

PREFACE

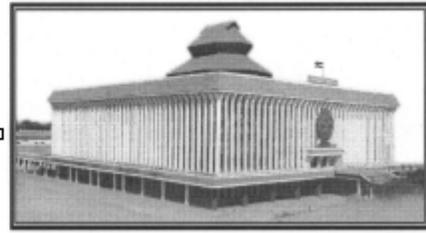
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Public Distribution System: A Phenomenon of Drainage

T.P. Vijumon

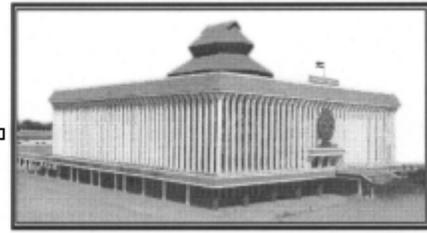
Public Distribution System (PDS) is primarily a social welfare and the anti-poverty programme of the government of India. PDS is first introduced in England and almost all other countries followed their path for upholding their social commitment. The main objectives of PDS in India can be summed up as follows.

- Maintaining price stability
- Raising welfare of the poor
- Rationing during the situations of scarcity, and
- Keep a check on private trade

PDS in India has not achieved the objectives since decades of its inception. The system itself is ineffective as the benefit reaches only about less than 30 per cent of the targeted group. Many studies revealed that the majority of the ration cardholders have not been visiting the ration shops either due to the poor quality of the food grains supplied or hesitance of the ration dealers in supplying goods. The present Public Distribution System has to be revamped unless the huge loss due to corruption and leakage in PDS will be continued. The study is aimed to unveil the ineffectiveness to serve the aims of the present PDS.

Present Scenario of PDS in Kerala

PDS in Kerala state is considered comparatively better than other states in the country. The central norm of one fair shop for 2000 population has already been achieved in the state and normally no cardholders need to travel more than 2 km from his/her residence. Universal rationing system was followed in the state, but due to many reasons, the government abandoned the system and Targeted Public Distribution System was introduced from 1st June 1996 in the state.



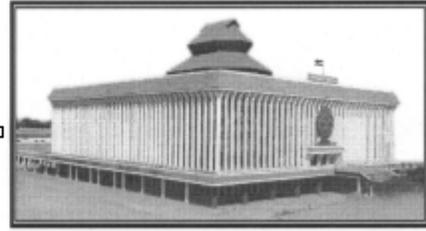
Under the scheme the households are classified as Above Poverty Line (APL) and Below Poverty Line (BPL) as per the norms of the Planning Commission of India.

Distinctive Ration cards are issued to them and food grains are distributed at prices fixed by the government. Out of the 6139586 household card holders in the state, 4568811 families are under APL and 1570775 families are under BPL category and the rest belong to institutional card holders. Food grains are allotted by the government of India for distribution to the cardholders 35 kgs of rice per month at the rate of Rs.6.70 per kg. BPL card holders are allowed to purchase 25 kgs of rice/ wheat at Rs.1 per kg every month. In addition to this scheme, for the distribution of food grains in Kerala under PDS, two other schemes are also followed. They are known as Antyodaya Anna Yojana (AAY) and Annapurna Scheme (AS). Under AAY scheme 35 kgs of food grains is distributed to the poorest categories at the rate of Rs 3 per kg. Now the number of beneficiaries under the scheme in the state is 471800.

As per the third scheme AS, 10 kgs of food grains is distributed per month free of cost to those who are above 65 years. The scheme is implemented in the state with effect from 14.02.2001. Levy sugar and Kerosene are also distributed by the government to the cardholders at subsidized rates. It is observed that many of the ration cardholders have not been using the PDS system in the state and so a huge amount of PDS subsidy is not reaching to the poor sections of the state.

Even though the PDS in the state is considered better than those of the other states, it also makes irreparable loss both to the beneficiaries and the government. State's 70 per cent of the population no longer uses the PDS, where black marketeering and corruption is rampant at after converting the universal PDS to the TPDS. The system itself should be made redundant and that the time has come for an entirely different scheme to ensure food security with attaining the aims. 'Around 9 per cent of Kerala's ration cardholders are fake. This shows the state losses over Rs 23 crore every month (11781088 tonnes of food grains at a subsidized Rs 20 per kg. The state's population is 33387677, while the number as per ration cards is 36586249).

The Wardha Committee on PDS (2008) stated that the present system need a substantial change to reach the intended benefit to the targeted group. From all these, it is clear that the PDS subsidy given by the government with the aim of abolishing poverty has not been an effective one as only a portion of the benefit reaches to the beneficiaries. In these circumstances, the major question is that whether the enormous public expenditure on the system is continued without reaching the poor sections of the society or can be able to adopt an error free system which enables to reach the benefits to the target group.



Significance and Scope of the Study

Subsidy through PDS in the country is a very large amount. In Kerala alone government spends around Rs 5,500 crore for providing subsidy to ration articles. But, only one half of the amount reaches the target group. This study points out the need for an alternate programme for effective dispersal of subsidies in PDS. The transfer of subsidy amount to the bank accounts of the beneficiaries' will certainly wipe out all types of malpractices and correction encountered in the PDS of our country. The direct transfer of subsidy through beneficiaries' bank accounts as and when they purchase rationed items from selected retail outlets.

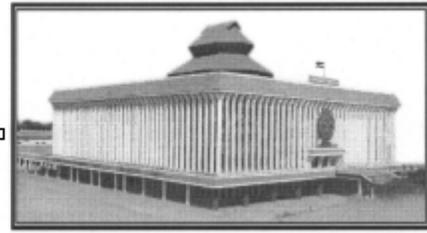
It is also important that the government has to issue directions for the retailing of items through outlets controlled by CONSUMERFED, Supplyco and Neethi stores managed by service cooperative banks. Direct payment of ration subsidy shall be boon to the poor sections of the people and will be an inclusive growth. The retailing of food items will provide satisfaction for the choice, quality and the service to retain customers. It is understood from the pilot study that leakage of PDS is highest in Pathanamthitta and Kasargod districts of Kerala state and the study is concentrated to the districts only. The present study is limited to circumstances of Kerala based primary data and available secondary data.

Objectives

1. To assess the perception of beneficiaries on the leakage of PDS.
2. To describe the advantages of direct transfer of PDS subsidy.
3. To examine the amount of leakage of the PDS in Kerala state.
4. To seek the opinion of beneficiaries in the direct transfer of PDS subsidy to them.

Methodology

The study is descriptive in nature. Primary data has been used for the study. Primary data were collected from 200 customers, which include 100 APL and 100 BPL cardholders. Data has been collected equally from urban and rural areas of Pathanamthitta and Kasargod districts by using a structured questionnaire. A pilot study was conducted and the classical Cronbach Alpha test is resorted to eliminate the variables having least alpha value. A Random sampling method is followed to identify the beneficiaries of PDS. Statistical tools such as percentages, mean square, and AN OVA are used in the study.



Results and Discussions

Leakage of PDS subsidy: Justice D.P. Wadhava Committee (2010) on PDS in India studied about the problems of the system. Leakage of food grains and other rationed articles have been identified the major problem, which should be curtailed immediately. The committee observed that 75-80 per cent of the APL cardholders do not go to the ARDs in Kerala for taking their ration items. Table-1 show the details of loss of PDS subsidy in Kerala, which would otherwise have been reached to the beneficiaries.

Table-1 – Details of Leakage of PDS subsidy in Kerala (Yearly)

Types of Beneficiaries	No of cardholders/ families	Monthly Qty-Kg	Yearly Qty of food grains-Kg	Subsidy amount Kg	Total yearly subsidy (crore)	Subsidy received based on usage @54.2% (crore)	Leakage of PDS subsidy (45.8%)
APL	4568811	35	420	19.30	3703.47	2018.40	1685.07
BPLincluding AAY	1570775	25	300	24.00	1130.96	612.98	517.98
AC	98000	10	120	25.00	29.4	15.93	13.47
Total	6237586				4863.83	2636.31	2216.52

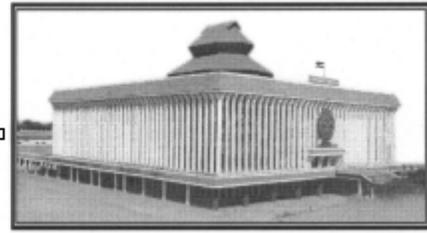
Source: Dept. of Civil Supplies, Government of Kerala. 1% Wardha Committee on PDS 2008

The Central and the state governments spend yearly about Rs 4863.83 crore for providing subsidy in PDS in the state of Kerala. But, only 54.2 per cent of the amount, which is Rs 2636.31 crore is estimated to reach the targeted group. (As per the report of Wadhava committee on PDS in India, only 54.2 per cent uses ration shops in Kerala). Based on leakage percentage of PDS (45.8), around Rs. 2216.52 crore is the amount of yearly loss incurred by the government.

The customer opinion on the leakage of various items distributed through the PDS in Kerala is collected in a seven point scale, 7 denote highest leakage and 1 denote lowest leakage. T-test is resorted to identify the variations between the districts under study.

Hypothesis

H0: There is no significant difference in the perception of respondents between districts on the opinion of PDS leakage.



H1: There is significant difference in the perception of respondents between districts on the opinion of PDS leakage.

According to the beneficiary opinion, it has been observed that in Pathanamthitta district, the leakage percentage perceived by the ration cardholders is very high in the case of sugar, kerosene and rice respectively and kerosene, rice and wheat and sugar respectively in the case of Kasargod districts. In the case of leakage of kerosene, sugar and wheat distribution a very high difference is seen between the districts in the opinion of customers as the p values are more than 0.05 and so H1 is rejected. But no significant difference has been seen between districts in the case of rice leakage. All the four items, except wheat in Pathanamthitta district a very high percentage of leakage is perceived by the respondents.

Black marketing in PDS

Black marketing of ration items is one of the major problems in the state. The responses of the respondents were collected on their opinion on the black marketing practices prevailing in the PDS of the state. Table-2 gives the details on the respondents’ opinion on the black marketing in PDS. The hypothesis for the purpose is:

H0: There is no significant difference between the opinion on the black marketing in the PDS.

H1: There is significant difference between the opinion on the black marketing in the PDS.

Table-2 – Customer Opinion on the Leakage of PDS in Kerala

Items	Mean (Pathanamthitta)	Mean (Kasargod)	T-values with sig. level
Rice	5.92	5.88	233.2 (0.003)
Kerosene	6.24	5.98	43.55 (0.067)
Sugar	6.99	4.86	23.66 (1.27)
Wheat	3.55	5.76	33.77 (1.91)

Eighty three percent of the respondents surveyed have the response that the black marketing occurs in the present PDS system of the state. The mean value of the opinion in the five point scale regarding the presence of black marketing is high as 4.2. This shows a very high level of black marketing. The One way ANOVA value, $F=2.461$, $P=0.030 > 0.050$ clearly depicts that there exists significant difference in the response the three type of opinions in this respect.

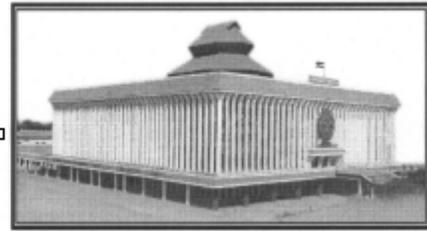


Table-3 – Ration Cardholders’ opinion on ‘Black Marketing in PDS’

Black marketing in the PDS	Respondent’s		Mean	F	Sig.
	Number	Percentage			
Agreed	166	83.0	4.2	2.461	0.030
Not agreed	6	3.0	3.1		
Don’t Know	28	14.0	3.9		
Total	200	200.0			

Knowledge on the quantity of rationed articles

Majority of the users of PDS are not clear on the quantity and price of rationed items available through fair price shops. Table 4 shows the respondents knowledge on the availability of rationed items. The following hypothesis is generated in this respect:

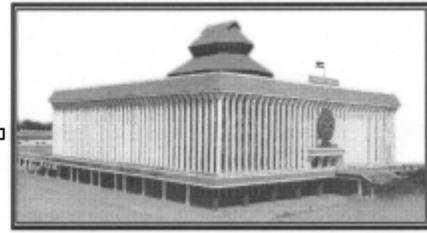
H0: There is no significant difference existing between APL and BPL cardholders on the unawareness of the quantity of food grains available through PDS.

H1: There is significant difference existing between APL and BPL cardholders on the unawareness of the quantity of food grains available through PDS.

Table-4 – Knowledge on the availability of rationed items: Frequency and t-values

Knowledge	Respondent’s		Mean Square	t-values	Sig.
	Frequency	Percentage			
Have Knowledge	58	29.0	0.490	2.389	0.125
No Knowledge	142	71.0	0.205		
Total	200	100.0			

It is seen that only 29 per cent of the respondents were clearly aware about the quantity of rationed items supplied through ration retail shops as per the government norms. Majority of the respondents (71 per cent) not clearly knows the quantity of items that they will get. The One sample t-test, $t=2.389$ with $p=0.125 > 0.05$ shows the acceptance of null hypothesis that there is



no significant difference between APL and BPL card holders in the knowledge of the availability and quantity of food grains supplied through PDS.

Opinion on the direct payment of ration subsidy

The response of the ration cardholders of both APL and BPL have been collected on the payment of subsidy of ration items through banks. Table 5 shows the frequency of favoring and disagreeing the notion and the binomial test values in this respect.

Hypothesis – There is no significant difference in the opinion on APL and BPL on the direct, payments of PDS Subsidy.

Table-5 – Knowledge on the direct payment of PDS subsidy

Direct Payment Knowledge	Respondent's		Mean Square	Binomial value	Sig.
	Number	Percentage			
Favors	142	72.0	1.960	10.554	.002
Disagrees	56	28.0	0.186	3.1	
Total	200	100.0			

Source: Primary data

As is clear from Table-5, 72 per cent of the respondents favour the direct payment of PDS subsidy through their bank accounts and 28 per cent expressed their ignorance about the direct payment provision. The binomial test results shows that value= 10.554, $p= 0.002 < 0.05$ means the rejection of null hypothesis and substantiated that there is significant difference in the opinion between APL and BPL groups regarding the direct payment of PDS subsidy through banks.

Advantages of Direct transfer of PDS subsidy

1. It helps wipe out black-marketing practices existing in the PDS of the country.
2. It will reduce all types of corruptions encountered in our PDS.
3. It will revitalize the scheme by ensuring the subsidy only to the end users.
4. It reduces the amount subsidy expenditure of the government.
5. It will revamp the government controlled retail distribution system.
6. It will certainly be one of the major inclusive growth programmes of the government.
7. It will accelerate banking growth in the country.
8. It will be an effective poverty alleviation programme.

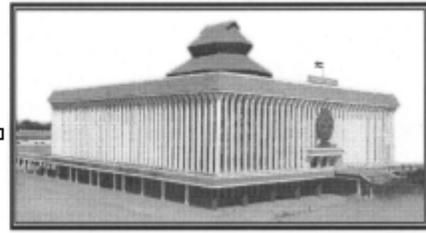


Conclusion

The present PDS in the state has not been effective as per the study. Many studies and reports criticized the system in the sense that the majority of the ration cardholders are not using the system. Also they are not getting the actual quantity of rationed items as per the norms by the intermediaries. Rs 2216.52 crore is the estimated amount of yearly loss of PDS leakage in Kerala state alone. Moreover, correction, hoarding, and black marketing are encountered in the system. Therefore, it is observed that the targeted group does not receive the benefit that they ought to get. The direct payment of ration subsidy to the beneficiaries through their bank accounts connected with the Aadhaar and distributing quality rationed items through government controlled retailers may help to revamp the PDS system to serve its very objectives.

**SOUTHERN ECONOMIST,
JANUARY 1, 2015.**





Improving Healthcare Services at Reduced Prices

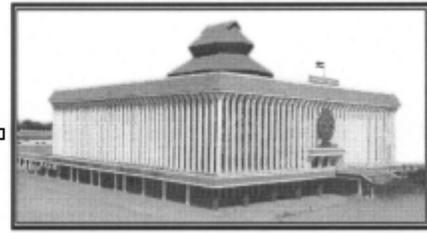
Meeta Rajivlochan

Expecting improved healthcare services at reduced prices seems contradictory. Surely any improvement in any service must necessarily entail a rise in cost? While there is a need to increase expenditure on health there is also a dire need to cut down costs. Cost escalation is needed where existing pricing systems have little slack. This is not the case where healthcare delivery in India is concerned. There is not only a great deal of slack in the existing healthcare pricing in the private sector but also, in order to bring it down without causing loss and benefiting all is very much possible.

Before doing that, we would like to say that existing high prices for facilities in the private healthcare sector are no guarantee of high quality just as the low prices of facilities in the public sector are no indicator of poor quality. Actually where the practice of the healthcare sector is concerned, pricing is not an indicator of much. The one factor that makes such a contradictory state of affairs possible is the fact that there is no professional consensus on what constitutes good patient care, and nor is there any legislative mandate on delivering it or on establishing controls on how this is being done.

Clinical vs Economic Sense

Self-regulation by the market just does not work where healthcare is concerned. The externalities in health care are too many. This is why there are so many reported cases of nursing homes conducting caesarean sections even where normal deliveries were entirely possible; this is why hysterectomies are conducted on unsuspecting women. That women have lesser control over their bodies is only one of the issues here. The main reason for the contradiction is this: clinically it may make better sense to conduct a normal delivery on a female or to give drugs to angina patients but economically it makes better sense for the health facility to conduct a costlier procedure like a caesarean section or an angioplasty. Simply put, what is good for the patient may not be so good for the health facility which is treating him/her. The only way to resolve this situation is to have transparent standards of patient care coupled with effective regulatory



mechanisms to enforce these. Those who find the word “regulation” like the proverbial red rag to the bull, should ask themselves how many times they have dared to request their doctor to prescribe a generic medicine instead of a branded one and got a negative answer or how many times they have been cheated by a healthcare facility. For people who have a negative answer to either question, we can only say that they are either extraordinarily lucky or extra-ordinarily naive.

1 Standards of Patient Care

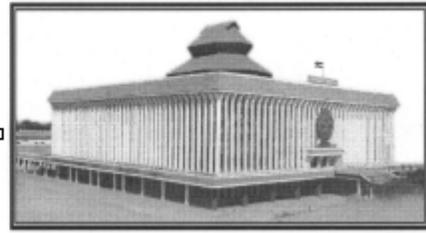
Quite simply regulating healthcare means two things: first, drafting standards of patient care, and second setting up implementation machinery for monitoring the same. It sounds simple but as with all good things, it is rather difficult to do. These are matters that have been discussed in great detail in professional journals but have seldom been translated into practice on a large scale.

Standards of patient care would mean, among other things, pricing standards. Developing such standards means that the hospitals would need to work out the costs of carrying out any specific procedure. For instance, what would it cost a hospital to treat a patient needing a heart bypass, beginning from his entry to the hospital up to exit? Most private healthcare facilities which are doing good business would already have a break-up of the costs involved. But making such a package public is akin to inviting flak. After all if we were to add up the prices of all the items needed for a heart bypass ranging from consumables like catheters, oxygenator, cannulae, medicines, etc, to the fees of the surgeons, anesthetists, and others along with the costs of stay, it would be difficult to drive the figure much beyond Rs 1 lakh. How then would a five-star hospital justify charging Rs 5 lakh for the procedure? These are the margins existing in the business as of now.

The answer to the question of how such large margins are possible lies in the scarcity of hospitals and of doctors available for such operations. Limited supply means that the facilities charge whatever they think the market can take. If poorer people are priced out altogether, that would not affect the hospitals much since supply is so scarce in the first place and they have sufficient takers. Public hospitals could have prevented this by making independent calculations and then making them public. They do not do so perhaps because this would put pressure on them to offer cashless transactions for a variety of ailments which they are unable to. The less said about procurement in a public hospital, the better. It is a constant battle against limited budgets, cost overruns, harried doctors and uncooperative bureaucrats.

Maintaining Standards

So the private sector will not and the public sector cannot take on the task of developing packages for specific ailments. Here comes the third party in this transaction which is the insurance company. The insurance companies say clearly that it is not their task to regulate the healthcare



sector. Perhaps this is the single-most important reason for the inflated healthcare premiums which they charge and patients unwillingly pay. Pricing standards are only the beginning of the story. Standards of patient care would also mean quality of care standards. What do we mean by quality of care standards?

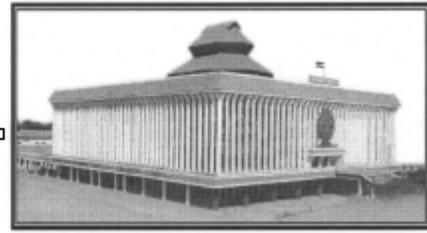
Patient care processes in any healthcare facility have multiple aspects: the numbers and quality of human resources, status of infrastructure and equipment; maintenance of medical records; keeping track of hospital-acquired infections; monitoring medication to ensure safe drug delivery; the use of standard operating protocols; keeping track of adverse events like drug reactions, medication errors, unforeseen complications, etc. A high quality patient care standard would attempt to develop benchmarks for each of the processes enumerated above.

To make it simpler, a human resource benchmark would mandate that all intensive care units (ICUs) should have a nurse: patient ratio of 1:3 and for patients on ventilator, a nurse: patient ratio of 1:1. An infrastructure indicator would be that the operation theatres (OTs) have uninterrupted water and power supply and all ambulances have emergency trays, intravenous fluids and a trained paramedic. Keeping track of hospital-acquired infections would mean having registers in each ward for surgical site infections; for ventilator associated pneumonias in ICUs, for catheter related urinary tract infections and so on. Currently almost 95% of the hospitals in the country only note such incidents on the individual case papers. No separate registers for different types of infection are maintained. This automatically means that it becomes impossible to get data on the numbers and pattern of any specific type of infection in any facility. Patient care processes are about intensive record keeping. Failure to keep records makes it impossible to engage in collecting feedback or in taking corrective action.

The National Accreditation Board for Hospitals and Healthcare Providers in India is charged with the task of developing such standards. By 2013, it had accredited some 275 hospitals in the country out of at least 50,000 establishments. So long as there is no legislative mandate for a hospital to follow patient care standards, no one really sees a need to seek such accreditation. It is often argued that these standards are very costly to maintain and it is not cost effective for hospitals to observe these. However, the majority of the measures described above only involve developing and following protocols and rigorous record-keeping. There are 50 bed hospitals which have successfully applied for and obtained such accreditation, so why not the others?

Registering Clinical Establishments

If developing standards is such a desirable process, how does one go about doing it? A first step has already been taken by the Government of India (GOI) in enacting the Clinical Establishments (Registration and Regulation) Act in 2010. This provides a basic legislative framework for registering all clinical establishments and for developing standards for different types of facilities, whether maternity homes, super specialty hospitals, pathology laboratories or



ayurveda centres. As of now, it has been implemented in all union territories as also the states of Arunachal Pradesh, Mizoram, Sikkim and Himachal Pradesh. A few others like Uttar Pradesh, Rajasthan, Bihar and Jharkhand have adopted this Act and are in the process of setting up implementation machinery for the same. Kerala and Maharashtra have said that they would enact their own version of the legislation. So any state could use this legislation as a starting point to develop its own bill, if it does not wish to adopt the central law.

A word of caution here. The story of Indian governance is about a series of well-meaning measures which fail at the implementation stage. While embarking on this task, we need to be sensitive to the reasons for the failure of the present legislation and to ensure that these mistakes are not repeated. One of the basic reasons why the existing Nursing Home Acts extant in some states do not function is that no machinery has been created for its implementation. The healthcare personnel in the service of various state governments are tasked with providing healthcare, not regulating it. For carrying out this function, separate machinery needs to be created. To ask the civil surgeon and district health officer who are already implementing a hundred other programmes, to also look after the regulation, is a futile exercise. Nothing extensive is needed except minimally one officer with basic staff in each district or ward as the case may be, for registering the thousands of clinical establishments in the country today.

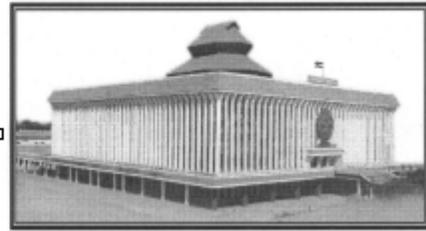
Second, to make things simpler for all concerned, web-enabled applications are needed with a user friendly interface to facilitate self-registration by the various clinicians and hospitals. This would ensure that the hospitals and clinics would not need to actually visit any office unless there are some deviations from the standards proposed. Also, the task of the government machinery would simply be to sift through the data and check for any significant deviations and also to disseminate information about the standards being adopted to the maximum extent possible.

Finally, having citizen stakeholders on board in each of these authorities would certainly help achieve more transparency and also provide a much-needed feedback mechanism. Currently a great problem in existing government functioning is that citizens are rarely entrusted with civic duties which would give them some idea of the complexity of problems facing the state. A lack of involvement of the citizenry also means that government officials rarely receive feedback about what is happening unless they themselves make serious efforts to go out and obtain it.

Once precautions on the above lines are taken, there is every reason to believe that health care regulation would actually succeed in its appointed task.

2 Prices of Health Services

Once healthcare regulation is put in place, the state machinery can then make use of the enabling environment created to bring down prices of health services. Medicines and medical devices are one of the most important components of these services. Medicine prices have just



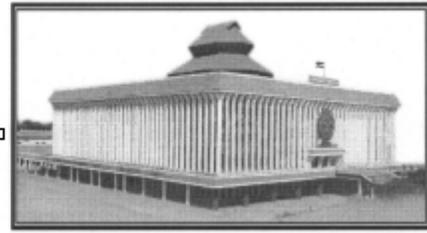
as much to do with the manner in which pharmaceutical companies and druggists operate as with the prescribing practices of doctors. Entire legions of medical representatives are deployed by the pharma companies with the sole object of disseminating information about their drugs to doctors and encouraging them to prescribe these drugs. This is the first barrier that needs to be broken.

Some countries like Bangladesh have for decades implemented a drug policy emphasising generics and have prohibited the manufacture of branded drugs deemed to be either hazardous or of no therapeutic value. As a result almost 80% of drugs sold in Bangladesh are generic drugs but this is not the case in India. And prices of branded formulations are far higher than generic ones. Given the trajectory of development of the private pharma sector in India, it seems difficult to enact legislation as Bangladesh has done. Still there is much that can be accomplished even given the adverse incentive structure of the pharma sector.

A way out for government hospitals is to use the single payer mechanism. To implement this, the first requirement is to take away the burden of procuring all but emergency items from government hospitals. Staff in these institutions is over worked, less than required, under constant pressure and ill equipped to handle the challenges of procurement. For that a dedicated staff and team is needed. The one role for the medical personnel is to frame the specifications and to check whether material supplied is as per those specifications. The rest is a job for a dedicated management team.

Such procurement teams rarely exist in the government machinery; the result is that the same medicine is being procured by a variety of different hospitals in the same state; the same medicine is procured under different budget heads and often one department head has no idea what the other is doing. Each individual transaction adds its own price component to the final price.

To break this cycle, first an essential drug list needs to be drawn up by the procurement team. This exercise when conducted in Rajasthan and Maharashtra showed that the actual list of essential medicines needed for all levels of care was fewer than 500 while routinely procurement was being done for over 2,000 drugs. This rationalises the entire procurement exercise a great deal, saves much time and effort. Once this is done, software is used for collating the indents of the hospitals throughout the state and money from different budget heads is merged. Once the self-same paracetamol or amoxicillin as the case may be, is procured in bulk and under a single payer system, prices come down by up to 100%. The margins in the pharma business are considerable and this is the only way to approximate wholesale prices. Generating transparent e-receipts for goods supplied, and payment in 30 days can bring down prices further. To recap an old maxim, there are no free lunches. Where suppliers know that their payment will come through six months later, they would factor in that much interest into whatever price they charge. Wherever suppliers know that they would have to approach so different offices for payment,



they factor in those transaction costs as well. It is the act of removing all these hidden costs which makes the medicines cheaper.

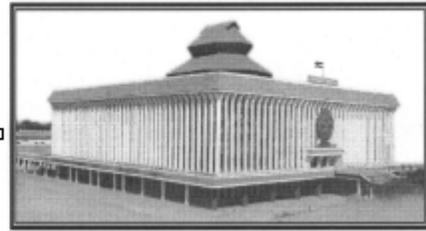
Here is one example. Drug eluting stents are very costly items or so all cardiologists say. The Central Government Health Scheme (CGHS) had been buying them for approximately Rs 60,000 and more for many years and the same was the case with most state health departments in the country. Then someone in the GOI got to know that these prices were marked up by 300% and issued a directive that the prices be slashed. But the medical device companies were reluctant to oblige. Why should we offer such a discount, they asked. It is a different matter that they had been offering precisely such discounts to all private hospitals. Then the Public Health Department of the Government of Maharashtra floated a tender for drug eluting stents making it clear that only the lowest bids would be accepted and also that drug coatings in the same family would be clubbed together for price evaluation. They clubbed the demand of a few government hospitals to arrive at a figure of approximately 300 stents. They stipulated, however, that the stent would have to be either approved by the United States Food and Drug Administration or have the European Union's CE mark. The lowest bid in that tender was Rs 23,700 which was one-third the original price!

Single payer systems, where properly implemented, do work. But again it would be very important to build in corrective mechanisms in this entire process by setting up a call centre for grievance redressal. This way in case patients are unable to access medicines at the pharmacy, at least they can call and make their grievance known.

The Ministry of Health and Family Welfare in the GOI has estimated that an average expenditure of under Rs 50 per capita per annum is sufficient to cover outpatient expenses of most patients. But we need to make every single paisa of that money count and using the single payer system to remove the hidden costs is one way of achieving that target.

3 Problems with Insurance

Once some healthcare regulation is in place, bringing insurance premiums down is much more feasible. The logic of single payer systems remains valid for this just as much as for medicine prices. Maharashtra and Tamil Nadu have shown that for large populations running into crores, floating tenders for health insurance for a defined set of families fetched per family premium of Rs 333 in Maharashtra and Rs 497 in Tamil Nadu for an annual coverage of Rs 1.5 lakh and Rs 1 lakh, respectively. These prices also include administrative charges. The reason for such low premiums is that while six out of 100 families may fall ill in any specific year, premium is paid for all 100. With these premiums and an average per claim cost of Rs 25,000 to Rs 30,000, the insurance company just about breaks even.

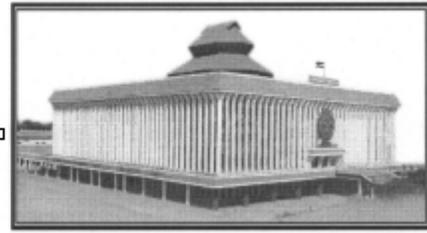


Here, there are two kinds of problems that we face: those connected with the healthcare sector as discussed above, and those connected with the structure of the insurance industry itself. Once hospitals agree to work out package rates for specific ailments, the job of the insurance company becomes much simpler. But this is not something the insurance companies are eager to do. Their argument is that this is not their job. Their job is simply to offer health insurance in current market conditions; not to change those market conditions.

What the insurance industry does not realise or perhaps it does but does not care is this: healthcare affects far too many lives and has too many ethical dimensions for such a view to be tolerable. Healthcare insurance is not just another variety of motor vehicle insurance, whatever the health insurance industry may wish. By pricing market interventions, like it or not, they offer price incentives for doing certain procedures and disincentives for doing other kinds of procedures. The task of the state is to see that those prices incentivise the right kind of interventions and that they are not perverse and against the interests of the patient. Thus to price a caesarean section as much higher than a normal delivery would achieve many more caesareans than normal deliveries, irrespective of what is good for the patient.

The one way to deal with this problem is to develop clinical protocols based on the guidelines of evidence-based medicine. That way it would be possible to offer the treating physicians guide maps of desirable options when treating a patient. This is what the professional medical associations in western countries routinely do. For some reason, professional associations in India, whether of cardiologists, surgeons, gastroenterologists, etc, with a few exceptions, have not really engaged in this kind of exercise. A beginning in this regard has already been made in Maharashtra and also by the central government with the assistance of top-line doctors. Once the protocols are in place, only some kind of treatments would be allowed and others would be disallowed. What is significant about the Maharashtra experiment is that the insurance company concerned, the National Insurance Company, has agreed to use these protocols. This is a first in the country. Otherwise insurance companies routinely use the least cost solution to health insurance claims irrespective of what may be good for the patient.

But there is another problem and this one has to do with the way in which the insurance industry in India is structured. The insurance industry routinely subcontracts out most of its job, at least where health care is concerned, to what they call third party administrators (TPAs). What is wrong with this, you would ask. Is it not normal for jobs to be farmed out on contract basis? Yes it is routine to farm out jobs on contract basis but in this specific case what is being done is that the entire task of admitting a claim, beginning from a pre-authorisation to the processing of the bill, is farmed out to an organisation which has no stake in the healthcare of the population. This creates a most pernicious incentive structure. There is a world of difference between contracting in individuals and contracting in organisations with financial interests distinct and different from the original organisation. The insurance industry, at least arguably, does have some interest in seeing that people fall ill less often and in encouraging wellness. The government shares that



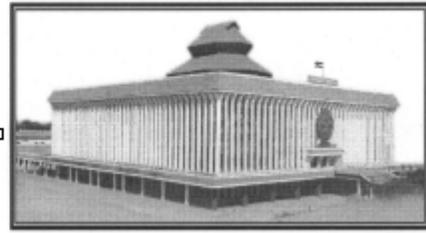
interest. The TPA has no such interest. It is doing a job for a fixed remuneration. Most insurance companies have hidden clauses whereby the TPAs are incentivised for artificial claims control, meaning to allow claims only up to a certain limit and not beyond. Soon the TPAs discover a more lucrative way of making money: of tying up with the hospitals they service for creating fake patients and fake illnesses and thereby earning a steady income. The insurance industry spends a lot of money on controlling such fraudulent practices. But administrative controls cannot set right the pernicious incentive structure the mere act of using a TPA creates. There are strong reasons why a government needs to use an insurance company for buying hospital services for its citizens. This way there is an impartial mediator to service those needs, to negotiate with the hospitals and to process pre-authorisation requests for treatment and the resulting claims. At the same time there is a financial incentive for the company to keep some check on costs. Governments are not equipped for such tasks especially where negotiating discounts with hospitals, or indeed with any entity, are concerned. But to further allow the insurance company to subcontract this job to a stakeholder with zero interest in positive health outcomes is counterproductive. The insurance industry regulator, the Insurance Regulatory and Development Authority (IRDA) is well aware of the problem and the recent measures announced place severe limits on the tasks that a TPA can do for a health insurance company. But as we said earlier, the pernicious incentive structure remains; what the IRDA does about it remains to be seen. As a government body the IRDA is expected to take a stance which is in the interest of the public rather than the industry.

The way to deal with this problem is to disallow the TPA and persuade health insurance companies to develop domain expertise. After all if they wish to make money on this sector, they need to develop some skills for doing it which do not go against the public interest. Eliminating the TPA would also bring down the costs of health insurance a great deal. Currently health insurance companies are free to charge up to 20% for administrative charges. This is ridiculously high and can easily be halved, provided that the government also agrees to regulate the healthcare sector and provided that the TPA phenomenon is eliminated.

Commitment Required

All three solutions that have been spelt out above: regulating the healthcare sector, bringing down medicine and device prices and bringing down insurance premiums, are very much possible. What it takes is vision and a certain commitment to healthcare.

Several challenges would emerge but all we need is a constructive mindset. First all these systems require the use of and certain degree of comfort with computer-enabled systems. They also need good internet connectivity and high bandwidths. Urban areas do not present a problem in these respects but rural areas would need to upgrade infra- structure. Tamil Nadu, Maharashtra and Andhra Pradesh have been implementing web-enabled solutions for the population including rural areas for some years now, so this is very much within the realm of the possible.



Second, such measures would only work where strong mechanisms are set up to receive continuous feedback from consumers which in turn serves as a self-corrective. Call centres are one such mechanism. Third party evaluations are others.

Surely where the results would be so beneficial to the public at large and no one is harmed, it should be possible to achieve all this and still to bring down prices.

Most important of all in a democracy, we need to arrive at some kind of consensus: not only in recognising that there is much that is wrong with our healthcare systems but in terms of the willingness to correct what is wrong. The Clinical Establishments (Registration and Regulation) Act is a step in the right direction. Whether the state governments will take it up seriously or whether it will be seen as just one more intrusive and costly policy suggestion of the GOI, remains to be seen.

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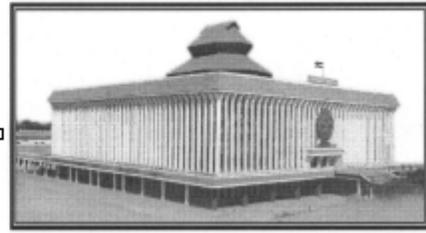


A CASE FOR CASTE CENSUS

Era Sezhiyan

In its judgment of November 7, 2014, the Supreme Court set aside two orders of the Madras High Court that had directed the Centre to conduct a caste-based census. In the judgment of October 2008, the Madras High Court observed that a caste-based census would increase the percentage of reservation in favour of the weaker sections. In May 2010, the Madras High Court reiterated that decision. The Supreme Court held that such decisions of the High Court interfered in the government's domain of policymaking.

In 1951, there were two cases before the High Court of Madras involving reservation for backward classes in public services and in educational institutions: Champakam Dorairajan vs State of Madras and Venkataraman vs State of Madras. The Madras High Court had struck down the Communal Government Order passed by the Justice Party government in Madras Presidency in 1921 that had provided for caste-based reservation. In the appeal, the Supreme Court came to the conclusion that these two reservations were against the law. To validate the policy of reservation, the Government of India took steps to introduce a Bill in Parliament amending the Constitution. Speaking on May 29, 1951, in Parliament on the report of the Select Committee that was set up to look into the First Amendment, Prime Minister Jawaharlal Nehru said: "Now I don't for an instant challenge the right of the High Court of Madras, to give the decision Nevertheless, while it is quite valid and we bow before the decisions of the court, the fact remains that we are faced with a situation for which the present generation is not to blame. Therefore, some sort of special provisions must be made. We have to do something for the communities which are backward educationally, economically and in other respects, if we wish to encourage them in these matters. We come up against the difficulty that, on the one hand, in our Directive Principles of Policy we talk of removing inequalities, of raising the people in every way, socially, educationally and economically, of reducing the distances which separate the groups or classes of individuals from one another; on the other, we find ourselves handicapped in this task by certain provisions in the Constitution."



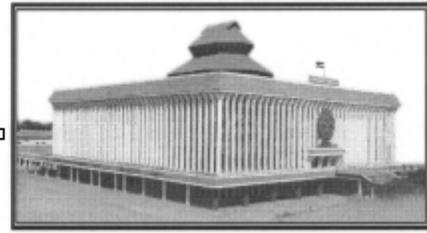
More blunt and pointed was the speech of Law Minister B.R. Ambedkar. He said: “I have carefully studied the judgments and with all respect to the judges of the Supreme Court, I cannot help saying that I find this judgment to be utterly unsatisfactory.” There were several points of order in the House from the members against disrespect to the higher judiciary. Ambedkar contended: “There is no disparagement of the learned judges at all. The judgment does not appear to be in consonance with the articles of the Constitution.” After furious interruptions, Speaker G.V. Mavalankar tactfully brought peace to the House by observing: “I was thinking whether what he [Ambedkar] expressed was not capable of a different interpretation, viz. that the judgment was unsatisfactory from the point of view of what the government proposed to do.”

Then Ambedkar proceeded on the legal aspects of the issue: “It is really impossible to make any reservation which would result in excluding somebody who has a caste it is one of the fundamental principles which I believe is stated in Mulla’s last edition on the very first page that there is no Hindu who has not a caste If you make reservation in favour of what are called backward classes which is nothing but a collection of certain castes, those who are excluded are persons who belong to certain castes”. (“Hindu Law” was a notable treatise tracing the developments in the field of Hindu law edited by Dinshaw F. Mulla. Its 21st edition was published in 2013. It is still considered an indispensable work for lawyers.) The government’s Bill was considered and passed by Parliament on June 1, 1951, and got the President’s assent the following day, resulting in the Constitution (First Amendment) Act, 1951; the date of its commencement was June 18, 1951. This shows how earnest Nehru and Ambedkar, and Parliament in general, were in having the amendment passed to safeguard the benefits of reservation for the backward communities. In the *Indra Sawhney vs Union of India* (AIR 2000 SC 498) case, on November 16, 1992, the Supreme Court held that the total quantum of reservation under Article 16(4) should not exceed 50 per cent. The issue came up before the High Court of Madras which said that the State government could continue with its reservation policy in the academic year 1994-95 and that the quantum of reservation should be brought down to 50 per cent afterwards.

69 PERCENT IN TAMIL NADU

Tamil Nadu has had a policy of reservation of seats in educational institutions and appointments to various posts in the Public Services for Other Backward Classes (OBCs), Scheduled Castes (SCs) and Scheduled Tribes (STs) from 1921. From time to time, the extent of reservation has been increased in order to meet the needs of the majority of the people. Consequently, in 1992, reservation in Tamil Nadu had reached the level of 69 per cent: 18 per cent for SCs, 1 per cent for STs and 50 per cent for OBCs.

At the time, Chief Minister Jayalalithaa and the Tamil Nadu Assembly were quite committed to upholding the 69 per cent reservation. A special session of the Tamil Nadu Assembly was held in November 1993 to resolve unanimously that the Union Government should make a constitutional amendment to allow the continuation of the State’s reservation policy.

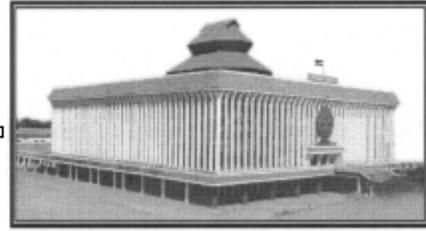


At that crucial time, P.V. Narasimha Rao was serving as India's 10th Prime Minister (1991-96). Politically, he was the first Prime Minister from the non-Hindi-speaking south of India. In the 1991 general election, the Congress contested in 487 constituencies and succeeded in getting only 232 seats. Hence, the Congress led a minority government. Further, Narasimha Rao himself was not a Member of either House of Parliament. (He later contested a by-election and got mammoth support.) Narasimha Rao, who preferred to be a Chanakya, went through the ordeal so discreetly that none of the opposition parties was prepared to topple his government. Once, when they moved a no-confidence motion against the government, it was easily defeated through the open distribution of bribes to some members.

When Jayalalithaa needed the help of the Union Government to protect Tamil Nadu's 69 per cent reservation, Prime Minister Narasimha Rao readily came forward to support her. The Union Home Minister consulted the leaders of the major political parties, and they conceded that the Tamil Nadu government's demand was justifiable. The Tamil Nadu government got the Tamil Nadu Backward Classes, Scheduled Castes and Scheduled Tribes (Reservation of Seats in Educational Institutions and of Appointments or Posts in the Services Under the State) Bill, 1993, (Tamil Nadu Act No.45 of 1994) passed. On its part, the Union Government introduced in the Rajya Sabha on August 24, 1994, the Bill for the 76th amendment to the Constitution, which sought to amend the Ninth Schedule of the Constitution. On the same day, the Rajya Sabha passed with formal amendments the Constitution (Seventy-sixth Amendment) Act, 1994. The Bill as passed by the Rajya Sabha was considered and passed by the Lok Sabha on August 25. Tamil Nadu's reservation policy has been well protected by the Ninth Schedule.

Article 341 of the Constitution states: "(1) The President may with respect to any State or Union Territory, and where it is a State after consultation with the Governor thereof, by public notification, specify the castes, races or tribes or parts of or groups within castes, races or tribes which shall for the purposes of this Constitution be deemed to be Scheduled Castes in relation to that State or Union Territory, as the case may be, (2) Parliament may by law include in or exclude from the list of Scheduled Castes specified in a notification issued under clause (1) any caste, race or tribe or part of group within any caste, race or tribe, but save as aforesaid a notification issued under the said clause shall not be varied by any subsequent notification." Under this provision, the Union Government issued the Constitution (Scheduled Castes) Order, 1950, for all the States and Union Territories of India.

Further, according to the 1950 order, the number of the castes in the SCs in the States and the Union Territories were as follows: Andhra Pradesh (59), Assam (16), Bihar (23), Gujarat (30), Haryana (37), Himachal Pradesh (56), Jharkhand (22), Karnataka (101), Kerala (68), Madhya Pradesh (47), Maharashtra (59), Manipur (7), Meghalaya (16), Orissa (93), Punjab (37), Rajasthan (59), Tamil Nadu (76), Tripura (32), Uttar Pradesh (66), West Bengal (59), Mizoram (16), Arunachal Pradesh (16), Goa (5), Chhattisgarh (43) and Uttaranchal (65). This



works out to 1,108 SCs in the 25 States and Union Territories in India. Sometimes, a particular caste classified as an S.C. in one State may not be acceptable as an SC. in another State. This variation occurs across districts and taluks within States themselves.

The 61st Round of the National Sample Survey Organisation (now Office), or NSSO, of the Ministry of Statistics and Programme Implementation (Consumer Expenditure, Employment-Unemployment Survey, July 2004-June 2005) gave the religion-wise break-up of SCs: Hinduism (22 per cent), Buddhism (90 per cent) and Christianity (9 per cent). The high percentage of SCs in Buddhism may be because Ambedkar embraced Buddhism on October 14, 1956, the Buddha's 2,500th birthday. His conversion persuaded a large number of SCs in Maharashtra to join Buddhism. The 61st Round also noted the proportion of STs in Hinduism (7 per cent), Christianity (33 per cent) and Zoroastrianism (16 per cent).

The recent judgment of the Supreme Court held that the collection of data on castes, through a census (or any other means), is against the law. Unless this decision is revised by a higher Bench, the issue will be left to the Union Cabinet to decide.

BJP'S ELECTION PROMISE

In its 2014 election manifesto, the Bharatiya Janata Party (BJP) gives several solemn pledges, including the following. On page 11, in the paragraph on "E-Governance: Easy, Efficient and Effective", the manifesto states: "The BJP believes that IT [information technology] is a great enabler for empowerment, equity and efficiency. The NDA [National Democratic Alliance] government has made IT one of the major thrust areas. India is the IT capital for the whole world." Further along on that page, under item 10, the manifesto says: "We willfocus to bring SC/ ST, OBCs, and other weaker sections of the society within the ambit of IT-enabled development". On page 15 under the caption "Poor and Marginalised-Bridge the Gap it says categorically: "We will... facilitate partnership across all levels of government, civil society, academic and financial institutions in the national mission of poverty alleviation."

And on page 16, under the "SCs, STs, OBCs, and Other Weaker Sections-Social Justice Empowerment", it states: "The BJP is committed to bridge the gap, following the principles of Samajik Nyay (social justice) and Samajik Samrasata (social harmony). The social justice must be further complemented with economic justice and political empowerment. Instead of pursuing identity politics and tokenisms, we will focus on empowering the deprived sections of society. Steps will be taken to create an enabling ecosystem of equal opportunity – for education, health and livelihood."

The Supreme Court has concluded that the conduct of a caste-based census is against the law. As Ambedkar stated in Parliament in 1951 it was not possible to make reservation excluding

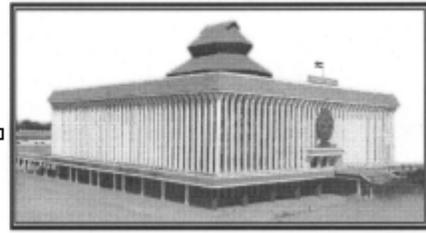


the caste of the beneficiary under the policy of reservation hitherto followed. The 1950 Government Order included the large number of castes within the community of SCs and STs. While bowing to the judgment of the Supreme Court, Nehru took early steps through a constitutional amendment to continue with the policy of reservation.

Now the Indian public, especially the SCs, STs, OBCs and other weaker sections, would like to know what political and constitutional steps Prime Minister Narendra Modi will take to sustain the policies of reservation . The BJP’s manifesto, in the last paragraph (page 6) of the preface under the title “Credibility Crisis” says that “the biggest challenge that faces India is to restore the credibility of, and trust in the Union Government”. It is left to the BJP, its leader and members of the government to “restore” the credibility of and trust in the Union government.

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Kerala and the Rest of India What We Can Learn from Each Other's Development Experience

Pulapre Balakrishnan

For almost a decade now India has been perceived as a rising economic entity in the world. Its inclusion in the grouping BRICS (Brazil, Russia, India, China and South Africa) is an indication of this. Kerala is a very small region within India, till recently one of its smallest states. However, for close to four decades it has held a place in the imagination of the world's development economists. Some have claimed that there is a "Kerala Model". Others have pointed out that the use of the term "model" implies optimality or, in common parlance, the best outcome within the constraints faced, which description to them is contestable. Others have pointed out that "model" implies replicability, and have queried this on grounds of the uniqueness of the historical and social features of the state which have contributed to its development, suggesting that these cannot be expected to prevail elsewhere. So a compromise appears to have been struck with the expression "Kerala's Development Experience". Whatever may be the final resolution of this debate, the fact remains that a small state within India has received a disproportionate attention globally, implying that its recent history is of interest to a wider audience.

I consider here what India and Kerala can learn from each other with respect to how to arrange their institutions and design their policies to obtain desirable developmental outcomes. In doing so one would immediately be accosted with the observation that the rest of India itself is not homogeneous. After all it extends to 29 states, and differences yet persist within some of them even after their carving. I deal with this by relating most of my comparisons of Kerala to the outcomes that have resulted from the policies of the Government of India. However, to reap more fully the potential of the comparative method, I shall occasionally refer to the experience of particular states. Indeed, as I go, I would have to switch between these two comparators for Kerala's development experience.

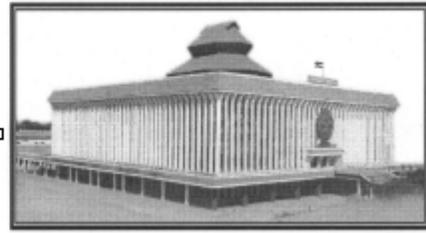


1 What Lessons Does Kerala Offer?

Kerala amongst India's states today has one of the lowest rates of poverty measured in terms of per capita consumption expenditure. Note that I say "one of the lowest". This implies that Kerala is not unique in this matter, and the rest of India could possibly take some of the richer states as its role model. But there is something quite unique about Kerala in that it has social indicators superior to most parts of the rest of India. Even more egregious, however, is that this social development is relatively well spread within its population. This development is reflected in indicators as wide-ranging as literacy, life expectancy and the sex ratio. So Kerala has been able to combine a lowering of poverty with a wide spreading of social development. This is the uniqueness that has brought it the attention that I have referred to.

I believe that there are three major lessons to be learned from Kerala's history over the past half century. One of them is the feature that I referred to just now, namely, that Kerala has been able to accomplish quite high levels of social development, comparable not only to those of China and but also some parts of the industrialised West. This is, of course, well known, but two related features are not so. However, the latter are perhaps far more relevant from the point of view of what the rest of India can learn from Kerala. These are that Kerala had attained the best social indicators in India at a time when it was among the poorest of Indian states. First observed in a 1975 study by the Centre for Development Studies, this fact was popularised worldwide by Amartya Sen. Sen's observation was that Kerala's record prompts the query "what is development?" Is it just high per capita income or also high social development? Could one have claimed in the 1970s, when this finding was first made, that Kerala was less developed than the richer states of India? Actually, Kerala was then one of the poorest states. But what then of the high recorded level of the social indicators, surely a reflection of well being? The answer to these rhetorical questions is obvious.

It is by now quite well-established that the social development we speak of in Kerala was achieved through concerted public policy. This has implications for the pursuit of development in the rest of India. It is that lower levels of per capita income of the northern and eastern states of India need not prevent them from becoming more developed in the sense used here. But it does suggest that this may not be possible without a focused public policy. And what form did this public policy take in Kerala? It took the form of the wide spreading of health and education in the public sector. This is not irrelevant, for while the private sector is perfectly capable of delivering the highest class of medical care, it may not have the incentive to spread health across a poor population. Some instructive examples come from western Europe where democracy has been combined with a welfare state more successfully than anywhere else. Here, for instance, long before the United Kingdom came to have a national health service it had Harley Street in London. And there was Eton College for the English aristocracy long before universal public schooling of a reasonable standard was to be provided by the British state. I give these



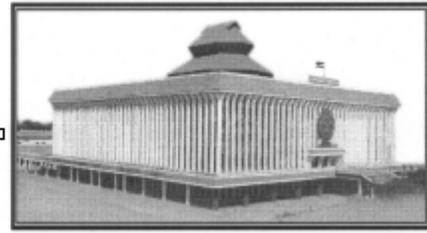
examples to convey that the problems of spreading health and education in a poor economy are universal and not some peculiarity of India.

A mistake that is often committed is to try and explain economic outcomes in terms of economic factors alone. This folly is unfortunately abetted by what has been described as the imperialistic posture of my own tribe of economists. It would be clear upon some familiarisation with the situation that there is no explanation in terms of economics alone of the course that public policy took in Kerala. I turn to this issue now.

Kerala as we know it took shape in 1956 following the joining of the three Malayalam-speaking regions of Thiruvithamkoor (“Travancore”), Kochi and Malabar. It is significant to what we are discussing now that this union was not a mere administrative arrangement conceived of the States Reorganisation Commission of the Government of India. It was also the goal of the Aikya Keralam movement which was working for the union of the Malayalam-speaking people. To take cognisance of this is relevant to a proper understanding of Kerala’s subsequent development experience. The Aikya Keralam movement had in it some of the ingredients that were crucial to the focus of public policy that followed soon after the formation of Kerala state. Principally, the movement had imagined Kerala as a sub-national community within India without harbouring separatist fantasies. While it may be naive to suggest that a perfectly egalitarian society had been imagined, there was in that zeitgeist a certain conception of a just society and that it would have to be around the resolution of the agrarian question that this would have to be actualised. The communists who were partly responsible for the spread of this consciousness, i.e., of a Kerala both united and just, rode the tide of this movement to come to power in 1957. The rest of course is history as they say. I would like to quickly add that to a degree there was a similarity between the rationales of the Aikya Keralam movement and the Indian national movement in that both had imagined social goals beyond their immediate objective.

Importance of Land Reform

While a public policy that focused on the spread of health and education is central to understanding the economic and social development of Kerala, these cannot be understood without reference to an independent event of great moment. Within months of their coming into power the Government of Kerala brought to the first assembly of the newly formed state a programme for land reforms. The process by which this finally became law was long and tortuous. It was spread across assemblies and could be completed only by 1970, when Achutha Menon was chief minister. A comparative perspective will enable us to see the impact of this measure better. Land reform in the form of the abolition of zamindari had taken place in Uttar Pradesh (UP) in the 1950s, perhaps even earlier than in Kerala. However, in Kerala while land reform abolished tenancy, far more significantly in relation to what has taken place elsewhere in the country, it went on to give agricultural labourers title deeds to the land - up to a minimum of three cents - on which their hutments stood. This represented an understanding of production relations

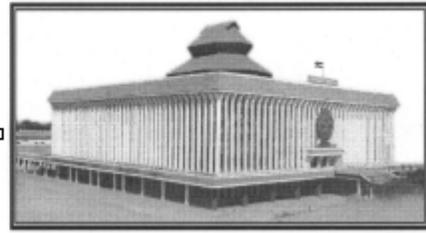


in the widest sense. Tenancy may have been the most visible manifestation of landlordism in Kerala, but the transfer of title deeds to his homestead to the kudiyaan abolished, in one stroke, landlordism in its most gripping form. Now hardly anyone in the Kerala countryside was without some form of land, if not for cultivation, then at least from the point of view of security. It had the effect of freeing agricultural labour hitherto tied to the landlord in the form of a bondage stemming from residence on the landlord's land, the securing of which arrangement required that labour services be provided by the kudiyaan upon call.

The labourer may yet not have had land to cultivate but was for the first time free to exchange his labour power in a market, which, recall, was Marx's definition of capitalism. Thus, the land reforms marked a kind of transition from feudalism to capitalism in Kerala where historically agricultural labour was at the bottom of the economic and social hierarchy. By freeing this group from servitude the impact of land reform was significant indeed. As tenancy can also be inefficient as an arrangement, along with the abolition of tenancy it constituted a move in the direction of the creation of a dynamic agricultural economy apart from the justice that may be seen to adhere to it. This freeing of a substantial section of the labouring class was accompanied by the spreading of health and education by the state. From this move the newly freed sections of the population perhaps gained disproportionately as they had been deprived of access to health and education for far longer and to a greater extent. In the language of Sen (1999) this constituted the building of their "capabilities" which also is how he defines development itself. I shall return to this point soon. Here, however, we need to recognise the role of women in this process, a feature that has taken longer in the rest of India despite the example of Gandhi who had striven to draw women into the national movement as equal partners.

Women's Agency

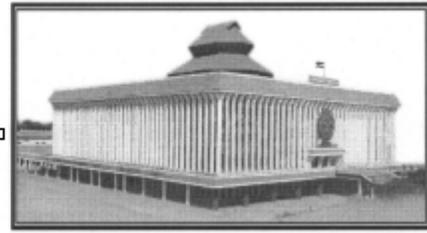
In the global development literature female agency has been identified as central to a successful development. It is easy for us to see why this must be so. Women not only exclusively bear children but historically in traditional societies have exclusively raised them. It is by now recognised from the medical literature that some part of the capabilities of an individual are formed in early childhood. Among these have been identified cognitive skills and emotional intelligence, both equally important for individuals soon to be thrown into the social world. Though infants are not beyond the reach of public policy and James Heckman, the economist most closely associated with the view that capabilities are formed in early childhood, has identified (Heckman 2006) several ways in which this can be done - it does not take much to realise that women are crucial to capability formation within a population and thus of human development more generally. So, that the public policy interventions in the early stages of development in Kerala reached women is part of how its achievements with respect to human development were attained. The rest of India has much to learn from this experience.



Limits of Identity Politics

The third of the lessons for the rest of India from Kerala's development experience has to do with the limits of identity politics. The issue here is not whether identity politics has a role in development but how it is to be leveraged. I cut straight to a historical instance to make my point. Arguably the land reforms in Kerala were able to achieve much more for those at the bottom of the social hierarchy than the policies implemented in their name by political parties that draw their sustenance on the basis of identity politics. This they did by having a positive impact on the living conditions and life chances of the agricultural labourers of Kerala. This is much more than what Mayawati has been able to achieve for the dalits of UP despite having been in power four times as chief minister. As for the record of the Yadavs, both father and son, we need to dwell little on it to see the point being made. Even without Muzaffarnagar and Badaun, their record is blotted not so much by their association with criminals but the fact that their rule appears only to have tightened the stranglehold of the middle castes of UP, while instilling fear into the hearts of the dalits and poor Muslims and who as elsewhere in India here too are pre-dominantly agricultural labourers, though this occupational character adheres more to the former.

There is a clear lesson in this experience from UP, and earlier in Bihar, for what identity politics per se can achieve in the economic sphere. Identity politics has been described as "the politics of difference". This is useful to achieve an understanding of what it can achieve. When identity politics is adopted by individuals belonging to hitherto marginalised groups it can be profoundly empowering psychologically for its members. But it cannot have a sufficient impact on their economic position unless this is taken forward to entail an intervention that alters economic relations. Historical instances of identity politics as movements are the black civil rights movement in the United States (US), the feminist movement in Europe and the gay movement worldwide. Years before any of this, B R Ambedkar of India had single-handedly raised the dalit question even during the national movement. These may have yielded significant organisational strength to their constituents but it is the relationship of these gains to economic empowerment that is at question here. One interpretation of the recent history of Bihar could be that it began to grow quite dramatically as Nitish Kumar ended the most extreme forms of identity politics as practised by his predecessor regime. Coming back to contemporary India, however, identity politics as practised by political parties, which consciously or unconsciously treat the politics of difference as an end in itself must per force be limited in terms of its impact on altering the material conditions and thus the lives of the sections that they claim to speak for. What the presumed constituencies of these parties think of the identity politics as practised by India's political parties is reflected in the electoral outcomes faced by these parties over the past decade in UP and Bihar (Prakash and Gogoi 2014). As for the successes of the social movements based on identity politics referred to by me, the significant advances made by them in the US at least were undergirded by the most extraordinary economic expansion of the western world - described as the "golden age of capitalism" - which lasted for about three decades after the end of the second world war. It is insufficiently recognised that there was a substantial working class presence in these movements



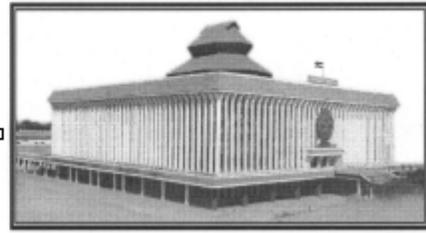
- they had taken place on the street - and the economic expansion was broad-based, with the distribution of income actually shifting towards labour.

Kerala and Tamil Nadu

Identity politics has of course been a significant presence in Tamil Nadu and for much longer there than in UP or Bihar. It would be useful to recall its two phases, a “self-respect” movement under Periyar, which had focused on the caste relations in the state reflecting the hegemony of the brahmins followed by a movement which focused on the hegemony of the Hindi-speaking regions vis-a-vis southern India. Very recently, in a strange twist of fate the Dravidian parties of Tamil Nadu have aligned with their erstwhile antagonists to form the government at the centre. This has brought extraordinary benefits to the families of the party leadership. In fact, the leading political family in that state has been identified as possibly the richest in Asia in terms of its assets. A chief minister of Tamil Nadu has recently been convicted in a case of disproportionate assets. There is nothing comparable in Kerala. Thus more recently the leadership of the Dravidian parties appears to have benefited more than the Tamils in the extremities of that society. Tamil Nadu is in many ways an impressive state and many of the schemes of Jayalalithaa have benefited the poorest. Arguably, however, the relative position of the dalits of Tamil Nadu has not changed as much as that of their counterparts in Kerala which derives primarily from the land reforms and the early spread of health and education to all sections here.

A piece of evidence relevant here is that the scheduled castes of Kerala enjoy higher literacy and lower infant mortality and poverty rates than the same cohort in Tamil Nadu. The Dravidian parties were led by Tamil Nadu’s middle castes and their rule appears to have strengthened the position of these sections vis-a-vis everyone else. The recent history of Tamil Nadu, Bihar and UP suggests that identity politics need not necessarily lead to the significant economic intervention necessary to change the material conditions of existence of the lowest strata of Indian society. But it needs be acknowledged that Tamil Nadu has done better on this score than the rest of India. At this point it must also be acknowledged that the stance of the Dravida Munnetra Kazhagam (DMK) leadership in successfully fending off the attempt to impose a single official language on all of India may perhaps have saved the Indian Union. We need only to look as far as Sri Lanka to recognise this. It is beyond doubt that the people of Kerala owe this element of their cultural autonomy to the DMK. The response of their own state’s leadership when the linguistic question was alive in the first two decades after Independence is something that is better forgotten. The Congress in Kerala had been craven and the Left indulged in arcane theorising. It showed Kerala as possessing little muscle, a feature perhaps related to its weak economy.

In the global development literature there has by now been recognised a path termed the Asian Development Model (Dreze and Sen 2013). This is the path taken by the countries of east Asia, starting with Japan in the mid-19th century and those in the periphery such as Korea and Taiwan. Ingredients of this model are land reforms, human development and the pursuit of global



competitiveness in production. So we can see that to some extent Kerala was doing in the 1950s what East Asian countries, other than Japan which was already developed, were doing. This certainly makes it a pioneer among Indian states. Indirectly, there is also a lesson from Kerala on what governance is in a democracy. It certainly includes public provision of health and education.

In its early phase Kerala tried to develop on her own, using her own internal resources, proving that it was not necessary to wait for the centre to start on its developmental journey. Thus aficionados of the Kerala Model are likely to look askance at the current tendency of some state governments to get the centre to designate them backward so that they can then be made beneficiaries of special financial transfers on this ground. It is worth mentioning that such a practice would not only reward poor governance generally but actually reward in egalitarian public policy that had left the mass of the population of these states in an underdeveloped state in the first place. It is also not at all clear that upon receipt of these special transfers the ruling elites of these states would turn less self-serving and more focused on spreading human development. In the context, I might mention that some of this spirit of self-reliance that had characterised the approach of the first generation of Malayali leaders is less in evidence here today.

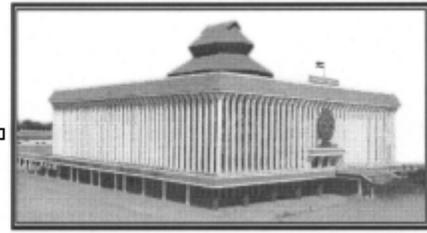
Replicability

Speaking of “lessons” does imply a certain degree of replicability. It is clear that the garb of communism need not necessarily lead to the developmental outcome observed in Kerala. West Bengal has had a communist government continuously for over 35 years but this has yet left it with some of the poorest social indicators in the country. Clearly political parties have to be goaded into action and this requires a conscious public. But the difficulty of replication should not be exaggerated either. Tamil Nadu has done much of what Kerala has done in the field of health and education and so has Himachal Pradesh. They have also done this in a short time. The clue to this must lie in the fact that rather like Kerala these states experience competition among the political parties that govern them.

So the lessons from Kerala for the rest of India are threefold. They are, the possibility of attaining a level of basic development without waiting for a higher level of income to emerge, the importance of public intervention to attain this social development while recognising the role of women’s agency in its success, and the limits of identity politics as practised by India’s political parties today when it comes to altering the material conditions of the poor.

2 What Kerala Can Learn

I have so far focused mainly on the policy interventions made at the early stage of the formation of the state of Kerala. While this was not premeditated it was yet inevitable in a way as much of the policy interventions responsible for Kerala’s subsequent development were made at the early stages of its coming into existence. So, when it comes to what Kerala can learn from the rest of India it would be consistent to confine the set to the lessons from India’s development experience at a comparable period. I focus mainly on the achievements enabled by the central government.



Time and ideological influence have ensured that we do not assess the outcomes of the Nehru era, when many of the interventions that I have spoken of so far were made in Kerala, with sufficient objectivity. I would like to clarify that when I say “Nehru era” I focus on India under the leadership of Jawaharlal Nehru. Though the policies pursued in India after the death of Nehru till 1991 are referred to as “Nehruvian” they were far from what Nehru had in mind. They lacked the one important aspect of policymaking in his time, which was that outcomes were the touchstone of a policy intervention. Neither Indira Gandhi nor Manmohan Singh can claim to have brought this principle to bear upon governance in their time to the same degree.

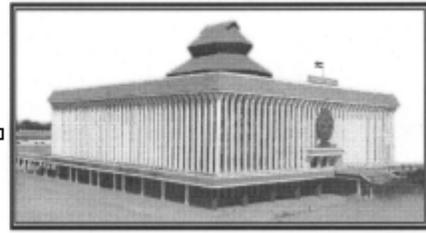
The rationale of economic policy in the Nehru era was to rapidly industrialise the country with a view to eradicating poverty. This was implemented via the Nehru-Mahalanobis strategy, germinating since 1938. The focus of the strategy was rapid growth. It was assumed that not much could be achieved via redistribution given the low level of per capita income.

It is important to emphasise that in its early years the strategy had spectacular success. Indeed it may be deemed path-breaking. A simple indicator of this is that if 20th century in India were to be divided into phases identified according to the rate of growth, the fastest acceleration identifiable is that achieved in the 1950s.

Agriculture

Nehru died lamenting his lack of success in improving agricultural production in this country. But this was a case of having set one’s targets high. By comparison there is little evidence that Kerala’s political class has been as critical of itself regarding its achievements in relation to the economy of Kerala. The state’s record with respect to growth as opposed to social development I shall return to. But before that I need to refer to the progress made in Indian agriculture after the death of Nehru. Within three years of the death of Nehru the country was to make a dramatic breakthrough in the production of wheat in northern India. This was hailed as a green revolution, which subsequently spread to rice in some selected rice-growing regions of the country. India was finally freed of the humiliating food imports of the mid 1960s. Indira Gandhi had played a significant role here. Peeved at the fact that India refused to abide by the dictates of American foreign policy, President Lyndon Johnson is said to have directed that food be sent to India “by the shipload, so that she may be kept on a short leash”. While Indira Gandhi’s record as a democrat is admittedly insecure, she was unquestionably a patriot. Stung to the quick by the attitude of the American establishment she had energised the

Indian agricultural research network to quicken the pace of yield increase in food production. Even more impressively she endeavoured to quicken the translation of the progress made in the lab to the land. She succeeded on both counts.

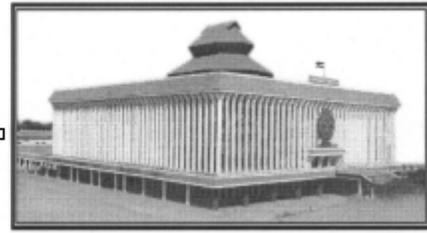


The Nehru era coincided with the high noon of the political mobilisation said to underlie the positive aspects of Kerala's development experience. However, the Kerala public appear not to have taken away much from the successes elsewhere in India. No similar approach to raising the production of food aggressively followed by the centre had taken place here. Surely the Malayali political establishment could not have been unaware of the importance of local production of food. In the 1940s Malabar was reeling under shortages after supplies from Burma stopped, while Travancore had a permanent representative stationed in Karachi to arrange for grain supplies from the Punjab. This is part of a whole approach that has on balance focused on increasing welfare without sufficient thought given to how this could be sustained. Actually, far from having missed the opportunity of bringing about a green revolution, Kerala has allowed its food sector to decline. This is most noticeable in the case of paddy cultivation which has systematically declined over the past four decades.

Decline of Paddy Cultivation

The decline in paddy cultivation coincides very closely with two developments in Kerala. The one was the implementation of the land reforms in the early 1970s and the other was the impact on Kerala of the boom in the Arabian Gulf region. Land reforms had entailed the abolition of tenancy. Consequentially, where land did not get vested with the erstwhile tenants, some part of the cultivation now became the responsibility of owners with little experience of cultivation. The second development was the quite rapid migration of labour out of Kerala to the Gulf. This raised the product wage in paddy, rendering cultivation using hired labour unprofitable. The impact of the rise in the wage rate following the out migration of labour does suggest that the form that land reform took whereby due to the emphasis on the abolition of tenancy land hitherto on lease went to the erstwhile tenants who were not necessarily tillers themselves. Had the land gone to the tiller of the soil in the first instance, the impact of the rising wage may be expected to have been less. The weakness on this score of land reforms as implemented even in Kerala, leave alone the rest of India, was identified as early in 1959 by Daniel Thorner, the American economist who had for a short while made his home in India after having been hounded out by the McCarthy purges of alleged communists in the 1950s.

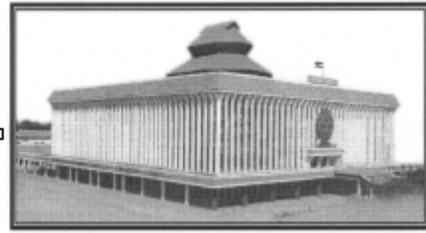
Agricultural policy in Kerala has not addressed the issue of the state's inability to produce sufficient food. Three possible measures suggest themselves at this juncture. First, now that landlordism in the form of tied agricultural labour has been ended there is no reason why tenancy on acceptable terms should be disallowed any longer. Second, the state has been pusillanimous in preventing the alienation of agricultural land for non-agricultural purposes. This is a failure of governance. Finally, there has been no real attempt to publicly provide infrastructure for production. Here we can think of irrigation or interventions needed to ensure higher productivity in water use. It is surprising that the communists in particular take so sanguine a view of the decline of Kerala's agricultural sector, considering the extreme importance that the Soviets had given to production in their vision of the economy of Soviet Russia. In fact, the sickle shared pride of place along with



the hammer as the symbol of Soviet communism pointing to the value placed on production. While on the importance given to production by the Soviets more generally, the successful growth of the Soviet Union was beginning to be seen as near miraculous by the West even by the late 1930s. In rapid succession it was to stun the world by reaching Berlin first in 1945 and within a decade and a half of having lost an estimated 21 million persons during the second world war by sending first a man and then a woman into outer space. The communists of Kerala appear to have been content with having secured some initial levelling of inequalities. Actually, by now even this project has failed. National Sample Survey data show that Kerala today has the highest consumption inequality among the states of India. There is reason to believe that this could have been the result of the pattern of migration. There is a view that the decline of agriculture in Kerala is not a matter of concern as the shortfall may be made up by trading. This is indeed so. However, two observations would be in order here. First, as a region becomes dependent upon imports for food it gives up control of the price at which it becomes available. It is perhaps for this reason that countries pursue self-sufficiency in food and other goods which could be strategically withheld. The current instances of Saudi Arabia reportedly buying large tracts of land for cultivation in Africa and the US actively developing shale gas as an alternative to oil are cases in point. Japan has doggedly pursued self-sufficiency in rice production even at the cost of a high price. The non-settlement of the Cauveri-waters issue between Tamil Nadu and Karnataka and the jousting over the height of the Mullaperiyar dam between Kerala and Tamil Nadu should indicate the importance of Kerala treating the question of food a little more seriously. The complete lack of a policy on it is not credible. The argument often made when the question of food is brought to the table that “Kerala has always been a food deficit state” may be factually correct but from the point of economic policy is fatalistic. So was all of India dependent upon rice on Burma till 1947 and on US wheat till 1967. The sharp reversal of this situation by the concerted policies of Nehru and Indira Gandhi should serve as a profound lesson for Kerala. The green revolution in India which has bypassed Kerala is a metaphor for the economic transformation that Kerala has not been able to achieve. I have referred to the Soviet view of the importance of agriculture. It may be mentioned that the high growth of agriculture in West Bengal following land reforms implemented in the 1970s is often cited as vindicating the economic rationale for them. Interestingly this connection is overlooked by aficionados of the Kerala Model.

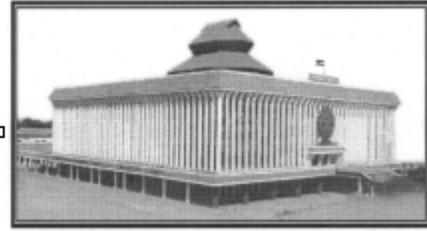
Missing the IT Revolution

The second revolution that has bypassed Kerala is the information technology (IT) revolution. This has been achieved in India via the production of a technically- trained manpower. The location of the IT industry in Bengaluru is probably going to be difficult for any other state to replicate on the same scale for historical reasons. This view is based on the history of high strategic investment in the city by the Government of India for over four decades which left it with a stock of skilled technical manpower (Balakrishnan 2006). But Hyderabad and Chennai have built an IT industry almost from scratch. Kerala’s lagging in IT is all the more regrettable as the India’s first IT Park was set up in Trivandrum. Before that KELTRON had produced the first



commercial TV set in India. That Kerala has been unable to capitalise on these early successes reflects the secondary recognition that production has been given in its political discourse. Pork-barrel politics exists everywhere, with the term after all having been coined in 19th century US to describe the often successful lobbying of legislators by interest groups there. However, it is a reflection of poor political leadership that in Kerala this has not been resisted. Nehru's success in building a public sector and nurturing it without succumbing to the pressure to run it into the ground through excessive welfarism, while at the same time allowing a rapid expansion of the private corporate sector without succumbing to its dictates is a major lesson for Kerala, and a record against which its own political class should be judged. Perhaps egged on by his critics, Amartya Sen has conceded that Kerala has not been adequately business-friendly. The point, however, is not just that public policy in Kerala has not been business-friendly, but by comparison with what was achieved in the rest of India during the Nehru era it has not even paid attention to economic activity. Why is domestic economic activity important for Kerala? Because in a market economy, which Kerala is, the demand for labour is a derived demand, i.e., there can be no demand for labour if there is no economic activity. And of course there cannot be growth of economic activity if there is no investment, but I come to this later. Gujarat may be widely seen as business-friendly but the Comptroller and Auditor General of India has identified undue favours given to big business by its government. Kerala does not want to go down this road, but it needs a government strongly committed to encouraging economic activity. If the Kerala Model is identified with well being the question of livelihood cannot be kept very far from it. Households without assets must rely on wage labour and, as said, the demand for labour is a derived demand.

But it would be wrong to imply bad faith on the part of the Malayali political leadership by suggesting that they have willed this situation upon the state. There are many aspects of the practice of democracy in Kerala that make it more attractive than elsewhere in the country. The relatively lower degree of criminalisation of politics is one of them. Also the symbolic distance of politicians from the people is less than elsewhere. That the state does not have a dynamic economy is a reflection that production here is not competitive. Of course, no country needs to be competitive in every line of production in a world of open trading. Thus, technically, a region need not be competitive in the production of food, for it can after all produce soap which it can exchange for food with the rest of the world. However, if it is uncompetitive in the production of both food and soap then it must export labour if it is to consume either. To an extent, the role of migration in the economy of Kerala is to be understood thus. Some observers see migration in Kerala as reflecting the success of its public policy which created human capital. This is a weak argument. There was migration from both west and east Punjab to England soon after the second world war when there was a construction boom there. This can hardly be put down to the successful pursuit of human development via British policy in colonial India! Equally we have migrants from eastern India in the state today. These areas have some of the lowest social indicators in the country.



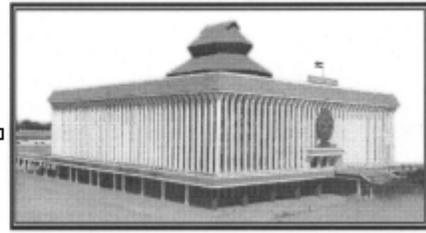
A somewhat clinical discourse on migration from Kerala overlooks its human cost, which can be substantial. As an instance, I would like to quote from a recent report in the press: Brothers Haroon and Naushad from Bihar's Siwan District thought themselves to be lucky when they found work with a Saudi construction firm in the holy city of Makkah. Today, Naushad is back after a year in Saudi prisons and his brother lies buried in a Makkah grave his parents have never seen. 'I have lost everything', said Naushad, breaking down as words failed him. Forty one Indians, from six states, in addition to a Nepalese and Pakistani worker spent the last one year in several Saudi prisons for rioting after Haroon's death due to an electric shock on 12 June 2013. On the day of Haroon's death, workers protested by breaking windshields and toppling company cars when they heard that the company had attributed his death to alcoholism. Liquor is banned in Saudi Arabia and strictly regulated in the rest of Saudi Arabia. Haroon they say was a teetotaler. While around 50 Filipino workers were flown home after the protest, the South Asians were arrested a month later.

There were a few Indians we met. One man named Tariq from Allahabad had spent a decade in Selayya Jail and gone mad. We heard that he had only been sentenced for two years. A Malayali named Shaukat died a couple of months back after the Rais (the warden) refused to take them to hospital when he suffered multiple heart attacks. 'I tried to commit suicide by hanging myself with a torn blanket but a Pakistani convict named Zafar Ahmad stopped me' said Zafar Abid Iqbal from Ramgarh, Jharkhand. Two Indians were released in April 2014. There are 70 more Indians languishing there from years (Vincent 2014).

This description of the precarious conditions under which Indian labour works in the Gulf must leave us to reflect upon the question how human has been the path to the high human development indicators of Kerala.

Cost of Migration

The point of my referring to the personal testimony of Indian migrants to the Gulf is to highlight the high personal cost often involved in the migration. It is also meant to widen the scope of our investigation. Discussions of Kerala's development experience may be far richer than that of other regions of India, it is far too reliant however, on the standard set of official statistics, at least among economists. We need to borrow from the methodology of the emergent field of Happiness Economics where use is made of surveys that elicit the assessment of the state of affairs directly from the subject. A quantitative measure of the dependence of Kerala on external prosperity is that remittances are estimated to exceed 30% of the state's net domestic product (Zachariah and Rajan 2012). When we recognise that this figure is close to the investment/gross domestic product (GDP) ratio for India we can only conclude that the dependence is very high indeed. It also provides some perspective on the state's experience. To be precise, it is difficult to imagine if the early interventions of Kerala could have been translated into such significant outcomes in terms of income had it not been for the boom in the Gulf, and thus the role of the



market. It would be naive to overlook this when trying to understand Kerala. Far more importantly, however, overlooking this is tantamount to overlooking the vulnerability of the Kerala economy to external shocks.

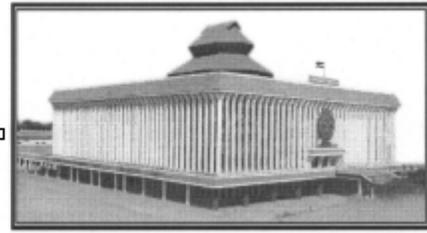
Importance of Economic Activity

So, in conclusion of this section I would state that the one lesson for Kerala from the development experience of the rest of India is that it is important to generate economic activity within the state. In an open economy, which Kerala is, this cannot be done without making at least some significant lines of production more competitive in relation to the rest of India. The sine qua non for this is to increase productivity. This would require a substantial improvement of infrastructure. As we know from the experience of the rest of the world, most of the infrastructure for production is provided by the public sector. For this to happen here an improvement of the public finances would be necessary. Kerala has the highest per capita consumption expenditure, and the highest inequality, in India but it has the lowest tax-GDP ratio among the southern states (Sen 2012). It has limited wherewithal to build public infrastructure even if it is so inclined. I shall now dwell a little on the question of the public finances.

If Kerala has a low tax-GDP ratio, how is it funding its public expenditure? It is doing so by borrowing. Kerala has, with Bengal and Punjab, been identified as one of the three debt-stressed states in the country. In 2008 its per capita debt was 60% above the national average (Sen 2012). Now the question of how we are using the public borrowing is Germane. If it is being used for consumption and not for building assets, then we are passing on the burden of debt to future generations of Malayalis without leaving them with commensurate assets to pay it off. Intergenerational equity does not appear in the public discourse in Kerala, a region where there is low tolerance for inequality otherwise.

Overcoming the weakness of its public finances is a challenge to Kerala's continued pursuit of a public sector-led human development or to become a site for competitive domestic production. Have the state's health, education and physical infrastructure sectors reached such a high degree of development that we no longer require any further public investment in these areas? My own judgment on this matter is influenced by what I see every time as I cross the Medical College Junction in Thiruvananthapuram or when I cast my vote in a crumbling government primary school in Kozhikode earlier in 2014. Lenin is famously said to have observed "Debauch the currency and destroy capitalism!" All those who are interested in seeing a strong social democracy in Kerala may want to consider its variant "Enfeeble the public finances and wreck the welfare state!"?

If Kerala's chief ministers have to travel to Delhi continuously either to seek greater allocation of grain for its public distribution system (PDS) or to seek a loan waiver on its



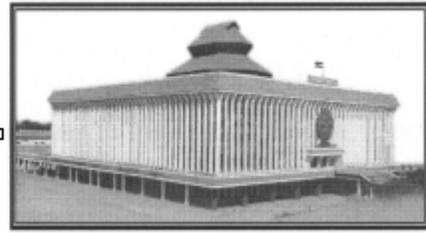
public debt they are left with little time to imagine how to improve the quality of life here. We also need to reflect upon an image for ourselves. Should Kerala have to take assistance from the Japanese government to develop a domestic water supply network a full 60 years after its formation? There is more than economics at stake here.

Conclusions

I have referred in this article to the Asian Development Model. Actually, the framework of the Asian Development Model is a way of reconciling in our minds the development experiences of Kerala and India. The central dynamic of this model of progress is a symbiotic relationship between growth and distribution. To some extent, by paying attention to distribution, Kerala was doing in the 1950s what the less developed East Asian countries were doing at that time, making it a pioneer among Indian states. So if Kerala was a pioneer, where did it go wrong? We can see now that it failed to address the issue of a dynamic domestic production site. Kerala has had a progressive social policy, but did it have a commensurate economic policy needed to build a material base? On the other hand, the early policies of the Government of India brought about an impressive transformation of its economy relatively quickly, but without adequately transforming the lives of Indians, for which an explicit social policy is necessary. Clearly, Kerala and the rest of India need to move closer in terms of our public policies. For Kerala the lessons from what has been achieved at the national level should be clear. A dynamic domestic goods production sector is necessary for generating demand for labour necessary if jobs are to be generated domestically. To attain this, resources would have to be mobilised within the public sector so that the necessary infrastructure can be created. For India, the challenge is to focus strongly on programmes of capability building for the population. While the production of goods is an area of the economy which may by now be left to the private sector, the task of capability building would require a significant public sector presence to ensure that it is achieved in a timely and effective fashion. Fiscal considerations would require that the Indian government wean itself away from consumption subsidies, some of which are in any case regressive. The causes of the people of Kerala and the rest of India are united by the task of achieving an acceptable quality of life. The example of Chelat Achutha Menon inspires us to be utterly unsentimental and thoroughly cosmopolitan in our search for a democracy that works for us.

**ECONOMIC & POLITICAL WEEKLY,
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Migration, Legislation and Policy

Vijayalakshmi V

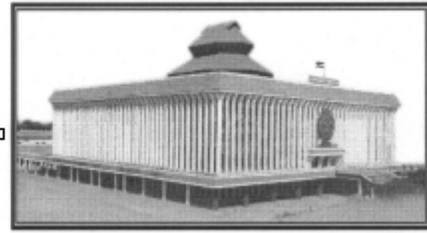
The author of this book, Mr. M. S. Gupta has focused on labour migration. The author has emphasized on the need for effective migration management legislation to be consistent with the relevant provisions of a Government's basic legal framework. This work is presented in 5 chapters.

Chapter 1 is the introductory chapter explaining the magnitude, direction, causes, characteristic, socio-economic changes; reviewing certain major theories and models. This chapter concludes with an overview of migration considering National Sample Survey Organization (2010c) 64th Round, Report No. 533.

Chapter 2 presents the review of related literature. The author has considered literature as old as 1954 and has not considered any related literature beyond 1993. When focusing on migration, especially labour migration, recent literature (last 10-12 years) needs to be considered for review that the current trend in migration.

Chapter 3 presents the socio-economic profile of Bihar. It includes locations, resources, State domestic product, regional disparity, sectoral development. The profile clearly indicates the backwardness of the State despite abundant natural resources. Chapter 4 presents the case study of rural-urban migration. This chapter includes the objectives of the study, methodology considered for data collection, study area, analysis and findings. The findings indicate the socio-economic and political conditions of migrants to Patna from other districts of Bihar as well as such type of migration in Patna creating a variety of problems.

Chapter 5 is the last chapter dealing with migration and legislations. It includes the Minimum Wages Act, 1948, The Equal Remuneration Act, 1976, The Bonded Labour System (Abolition) Act, 1976, The Children Pledging of Labour Act, 1933, The Contract Labour (Regulation and Abolition) Act 1970, The ESI Act, 1948, National Policy on Child Labour, 1987, UN Convention



on The Rights of the Child 1989, National Commission on Rural Labour, 1991 and the Supreme Court Judgment, 1996. The author has merely detailed these various legislations as they were passed but has not related to labour migration. So this chapter reads more like a book on Labour Laws than matter related to labour migration. The author concludes stating that the function of migration legislation is to define legitimate public expectations regarding the behavior of all involved (directly or indirectly) in the migration process. He opines that effective migration management, legislation and practice should be consistent with the relevant provision of a State's legal framework and include the controlled, accountable and transparent use of discretion, respect the rights of migrants and be guided by the principles of justice, transparency and compliance with international agreements.

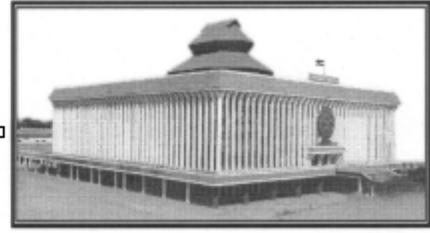
This could be an additional reference material for post graduate students specializing in sociology, economics and political science.

**SOUTHERN ECONOMIST,
JANUARY 1, 2015.**



Site Address of Legislative Bodies in India

Sl.No	Name of Assembly/Council	Site Address
1.	Loksabha	loksabha.nic.in
2.	Rajyasabha	rajyasabha.nic.in
3.	Andhra Pradesh Legislative Council	aplegislature.org
4.	Andhra Pradesh Legislative Assembly	aplegislature.org
5.	Arunachal Pradesh Legislative Assembly	arunachalassembly.gov.in
6.	Assam Legislative Assembly	assamassembly.nic.in
7.	Bihar Legislative Assembly	vidhansabha.bih.nic.in
8.	Bihar Legislative Council	biharvidhanparishad.gov.in
9.	<u>Chhattisgarh Legislative Assembly</u>	cgvidhansabha.gov.in
10.	<u>Delhi Legislative Assembly</u>	delhiassembly.nic.in
11.	<u>Goa Legislative Assembly</u>	goavidhansabha.gov.in
12.	Gujarat Legislative Assembly	gujaratassembly.gov.in
13.	Haryana Legislative Assembly	haryanaassembly.gov.in
14.	Himachal Pradesh Legislative Assembly	hpvidhansabha.nic.in
15.	Jammu and Kashmir Legislative Assembly	jklegislativeassembly.nic.in
16.	Jammu and Kashmir Legislative Council	jklegislativecouncil.nic.in
17.	Jharkhand Legislative Assembly	jharkhandvidhansabha.nic.in
18.	Karnataka Legislative Assembly	kar.nic.in/kla/assembly
19.	Karnataka Legislative Council	kar.nic.in/kla/council/council
20.	Madhya Pradesh Legislative Assembly	mpvidhansabha.nic.in
21.	Maharashtra Legislative Assembly	mls.org.in/Assembly



22.	Maharashtra Legislative Council	mls.org.in/Council
23.	Manipur Legislative Assembly	manipurassembly.nic.in/
24.	Meghalaya Legislative Assembly	megassembly.gov.in/
25.	Mizoram Legislative Assembly	mizoramassembly.in
26.	Nagaland Legislative Assembly	http://nagaland.nic.in
27.	Odisha Legislative Assembly	
28.	Puducherry Legislative Assembly	
29.	Punjab Legislative Assembly	punjabassembly.nic.in
30.	Rajasthan Legislative Assembly	rajassembly.nic.in/
31.	Sikkim Legislative Assembly	
32.	Tamil Nadu Legislative Assembly	assembly.in.gov.in
33.	Tripura Legislative Assembly	tripuraassembly.nic.in/
34.	Uttar Pradesh Legislative Assembly	uplegassembly.nic.in
35.	Uttar Pradesh Legislative Council	upvidhanparishad.nic.in
36.	Uttarakhand Legislative Assembly	
37.	West Bengal Legislative Assembly	wbassembly.gov.in/
38.	Telengana Legislative Assembly	telenganalegislatre.org.in