifically the family.

Kerala has been considered relatively free from the conventional restrictions against women's education and employment, or women owning property. This has been associated with early twentieth century social reforms, which widened access to education across genders and matrilineal forms of family, which sanctioned women's rights to inherit property. However, social and legal reforms were instrumental in sanctioning a new form of marriage, grounded in modern patriarchal relations. An important part of this process was the abolition of matriliny and strengthening of patriarchy among all social groups. In Kerala, today, this is reflected in so many ways— in the type of education, type of work, freedom of movement and social-status considerations— to a generalised social commitment to women's domesticity.

What have women in Kerala done with their impressive gains in terms of education, health or 'demographic advantage'? Where have these 'achievements' been directed? A decomposition of the GDI is very revealing; high scores on education and health among 15 states of India (ranking Kerala first) mask women's poor employment profile. The state ranked 10 or 15 according to different measures of income shares based on gender work participation rates and wage rates. While more recent evidence reveals considerable improvement in the work situation of women, primarily in urban Kerala, the pattern of employment and its occupational break-up continues to disfavour women in types of jobs they do and what they earn. Capitalism and patriarchy intermesh to keep intact women's subordination despite increasing participation of women on wage/salaried labour. Besides, the state is witnessing negative trends in women's property rights, rapid growth and spread of dowry and high levels of gender based violence, particularly domestic violence, even as the levels of education continue to rise.

The case of Kerala, then offers a pertinent example of the complex ways in which the development process could be implicated in inequitous gendered priorities and emphasises the need to raise new questions about the conventional dimensions of well being — education, health and employment. What complex maneuverings on these dimensions do the standard indicators fail to grasp? The gendered impact of developmental policy appears to have become more visible in the context of globalisation. The latter is essentially the closer integration of countries into the world's production system (through trade and aid) which its proponents argue, developing countries must accept if they are to grow and fight poverty effectively. However, driven largely by the West, in particular their powerful international corporations and governed by international institutions such as World Bank, IMF and WTO, the benefits of this process have accrued very unequally across the globe. It is widely accepted now that globalisation is not making life better for those most in need of its promised economic benefits. It has also been argued that the pronounced shift towards the market in the process of globalisation and a restructuring of the economy with an expansion of the export oriented sectors, has altered the nature of employment towards greater 'flexibility' which benefits women workers in terms of (a) larger absorption of women into paid work; and (b) shifts in the gender differentiated structure of occupations. Such a position has been contested by other scholars who argue that while levels of female employment may rise (though not necessarily), the labour market may continue to remain highly segregated. Obviously what is needed now is a number of micro studies examining the restructuring of labour contracts and the altering of job boundaries in the name of "flexibility'.

Focussing on gender, the division of labour and the fact that it is organised by asymmetric relations of power, introduces some insights which strengthen the need to bring a gender lens to a development discourse and development policies. Needless to state a necessary requirement for the process of viewing development from a gender perspective is strengthening of gender-disaggregated data bases which would enable us to draw attention to problems not addressed before; identify fallacies in the way policy is designed; critique theories and tools in order to expose their inadequacy and to seek new tools of analysis.

CENTRE-STATE RELATIONS AND KERALA'S FISCAL CRISIS

K.K.George, K.K.Krishnakumar and V.K.Praveen

States in India with the exception of a few Special Category States and the National Capital Territory of Delhi are plagued by recurrent and severe fiscal crisis from the middle of the eighties. Mismanagement of the finances by the State governments is the reason for the crisis, most often highlighted during the current discussions on the issue. The role of the Central government, pivotal under the existing Centre-State financial relationship, is seldom mentioned as a possible reason. It requires reiteration in this context that India is only a semi federal polity and the existing constitutional allocation of financial powers and responsibilities between the Centre and the States places considerable constraints on the States' capacity for resource mobilisation while saddling them with enormous expenditure responsibilities. The Constitution, however envisaged fiscal transfer mechanisms to transfer adequate funds from the Central government to the States, taking into account the above disproportion between the two tiers of the government. This paper examines, the past record of the fiscal transfer mechanisms in general and that of the Finance Commissions in particular, with the specific objective of finding out to what extent the deficiencies of these mechanisms are responsible for the recurrent fiscal crisis of the States. The issue is examined with particular reference to Kerala and in the context of the award of the Twelfth Finance Commission (TFC) which is going to be a major contributory factor for the fiscal health or otherwise of the states during the remaining period of the present decade (2005-10).

Fiscal Crisis: Major Indicators

Kerala like most other States in India, had been reeling under severe fiscal crisis from the middle of the eighties. In fact, the state's fiscal distress dates back to a much earlier period. Kerala had incurred budgetary deficits in its revenue and capital accounts as far back as in the Fifth Five Year Plan period (1975-76 & 1976-77). The amounts involved were, however, small. During the Sixth and the Seventh Plan periods (1980-90), Kerala had overall deficits during four years each. The amounts involved became larger.[1] During the fourteen-year period ended in 2003-04, which coincided with the post-liberalisation period with all its emphasis on containing budgetary deficits, Kerala had overall deficits during six years (See Table 1). Revenue deficits became a continuous phenomenon for Kerala from 1983-84 onwards while the phenomenon appeared only from 1987-88 for all States taken as a group (hereinafter referred to as All States). The overall deficits were limited to six years and their size contained to a large extent by running continuous surpluses in the capital account indicating diversion of borrowed funds for meeting the revenue deficits.

Other major fiscal indicators for Kerala and All States are given in Table 2. The magnitude of revenue deficits of Kerala in relation to its revenue expenditure was steadily rising from 1996-97 after declining steeply from 1990-91 onwards. In many years, revenue deficits formed more than a quarter of the total revenue expenditure. During the three-year period ended in 2000-01, the ratio of Kerala's revenue deficit to revenue expenditure exceeded twenty per cent. During 1999-2000, it was more than 30 percent. Almost similar trends are seen in the average ratios for all States. But Kerala's ratios were much bigger than the average of All States during the nineties and the first three years of

Table 1

Comparative Position of Budgetary Surplus/Deficit(-) of Kerala and All States

(Amount in Crores of Rupees)

Year	Revenue Account		Capital Account		Overall	
	Kerala	All States	Kerala	All States	Kerala	All States
1974-75	0.3	394.7	11.9	-383.0	12.2	11.7
1975-76	-3.4	971.7	-12.8	-295.2	-16.2	676.5
1976-77	-3.3	1096.8	-11.6	-943.3	-14.9	153.5
1977-78	29.1	1019.1	-3.2	1089.0	25.9	2108.1
1978-79	43.0	1135.4	2.6	-3.9	45.6	1131.5
1979-80	57.9	1548.3	37.1	-1509.1	95.0	39.2
1980-81	-27.2	1485.4	-42.1	-1703.9	-69.3	-218.5
1981-82	96.0	1379.4	-157.9	-1663.5	-61.9	-284.1
1982-83	26.8	888.1	4.2	-1035.5	31.0	-147.4
1983-84	-58.2	210.5	42.3	-376.9	-15.9	-166.4
1984-85	-13.7	-923.5	-63.5	-350.2	-77.2	-1273.7
1985-86	-74.2	658.7	194.8	1047.9	120.6	1706.6
1986-87	-152.2	39.4	-18.8	-354.1	-171.0	-314.7
1987-88	-194.6	-1088.1	188.2	801.8	-6.4	-286.3
1988-89	-163.9	-1806.9	117.1	2202.3	-46.8	395.4
1989-90	-250.5	-3681.9	226.1	3549.1	-24.4	-132.8
1990-91	-422.1	-5308.9	405.6	5534.5	-16.5	225.6
1991-92	-364.3	-5650.8	316.3	6210.9	-48.0	560.1
1992-93	-337.4	-5114.1	427.5	6943.5	90.1	1829.4
1993-94	-371.3	-3812.5	470.8	3350.7	99.5	-461.8
1994-95	-399.9	-6156.2	799.5	10623.9	399.6	4467.7
1995-96	-402.8	-8200.6	467.8	11050.3	65.0	2849.7
1996-97	-643.0	-16113.9	663.9	9072.1	20.9	-7041.8
1997-98	-1122.9	-16333.0	837.8	18435.8	-285.2	2102.8
1998-99	-2030.0	-43641.8	1664.5	40122.1	-365.5	-3519.8
1999-2000	-3624.2	-53797.0	3604.4	50684.3	-19.8	-3112.7
2000-01	-3147.1	-53568.6	2727.1	55914.2	-420.0	2345.6
2001-02	-2605.6	-59188.1	2827.5	55762.3	221.9	-3425.8
2002-03	-4122.2	-55111.1	3912.6	59722.6	-209.6	4611.5
2003-04*	-3676.2	-72125.8	3484.3	60454.4	-191.9	-11671.4

Note: * Revised Estimates

Source: 1. Figures for the years upto 1995-96 are taken from: George K.K., *Limits to Kerala Model of Development*, Centre for Development Studies, Thiruvananthapuram, 1999.

2. Figures for years from 1996-97 onwards are taken from: Reserve Bank of India (RBI), *State Finances* for various years

the present decade.

Gross Fiscal Deficit (GFD) to GFD Expenditure also showed similar trends and stood at 36.3 per cent in 1999-2000 and 32 per cent in 2002-03. The average ratio of GFD to GFD expenditure for Kerala which stood at 20.9 per cent during 1985-90 and 20.7 per cent during 1990-95 went up sharply to 26.1 per cent during 1995-2000. There was an almost steady increase in this ratio from 1992-93. Similar trends are visible in the case of All States too. But the ratios for Kerala were more than that of All States except in three years (1992-93, 1998-99 and 2001-02). An inter-State comparison shows that Kerala's positioning this respect was second among the fourteen major States in India, in 2002-03 after West Bengal.

Table 3 gives the major fiscal indicators in relation to Gross State Domestic Product (GSDP) of Kerala. The Table shows that the ratios of all fiscal indicators to GSDP were coming down till 1995-96 but started rising from 1996-97. In 1999-2000, the revenue deficits (RD) formed 5.8 per cent of the GSDP as compared to 2.6 per cent in 1990-91. The ratio of GFD to GSDP stood at 6.3 per cent in 2003-04 as against 4.8 per cent in 1990-91. The primary deficits in relation to GSDP rose from 2.8 per cent in 1990-91 to 4.1 per cent in 1999-2000. Though the ratio came down subsequently, it was still high at 2.6 per cent in 2003-04. The jump in the primary deficit indicates that there are reasons other than interest outgo, the reason cited very often, for the State's fiscal crisis.

The uses of funds borrowed to finance the growing GFD are shown in Table 4. This table

Table 2
Major Fiscal Indicators

(Figures in Percentages)

Year	GFD/GFD Exp.		Revenue Deficit(-) or		Conventional Deficit(-)	
	Kerala	All States	Kerala	All States	Kerala	All States
1985-90 (Avg)	20.9	19.7	-8.8	-2.1	N.A.	N.A.
1990-95 (Avg)	20.7	19.0	-10.4	-5.5	1.6	0.8
1995-2000 (Avg)	26.1	23.8	-16.7	-12.9	-1.1	-0.7
1990-91	24.9	22.0	-14.9	-7.4	-0.7	0.1
1991-92	22.0	19.0	-11.3	-6.6	-1.8	-0.1
1992-93	18.1	18.7	-9.2	-5.3	2.1	1.5
1993-94	19.3	16.3	-8.6	-3.5	1.9	-0.3
1994-95	19.2	18.5	-7.9	-4.8	6.7	2.8
1995-96	19.4	18.7	-6.9	-5.7	0.9	1.6
1996-97	20.1	19.6	-9.5	-9.5	0.3	-3.5
1997-98	25.3	20.6	-13.6	-8.8	-2.9	0.9
1998-99	29.5	29.6	-22.0	-19.8	-3.4	-1.3
1999-00	36.4	30.6	-31.3	-20.6	-0.2	-1.0
2000-01	30.8	27.3	-26.5	-18.4	-3.2	0.7
2001-02	26.5	27.3	-22.3	-18.8	1.7	-0.9
2002-03	32.0	24.9	-27.9	-16.4	-1.2	1.1
2003-04*	31.1	29.9	-22.7	-17.9	-0.9	-2.1

Source: *State Finances* op.cit.

* Revised Estimates

Notes: 1. GFD Expenditure is the total of revenue expenditure, capital outlay and net lending. For definition of this and other terms, see *State Finances*, 2002-03.

2. Average for 1985-90 and 1990-95 are as computed by RBI, see *State Finances*, 1997-98

Table 3

Major Fiscal Indicators of Kerala in relation to Gross State Domestic Product

(Figures in Percentages)

Year	GFD/GSDP	NFD/GSDP	Primary Deficit /GSDP	Revenue Deficit /GSDP	Conventional Deficit(-) or Surplus(+) /GSDP
1990-91	4.8	4.1	2.8	-2.6	-0.1
1991-92	3.9	3.2	1.6	-1.8	-0.4
1992-93	3.1	2.6	0.8	-1.4	0.4
1993-94	3.6	2.8	0.9	-1.4	0.4
1994-95	3.5	2.7	0.9	-1.3	1.3
1995-96	3.4	3.5	1.8	-1.0	0.2
1996-97	3.5	2.8	1.0	-1.4	0.8
1997-98	4.9	3.8	2.3	-2.3	-0.6
1998-99	5.4	4.8	2.8	-3.6	-0.6
1999-00	7.3	6.8	4.1	-5.8	0.0
2000-01	5.6	5.3	2.3	-4.5	-0.6
2001-02	4.5	4.4	1.1	-3.6	0.3
2002-03	6.2	6.0	2.5	-5.1	-0.3
2003-04	6.3	4.8	2.6	-4.1	-0.2

Source: 1. *State Finances*, op.cit.

2. For GSDP figures, Central Statistical Organisation Estimates

Note: For definition of the terms, see *State Finances*, 2002-03.

Table 4

Uses of Borrowings to cover GFD

(Figures in Percentages)

Year	Revenue Deficit/GFD		Capital Outlay/GFD		Net Lending/GFD	
	Kerala	All States	Kerala	All States	Kerala	All States
1985-90 (Avg)	36.4	7.7	46.2	62.4	17.3	29.9
1990-95 (Avg)	44.0	24.7	36.9	55.3	19.0	20.0
1995-2000	33.3	44.8	30.0	43.3	16.7	12.2
1990-91	52.8	28.3	32.1	49.1	15.1	22.6
1991-92	45.3	29.9	35.6	53.4	19.0	16.7
1992-93	46.1	24.5	38.0	51.0	15.9	24.3
1993-94	39.7	18.5	38.8	60.4	21.4	21.0
1994-95	36.1	22.2	40.2	62.6	23.7	15.1
1995-96	30.9	26.1	43.3	58.9	25.8	15.1
1996-97	41.7	43.3	40.4	47.1	18.0	10.2
1997-98	46.5	37.0	30.6	51.6	22.9	11.5
1998-99	67.4	38.8	21.6	31.1	11.0	10.8
1999-00	79.9	58.8	14.3	27.9	5.8	13.3
2000-01	81.2	59.8	14.9	34.8	4.0	5.4
2001-02	79.7	61.7	17.1	33.6	3.2	4.7
2002-03	82.5	54.0	14.0	35.8	3.5	10.2
2003-04*	65.0	51.1	13.0	43.6	23.0	5.2

Source: *State Finances* for various years, op.cit (Average for 1985-90 as computed by RBI, see State Finances, 1997-98)

shows that most of the borrowings were utilised for financing the revenue expenditure. It was not used for making capital expenditure or making investments or for extending loans.[2] The ratio of revenue deficit to GFD in case of Kerala increased from the second half of the eighties. Though the ratio showed trends of coming down till 1995-96, it started climbing up very fast to reach 81.2 per cent in 2000-01 and 82.5 per cent in 2002-03. In respect of this ratio, Kerala's position was the second highest among states in 2002-03. Only Punjab had a higher ratio among the fourteen major States. The high ratio of revenue deficit to GFD implies lower ratios of capital outlay and net lending to GFD. In respect of the ratio of capital outlay to GFD, Kerala's position was thirteenth among the major States in the year 2003-04. Only West Bengal followed Kerala[3].

The steady increase in GFD had led to steady increase in the ratio of outstanding debt to GSDP. The ratio went up from 27.0 per cent in 1990-91 to 40.0 per cent during the year 2003-04. Apart from the increasing quantum of borrowings, Kerala's pattern of borrowings to finance the fiscal deficit itself has high potential for destabilising its finances in future. The State has been relying more and more on high cost funds like provident funds, savings deposits, non-market borrowings etc. to meet its fiscal deficit.

The major fiscal indicators given above conceal as much as they reveal. In the current system of cash accounting, as against the system of accrual accounting, followed in India for budgeting, both payables and receivables are not shown in the budget. Besides, the budgets do not indicate the contingent liabilities of the governments. Faced with budgetary crisis, the government is forced to reduce its budgetary support to the public sector undertakings (PSU) and cooperatives and to resort increasingly to guaranteeing the loans being secured by the latter from financial institutions. Given the precarious financial position of the PSUs and the cooperatives, the risk to the State governments arising out of the revocation of guarantees is quite high. The amount of outstanding guarantees issued by Government of Kerala stood at Rs.11410 crores at the end of March 2003. These outstanding guarantees formed 14.1 percent of the GSDP of Kerala in 2002-03. It may be noted that similar trends are visible for All States. But, the ratios for Kerala were much higher than the corresponding ratios for All States during the last seven years except in 1996-97.

Fiscal Crisis : The role of the Centre

Table 5 gives the growth of revenue receipts and revenue expenditure during the fourteen-year period ended 2003-04. The table shows steep deceleration of both revenue expenditure and revenue receipts. Faced with increasing revenue deficit, the government resorted to severe expenditure compression. But there was no serious effort to step up revenue mobilization. The deceleration in Central revenue transfers accentuated the fiscal crisis. The growth rate in aggregate Central transfers came down from 14.7 per cent during the first half of the nineties to 8.9 per cent during the second half. Though itsgrowth picked up marginally to 9.5 per cent in recent years, it was less than that of own revenue. The average growth rate of the State's share in Central taxes, the principal component of Central revenue transfers came down from 14.7 per cent to 5.7 per cent. Though the growth rate of grants from the Centre increased from 15.1 per cent to 19.3 per cent, it was inadequate to offset the slow growth in the share of Central taxes.

The trends in of revenue expressed in relation to Gross State Domestic Product (GSDP) also confirm the above finding. Central transfers to GSDP ratio fell from 5.2 per cent in 1990-91 to 3.2 per cent in 2000-01. The decline in Central revenue transfers was much more steeper than in own revenue and revenue expenditure. As a result, the structure of State revenues had undergone major changes in the nineties. The share of aggregate Central revenue transfers in the total revenue of Kerala came down to Kerala steadily from 35.5 per cent in 1990-91 to 25.1 per cent in 2003-04. In the share of Central taxes in total revenue of the state, there was almost a steady decline over the years from 20.2 per cent in 1990-91 to 15.2 per cent in 2003-04. In the share of grants from the Centre too, there was a sharp decrease from the mid-nineties. In respect of both the components of Central transfers, Kerala lagged behind All States.

The decreasing role of Central transfers in the state's budget is further evident from their decreasing importance in financing State's expenditure. The share of Central transfers in expenditure has been coming down rather steeply from the mid nineties. It came down from 37.3 percent in 1994-95 to 27.6 percent in 2002-03. Besides, the role played by Central transfers in financing Kerala's expenditure, both revenue and aggregate was always smaller than the average for other States.

The decline in the share of Central revenue transfers in the State's revenue budget is on account of two factors. Firstly, there was a decrease in the share of states in the revenue of the Centre. The share of total revenues of the Central government transferred to all States put

Table 5

Average Annual Growth of Own Revenue and Central Revenue Transfers

	Avg. Annual Growth Rate (1991-95)		Avg. Annual Growth Rate (1996-2000)		Avg. Annual Growth Rate (2001-2004)	
	Kerala	Other States	Kerala	Other States	Kerala	Other States
Own Tax Revenue	20.3	16.3	13.3	13.0	13.7	12.3
Own Non-Tax Revenue	17.4	24.9	6.9	7.0	13.0	8.2
Own Revenue-Total	19.9	18.4	12.5	11.4	13.6	11.3
Share in Central taxes	14.7	15.1	13.1	12.4	5.7	10.6
Grants from the Centre	15.1	12.7	5.9	9.6	19.3	19.2
Total Central Transfer	14.7	13.9	8.9	11.0	9.5	14.3
Total Revenue Receipts	18.1	16.4	11.4	11.2	12.3	12.4
Revenue Expenditure	15.7	15.7	18.0	15.2	9.3	11.7

Source: Computed from Reserve Bank of India(RBI), *State Finances*, for various years

Table 6
Trends in Current Revenue- Kerala

(Figures in Percentages)

Year	Own Tax Revenue/GSDP	Own Non-Tax Revenue/ GSDP	Total Own Revenue/GSDP	Central Revenue Transfers/ GSDP	Total Revenue Receipts/GSDP	Total Revenue Expenditure/ GSDP
1990-91	8.13	1.27	9.40	5.18	14.58	17.14
1991-92	8.17	1.15	9.31	4.60	13.91	15.69
1992-93	8.09	1.20	9.29	4.94	14.24	15.68
1993-94	8.91	1.23	10.13	4.76	14.90	16.31
1994-95	8.78	1.24	10.02	4.61	14.64	15.89
1995-96	8.73	1.38	10.11	3.88	13.99	15.03
1996-97	8.77	1.16	9.92	3.90	13.82	15.27
1997-98	9.10	1.12	10.21	4.17	14.38	16.65
1998-99	8.27	0.99	9.26	3.54	12.80	16.41
1999-2000	8.31	0.85	9.16	3.55	12.70	18.50
2000-01	8.41	0.94	9.36	3.16	12.51	17.02
2001-02	8.19	0.75	8.94	3.58	12.52	16.12
2002-03	9.03	0.84	9.87	3.28	13.15	18.25
2003-04	9.52	0.91	10.42	3.50	13.92	14.99

Source: 1. Reserve Bank of India (RBI), *State Finances* for various years.
2. For GSDP figures, Central Statistical Organisation Estimates

together came down from 41.1 per cent in 1990-91 to 34.5 per cent in 2004-05. Other indicators, like the ratio of revenue transfers to GDP also show the decreasing trend of revenue transfers from the Centre. From 5.0 percent in 1990-91, the ratio came down to 3.7 percent in 1998-99 been went up to 4.3 percent in 2004-05. The more important reason for the declining importance of revenue transfers in State's budgets is the low revenue mobilisation effort of the Central government as may be seen from the table. The tax-GDP ratio as well as the gross revenue (tax+non-tax) to GDP ratio showed declining trends. The mobilisation of commodity taxes was particularly poor.

Record of the Recent Finance Commissions

The Tenth and the Eleventh Finance Commissions had fixed the States' share in total Central taxes to 29.5 percent. This is despite the strong plea made by all the States to raise the share at least to 33.3 percent. What is more, the stipulated 29.5 percent is not that of gross tax revenue but that of revenue after excluding Cesses and Surcharges and after deducting the cost of collection. During the five-year period ended 1999-2000, Cesses and Surcharges accounted for nearly 3 percent of the gross tax revenue. In the next two years, their share was 2.7 percent.[4]

The Eleventh Finance Commission, for the first time, had suggested capping the aggregate revenue transfers to States (Tax share + all grants including plan grants) at 37.5 percent of the Centre's total revenue. It appears that there was no need for such capping as Central Transfers rarely reached the ceiling of 37.5 percent during the years since 1995-96. Besides, there was steep decline in the ratio of total revenue transfers to gross Central revenues during the second half of the nineties covered by the award of the Tenth Finance Commission. During the first two years covered the Eleventh Finance Commission, the ratio went up and hovered around the stipulated 37.5 percent. But it came down in the remaining three years. In any case, the proposed ceiling is much lower than the actual States' share during the first five years of the nineties covered by the Ninth Finance Commission's Award.

While the Finance Commissions had been following a reward and punishment approach for disciplining the States, by limiting the volume of grants to deficits in non-plan revenue account normatively determined by them, no such approach is followed in the case of the Central government. None of the Finance Commissions including the Twelfth had tried to discipline the Centre by linking the state's share to the estimates of revenue determined normatively by the Commission and not to what is actually collected them. As a result of this laxity of the Centre, states lost heavily the revenue due to them. This is evident from the Table 6, which shows the normative estimates of the eleventh Finance Commissions and the actuals. There was considerable shortfall in actual revenue mobilization from what was visualized by the Finance Commission.

Central Transfers to Kerala - Agency-wise

A comparison of per capita aggregate Central transfers effected to Kerala and All States shows that from the Sixth Plan onwards, Kerala was receiving less Central transfers than the average of All States. The Table, which also gives the agency-wise data of Central transfers reveals that all the three agencies, viz., the Finance Commission, Planning Commission and various Union Ministries had contributed to Kerala receiving less Central transfers than other States in almost all the periods covered by our study.

Finance Commissions' Transfers

Though all agencies had contributed to the lower quantum of funds flow to the State, it is the role of the Finance Commission which is

Table 7

Profile of Central Finances as per Finance Commission's Assessment and Actuals

		2000-01	2001-01	2002-03	2003-04	2004-05
Revenue Receipts	FC Estimate	255690	298162	347684	405432	472780
	Actual	244550	254834	288556	331244	381121
	Difference	**11140**	**43328**	**59128**	**74188**	**91659**
Tax Revenue	FC Estimate	198226	230961	269185	313833	366002
	Actual	188603	187060	216266	254348	306021
	Difference	**9623**	**43901**	**52919**	**59485**	**59981**
Non-tax Revenue	FC Estimate	57464	67201	78499	91599	106778
	Actual	55708	67787	72323	76896	75100
	Difference	**1756**	**-586**	**6176**	**14703**	**31678**
Non-plan Revenue Expenditure	FC Estimate	228768	248788	270718	294732	321018
	Actual	226782	239954	268074	283502	296396
	Difference	**1986**	**8834**	**2644**	**11230**	**24622**
Revenue Deficit	FC Estimate	77425	71785	63369	51552	35593
	Actual	85234	100162	107880	98262	85165
	Difference	**-7809**	**-28377**	**-44511**	**-46710**	**-49572**
Fiscal Deficit	FC Estimate	112275	122904	134399	146805	160166
	Actual	118816	140955	145072	123272	139231
	Difference	**-6541**	**-18051**	**-10673**	**23533**	**20935**
Primary Deficit	FC Estimate	11009	10702	10217	9514	8546
	Actual	19502	33495	27268	-816	13326
	Difference	**-8493**	**-22793**	**-17051**	**10330**	**-4780**

Source: 1. Twelfth Finance commission Report.

2. EPW Research Foundation, "Finances of Government of India", *Economic and Political Weekly(EPW)*, May 10, 2003

Table 8

Share of Kerala in the Total FC Transfers to States

(Rs. Crores)

		Tenth Finance Commission	Eleventh Finance Commission	Twelfth finance Commission
1. Share in Central Taxes and Duties		7217 (3.5)	11504 (3.1)	16353.21 (2.7)
2. Non-Plan Revenue Deficit Grants		0 (0.0)	0 (0.0)	470.37 (0.8)
3. Upgradation and Special Problem		81.83 (3.1)	129 (2.6)	1295.82 (2.9)
Grant in Aid to Local Bodies	4. Panchayat	178.81 (4.1)	330 (4.1)	985 (4.9)
	5. Municipalities	25.43 (2.5)	75 (3.8)	149 (3.0)
	6. Total	204.24 (3.8)	405 (4.0)	1134 (4.5)
7. Grants for Relief Expenditure		218.74 (4.6)	279 (3.4)	354.32 (2.2)
8. Total Grants (Col. 2 to 7)		504.81 (2.5)	813 (1.4)	3254.51 (2.3)
9. Total Transfers (Col.1 & 8)		7721.81 (3.4)	12317 (2.8)	19607.72 (2.6)

Note: Figures in brackets indicate the percentage share in total Finance Commission transfers to States.

Source: Tenth, Eleventh and Twelfth Finance Commission's Reports.

particularly disturbing as it is this agency which is envisaged under the constitution to effect fiscal transfers judiciously and fairly. Except during the Fifth and the Sixth Plan periods, Kerala received less per capita statutory transfers than the All States average. Finance Commission-wise analysis shows that Kerala received lesser quantum of funds under the awards of all recent Finance Commissions. What is more, the share of Kerala in total statutory transfers had been coming down progressively with every Finance Commission as may be seen from Table 7.

The award of the Eleventh Finance Commission evoked strong criticism in Kerala. This is not surprising, as, under its award, the share of Kerala in total transfers to all States had come down to 2.83 percent from 3.4 percent under the award of its predecessor. The Twelfth Commission reduced Kerala's share still further to 2.6 per cent. For the entire five-year period covered by the award of the Eleventh Finance Commission (2000-2005), the State was to get Rs.3664 Crores less than what it would have got as per the recommendations of the Tenth Finance Commission. During the current year and the next four years covered by the award of the Twelfth Finance Commission (2005-10), Kerala will get Rs.6088 crores less than what it would have gone under the award of the Tenth Finance Commission[5]. Thus the Twelfth Finance Commission report will have tremendous implications for the fiscal stability of the state during the coming years.

The Criteria which affects Kerala adversely

The most important component of statutory transfers is the shared taxes from the Centre. The share of taxes in statutory transfers for Kerala was as high as 99 per cent during the period 1991-92 to 2000-01. During the next three years the share of taxes increased slightly but it still ranged from 93 to 96 per cent. The Twelfth Finance Commission had raised the share of Central taxes in its total transfers considerably (81.1 per cent in the case of Kerala) to 83.4 per cent in the case of All States. If Kerala is not getting its due share in Finance Commissions' transfers, the fault is largely due to the criteria used by the Finance commissions in their inter-state distribution of the Centre's tax shares. Kerala has not been getting its due because of four reasons. (1) The use of criteria inappropriate for the State. (2) Use of Inappropriate indicators for the criteria used (3) Inappropriate weightages given for the different criteria and, (4) Failure to use criteria, which are relevant to the State.

The criteria adopted by the Finance Commissions ranged from population, area, contribution, revenue equalization, non-plan deficit, tax effort, fiscal efficiency, per capita income, index of backwardness, index of infrastructure and the poverty ratio. The indices of backwardness and infrastructure due to their excessive weightage to social indicators had been adversely affecting Kerala, which had been in the forefront of social development despite low levels of per capita income. Similarly, the criterion of poverty had been hitting Kerala badly for doing the right thing much ahead of time.

The criterion adopted for devolution by all Finance Commissions, right from the first is the size of population considered to be an indicator of the budgetary needs of States. Besides, this criterion has the advantage of being a neutral one. The Eleventh Finance Commission had reduced the weightage of this factor to 10 percent. But the Twelfth Finance Commission had raised weightage to 25 per cent (allocating tax share among States). All the recent Finance Commissions had been enjoined under their terms of reference that "in making its recommendations on the various matters aforesaid, the Commission shall adopt the population figures of 1971 in all cases where population is regarded as a factor for determination of devolution of taxes and duties and grants in aid". In giving weightage to the criterion of population, all Finance Commissions used the 1971 population figures. But the Twelfth Commission has made a deviation from the past. It had given 40 per cent weightage for population in allocating grants to local bodies amounting to Rs.25000 crores. But the Commission for the reasons, which are not made clear, has used the 2001 census population figures. This affects a state like Kerala, which had been the most successful State in controlling population growth. In calculating per capita income, it is the current population and not the 1971 population, which is being used by all Finance commissions including the Twelfth. This tends to inflate the relative position in per capita income of Kerala. Its success in controlling population growth has hit Kerala in yet another way. This in turn reduces its entitlement grants to local bodies.

Per Capita Income

Per capita income is one of the core criteria used by all Finance Commissions attracting the maximum weightage. This criterion is used as a measure of economic backwardness of a State. But per capita income can only be one of the indicators of a States' economic backwardness. The world over, regional backwardness is measured not only in terms of per capita income but also in terms of unemployment rates. But none of the Finance Commissions had used unemployment an indicator and relied solely on per capita income. Data of major Indian States shows that, there is only an insignificant correlation between per capita State income and States' unemployment rates. The refusal of the Finance Commissions to consider unemployment as an indicator of backwardness

Table 9
Per Capita Tax Share and Grants 1990-2004

(Figures in Rupees)

Plan Periods	Tax Share		Grants	
	Kerala	Other States	Kerala	Other States
AP (1990-91)	167	171	22	27
AP (1991-92)	198	202	2	26
VIII (1992-93 to 1996-97)	1566	1581	16	166
IX (1997-98 to 2001-2002)	2321	2312	41	231
X (2002-03 to 2003-04*)	1139	1192	67	172
Finance Commission-wise				
IX FC (1990-91 - 1994-95)	1148	1187	30	125
X FC (1995-96 to 1999-2000)	2223	2253	25	156
XI FC (2000-01 to 2003-04)	2144	2197	94	352
XII FC (2005-06 to 2009-2010)$	5136	6013	1022	1404

* 2003-04 figures are revised estimates

$ Figures for the XII FC period 2005-06 to 2009-10 are drawn from the FC report.

Source: Compiled from Reserve Bank of India(RBI), *State Finances*, for various years hurts a state like Kerala with unemployment rate nearly three times higher than the national average.

Finance Commissions Grants

As seen earlier, the Finance commissions had relied on tax sharing rather than grants for inter-state distribution of revenue transfers. But the Twelfth Finance Commission raised the share of grants to an all-time high of 18.9 per cent. The share of grants in total statutory transfers to Kerala was pegged up to 16.6 per cent. Table 8 shows that Kerala had received much less grants than other states in the hands of the Twelfth Finance commission. The per capita grants, due to the State under the award of the Twelfth Finance Commission for the next five years, will be only Rs.1022 as against 1404 for other states. Kerala's share in total grants will be just 2.3 per cent of the total grants to all states.

Article 275 Grants

No Finance Commission from the seventh had given any grants to Kerala under the substantive provisions of Article 275 of the Constitution meant for States "in need of assistance". The State was not receiving Article 275 grants because of the surpluses in the non-plan revenue account assumed by the Finance Commissions in their normative estimates of State's budgets. But the State actually had continuous deficits on non-plan account ever since 1985-86, even after including all additional resources mobilised in the non-plan account.

Non-Plan deficits/surpluses assumed by the Sixth Finance Commission onwards and the actuals are given in Table 9. The Table shows that the actual Non-Plan revenue deficits of Kerala, before and after devolution, were higher than those assumed by the recent Finance Commissions. When surpluses were assumed by the Finance Commissions, they turned out to be just mirages. In these respects, Kerala's experience was no different from that of all states. This implies that at least part of the blame for this situation may have to be borne by the unrealistic forecasts made by the Finance Commissions based on wrong assumptions. (George, 1999). The same pattern of divergence between the forecasts and actuals is most likely to occur during the award period of the Twelfth Commission. The Commission for the current year had visualized a non-plan deficit of only Rs.470 crores. But the current year's Kerala budget shows a non-plan revenue deficit of Rs. 1345 crores after devolution of tax shares from the Centre.

Upgradation Grants

With regard to grants for upgradation of social and administrative services too, Kerala received only marginal sums (Table 10). Of the total upgradation grants dispensed by the Seventh, Eighth and the Ninth Finance Commissions, Kerala received only 0.8 percent to 1.4 per cent. Under the award of the Tenth Finance Commission, Kerala's share was only 2.2 percent. Under the award of the Eleventh Commission, Kerala received slightly less. For upgradation of social services, Kerala received no funds at all from the Seventh and the Eighth Finance Commissions. It received just 0.1 percent and 0.3 percent respectively from the Ninth and the Tenth Commissions. Eleventh Finance Commission provided only slightly more (1.5 per cent). The Twelfth Finance Commission provided no grant at all for upgrading the State's health or education services. Kerala's share in total grants for upgradation of all social services was just 0.1 percent. The State obviously is penalised for its success in attaining above average standards in social services like education and health care.

The successive Finance Commissions took cognisance of Kerala's major achievements in quantitative terms, but not in terms of the quality of services. For instance, while looking at the educational development of the State, the

Twelfth Finance Commission like its predecessors failed to take into account some of the major deficiencies in the quality of the State's education at all levels. The Commission had failed to appreciate that the quantitative expansion in educational sector has been at the expense of quality at all levels. It failed to take into account both the qualitative and quantitative backwardness of Kerala's higher education, technical education and research[66]

Journal of Educational Planning and Administration, January 2001.

In fact, the Commission based its estimates for grants for education solely on the budget category under the major head 2202, which does not cover technical education at all.

In making zero allocation of upgradation grants for the health sector of Kerala, the Twelfth Finance Commission like all its predecessors failed to take note of the increasing demand for expenditure on health services as a result of the aging of the State's population which is changing the disease profile in the State (Panikar and Soman, 1985). A new category of diseases comprising degenerative and neo-plastic diseases like hyper-tension, cardio-vascular diseases and cancer have begun to emerge in the State. These diseases of the old, unlike in the case of children and youth call for higher investment in diagnostic equipment hospitalization treatment recovery and rehabilitation.

Special Problem Grants

The Ninth Finance Commission in its first report had provided Rs.552 crores as grants for solving 'special problems'. Kerala was one of the four States, which in the Commission's opinion did not have any special problem to merit special problem grants. The Tenth Finance Commission provided Rs.52 crores as special

Table 10
Share of Kerala in Total Upgradation Grants

(Figures in percentages)

Service	VII	VIII	IX (Interim)	IX (Final)	X	XI	XII
Police	2.6		1.9	2.4	3.5	4.5	
Jail	5.3		0.5	0.6	3.4	2.6	
Tribal Administration			0.5	0.1			
Judicial		0.5	5.3	5.3		2.2	
District & Revenue Administration	1.9	0.6	1.4	0.5	4.5		
Training			6.4	9.3			
Treasury Administration			1.8	1.1		5.5	
Other Administrative Services+						1.5	
Total Administrative Services	2.3	1.0	1.9	2.1	3.5	2.7	
Education$					0.7	0.9	0.0
Medical			2.7	0.4		2.1	0.0
Maintenance of Roads & Bridges							4.3
Maintenance of Buildings							2.1
Maintenance of Forests							2.5
Other Social Services*						1.6	4.0
Total Social Services			0.6	0.1	0.7	1.5	0.1
Total	0.8	1.0	1.4	1.3	2.2	2.1	2.1

* Other Social Services include Public libraries, Heritage protection &Augmentation of traditional Water Sources

+ Other Admin. Services include Fire Services

$ Education includes Elementary Education & Computer Training in XI FC

Source: 1. George K.K., *Limits to Kerala Model of Development*, op.cit.

2. Computed from *State Finances* op.cit.

problem grants- Rs.50 crores to tackle the problem of sea erosion and rupees two crores for the conservation shola forests. What Kerala received was about Rs.50 crores less than what was received by Maharashtra. The Eleventh Finance Commission provided just Rs.50 crores by way of special problem grants. This amount was meant for preventing coastal sea erosion, the only special problem that it could identify. Under the award of the Twelfth Finance Commission, Kerala received Rs. 500 crores or meeting what the Commission called the State Specific Needs- Rs.225 crores for inland waterways and canals Rs.175 crores for coastal zone management and Rs. 100 crores for improving quality of education in 416 schools.

None of the Finance Commissions had taken cognizance of the large number and variety of special problems unique to the State arising out of the Kerala Model of Development. It is often claimed that some of Kerala's achievements are comparable to those of advanced countries. But these successes have also brought in its wake some of the advanced countries' problems. The State does not have the financial ability to tackle them all by itself. Since these problems are unique to the State, they have not received the national attention and priority that they deserve. While the federal agencies are still grappling with first generation problems in education, health care and social security, Kerala is saddled with second-generation problems resulting from the very success in attaining higher levels of social development. For instance the lengthening life expectancy has resulted in the aging of population, which has tremendous implication on the budget by boosting the the volume of social security payments and healthcare expenditure. It also has implications for the quantum of service pensions, which today account for 16.9 percent of state's revenue expenditure in the year 2003-04. Similarly, the universalisation of school education has boosted the demand for tertiary education. None of the Finance Commissions including the Twelfth Finance Commission had treated the problem of insufficient capacity in higher and technical education in the State as a special problem arising out of the State's very success in attaining universal schooling. Higher school level education has also changed the character of unemployment in the state to that of the educated.

Compensation for Centre induced Fiscal Disabilities

Compensating the States for their fiscal disabilities resulting from national policies has not been considered by any Finance Commission in India except the First. But this practice is being followed in many other federations. As is well known, the impact of national policies differs among different States. The commitments of the country under WTO, SAARC, Indo-Sri-Lanka Trade Agreement, Free Trade Area Framework under ASEAN+, Bilateral agreements with Malaysia and Thailand etc. have opened the floodgates of competition and have adversely affected the agricultural sector of the State, dominated by cash crops. Income originating from agricultural sector has shown negative growth in four years during the period 1994-95 to 2003-04. Even when they showed positive growth rates, they ranged only between 1.23 to 1.92 per cent. The state of Kerala's agricultural sector can be judged by the fact that income from agriculture sector had registered an absolute decline from Rs.7402 crores in 1996-97 to Rs.5475 in 2003-04. Due to declining prices of some of the major plantation crops, misery, destitution, starvation and suicides are widely prevalent in the once prosperous plantation regions of Kerala. This has increased the expenditure commitments of the State government, even while the severe decline in agricultural income has affected tax mobilisation by the State during the second half of the nineties. The Twelfth Finance Commission must take cognisance of the woes of Kerala's plantation sector following the opening up of the national economy, and its impact on both the revenue and expenditure fronts.

Twelfth Finance Commission Award and the State Plan-2005-06 to 2009-10

The influence of the Finance Commission in determining the size of the States' plan is not often appreciated. It is the balance in the current revenue account (non-plan account) that forms the nucleus of plan funds for the states. It is the policy of the Finance Commission with regard to tax sharing and grants that largely determines this surplus in the non-plan account. Kerala's share in the non-plan surplus of all states after devolution of tax shares and all grants was 4.1 per cent under the tenth Finance Commission awards. It came down to 3.2 per cent under the award of the Eleventh Finance Commission. Kerala's share will go down steeply to just 1 per cent under the award of the Twelfth Finance Commission. As a result, the per capita non-plan surplus of Kerala even after getting tax shares as well as all grants awarded by the Finance Commission will be only Rs. 2245 as against the all states average of Rs.5238. The state's per capita surplus will be much less than that of the neighboring states of Andhra Pradesh (Rs.5642), Tamil Nadu (Rs.7475) and Karnataka (Rs.11903). It is also much lower than that of other developed states like Gujarat (RS.7760), Haryana (12714) and Maharashtra (Rs.6554). Thus the state faces a major handicap with respect to its plan financing during the current year and the next four years as a result of the Twelfth Finance Commission's award.

Common Minimum Programme (CMP) and Kerala's Finances

While the CMP of the United Progressive Alliance (UPA) may augur well for the country as a whole, it need not necessarily augur well for the State Plan Finances. It is quite unlikely that the NDC formula for distributing Central Plan Assistance among States is altered. There is however every likelihood that the Central plan and Centrally Sponsored Schemes will be proliferated as instruments for achieving national priorities of the UPA government. Most of these schemes are likely to address only the first-generation problems and millennium goals in primary education, primary healthcare etc. Reduction of poverty may also get importance. But these schemes may not be very relevant for Kerala, as they may not address the second-generation problems unique to the State. Besides, some of the schemes like Food for Work, Employment Guarantee etc. in their present formulation may not be benefiting the State due to the higher minimum wages already prevailing in the State and the peculiarity of the State's unemployment problem. The State's priorities may be also in conflict with the priorities of the international funding agencies, the dependence on whom in plan financing is increasing steadily. In a way, it is these priorities conflicting with those of the Central government and the funding agencies arising out of the different stages of social development and the resultant problems, which are at the root of the steady decline in the role of Central transfers accentuating the fiscal crisis of the State.

Endnotes

[1] For more details about the origin and dimensions of Kerala's fiscal crisis, See George K.K, *Limits to Kerala Model of Development*, Centre for Development Studies, Thiruvananthapuram, 1999. The book traces the evolution of Kerala's fiscal crisis from 1974-75 to 1997-98. The book also discusses the contributory factors for the crisis. The impact of fiscal crisis on the State's development crisis and the development options available to the State are also discussed in the book.

[2] Not that we give much importance to this distinction between revenue expenditure and capital expenditure. See I.S. Gulati "Reducing the Fiscal Deficit" Economic and Political weekly (EPW), July-20, 1991 and "Tackling the Growing Burden of Public Debt", EPW, May-1, 1993. As may be seen from our discussion later in this paper, the financial returns from capital expenditure (capital outlay, investments and loans given by government) are not much different from those of the revenue expenditure. The returns from capital expenditure come back to the State budget directly by way of dividends and profits, interest and user charges and indirectly as tax revenue. As far as Kerala is concerned, the rate of dividend and the rate of interest are lower than the ratio of non-tax revenue receipts to revenue expenditure.

[3] It is quite possible that this ratio for Kerala is an exaggerated one as a good portion of the plan transfers by way of grants from the state government to the local bodies is used for capital expenditure by the latter.

[4] Based on Annexure VII.3, Twelfth Finance Commission Report, p.409.

[5] Despite the much bigger loss to the state, the Twelfth FC's report did not create much of a stir in Kerala for some inexplicable reasons.

b) Jangira N.K, *Learning Achievements of Primary School Children in Reading and Mathematics: Research based Interventions in Primary Education*, NCERT, New Delhi, 1994

c) Kerala Sasthra Sahitya Parishad, *Report of the Kerala Education Commission*, Kochi, 1999.

d) Tilak.J.B.G., *Higher Education and Development in Kerala*, Working Paper No.5, CSES. Kochi, 2001.

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1) George.K.K. and Krishnakumar.K.K., *Fiscal Management In Kerala: Constraints And Policy Options*, Working Paper No.9, CSES. Kochi, 2003.

2) George.K.K., *Limits to Kerala Model of Development*, Centre for Development Studies, Thiruvananthapuram, 1999.

3) Panikar.P.G.K. and Soman.C.R, *Health Status of Kerala*, Centre for Development Studies, Thriruvananthapuram, 1985.

DEVELOPMENT- THE PEOPLE'S WAY

A brief overview of developmental paradigm in Tripura

Manik Sarkar

Tripura is one of the eight sister states of the North East region. North East India brings only images of insurgency to the mind of most people. But actually this region is strategically located at the confluence of five countries viz. Bangladesh, Myanmar, China, Bhutan and Nepal. At the dawn of a distinctly Asian Age, this region bears the promise of helping India emerge as one of the most crucial players in the economic and geopolitical space of this century. A vibrant developed North East can play an important part in taking India to that level.

North East India has an abundance of natural and human resources and yet it is one of most backward region because of the lack of basic infrastructure of road, rail, air network, waterways, and power & telecom connectivity. Insurgency that has been wreaking havoc in this region is also directly related to this backwardness. Secessionism is also being fuelled by agencies like ISI and CIA operating from the soil of the neighboring countries, especially Bangladesh. It is in this backdrop of backward infrastructure and insurgency that Tripura has to be seen.

Tripura – background

Tripura is the third smallest state in India with an area of sq 10.492 km. It was a princely state. The Manikya dynasty ruled the state through 184 generations. It merged with India in October 1949. Prior to partition, Tripura was linked to Calcutta and other places both by road as well as rail. However, partition resulted in Tripura getting engulfed by the then East Pakistan (now Bangladesh). Almost all trade, commerce and communication links with India were snapped. Partition also caused a heavy influx of Bengali refugees. This changed the demography of the once tribal majority state. As per 2001 census, population of the state is 31.91 lakhs with 31% ST population and 17% SC population. More than half of the population is living below the poverty line. Compounding these problems is the fact that Govt of India has traditionally neglected this region.

Till 1977, administrative structure was weak and people were basically at the mercy of nature. At that time there were three districts and ten subdivisions. There were no urban local bodies except in Agartala, the capital. Panchayati Raj Institutions were defunct. Administration was absent from most parts of the state. Education/ Health Care infrastructure was far below the desired level & unable to cater to the minimum needs of the people. Provision of drinking water was rare in most areas. Public Distribution System was largely non-existent. Especially, in tribal areas, conditions were terrible. There was no administrative structure to plan for the development of tribal areas. There was no official recognition for Kokborok, the language used by the majority of tribals. Reservation for Tribals in education and employment was not adhered to. In forest areas, tribals were used as bonded labor by forest officials.

Tripura under the Left Front Governments

The first Left Front Government was formed in 1978, led by Late Shri Nripen Chakraborty. In 1983, the Left Front Government was reelected. In 1993 the third Left Front Government assumed charge under the leadership of Late Shri Dashrath Deb. The fourth-Left Front Government assumed charge on 11th March 1998 and the Fifth Left Front Government took over in March 2003.

Left Front Government started decentralization of administration. Today there are 4 districts, 15 subdivisions and 40 RD blocks. Panchayati Raj System has 4 Zilla Parishads, 23 Panchayat Samities, 35 Block Advisory Committees and 1040 Gram Panchayats. There are twelve Nagar Panchayats and one Municipal Council for Agartala. After the Left Front came to power, reservation for ST and SC was strictly enforced and the reservation act was brought in 1991. Kokborok was made the 2nd official language in 1979 and it was made a medium of instruction at primary level. Recently a Bhasha Commission was set up to examine how the language could be promoted. Most importantly, the TTAADC (Tripura Tribal Areas Autonomous District Council) was constituted under the Sixth Schedule of the Constitution, in 1985. Since then, a lot of things have improved, though the task ahead is equally arduous.

Constraints & Strengths of Tripura

Tripura, due to geographical & historical reasons faces a number of problems like:

- Geographical isolation from main land
- Poor connectivity by road, rail, waterways & air
- Difficult & costly transportation
- Prices of commodities are very high. Poor tele-connectivity & postal services.
- Poor physical infrastructure
- Poor accessibility to market
- Rugged Topography & terrain of the State
- Land for agriculture & other purposes is limited because a large area is under forests
- Poor credit flow through Banks (CD ratio 29%)
- Cross-border Militancy in the State

However, Tripura is also blessed with a number of natural resources and advantages, which if harnessed properly can boost the economic development of the state.

- Financial discipline – No overdrafts since 1998
- Vibrant Panchayati Raj Institutions - commitment to 73rd and 74th Constitutional Amendment.
- Peoples' participation in development plans – (Bottom up approach)
- Strategic Location - Proximity to International markets
- High literacy rate
- Good health indicators
- Fertile soil
- Well distributed rainfall in abundance (2200 MM)
- Vast reserve of hydrocarbons (Confirmed reserves of 30 BCM & 24 BCM assessed as recoverable)
- 2nd largest producer of rubber
- Scope for Horticulture development as excellent pineapple, jackfruit, orange, banana & lemon etc is grown in abundance
- Good quality bamboo production and a developing handicraft industry

Aims

The Left Front Government faces the challenge of bringing development despite all constraints. The governments main focus is people especially the poorer and deprived sections of the society. Broad objectives of the government are:

- Improvement of standards of living of our people with special emphasis of people living below the poverty line
- Education for all people up to class-VIII;
- Health care for all
- Special focus on ST/SC/OBC and religious minorities;

Skill development and employment generation for youth

Approach & Achievements in brief

To achieve the above aims, the Left Front Government has adopted the following approach or action plan to meet the targets of development.

- Decentralization & Participative Planning To achieve all this, one major methodology is Decentralization & Participative Planning. Administrative decentralization has been detailed above. Panchayati Raj Bodies are vibrant and effective. They are involved in all government programmes, site selection, beneficiary selection, implementation and monitoring.. Decentralized planning is basically a bottom–up approach. In rural areas it is called 'Gramoday' and involves the preparation of village level plan through Gram Sangsads. These plans are consolidated at the Block level. Finally, Block level plans help make the district plan at the Zilla Parishad. A similar process called the 'Nagaroday' is used for urban areas. This decentralized system of planning has ensured that the government is responsive to the needs of the people. This not only ensures that people's aspirations are met, but also prevents pilferage of public money. As people get what they demand, any lack becomes very apparent to the people. This system has helped Tripura have a very transparent and accountable system of government.
- Land Reforms- Before the Left Front Government there were no radical land reforms. It initiated systematic land reforms, which form the basis of our socio-economic equality. The Left Front introduced an amendment in Tripura Land Reforms Act to provide for restoration of alienated tribal land. Restoration of their land was done along with compensation. Every year landless and homeless families are allotted land. Till September 2005, about 2,338,883.67 Acres of land had been allotted to 1,83,123 families.
- Infrastructure development. - Development of infrastructure road, rail, air connectivity, waterways, proper telecommunication network, power irrigation etc to tap resources.
- Roads- Today, roads have connected 85 % hamlets with over 250 population. Attempt is being made to connect each and every habitation with all-weather roads on the basis of a core network. Since 1978 total road length has increased almost four times. The government is trying hard to get the National Highway four- laned and aligned along the railway tracks. Government will try to get the four laned highway extended to the southern end of Tripua.
- Railway will hopefully come to Agartala by 2007. People of Tripura have been demanding rail connectivity since a long time. Thousands of people had to go to jail during the struggle for getting rail connectivity. At that point of time, only 45 Km rail network was there in Tripura. The government will try to get the rail network

extended upto Sabroom, southern most tip of Tripura, which is only about 70 Km from Chittagong port in Bangladesh. Once this is done Tripura can become a gateway between North East India and South East Asia.

- Telecom - About 787 Revenue villages out of 874 villages (90%) have been covered by telecom network. Earlier, there was no connectivity at block level. Telephone connections have increased from 2,312 to 85,845. Mobile services are spreading throughout the state.
- Power - Approximately 56% of revenue villages have power supply. Till March 2005, 50,598 Kutir Jyoti connections had been given. ONGC and the government are setting up a 750 MW power project. Tripura is virtually floating on gas. Mineral oil reserves may also be present in Tripura.
- Irrigation - 80% of irrigable area has been brought under irrigation. From 28,800 Ha, irrigated area has increased to 82005 Ha. Now attempts are being made to bring the entire irrigable area under irrigation.
- Drinking Water – Provision of safe drinking water to every habitation is a matter of high priority. Earlier, in rural areas there were few drinking water sources. Today, there is no dearth of drinking water sources. Now focus has shifted from only coverage to supply of safe, potable drinking water. About 45% of hamlets are fully covered with safe drinking water supply and another 40% have been partially covered. The government is trying to extend piped water supply in rural areas.
- Education- School dropout rate has decreased in primary stage from 50.13% to 19.68% and in upper primary stage from 68.23 & to 29.86% during the last seven years. The Left Front Government has opened about one thousand and five hundred new schools. Literacy has gone up from 42% to the present 73.66%.
- Health - The Government has set up a Government Medical College, introduced MRI, CT Scan services, a state of art Pathology Lab and telemedicine centers to provide tertiary health care & medical education in this isolated state. Seven new hospitals and 56 new PHCs / Rural Hospitals have been opened. Sub-Centres have increased almost five times. One district has achieved total sanitation status (South Tripura) and other three will follow shortly. Improvements in human development indicators can be seen below:

Indicator	Tripura	India
Birth Rate	14.50	25.00
Death Rate	5.50	8.10
IMR	32.00	63.00
MMR	4.00	4.37

- PDS - In Tripura, malnutrition cases are very rare. There are no starvation deaths. Tripura's Public Distribution System is among the best in the country, with a minimum of 1 FP shop in every Panchayat. Number of FP shops has increased from 715 to 1434.
- Perspective Plans for self-sufficiency in food production viz. food grains, fish, milk, meat, eggs, fruits and vegetables by 2000 – 2012. Yearly targets are set and by and large achieved. Already our cropping intensity, seed replacement rate and productivity have bettered the national average.
- Special Development Packages for the weaker sections of the society (ST/SC, OBC &RM). In the year 1998 a 25 point Tribal Development Package was announced and after its successful implementation now a 37 Point Tribal Welfare Package has been launched. 44 Point Development Package for SC, OBC, RM Communities(2000) has

been implemented and now a 33 Point Special Development Programme for welfare of SC, OBC, & Minorities (2003-2007)

- Action plan for women, children, old and handicapped An Action Plan for women & handicapped is under implementation. Women are given joint ownership whenever land is allotted. There is reservation for women in Panchayati Raj Institutions and Urban Local Bodies including posts of office bearers. Equal wages are given to women. Women help desks have been set up in all Police Stations. Women Police Stations are being set up. One family court has been set up and two more are being set up. Mid Day Meals are provided to all children of 0-6 yrs age group. National Old Age Pension beneficiaries have increased from 35,000 to 84,000 in the last 7 years. Reservation in employment for physically handicapped has been introduced. Barrier free buildings are being introduced.
- Employment generation and economic development
- Swavalamban - A scheme called Swavalamban was launched in June 2001. It aims at increasing self-employment. It focuses on skill upgradation and entrepreneurship training; financing through banks with 25% subsidy support, marketing linkages and close monitoring by a society formed under the Societies Act.
- Rubber has been promoted on a large scale. Today, Tripura is India's second largest producer of natural rubber. Plantation covers 29,200 Ha of land. There is potential for 100,000 Ha rubber plantations and effort is being made to achieve this. Rubber plantation has helped in rehabilitation of Jhumias and also in ensuring that land remains with tribals. Rubber wood is also being promoted as an eco friendly wood.
- Bamboo mission is being launched to leverage the excellent bamboo and handicraft sector.
- Forests are being promoted as livelihood source for forest dwellers. This has helped not only in giving income to tribals who have been living in forest for centuries but has also helped in the preservation and augmentation of forests. This is being done through Joint Forest Management. Area under tree cover has increased to 77% as per FSI though recorded forest area is only 60%. Best JFM Award has been given by Ministry of Environment.
- SHGs - The state has also witnessed a surge in the Self Help Groups. There are about 20,500 SHGs, most of them comprising of ST, SC and women members.
- Development of Growth Centres in rural areas - 60 locations have been identified as potential growth centers – to develop urban infrastructure in rural areas. This is an ambitious project aimed at developing infrastructure in rural areas to help in poverty reduction and improve economic development of backward areas. 17 growth centers have been launched.
- Investors are now coming to Tripura to set up steel plants, gas based industries, electronics industry, rubber based, bamboo based, fruit processing industries etc. It is hoped that in the coming years, there will be healthy industrial development of the state
- Tripura's economy (NSDP) by Planning Commission estimates grew at 7.25% compared to India's 6.68%.

Face of Tripura has started changing. From an isolated impoverished area Tripura has started transforming itself into a society that is marching ahead towards peace and development. All this is despite the constraints of geographical isolation, lack of infrastructure & construction materials and ofcourse insurgency etc.

Living contact with the masses

More than all these, the hallmark of the Left Front Government is its responsiveness to people. Due to the peculiar conditions of this area, there are bound to be problems. However, what distinguishes the government is that it is always there to stand by its people. It is this characteristic that has ensured that the reach of the government has been growing in the most interior areas.

Progress and future

To advance further and to become self reliant, the state needs good infrastructure. Govt of India will have to help the state Government. Nationalized banks need to take a proactive role in increasing credit disbursement. Tripura has been facing the problem of insurgency for more than two decades. Indo-Bangladesh border should be effectively sealed. Once border fencing is completed, it is expected that insurgency will also reduce. Government of Bangladesh should be persuaded to demolish camps of Indian extremists on their soil and handover all Indian extremists harboring therein to Govt. of India. There should be positive initiative for development of trade & commerce between Bangladesh & India. This would be a win-win situation for both.

Tripura has been able to develop a more equitable society. There is communal and ethnic unity. With the good human resources it possesses, it has the potential to become a very developed state. People of Tripura have risen to challenges in the past and it is hoped that with their support, the government will be able to take Tripura to a better future.

ജെൻഡർ ബജറ്റിംഗ്

ബൃന്ദ കാരാട്ട്

ധനമന്ത്രി പി. ചിദംബരത്തിന്റെ ബജറ്റ്പ്രസംഗത്തിൽ ജൻഡർ ബജറ്റിംഗിനെക്കുറിച്ചുള്ള പരാമർശം വനിതാപ്രസ്ഥാനങ്ങൾക്ക് താല്പര്യമുള്ള ഈ വിഷയത്തെ നിയമനിർമ്മാണ സഭ ചർച്ചയുടെ പരിസരത്തേക്ക് കൊണ്ടുവന്നിരിക്കുകയാണ്. ദൗർഭാഗ്യകരമെന്നു പറയട്ടെ, ബജറ്റിനെ സംബന്ധിച്ച് സംസാരിച്ച പാർലമെന്റംഗങ്ങൾ ഈ വിഷയത്തെ അവഗണിക്കുകയാണുണ്ടായത്. 1984ൽ ആസ്ട്രേലിയൻ സർക്കാരാണ് പൊതുവരവ് ചെലവ് കണക്കുകളെ ലിംഗപദവി കാഴ്ചപ്പാടിലൂടെ കാണാനുള്ള ശ്രമത്തിന് തുടക്കം കുറിച്ചത്. സർക്കാരിന്റെ സാമ്പത്തിക നയങ്ങൾ പുരുഷന്മാരെയും ആൺകുട്ടികളെയും ബാധിക്കുന്നതിൽ നിന്ന് വ്യത്യസ്തമായി എപ്രകാരം സ്ത്രീകളെയും പെൺകുട്ടികളെയും ബാധിക്കുന്നു എന്ന പരിശോധനയാണ് ഇത്കൊണ്ട് ലക്ഷ്യമാക്കുന്നത്. തുടർന്ന് ഇതുവരെ ഏകദേശം 40ഓളം രാജ്യങ്ങൾ ഈ രീതി പ്രയോഗത്തിൽവരുത്തിയിട്ടുണ്ട്. ഇതിൽ ഏറ്റവും സമഗ്രമായ അനുഭവസമ്പത്തുള്ളത് ദക്ഷിണാഫ്രിക്കയ്ക്കാണ്. അവിടെ 1995 മുതൽ എല്ലാ മന്ത്രാലയങ്ങളെയും 'ജൻഡർ ആഡിറ്റിംഗി'ന് വിധേയമാക്കുകയും അസമത്വങ്ങൾ കണ്ടെത്തി അവ പരിഹരിക്കുന്നതിനുള്ള നടപടികൾ സ്വീകരിക്കുകയും ചെയ്യുന്നു.

ജൻഡർ ബജറ്റ് തയ്യാറാക്കുന്നതിന് വിവിധ വശങ്ങളുണ്ട്. ഇപ്പോൾ ധനമന്ത്രി പ്രഖ്യാപിച്ച തരത്തിൽ ജൻഡറിനെ അഥവാ ലിംഗപദവി വ്യത്യാസത്തെ അടിസ്ഥാനമാക്കിയുള്ള വിവരശേഖരണമാണ് ഒരു പ്രധാനപ്പെട്ട വശം. സ്ത്രീകൾക്കും കുട്ടികൾക്കും വേണ്ടിയുള്ള പദ്ധതികളുടെയും പരിപാടികളുടെയും രൂപകല്പനയോടൊപ്പം ഈ പ്രത്യേക വനിതാപദ്ധതികൾക്കും പൊതുപദ്ധതികളിലെ വനിതാ ഘടകങ്ങൾക്കും എത്ര തുക യഥാർത്ഥത്തിൽ മാറ്റിവയ്ക്കപ്പെടുന്നുണ്ട് എന്നതും പ്രധാനമാണ്. ഉദാഹരണത്തിന് സ്ത്രീകളുടെ പരിശീലനത്തിനും വൈദഗ്ധ്യം വർദ്ധിപ്പിക്കുന്നതിനുമുള്ള പദ്ധതികൾക്ക് സർക്കാർ കൂടുതൽ തുക വകയിരുത്തിയേക്കാം. എന്നാൽ ഈ പദ്ധതികളിൽ സ്ത്രീകളുടെ 'പരമ്പരാഗത ധർമ്മ'ങ്ങളിൽ മാത്രം ഊന്നുന്നവയായാലോ? സ്ത്രീകളെ കൂടുതൽ നന്നായി തുന്നാനും പാചകം ചെയ്യാനും പരിശീലിപ്പിക്കുന്ന സ്ഥാപനങ്ങൾക്ക് കൂടുതൽ പണം അനുവദിക്കുന്നത് ശരിയായ ലിംഗപദവി കാഴ്ചപ്പാടോടെയാണെന്ന് അംഗീകരിക്കാനാവില്ല.

പൊതുനയങ്ങൾ സ്ത്രീകളെ എങ്ങനെ ബാധിക്കുന്നു എന്നതാണ് മറ്റൊരു പ്രധാന വശം. അവശ്യസാധനങ്ങളുടെ വില വർദ്ധിക്കുന്ന തരത്തിൽ എക്സൈസ് തീരുവ വർദ്ധിപ്പിക്കുന്നത് സ്ത്രീകളെയായിരിക്കും കൂടുതൽ ബാധിക്കുക. കാരണം പുരുഷാധിപത്യവ്യവസ്ഥ നിലനിൽക്കുന്ന ഒരു സമൂഹത്തിൽ ഇത്തരം ദുരിതങ്ങളുടെ അധികഭാരം പേറേണ്ടിവരുന്നത് സ്ത്രീകളാണ്.

മേൽപറഞ്ഞതിൽനിന്നും ജൻഡർ ബജറ്റിംഗ് എന്ന ആശയം സ്ത്രീകളുടെ ഉന്നമനത്തിന് പ്രയോജനപ്പെടുന്ന ഒരു ഉപകരണമായി മാറണമെങ്കിൽ സമത്വത്തിലും ജനാധിപത്യത്തിലും അധിഷ്ഠിതമായ ഒരു കാഴ്ചപ്പാട് കൂടിയേ തീരു എന്നത് വ്യക്തമാണ്.

ആഗോളതലത്തിലുള്ള അനുഭവത്തിന്റെ അടിസ്ഥാനത്തിൽ ഇന്ത്യയിലെ വനിതാപ്രസ്ഥാനങ്ങൾ ജൻഡർ ബജറ്റിംഗിനെപറ്റിയുള്ള അവരുടെ നിലപാട് രൂപപ്പെടുത്തേണ്ടതുണ്ട്. ജൻഡർ ബജ

റ്റിംഗ് സംബന്ധിച്ച പഠനങ്ങളും ചർച്ചകളും വിവിധ രാജ്യങ്ങളിലെ അനുഭവങ്ങളും പരിശോധിക്കുമ്പോൾ മനസ്സിലാകുന്ന വസ്തുത ഇവ സാധാരണയായി പൊതുസാമ്പത്തിക നയങ്ങളെക്കുറിച്ച് നിശ്ശബ്ദത പാലിക്കുന്നു എന്നതാണ്. മുഖ്യധാരാ നയങ്ങൾ സ്ഥിരവും മാറ്റാൻ കഴിയാത്തതുമാണെന്ന ധാരണയിൽ തങ്ങൾക്ക് ചെയ്യാവുന്നത് ലിംഗപദവി വ്യത്യാസത്തെക്കുറിച്ചുള്ള പ്രശ്നം മുഖ്യധാരയിലേക്ക് കൊണ്ടുവരിക മാത്രമാണ് എന്ന സമീപനമാണ് ഇവർ വച്ചുപുലർത്തുന്നത്. ലോകബാങ്കിന്റെയും അന്താരാഷ്ട്ര നാണയനിധിയുടെയും (ഐ.എം.എഫ്) അടുത്തിടെയുള്ള രേഖകളിൽ ജൻഡർ ബജറ്റുകളുടെ പ്രാധാന്യത്തെപ്പറ്റി പറയുന്നുണ്ട്. ലോകബാങ്ക് തയ്യാറാക്കിയ ദാരിദ്ര്യലഘൂകരണ നയരേഖകളിലും ഐ.എം.എഫ് ചില രാജ്യങ്ങളിൽ നടപ്പിലാക്കിയ കടാശ്വാസപദ്ധതികളിലും ലിംഗപദവിയെ മുഖ്യധാരാ ചർച്ചകളിലേക്ക് കൊണ്ടുവരുന്നതും ലിംഗപദവി പരിഗണനയോടുകൂടി ബജറ്റ് തയ്യാറാക്കുന്നതും 'നല്ല ഭരണക്രമ'ത്തിന് (good governance) അനിവാര്യമായ ഘടകങ്ങളായി ഉൾപ്പെടുത്തിയിട്ടുണ്ട്. ജെൻഡർ ബജറ്റിനെ സംബന്ധിച്ച പഠനം നടത്തുന്ന താൻസാനിയയിലെ ഇൻസ്റ്റിറ്റ്യൂട്ടിന്റെ ഡയറക്ടർ മേരി റുസുമ്പി പറയുന്നു: "ലോകബാങ്ക് പോലുള്ള ആഗോളസ്ഥാപനങ്ങളിൽനിന്നും സർക്കാരിനു ലഭിക്കുന്ന സഹായം വളരെ ദോഷകരമാണ്. സ്ത്രീകളെയും പുരുഷന്മാരെയും സംബന്ധിച്ച് പുരോഗമനവിരുദ്ധമായ പല നിർദ്ദേശങ്ങളും അവരുടെ ഭാഗത്തുനിന്നും വന്നിട്ടുണ്ട്. ചെറുകിട കർഷകർക്കുള്ള സബ്സിഡികൾ പിൻവലിക്കണമെന്നാണ് ഒരു നിർദ്ദേശം. ഈ വിഭാഗത്തിൽപ്പെടുന്നവരിൽ ഭൂരിപക്ഷവും പാവപ്പെട്ട സ്ത്രീകളാണ്. ഈ നയങ്ങളെയൊന്നും സ്ത്രീപക്ഷകാഴ്ചപ്പാടോടു കൂടി പരിശോധിക്കാൻ തയ്യാറാകുന്നില്ല".

ഇങ്ങനെ ലോകബാങ്കും ഐ.എം.എഫും നവ ഉദാരവൽകൃത സാമ്പത്തിക ചട്ടക്കൂടിനകത്തുനിന്ന് അടിച്ചേല്പിക്കുന്ന പൊതുനയങ്ങൾ സ്ത്രീകൾക്ക് അങ്ങേയറ്റം ദോഷകരമാണെങ്കിലും ജെൻഡർ പരിഗണനാ ബജറ്റുകൾ സംബന്ധിച്ച അവരുടെ നിർവചനവും ആശയവും അംഗീകരിച്ചാൽ 'സ്ത്രീ പരിഗണന' നൽകുന്നവരുടെ ഗണത്തിൽ തങ്ങളെയും പെടുത്തണമെന്ന് അവർ വാദിച്ചേക്കും.

ഇന്ത്യയിലാകട്ടെ നവ ഉദാരവൽക്കരണ നയങ്ങൾ ഭൂരിപക്ഷം സ്ത്രീകളുടെ മേലും ഏല്പിച്ചിട്ടുള്ള ആഘാതം ഭീകരമാണ്. പരമ്പരാഗത ഫെമിനിസ്റ്റ് സംഘടനകളുടെ കാഴ്ചപ്പാടനുസരിച്ചുള്ള, സ്ത്രീകളും പുരുഷന്മാരും തമ്മിലും പെൺകുട്ടികളും ആൺകുട്ടികളും തമ്മിലുള്ള താരതമ്യകണക്കുകൾക്ക് അപ്പുറത്ത്, വർഗപരവും ജാതീയവുമായ അസമത്വങ്ങളും ന്യൂനപക്ഷങ്ങൾ അനുഭവിക്കുന്ന വിവേചനങ്ങളും കാണാൻ കഴിയുന്ന വിശാലമായ കാഴ്ചപ്പാട് രൂപീകരിക്കാൻ വനിതാ സംഘടനകളെ സഹായിക്കുന്നത് ഈ തിരിച്ചറിവാണ്. സാമ്പത്തിക ക്രമീകരണ നയങ്ങൾ മുഴുവൻ നടപ്പിലാക്കാൻ തുടങ്ങുന്നതിന് മുമ്പ്തന്നെ 1988ലെ രാജീവ്ഗാന്ധി സർക്കാരിന്റെ ദേശീയ പരിപ്രേക്ഷ്യ രേഖയെപ്പറ്റിയുള്ള വിമർശനത്തിൽ വനിതാസംഘടനകൾ ഇങ്ങനെ ചൂണ്ടിക്കാട്ടി: "ഇന്ത്യയിലെ സ്ത്രീകളുടെ പ്രശ്നങ്ങൾ ഏകസ്വഭാവമുള്ളതല്ല. വിവിധമേഖലകളിൽ നടപ്പിലാക്കുന്ന ദേശീയ വികസന നയങ്ങളുമായി സ്ത്രീകൾക്കുള്ള ബന്ധം പരിശോധിക്കാത്ത ഒരു വികസനനയം കേവലം ക്ഷേമപരിപാടികൾക്കുള്ള കുറിപ്പുകളായി മാറും. സ്ത്രീകളെ വികസനത്തിന്റെ മുഖ്യധാരയിലേക്ക് കൊണ്ടുവരണമെന്ന തരത്തിലുള്ള ശുപാർശകൾ, സ്ത്രീകളുടെ പാർശ്വവൽക്കരണത്തിനുള്ള കാരണം ഈ മുഖ്യധാരാ വികസന നയങ്ങളാണെന്ന യാഥാർത്ഥ്യം മറക്കുന്നു". മുഖ്യധാരയിലുള്ള നവ ഉദാരവൽക്കരണ നയങ്ങൾ സ്ത്രീപദവിയെ ഏറ്റവും ദോഷകരമായി ബാധിച്ചിട്ടുള്ള ഈ കാലഘട്ടത്തിലും മേൽപറഞ്ഞ വിമർശനം പ്രസക്തമാണ്.

ഐക്യ പുരോഗമന സഖ്യത്തിന്റെ പ്രഥമ ബജറ്റ് പരിശോധിച്ചാൽ മനസ്സിലാകുന്നത് ജെൻഡർ ബജറ്റിംഗിനെപ്പറ്റിയുള്ള ധനമന്ത്രിയുടെ പരാമർശം ലോകബാങ്കും ഐ.എം.എഫും കല്പിക്കുന്ന അർത്ഥത്തിലുള്ളതാണെന്നാണ്. യു.പി.എയുടെ പൊതുമിനിമം പരിപാടിക്കനുസരിച്ച് പല നല്ല ലക്ഷ്യങ്ങളും ബജറ്റ് പ്രസംഗത്തിലുണ്ടെങ്കിലും സ്ത്രീകൾക്കു വേണ്ടിയുള്ള പ്രത്യേക പദ്ധതികൾക്ക് ഗുണപരമായ മാറ്റമുണ്ടാക്കുന്ന തരത്തിലുള്ള പണമൊന്നും വകയിരുത്തിയതായി കാണുന്നില്ല. ബജറ്റ് വിശകലനം നടത്തിയ വിദഗ്ധർ അഭിപ്രായപ്പെട്ടിട്ടുള്ളത് സർക്കാരിന്റെ സാമൂഹിക ഉത്തരവാദിത്തങ്ങളിൽ നിന്നുമുള്ള പിന്മാറ്റത്തെയും സ്വകാര്യവൽക്കരണ പ്രവണതയെയും സൂചിപ്പിക്കുന്നതാണ്, വകയിരുത്ത

പ്പെട്ട തുകയിലുള്ള ഈ കുറവെന്നാണ്. മറ്റൊന്ന്, ഇന്ത്യയെ ബാധിച്ചിട്ടുള്ള കാർഷിക പ്രതിസന്ധിയുടെ രൂക്ഷതയെക്കുറിച്ചും ഗ്രാമീണ മേഖലയിലെ ദരിദ്രരുടെ–വിശേഷിച്ചും സ്ത്രീകളുടെ–ദയനീയാവസ്ഥയെക്കുറിച്ചും വേണ്ടത്ര പരിഗണനയില്ല എന്നുള്ളതാണ്. ധനപരമായ ബുദ്ധിമുട്ടുകളുടെ പേരിൽ "ജോലിക്ക് കൂലി ഭക്ഷണം" പോലുള്ള പദ്ധതികൾക്ക് നൽകിയിട്ടുള്ള പരിമിതമായ ബജറ്റ് വിഹിതത്തെ ന്യായീകരിക്കുന്നുണ്ട്. എന്നാൽ, ഈ ബുദ്ധിമുട്ടൊന്നും പ്രതിരോധച്ചിലവുകൾ വർദ്ധിപ്പിക്കുന്നതിന് തടസ്സമായില്ല. ബജറ്റിലെ വകയിരുത്തലിലെ ഈ വ്യത്യാസം സർക്കാരിന്റെ മുൻഗണനകളെക്കുറിച്ചു തന്നെ സംശയങ്ങൾ ഉണർത്തുന്നു. ഇവ പലപ്പോഴും സ്ത്രീകളുടെ കാര്യത്തിൽ പ്രത്യക്ഷമായി വിവേചനം നിറഞ്ഞതാണ്.

ദേശീയജനാധിപത്യസഖ്യ സർക്കാർ 2002–03ലെ ബജറ്റിൽ ദരിദ്ര സ്ത്രീകൾക്ക് വേണ്ടി വകയിരുത്തപ്പെട്ട തുകയിൽ 300 കോടി രൂപയോളം ചെലവഴിക്കാതെ ഈ വിഭാഗങ്ങളുടെ പ്രശ്നങ്ങളോടുള്ള പുച്ഛമോ താല്പര്യമില്ലായ്മയോ പ്രകടിപ്പിച്ചിരുന്നു. ഇതിന്റെ തുടർച്ചയായാണ് ഈ വർഷം ഫെബ്രുവരിയിൽ ജസ്വന്ത്സിംഗ് അവതരിപ്പിച്ച ഇടക്കാല ബജറ്റിൽ ഈയിനത്തിൽ 200 കോടി രൂപ കുറവുവരുത്തിയത്. ഈ പ്രവണത തിരുത്തുന്നതിനു പകരം ചിദംബരത്തിന്റെ ബജറ്റിലും മാനവവിഭവശേഷി വകുപ്പിന്റെ കീഴിൽ വരുന്ന സ്ത്രീകളെയും കുട്ടികളെയും സംബന്ധിക്കുന്ന പദ്ധതികളിലെല്ലാം ഈ കുറവ് അതേപടി നിലനിർത്തിയിരിക്കുന്നുവെന്നത് ഞെട്ടലുളവാക്കുന്നുണ്ട്. ഗ്രാമീണ ദരിദ്രവിഭാഗങ്ങളിലെ കുട്ടികൾക്ക് ആശ്രയമായ സംയോജിത ശിശുവികസന പദ്ധതിക്കും മറ്റ് ശിശുക്ഷേമ പദ്ധതികൾക്കുമായുള്ള തുകയിൽ 58 കോടി രൂപ കുറവ് വരുത്തിയിരിക്കുന്നു. ഇപ്പോൾ ഐ.സി.ഡി.എസ് അങ്കണവാടികൾ മുഖേന 23 ദശലക്ഷം കുട്ടികൾക്കാണ് പ്രയോജനം ലഭിക്കുന്നതെങ്കിൽ യഥാർത്ഥത്തിൽ 60 ദശലക്ഷം കുട്ടികൾക്ക് ഈ സേവനം ആവശ്യമാണ്. ഐ.സി.ഡി.എസ് പുനഃസംഘടിപ്പിച്ചുകൊണ്ട് ശിശുക്ഷേമ പദ്ധതികൾ വിപുലീകരിക്കുകയാണ് ഇന്നത്തെ ആവശ്യം. ഇതിന് ഫണ്ട് കൂട്ടുകയാണ് വേണ്ടത്, കുറയ്ക്കുകയല്ല. 2002–03 ബജറ്റിൽ വളരെ കുറഞ്ഞ തുകയായ 212 കോടി രൂപയാണ് വനിതാക്ഷേമ പദ്ധതികൾക്ക് വകയിരുത്തിയിരുന്നത്. ഇതിന് യാതൊരു ന്യായീകരണവുമില്ല. മറിച്ച്, വിധവകൾക്കും ഭർത്താക്കന്മാർ ജോലി അന്വേഷിച്ച് നാടുവിടുന്നതുമൂലം സ്ത്രീകളുടെ വരുമാനം കൊണ്ടു മാത്രം കഴിയുന്ന നയിക്കുന്ന കുടുംബങ്ങൾക്കും നൽകേണ്ട അടിയന്തിര സഹായത്തെപ്പറ്റി ബജറ്റിൽ പറയുന്നതേയില്ല. സ്ത്രീകളുടെ വൈദഗ്ധ്യം വർദ്ധിപ്പിക്കുന്ന പരിശീലന പരിപാടികളെപ്പറ്റിയും പരാമർശമില്ല. സ്വയംതൊഴിൽ കണ്ടെത്തുന്ന സ്ത്രീകൾക്കും സംഘങ്ങൾക്കും വായ്പ നൽകാൻ ഉദ്ദേശിച്ച് തുടങ്ങിയിട്ടുള്ള ദേശീയ മഹിളാ നിധിക്കും ഒരു കോടി രൂപ മാത്രമാണ് വർദ്ധനവ് വരുത്തിയിട്ടുള്ളത്. സ്വാഗതാർഹമായ ഏകകാര്യം ലൈംഗികചൂഷണത്തിന് വിധേയരായി വിൽക്കപ്പെടുന്ന സ്ത്രീകളുടെ പുനരധിവാസം തുക വകയിരുത്തിയിട്ടുണ്ട് എന്നതാണ്. എന്നാൽ ഇത്തരം പുനരധിവാസത്തിനായി സ്ത്രീകളുടെ ആവശ്യങ്ങളും ചോദനകളും അടിസ്ഥാനപ്പെടുത്തി രൂപകല്പന ചെയ്യേണ്ടതുണ്ട്.

മറ്റൊരു സുപ്രധാന മേഖലയാണ് ആരോഗ്യം. ആരോഗ്യമന്ത്രാലയത്തിന് കീഴിൽ രണ്ട് വകുപ്പുകളാണുള്ളത്. ഒന്ന് പൊതു ആരോഗ്യവും രണ്ടാമത് കുടുംബക്ഷേമമെന്ന നിർദ്ദോഷമായ പേരിൽ അറിയപ്പെടുന്നതും യഥാർത്ഥത്തിൽ ജനസംഖ്യാനിയന്ത്രണ നയങ്ങളുമായി ബന്ധപ്പെട്ടതും, പ്രജനനാരോഗ്യമാണ് പ്രവർത്തനങ്ങളാകട്ടെ മുഖ്യമായും സ്ത്രീയുടെ ഗർഭധാരണശേഷി തടയുക എന്ന ലക്ഷ്യം മുൻനിറുത്തിയുള്ളതാണ്. അവളുടെ മോശമായ പൊതു ആരോഗ്യസ്ഥിതിയെ അടിസ്ഥാനപ്പെടുത്തിയതല്ല. ഭാഗ്യവശാൽ, ഇത്തവണ പ്രജനനാരോഗ്യ പരിപാടികൾക്കല്ല പ്രാമുഖ്യം നൽകിയിട്ടുള്ളത്. ബജറ്റ് വിഹിതത്തിൽ വരുത്തിയിട്ടുള്ള 500 കോടി രൂപയുടെ വർദ്ധനവ് മുഖ്യമായും പോളിയോ നിർമ്മാർജ്ജനത്തിനാണ്. പ്രസവാനുകൂല്യപദ്ധതികൾക്കുള്ള വിഹിതത്തിൽ മൂന്നിലൊന്ന് വർദ്ധനവുണ്ടായിയെന്നത് സ്വാഗതാർഹമാണ്. പൊതു ആരോഗ്യവകുപ്പിന് 200 കോടി രൂപ മാത്രമാണ് വർദ്ധനവ്. ഇത് പൊതു മിനിമം പരിപാടിയിൽ പറഞ്ഞിരിക്കുന്നതിൽ നിന്നും വളരെ കുറവാണ്. ഗ്രാമീണ ഇന്ത്യയിൽ പ്രാഥമിക ആരോഗ്യ സേവനത്തിനായി ഉദ്ദേശിക്കപ്പെട്ടതും എന്നാൽ കുടുംബാസൂത്രണ പരിപാടികൾക്ക് ഉപയോഗിക്കപ്പെടുന്നതുമായ 1.37 ലക്ഷം ഉപകേന്ദ്രങ്ങളുണ്ട്. ഈ കേന്ദ്രങ്ങൾ എങ്ങനെ മെച്ചപ്പെടുത്താമെന്നതിനെപ്പറ്റി ഒരു ആലോചനയും ചിദംബരത്തിന്റെ ബജറ്റിലില്ല.

യഥാർത്ഥത്തിൽ ഇവയ്ക്കുള്ള വിഹിതത്തിൽ 30 ലക്ഷം രൂപ കുറച്ചിരിക്കുകയാണ്.

1997–ലെ ബജറ്റിൽ ധനമന്ത്രി ചിദംബരം തുടങ്ങിവച്ച പരിഷ്കാരമാണ് ഭക്ഷ്യവിതരണത്തിലെ ടാർഗറ്റിംഗ് (ചില വിഭാഗങ്ങൾക്കായി പരിമിതപ്പെടുത്തൽ). ഇത് പൊതുവിതരണ ശൃംഖലയെ തകർത്തു. ഈ ആശയം വീണ്ടും ഇപ്പോഴത്തെ ബജറ്റിൽ അവതരിപ്പിച്ചിരിക്കുന്നത് ഭക്ഷ്യസുരക്ഷയുടെ കാര്യത്തിൽ ആശങ്ക ഉളവാക്കുന്നു. സർക്കാർ നിയോഗിച്ച സമിതികൾ ശുപാർശ ചെയ്തതും യു.പി.എ.യുടെ പൊതുമിനിമം പരിപാടിയിൽ ഉൾപ്പെടുത്തിയിട്ടുള്ളതും പൊതുവിതരണ ശൃംഖല സാർവ്വത്രികമാക്കുകയെന്നതാണ്. എന്നാൽ അതിനു പകരം 'ഫുഡ് സ്റ്റാമ്പുകൾ' എന്ന പദ്ധതി തുടങ്ങാനാണ് ബജറ്റിലെ നിർദ്ദേശം. ആന്ധ്രാപ്രദേശിലെ അനുഭവം വച്ചു നോക്കിയാൽ ഈ പദ്ധതി പാവപ്പെട്ടവരെ സംബന്ധിച്ചിടത്തോളം ദുരന്തത്തിലേക്കുള്ള കുറിപ്പടിയായി മാറുമെന്ന് ഉറപ്പാണ്.

ഈ ബജറ്റിന്റെ വെളിച്ചത്തിൽ വനിതാ പ്രതിനിധികളുടെയും സംഘടനകളുടെയും ഉത്തരവാദിത്തം 'ജെൻഡർ ബജറ്റിംഗ്' എന്ന ആശയത്തെ അരാഷ്ട്രീയവൽക്കരിക്കാനുള്ള ശ്രമത്തെ ചെറുക്കുക എന്നതാണ്. ഇന്നത്തെ നവ ഉദാരവൽക്കരണനയങ്ങളുടെ ചട്ടക്കൂടിനെ എതിർത്തുകൊണ്ട് ഈ ആശയത്തെ ലിംഗനീതിക്കായുള്ള വിശാല സമരവുമായി ബന്ധപ്പെടുത്തുക എന്നത് പ്രധാനമാണ്.

(1994 ൽ ഹിന്ദു ദിനപ്പത്രത്തിൽ പ്രസിദ്ധീകരിച്ച ലേഖനം)

കേരളത്തിലെ നദീജല വിനിയോഗവും കുടിവെള്ള സംരക്ഷണവും

ഇ ബാലാനന്ദൻ

(കേരളത്തിലെ നദീ ജലവും സമർത്ഥമായ മഴജലവും പ്രയോജനപ്പെടുത്തി വരൾച്ചയുടെയും ശുദ്ധജല ക്ഷാമത്തിന്റെയും കെടുതിയിൽ നിന്ന് കേരളത്തെ സമൃദ്ധിയിലേക്ക് നയിക്കുന്നതിന് ആവശ്യമായ നയത്തിന്റെ ഒരു ചെറിയ രൂപരേഖയാണ് ഈ കുറിപ്പിലൂടെ മുന്നോട്ടു വെയ്ക്കുന്നത്.)

പ്രകൃതിദത്തമായ ജലസമ്പത്തിന്റെ കാര്യത്തിൽ കേരളം ഇതര സംസ്ഥാനങ്ങളേക്കാൾ സമ്പന്നമാണ്. നമുക്ക് ചെറുതും വലുതുമായ 44 നദികളുണ്ട്. ഇതിൽ 41 എണ്ണം അറബിക്കടലിലേക്കും 3 എണ്ണം അയൽ സംസ്ഥാനങ്ങളിലേക്കുമാണ് ഒഴുകുന്നത്. ഇത് കൂടാതെ അനേകം ചെറുജലസ്രോതസ്സുകളും നമ്മുടെ മലകളിലുണ്ട്. ഇവിടെ ഏകദേശം ആറുമാസക്കാലം മഴയുണ്ട്. മഴവെള്ളത്തിന്റെ വാർഷിക ശരാശരി കണക്കാക്കിയിട്ടുള്ളത് 3000 മില്ലീ മീററായാണ്. ഇത് അഖിലേന്ത്യാ ശരാശരിയുടെ മൂന്നിരട്ടിയാണ്. ചില വർഷങ്ങളിൽ ഇതിന് ഏററക്കുറച്ചിലുകൾ സംഭവിക്കുന്നുണ്ട്. നദീജല സമ്പത്തിന്റെ അളവ് കഴിഞ്ഞ വർഷങ്ങളിലെ ശരാശരി പരിശോധിച്ച് കണക്കാക്കിയിട്ടുള്ളത് 72000 ദശലക്ഷം ഘനമീററാണെന്നാണ്. എന്നാൽ ഇതിന്റെ 8 ശതമാനത്തിന് താഴെ മാത്രമെ നാം ഉപയോഗപ്പെടുത്തുന്നുള്ളു. ഭൂഗർഭജലത്തിന്റെ 15 ശതമാനവും. പുറമേ ചില ശുദ്ധജലതടാകങ്ങളും കായലുകളും ഉണ്ട്. ജലസമ്പത്തിന്റെ പ്രധാനപ്പെട്ട ഉപയോഗങ്ങൾ ജലസേചനം, കൃഷിക്കുവേണ്ടിയുള്ള ജലസേചനം, വ്യവസായം, കാർഷിക-ഗാർഹിക ഉപയോഗം, വൈദ്യുതി ഉൽപ്പാദനം, ഓരു തടയൽ, മലിനീകരണം തടയൽ, മത്സ്യം വളർത്തൽ, ജലഗതാഗതം തുടങ്ങിയവയാണ്.

നമ്മുടെ സംസ്ഥാനത്തിൻെറ ഭൂപ്രകൃതി, കിഴക്കുനിന്നും കുത്തനെ താഴോട്ടു വന്ന് അറേബ്യൻ സമുദ്രത്തിൽ എത്തുന്നതാണ്. ശരാശരി 80 കിലോമീററർ വീതിയേ ഈ സംസ്ഥാനത്തിനുള്ളു. ഏകദേശം 48 മണിക്കൂർ കൊണ്ട് നദീജലം സമുദ്രത്തിൽ എത്തുന്നു. നമ്മുടെ നദീജലസമ്പത്തിൻെറ 90 ശതമാനവും അറേബ്യൻ സമുദ്രത്തിലേക്ക് ഒഴുകിപ്പോകുന്നു. വേനൽക്കാലത്ത് ജനങ്ങൾക്ക് കുളിക്കാനും, കുടിക്കാനും, കൃഷിനിലങ്ങൾ നനയ്ക്കാനും, വ്യാവസായികാവശ്യത്തിനും നമുക്ക് വെള്ളമില്ല. വലിയ വരൾച്ചയിലും വറുതിയിലും കേരളം കൊല്ലം തോറും പെടുന്നു. നമ്മുടെ ജലസമ്പത്തിൻെറ പകുതി എങ്കിലും പ്രയോജനപ്പെടുത്തിയാൽ എല്ലാ ആവശ്യങ്ങൾക്കും ജലം ലഭിക്കും. ഇതിൻെറ ഫലം കേരളത്തിലെ കൃഷിനിലങ്ങൾ നനയ്ക്കുന്നതിന് ആവശ്യമുള്ള വെള്ളം കിട്ടുമെന്ന് മാത്രമല്ല, കരപ്രദേശത്തിലെ കൃഷി യിടങ്ങൾ നനയ്ക്കുന്നതിനും ഭൂഗർഭ ജലവിതാനം ഉയർത്തി നിർത്തുന്നതിനും എല്ലാ പ്രദേശങ്ങളിലും കുടിവെള്ളം ലഭ്യമാക്കുന്നതിനും വഴിവെയ്ക്കും. കാർഷിക അഭിവൃദ്ധിയുടെ ഫലമായി ഉണ്ടാകുന്ന സാമ്പത്തിക നേട്ടം ഇന്നുള്ളതിൻെറ ഇരട്ടിക്ക് ഇരട്ടിയാകും. കുട്ടനാടൻ പ്രദേശങ്ങളിലേക്ക് ഓരുവെള്ളം തടയുന്നതിന് ഉതകും വിധം വെള്ളമെത്തിച്ചാൽ അവിടത്തെ കൃഷി നിലങ്ങൾ ഇന്നത്തേതിന്റെ ഇരട്ടിക്ക് ഇരട്ടി ഫലവത്തായി തീരും. നദീജലം ക്രമമായ വിനിയോഗം വഴി ഓരുവെള്ളം കയററൽ തടഞ്ഞാൽ

വ്യാവസായികാവശ്യത്തിന് സുലഭമായി വെള്ളം ലഭിക്കും. കേരളത്തിന്റെ ജലവൈദ്യുതിയുടെ പ്രാധാന്യം ഇപ്പോൾ എല്ലാവർക്കും ബോധ്യമായി എന്നു മാത്രമല്ല, മലയാള മനോരമ തന്നെ ജലവൈദ്യുതിയുടെ പ്രാധാന്യം ഉപന്യസിച്ചിട്ടുണ്ട്. സംശുദ്ധവും വില കുറഞ്ഞതുമായ വൈദ്യുശ്ചക്തി ഉറപ്പുവരുത്തിയാൽ അത് നമ്മുടെ ജീവിതത്തിന്റെ നാനാതരം ആവശ്യങ്ങൾ നിറവേറ്റാമെന്നു മാത്രമല്ല, വലിയ തോതിൽ വ്യാവസായിക വികസനത്തിനും വഴിവെയ്ക്കും. ജല വൈദ്യുത ഉൽപ്പാദന ശേഷിയുടെ 40% മാത്രമാണ് ഇതുവരെ ഉപയോഗപ്പെടുത്തുവാൻ കഴിഞ്ഞത്. 60% കഴിവും പാഴായി പോവുകയാണ്. ഇത് പ്രയോജനപ്പെടുത്താൻ കഴിഞ്ഞാൽ ഉണ്ടാകാവുന്ന സാമ്പത്തിക സമൃദ്ധിയിലേക്ക് ഞാൻ ഇവിടെ പ്രവേശിക്കുന്നില്ല. ചുരുക്കത്തിൽ നമ്മുടെ ഈ ജലസമ്പത്ത് കേരളത്തിന്റെ രക്ഷയ്ക്കുള്ള അത്യപൂർവ്വ സമ്പത്താണ്. അത് നാം ഉപയോഗിക്കാതിരിക്കുന്നത് അക്ഷന്തവ്യമായ അപരാധമാണെന്ന് ചൂണ്ടിക്കാണിക്കട്ടെ.

ഇന്ത്യയുടെ ഭക്ഷ്യോൽപ്പാദന സ്വയം പര്യാപ്തതയ്ക്ക് നമ്മുടെ നദീജലത്തെ ആസൂത്രിതമായി ബൃഹത്തായ ജലസേചന പദ്ധതിയിലൂടെ പ്രയോജനപ്പെടുത്തിയതിന്റെ ഫലമായിട്ടാണ് ഇന്ത്യ എന്ന വിസ്തൃതമായ രാജ്യത്ത് ഭക്ഷ്യസ്വയം പര്യാപ്തത കൈവരിച്ചത്.

കേരളത്തിലെ ജല ഉപയോഗത്തിന് തടസ്സമായി പരിസ്ഥിതി– പരിരക്ഷണ വാദം അതും പരിസ്ഥിതി മൗലീകവാദം എന്ന് ചുരുക്കി വിശേഷിപ്പിക്കാവുന്ന വാദങ്ങൾ ഉയർത്തി നെൽകൃഷി ചെയ്യുന്നതും ജലം ഉപയോഗിച്ചുള്ള വൈദ്യുതി ഉൽപ്പാദനവും ജലസ്രോതസ്സുകൾ പരസ്പരം ബന്ധിപ്പിച്ച ജലലഭ്യത, ജലക്ഷാമമുള്ള പ്രദേശങ്ങളിൽ ലഭ്യമാക്കാനുള്ള നടപടികളുമെല്ലാം ഗുരുതരമായ പാരിസ്ഥിതിക പ്രത്യാഘാതങ്ങളുടെ പേരിൽ എതിർക്കപ്പെട്ടു പോരുന്നുണ്ട്. അവയിൽ പലതിന്റെയും യുക്തിരാഹിത്യവും അശാസ്ത്രീയതയും കേരളത്തിലെ ജനങ്ങൾക്ക് പല അനുഭവങ്ങൾ വഴി ബോധ്യമായിട്ടുണ്ട്. ഇതിൽ നമുക്ക് കുടുങ്ങിക്കിടന്നുകൂടാ. അതിന്റെ അർത്ഥം പരിസ്ഥിതി പരിരക്ഷണം അവഗണിക്കപ്പെടണം എന്നല്ല. അത് ശാസ്ത്രീയമായി പഠിച്ച് നിർവചിക്കുന്നതാവണം. സങ്കുചിതതാൽപ്പര്യക്കാരുടെയും വിദേശശക്തികളുടെയും മറ്റും പ്രലോഭനങ്ങൾക്ക് വിധേയമായോ, പ്രവർത്തക്കുന്നവരുടെയോ ഹിതം നടന്നുകൂടാ. അതുകൊണ്ട് അത്തരക്കാരെ മാററി നിർത്തി പ്രകൃതി സന്തുലനത്തിനും പരിസ്ഥിതി പരിരക്ഷയ്ക്കും ആവശ്യമായ പരിഗണന നൽകിക്കൊണ്ട് തന്നെ നമ്മുടെ ജലസമ്പത്ത് പ്രയോജനപ്പെടുത്തണം.

കേരളത്തിലെ നദീജലസമ്പത്ത് ഉപയോഗപ്പെടുത്തുന്നില്ല, അവയൊക്കെ നഷ്ടപ്പെടുത്തുകയാണ് ചെയ്യുന്നത് എന്നാരോപിച്ചുകൊണ്ട് കേരളത്തിലെ നദീജലം തമിഴ്നാട്ടിലേക്ക് തിരിച്ചുവിടുന്നതിന് കേന്ദ്ര ഗവൺമെന്റ് സാധ്യതാ പഠനം നടത്തിയതി നദികളുടെ സംയോജന പദ്ധതിയ്ക്ക് രൂപം നൽകിയത്. ഇതുപ്രകാരം പമ്പ– അച്ചൻകോവിൽ നദീതടത്തിൽ അധികപ്പററ്? വരുന്ന 634 ദശലക്ഷം ഘനമീററർ വെള്ളം തമിഴ്നാട്ടിലെ വൈപ്പാർ നദീതടത്തിലേക്ക് തിരിച്ചുവിട്ട്, തിരുനൽവേലി, ചിദംബരനാർ, കാമറാർ ജില്ലകളിലെ 91,400 ഹെക്ടർ പ്രദേശത്ത് ജലസേചനം നടത്താനാണ് പദ്ധതി. ഇതിനും പുറമെ 508 മെഗാവാട്ട് വിദ്യുശ്ചക്തി ഉൽപ്പാദിപ്പിക്കാനും പദ്ധതി നിർദേശിക്കുന്നു. ഇതിൽ നിന്ന് മഴ കുറവുള്ള കാലത്ത് കേരളത്തിലേക്ക് 150 ഘനമീററർ വെള്ളം നൽകാനുമാണ് റിപ്പോർട്ടിലെ നിർദേശം. അതിന്റെ വിശദാംശങ്ങളിലേക്ക് ഇവിടെ കൂടുതൽ പ്രവേശിക്കുന്നില്ല. പമ്പയിലെ പൊന്നമേട് റിസർവോയർ 440 ഹെക്ടർ വനപ്രദേശത്താണ് വരുന്നത്. അച്ചൻകോവിൽ – കല്ലാർ റിസർവോയർ വരുന്നതുമൂലം മുങ്ങിപ്പോകുന്ന 1241 ഹെക്ററിൽ, 872 ഹെക്ടർ കനകാവനവും ബാക്കിയുള്ളത് തേക്കിൻതോട്ടവുമാണ്. അച്ചൻകോവിൽ റിസർവോയർ വരുന്നതുമൂലം വെള്ളത്തിനടിയിൽ ആകുന്ന 323 ഹെക്ടറിൽ, 304 ഹെക്ടർ കന്യകാവനവും ഫോറസ്റ്റ് പ്ലാന്റേഷനും 19 ഹെക്ടർ കൃഷിഭൂമിയുമാണ്. മുങ്ങിപ്പോകുന്ന വനത്തിനു പകരം മരം വെച്ചുപിടിപ്പിക്കണമെന്നാണ് കമ്മിററിയുടെ ഇപ്പോഴത്തെ ശുപാർശ. (കൂട്ടത്തിൽ പറയട്ടെ വലിയ തോതിൽ കന്യകാവനവും വനപ്രദേശങ്ങളും ജലത്തിനടിയിൽ ആകുന്ന ഈ പദ്ധതിക്ക് പരിസ്ഥിതി ദോഷമുണ്ടെന്ന് ആരും ഇതുവരെ പറഞ്ഞു കേട്ടിട്ടില്ല). എന്തായാലും മേൽ കൊടുത്ത പദ്ധതി കേരളത്തിന് സ്വീകാര്യമല്ല. നമ്മുടെ നദീസമ്പത്ത് മുഴുവൻ സമഗ്രമായി പ്രയോജനപ്പെടുത്തുന്നതിനുള്ള പദ്ധതികളുമായി മുന്നോട്ടു പോകുകയാണ് നാം അടിയന്തിരമായി കൈക്കൊള്ളേണ്ട നടപടി.

കേരളത്തിലെ ജലസേചനത്തിനുള്ള ഒരു മുഖ്യ പരിമിതി മഴക്കാലത്തെ കൃഷിക്ക് ആവശ്യ

മായ വെള്ളത്തിന്റെ കുറവ് നികത്താൻ മാത്രം ഉപയോഗിക്കുന്നു എന്നതാണ്. നെല്ലിനു മാത്രമെ ജലസേചനം നടത്തുന്നുള്ളൂ എന്നതും മറ്റൊരു കുറവാണ്. ജലസേചനം എല്ലാ വിളകൾക്കും നൽകുന്നത് കാർഷിക വിളകളുടെ ഉൽപ്പാദനം വർദ്ധിപ്പിക്കുന്നതിന് ആവശ്യമാണ്. അതിനായി എല്ലാ നദികളെയും പ്രത്യേകം പ്രത്യേകം പഠിച്ച്, ജലം തടഞ്ഞുനിർത്തി ഉപയോഗിക്കുന്നതിനുവേണ്ടി വലിയ അണക്കെട്ടുകൾ മുതൽ തടയണകൾ വരെ ഉപയോഗപ്പെടുത്തേണ്ടതാണ്. ജലസംഭരണികൾക്ക് സാധ്യതയുള്ള എല്ലാ സ്ഥലങ്ങളിലും അത് ഉണ്ടാക്കണം. ഇത് ഭൂമിക്കടിയിലെ ജലവിതാനം താണുപോകാതെ നിലനിർത്തുന്നതിന് സഹായിക്കും.

ചില നദീതടങ്ങളിൽ കൃഷി ഭൂമി ധാരാളമുണ്ടാകും. എന്നാൽ ആവശ്യത്തിന് വെള്ളമില്ലതാനും. അങ്ങനെയുള്ള സ്ഥലങ്ങളിലേക്ക് അധികജലമുള്ള നദികൾ തിരിച്ചുവിടാവുന്നതാണ്. ഭാരതപ്പുഴയുടെ തീരത്ത് കൃഷിക്ക് ഉപയുക്തമായ ഭൂമി ഏറെയുള്ളതും ജലസേചനത്തിന് ജലം ഇല്ലാത്തതുമാണ്. ഭാരതപ്പുഴയുടെ പോഷകനദികളിൽ ഏതാനും അണക്കെട്ടുകളും ജലസംഭരണികളും ഉണ്ട്. സൈലന്റ് വാലി പോലെ ഏറെ വെള്ളം ലഭിക്കുന്ന അണക്കെട്ടില്ലാത്ത നദികളും ഉണ്ട്. പെരിയാർ, ചാലക്കുടിയാർ എന്നിവയിൽ നിന്നുകൂടി വെള്ളം കൊണ്ടുവന്ന് ഭാരതപ്പുഴയിൽ ഉപയോഗിക്കാൻ കഴിയും. ഭാരതപ്പുഴയിലെ ജലസേചനത്തിന് കാരപ്പാറ-കുരിയാർകുററി, ആനമല എന്നിവയ്ക്കെല്ലാം പ്രാധാന്യമുണ്ട്. ഇവയിൽ നിന്ന് ഉപ ഉൽപ്പന്നം എന്ന നിലയ്ക്ക് വിദ്യുച്ഛക്തിയും ഉൽപ്പാദിപ്പിക്കാവുന്നതാണ്. ചുരുക്കത്തിൽ ഭാരതപ്പുഴയിൽ വേനൽക്കാലത്തും ജലലഭ്യത ഉറപ്പുവരുത്തണം. അതിന് മേൽ സൂചിപ്പിച്ചതുപോലെ ആവശ്യമായത്രതടയണകളും അണക്കെട്ടുകളും ഉണ്ടാവണം.

കേരളത്തിലെ കാർഷിക മേഖലയിൽ വന്നുചേർന്നിട്ടുള്ള മാററങ്ങൾക്കനുസരിച്ച് ജലസേചനത്തിന് പുതിയ രീതി ആവശ്യമുണ്ടോ എന്ന് പരിശോധിക്കണം. ഭക്ഷ്യവിളകളിൽ നിന്നും നാണ്യ വിളകളിലേക്ക് മാറിയതുമൂലമുണ്ടാകുന്ന ജല ഉപയോഗത്തിന്റെ കാര്യവും പഠന വിധേയമാക്കണം. പുതിയ സാങ്കേതിക വിദ്യകൾ ഉപയോഗിച്ച് പരിമിതമായ കൃഷിയിടങ്ങളിൽ പോലും കാർഷിക ഉൽപ്പാദനം വർദ്ധിപ്പിക്കാൻ ശ്രമിക്കേണ്ടതാണ്. സേവന മേഖല, വ്യവസായ മേഖല എന്നിവയെപ്പോലെ കൃഷിക്കും പ്രാധാന്യം നൽകേണ്ടതാണ്. ജലസേചനത്തിനുള്ള പദ്ധതിയിൽ ആധുനിക സമ്പ്രദായം പല ഇടങ്ങളിലും ഏർപ്പെടുത്തിയിട്ടുണ്ട്. ട്രാപ്പ് ഇറിഗേഷൻ എന്ന മാററം പ്രായോഗികമാണോ എന്ന് പരിശോധിക്കണം. ചുരുക്കത്തിൽ വെള്ളം ന്യായമായി സൂക്ഷിച്ചും ലാഭകരമായും ഉപയോഗിക്കാൻ കഴിയുന്ന രീതി സ്വീകരിക്കണം.

കൃഷിക്ക് ജലസേചനം പോലെ തന്നെ പ്രധാനപ്പെട്ട ഒന്നാണ് ഓരു വെള്ളം തടയുന്നത്. കേരളിന്റെ തീരപ്രദേശങ്ങൾക്ക് അടുത്തുള്ള കൃഷിസ്ഥലങ്ങളിലെല്ലാം ഉണ്ടാകുന്ന ഒരു പ്രശ്നമാണ് ഉപ്പുവെള്ളം കയറുന്നത്. മഴക്കാലത്ത് നല്ലവെള്ളം നിറഞ്ഞു നിൽക്കുന്നതുകൊണ്ട് നിലങ്ങളിൽ ഉപ്പുവെള്ളം തള്ളിക്കയറില്ല. ഭൂമിക്ക് മുകളിലെ വെള്ളം വററുന്നത് അനുസരിച്ച് ഉപ്പുവെള്ളം കയറിത്തുടങ്ങുന്നു. ഇതിന് തടയിടുന്നതിന് മഴക്കാലം കഴിഞ്ഞാലും നല്ലവെള്ളം അവിടങ്ങളിൽ എത്തിക്കണം. കുട്ടനാട് പോലുള്ള പ്രദേശങ്ങളിൽ ഇതിന് വലിയ പ്രധാന്യമുണ്ട്. അച്ചൻകോവിലാറുമുതൽ പെരിയാർ വരെയുള്ള നദികളിലെ വെള്ളം ഇതിനുവേണ്ടി ഉപയോഗിക്കുന്നതിനുള്ള പദ്ധതി വേണം. വലിയ മുൻഗണന ഇതനു വേണം.

നമ്മുടെ നദികളെ മലിനജലം ഒഴുക്കിക്കളയുന്നതിനുള്ള ഒരു സൗകര്യമായി പ്രയോജനപ്പെടുത്തുന്ന രീതി വികസിച്ചുവന്നിട്ടുണ്ട്. നദീതീരപ്രദേശങ്ങളിൽ നിന്നുള്ള മലിനജലവും മലിന വസ്തുക്കളും മാലിന്യങ്ങളും എടുത്തെറിയുന്നത് ആററിലേക്കാണ്. അത് കർശനമായ നിയന്ത്രണത്തിന് വിധേയമാക്കിയേ പററൂ. ഫാക്ററികളിൽ നിന്നും മററും മലിനജലം ഒഴുക്കാനും നദീതടങ്ങളെ ഉപയോഗപ്പെടുത്തുന്നുണ്ട്. ഇത് പൂർണമായും തടയപ്പെടണം. വ്യവസായങ്ങളും വ്യവസായ സാകല്യങ്ങളും നിലവിലുള്ള പ്രദേശങ്ങളിൽ അഴുക്കുവെള്ളം ശുദ്ധീകരിക്കാനാവശ്യമായ ആധുനിക സംവിധാനം ഒരു അവശ്യ ഉപാധിയാക്കിയാലേ കഴിയൂ. അതേപോലെ ചപ്പും ചവറുമെല്ലാം വെള്ളത്തിലേക്ക് എറിയുന്ന രീതിയും അവസാനിപ്പിക്കണം. നമ്മുടെ ജലസമ്പത്ത് പൊന്നുപോലെ കാത്തുസൂക്ഷിക്കേണ്ടതാണെന്ന ബോധം ജനങ്ങൾക്ക് പകർന്നു കൊടുക്കേണ്ടതുണ്ട്.

ഓരോ നദീതടപ്രദേശങ്ങളും അതിവേഗം പ്രത്യേക പഠനത്തിനു വിധേയമാക്കി എപ്രകാരം അവയെല്ലാം പ്രയോജനപ്പെടുത്തുന്നതിനു വേണ്ടി വിശദമായ പദ്ധതികൾ തയ്യാറാക്കാൻ ഒന്നോ

ഒന്നിലധികമോ വിദഗ്ധ സമിതികളെ ഉടനെ ഏർപ്പെടുത്തണം. ജല പരിരക്ഷാ പദ്ധതികൾക്ക് പിൻതുണ നൽകാനും അവ ഫലപ്രദമായി നടപ്പിൽ വരുത്തുന്നതിനും പ്രാദേശിക തല സഹകരണം ഉറപ്പിക്കേണ്ടത് ആവശ്യമാണ്. വിശേഷിച്ചും കൃഷിക്കാരുടെ സഹായം ഇക്കാര്യത്തിൽ ലഭിച്ചേ മതിയാകൂ. ശുദ്ധജല ലഭ്യത ഉറപ്പുവരുത്തിയാൽ മത്സ്യ കൃഷി ആദായകരമായ ഒരു തൊഴിലായും ഗുണകരമായ ഭക്ഷ്യവസ്തുവായും ഉപയോഗിക്കുന്നതിന് കഴിയും. ഇതിന്റെ പ്രാധാന്യം എടുത്തു പറയാതെ നിവർത്തിയില്ല.

ഇതിന്റെ കൂടെത്തന്നെ ശ്രദ്ധിക്കേണ്ട ഒരു കാര്യം വലിയ നദികൾ കൂടാതെ ഒട്ടനേകം ചെറിയ നീർ ചാലുകളും നീർ തടാകങ്ങളും പല സ്ഥലത്തുമുണ്ട്. ഈ ജലസ്രോതസ്സ് പ്രയോജനപ്പെടുത്തി പ്രാദേശിക ജലസേചനത്തിനും അതേപോലെ കുടിവെള്ള പദ്ധതികൾക്കും ഉപയോഗിക്കാവുന്നതാണ് കുളങ്ങളും കിണറുകളും ഉള്ളവർ അത് സംരക്ഷിക്കപ്പെടണം.

മഴവെള്ള സംഭരണത്തിന് പല പരിശ്രമങ്ങളും ഇപ്പോൾ നടത്തിവരുന്നുണ്ട്. അതിന്റെ ഭാഗമായിത്തന്നെ നല്ല മഴയുള്ള സമയം പറമ്പുകളിൽ വെള്ളം കെട്ടിനിൽക്കാൻ ആവശ്യമായ ചെറുതും വലുതുമായ തടാകങ്ങൾ തരാതരം പോലെ ഉണ്ടാക്കാവുന്നതാണ്. ഈ പറഞ്ഞതിന്റെ എല്ലാം ആകെത്തുക നമ്മുടെ നദീജലവും മഴജലവും മലയാളികളുടെ പൊതുസ്വത്തായിക്കണ്ട് പരിരക്ഷിക്കാനുള്ള സംരംഭമുണ്ടായാൽ കേരളത്തിന് അത്ഭുതകരമായ പുരോഗതിക്ക് സഹായകരമായിത്തീരും. കൂട്ടത്തിൽ ഒന്നുരണ്ടു കാര്യങ്ങൾകൂടി പറയട്ടെ, നമ്മുടെ കുടിവെള്ള ക്ഷാമം തീർക്കാൻ ഉപ്പുവെള്ളം ശുദ്ധീകരിക്കാനുള്ള പുതിയ പദ്ധതികളുമായി മുന്നോട്ടു വരുന്നവരുണ്ട്. അത് വെള്ളം ഒരു ചരക്കാക്കാനുള്ള പരിപാടിയുടെ ഭാഗമാണ്. അവ കേരളത്തിന് ആവശ്യമുണ്ടോ എന്നത് ഒരു ചർച്ചാ വിഷയമാക്കേണ്ട കാര്യമാണ്.

അതുപോലെ ലോകബാങ്ക് സഹായം ഇപ്പോൾ പലതിനും ലഭ്യമാണ്. ലോകബാങ്കിന്റെ ഉപദേശ നിർദേശം അനുസരിച്ച് നമ്മുടെ വാട്ടർ അതോറിററിയെ കുടിവെള്ള വിതരണ ചുമതലയിൽ നിന്നും ഒഴിവാക്കി ക്രമേണ സ്വകാര്യ കച്ചവടക്കാരുടെ ആധിപത്യം കുടിവെള്ളത്തിലും കൊണ്ടുവരാനുള്ള പരിശ്രമങ്ങളുടെ ഭാഗമാണ് ആഗോളവൽക്കരണത്തിന്റെ ഭാഗമായി നമ്മുടെ ഭരണാധികാരികൾ ഇതിന് കൂട്ടുനിൽക്കുന്നുണ്ട്. ഇത് ശരിയല്ലെന്ന് ചൂണ്ടിക്കാണിക്കട്ടെ. വാട്ടർ അതോറിററിയുടെ കാര്യക്ഷമത വർദ്ധിപ്പിക്കാൻ ആവശ്യമായ സാങ്കേതിക സഹായവും ധനസഹായവും ഗവൺമെന്റ് ഉറപ്പുവരുത്തണം. മേൽ കൊടുത്ത സൂചനകൾ ഇക്കാര്യത്തിലെ അവസാന വാക്കല്ല. അടിയന്തിരമായ ശാസ്ത്രീയ പഠനങ്ങളും ചർച്ചകളും വഴി രൂപപ്പെടുത്തേണ്ടവയാണ്.

നമ്മുടെ പാടശേഖരങ്ങളിലും പറമ്പുകളിലും ക്രമമായ ജലലഭ്യത ഉറപ്പുവരുത്തുന്നതും തീരപ്രദേശങ്ങളിലടക്കം എല്ലായിടത്തും കുടിവെള്ള ലഭ്യത ഉറപ്പുവരുത്തുന്നതിനും നമ്മുടെ ജലസമ്പത്ത് മുഴുവനും സമഗ്രമായ ഒരു ജലവിനിയോഗവിപ്ലവം വഴി നാനാകാര്യങ്ങൾക്കായി ഉപയോഗപ്പെടുത്തണം.

സ്ത്രീപദവിയും കേരളീയ സമൂഹവും

പി.കെ ശ്രീമതി ടീച്ചർ

സ്വാതന്ത്ര്യപൂർവ്വ ഭാരതത്തിലെ തിരുവിതാംകൂർ, കൊച്ചി, മലബാർ പ്രവിശ്യകളിലെ ഉയർന്നജാതി വിഭാഗങ്ങളിൽപ്പെട്ട സ്ത്രീകൾക്ക് വിദ്യാഭ്യാസത്തിൽ മാത്രമാണ് തുല്യാവകാശം ലഭിച്ചിരുന്നത്. മൂന്ന് പ്രവിശ്യകളിലെയും വ്യത്യസ്ത ജാതി–മത വിഭാഗങ്ങളുടെ ഇടയിൽ നിലനിന്നിരുന്ന അനാചാരങ്ങളുടെയും അന്ധവിശ്വാസങ്ങളുടെയും തിക്തഫലങ്ങൾ അനുഭവിക്കേണ്ടിവന്നത് ഓരോ സമുദായത്തിലെയും സ്ത്രീകളായിരുന്നു എന്നതാണ് ചരിത്ര വസ്തുത. ശ്രീനാരായണഗുരു നേതൃത്വം നൽകിയ സാമൂഹ്യപരിഷ്കരണ പ്രവർത്തനങ്ങൾ ഈ മൂന്ന് ഭൂപ്രദേശങ്ങളിലെയും സമസ്തജനവിഭാഗങ്ങളുടെയും സാമൂഹ്യപുരോഗതിക്ക് വഴിവക്കുകയുണ്ടായി. ഇതിന് തുല്യമായ പ്രവർത്തനങ്ങൾക്ക് വിവിധ സമുദായങ്ങളിലെ പുരോഗമന ചിന്താഗതിക്കാർ നേതൃത്വം നൽകുകയുണ്ടായി. വി.ടി. ഭട്ടതിരിപ്പാടിന്റെ നേതൃത്വത്തിൽ നമ്പൂതിരി സമുദായത്തിലും ചട്ടമ്പിസ്വാമിയുടെ നേതൃത്വത്തിൽ നായർ സമുദായത്തിലും അയ്യങ്കാളിയുടെ നേതൃത്വത്തിൽ അടിയാളരായ അവശജനവിഭാഗങ്ങൾക്കിടയിലും നടന്ന സാമൂഹ്യപരിഷ്കരണ പ്രവർത്തനങ്ങളുടെ ഫലമായി കേരളീയ സമൂഹമാകെ പുരോഗമന ചിന്താധാരകൾ ഉൾക്കൊള്ളുകയും അത് സമൂഹത്തിലാകമാനം ഗുണകരമായ മാറ്റങ്ങൾക്ക് നാന്ദിയാവുകയും ചെയ്തു. തിരു–കൊച്ചി, മലബാർ പ്രവിശ്യകളിലെ പുരോഗമന ജനാധിപത്യ പ്രസ്ഥാനങ്ങളുടെ പ്രവർത്തനങ്ങളും ദേശീയ സ്വാതന്ത്ര്യസമരത്തിന്റെ ഭാഗമായിനടന്ന സാമൂഹ്യപരിഷ്കരണ പ്രവർത്തനങ്ങളും സ്ത്രീകൾക്ക് അർഹമായ അംഗീകാരവും പരിഗണനയും നൽകിയിരുന്നു.

ഐക്യകേരളപ്പിറവിക്കുശേഷം കേരളത്തിൽ സുശക്തമായ രണ്ട് രാഷ്ട്രീയ ചിന്താധാരകൾ സാമൂഹ്യജീവിതത്തിൽ സജീവമായി. ജാതിയും മതവും പുരുഷാധിപത്യവും ഫ്യൂഡൽ സ്വഭാവവും നയിക്കുന്ന വലതുപക്ഷ ബൂർഷ്വാ രാഷ്ട്രീയ ചിന്താധാരയും പുരോഗമന ജനാധിപത്യ കാഴ്ചപ്പാടോടെ സാമൂഹ്യമാറ്റത്തിന് നിലകൊള്ളുന്ന ഇടതുപക്ഷ രാഷ്ട്രീയ ചിന്താധാരയും ഏതാണ്ട് ഒരേ അളവിൽ കേരളീയ സമൂഹത്തെ സ്വാധീനിച്ചിട്ടുണ്ട്. ഇതിൽ ഇടതുപക്ഷ രാഷ്ട്രീയ ചിന്താധാരക്ക് സാമൂഹ്യജീവിതത്തിൽ എപ്പോഴും മേൽക്കൈ നിലനിർത്തുവാൻ കഴിയുന്നതുകൊണ്ടാണ് കേരളത്തിലെ സ്ത്രീസമൂഹം ഇന്ത്യയിലെ ഇതരപ്രദേശങ്ങളിലെ സ്ത്രീസമൂഹത്തിൽ നിന്നും വ്യത്യസ്തമായി ഉന്നതമായ സ്ത്രീപദവി വികാസവും വളർച്ചയും നേടിയിട്ടുള്ളതെന്നു കാണാം. ജനസംഖ്യാനുപാതം, ആരോഗ്യസൂചികകൾ, ഭക്ഷ്യസുരക്ഷിതത്വം, വിദ്യാഭ്യാസം, സാക്ഷരത, സ്വത്തവകാശം എന്നിവയിൽ രാജ്യത്തെ മറ്റുപ്രദേശങ്ങളിലെ സ്ത്രീകളെക്കാൾ ഉന്നതനിലവാരം പുലർത്തുന്നുണ്ട്. എന്നാൽ തൊഴിൽ പങ്കാളിത്തത്തിലും ഭരണപങ്കാളിത്തത്തിലും വളരെ പിന്നിലാണ്. ഇവയെ സംബന്ധിച്ച വിശദമായ ഒരു വിലയിരുത്തലാണ് ഇവിടെ ഉദ്ദേശിക്കുന്നത്.

1951 മുതൽ 2001 വരെയുള്ള ആറ് ജനസംഖ്യാ കണക്കെടുപ്പുകളിലും കേരളത്തിൽ സ്ത്രീ ജനസംഖ്യയാണ് മുന്നിൽ നിൽക്കുന്നത്. 1951 ൽ 1000 ന് 1008 ആയിരുന്നു സ്ത്രീ പുരുഷാനുപാതം. 2001–ലെ കേരളത്തിലെ ആകെ ജനസംഖ്യയിൽ പുരുഷജനസംഖ്യ 154.69 ലക്ഷവും സ്ത്രീജന

സംഖ്യ 163.70 ലക്ഷവുമായി വർദ്ധിച്ചു. 2001-ലെ കണക്കുപ്രകാരം സ്ത്രീ പുരുഷ ജനസംഖ്യാനുപാതം 1000-ന് 1058 എന്ന സർവ്വകാല റെക്കാർഡിൽ എത്തിയിരിക്കുന്നു. ആകെ ജനസംഖ്യയുടെ കണക്കുകൾ സ്ത്രീകൾക്ക് അനുകൂലമാണെങ്കിലും 06 പ്രായത്തിലെ പെൺകുട്ടികളുടെ നിരക്കിൽ അപകടകരമായ കുറവു സംഭവിക്കുന്നതായാണ് പഠനങ്ങൾ വ്യക്തമാക്കുന്നത്. ഇപ്പോൾ 1000-ന് 963 ആണ് 06 പ്രായവിഭാഗത്തിലെ അനുപാതക്രമം. എന്നാൽ ഇത് ദേശീയ ശരാശരിയായ 1000-ന് 950 നെക്കാൾ ഉയർന്നതാണെന്നത് അല്പം ആശ്വാസം നൽകുന്ന കാര്യമാണ്. ജനസംഖ്യാനുപാതത്തിലെ ഈ സ്ത്രീ അനുകൂല സ്ഥിതിവിവരകണക്കുകളിൽ നിന്നു തന്നെ കേരളത്തിലെ സ്ത്രീസമൂഹം മോശമല്ലാത്ത സാമൂഹ്യ പദവി വികാസം നേടിയുട്ടുണ്ടെന്നു വ്യക്തമാണ്.

സൗജന്യവും സാർവത്രികവുമായ പൊതുജനാരോഗ്യ ശൃംഖലയുടെ ശക്തമായ സാന്നിദ്ധ്യമാണ് ഈ നേട്ടങ്ങൾക്കു പിന്നിലെ പ്രധാന ചാലകശക്തി. കേരളത്തിലെ പുരുഷൻമാരുടെ ആയുർദൈർഘ്യം 70.4 ആയിരിക്കുമ്പോൾ സ്ത്രീകളുടെ ആയുർദൈർഘ്യം 75.9 ആണ്. 90% ലധികം പെൺകുട്ടികളും 21 വയസ്സിനു ശേഷമാണ് വിവാഹിതരാവുന്നത്. 1000-ന് 15.3 എന്ന ഏറ്റവും കുറഞ്ഞ ശിശുമരണനിരക്കാണ് കേരളത്തിൽ ഇപ്പോഴത്തേത്. ഏതാണ്ട് 93% പ്രസവങ്ങളും ആശുപത്രിയിൽ തന്നെയാണ് നടക്കുന്നത്. രോഗപ്രതിരോധ പരിപാടികൾ സാർവ്വത്രികമായി നടപ്പിലാക്കുവാൻ കഴിഞ്ഞിട്ടുണ്ടെന്ന് മാത്രമല്ല രോഗപ്രതിരോധ പരിപാടികളുടെ ഗൗരവം ഉൾക്കൊള്ളുവാൻ കഴിയുന്ന തരത്തിൽ ആരോഗ്യ വിദ്യാഭ്യാസം സ്ത്രീകൾക്കാകെ ലഭ്യമാക്കുവാൻ കഴിയുന്ന ഒരു സാമൂഹ്യ സാഹചര്യവും കേരളത്തിൽ നിലനിൽക്കുന്നുണ്ട്.

സംസ്ഥാനത്ത് ശക്തമായി നിലനിന്നിരുന്ന പൊതുവിതരണ സമ്പ്രദായം സ്ത്രീകളുടെ ഭക്ഷ്യസുരക്ഷിതത്വം ഉറപ്പുവരുത്തുന്നതിലും അതുവഴി ആരോഗ്യസുരക്ഷ പ്രദാനം ചെയ്യുന്നതിലും നിർണ്ണായക സ്വാധീനം ചെലുത്തിയിരുന്നു. പോഷകാഹാരക്കുറവുമൂലമുള്ള മരണങ്ങളും ശരിയായ ഗർഭകാല പരിചരണം കിട്ടാതെയുള്ള മരണങ്ങളും ശൈശവകാല പരിചരണം കിട്ടാതെയുള്ള മരണങ്ങളും അപൂർവ്വമായി മാത്രമാണ് കേരളത്തിൽ സംഭവിക്കുന്നത്. കേരളത്തിലെ ആരോഗ്യ മേഖലയെ ഏറ്റവും സുപ്രധാനമായ സേവനമേഖലയായി കണ്ട് ഗവൺമെന്റിന്റെ ശക്തമായ സാന്നിദ്ധ്യവും മൂലധനനിക്ഷേപവും ക്രമാനുഗതമായി വർദ്ധിപ്പിച്ചുകൊണ്ടുവന്നതിന്റെ ഫലമായാണ് കേരളത്തിന് ഈ നേട്ടങ്ങൾ കൈവരിക്കാൻ കഴിഞ്ഞത്. എന്നാൽ ഇപ്പോൾ ആഗോളവൽക്കരണനയങ്ങളുടെ ഫലമായി ആരോഗ്യ മേഖല സേവന മേഖല എന്ന നിലയിൽ നിന്ന് കൈയൊഴിഞ്ഞ് വാണിജ്യമേഖലയായി അധ: പതിച്ചിരിക്കുകയാണ്. ഇത് കേരളം ഈരംഗത്ത് ആർജ്ജിച്ച നേട്ടങ്ങളെ ഇല്ലായ്മ ചെയ്യുക മാത്രമല്ല കേരളത്തിലെ സ്ത്രീസമൂഹത്തിന് ലഭ്യമായിരുന്ന എല്ലാ ആരോഗ്യരക്ഷാ സേവനങ്ങളെയും ഇല്ലാതാക്കുകയും ചെയ്തിരിക്കുന്നു.

അൻപത് വർഷങ്ങൾക്ക് മുൻപ് തന്നെ കേരളത്തിലെ സ്ത്രീ സാക്ഷരതാ നിരക്ക് അഖിലേന്ത്യാ ശരാശരിയുടെ നാലിരട്ടിയായിരുന്നു. അൻപതുകളുടെ അവസാനത്തിൽ കേരളത്തിലെ സ്ത്രീപുരുഷ സാക്ഷരതാ നിരക്കുകളുടെവ്യതിയാനം 19.23% ആയിരുന്നത് ഇപ്പോൾ 6.34% ആയി കുറഞ്ഞിരിക്കുന്നു. ഇപ്പോൾ കേരളത്തിലെ സ്ത്രീസാക്ഷരതാ നിരക്ക് 87.86 ആണ്. 1987-ൽ അധികാരത്തിൽ വന്ന ഇടതുപക്ഷ ജനാധിപത്യ മുന്നണി ഗവർമെന്റിന്റെ ജനകീയ സാക്ഷരതാ പ്രവർത്തന പരിപാടികളിലൂടെയാണ് കേരളത്തിലെ സ്ത്രീ സാക്ഷരതാനിരക്ക് ഇത്രത്തോളം ഉയർന്ന നിലവാരത്തിലെത്തിയത്. ഈ ജനകീയ സാക്ഷരതാ പ്രവർത്തന പരിപാടിയുടെ തുടർച്ചയായി ആരോഗ്യസാക്ഷരതാ പരിപാടികളും നിയമ സാക്ഷരതാ പരിപാടികളും മറ്റും നടപ്പിലാക്കുവാൻ ശ്രമിച്ചിരുന്നുവെങ്കിൽ കേരളീയ സ്ത്രീ സമൂഹത്തിൽ ഉയർന്ന സാമൂഹ്യബോധം ഉണ്ടാകുവാൻ അത് സഹായകരമായിത്തീരുമായിരുന്നു.

സ്ത്രീകളുടെ സാമൂഹ്യ ശാക്തീകരണത്തിന് ഏറ്റവും സുപ്രധാനമായ ആയുധമാണ് വിദ്യാഭ്യാസം എന്നത് കേരളത്തിലെ സാമൂഹ്യപരിഷ്കർത്താക്കളും നവോത്ഥാന നായകരും സ്വാതന്ത്ര്യ പൂർവ്വകാലഘട്ടങ്ങളിൽ തന്നെ പ്രചരിപ്പിച്ചിരുന്നു. സ്വാതന്ത്ര്യാനന്തര കേരളപിറവിക്കു ശേഷം ഭരണത്തിലെത്തിയ കമ്മ്യൂണിസ്റ്റ് ഗവൺമെന്റ് നടപ്പിലാക്കിയ വിദ്യാഭ്യാസനയം കേരളത്തിന്റെ വിദ്യാഭ്യാസ രംഗത്തുണ്ടാക്കിയ സമഗ്രമായ പരിഷ്ക്കാരങ്ങളുടെ ഗുണഫല

ത്തിന്റെ ഏറ്റവും വലിയ ഗുണഭോക്താക്കൾ മർദ്ദിത ജനവിഭാഗങ്ങളും സ്ത്രീകളുമായിരുന്നു. ഈ വിദ്യാഭ്യാസ നയത്തിന്റെ ചുവടുപിടിച്ചു കൊണ്ട് കാര്യമായ നയവ്യതിയാനങ്ങളില്ലാതെയാണ് സംസ്ഥാനത്തെ പൊതുവിദ്യാഭ്യാസ മേഖല മുന്നോട്ടു പൊയ്ക്കൊണ്ടിരുന്നത്. ഇന്ന് സ്ക്കൂൾ പ്രവേശനത്തിനെത്തുന്ന ആകെ കുട്ടികളുടെ 49% വും പെൺകുട്ടികളാണ്. ഹൈസ്ക്കൂൾതലത്തിൽ പഠിക്കുന്ന കുട്ടികളിൽ 49.23% വും പെൺകുട്ടികളാണ്. പ്ലസ്സ് ടു തലത്തിൽ പഠിക്കുന്നവരിൽ 65.38% വും ബിരുദതലത്തിൽ പഠിക്കുന്നവരിൽ 64.7% വും ബിരുദാനന്തര ബിരുദത്തിൽ പഠിക്കുന്നവരിൽ 74.4% വും പെൺകുട്ടികളാണ്. സാങ്കേതിക വിദ്യാഭ്യാസരംഗവും മെഡിക്കൽ വിദ്യാഭ്യാസരംഗവും അടക്കമുള്ള ഉന്നതവിദ്യാഭ്യാസമേഖലകളിലെ ആകെ വിദ്യാർത്ഥികളുടെ 40% ത്തോളം പെൺകുട്ടികളാണ്. എന്നാൽ ഇപ്പോഴത്തെ വിദ്യാഭ്യാസനയം വിദ്യാഭ്യാസ മേഖലയിൽനിന്നും ഗവർമെന്റ് പൂർണ്ണമായും പിൻവാങ്ങാൻ ലക്ഷ്യമിട്ടുകൊണ്ടുള്ളതാണ്. വിദ്യാഭ്യാസമേഖലയുടെ അനിയന്ത്രിതമായ സ്വകാര്യവൽക്കരണവും സ്വാശ്രയവൽക്കരണവും കേരളത്തിലെ സ്ത്രീ സമൂഹം നേടിയെടുത്ത വിദ്യാഭ്യാസരംഗത്തെ ഈ മേൽക്കോയ്മ ഇല്ലായ്മചെയ്യും. കേരളത്തിലെ സാമൂഹ്യ സാഹചര്യം ആകെ പരിശോധിച്ചാൽ ഉന്നത വിദ്യാഭ്യാസം നേടാനെത്തുന്ന പെൺകുട്ടികളിൽ ബഹുഭൂരിപക്ഷവും വരുന്നത് ഇടത്തരം സാമ്പത്തിക സാഹചര്യങ്ങളുള്ള കുടുംബങ്ങളിൽ നിന്നും ദരിദ്രകുടുംബങ്ങളില നിന്നുമാണ്. വിദ്യാഭ്യാസ ച്ചെലവുകൾ ഇടത്തരം വരുമാനക്കാരായ കുടുംബങ്ങൾക്ക് താങ്ങാനാവാത്തവിധം വർദ്ധിക്കുമ്പോൾ അത്തരം കുടുംബങ്ങളിലെ സമർത്ഥരായ പെൺകുട്ടികൾക്ക് സ്വാഭാവികമായും ഉന്നത വിദ്യാഭ്യാസം നിഷേധിക്കപ്പെടും. ഇത് കേരളം പൊതുവെയും കേരളത്തിലെ സ്ത്രീസമൂഹം പ്രത്യേകിച്ചും ആർജ്ജിച്ച നേട്ടങ്ങൾ ഇല്ലായ്മ ചെയ്യുന്നതാണ്.

വിദ്യാഭ്യാസ രംഗത്തും മനുഷ്യ വിഭവശേഷി വികസനത്തിലുമൊക്കെ ഇന്ത്യയിലെ മറ്റു സംസ്ഥാനങ്ങളെക്കാൾ ഏറെ മുന്നിലാണ് കേരളമെങ്കിലും തൊഴിൽ പങ്കാളിത്തത്തിന്റെ കാര്യത്തിൽ കേരളത്തിലെ സ്ത്രീകൾ വളരെയേറെ പിന്നിലാണ്. കേരളത്തിലെ എംപ്ലോയ്മെന്റ് എക്സ്ചേഞ്ചുകളിൽ പേരു രജിസ്റ്റർ ചെയ്തിട്ടുള്ള അഭ്യസ്ത വിദ്യരായ തൊഴിൽ രഹിതരുടെ ആകെ എണ്ണം 40 ലക്ഷമാണ്. ഇതിൽ 23 ലക്ഷം പേരും (57.7%) സ്ത്രീകളാണ്. പുരുഷൻമാരുമായി താരതമ്യം ചെയ്യുമ്പോൾ കേരളത്തിൽ സ്ത്രീകളുടെ തൊഴിൽ പങ്കാളിത്തം എല്ലാക്കാലത്തും കുറവായിരുന്നു. 51.6% പുരുഷന്മാരും തൊഴിൽ പങ്കാളിത്തമുള്ളവരാണെങ്കിൽ സ്ത്രീകളിൽ 22.7% ത്തിനുമാത്രമാണ് തൊഴിൽ പങ്കാളിത്തം. സ്ത്രീകളുടെ തൊഴിൽ പങ്കാളിത്തം ഏറ്റവും അധികം ഉണ്ടായിരുന്നത് കാർഷിക മേഖലയിലായിരുന്നു. എന്നാൽ പ്രധാന ഭക്ഷ്യ വിളയായ നെൽകൃഷിയുടെ വിസ്തൃതി അൻപതു വർഷം കൊണ്ട് 40% ആയി കുറയുകയും മറ്റൊരു ഭക്ഷ്യ വിളയായ മരിച്ചീനിയുടെ വിളഭൂമി വിസ്തൃതി 24% ആയി കുറയുകയും ചെയ്തതോടു കൂടി കാർഷികമേഖലയിലെ സ്ത്രീ പങ്കാളിത്തം ഗണ്യമായി കുറഞ്ഞു. തോട്ടവിള കൃഷിയിൽ സ്ത്രീകളുടെ തൊഴിൽ പങ്കാളിത്തം ഗണ്യമായി ഉള്ളത് തേയിലകൃഷിയിൽ മാത്രമാണ്. മറ്റുള്ളവയിലെ സ്ത്രീ തൊഴിൽ പങ്കാളിത്തം നാമമാത്രമാണ്. ഈ തൊഴിൽ മേഖലകളിൽ എല്ലാം തന്നെ സ്ത്രീകളെന്ന നിലയിലും തൊഴിലാളികളെന്ന നിലയിലും സ്ത്രീകൾ ബഹുമുഖമായ വിവേചനങ്ങൾക്കിരയാകുകയും ചെയ്യുന്നുണ്ട്. കേരളത്തിലെ സത്രീകളുടെ പ്രധാനപ്പെട്ട തൊഴിൽ മേഖല പരമ്പരാഗത വ്യവസായ മോഖലയാണ്. കയർ വ്യവസായത്തിൽ ആകെയുള്ള 3,60,000 തൊഴിലാളികളിൽ 80% വും സ്ത്രീകളാണ്. തൊണ്ട് ചീയിക്കൽ, തൊണ്ടു തല്ലൽ, ചകിരി വേർതിരിച്ചെടുക്കൽ, മനുഷ്യാദ്ധ്വാനം ഉപയോഗിച്ചുള്ള കയർ പിരിക്കൽ തുടങ്ങിയ കാഠിന്യമേറിയ തൊഴിലുകളെല്ലാം ചെയ്യുന്നത് സ്ത്രീകളാണ്. ആരോഗ്യകരമല്ലാത്ത ചുറ്റുപാടുകളിലാണ് തൊഴിലെടുക്കുന്നതെങ്കിലും മാന്യമായ വേതനവും സംഘടിത മേഖലയിലെ ആനുകൂല്യവുമൊന്നും ഇവർക്കു ലഭിക്കുന്നില്ല. എന്നു മാത്രമല്ല ഇന്ത്യയിൽ കേരളത്തിന്റേതുമാത്രമായ ഈ പരമ്പരാഗത വ്യവസായത്തെ സംരക്ഷിക്കുന്നതിനുള്ള നടപടികളും സ്വീകരിക്കുന്നില്ല. 2,10,000 തൊഴിലാളികൾ പണിയെടുക്കുന്ന കശുവണ്ടി വ്യവസായത്തിലെ തൊഴിലാളികൾ 70% വും സ്ത്രീകൾ തന്നെയാണ്. ഈ വ്യവസായത്തിലും ഏറ്റവും കഠിനമായ തൊഴിലുകളിലെല്ലാം ഏർപ്പെടുന്നത് സ്ത്രീകൾ തന്നെയാണ്. 1,75,000 പേർ പണിയെടുക്കുന്ന കൈത്തറിവ്യവസായത്തിലും 1,75,000 പേർ തൊഴിലെടുക്കുന്ന കരകൗശല വ്യവസായത്തിലും തൊഴിൽ പങ്കാ

ളിത്തത്തിന്റെ 70% ത്തിലധികവും സ്ത്രീകൾ തന്നെയാണ്. ഈ അസംഘടിത മേഖലയിലെല്ലാം തന്നെ കൂലിയുടെ കാര്യത്തിലും, തൊഴിൽ സ്ഥാപനങ്ങളിലെ അതിക്രമങ്ങളുടെ കാര്യത്തിലുമെല്ലാം വിവിധങ്ങളായ വിവേചനങ്ങൾക്കിരയാകേണ്ടി വരുന്ന സ്ത്രീത്തൊഴിലാളികളുടെ ജീവിതം കേരളപ്പിറവിയുടെ അമ്പതാം വാർഷിക വേളയിലും സുരക്ഷിതമല്ലാ എന്നതാണ് യാഥാർത്ഥ്യം. കേരളത്തിലെ പൊതു മേഖലയിൽ തൊഴിലെടുക്കുന്നവരുടെ ആകെ എണ്ണം 6,19,263 ആണ്. ഇതിൽ 4,29,208 പുരുഷന്മാരും 1,90,055 സ്ത്രീകളുമാണ്. പൊതുമേഖലയിൽ സ്ത്രീകൾ ഏറ്റവും അധികം തൊഴിലെടുക്കുന്നത് അധ്യാപകവൃത്തിയിലുമാണ്. കേരളത്തിലെ പൊതുമേഖലയിലെ ആകെ 1,65,620 അധ്യാപകരിൽ 1,12,948 പേരും സ്ത്രീകളാണ്. സ്ത്രീകളുടെ ആധിപത്യം സമ്പൂർണ്ണമായൊരു തൊഴിൽമേഖലയാണ് നഴ്സിംഗ് ജോലി.

തുല്യവേതനവും തുല്യആനുകൂല്യങ്ങളും തൊഴിൽ ഉറപ്പും ലഭിക്കുന്ന പൊതുമേഖലയിലെ സ്ത്രീ പങ്കാളിത്തം 31% ആണ്. എന്നാൽ ഇതൊന്നുമില്ലാത്ത സ്വകാര്യമേഖലയിലെ സ്ത്രീ തൊഴിൽ പങ്കാളിത്തം 50% ആണ് എന്നതാണ് അദ്ഭുതകരമായ വസ്തുത കഴിഞ്ഞ 50 വർഷം കൊണ്ട് സമസ്ത തൊഴിൽ മേഖലയിലും പ്രവേശനം നേടാൻ കഴിഞ്ഞെങ്കിലും സ്ത്രീ എന്ന നിലയിലുള്ള വിവേചനങ്ങൾക്ക് ഇരയാകേണ്ടി വരുന്ന അസംഘടിത മേഖലയിലെ തൊഴിൽ പങ്കാളിത്തമാണ് കൂടുതൽ ഉണ്ടായത് എന്നത് ഉൽക്കണ്ഠയുളവാക്കുന്നതാണ്. എന്നിരുന്നാലും അതിനെയൊക്കെ അതിജീവിക്കാനുള്ള കരുത്താർജിച്ചവരാണ് കേരളത്തിലെ സ്ത്രീ തൊഴിലാളികളും അവരുടെ തൊഴിലാളി യൂണിയനുകളും എന്നത് അഭിമാനകരമായ നേട്ടമാണ്. അത് കേരളീയ സമൂഹത്തിന്റെ ആകെ നേട്ടമാണ്.

രണ്ടാമത്തെ കമ്മ്യൂണിസ്റ്റ് ഗവൺമെന്റ് നടപ്പിലാക്കിയ ഭൂപരിഷ്കരണ നിയമം കേരളീയ സമൂഹത്തിലാകെ വൻ മാറ്റങ്ങൾക്ക് വിത്ത് പാകുകയുണ്ടായി. അതുവരെ നിലനിന്ന ഫ്യൂഡൽ സമ്പ്രദായത്തിലധിഷ്ഠിതമായ ഭൂവുടമാ ബന്ധങ്ങൾ സ്ത്രീകൾക്ക് സ്വത്തവകാശം നൽകാൻ തയ്യാറായിരുന്നില്ല. എന്നാൽ ഭൂവുടമ വ്യവസ്ഥിതിയിലെ പുരുഷാധിപത്യത്തിന് മാറ്റം വന്നുവെങ്കിലും സ്ത്രീകളുടെ സ്വത്തവകാശം എന്നത് വീടുവയ്ക്കുന്നതിനുള്ളതുകൊണ്ട് ഭൂമിയിലുള്ള അവകാശം എന്ന തരത്തിലുള്ള ഒരു സാമൂഹിക നിയമമായാണ് ഇപ്പോഴും നിലനിൽക്കുന്നത്. എന്നിട്ടുപോലും സ്ത്രീകൾക്ക് സ്വത്തവകാശം ലഭിക്കുന്നത് തന്നെ വിവാഹത്തോടനുബന്ധിച്ചാണ് എന്നത് എടുത്തു പറയേണ്ടതാണ്. കൃഷിഭൂമിയിലുള്ള സ്ത്രീകളുടെ സ്വത്തവകാശം എന്നത് ഇപ്പോഴും ആകെ കൃഷിഭൂമി ഉടമസ്ഥാവകാശത്തിന്റെ അഞ്ച് ശതമാനം മാത്രമാണ്. വീടു വയ്ക്കുന്നതിന് ഭൂവുടമാ അവകാശം തന്നെ സ്ത്രീകൾക്ക് വ്യപകമായി ലഭിച്ചത്. 1996 ൽ അധികാരത്തിലേറിയ ഇടതുപക്ഷ ജനാധിപത്യ മുന്നണി ഗവൺമെന്റ് നടപ്പിലാക്കിയ ജനകീയാസൂത്രണ പദ്ധതിയെ തുടർന്നാണ്. പ്രസ്തുത പദ്ധതിപ്രകാരം തദ്ദേശ സ്വയം ഭരണ സ്ഥാപനങ്ങളുടെ പദ്ധതി വിഹിതത്തിന്റെ 10% സ്ത്രീ സാമൂഹ്യ പദവി ഉയർത്തുന്നതിനുള്ള പദ്ധതികൾക്ക് മാറ്റിവയ്ക്കാൻ നിർദ്ദേശിച്ചിരുന്നു. അതിന്റെ അടിസ്ഥാനത്തിൽ വീടില്ലാത്തവർക്ക് വീട്, കക്കൂസ്സ് ഇല്ലാത്തവർക്ക് കക്കൂസ്സ്, കിണറില്ലാത്തവർക്ക് കിണർ എന്നിവ ലഭ്യമാക്കുന്നതിന് ഭൂമിയുടെ ഉടമസ്ഥാവകാശം വേണമെന്നു വന്നതിനാൽ പുരുഷന്മാരുടെ ഉടമസ്ഥതയിലുണ്ടായിരുന്ന നിരവധി തുണ്ട് ഭൂമിയുടെ ഉടമസ്ഥാവകാശം സ്ത്രീകൾക്ക് വന്നു ചേർന്നു. ഇതിന്റെ വെളിച്ചത്തിൽ പരിശോധിക്കുകയാണെങ്കിൽ സ്ത്രീകൾക്ക്സ്വത്തവകാശം ലഭ്യമാക്കിക്കൊണ്ട് സ്ത്രീ സാമൂഹ്യ പദവി ഉയർത്തുന്ന കാര്യത്തിൽ ഭൂപരിഷ്കരണ നിയമത്തെക്കാൾ സഹായകരമായി ത്തീർന്നത് ജനകീയാസൂത്രണ പദ്ധതിയാണെന്ന് ബോദ്ധ്യപ്പെടുന്നതാണ്. സ്ത്രീകൾക്ക് സ്വത്തവകാശം ലഭിക്കുമ്പോൾ സ്ത്രീയുടെ അംഗീകാരം വർദ്ധിക്കുകയും സാമൂഹ്യ പദവി ഉയർത്തപ്പെടുകയും ചെയ്യും എന്നത് ഉറപ്പാണ്. ആ നിലയ്ക്ക് സ്ത്രീ സാമൂഹിക പദവി ഉയർത്തുന്ന കാര്യത്തിൽ ജനകീയാസൂത്രണ പദ്ധതി ശക്തമായ പങ്കാണ് വഹിച്ചതെന്ന് കാണാൻ കഴിയും. അതു മാത്രമല്ല തദ്ദേശ സ്വയം ഭരണ സ്ഥാപനങ്ങളുടെ പദ്ധതി വിഹിതത്തിന്റെ 10% സ്ത്രീകളുടെ സാമൂഹിക പദവി ഉയർത്തുന്ന പരിപാടികൾക്കായി നീക്കി വച്ചത് സ്ത്രീക ളുടെ സാമ്പത്തിക സ്വാശ്രയത്വത്തെ വളർത്തുകയും അതു വഴി സ്ത്രീശാക്തീകരണം സാധ്യമാകുകയും ചെയ്തിട്ടുണ്ട്. സമൂഹത്തിന്റെ ഏറ്റവും താഴെ തട്ടിൽ സ്ത്രീകളുടെ സ്വയം സഹായ സംഘങ്ങളും അയൽക്കൂട്ടങ്ങളും രൂപികരിച്ചുകൊണ്ട് ഇടതു മുന്നണി ഗവൺമെന്റ് 1999 ൽ

നടപ്പിലാക്കിയ കുടുംബശ്രീ പദ്ധതി സ്ത്രീ സാമൂഹിക പദവി ഉയർത്തുന്നതിൽ നിർണായക പങ്കാണ് വഹിച്ചത്. ഇന്ന് ഗ്രാമീണതലത്തിൽ 26,48,000 കുടുംബങ്ങൾ ഉൾപ്പെടുന്ന 1,40,743 സ്വയം സഹായസംഘങ്ങളും നഗരങ്ങളിലെ 2, 92,000 കുടുംബങ്ങൾ ഉൾപ്പെടുന്ന 8614 സ്വയം സഹായ സംഘങ്ങളും ആദിവാസി മേഖലകളിലെ 2049 സ്വയം സഹായ സംഘങ്ങളും കുടുംബശ്രീയുടെ കീഴിൽ പ്രവർത്തിക്കുന്നുണ്ട്. ഈ പദ്ധതിയുടെ പ്രവർത്തനത്തെ ഐക്യരാഷ്ട്രസഭയുടെ വികസന ഏജൻസികളും കേന്ദ്ര ആസൂത്രണ കമ്മീഷനും മാതൃകാപരമാണെന്നു വിശേഷിപ്പിച്ചിട്ടുണ്ട്. കേരളത്തിലെ കുടുംബങ്ങളിലെല്ലാം തന്നെ പുതിയൊരു ചെറുകിട നിക്ഷേപ സംസ്കാരം വളർത്തിയെടുക്കുവാനും അതു വഴി സാമ്പത്തിക സ്വാശ്രയത്വം വളർത്താനും ഈ പദ്ധതി സഹായകരമായി പ്രവർത്തിക്കുന്നുണ്ട്. ഈ അയൽക്കൂട്ടങ്ങളെല്ലാം ചേർന്ന് കഴിഞ്ഞ സാമ്പത്തിക വർഷം സ്വരൂപിച്ചത് 432.34 കോടി രൂപയാണ്. അംഗങ്ങൾക്ക് വായ്പയായി 874.78 കോടി രൂപ ഇക്കാലയളവിൽ വിതരണം ചെയ്യപ്പെടുകയുണ്ടായി. ഗ്രാമീണ സ്ത്രീകളുടെ പങ്കാളിത്തത്തിലൂടെയും നേതൃത്വത്തിലൂടെയും ആയിരം കോടിയോളം രൂപയുടെ ബാങ്കിംഗ് ബിസിനസ്സ് സംസ്ഥാനത്ത് നടക്കുന്നുവെന്നതിൽ നിന്നും കേരളത്തിലെ സ്ത്രീകളെ സാമ്പത്തിക സ്വാശ്രയത്വത്തിലേയ്ക്ക് നയിക്കുവാൻ കുടുംബശ്രീ പദ്ധതിക്കു കഴിഞ്ഞിട്ടുണ്ടെന്ന് വിലയിരുത്താവുന്നതാണ്.

സാമൂഹ്യ പദവി വികാസത്തിലെ ഏറ്റവും സുപ്രധാനമായ ഭാഗമാണ് സ്ത്രീകളുടെ ഭരണ പങ്കാളിത്തം. സ്ത്രീകൾക്ക് ഭരണപങ്കാളിത്തം ലഭ്യമാക്കുന്നതിൽ മുന്നിൽ നിന്ന് പ്രവർത്തിച്ചത് കേരളത്തിലെ കമ്മ്യൂണിസ്റ്റ് പാർട്ടികൾ തന്നെയാണെന്ന് കഴിഞ്ഞ അൻപത് വർഷത്തെ രാഷ്ട്രീയ ചരിത്രം പരിശോധിച്ചാൽ മനസ്സിലാകുന്നതാണ്. കേരളപ്പിറവിക്കു ശേഷം രൂപംകൊണ്ട ആദ്യത്തെ നിയമസഭയിലെ ഡപ്യൂട്ടി സ്പീക്കർ ന്യൂനപക്ഷ സമുദായത്തിൽപ്പെട്ട ശ്രീമതി. കെ. ഒ ഐഷാബായി ആയിരുന്നു. ആ ഗവൺമെന്റിലെ സുപ്രധാനമായ റവന്യൂ വകുപ്പ് കൈകാര്യം ചെയ്യാൻ നിയോഗിക്കപ്പെട്ടത് ശ്രീമതി. കെ. ആർ. ഗൗരിയമ്മ ആയിരുന്നു. ഏറ്റവും അധികം സ്ത്രീകൾ തെരഞ്ഞെടുക്കപ്പെട്ടു വന്ന 10-ാം കേരളനിയമസഭയിൽ ആകെയുണ്ടായിരുന്ന 12 വനിതാ ജനപ്രതിനിധികളിൽ ഏഴു പേരും കമ്മ്യൂണിസ്റ്റ് പാർട്ടികളുടെ സ്ഥാനാർത്ഥികളായി മത്സരിച്ച് ജയിച്ചവരായിരുന്നു. ത്രിതല പഞ്ചായത്തുകളിൽ മൂന്നിലൊന്ന് സ്ത്രീ സംവരണം നടപ്പിലായ 1995 ന് മുൻപുവരെയുള്ള തെരഞ്ഞെടുപ്പുകളിൽ സ്ത്രീകൾക്ക് അർഹമായ പരിഗണനയും അംഗീകാരവും നൽകിയതും കമ്മ്യൂണിസ്റ്റ് പാർട്ടികളായിരുന്നു. കേരളത്തിൽ നിന്നും പാർലമെന്റിലേയ്ക്ക് ആദ്യമായി ഒരു സ്ത്രീ എത്തിയതും കമ്മ്യൂണിസ്റ്റ് പാർട്ടിയുടെ പേരിലായിരുന്നു. ശ്രീമതി. സുശീലാ ഗോപാലനായിരുന്നു കേരളത്തിൽ നിന്നും പാർലമെന്റിലേക്ക് തെരഞ്ഞെടുക്കപ്പെട്ട ആദ്യ വനിത. മൂന്നിലൊന്ന് വനിതാ സംവരണം വന്നതിനുശേഷവും ജനറൽ സീറ്റിൽ സ്ത്രീകളെ മത്സരിപ്പിക്കാനും ജനറലായുള്ള പ്രസിഡന്റ് സ്ഥാനങ്ങളും കേർപ്പറേഷൻ മേയർ, നഗരസഭാ അദ്ധ്യക്ഷ സ്ഥാനങ്ങളും സ്ത്രീകൾക്ക് നൽകാനും തയ്യാറാവുന്നതും കമ്മ്യൂണിസ്റ്റ് പാർട്ടികൾ മാത്രമാണ്.

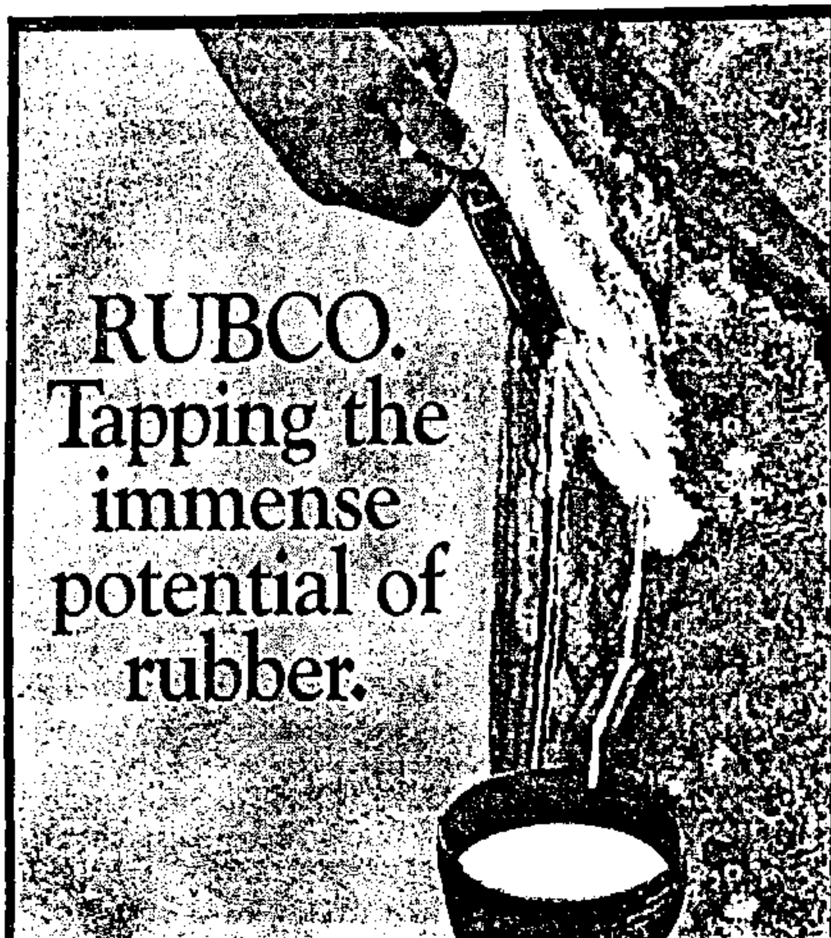
ഭരണ പങ്കാളിത്തം ഈ നിലയിൽ ലഭിക്കുമ്പോഴും കേരളത്തിന്റെ സാമ്പത്തിക മേഖലയിൽ സുപ്രധാന പങ്ക് വഹിക്കുന്ന സഹകരണ ധനകാര്യ സ്ഥാപനങ്ങളിലെ ഭരണ സമിതികളിലെ സ്ത്രീ പങ്കാളിത്തം വളരെ പരിമിതമാണ്. സഹകരണ നിയമപ്രകാരം ഓരോ ഭരണ സമിതിയിലും ഒരു സീറ്റ് വനിതകൾക്കായി സംവരണം ചെയ്തിട്ടുണ്ട്. അങ്ങനെയൊരു സംവരണം നിയമത്തിലുള്ളതുകൊണ്ട് മാത്രമാണ് ആ ഭരണ പങ്കാളിത്തം ലഭിക്കുന്നത്. അതിൽ കൂടുതൽ പ്രാതിനിധ്യം നൽകുവാനോ ഇത്തരം ഭരണ സമിതികളുടെ അദ്ധ്യക്ഷ പദവികൾ സ്ത്രീകൾക്ക് നൽകുവാനോ കാര്യമായ ഇച്ഛാശക്തി ഒരു ഭാഗത്ത് നിന്നും ഉണ്ടാകുന്നില്ല. എന്നിരുന്നാലും കേരളത്തിലാദ്യമായി ഒരു ജില്ലാ സഹകരണബാങ്കിന്റെ പ്രസിഡന്റായി ഒരു സ്ത്രീയെ നിയോഗിച്ചതിന്റെ ക്രെഡിറ്റ് സി. പി. ഐ (എം) നുള്ളതാണ്. ചില ചെറുകിട സഹകരണ ധനകാര്യ സ്ഥാപനങ്ങളിലെങ്കിലും സ്ത്രീകൾക്ക് അദ്ധ്യക്ഷ പദവി നൽകുവാൻ തയ്യാറായിട്ടുള്ളതും സി. പി. ഐ. (എം) മാത്രമാണ്.

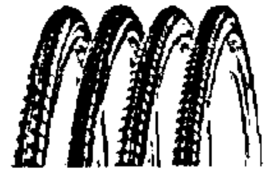
ഭരണ പങ്കാളിത്തം എന്നതുകൊണ്ട് വിവക്ഷിക്കുന്നത് സമസ്ത മേഖലകളിലെയും ഭരണ പങ്കാളിത്തം തന്നെയാണ്. കഴിഞ്ഞ അൻപത് വർഷമായി കേരളത്തിലെ സ്ത്രീ സമൂഹത്തിന് അർഹമായ തോതിൽ ഭരണ പങ്കാളിത്തം ലഭിച്ചി

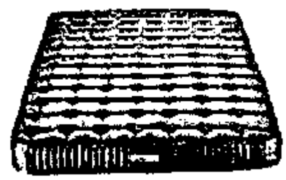
ട്ടില്ല എന്നതാണ് വസ്തുത. ഈ അർത്ഥത്തിൽ ഭരണ പങ്കാളിത്തത്തിലധിഷ്ഠിതമായിക്കൊണ്ട് സ്ത്രീ സാമൂഹ്യ പദവി കഴിഞ്ഞ അൻപതു വർഷത്തിനുള്ളിൽ കാര്യമായ വളർച്ചയും വികാസവും പ്രാപിച്ചിട്ടില്ല എന്ന് വിലയിരുത്തപ്പെടേണ്ടതാണ്. ഇങ്ങനെ വിലയിരുത്തുമ്പോഴും മറ്റെല്ലാ കാര്യത്തിലുമെന്നപോലെ ഇക്കാര്യത്തിലും കമ്മ്യൂണിസ്റ്റ് ഗവൺമെന്റുകളും കമ്മ്യൂണിസ്റ്റ് പാർട്ടികളും കൈകൊണ്ടിട്ടുള്ള പുരോഗമനപരമായ നയസമീപനങ്ങൾ പ്രകീർത്തിക്കപ്പെടേണ്ടതു തന്നെയാണ്.

സ്ത്രീകളുടെ സാമൂഹ്യ സുരക്ഷിതത്വം ഉറപ്പാക്കുന്നതിനും നിയമ പരിരക്ഷ ലഭ്യമാക്കുന്നതിനും 1996 ൽ സംസ്ഥാന വനിതാ കമ്മീഷൻ രൂപികരിക്കുകയുണ്ടായി. കേരളാ പോലീസ് സേനയുടെ അംഗബലത്തിന്റെ 10 ശതമമാനം വനിതകൾക്ക് സംവരണം ചെയ്തു കൊണ്ട് സ്ത്രീ സമൂഹത്തിന് നിയമ പരിരക്ഷയും നീതിയും ലഭ്യമാക്കുവാൻ നടപടികൾ സ്വീകരിച്ചിട്ടുണ്ടെങ്കിലും കേരളത്തിലെ സ്ത്രീ സമൂഹം കുടുംബത്തിനകത്തും പുറത്തും വർദ്ധിച്ച തോതിൽ അതിക്രമങ്ങൾക്കിരയാകുന്നു വെന്നതാണ് ഇപ്പോൾ നമ്മെ ഉൾക്കണ്ഠപ്പെടുത്തുന്നത്. രണ്ടാമത് ദേശീയ കുടുംബാരോഗ്യ സർവെ പ്രകാരം ഇന്ത്യയിലെ സ്ത്രീകളിൽ 69.4 ശതമാനം പേരും ഏതെങ്കിലും തരത്തിലുള്ള അതിക്രമത്തിനിരയായിട്ടുണ്ടെന്ന് രേഖപ്പെടുത്തുമ്പോൾ ഇത് 70.2 ആണ്. വിവാഹ ബന്ധങ്ങളിലെ സുദൃഢതയുടെ ഫലമായി സ്ത്രീധനവുമായി ബന്ധപ്പെട്ട പീഡനങ്ങളും മരണങ്ങളും മറ്റ് സംസ്ഥാനങ്ങളെ അപേക്ഷിച്ച് വളരെക്കുറവാണെങ്കിലും വീട്ടിനുള്ളിലും തൊഴിൽ സ്ഥലങ്ങളിലും സ്ത്രീകൾ നേരിടേണ്ടി വരുന്ന അതിക്രമങ്ങളുടെ നിരക്ക് ബീഹാർ, യു. പി, ഡൽഹി, പഞ്ചാബ് എന്നീ സംസ്ഥാനങ്ങളെക്കാൾ കൂടുതലാണ്. സ്ത്രീ സമൂഹത്തിന്റെ വ്യക്തി സ്വാതന്ത്ര്യത്തെ അപ്പാടെ ഇല്ലായ്മ ചെയ്യുന്നതരത്തിലാണ് അതിക്രമങ്ങൾ പെരുകുന്നത്. കേരളീയ സമൂഹത്തെയാകെ ഉൽക്കണ്ഠപ്പെടുത്തുന്ന ഒരു സാമൂഹ്യ പ്രശ്നമായി ഇത് വളർന്നു വന്നിരിക്കുകയാണ്.

ഇടതുപക്ഷ പുരോഗമന പ്രസ്ഥാനങ്ങളുടെ സജീവ സാന്നിദ്ധ്യവും ഇടതുപക്ഷ ഗവൺമെന്റുകളുടെ നയ സമീപനങ്ങളും നിയമ നിർമ്മാണങ്ങളുമൊക്കെത്തന്നെ കേരളത്തിലെ സ്ത്രീ പദവി വികാസത്തിന് സഹായകരമായി വർത്തിച്ചിട്ടുണ്ട്. കഴിഞ്ഞ അൻപത് വർഷങ്ങളിൽ വിവിധ തലങ്ങളിൽ ഭൗതിക പുരോഗതി സാധ്യമാകുകയും സാമ്പത്തിക വിഭവങ്ങൾ ലഭ്യമാകുകയും ചെയ്തിട്ടുണ്ട്. അതുകൊണ്ട് മാത്രം സ്ത്രീ ശാക്തീകരണം സാധ്യമാകുകയില്ല എന്ന പാഠം ഉൾക്കൊണ്ടു കൊണ്ട് സാമൂഹികവും സാംസ്കാരികവുമായ ഇടതുപക്ഷ സ്വാധീനം ഉറപ്പിക്കുവാനുള്ള പുത്തൻ ആശയങ്ങൾ രൂപപ്പെടണം. അതിലൂടെ മാത്രമേ കേരളത്തിലെ സ്ത്രീ സമൂഹത്തിന് സ്ത്രീ പദവി വികാസത്തിന്റെ പൂർണതയിലൂടെയുള്ള സ്ത്രീ സമത്വം നേടുവാൻ കഴിയുകയുള്ളു വെന്നതാണ് ചരിത്രവും വർത്തമാനവും നമ്മെ പഠിപ്പിക്കുന്നത്.







Kerala State Rubber Co-operative Limited (Rubco) was set up in 1997 with the objective of utilizing the abundant rubber resources of Kerala. Today, Rubco has grown into a Rs. 280 crore conglomerate with diversified operations and a steadily growing market presence.

Natural Rubber Trading

The largest exporter of natural rubber in the country, Rubco plays a significant role in effecting market stabilization, and serves the farming community by ensuring a reasonable price, even during peak production periods.

Rubco Footwear Division

Rubco's footwear division has a production capacity of 3.6 million pairs per annum. The footwear range comprises of Rubco Hawai, Rubco Plus, Rubco Super and Rubco Rainbow. This division also manufactures honeycomb rubber mats.

Rubco Huat Woods Pvt. Ltd.

A joint venture with Long Huat Group Berhad of Malaysia, this division manufactures a range of elegant furniture, quality edge-glued panels and laminated beams out of eco-friendly treated rubber wood, employing finger jointing and edge glueing technolgy.

Rubco Tyres & Tubes Division

This division manufactures a range of sturdy, technologically superior cycle tyres and tubes including conventional, MTB & SLR tyres. It has an annual installed capacity of 3 million tyres and tubes. Rubco will soon be launching tyres and tubes for two wheelers, passenger cars and trucks.

Rubco Mattress Division

Rubco mattress division, set up in collaboration with DOA, Austria, manufactures rubberised mattresses, pillows and cushions. The mattress range consists of Dosth, Safai, Heaven, Heaven Plus, Hi-Tech, Hi-Tech Pillow Top, Heal, Relief and Yathri mattresses.

Rubco Latex Division

Rubco Sreekandapuram Latex Pvt. Ltd. manufactures Block Rubber and Pale Latex Crepe (PLC).

Rubco Sales International Ltd.

Rubco Sales International Ltd. (RSIL) undertakes the sales and marketing activities for Rubco's entire range of products in the domestic and international markets.

Kerala State Rubber Co-operative Ltd., K.V.R. Tower, 4th Floor, South Bazar, Kannur-670 002, Kerala, India. Tel: 91-497-2709749, 2711134, 2701908, 2711376 - 378. Fax: 91-497-2711030. E-mail: info@rubcogroup.com
Website: www.rubcogroup.com

RUBCO

MAA Bozell 387-02

കേരള സംസ്ഥാന വനിതാ വികസന കോർപ്പറേഷൻ

പദ്ധതികൾ

സ്വയം തൊഴിൽ വായ്പാ പദ്ധതികൾ

(ന്യൂനപക്ഷ-പിന്നോക്ക വിഭാഗങ്ങൾക്കും വനിതാ വ്യവസായ സഹകരണ സംഘങ്ങൾക്കും
പ്രത്യേക വായ്പാ പദ്ധതികൾ)

നൊറാഡ് നിർമ്മാണ പരിശീലന കേന്ദ്രങ്ങൾ

(നെയ്യാറ്റിൻകര, കൊല്ലം, പുന്നപ്ര, തൊടുപുഴ, ജെ.ഡി.റ്റി ഇസ്ലാം, കോഴിക്കോട്, തിരൂരങ്ങാടി,
മറക്കര, മടായി, കാസറഗോഡ്, സുൽത്താൻ ബത്തേരി, മട്ടാഞ്ചേരി, കൊണ്ടോട്ടി, തിരൂർ)

സ്റ്റെപ്പ്-തൊഴിൽദാന പദ്ധതി

വർക്കിംഗ് വിമൻസ് ഹോസ്റ്റലുകൾ

(തൃക്കാക്കര, കാക്കനാട്, മഞ്ചേരി, മാനന്തവാടി, കണ്ണൂർ, തിരൂർ)

തൊഴിലധിഷ്ഠിത പരിശീലന പദ്ധതി

വനിതാ വ്യവസായ ഉൽപന്ന വിപണന മേളകൾ

ബോധവൽക്കരണ ക്യാമ്പുകൾ

ഹെഡ് ഓഫീസ്

താഴവിള ബിൽഡിംഗ്സ്, മീഡ്സ് ലെയിൻ, യൂണിവേഴ്സിറ്റി പി.ഒ., പാളയം,
തിരുവനന്തപുരം-34 ഫോൺ 2334296

മേഖലാ ഓഫീസ്

റിസേർവ് ബാങ്കിന് എതിർവശം, ബേക്കറി ജംഗ്ഷൻ, തിരുവനന്തപുരം, ഫോൺ : 2328257

ലിയോൺ അപ്പാർട്ട്മെന്റ്സ്, 41/4104-എ, സരിതാ തീയറ്ററിന് എതിർവശം, ബാനർജി റോഡ്,
കൊച്ചി-18, എറണാകുളം, ഫോൺ-0484-2394932

കോയപ്പത്തോടി ബംഗ്ലാവ്, വയനാട് റോഡ്, എരഞ്ഞിപ്പാലം പി.ഒ., കോഴിക്കോട്-6,
ഫോൺ : 2766454

സ്വയം തൊഴിലിലൂടെ സാമ്പത്തിക സുരക്ഷ

"വെളിച്ചത്തിന് വിളക്കുവേണം
വികസനത്തിന് വ്യവസായം
വ്യവസായം മൂല്യവർദ്ധനയ്ക്ക്
വ്യവസായത്തിന് പ്രകൃതി സമ്പത്ത്
പ്രകൃതി സമ്പത്ത് പാഴാക്കരുത് "

പരിസ്ഥിതി സന്തുലനം ഉറപ്പാക്കി
പ്രകൃതി സമ്പത്ത് ഉപയോഗിച്ച്
കേരളത്തിന്റെ വികസനം ത്വരിതപ്പെടുത്താം