

Vision 2031
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Government of Kerala
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Financing Development for the People

Kerala stands at a crucial point in its development trajectory. Over the past decade, the State has made substantial investments in key infrastructure—in educational and health institutions, transport, energy, and industrial development—to support manufacturing, services, and technology-driven growth. To fully realise the benefits of these economic assets, sustain modernisation, and achieve economic growth and prosperity, further investment is needed in technology, human capital, and skilling. Kerala will build upon its strong foundation of investments in the economic sector while also upholding its commitments to welfare and social security. The State will strengthen its fiscal management and enhance policies to attract private investment.

Kerala's capacity to finance productive investment continues to be constrained by a deeply imbalanced federal fiscal structure. The Centre retains disproportionate control over revenue, while the States shoulder most developmental responsibilities. The erosion of fiscal autonomy—through restrictive borrowing limits, centralisation under GST, conditional transfers, and Centrally Sponsored Schemes that are uncertain, inadequate and unfit in design—undermines the very principles of cooperative federalism. Kerala will continue to engage in every forum for the restructuring of central-state financial relations to ensure the State's development needs are addressed. The State will continue to mobilise resources for progressive transformation, to finance development, drawing on both public and private investment, while navigating the constraints of the existing fiscal system.

The way forward lies in applying the knowledge and experiences of recent years to develop more robust, flexible, and innovative mechanisms for financing development. The session will also examine the role of public investment as a prerequisite for attracting private investment and the strategies necessary to strengthen Kerala's long-term capacity to finance its development.