

SOCIAL SECURITY AND WELL-BEING IN A LOW-INCOME ECONOMY: AN APPRAISAL OF THE KERALA EXPERIENCE

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The State of Kerala, which is considered to have attained a level of social well-being comparable to that of advanced countries despite its relatively low income standard, is widely known as an example of “welfare by public intervention” in developing economies. This paper, focusing on the four areas of food provision, health services, elementary education, and pension schemes, and paying attention to the participation of the private sector as well as the activities of political parties and labor unions, points out that in Kerala, the private sector and organized activities have played a vital role, in addition to “public intervention,” in the betterment of public welfare.

I. RELEVANCE OF THE KERALA EXPERIENCE

THE strength of the relationship between better standards of well-being with the corresponding level of per capita income is a question that is the subject of an ever increasing volume of development literature. It has also been long since Kerala, a southern Indian state with the population of nearly thirty million, became an exemplary case where a fairly appreciable level of well-being was achieved with a relatively low standard of income. Using conventional indicators, Kerala in 2001 had a female life expectancy of 75 years (male 71.7 years), with a low infant mortality of 15.6 per thousand live births in 1998. The total fertility rate is estimated at 1.8 in 1998, well below the replacement level. The literacy rate for those aged above seven in 2001 was as high as 94.20 per cent for males and 87.86 per cent for females, while the national average was 76.0 per cent and 54.3 per cent respectively. Yet, the per capita income of the state population in fiscal year 1999–2000 was 19,461 rupees (at current prices) which is roughly equivalent to U.S.\$432.¹

The views expressed in the article are solely those of the author and should not be taken as representing the views of any of the Board of Editors, the Institute of Developing Economies, or the Japan External Trade Organization.

¹ Figures are mostly from Government of Kerala website, accessed on August 22, 2003. Total fertility rate is from Drèze and Sen (2002, Table A2). The rate of exchange used is one dollar to forty-five rupees.

The state's per capita income is modestly above the national average, but does not belong to the category of high-income states such as Punjab, Haryana, Gujarat, and Maharashtra.²

Drèze and Sen, among others, describe this particular combination in their path-breaking work on hunger and public action (Drèze and Sen 1989). It is not income growth per se, they contend, that helps raise the level of well-being, but the public action that is directly instrumental to the amelioration of social well-being and income growth is a weak determinant of well-being standard in so far as it leads to facilitating the promotion of public action. They emphasize that "public" action is a more inclusive concept than "state" or "government" action, but it encompasses a wide range of political and associational activities pursued by "the public" at large (Drèze and Sen 1995, p. 8).

While heavily relying on this broad formulation of the Kerala experience by Drèze and Sen, this paper attempts to further elaborate the lessons or relevance of the experience with regard to the theories and practices of social security, particularly in the context of a less-developed and low-income economy.

Our elaboration is twofold. One is related to the necessity of broadening the concept of "social security" in the context of economic underdevelopment and low income. Another involves the nature of the "agency" that promotes and sustains the provision of social security.

To start with the first issue, it is clear that social security, in terms of institutionalized insurance/pension systems, supplemented by social assistance for the marginal and the least-privileged section of the population, hardly harmonizes with the conditions of less-developed economies. Given the high incidence of deprivation of basic needs, and the low organization of the economy and weak institutional development, the conventional concept of social security developed in the advanced economies is inappropriate as well as inadequate. In India's case, the "organized sector," to which institutional security is provided, only comprises 10 per cent of the national labor force.³ We can define social security, as Getubig does (van Ginneken 1998, p. 6), as "any kind of collective measures or activities designed to ensure the members of society to meet their basic needs (such as adequate nutrition, shelter, health care, and clean water supply), as well as being protected from contingencies (such as illness, disability, death, unemployment, and old age) to enable them to maintain a standard of living consistent with social norms."⁴

Both with respect to expanding provisions for basic needs (e.g., food security, health, and basic education), and to bringing the "unorganized sector" into the net-

² For the favorable literacy rate, infant mortality rate, etc. in Kerala even when compared against the high-income states, see Drèze and Sen (2002, Appendix Table A3).

³ The "organized sector" refers to government establishments and factories or establishments employing more than ten workers with power, or employing more than twenty workers without power.

⁴ Refer also to Burgess and Stern (1991) and Osmani (1991).

work of institutional security (e.g., old-aged pensions), Kerala's experience highlights the relevance of a broadened concept of social security in underdeveloped and unorganized economies. In Sections II and III, we will examine how Kerala developed its arrangement for the public provisioning of basic social security. The role of public activism in promoting and sustaining them and in expanding the pension scheme among the unorganized sector workers is given special attention.

The second elaboration is related to the question of the agency which provides and sustains social security to the members of society. In the conventional dichotomy, the agent is either the "market" (private sector) or the government. Moreover, it is often presumed, and we believe rightly so, that it is due to the rich tradition of left politics in Kerala that the attained level of well-being is largely attributed to policy intervention by the Communist Party-led governments. On the other hand, critics of Kerala's low economic growth blame the government's excessive preoccupation with welfare measures. Advocates as well as critics thus incidentally share the view of the market-government dichotomy. However, our appraisal of Kerala's performance in food security, health, and basic education in Sections II and III clearly demonstrates the prominent role of the *private* sector in each of these domains. It is not an exclusive but a complementary relation between the private and government sectors, by means of either financial aid or legal-administrative supervision, that helped to sustain the public provision of basic needs in Kerala. Drèze and Sen propose that we understand this sort of "public" initiative by "private" agencies in terms of "cooperative" action (Drèze and Sen 2002, p. 59). An appraisal of Kerala's experience of active private sector participation in basic public services can help us to go beyond the stereotypic dichotomy of "market versus the government."

II. PUBLIC PROVISION OF BASIC SERVICES

A. *Political Background and Public Activism*

The 1957 elections, which brought about the first state government run by the Communist Party of India (CPI), were the starting point of the bipolarization of Kerala's politics into the forces affiliated with the CPI and with the Indian National Congress (INC).⁵ It was also at this time that the welfare policies initiated by the first communist state government became the basic core of policy development in Kerala. The government began by increasing the number of Fair Price Shops. In

⁵ The historical premises for the favorable social conditions in Kerala after Independence, though not the major point of this article, include, as mentioned later: active education and the health service policy of the former princely state; development of private schools chiefly by Christian missionaries; the anti-caste movement by lower castes; the matrilineal system in the influential Nayar caste; and the organization of peasants and workers by left nationalists after the 1930s (transformed into communists in the 1940s). See Tharakan (1984), etc.

response to the demands of the teachers' union movement, which was calling for improvements in unpaid wages and repressive employment relationships, the government proposed the "Kerala Education Bill," which aimed to change the wage payment system for teachers of private educational institutions, having their wages paid by the government. The Bill, however, was fiercely opposed by catholic churches, which were the primary owners and managers of private schools. Though enacted with major amendments, the Bill led to the dismissal of the state government by the central government. Ever since that time, the Communist Party has formulated political countermoves to use when it is out of power, demanding the implementation of its own policies from outside the government by mobilizing affiliated mass organizations (Gulati and Isaac 1998; Lieten 2002).

The Fourth General Elections in 1967, which took place amidst the backdrop of food shortages and price hikes, resulted in a drastic nationwide decline of the INC, as indicated by the seizure of power by opposition parties in influential states. In Kerala, the United Front government with the CPIs as its core resumed power. It expanded and improved the rationing system and attained tangible results in land reforms such as distributing government-acquired lands above the ceiling and securing for landless agricultural workers the right to household plots (see UN [1975] and Mencher [1980] for contrasting appraisals). The political background of the social welfare policy in Kerala can be found in these active party politics.

Kerala also witnessed extremely active participation and vigilance by residents, patients, and parents in relation to the management of the rationing, health services, and educational systems. Management was immediately held responsible for any fraudulence revealed in ration shops and doctors' absenteeism at Primary Health Centres (PHCs), etc. (Mencher 1980; Nag 1989; Mooij 1999; Drèze and Sen 2002). Kerala also attracted attention in terms of well-established PTA activities in school education. According to Bhaskar (1997), who surveyed the background of the female members of *panchayat* (local assemblies) in Kerala, most had experienced some kind of organized activities, such as in women's organizations, in local education, or as public health committee members. It was this diverse grass-root activism, calling for public policies and closely watching management on a day-to-day basis, that played a vital role in improving social security system and well-being in Kerala.

B. *Food Security and the Public Distribution System*

Kerala is plagued by significant food shortages including rice, the staple food. As a result, the Public Distribution System (PDS), which also relies upon supplies from the Food Corporation of India (FCI), is universally established throughout the state.⁶

⁶ The average rate of self-sufficiency of rice from 1990 to 1998 (percentage of the state domestic production to the volume provided by FCI and the former combined, with inflow through the mar-

Under the CPI government in 1957 and the United Front government in 1967, food security was placed at the top of the political agenda. The CPI government increased the number of Fair Price Shops, where food is sold at official prices, from 1,000 to 6,000 (Namboodiripad 1994, p. 194). On the occasion of the nationwide food crisis in 1965–66, a Statutory Rationing System was introduced and in 1966, 3.32 million ration cards (at one card per family) were issued (Kerala 1966, p. 18). Assuming that the state population in that year at 19.19 million and that 5.4 people used each card, the rationing system even at this early stage already covered approximately 93 per cent of the state population.⁷ The goods rationed under the system were expanded from rice, wheat, sugar, and kerosene to include coarse cloths and palm oil. The level of the year 2001 indicates that the coverage reached 94 per cent of the population, 5.4 persons per card, and about 2,356 persons (436 cards) per shop. Let us look, then, at the PDS rationing ratio in total food consumption.

First, in case of Kerala, compared with other states in South India such as Karnataka and Andhra Pradesh, it is said that there is only minor intervention by local bosses in the distribution of ration cards, corruption by bureaucrats, and other distortions of the system (Mooij 1999, pp. 146–47; Indrakanth 1997; Swaminathan 2000, pp. 58–61). There is still a gap, though, between the population coverage by the issued cards and the ratio of the population actually purchasing from PDS. This gap is a result of the avoidance of purchases due to the low quality of food provided by the PDS as well as the common practice of “mortgaging” ration cards by distressed families (Mooij 1999, pp. 136–43). Even in Kerala, where a universal rationing system has been introduced and reaches as far as to distressed families, the phenomenon can be observed where some distressed people with weak purchasing power “mortgage” their PDS cards for unexpected expenditures on medicine, etc. (Mooij 1999; Mencher 1980, p. 1797). This limitation derives from the PDS per se, which is not designed to fundamentally enhance the purchasing power of distressed sections. The practice of “targeting” is not a countermeasure to this problem.

The fact that the cereals provided by the PDS account for approximately 50 per cent of the total consumption in Kerala can be confirmed by documents from the 1970s (UN 1975, p. 43) as well as the findings a survey conducted in the 1990s (Shariff 1999, p. 92). However, when the denominator is changed to total food consumption, the ratio drops to about 21 per cent (UN 1975, pp. 45–46). In other words, the market ratio of food availability is approximately 80 per cent, meaning that the

ket excluded) was 38.5 per cent (33.7 per cent with wheat provided by FCI included). Over the eight years, the rate dropped from 41.2 per cent to 30.6 per cent (from 37.0 per cent to 25.8 per cent if the above wheat is included) (Government of Kerala, “Statistics for Planning 2001,” http://www.kerala.gov.in/dept_planning, accessed October 8, 2003).

⁷ The population of the state and the population per card are estimated from the statistics of *Economic Review* by State Planning Board, Government of Kerala. According to the UN (1975, pp. 41, 43), the coverage was nearly 100 per cent in the beginning of the 1970s.

people of Kerala basically depend upon markets for food. Public distribution does not cut out markets, but rather plays the role of a buffer against market price fluctuations.

In addition, though the Fair Price Shop system or PDS are public, the shops are operated by private merchant capital, and because selling at official prices does not lead to profits, they cannot but resort to such “fraudulent activities” as illegal sales onto the black market. The benefits from these activities can be considered as a kind of subsidy. These acts are common even in Kerala (Rammohan 1998, p. 2581; Mooij 1999), and notwithstanding such negative aspects, food has been made available to a wide spectrum of people in Kerala chiefly because its provision is a political issue of utmost importance in the state.

C. *Health Services*

The medical system in each state in India is structured by the public sector and a concomitant private health sector, with the former dually consisting of PHCs at the local level and public hospitals at the levels of Districts and Talukas (Subdivisions). Primary Health Centres provide examinations and treatment to infants and children, pregnant women, and for minor illness, and play an extremely important role in disseminating vaccines and implementing family planning. In contrast, public and private hospitals provide outpatients and inpatients with full-fledged treatment. The private sector ventured into medical services against the backdrop of the low quality of public sector treatment, and this trend accelerated in the 1980s.

Compared with this general trend, the health service system in Kerala has two distinct characteristics (refer to Table I).

The first is that it has a well-developed local-level system of health provision. The public sector consists of two pillars: 179 state-run public hospitals with an average of 200–300 beds each, and 1,182 local PHCs. Although the state-run public hospitals have 80 per cent of the number of beds, PHCs and dispensaries characteristically account for nearly 40 per cent in terms of the dispatch of doctors. Doctors are stationed at almost all PHCs. In some states in North India, the PHCs have been trivialized into just family planning centers (Drèze and Sen 2002, pp. 208–13), whereas in Kerala, they function as local medical facilities where full-time doctors are stationed (Table I).

The number of beds at state-run hospitals grew most rapidly in the 1970s, increasing by approximately 10,000 over the decade. Since then, the growth has remained at the level of 4,000 each decade. The *Economic Review* published by the state government indicates that the number of beds of state-run hospitals per 100,000 persons reached 100 (i.e., one bed per thousand) in 1968, peaked at 139 in 1991, and declined somewhat thereafter.⁸

⁸ Even today, however, there are major regional differences in the number of beds. By district, there are seven districts where the number of beds of state hospitals per 100,000 is less than 100; the total

TABLE I
MEDICAL INSTITUTIONS IN KERALA, 2001

	Government				Private		Share of Private Institutions (%)
	Hospital	Dispensary	PHC ^a	Total ^b	Hospital	Dispensary	
Total number:							
Institutions	5,184	179	1,182	2,142	1,637	1,405	3,042
Beds	89,983	28,462	4,074	35,969	53,337	677	54,014
Doctors	12,081	1,855	1,080	3,596	7,009	1,476	8,485
Per 100,000 population:							
Institutions				14.1			10.4
Beds				123.1			184.8
Doctors				12.3			29.0

Source: Panchayat Statistics on the Government of Kerala homepage (accessed on July 25, 2003). In this set of statistics, data on Palakkad District is missing. Figures for 100,000 population exclude Palakkad.

Note: % in parentheses exclude PHC figures.

^a Primary Health Centre.

^b Includes Community Health Centres and Family Welfare Centres.

The second characteristic of the healthcare system in Kerala is the active participation of the private sector. On a nationwide level, though statistics are fragmentary, the private sector accounts for 68.2 per cent and 36.6 per cent, respectively, in terms of the number of hospitals and number of beds (India 1996). By contrast, a survey conducted in Kerala in 1991 and 1993 reports higher ratios for the private sector, of 74.4 per cent and 84.4 per cent in terms of the number of hospitals and 55.1 per cent and 63.5 per cent in terms of the number of beds (The definition of hospitals excludes PHCs).⁹

According to Table I, which provides more recent statistics, the ratio of the private sector is 58.7 per cent of all institutions if PHCs are included and 76.0 per cent if they are not. In terms of the number of beds, the ratio is 60.0 per cent and 62.9 per cent respectively, and for the number of doctors, 70.2 per cent and 77.1 per cent. Two conclusions can be drawn from these numbers: the private health service sector has twice the scale of the public sector, and PHCs are playing a great role in maintaining the weight of the public sector in health services as well as in maintaining local healthcare functions.

Given the lack of a medical insurance system at the state level, the health services provided by the private sector can be regarded as pure and simple market transactions. However, the development and improvement of medical facilities, including those in the private sector, brought about a public effect well beyond the market transactions in the sense that the promulgation of prenatal check and/or delivery in hospitals brought about declines in infant mortality and total fertility rate (Drèze and Sen 2002, p. 92). Furthermore, medical education for the training of professionals in health services has been borne primarily by state institutions for medical education. Conversely, medical doctors in the public sector are allowed to privately provide medical treatment within a given limit (Kutty 1989, p. 1992). Unlike market activities, medical activities are inherently public in nature and therefore it is essential to have assistance and supervision from the public sector. The very active private medical sector in Kerala, which stands out among the states of India, is a reflection of the strong public concern for health. As such, it may well be stated that together with the intervention of the public sector, which developed and improved PHCs, the enhanced commitment of the private sector, which came to

population of such districts accounts for 41 per cent of the entire state population (calculated from the Government of Kerala Website). Also refer to Narayana and Kurup (2000, pp. 13–15) for local difference of medical institutions.

⁹ These two surveys were conducted by Kerala Shastra Sahitya Parishad (KSSP), a nongovernment organization (Kannan et al. 1991), and the Department of Economics and Statistics of the Kerala government. On the energetic activities of the private medical sector in Kerala, also refer to Baru (1999). Comparable to Kerala in this respect are the three states of Gujarat, Maharashtra, and Andhra Pradesh, but Kerala is unique in the sense that the private sector is active in rural areas as well (Baru 1999, pp. 131, 135).

play a more significant role in health services than public agencies, contributed greatly to the reduced mortality and fertility in Kerala.¹⁰

D. *Basic Education*

The private sector in Kerala also played an important role in the development of basic education. Generally, the general experience of India and other developing economies has been that primary education is handled by the public sector as a natural state responsibility, while the private sector participates in secondary and higher education. In acclaiming Kerala's favorable literacy rate and enrolment ratios, the natural assumption in this context is that the improvement of "public" primary education played a vital role. However, the facts are totally opposite. Looking at the change in the number of schools after independence (or after the formation of Kerala), from the very beginning, the number of private schools (government-aided schools) have been overwhelmingly greater than those of public schools at all levels including primary schools.¹¹ The number of pupils shows a similar relation to the number of schools. For nearly forty years, the public versus private proportion has been very stable. At the primary school level, the ratio of private schools increased from 58 per cent in the 1950s to 60 per cent in the 1980s, and gradually rose to 62 per cent in the 1990s. By contrast, at the level of secondary and higher secondary education, the ratio of public schools has shown a somewhat increasing trend. At any rate, it is somewhat a unique phenomenon in India that school education in Kerala has been supported by private school education from the level of primary schools. Historically in many of the British provinces, it was only in the 1930s that calls began for the introduction and establishment of primary education, and the challenge was carried over to the post-Independence period. There is no need to mention the analysis by Tharakan (1998, p. 149) to understand that this unique phenomenon in Kerala is certainly due to the pioneering work of Christian missionaries, social reform associations organized by principal castes such as the Ezhawa and Nayar, as well as the Travancore princely state administration,¹² coupled

¹⁰ An extensive health survey made in 1987 by KSSP, a well-organized nongovernment organization in Kerala, corroborates the importance of private health services and the complementary relations between public and private health initiatives. The survey observes, "it is the private sector which services a substantial share of the inpatient requirements for health care in rural areas. This may be the result of the rapid expansion of private health care services in Kerala since the early seventies. Therefore the government sector might have played a historical role in the development of health services in Kerala including in rural areas, but the emerging scenario is one which the private sector accounts for a substantial share of health services in rural Kerala" (Kannan et al. 1991, pp. 117–18).

¹¹ According to Tharakan (1984), the number of private schools exceeded that of public schools from the beginning of the twentieth century.

¹² Lieten (2002), in arguing that during the colonial period education was given only to the upper echelons of society, makes a clear distinction from the development of basic education after Independence, and especially after 1957, when the CPI came into power. Tharakan (1984) emphasizes the historical continuity.

with the fact that the state administration of Kerala, following the country's Independence, continued fiscal spending for education with a focus on primary education, to an extent not seen in other states (For educational financing after Independence, see Sato [2000]). Furthermore, during the CPI administration in 1957, the state government enacted a new Education Bill, and under it implemented measures to strengthen supervision over the management of private schools including the payment of teachers' salaries by the government, with the backing of the demands from the teachers unions (Nossiter 1982, pp. 33–34, 153–57). Private schools, which make up the majority of schools by number, necessarily require public supervision in one way or another, and the movement of CPI-affiliated teachers unions, which is quite influential in private schools as well, may well have induced the educational administration toward this direction (for the teachers' movement, see also Section III).¹³

One trend in recent years has been an increase in purely private schools, unaided schools, and unregistered schools other than government-aided schools (Uzhuvath and Kaladharan 1994). The increase in the number of private schools is considered to be a response to the demand of the economically well-off sector, which is concerned about deteriorating education standards.¹⁴ Government-aided private schools, together with their public counterparts, have promoted the development of basic education, but today it may be that there are stronger expectations for more qualified education services by the private sector coming primarily from the wealthy. Detailed examination is needed to determine whether this represents a “graduation” of Kerala's educational system from the phase of primary education development, or whether it indicates a decaying of the primary education system itself.

III. EXPANDING PENSION SCHEMES IN THE UNORGANIZED SECTOR

A. *Pension Politics in the 1980s*

In the 1980s, many social security schemes were introduced in Kerala. During that decade the “centre versus the states” confrontation came into full swing following the Fourth General Elections, and opposition state governments, to make a

¹³ Joseph Mundassery, Minister of Education of the CPI government in 1957, who submitted Kerala Education Bill, is considered a representative example of the school-teacher-turned CPI leaders together with A. K. Gopalan (Nag 1989, p. 424). Also see Nossiter (1982, p. 34).

¹⁴ Drèze and Gazdar (1996) points out that in Uttar Pradesh, privatization is progressing implicitly from the early stage of primary school. The case here is an indication of moves on the part of upper echelons in rural areas to choose schools in neighboring cities because of the dysfunction of local public schools, and the situation there is different from the trend of privatization in Kerala, which has arisen after basic education was promoted and developed by public and private educational institutions.

TABLE II
EXPANSION OF PENSIONS/ASSISTANCE AND RELATED SCHEMES IN KERALA

Year	Pension/Assistance and Related Schemes
1960	Destitutes and widows
1970	Toddy workers
1971	Independence warriors
1975	Leprosy and cancer patients
1975	Journalists
1975	Film actors/actresses
1978	Sports men/women
1978	Marriage allowance for female-headed families
1980	Tree-climbers
1980	Agricultural laborers (the first comprehensive pension scheme)
1981	Unemployment allowance
1982	Physically/mentally handicapped
1983	Headload workers
1985	Lawyers' office employees
1986	Transport workers
1987	Fisher men/women
1989	<i>Cashew</i> workers
1989	Coir workers
1989	Handloom workers
1989	Workers Welfare Fund
1989	Students insurance for accidents
1990	Khadi workers
1990	<i>Abkari</i> workers
1991	Construction workers
1991	Artisans and skilled workers

Source: Kerala (1994, pp. 206–7), and Government of Kerala Website.

clear-cut political contrast between themselves and the INC-ruled central government, introduced a variety of welfare schemes.¹⁵ In Kerala, movements in the 1980s were characterized by the proliferation of old-aged pension schemes in various occupational categories. Some were subsequently adopted by the central government as national schemes and spread throughout the country. The old-aged pension scheme is an example of such emulation.

Thus, since the 1980s in Kerala, the old-aged pension scheme became, along with the traditional issues of food provisioning, health services, and education, an overriding issue of the welfare policy. This happened to such an extent that it can well be described as “pension politics.” It is true that this reflects Kerala’s status as the state with the highest ratio of aged population. It is very interesting to note that the pension scheme was first introduced for agricultural workers and proliferated individually into various occupational categories (Table II). As a representative ex-

¹⁵ Attention was paid to such systems as the development of local self-government (*panchayat*) system and land reform by the Left Front government in West Bengal, rice rationing system by the

ample, let us examine the pension scheme for aged agricultural workers in the following.

B. *Pension Scheme for Agricultural Workers*

In the early 1980s, agricultural workers in Kerala accounted for 28 per cent of the state's total working population, and exceeded cultivators to constitute the largest occupational category (Gulati 1990, p. 340). Land reform and the surge of the agricultural workers' movement prompted moves on the part of employers to avoid hiring workers, thus tending to diminish employment opportunities (Mencher 1980, p. 1787). Meanwhile, as a countermeasure, the agricultural workers' union called for a further increase in wages. Emigration by workers to the Middle East countries, a trend which surged in the 1980s, also became a factor behind wage hikes for agricultural and headload workers, who are of the same social descent. The agricultural workers' pension scheme was also the product of this "tailwind," as well as, of course, of the surging workers' movement since the 1960s. In the case of headload workers, who had been organized since the 1950s, the Kerala Headload Workers' Act was legislated in 1978, and was followed in 1983 by the introduction of a type of welfare fund scheme, i.e., the Headload Workers' Scheme.¹⁶

Let us review the outline of the agricultural workers' pension scheme as it was first introduced, using (Gulati 1990). Those who qualify for the benefits are: aged sixty or older, with 1,500 rupees or less in annual income (including incomes of unmarried children), and with a minimum of ten years' domicile in the state. Those covered by other pension schemes are excluded. The amount of pension benefits was 45 rupees per month when the scheme was first introduced. The application is submitted via the chairperson of the *gram panchayats* of the village (locality) of residence, then forwarded to the village's Verification Committee. The Committee usually consists of the chairperson and three members of the *panchayats*, one representative each of females, Scheduled Castes, and Scheduled Tribes, as well as a representative of the agricultural workers' union. Following approval by the Verification Committee, the application is submitted to and accepted by the District Labour Officer of the district. Benefit payments are made in four annual installments by money order (Gulati 1990, p. 340). Incidentally, using money orders for payments is effective in preventing the fraudulent reception of benefits (Irudaya Rajan 2001,

Telugu Desam Party government in Andhra Pradesh, and the mid-day meal system in primary schools in Tamil Nadu, Kerala's neighboring state.

¹⁶ For the trade union movement of headload workers, see Waite (2001). For the pension and welfare scheme for headload workers in Maharashtra, see Datta (1998). Rammohan (1998, p. 2580) and Special Correspondent (1997, p. 2089) both point out the political nature of the movement of headload workers in Kerala. The headload workers' movement, organized by CPI (Marxist), established a powerful "labor cartel" (labor pooling system), thus successfully achieving hikes in cargo handling charges based on tight entry regulations.

p. 617). The agricultural workers' pension scheme, which was financed by the state government when it was first introduced, was transformed in 1990 into a "welfare fund" scheme, based on contributions from the government, employers, and workers.

Various pension schemes seem to integrate modifications suitable to each of the occupational categories, using the agricultural workers' old-aged pension scheme as a standard. Taking as an example the amount of benefits under the old-aged pension for agricultural workers, the monthly benefit is apparently determined, first, to be an equivalent to the average daily wage. For reference's sake, daily wages in Kerala were 70 rupees in 1994, and 100 rupees in 2002 (for male workers). A monthly benefit roughly equivalent to the daily wage appears to be a purely nominal sum. However, according to Irudaya Rajan (2001, pp. 615–16), the benefit of 150 rupees under the agricultural workers' old-aged pension scheme is enough to nearly cover the monthly food expenditure for one person on rationed prices. In other words, supposing a single member household with no rent payments, the old-aged pension benefit is allegedly of substantial effect. A similar point is also made by Gulati (1990, p. 341). The utility of the pension schemes is greater when it is complemented by other social welfare schemes.

C. *Organizing Workers in the Unorganized Sector*

The pension schemes introduced in Kerala since the 1980s can be characterized, among other things, by the fact that they are targeted at occupational categories such as agricultural workers and headload workers, almost all of which are workers and employees in the "unorganized sector." Their coverage reaches out to the strata that is furthest from and most unlikely to be covered by institutional social security on a national basis. This is the major characteristic of the pension schemes in Kerala. As mentioned in Section I, verifying this point is also one of the challenges of this article.

The major common feature of the old-aged pension schemes in various occupational categories is that they were preceded by relatively effective unionized organizations or movements or cooperative organizations in those categories, and it is on the basis of these organizations that each scheme has taken root.¹⁷

Taking as an example the Kerala State Agricultural Workers' Union, which is representative of organizations of agricultural workers, the union has a powerful network of organizations available from the state to local levels. In the 1970s, it was so strong that the wages of agricultural workers were determined by negotiations between the representatives of management and labor (UN 1975, p. 95). In the mid-1980s (fiscal 1984–85), the largest group within the 6,714,630 union members

¹⁷ Heller (1996, p. 1066) introduces the perception on the part of the administration that the headload workers' pension scheme was created because of the existence of the union.

of the all India peasants' union (All India Kisan Sabha, AIKS) was those from West Bengal, with 5,235,625 members (78.0 per cent), followed by Kerala with 501,220 members (7.5 per cent) (Communist Party of India [Marxist] 1985, p. 96). Of the 899,419 members of the All India Agricultural Workers Union (AIAWU), Kerala formed the largest group with 402,933 members (44.8 per cent), followed by Andhra Pradesh with 270,391 (30.1 per cent) (Communist Party of India [Marxist] 1985, p. 103). In West Bengal, however, AIAWU is not organized as a separate organization, and 40 per cent of the members of AIKS are agricultural workers (Communist Party of India [Marxist] 1985, p. 101). Thus, there are approximately one million people affiliated with peasant and agricultural workers' organizations in Kerala. Looking at political parties and affiliated mass organizations, in 1998 there were 260,866 members of the CPI (Marxist), and the membership of affiliated mass organizations reached as many as 8.60 million (Rammohan 1998, p. 2582). These broad associational politics contributed to the creation of a wide spectrum of social security systems at the state level.¹⁸

Another important aspect of the social infrastructure behind the system, as we have already reviewed, is the fact that applications for the pension benefit go through the clerical organization of the *panchayats*. Checking qualifications at the local level is a prerequisite for guaranteeing fair payments of benefits. Close monitoring at this level is a precondition for the prevention of fraud. Furthermore, local-level social structures—such as public relations activities to publicize the availability of the system, simple and easy application procedures, and the securing of transparency—have a direct impact on the effectiveness of the social security system. In Kerala, a case is reported where a women's organization gave guidance on pension benefits application procedures to people who were qualified but were not knowledgeable about the availability of the system, as part of the so-called "People's Plan" campaign under the Ninth Plan (1997–2002) (*Indian Express*, January 27, 1999).

IV. CONCLUSION

As we have seen, in Kerala, thanks to the high level of private sector education prior to Independence and the aggressive implementation of social security policy by leftist governments after Independence, social indicators have reached high levels. In the course of this process, and with the backing of public policy, demand grew for professional workers such as teachers, medical doctors, and nurses to serve in public sector schools and medical institutions, while the number of private sector

¹⁸ Heller (1996), focusing on the headload workers' movement, emphasizes the fact that organizations by job categories in Kerala were structured and established as a result of organizing from the bottom, and were not superimposed from above as a governing structure in line with the corporatist polity (p. 1063).

schools, hospitals, and other institutions also increased. Teachers, among other groups, played an important role in the politics of Kerala as core organizers of mass movements. In addition, as women were massively integrated in this process, women advanced at an increased rate in such areas as teaching and nursing. It was these professional workers who supported the welfare policy of the leftist governments at the base of the society. The series of processes following Independence led to a demographic transition in Kerala, while from the late 1970s to the 1980s new phenomena emerged, such as the increasing aged population and a decrease in school children. The increase in the aged population led to the introduction of old-aged pension schemes before any of the other states in India, and to their proliferation to various occupational categories, which had a political impact on the other states as well as the central government.¹⁹

It is undeniable that state politics, under the strong influence of the leftist parties, played a great role in the development of the social security system in Kerala. At the same time, however, the stable and continuous basis of the system was built upon the active participation of the private sector in the state in such basic services as food distribution, health care, and education. The example of Kerala frees us from the mechanical dualism of market and government.

¹⁹ The central government, in July 2001, introduced the Krishi Shramik Samajik Suraksha Yojna (Agricultural Workers Social Security Scheme), which though not a pension scheme, is based on contributions from the government and workers, targeting one million agricultural workers in fifty districts throughout the country. However, there is no doubt that the biggest difficulty in maintaining the social security policy is the financial problem of states. In Kerala, the ratio of the revenue deficit (current account deficit) to the gross financial deficit (total expenditure minus revenue receipt) reached 57.6 per cent in fiscal 1998–99. This means that over 50 per cent of the expenditure compensation by borrowing, etc. is used to compensate for the deficit in revenue expenditure (education, health care, rationing, etc. are normally included in revenue expenditure items). This rate, however, is also quite high in such states as Orissa (79.3 per cent), Uttar Pradesh (71.1 per cent), West Bengal (68.9 per cent), Bihar (68.8 per cent), Tamil Nadu (68.1 per cent), and Haryana (67.8 per cent). Financial difficulties are not necessarily a phenomenon unique to Kerala alone (Reserve Bank of India 2000, p. 8). In Kerala, however, because of the financial crisis, there have been delays in benefit payments of the agricultural workers' pension scheme and widow's pension scheme (Irudaya Rajan 2001, p. 617). As of July 2003, payments equivalent to sixteen months benefits were delayed with the agricultural workers' pension scheme. The government of Kerala spent 1.5 billion rupees to resolve delays in the benefit payments of various pension schemes (*The Hindu*, July 23, 2003).

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