

## ISED Proposes Alternative Enterprise Development Agenda for Kerala

While the 13th Five Year Plan of Kerala takes shape, the Institute of Small Enterprises and Development (ISED) raises some fundamental questions on the policy and strategies for enterprise development in the State.

Kerala's development experience has, of late, become a matter of serious debates in the popular press. A recent Discussion Paper released by the ISED, departs from the beaten track of the Kerala economists, and the presents some critical issues relating to action strategies for the coming days.

According to the Kerala Enterprise Development Report 2016 brought out by the Institute's knowledge platform, the ISED Small Enterprise Observatory (ISED-SEO), jointly with the ISED Centre for Monitoring Enterprise Development in the States (ISED-CMEDS), the analysis and strategy so far have taken a rather escapist route. The Report raises 5 fundamental questions on why entrepreneurship does not prosper in Kerala, despite several positive factors. The fundamental question according to the Institute, are;

- 1) How many Keralites are interested to take self employment (entrepreneurship) as a vocation ?
- 2) If most people don't want it, have the reasons been identified ?
- 3) Can something be done to help the sincere entrepreneur to do a proper business within the State, without being damagingly interfered ?
- 3) If the existing entrepreneurs move out of the State, have reasons been identified, and corrective steps taken by the State ?
- 5) Does the State have a command over its enterprise economy , by which policy decisions can be immediately taken ?

It is answers to these questions, according to the ISED, are the ones the entrepreneurs are looking for on a day to day basis. Not only that policy makers, from time to time, have not attempted to give any explanations to these questions, the Pundits of development have often offered hard economic jargons, offer difficult nuts to crack.

There are three internationally recognized perspectives on the so-called 'Kerala Model of Development', put forward by some economists. The ISED Discussion Paper departs radically from these approaches, and puts forward the hypothesis of "Development Bypass". It implies that Kerala's industrial stagnation cannot best be explained in terms of 'path dependency'. On the other hand, it has been the result of a policy choice, along with the perception that, even without strengthening the production base, the economy can survive, with the help of foreign remittances. Of late, the White Paper on State Finances, brought out by the State Finance Minister, has painted a grim picture of the state of the economy, which is significantly migrant dependent.

The 'Kerala development model' is an model of development by pass, according to the Institute. It cannot and will not survive, unless the policy makers are able to answer rightly the last man on the



self employment queue. This is a 'Coolie economy'. What one is interested is his wages (or at best a rent) and not ideas and sweat for wealth creation. Unfortunately, headlines on media and the political platform relates to salary and perks, job security, and at the end of day, television serials and super stars.....

