

PRESS RELEASE

Thiru. Banwarilal Purohit, Hon'ble Governor of Tamil Nadu participated as Chief Guest at the inaugural session of 101st Annual Conference of the Indian Economic Association 2018

Hon'ble Governor of Tamil Nadu, Thiru. Banwarilal Purohit, participated as Chief Guest at the inaugural session of 101st Annual Conference of the Indian Economic Association 2018 at Anna Auditorium, Vellore Institute of Technology, Vellore today (27.12.2018).

Hon'ble Governor said, "I am pleased to be here today at the 101st Annual Conference of the Indian Economic Association being organised in the city of Vellore.

The Indian Economic Association has a hoary history. Outstanding economists of India have associated themselves with this organization. Their yeomen contributions over the last 100 years have yielded great insights.

The Economic history of India is indeed informative. India had the largest and most advanced economy for most of the period between the 1st century and 18th century. We remained economically integrated with the world, with high levels of trade, investment and migration.

Even during the Mughal Empire, our nation was the world leader in manufacturing, producing 25% of the world's industrial output.

The advent of British rule changed all that British economic policies gave them a monopoly over India's large market and resources. India served as both a significant supplier of raw goods to British manufacturers and a large captive market for British manufactured goods.

Protectionist policies such as high tariffs on Indian textile goods, for example restricted our sales. Instead, raw cotton was imported without tariffs to British factories which manufactured textiles and sold them back to India.

This kind of economic drain that was practiced resulted in India's share of the world economy declining from 24.4% in 1700 to 4.2% at the time of independence in 1947.

The decades after Independence have witnessed the transformation of India into an economic power. The first four decades after independence saw industrialisation focused on self-sufficiency and import substitution. This was regulated through central planning and licences and quotas. Public Sector Units and Joint Sector units took the lead followed by private sector initiatives. The Green Revolution made India self-sufficient in food production.

Subsequently with liberalisation and the process of economic reforms there has been faster economic growth with the emergence of new businesses such as IT, IT services and Telecom. The twenty-first century has seen capital and investments going beyond geographical barriers and flowing into start-ups, some of which have become Billion dollar enterprises in a few years. Consequently, first generation entrepreneurs with technological talent have developed new business models to serve global needs in both manufacturing and services sectors.

At present the size of our GDP in 2018-19 is estimated to be Rs.33.98 lakh crore. The economic growth rates have been consistent and high making India the fastest growing major economy of the world.

India is also on the threshold of realizing the full benefits of the Demographic Dividend. The average age of the population of about 125 crores is 29 years and more than half the population is below the age of 25 years. This augurs well for both short term and long term growth.

At least ten million Indian youth enter the country's workforce each year. The benefits of the demographic dividend will be realised fully when this large workforce finds gainful employment.

Economic analysis and discourse outlines the four mechanisms through which the benefits of the demographic dividend are delivered.

1. The first mechanism is the increased labour supply. The magnitude of this benefit will depend on the ability of the economy to absorb and productively employ the work force.
2. The second mechanism is the increase in savings. As the number of dependents decreases individuals can save more. This increase in national savings rates

increases the stock of capital and leading to greater investment and thereby, higher economic growth.

3. The third mechanism is human capital. Decrease in fertility rates allows parents to invest more resources per child, leading to better health and educational outcomes.
4. The fourth mechanism for growth is the increasing domestic demand brought about by the increasing GDP per capita and the decreasing dependency ratio.

If the first mechanism is addressed the other mechanisms will flow automatically in a democracy like India in which the Constitution reigns supreme and law and order is respected. The success of the first mechanism is directly related to the attention paid towards making the available labour force productive. For this Skill development, education and entrepreneurship are the areas that need attention. It is towards Synergizing these Avenues of Development that the policies of the Central and State Government are directed.

The Indian economy is increasingly getting integrated with the global economy. Thanks to the efforts taken by the Government of India in the last few years, the foreign exchange reserve position is comfortable and the foreign exchange rate has been stable. The current account deficit is well under control and it is easily met by inflows in the form of remittances by Non Resident Indians and through foreign direct investment channels.

Tamil Nadu has been ranked as the best State in India in the Economic Freedom Rankings for the States of India. The State's Human Development Index is second amongst large States and the socio-economic development status is enviable. The gross enrolment ratio after school is 48% which is much higher than the national average of 26%. Every year the state sees a turnout of 1 million skilled manpower as graduates, diploma and ITI holders. The recent announcement of Tamil Nadu as one of the two proposed defence corridors is a testimony to the promise and potential of the state for development and growth.

I am happy to see that this Conference of the Indian Economic Association will be addressing important issues such as 1. Accelerating Agricultural Growth 2.

Employment Challenges and Policies 3. Means of Achieving Sustainable Development Goals 4. Skill Development and Employment and 5. Challenges of Banking System.

The deliberations will go a long way in guiding the formulation of economic policy for the coming years. The Indian Economic Association deserves the fullest appreciation for the service that it has rendered in the past. It has grown from strength to strength and has completed more than a 100 years of illustrious existence. I extend my best wishes and greetings to the Association. The Vellore Institute of Technology has taken painstaking efforts to organize this conference. A special word of praise is due to the Institute and its Chancellor. May they be greeted with success in all their endeavours.”

On this occasion, Dr. G. Viswanathan, Conference President, Indian Economic Association, Founder & Chancellor, VIT, Prof. S. Mahendra Dev, Association President, IEA, Dr. Anil Kumar Thakur, General Secretary & Treasurer of IEA, Dr. Sekar Viswanathan, Vice President, VIT, Dr. B.P. Chandramohan, Vice President, IEA, Dr. Anand A. Samuel, Vice-Chancellor, VIT and other dignitaries participated.

Raj Bhavan, Chennai – 22

Date: 27.12.2018

Sd/-

Joint Director (PR)