Kerala and Sri Lanka: Human Development Before High Income

How public action expanded capabilities—and why the next stage demands jobs, quality and fiscal resilience

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Direct answer. Kerala and Sri Lanka are useful comparisons because both converted modest incomes into unusually broad education and health achievements through early social reform, public provision, political participation and high demand for schooling. The resemblance is real but incomplete: Kerala is a state within India, with federal transfers and large migrant remittances, while Sri Lanka is a sovereign economy exposed to currency, debt and external-financing crises. Today both confront low fertility, ageing, educated workers seeking too few suitable jobs, gaps between schooling and learning, and costly non-communicable disease. Sri Lanka's 2022 crisis additionally reversed welfare gains: the World Bank estimated poverty at 24.5 percent in 2024 under its US dollars 3.65 (2021 PPP) line. The durable lesson is institutional: social development can lead income, but preserving it requires productive employment, service quality, gender inclusion, fiscal capacity and protection against shocks.

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1 Comparative frame and limits

Kerala and Sri Lanka are compared as historically influential cases of social achievement at moderate income. The comparison is analytical rather than symmetrical: one is a subnational state in a federal union, the other a sovereign macroeconomy. Institutional setting changes fiscal and crisis exposure.

2 Origins of the achievement

Early schooling, public health, social reform, political mobilization and demand for state provision accumulated over decades. These mechanisms preceded recent income growth and help explain why capabilities cannot be reduced to contemporary GDP per capita.

3 Education and literacy

NFHS-5 reports literacy above 98 percent among Kerala adults aged 15–49; Sri Lanka's 2024 Labour Force Survey reports 93.3 percent for the population aged ten and over and about 99 percent among young cohorts. Non-equivalent definitions preclude a direct ranking. Learning, tertiary quality and labour-market connection are the current margins.

4 Health and demographic transition

Kerala's NFHS-5 records very low child mortality and a total fertility rate of 1.8. Sri Lanka's 2024 census estimates total fertility at 1.3. Both now need chronic-disease prevention, geriatric and long-term care, workforce planning and age-friendly infrastructure.

5 Gender and work

Female education improved demographic and household outcomes, but paid-work participation remains constrained by care, norms, safety, job structure and migration. Human development policy must measure agency and economic opportunity, not schooling alone.

6 Migration, remittances and labour-market mismatch

Migration absorbs educated labour and supports households but creates exposure to external demand and potential loss of essential professionals. Educated unemployment signals a mismatch among credentials, aspirations and productive job creation.

7 Crisis resilience and fiscal space

Sri Lanka's 2022 crisis demonstrates that macroeconomic instability can erode nutrition, real wages and service access despite accumulated human capital. Kerala faces different constraints

within India's federation. Both require adequate revenue, spending quality and protection of core services.

8 Equity and climate

Aggregate indicators hide spatial and social gaps. Disaggregated monitoring should cover marginalized communities, informal workers, disability and gender. Climate-resilient schools, health systems and social protection are part of preserving capabilities.

9 Policy synthesis

The next stage joins universal service quality to productive transformation: foundational learning, higher education and research, export-capable firms, women's employment, integrated primary and elder care, migrant protection and resilient local government.

10 Evidence discipline

Comparisons must align definitions, dates and populations; distinguish census, survey, registration and modelled estimates; and avoid causal claims from outcome similarity alone. Transparent metadata and revision are prerequisites for responsible public comparison.

11 Evidence assessment

Strong	Kerala and Sri Lanka achieved broad literacy and health improvements before reaching high-income status.
Strong	Both now face low fertility, population ageing and a growing chronic-disease and care burden.
Strong	Sri Lanka's 2022 crisis damaged household welfare and placed human-development gains under renewed pressure.
Probable	Early public provision, social reform and political demand jointly explain a substantial share of the two cases' achievements.
Probable	Migration and remittances ease employment and income constraints while creating long-run dependency and skills-loss risks.
Contested	The relative weight of land reform, welfare policy, culture, political competition, migration and income growth in causing the outcomes.
Unsupported	The claim that either case supplies a single, transferable model or that high literacy automatically produces high productivity and gender equality.

12 Conclusion

Kerala and Sri Lanka demonstrate that public institutions and social demand can expand health and education before high income. Their present difficulties complete the lesson. Capabilities can stagnate or erode when productive employment, service quality, care systems, fiscal resilience and inclusion fail to keep pace. Comparison is most useful when it preserves the institutional differences between a federal state and a sovereign economy and uses compatible measures rather than celebratory rankings.

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This paper is an evidence review for public scholarship.

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