

## **Reflections from experts across the world**

Hideki Esho

Professor, Hosei University, Tokyo, Japan

Although I am a Kerala lover, my knowledge on Kerala is quite limited. So my remarks on Budget speech of Dr. Thomas Isaac are quite general.

My first remark is on the object of transforming to knowledge economy. I should say the final object of transforming the knowledge economy should be placed on an enhancement of quality life of the people. In other words, transforming to knowledge economy is means of enhancing quality of life of the people, not the object itself.

My second remark is how to make use of uniqueness of Kerala society and economy to transforming to knowledge economy. Transforming to knowledge economy could be attained by making use of competitive advantages of Kerala, such as highest literacy rate (93.1%) or the highest human development index (0.779), relatively higher income per capita, low poverty incidence (BPL 7.05% in 2011-12, compared with 21.92% in overall India), gender-bias free society (1,084 female per 1,000 male), and abundance in tourism resources.

Also transforming to knowledge economy could be attained by making use of historical, and cultural heritage and uniqueness of Kerala, such as the highest overseas remittance economy (20.7% of NSDP in 2013-14) and the highest per capita consumption economy among Indian states, a highly service sector dependent economy (62.1% of SGVA), and a highly urbanized society (47.7% of the total population of Kerala), higher population ratio of Christians (18.4%) and Muslims (26.6%), and a decentralised government.

And finally, transforming to the knowledge economy could be attained even by making use of disadvantages of Kerala, such as second highest unemployment ratio and the highest income inequality among Indian states (Kerala's income equality is driven by the super-rich, top 1%), highly dependent on inflow of migrant labourers from other states especially in

construction sector, the highest labour cost and the lowest population growth rates among Indian states. Kerala is approaching to an aging society preceding other states.

All these things show that Kerala is an exception among Indian states. So I would say all these competitiveness, uniqueness, and disadvantages of Kerala clearly indicate the necessity and inevitability of transforming Kerala to knowledge economy to further strengthen competitiveness as well as to overcome the weakness. Brand Kerala campaign would be required in a big way to attract foreign as well as domestic investment. Also knowledge economy should be inclusive.

Now, I would like to present some suggestions. Maybe these are already on the agenda or are in progress. The first suggestion is to set up Kerala platform, which means a collection of open API, depending on Aadhaar. The main purpose of this digital platform is to promote innovations of private companies.

My second suggestion is to make use of Non Resident Keralites, their knowledge, expertise, and savings. It is necessary to create some mechanism to channel overseas remittances to entrepreneurial activities.

The third suggestion is to promote practical use of ICT knowledge in many fields, not only in medical services, nursing, health care, education, but also in tourism (including medical tourism, Ayurveda tourism, domestic pilgrimage tourism, Kerala cuisine tourism), food processing (including marine products), and plantation crops (such as cashew, coir, spices, coffee, tea, rubber) where competitive advantages of Kerala lies. The purpose is to upgrade the quality of goods and services to the global standard, that means to realize a "higher quality-higher profit" economy.

And fourth suggestion is to further promote the Kerala start-up mission. Kerala is ranked as one of the top performers in the start-up ranking. Under the banner of KSUM there are more than 2,200 registered start-ups. However, presence of IT/ITeS companies is still limited compared with other top performers such as Maharashtra or Karnataka. Availability of funds and skilled workforce remains a challenge. To develop applications corresponding to smart phone is one of the most promising area in start-up business. Especially promoting e-commerce is required. E-commerce has a huge potential of regenerating employment, especially that of women. Women are able to work from home, which is enabling them to simultaneously meet demand of their home and their carrier. E-tail creates not only direct

employment opportunities, but also create employment in logistics and warehousing, and also create technology and corporate jobs.

That's all. Thank you very much.