

# South India's growth model is worth emulating

The region knows how trade and tolerance need each other for progress. A mix of market policies and welfarism is on offer

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The southern States of India present a unique model of development. They have become the country's economic engine and the bastions of social progress. The region attracts multinational IT (services) and automobile (manufacturing) firms while remaining the spice capital (agriculture) of the world. The average per capita income in the five southern States is three times that of Uttar Pradesh and about five times Bihar's.

Beyond economic growth, the States have also undergone social progress as the status of women and Dalits today is better in the region. The gender ratio is more balanced in the South, the fertility rate is lower, and the region has been more successful in eliminating untouchability. The world needs to applaud this progress of South India.

To understand the model of growth — which is inclusive and people-centric — one needs to recognise the trade-oriented and cosmopolitan history of South India. The region had bustling ports like Calicut and Cochin. It was also home to some of the largest cities

of the world, including Madurai and Vijayanagar. These ports and cities attracted traders from around the world, which meant religions such as Judaism, Christianity, and Islam reached the region early.

This unique amalgamation led to the South being home to some of the most majestic Hindu temples, as well as some of the world's oldest churches and mosques. Few other regions of the world, if any, can boast of such a cosmopolitan history.

## Trade and tolerance

Through its various trade and cultural contacts throughout history, the South has developed a culture where trade and tolerance are viewed as complements for progress — where a prosperous neighbour is good for one's own prosperity. Such a cosmopolitan view of the world is fundamentally at odds with a parochial world view that looks at progress as a form of war between "us" and "them".

So, the region's culture is less parochial with a greater emphasis on egalitarian values, which also got reflected in the many social reform movements in the early 20th cen-



**A thrust** on inclusive growth

tury. This legacy has been carried forward through the inclusive model of growth. Modern cities like Bengaluru and Hyderabad reflect this well, by being the land of opportunity for people from across India.

In post-liberalisation India, there exists a consensus that an investment-friendly climate is important for growth, but some models of development focus on just growth and regard social progress as a by-product. But even relatively rich States like Gujarat still suffer from poor gender ratios and untouchability, and the lack of social progress

threatens their success. In the South Indian model, there is a dual focus — on pro-market policies (that attract private investment), and public investments for inclusion and social progress. In this approach, free markets that can promise opportunity are emphasised, and governments play an important role as referees and providers of public goods and justice, focussing on development of sustainable economic clusters.

Polymakers often pursue either a market model or a redistribution model — focussing on public spending at the cost of private investment. Neither approaches can achieve the "virtuous growth" the policymakers wish to achieve, as we need to balance both.

Critics of the South Indian model point out that it is not a runaway success. The region suffers from an acute water crisis, corruption remains endemic, and Tamil Nadu and Kerala have achieved greater social progress and greater levels of prosperity than the other States in the region. Not all southern States are equally open to reforms either, and some like Kerala are criticised for being unfriendly to doing business. However, these within-region

differences aside, the marked difference between the South and the rest of India in development indicators is difficult to ignore.

South India has much to offer as it has a growth model that not only makes doing business easy but also makes the economy and the market more inclusive for all. It is progress driven by enlightened ideas, which are rooted in India's oldest traditions. Hence, national conversation needs to move a little South, and for this, India needs a united, not divided, representation from the region.

By offering a new narrative of inclusive progress — for example, lessons from Tamil Nadu on public health systems (Dasgupta *et al.*, 2010) — South India has the potential to reinvigorate India. In the early 20th century, Travancore led radical social reforms — like opening temple entry to all and promoting primary education — that fundamentally altered the course of Indian history. In the 21st century, India needs inspiration from the South once again.

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