Chapter 1

The Kerala Model and Capabilities

1.1 Introduction

Kerala’s development experience has been the focus of much academic discussion. Along with the existing social and political conditions, the welfare policies followed by various governments in the state have helped Kerala to achieve high social development. By the 1970s, Kerala experienced remarkable progress in human development, especially in mass education and public healthcare even with a stagnant economy. Later, this pattern of development which was held up as a ‘model’ for the developing world became popular as the ‘Kerala model of development’ in the global development discourse (Chakraborty, 2005). The situation changed when the state economy entered a high growth phase in 1987-88. This ‘turn-around’ in growth was largely attributed to the social development, remittances and economic reforms (Kannan, 2005). Since this had not resulted from traditional business investments, it was identified as ‘virtuous’ growth and the same was used as an example to show how human capital and human development contribute to economic growth (Centre for Development Studies, 2005; Chakraborty, 2005; Kannan, 2005 & 2007). In this process, education, especially mass-education played a key role in setting the background and shaped the pattern of development in the state.

By using the capabilities approach, this thesis tries to understand the impact of the ‘Kerala model’ and ‘virtuous growth’ on the formation of capabilities. The focus is to explore the implications of this pattern of development on various processes through which specific capabilities are formed in different local economies in Malappuram district, Kerala. The study identifies three regions which are geographically diverse
across Coastal, Highland and agrarian Midland areas, and broadly reflect the differences in the pattern of migration and cultural composition in the district. Thus, the thesis tries to understand the effects of Kerala ‘model of development’ and emergence of ‘virtuous growth’ on various processes through which the formation of specific capabilities takes place in different local economies of Malappuram district in Kerala.

1.2 Evolution of ‘Kerala Model of Development’ and ‘Virtuous Growth’

Kerala experienced sharp differences in the pattern of development in different parts of the state. The fact that the three regions, ‘Travancore’ and ‘Cochin’ (two princely states) and ‘Malabar’ (belonging to the old Madras Presidency—under the direct rule of the British) experienced different rulers before the state was formed, seems to have affected their development in later periods. Largely, Malabar region lagged behind Travancore and Cochin in initiating educational development as well as many other reform measures (Kabir, 2002; Nair, 1976 a & b; Salim & Nair, 2002; Tharakan, 1984 b & c & 1997).

In 1817 the Queen of Travancore issued a Royal Rescript on the responsibility of the government in assisting village schools (Kabir, 2002; Tharakan, 2008). As a decision way ahead of the times, this decision to bear the cost of education can be seen as a turning point in the educational history of Kerala. From the 1860s the government started taking an active role in promoting the education of the masses. The commercialisation of the economy and reorganisation of the state administration required an educated labour force. Apart from opening new schools on its own, the government supported private initiatives through grant-in-aid system and brought a large number of indigenous schools under its inspection and control.\(^1\) Thus, by the end of the 19\(^{th}\) century, the budgetary allocation for education in Travancore rose steeply from 0.58 per cent in 1862-63 to 5.34 per cent (Kabir, 2002: 119-120). Since these reforms were largely concentrated in South Kerala, there were sharp differences in the way regions experienced educational development. For instance, in 1961, the northern parts of Kerala lagged behind with 39.8 per cent literacy compared with 50.9 per cent literacy in the South (Tharakan, 1997: 226).

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\(^1\) In 1868, the grant-in-aid was first sanctioned for twenty schools from the capital city and then it was gradually extended to the mofussil. The schools under the management of Missionaries were the first ones to avail this benefit (Aiyer, 1998: 552).
Since the reorganisation of the state in 1956, Kerala has followed a path of development that is quite different from that of most other Indian states. Although different parties ruled the state, the consecutive governments continued prioritising the social sector even at the cost of economic growth. In the 1950s education claimed over 35 per cent of the total expenditure and in the 1970s it was heading towards 40 per cent (Oommen, 2010: 73). Between 1975 and 1987, the Government of Kerala allocated over 50 per cent (53-58%) of its budget towards social development with 30 per cent being invested in the education sector (Tharakan, 1997: 224). Studies find that this pattern continued for several years and the social sector expenditure of Kerala remained higher than that of many Indian states (Gayithri, 2005).

Apart from state interventions, the efforts made by the Christian missionaries have also played a crucial role in the development of the educational sector in Kerala (Chandrasekhar, Ramachandran & Ramkumar, 2001; Mathew, 1999a). The involvement of European missionaries in school education made access to education a reality for many students from lower castes; which so far had not been allowed by upper castes (Jeffrey, 2001: 61). During the 19th and early 20th century almost every major social group had its own social reformation movements. These social reformation movements, which were organised on the basis of caste and religions demanded various development measures from the state and actively participated in the process of social development (Isaac & Tharakan, 1986; Menon, 1994; Mohan, 1999; Namboodiri, 1999; Oommen, T.K 1999; Ramachandran, 2007; Tharakan, 1997 & 2008; Tharamangalam, 1998, 1999 & 2006). The state government implemented some radical policies in response to the growing political consciousness and demands of the movements emerging from the working class as well as the general public, including women (Franke, 1992; Franke & Chasin, 1994; Heller, 1996; Isaac, 1985; Jose, 1977; Nossiter, 1982; Oommen, 1971 & 1975; Panikkar, 1999 & 2001; Ramachandran. 2007; Ramkumar. 2006; Tharakan, 1997 & 2008; Tharamangalam, 1998 & 2006; Varghese, 1970; Velayudhan, 1999; Véron, 2001). These factors laid a strong base for social and human development in Kerala and led the state into a unique pattern of development in later periods.
In 1971, Dandekar and Rath’s study pointed out that Kerala experienced a relatively high rate of poverty (Dandekar & Rath, 2008). Later, the Centre for Development Studies conducted a study for the United Nations (CDS-UN 1975, hence forth) and found that the region experienced unique progress in some aspects of human development despite low per capita income and consumption expenditures. Though the state economy – especially the commodity producing sector, was nearly stagnant, the state policies and investment priorities were largely targeted towards the social sector, specifically in public health care and education. As a result, by the 1970s the state achieved remarkable progress in these two areas. Kerala had the highest literacy rate in the country, low infant mortality rate and the average life expectancy had increased remarkably (CDS-UN, 1975). This was further reinforced by demographic transition. By 1971, Kerala entered into the third stage of demographic transition,\(^2\) with a near replacement level of population growth and a very low death rate (Bose, 2006; Rajan, & Aliyar, 2004; Surendran, 2002). Recent studies suggest further decline its growth rate in the coming years (Zachariah, 2008).

Thus, the state succeeded in creating a socio-economic condition wherein the majority of its citizens enjoyed a higher quality of life than the economic growth rate appeared to warrant (CDS-UN, 1975). Later, this ‘lop-sided development’\(^3\) was identified as the ‘Kerala Model of Development’ and became part of the global development discourse (Centre for Development Studies, 2005; Chakraborty, 2005; Kannan, 1998 & 2005; Oommen, M.A. 1999; Parayil, 2000; Planning Commission, 2008; Raman, 2010; Tharamangalam, 1998 & 2006). This pattern of development was studied from different perspectives; some recommended it as a viable model for other developing countries to follow, while others questioned the very existence of such a model. For many scholars, this was fascinating because it contradicted the established development paradigms that expect a close correlation between per capita income and social sector advancement. One of the earlier Human Development Reports reviews the earlier studies, and points out that

\(^2\) Stages of demographic transition assumes that during the first stage, both death rate and birth rate will be very high, and in second stage, death rate will decline but birth rate remains as high and in the third stage, both birth rate and death rate become very low (Surendran, 2002: 43-44).

\(^3\) The lop-sided development’ can emerge in two ways, ‘with either good growth but little human development or good human development but little or no growth’ (UNDP, 1996:1)
‘the critical conditions for Kerala's progress are replicable: mass literacy, agrarian reform, improvement in the status of the oppressed castes and enlightened attitudes towards girls' and women's education and status’ (UNDP, 1996:81).

For the skeptics, there were various concerns which questioned the existence of such a model. Many studies challenged the replicability and sustainability of this particular model (Franke & Chasin, 1999 & 2000; Kurien, C.T. 1995 & 1999; Mani, Kochar & Kumar, 2007; Parayil, 1996; Ramachandran, 2000; Raman, 2010; Tharakan, 2006; Véron, 2000 & 2001). It has been argued that high social sector expenditure caused a deficit and a burden on the state’s finances which set a limit on the Kerala model of development (George, 1993: 133). Many argued that the celebrated Kerala model of development failed in improving the lives of a large number of people who have remained as the ‘outliers’ of the model. Studies have particularly discussed the case of fisher-folk, women, Scheduled Tribes and Scheduled Castes as some of the groups who were largely left behind for various reasons (Babu, 2012; Devika, 2006a; Kodoth & Eapen, 2005; Kunhaman, 1985; Kurien, J. 1995 & 2000; Mukhopadhyay, 2007; Omvedt, 2006; Ramanathaiyer & Macpherso, 2000; Saradamoni, 1994 & 2006; Sivanandan, 1979; Shyjan & Sunitha, 2009; Shyjan, 2011; Sreekumar & Parayil, 2006; Steur, 2009 & 2011).

Compared to these underprivileged sections, this pattern of development has ‘provided many options for social and economic advancement of the middle level castes and communities and ‘middle classes’ (Tharakan, 2008). It has been argued that the evolution of the so-called Kerala Model itself was one-sided as ‘it was mainly through struggles based upon the growing consciousness of rights among the relatively underprivileged that the access to basic services was made possible for wide sections of Kerala’s population. In these struggles, the better-endowed classes and social groups also participated through the socio-religious reform movements and political movements and many a time played leading roles’ (Tharakan, 2008). While reviewing discussions on ‘Kerala model of development’, one of the scholars points out that the discussion missed several important aspects, but it has put a cap on the tendency of over-rejoicing over Kerala's attainments (Rammohan, 2000).
Thus, it appears that the Kerala model of development has historically evolved in a specific context and continues to affect the process of development that Kerala followed in later periods. Many studies identify land reforms and educational reforms implemented by the first state government (1957-59 led by EMS) as the two major policies that played a major role in creating an enabling environment (Lieten, 2002 a & b). For several years, the social sector accounted for a significant share of Kerala’s total expenditure and it was education which absorbed the major share in the social sector expenditure. For instance, between 1975 and 1987 the state allocated 53 to 58 per cent of its budget on social development wherein 30 per cent was invested in the education sector (Tharakan, 1997: 224). This resulted in the growth of schools and students’ enrolment at various levels. In the case of primary education, the enrolment increased from 24.93 lakh in 1956-57 to 4.28 million in 1980-81. During the same period, enrolment in secondary education grew more rapidly from 2.17 lakh 13.11 lakh while enrolment in university education increased from a mere 0.22 lakh to 2.42 lakh. (Mathew, E.T. 1999b:103). The overall enrolment trend suggests that there was a steady increase with the aided schools maintaining a relatively higher rate of enrolment compared to the government schools. Thus, Kerala successfully tackled first generation problems like illiteracy and the gender gap in enrolment in schools. As a result, the educational status of the work force improved and created a rich human capital base for the state economy.

However, this educated labour force was not absorbed into the domestic economy primarily because state investment was not focusing on the industrial sector, and the commodity producing sectors were not able to employ them (Prakash, 1988b). This led to an increase the rate of unemployment in the state, especially among the educated youth (Mathew, 1997). Between 1983 and 1987-88, the rate of educated unemployment in Kerala rose from 29.3 per cent to 35.0 per cent (Mathew, E.T. 1999b: 113). For various reasons, the state economy, particularly the commodity producing sectors, were nearly stagnant (Albin, 1990; Kannan, 1990; Kannan & Pushpangadan, 1988; Subrahmanian, 1990, Subrahmanian & Pillai, 1986; Thomas, 2005). In many cases, the educated youth were not willing to remain in the traditional agriculture and allied activity jobs (Nair,
1999a & b). For various reasons, the educated workforce prefers ‘white-collar’ jobs, especially in the organised sector (Mathew, E.T. 1999b: 106-107).

So they migrated out of the state and this process became very prominent when the West Asian countries were passing through the ‘post-oil boom’ development (Nambiar, 1995; Rajan & Kumar, 2010 & 2011; Zachariah, Mathew & Rajan, 2003). The oil price hike in 1973 had accelerated industrialisation and social change in the west Asian countries. This required the services of large numbers of foreign workers and that led to large scale emigration of Indian workers to west Asia (Prakash, 1998).

Though Kerala has a long history of migration, this was unique in many ways. For instance, from the middle of the 19th century when recruitment of Indian workers started, there were two recruiting centres in Malabar (in Palghat and Tirur). Cochin port was convenient for ships to come and recruit indentured labour. Some Cherumas (lower caste engaged in agriculture and other manual jobs) are reported to have migrated by the middle of the 19th century. Their migration can be seen as a way to seek freedom from a life “of incessant toil and shameful exploitation by the landlords” (cited in Joseph, 1988:40).

Until 1947 Kerala had a negative net migration, the state attracted more migrants than those who left the state. Since independence, there are two kinds of international

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4 Though Kerala experienced migration of educated workers to other parts of India, its role in transforming the larger pattern of development in the state is not strong as international migration. By and large, the internal migrants have higher and professional education and are often associated with upward occupational mobility. In the case of international migration, there are many the poor migrants pushed away by unemployment for whom migration is a survival strategy. Therefore, the impact of these two types of migration in poverty alleviation and local development. While considering the effect of remittance in reducing poverty and inequality, international remittances proved to be more poor-friendly than internal remittances. At the same time, bulk of remittances was received by wealthier families and therefore it did not led to redistribution of wealth to the lower strata of the society. So, promotion of internal migration (of highly educated from wealthy families) may reinforce the existing inequalities in Kerala. Instead, the state policy may look towards widening the access to international migration to the poorest segments of population and thereby enabling the redistribution of income through remittances (Pelletier, 2011).

5 The contemporary Indian migration has a 175-year old history. By and large, the West remains as the favourite destination for skilled migrants from India while the unskilled migrants from India are concentrated in West-Asia (Khadria, 2009 & 2011). Scholars have identified different phases in the history of international migration from India. One of the studies has looked into the trend in pre-independence and post-independence periods and divided the pre-independence migration as indentured labour migration (1834-1910), emigration under Kangani system (1910-1935) and free migration (1936-1947).
migration; migration of workers with skills and professional expertise, mainly to the USA, Canada, UK and Australia as permanent migrants (since early 1950s) and migration of unskilled and semi-skilled workers to the oil-exporting countries of West Asia on temporary work contracts, following the oil price increase of 1973-74 and 1979 (Rajan & Kumar, 2010:10-18). In the decade between 1981 and 1991, 555,000 persons migrated from Kerala to places outside India in addition to 189,000 who migrated to other states within the country (Zachariah, Mathew & Rajan, 2002). During 1980s, the years between 1980 and 1983 represent the peak phase of labour migration from India (a total of 976.7 thousand workers). Among Indian migrants, the share of Keralites is more than 50 per cent (Prakash, 1999:137-139).

This led to a situation where the inflow of remittance income derived out of the earlier international migration became a major part of the state income. For instance, remittance as percentage of Net State Domestic Product (NSDP) increased from 0.57 in 1972-73 to 10.2 per cent in 1982-83 and 19.19 per cent in 1992-93 (Kannan & Hari, 2002:207). The steady increase in the inflow of remittances led Kerala into a turnaround in growth and from 1987-88 onwards the state economy moved from the slow growth phase into a high and steady growth phase. The trend of NSDP was very impressive and by the early 1990s its growth rate crossed the national average.

Many identified this turn-around as the beginning of a ‘virtuous’ growth driven by earlier investment in social development (Centre for Development Studies, 2005:44; Chakraborty, 2005; Kannan, 2005). Some studies argue that the social development,

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6 Some studies identified the third phase of migration (from mid-1990s) which is again led by professionals mainly software engineers and managers to the developed countries like United States and United Kingdom (Usha, 2009:243-244).
remittances and economic reforms are the three main factors which made this possible (Kannan, 2005). Others argue that these factors can probably act as necessary conditions for a turnaround in growth, but they cannot be sufficient conditions (Mathew, 2005). Another study supports this view of the role of mass-education and remittance in generating growth but questions the argument that policy reforms accelerated the productive sector of the regional economy (Pushpangadan & Parameswaran, 2007:81).

Figure: 1.1
Trends in state income: Kerala (Net State Domestic Product)

By the 1980s, Kerala economy had become a service-oriented economy where the service sector accounted for the largest share in NSDP (Babu, 2005; Pillai & Shanta, 2005). Since the service sector growth is largely dependent on remittances, it was suggested that Kerala’s economy, driven by the service sector, was likely to lose its growth momentum sooner rather than later (Jeromi, 2003). For instance, the decline of foreign remittances during the Gulf war of the early 1990s made many scholars skeptical about whether the so-called turnaround will take off into a virtuous cycle of growth (Oommen, 2005). Other issues like changes in the immigration policy of the destination country and economic conditions may also affect the pattern of migration. For instance, the large scale immigration of international workers in GCC countries has made the governments to introduce new regulations for labour migration (Hussain, 2011). One of the earlier studies
on migration to United Arab Emirates (one of the prime destinations of migrants from Kerala) points out that the demand for unskilled and semi-skilled labourers declined substantially due to the changes in the immigration policy, completion of major infrastructure projects and economic recession in the region (Zachariah, Prakash & Rajan, 2002). Compared to the old generation migrants who migrated with basic education and literacy, the current migrants have better educational qualifications and positively affect the occupational profile of the migrants (Nambiar, 1995; Mani, 2011; Zachariah, Mathew & Rajan, 2003; Zachariah & Rajan, 2009). One of the studies suggests that the future demand will be for categories of skilled workers and professionals and therefore recommends that future emigrants from Kerala should be equipped to meet such changes (Zachariah, Prakash & Rajan, 2002; Prakash, 2004b).

In short, the earlier growth strategy of prioritising the social sector enabled the state to export its labour with basic education and later the remittances sent by them actually fuelled the domestic economy. The high growth rate achieved suggests that human development can affect economic growth positively and hence the relationship can be reinforcing in nature. It has been argued that ‘the dynamics of such ‘virtuous growth’ in Kerala is based on the comprehensive plane of human development, flourishing in the wider sense of human capability that captures both the utility-enhancing (as an end-in-itself) and productivity-enhancing (human capital as means) values’(Centre for Development Studies, 2005: 2, emphasis added).

This has created some optimism about the sustainability of Kerala’s development path. While some scholars remain skeptical and point to the risk of relying upon an unbalanced growth strategy based on the service sector, without building on the state’s dynamic comparative advantage in skill and technology-driven commodity production (Subrahmanian, 2006), others argue that the growth pattern suggests that this model can be sustained as long as the state is able to locate and supply its educated labour to the global market (Pushpangadan, 2003). Even at the dawn of the present century, Kerala

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7 From 18th July 1999, the UAE government has stopped granting visas for unskilled workers from India, Pakistan and Bangladesh. New policies focus on demographic balancing, emiratization, banning visa for unskilled Asian workers, large-scale mechanisation to make unskilled labour very expensive, etc. (Zachariah, Prakash & Rajan, 2002).
'had a clear lead in the matter of education over rest of India … able to take advantage of
the demand in foreign lands for educated and trained person in various categories’
(Joseph, 1988:41-42). The fact that Kerala’s work force is more educated and migrated to
various places seems to make it easier for them to continue this further (Mani, 2012).

This seems to be borne out by the continuing growth in remittances. It has been pointed
out that in 2002-03, the inward remittance was equivalent to 22 per cent of Kerala’s
NSDP and, in absolute terms, the inflow of remittance increased from Rs.13,652 crores in
1999 to Rs.18,465 crores in 2004 (Zachariah & Rajan, 2004). In 2010, the remittances
were estimated as 31.23 per cent of the state’s NSDP (Zachariah & Rajan, 2012b). Though
there have been some fluctuations,8 remittances continue to have a major impact
on Kerala’s economy.

By 2008, total household remittance was estimated as Rs.12,511 crores (against Rs.3,530
crores in 1998 and Rs.7965 in 2003). It was found that there was a 57 per cent increase in
household remittance during 2003-2008 (Zachariah & Rajan, 2012a:68). As a result,
Kerala’s per capita consumption expenditure increased and became one of the highest in
the country9 (Pushpangadan, 2003). In terms of per capita expenditure Kerala’s rank
among the major states in India improved from 10 in 1970-71 to 4 in the 1980s (Harilal
& Joseph, 2003). The migration-remittances boom generated higher consumer
expenditure and savings and thereby improved the standard of living in the regional
economy. However, the boom had a clear dampening effect on the goods producing
sectors of the regional economy (ibid).

The process of generating the educated manpower did not however remain the same.
Once the state economy entered the high growth phase, there was a change in the pattern
of public expenditure in education. In earlier years, Kerala’s social sector expenditure had
been higher than that of many other Indian states (Pradhan & Abraham, 2002). Recent
experience however suggests that Kerala moved away from the earlier situation as real

8 For instance, share remittances in Kerala’s NSDP declined from 25.5 % in 1998 to 20.2 % in 2007 (Rajan,
2011:51).

9 Since the official data on per capita NSDP does not take the remittance income into account, the actual per
capita income in Kerala must have been larger.
social expenditure declined (Aravindan & Menon, 2010). For instance, expenditure on education at constant prices in Kerala has shown one of the lowest growth rates among all states. In fact, the annual growth rate of 3.2 per cent recorded during the 1974-75 to 1984-85 period dipped to 1.1 per cent during the subsequent period of 1985-86 to 1991-92 (George & Kumar, 1999). The percentage of public spending on education to total government expenditure, which was as high as 29.28 per cent in 1982-83 declined to 23.17 in 1992-93 and to 17.97 per cent in 2005-06 (Oommen, 2008a). Even if the state is willing to continue to finance the large network of public services in the state, state’s finance with high fiscal imbalance remain as a challenge (Chakraborty, Chakraborty, Nath & Mitra, 2010).

On the other hand, withdrawal of the state from prioritising the social sector seems to have been offset by the fact that remittance income had a greater involvement in education. The focus and priorities of private remittance income are different from those of the government in the earlier period. Private investment replaced government expenditure and shifted the focus from mass-education to higher and professional levels. The declining trend in the enrolment in government schools and corresponding growth of private un-aided schools reflects the significance of the private sector in the new growth phase.

Overall, Kerala’s development experience during the recent decades can be seen as an example of human development policy generating economic growth. Within this focus on human development there is a prominent place for education. The focus on education altered the pattern of transition and structure of the local economies. It has been argued that the growth of mass-education and inflow of remittance led to the emergence of non-agrarian village economies in Kerala (Pani & Jafar, 2010). There has been a steady decline in the share of workforce engaged in agriculture and allied jobs. Some studies find this as a positive sign and expect that the workforce move out of agriculture may be absorbed in the manufacturing sector.10 During the 1991-2001 decade, the share of

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10 However, Kerala’s experience shows that the workers who withdrew from the primary sector (mainly agriculture) were not absorbed by the secondary sector (manufacturing), but they were absorbed in the tertiary sector (service). For instance, the share of workers in primary sector declined from 57.5 per cent (in
agricultural labour force declined sharply (from 37.7% to 22.8%), while urbanisation remained stagnant or declined marginally from 26.6 per cent to 26 per cent.\textsuperscript{11}

So, Kerala’s experience contradicts other development paradigms\textsuperscript{12} and the experience of Indian states like, say, Tamil Nadu. During that decade, Tamil Nadu saw a decline in the share of agricultural labour (from 59.4% to 49.4%) but that was associated with an increase (from 34.2% to 44%) in the urbanisation (Census of India 1991 & 2001). In the case of Kerala, this transition did not happen as there was limited industrialization and hence it did not form any urban manufacturing centres. Even as the majority of the population moved away from agriculture, they had no fast growing urban centres to move into and had to migrate out of the state. At the same time, the inflow of foreign remittances enabled the general population to stay back in the rural areas and access basic services like education, health, transport, communication and other amenities. Of course, over time, the continuing growth of the rural centres led to some of them becoming urban centres as observed in the 2011 census.

Thus, the dynamic role of education played the key role in Kerala’s development process. At the national level too government allocation for education is more critical for economic development while the per capita health expenditure does not have any significant growth impact (Pradhan & Abraham, 2002). The change in the nature of public and private involvement in Kerala’s educational system suggests that the next phase also follows a similar process. However, the greater involvement of the private sector (remittance driven) is more likely to shift the focus of education towards more technical and professional areas. This is bound to affect human capital formation and thereby the nature of growth in the coming years.

\textsuperscript{11} This decline may partially be due to the changes that took place in the definition of urban area as defined by Census of India (George, 2009:423).

\textsuperscript{12} Normally, the withdrawal of workforce from agriculture and their concentration in manufacturing centres results in urbanisation.
1.3 Choice of Theoretical Frame: The Capabilities Approach

The relationship between economic growth and development has been widely discussed in the economics literature. Broadly, the latter is normative in nature and includes welfare indicators which economic growth (i.e. mere increase in per capita income or GNP) need not guarantee. It can be argued that the diversity of human beings and their situations limit “the usefulness of real-income comparison for judging different persons’ respective advantages” that lead to such situations (Sen, 2000:69-70). By looking at the experience of many developed countries, scholars argue that once a country achieves economic growth, development or social advancement follows. However, many West-Asian countries experienced economic growth (due to the oil boom) but that was not followed by progress in social or human development. On the other hand, some African countries moved in the opposite direction; even with poor economic conditions they managed to achieve social development to a level that matches that of many developing countries (UNDP, 1990). By the 1980s these contradictory experiences questioned the leading development approach for presuming a close link between national economic growth and the expansion of individual human choices. It was in this context that a team led by Mahbub-ul Haq prepared the first Human Development Reports (HDR) of the United Nations Development Programme (UNDP) and proposed a new development paradigm.

From 1990 onwards, the UNDP has been publishing the yearly global human development reports according to their position in human development index (HDI). Ever since UNDP launched its first report on human development, the approach has emerged as a powerful way to look at well-being across countries. The HDI is computed using the logarithm of gross domestic product (GDP) per head, literacy rates and life expectancy at birth. The pioneers of HDR were convinced that such a simple combined measure of human development is essential for convincing the public, academics, and policy-makers that they should evaluate development by advances in human well-being and not only by advances in the economy. At the same time they recognised the fact that the concept of human development is too diverse and rich to be captured by any single index or even a

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13 Following the literature, the present study also uses the ‘capability approach’ or ‘capabilities approach’ which is broadly an alternate term for ‘human development approach’.
set of indicators. Human development is a process of enlarging people's choices which can be infinite and liable to change over time. Of these choices the UNDP believes, ‘the most critical ones are to lead a long and healthy life, to be educated and to enjoy a decent standard of living. Additional choices include political freedom, guaranteed human rights and self-respect’ (UNDP, 1990:10). One of the central goals of this approach is to enable people to become agents;\(^{14}\) to bring the change to their lives in the way they value. Development thus relies on their freedom to make decisions (Alkire & Deneulin, 2009).

Among others, it was Amartya Sen’s work on ‘capabilities’ and ‘functionings’ that provided the strong conceptual foundation for the new paradigm. Sen defined human development as the process of enlarging a person’s functionings and capabilities to function (Fukuda-Parr, 2003). Functioning is an achievement of a person and it reflects a part of the state of that person.\(^{15}\) Being a derived notion, capability reflects various combinations of the functionings. ‘It takes certain view of living as a combination of various “doings and beings”. Capability reflects a person’s freedom to choose between different ways of living’ (Sen, 2011:5). As Sen explains, ‘the concept of “functionings” reflects the various things a person may value doing or being … A person’s “capability” refers to the alternative combinations of functionings that are feasible for her to achieve. Capability is thus a kind of freedom: the substantive freedom to achieve alternative functioning combinations (or less formally put, the freedom to achieve various lifestyles’ (ibid: 75). According to this framework, the quality of life should be conceived and measured directly in terms of functionings and capabilities instead of resources or utility.

In many ways, the two concepts distinct but related: the accumulation of ‘human capital’ and the expansion of ‘human capability’ are very important in understanding the processes of economic and social development. ‘The former concentrates on the agency of human beings – through skill and knowledge as well as effort – in augmenting production possibilities. The latter focuses on the ability of human beings to lead lives

\(^{14}\) Agency can be defined as ‘a person’s ability to pursue and realise goals she values and has reason to value’ (Alkire & Deneulin, 2009:22).

\(^{15}\) While following the Aristotelian line, this approach claims that ‘functionings are constitutive of a person’s being’ (Alkire, 2005:118).
they have reason to value and to enhance the substantive choices they have. The two perspectives cannot but be related since both are concerned with the role of human beings, and in particular with the actual abilities that they achieve and acquire’ (Sen, A. 1997:1959). Broadly, the concept of human capability is a more expansive notion of human capital. For instance, ‘education encourages aspects of human flourishing that are wider than those associated with merely increasing productivity or economic growth’ (Unterhalter, 2009:212). This approach distinguishes the means and the ends of well-being and development. However, there are situations where the distinction becomes blurred or one does the function of the other or both. For instance, the capability of being in good health is an end in itself, but also a means to the capability to work. Largely, only the ends have intrinsic importance, whereas means are instrumental to reach the goal of increased well-being, justice and development (Robeyns, 2005).

The capabilities approach sees development ‘as a process of expanding the real freedoms that people enjoy. In this approach, expansion of freedom is viewed as both the primary ends and the principal means of development. They can be called respectively the “constitutive role” and the “instrumental role” of freedom in development’ (Sen, 2000: 36). This has several implications for development analysis. For instance, it recognises that a person being ‘prevented from speaking freely or participating in public debates and decision is deprived of something that she has reason to value … even if she has no immediate interest in exercising the freedom to speak or to participate, it would still be a deprivation of her freedoms if she were to be left with no choice on these matters’ (ibid: 36-37). Sen points out that the relevance of these factors need not be established through their indirect contribution to other features of development such as income; rather these freedoms are part and parcel of enriching the process of development.

The instrumental role of freedom – the effectiveness of freedom as means – looks at ‘the way different kinds of rights, opportunities, and entitlements contribute to the expansion of human freedom in general, and thus to promoting development’ (ibid: 37). By looking at the process through which development takes place, it is possible, in a given situation, to identify various kinds of freedoms which constitute the individual’s capability. Sen identifies political freedom, economic facilities, social opportunities, transparency
guarantees and protective security as different types of instrumental freedoms that contribute directly or indirectly, to the overall freedom (ibid: 38). Each of these freedoms can be analysed from their instrumental and constitutive roles, which respectively reflect the means and ends of development. It is the constitutive role of freedom that helps us visualise what constitutes the degree of freedom prevailing in a society, whereas the instrumental role of freedom is crucial in understanding how the existing freedom affects the capabilities of people, and by what means it sustains in the society.

This approach gives more importance to people and recognises the importance of having the freedoms or valuable opportunities (capabilities) to lead the ‘kind of lives they want to lead, to do what they want to do and be the person they want to be. Once they effectively have these substantive opportunities, they can choose those options that they value most. For example, every person should have the opportunity to be part of a community and to practice a religion; but if someone prefers to be a hermit or an atheist, they should also have this option’ (Robeyns, 2005). In fact these freedoms are locally affected by various factors. There are certain factors such as personal heterogeneities, environmental diversities, variations in social climate, difference in relational perspectives and distribution within the family which Sen identified as the source of variation between the income and the advantages we get out of them (Sen, 2000:70-71).

Personal heterogeneities arise because people have different physical characteristics which make their needs diverse. For instance, an ill/disabled person may need more income to cope with her illness/disability. Even the quality of life derived out of medical treatment may vary among them. Second, variations in environmental conditions, such as climatic circumstances, temperature range, rainfall, and flooding can influence what a person gets out of a given level of income. Heating and clothing requirements of the poor in colder climates cause problems that may not be shared equally by poor people in warmer countries. The presence and absence of infectious diseases, pollution and other environmental problems in the quality of life can also cause these variations. Third, social conditions, including public educational arrangements, and the prevalence or absence of crime and violence in a particular location can influence the conversion of personal
income and resources into the quality of life. The nature of community relationships and
the presence or absence of wider conflict can affect this conversion.

Fourth, perspectives of well-being can also be changed in relation to different situations.
The commodity requirements of established patterns of behaviour may vary between
communities, depending on conventions and customs. For example, being relatively poor
in a rich community can prevent a person from achieving some elementary ‘functionings’
(such as taking part in the life of the community), even though her income may be much
higher than the level of income at which members of poorer communities can function
with ease and success. Here, what makes one person able to ‘appear in public without
shame’ is her relational status in the society rather than the level of income.

Fifth, differences in well-being can exist within the family as well. As incomes earned by
one or more members of a family are shared by all, it is a basic unit for consideration of
incomes from the standpoint of their use. The well-being or freedom of individuals in a
family will depend on how family income is used in the furtherance of the interests and
objectives of different members of the family. Distributional rules followed within the
family (for example, related to gender or age or perceived needs) can make a major
difference to the attainments and predicaments (ibid: 70-71).

1.3.1 Focusing on processes rather than on aggregate summary measures
While explaining the relationship between economic growth and human development,
one of the pioneers of the human development paradigm concludes that the ‘human
development paradigm consistently takes the view that growth is not the end of economic
development—but that the absence of growth often is. Economic growth is essential for
human development, but to fully exploit the opportunities for improved well-being that
growth offers, it needs to be properly managed. Some countries have been extremely
successful in managing their economic growth to improve the human condition, others
less so. So, there is no automatic link between economic growth and human progress.
And one of the most pertinent policy issues concerns the exact process through which
growth translates, or fails to translate, into human development under different
development conditions’ (Haq, 1995:21).
It is clear that, scholars like Haq were concerned about the local forces which affect the process through which growth translates, or fails to translate, into human development. However, the focus of HDRs shifted from this critical area to measuring the achieved well-being of the countries. Other than the HDI, there are other indices like Human Freedom Index (HFI), Human Distress Profile (HDP), Human Poverty Index (HPI) and Gender Development Index (GDI) which also reflect various aspects of quality of life. Generally a strong correlation is expected between HDI and HFI, while there seems to have an inverse relationship between these two on the one hand and HDP on the other.  

Most of these indices concentrate on developing aggregate summary measures of well-being; they need not explain the underlying processes that bring about changes in human development. For instance, the HDR ranks the countries by measuring the distance between the best and the worst performers; this ranking has provoked policy-makers to examine how each country fared in this regard and to ask why some countries and regions, such as Costa Rica, Sri Lanka, or the state of Kerala in India, managed to achieve much higher levels of “human development” in comparison to countries with similar income levels (Fukuda-Parr, 2003). While recognising the importance of developing aggregate indices for measuring the achieved well-being, various processes through which the formation of capabilities take place locally remain an under-explored area of understanding. Therefore the present study focuses on this relatively under-explored area and attempts to identify the local forces and their possible impact on specific capabilities.

1.4 Research Questions

The study finds the capabilities approach to be a useful framework to understand the development experience of Kerala, particularly the relationship between mass-education based economic growth and human development in the new growth phase. Historically, many of the freedoms, particularly the political and social freedoms triggered by radical policies of the state governments, have been instrumental in facilitating the unique

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16 In this respect the impressive performance of Kerala in HDI is associated with distresses like high rates of suicide, crime against women, drug addiction, missing persons and educated unemployment (Oommen, 2009).
process of development which Kerala experienced. The welfare policies pursued by consecutive state governments have had a significant role in improving certain basic capabilities such as the ability to live a longer life and access to school education and this was equally distributed across genders. At the same time, the recent trend in the distribution of total consumption expenditure of Kerala suggests that the trend of inequality has been rising in the post-reform period (Subrahmanyan & Prasad, 2008). This has to be seen in the light of the declining trend in Kerala’s real social expenditure, which can affect the social opportunities of the poor. The protective security of the marginal communities like fisher-folks and population belonging to various SCs and STs remains a challenge. Therefore, we cannot also assume that the new growth phase with greater involvement of the private sector and remittances will maintain the earlier achievement in state’s human development or improve further.

The broad question which the thesis tries to address is, what is the impact of this process, i.e. the evolution of virtuous growth based on mass-education, migration and remittances, on individual and group capabilities? The study recognises the debates going around choosing a list of basic capabilities. Broadly, Nussbaum identifies a list of central capabilities whereas Sen does not offer such a predetermined canonical list of capabilities (Alkire, 2002; Sen, 1979, 2004 & 2007; Nussbaum, 1995, 2000 & 2011).17

By considering the background of the study region, the study identifies specific capabilities and tries to explore the process through which they are locally affected. Broadly, it tries to understand the impact of the larger pattern of development on specific capabilities, viewed from the constitutive and instrumental aspects of freedom. The thesis also tries to understand whether this pattern of development with greater involvement of

17 Though there are limitations, such a can be very useful in assessing the capabilities. Nussbaum lists life; bodily health; bodily integrity; sense, imagination, and thought; emotions; practical reason; affiliation; other species; play; and control over one’s environment as the ten central capabilities (Nussbaum, 1999, 2000 & 2011). On the other hand, a fixed list may deny the possibilities of progress in social understanding and productive role of public discussion. In practice, it is difficult to construct such a list of basic capabilities which is relevant to every evaluation (measurement exercise or index). During the assessment, the weightage and priority given to a specific capability cannot be same for all situations. For instance; the priorities given for food and shelter vary according to the local conditions (Alkire, 2002, 2005 & 2010; Sen, 1979, 2004 & 2007). Based on the emerging concerns on various dimensions of human development, studies have identified some common areas which constitute a critical part of the framework in any situation (Alkire, 2002 & 2010).
private remittances and the withdrawal of government from the social sector can be sustained and whether it can improve human development further.

1.5 Study Area

In order to understand the implications of the remittance-driven growth on human development, specifically the process through which the capabilities are formed, we need to look into micro-level realities. For this, Malappuram district in Kerala is a useful example. At one level it has followed the same macroeconomic patterns as that of the whole of Kerala. In terms of occupational pattern, its share of cultivators and agricultural labourers in its total main workers declined from 47.1 per cent in 1991 to 21.2 per cent in 2001. However, Malappuram remained one of the least urbanised Kerala districts, with 90 per cent of the population living in rural areas (Census of India, 1991 & 2001).

The district economy is also largely remittance driven. The district-wise distribution of remittances shows that Malappuram is ranked first in terms of proportion of total remittances and per household remittance (Centre for Development Studies, 2005:46). In 2010 its inward remittance was as high as Rs 6486 crore, the highest in Kerala. The average remittance per household in Malappuram was more than one lakh (Rs. 103,585), nearly double the state average (Rs. 57,227). (Zachariah & Rajan, 2011:306-307).

At the same time, the linkage between income generated overseas and the local economy remains weak. For several years, Malappuram remained in one of the lowest ranked districts in Kerala in terms of per capita income (Government of Kerala, Economic Reviews, various issues). It was suggested that the large scale out-migration and inflow of remittances did not lead ‘to any perceptible increase in the level of per capita GDP at district level, or to a major structural shift in favour of the secondary sector. Malappuram provides a good illustration of this, with the agricultural sector atrophying in favour of a burgeoning services sector in the 1970s when the migration phenomenon was accelerating, and with the share of the secondary sector also falling back during the 1980s, when the pace began to slacken’ (Saith, 1992). The recent reports listed Malappuram district as one among the four districts that experienced the lowest growth rate in district income. The district-wise per capita income figures in these reports have
consistently ranked Malappuram in the lowest rank in Kerala (Government of Kerala, Economic Review, 2009, 2010, 2011 & 2012). Similarly, the human development report identifies Malappuram district for its low rank in district-wise Human Development Index, with HDI rank 0.749 against 0.773 Kerala as a whole (Centre for Development Studies, 2005:60).

Map: 1.1 Malappuram district

Culturally, 68.5 per cent of Malappuram’s population is Muslim and the remaining is accounted for by Hindus (29.2%), Christians (2.2 %) and other religious groups (Government of Kerala, Panchayat Level Statistics, 2006). Women’s employment status and earning can be considered as a key factor in empowering them. Compared to the non-working/non-earning women, working women with independent incomes have a decisively greater role in household decision-making (Devi, 2002). Studies expect a positive correlation between education and female labour force participation. However, Malappuram district experiences a very low female work participation rate (6.63 %, far below of 15.38% across Kerala) even with a high literacy rate (73.8%, all figures from
Census of India, 2001). There are various socio-cultural reasons that have contributed to this poor performance.

Broadly, the economic transition, international migration and the diverse geography of the district across coastal areas, high-lands and agrarian hinterlands makes the district a useful example to study the effect of virtuous growth on human development in Kerala. Among others, the study identifies the relational perspective (arising from migration status, religion and caste affiliation) and geographic diversity as the two major factors which have critical role in the formation of local capabilities in different local economies of Malappuram. The capability formed in a migrant household may be different from that which a non-migrant household experiences. In such cases, international migration can be taken as a useful example to understand the working of the relational perspective.

1.6 Data and Methodology

In order to understand the role of geographic diversity in the formation of capabilities, the study selected three regions (taking Taluks as the administrative units) from the Coastal, Midlands and Highlands areas. The three Taluks namely Tirur, Perinthalmanna and Nilambur were chosen from coastal, agrarian plain land (midland) and highland areas of the district. For the detailed study, three gram panchayats representing each of the three regions were selected in such a way that their occupational structure was similar to the modal values of the coastal, agrarian plain land (midland) and highland areas. The gram panchayat chosen from the coastal region was Tanur, Alipparamba was chosen from the agriculture dominated plains and Chungathara from the highlands.

The study uses both quantitative and qualitative data and methods of analysis. The quantitative data consists of secondary data collected from the concerned authorities of the state and central governments and primary data collected through primary surveys. Data on occupational pattern, urbanisation, literacy and other demographic details was collected from reports published by Census of India. Secondary data on enrolment and growth of educational institutes at various levels was collected from different reports published by the department of public instruction. The study uses secondary data collected from various reports published by the Kerala State Planning Board and
Directorate of Economics and Statistics. Apart from the available secondary data, the study uses primary data extensively. The primary data is drawn from two rounds of questionnaire surveys and detailed interviews (during 2010 and 2011) conducted in the three sample gram panchayats selected from three Taluks of Malappuram district.

The first set of primary data was collected during the panchayat election (August-December 2010), which happened to be the first election after implementing the fifty per cent reservation for women candidates. After pilot surveys, a structured questionnaire survey and detailed personal interviews were conducted among the 196 candidates (out of 198) who contested for the three representative gram panchayats. Two candidates from the Highland GP were excluded since they stood for election explicitly to confuse and divert voters (by virtue of having names similar to other candidates). The study was carried out in two phases: the first phase covered the whole process of elections— from the process of nomination, candidature, campaign, election, counting and immediate responses to the result; and the second phase consisted of the questionnaire survey leading up to detailed personal interviews with the candidates. The first phase entailed extensive travelling for participating in meetings and campaigns organised by various political parties and religious organisations. The second phase involved interviewing the candidates. One hundred and eighty-two candidates were personally interviewed whereas the information for the remaining fourteen was collected from the family members and was verified from members of the public, mostly neighbours or party workers. The support of party workers, local leaders, and friends from political and non-political organisations was very helpful in getting access to various programmes and informal discussions. The survey collected information on candidates’ personal details including education, occupation, religious or caste affiliation, migration status, earlier engagement in politics and panchayati raj institutions. The observations and detailed interviews were the main sources for determining the role of party and non-party elements in determining the candidature and dynamics of local politics.

Later, a large scale questionnaire survey and a second round of primary data collection were conducted in the same gram panchayats (March-August 2011). The household-survey was carried out in two representative wards selected on the basis of their
geography and occupational pattern being close to the respective gram panchayats. Detailed information was collected by administering a structured questionnaire survey in 750\textsuperscript{18} sample households selected from the three gram panchayats (125 households from each of the representative wards). This was supported with qualitative information collected through regular observation and detailed personal interviews with senior family members, elected members and authorities of the respective gram panchayat offices, local leaders engaged in social-political and religious activities. This was very helpful in understanding the different practices and institutions in everyday life.

The thesis begins with this introductory chapter which briefly reviews the literature related to the evolution of the so-called Kerala model of development and emergence of new growth phase. Using this background, the chapter introduces the capabilities approach as a useful frame to understand the Kerala model and growth phase. The second chapter broadly discusses the development experience of Malabar region and Malappuram district in particular as a snapshot of Kerala’s development experience. It also discusses the pattern of transition that took place in the Coastal, Midland and Highland regions of Malabar. The third chapter looks at the dynamics of education, and special attention has been paid to trace the role of migration, regional diversity and social groups (mainly religion and caste affiliation). The fourth chapter explores the options of borrowings and savings practiced by the households. The chapter particularly discusses the changes taking place in some of the traditional modes of local finance. The fifth chapter looks at women’s participation in various public spaces related to their everyday life. Apart from the political and religious meetings, the study looks into their engagement in other events and spaces related to their social, family and personal life. Based on insights drawn from the panchayat election held in October 2010, the sixth chapter tries to understand the implications of the revised reservation policy on the political freedom of women in Kerala. The last chapter outlines the conclusions of the study based on the findings of the previous chapters in an effort to capture the constitutive and instrumental aspects of freedom that the Kerala model has generated in Malappuram.

\textsuperscript{18} With a response rate of 99.74%