

ASSOCIATION OF ECONOMISTS OF TAMILNADU XXI ANNUAL CONFERENCE

PRESIDENTIAL ADDRESS

BY

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I deem it a privilege to address the delegates of the 29th Annual Conference of the Association of Economists of Tamil Nadu held at the citadel of knowledge i.e., PSG College of Arts and Science, which has earned AY grade from NAAC as well as the "College with potential for excellence" award from the UGC. I wish them many more laurels and the credit goes to the PSG Trustees, Secretary of the College, Principal, Staff and the students.

India is viewed as a key regional power with one of the world's fastest growing economies; supported by a vibrant democracy with an electorate that is intelligent and responsive; and blessed with an educated work force, strong industrial and manufacturing sectors, and innovative entrepreneurs who have together placed India at the cusp of a major transformation. At the same time, India's seemingly bright future continues to be challenged by enduring developmental issues-entrenched poverty, low levels of literacy, poor access to health care, inadequate infrastructure, social inequities among others. The political will that India demonstrates in addressing these competing priorities will determine the course of its future and its place in the global arena.

Economics holds the key to prosperity, which awaits us as we emerge from the tunnel of turmoil. The assemblage of the leading economists of the state and their deliberation on the current economic scenario which I have described above will be of immense value to us. The annual

conference of the Association of Economists of Tamil Nadu acts as a catalyst in inducing teachers and young professionals in economics to come forward and write research papers and exchange their views on current economic problems.

The galaxy of economists who have assembled here on this occasion will deliberate not only on the themes relevant to the economy such as

1. Economics of climate change
2. New Developments in Banking
3. Eleventh Five Year Plan – Employment Potential and Agricultural Prospects — but also issues facing
4. The Economy of Coimbatore Region.

1. ECONOMICS OF CLIMATE CHANGE

Global climate change due to rising levels of green house gases in the atmosphere is one of the most serious environmental concerns of our time. The Inter-Governmental Panel on Climate change, established in 1988 by the World Meteorological Organisation and the United Nations Environment Programme, has worked extensively and evaluating past trends and the future prospects of climate change. It is estimated that the Earth's surface temperature has risen by $0.6 \pm 0.2^{\circ}\text{C}$ over the 20th Century and the recent years have been the warmest since 1860. The Panel has concluded that the fact of global warming is unequivocal and there is enough evidence to indicate that this is due to anthropogenic reasons.

The annual growth rate of CO_2 concentration has been greater in the last 10 years at 1.0 ppm/year compared to the last 40 years at 1.4 ppm/yr. Since warming depends upon the total stock of green house gases in the atmosphere, continued emissions beyond the earth's absorptive capacity necessarily imply a rise in temperature. If emissions continue to increase as at present, a warming of about 0.2°C is projected per decade along with a sea level rise from 18cm. to 59 cm.

2. NEW DEVELOPMENTS IN BANKING

Micro credit and Islamic Banking are some of the new developments in banking. The access to credit for the poor from conventional banking is often constrained by lack of collaterals; information asymmetry and high transactions costs associated with small borrowal accounts. Micro credit has emerged as a viable alternative to reach the hitherto unreached for their social and economic empowerment through social and financial intermediation. In other words, micro credit is a novel approach to 'banking with the poor'. It attempts to combine lower transaction costs with higher degree of repayments. In operational terms, micro credit involves small loans, upto Rs.25,000, extended to the poor without any collateral for undertaking self-employment projects. Thus, in India, micro finance has emerged as a major avenue for bringing the poor within the purview of the organized financial sector.

1. ELEVENTH FIVE-YEAR PLAN: EMPLOYMENT POTENTIAL AND AGRICULTURAL PROSPECTS:

Eleventh Plan provides a comprehensive strategy for inclusive development, building on the growing strength of the economy. XI Plan addresses itself to the challenge of making growth both faster and more inclusive. The rapid growth achieved in the past several years demonstrates that we have learnt how to bring about growth, but we have yet to achieve comparable success in inclusiveness.

Improved performance in agriculture is necessary if our growth is to be inclusive. XI Plan adopts a multi-pronged approach towards this end. It provides for a major expansion in the programmes for irrigation and water management. The Rashtriya Krishi Vikas Yojana has been launched to assist the States in development and implementation of district level agricultural plans, based on local agro-climatic conditions. As a step towards food security, which has assumed special relevance in view of recent international developments, the National Food Security Mission aims at increasing cereal and pulses production by 20 million tons over a five-year period.

The employment strategy for the XI Plan ensures rapid growth of employment while ensuring an improvement in the quality of employment. Self-employment remains an important employment category in the country accounting for 58% of all employment in 2004-05. However, it is essential to increase the share of regular employees in total employment. Share of regular employees has increased from 17% in 1983 to 18% in 2004-05. It should be the focus of the employment policy to achieve a substantial increase in the share of regular employment with a matching reduction in the share of casual employment which is as high as 23% at present.

The last theme of the Conference is the Economy of Coimbatore Region or Kongu Nadu with nearly one crore population covering the districts of Coimbatore, Erode, Tirupur and the Nilgiris. I hope that the Economists from across the state would share their knowledge on the above topics and exchange with other delegates, which would eventually culminate into recommendations of great value.

I am deeply grateful and highly thankful to the Chief Patron of the Organising Committee of the Conference Sri G.Rangaswamy, Managing Trustee of the PSG Group, Patron Dr.B.Sampathkumar, the able and amiable Secretary of the PSG College, Principal Dr.Sheela Ramachandran, energetic Organizing Secretary, Dr.V.Mohanasundaram, HOD of Economics, Mr.V.Selvaraj, the learned Professors of the Department and other Staff members of the College for their splendid work in organizing this conference successfully.

I convey my sincere thanks to the Chairman, Rev. Father for his motivation and guidance in carrying out the academic activities and my best wishes and thanks are due to Vice-President, Dr.C.Muthuraja, the able and efficient Secretary Dr.S.M.Suryakumar and the dynamic Treasurer Dr.G.Gnanasekaran for their meritorious work. The support, which I got from all the members of our Association, remained encouraging at all times. I convey my good wishes to one and all and wish the delegates a happy and enjoyable stay.