

CURRENT ISSUES IN KERALA ECONOMY

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Introduction

Kerala economy faces serious issues in connection with agriculture, traditional industries like coir, cashews, plantation sector industries like Rubber, Tea, Pepper, Cardamom, etc. In addition to this un employment situation, increased level of public expenditure and deterioration in the standards of health and education are the major challenges we are facing.

Performance of Agriculture Sector

- Agriculture remains the most important sector of our Kerala economy. The performance of this sector is as follows. It shows a negative growth rate.

Year	Growth Rate Over
2012-2013	1.43
2013-2014	-2.13
2014-2015	-4.67

Source;- Directorate of Economics & Statistics (2011-12 base year)

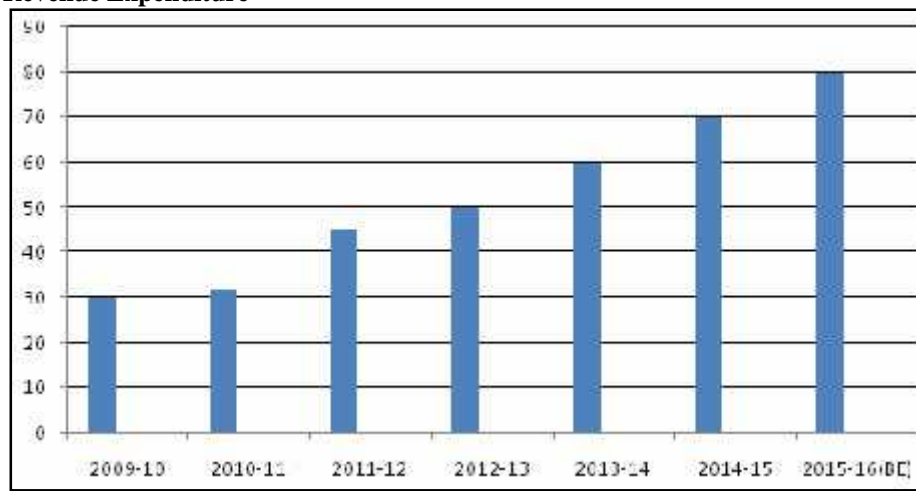
Performance of Traditional Industries

Area, Production and Productivity of Principal crops.

S. No	Crops	Area(Ha.)		Production (MT)		Productivity(Kg./Ha.)	
		2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
1	Rice	199611	198159	564325	562092	2827	2837
2	Pepper	84065	85431	29408	40690	350	476
3	Cardamom	39730	39730	14000	16000	352	403
4	Areca nut	100008	96686	100018	125925	1000	1302
5	Banana	62261	61936	531299	545431	8533	8806
6	Cashew nut	49105	45436	33375	29715	680	654
7	Coconut	808647	793856	5921	5947	7322	7491
8	Coffee	85359	85359	66645	67700	781	793
9	Tea	30205	30205	62938	65174	2084	2158
10	Rubber	548225	549955	648220	507700	1182	923

Source;- Directorate of Economics & Statistics

Increased level of Revenue Expenditure

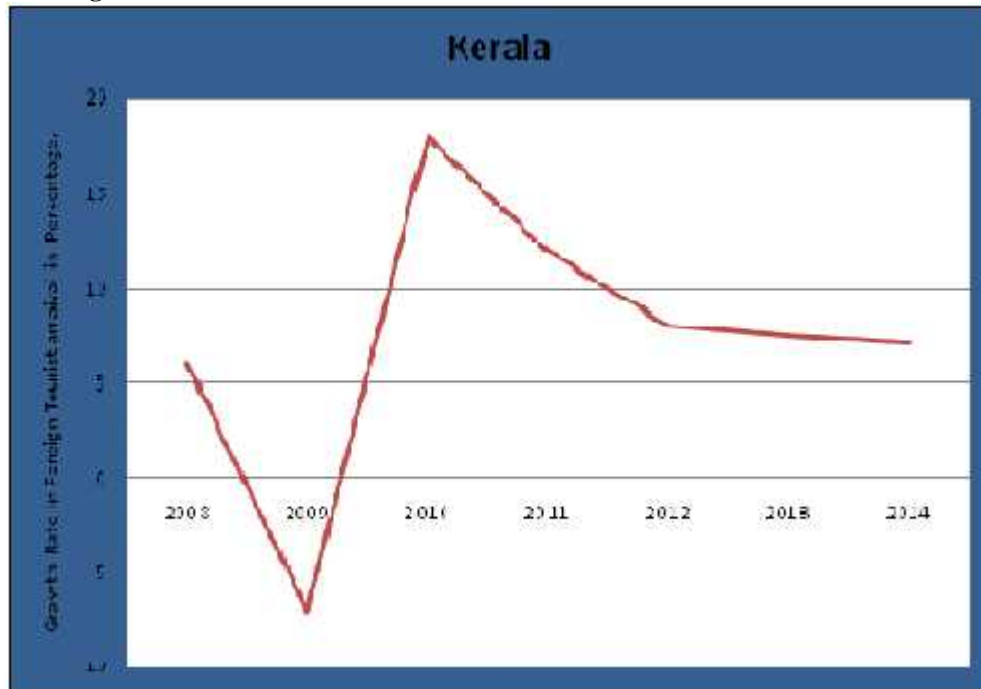


Revenue Expenditure has shown more than 100% growth during the plan period, ie from 30,000 Cr (2009 – 2010) to 80,000 Cr. (2015-2016).

Unemployment Situation

As per the Economic review report 2012 Kerala is in forth position in unemployment level among states, with an unemployment level of 9.9 percent. The three other States- ahead of Kerala are small States- Goa (17.9%) Thripura (14.1%) and Sikkim (12.6 %). According to the live register of Employment Exchange in the state, there are 45 lakhs.

Recent Trends in Foreign Tourist Arrivals in Kerala



Source;- Department of Tourism, Government of Kerala

The state tourism has been witnessing a slowdown in annual growth rates, since 2010.

Objectives of the Study

1. Examine the major problems facing Kerala Economy.
2. To ascertain the key areas that affects Kerala Economy.
3. To compare the performance of various aspects of Kerala Economy from year to year.

Methodology

The study is based on secondary data collected from different sources such as National Accounts Statistics, NSSO Surveys, Directorate of Economics and Statistics (DES), Economic review 2015 (Kerala State Planning Board) largely for the period of 2010-15.

Findings

1. With regard to Kerala, Growth performance of the agriculture and allied sectors has been fluctuating across the plan period.
2. Revenue Expenditure has shown more than 100% growth during the plan period.
3. Income from traditional sectors and emerging sectors has not seen any surge.

Suggestions

1. To encourage banks to extend loan to farmers for short term and long term without any security.
2. Announcement of minimum support price for Traditional Crops , Rubber, Paddy etc.



3. As per the instructions from Niti Ayog formulates a task force and supervise the work of task force for agricultural development.
4. A well organized system for collecting farm products directly from farmers and ensuring reasonable basic price and modern infrastructure for such large scale procurement and preservation.
5. To avoid the exploitation of middle men in agriculture marketing, constitute farmer markets.

Conclusion

The govt should initiate new policies and programs and ensure sustainable and reasonable basic pricing for agricultural products, and promote large scale production to meet growing needs. Interest free long term agricultural loans should be made available to farmers without security .Money lenders and middlemen who exploits the farmers should be avoided, developmental initiatives should be launched to attract unemployed youths- The ‘startup village’ initiative by government is a progressive step in this regard. Job seekers can become employers. Promotional steps like tax exception for initial years for infrastructure including electricity and water supply can attract a lot of people.

Timely collection of taxes, minimizing government expenses, proper and meaningful use of government funds by officials and politicians, promotion of export oriented industries and sectors, ensuring peoples participation in developmental initiatives (eg: ppp). Imposing new luxury taxes that does not affect common people and by avoiding external loans of interest etc. We can minimize the threats on our economy and the next level of development.

“To sustain growth we have to developed alternatives to existing policies – The Kerala Perspective plan 2030 has develops a framework aimed at overcoming possible road blocking.”

Reference

- Economic Review 2015 (Kerala State Planning Board).
- The New Indian Express (Internet Edition) 15th March 2015.
- Expenditure receipt and Deficits 2014-15 Kerala Budget watch.
- ENVIS Center, Kerala State of Environment and related issues dated 22nd August 2015.