Chapter VI

CONCLUSION

The central concern of the study has been to offer an explanation to the industrial backwardness of Kerala. There is considerable literature which explains this phenomenon in terms of a number of factors. But no serious effort was made so far to identify the relationship between the export-oriented development path followed by the state and its industrial backwardness. While most studies have analysed the internal dynamics of the problem, the present study seeks to take into account both the internal and external dynamics and also, treat the problem in a historical perspective. It is also sought to locate the problem in the context of the third world industrialisation experience.

Historically speaking, the colonial policies were the external conditions within which the actual process of the so-called industrialisation evolved. The major industries like coir, plantations, cashew and tiles which came to be established under European initiative were exclusively export-oriented. In other words, it was as part of the export-orientation of the whole economy that the initial spurt in industrialisation took place in Travancore. All economic
activities of the region including agriculture, transportation, banking, education etc. catered to export trade only. The export-orientation of the economy of Travancore was quite in line with the experience of other colonies which were made the suppliers of necessary raw materials to the imperial countries. This international division of labour was forced upon the colonies invoking the principle of comparative advantage.

Even the evolution of the modern sector in Travancore during the forties was the result of a policy change towards factory industries, on the part of the imperial government, in the wake of the world war. As all other princely states, Travancore also took part in the industrialisation effort providing government participation in investment, subsidies, electricity at cheap rate etc. The pertinent feature of this sector was its export-orientation on account of its evolution in response to the war demands and also of the lack of an internal market.

The export-orientation of the economy attained new dimensions during the post-colonial period encouraged by the national and regional policies. The effects of export promotional measures of the Central Government during the earlier years and a gradual shift towards export-oriented industrialisation strategy were very well reflected in the economy of
Kerala. During the early years of independence it was the traditional export-oriented industries like coir, cashew, tea, fish etc. that were given all kinds of encouragement with a view to increasing exports, whereas from the seventies onwards modern export-oriented industries like electronics based on a new international division of labour, were encouraged. Even the various studies by NCAER, TDA, IIFT etc. recommended an export-oriented development path for the state. Export-orientation could be observed in almost all spheres of the economy such as industry, agriculture, manpower, electricity and even culture. If some catered to foreign markets, others relied on Indian markets.

The total orientation of the economy towards the export sector eventually resulted in distorting the economy with enclave-type of sectors. Instead of maintaining complementarity and reciprocity among the different sectors of the economy, each sector was integrated to the external market. The lack of linkage between industry and agriculture had the most devastating effect on industrialisation. One of the essential conditions for self-sustaining industrialisation viz., the inter-linkage between agriculture and industry was conspicuously absent because of their external orientation.
The export-orientation of the whole economy had the effect of diverting all the resources towards the export sector. A striking example is with regard to the generation of electric power. Though the priority accorded to the power sector under the state Five Year Plans is fully justified, in sharp contrast to other states, generation of electricity itself was developed as an export item in addition to subserving the various export-oriented industries and units here. Even the vast amount spent on food imports has to be viewed as the direct result of the overimportance given to the export products of plantations.

On account of the export-orientation of the industrial sector, even the meagre industrialisation that had taken place in the state could not in any way create an industrial base having inter-industry linkages.

In any major explanation of the causal factor of industrial backwardness of the state, the role of the entrepreneurial class is very significant. Of course, Kerala lacks an indigenous industrial class in the classical sense of the term. And the nascent moneyed section is still immersed itself in speculative and mercantile activities. Even the traditional export-oriented industries with which they are associated, are not fully developed capitalist enterprises.
They are basically primary-processing units catering to the export needs. Thus the money available in the economy is held up in the sphere of circulation in the absence of an industrial class who could channel it into productive activities. In short, one of the major impediments to the evolution of autonomous industrialisation, is the absence of an indigenous industrial class capable of being the driving force for sustained industrialisation.

From the analysis in the previous chapters it is clear that export-orientation of the economy, especially the export-orientation of the industrial sector that evolved during the colonial period has been perpetuated even during the post-colonial period as part of a conscious effort on the part of the Central and State Governments. This export-orientation of the economy is surely an important cause of the industrial backwardness of the state. Together with this is the absence of a nascent capitalist class. A self-sustaining and independent industrialisation has to be evolved essentially under indigenous entrepreneurial efforts, indigenous technology and capital catering primarily to the needs of the internal market. As the role of the entrepreneurial class in co-ordinating the other indigenous factors for industrialisation is very significant, any serious enquiry into Kerala's (or any region's, for
that matter) industrial backwardness should necessarily focus on the evolution and development of this class and the associated paradigm of class relations.