

**SPEECH BY SHRI RAJEEV CHANDRASEKHAR, MP DURING THE DISCUSSION ON THE
BUDGET 2020- 21**

Date: February 11, 2020

Thank you, Mr. Deputy Chairman, I rise to speak in support the budget and to congratulate the Finance Minister for the first budget of this decade.

Sir, in 2019, the people of India voted over whelmingly to continue the progress to a prosperous new India as they had done in 2014. This is the Narendra Modi Government's mandate and it has tirelessly voted to ensure every Indian has a legitimate opportunity to improve their lives and be prosperous regardless of gender, religion, faith, caste or where they come from.

Sir, every Indian will knowledge the work ethic of our Prime Minister and his Government the results of this maximum governance, my various colleagues have already laid out yesterday and today without any doubt. This Government has set new standards on spending efficiency, integrity and direct benefits to citizens.

So, Sir, budget 2020 is a budget that continues this determined effort by this Government an effort that commenced in 2014, when it inherited a broken, corrupted economy. Budget 2020 is the first one of this new decade and also is the first one to take on the Prime Minister's next objective of expanding the economy, after focusing the last five years on cleaning and rebuilding the economy.

Sir, I have listened to the Opposition so far. And, as our Prime Minister himself has said, criticism and discussions on the Government's economic policies are welcome. But what I heard has been either a bland political criticism or at best a patronizing selective fact-based critique.

Sir, I want to take on respond to Shri Chidambaram's waxing eloquently about economic management. He almost implies that the Congress has some special skills in this area. And, therefore, it is a good opportunity for us to remind him, the house and indeed, all the Indians, who are listing today to this budget debate about this Government's record in economic management.

Sir, this is important, and it must be place on record. The consequences of this, the people and the Government of this country are still struggling with today.

Sir, it is no surprise that Shri Chidambaram wants very desperately all of us to forget his record because he asked in his own speech, 'why are we referring to his

record? Why are we not forgetting and moving on?' and, the answer is very simple. The damage and corruption to the economy and to the financial sector and important elements of the public sector that Mr. Jairam Ramesh is so fond of, has been so deep. It has taken determined hard work, time and lakhs of crores of tax-payers' money to rebuild over multiple years at the same time ensuring fiscal stability.

Sir, the economic management – I am going to use this phrase repeatedly.

Sir, the economic management of the Congress Government left an economy on the brink of collapse, with an average inflation of 10 percent, shattered Government finances, fiscal deficit of 5.3 percent, full blown current account crisis with a CAD of 4.7 percent, a deadly combination of low growth and high inflation, shattered investor confidence and capital flight due to scams, mis governance and compromised national security. That was economic management a decade ago, during your decade.

Sir, the financial sector was in particular devastated, as my colleague said, worse than if a country's enemy had taken a hammering to it, totally corrupted whose scams keep exploding even five years on, a huge contingent liability burden on tax-payers to bail out the oil marketing companies and failing public sector banks. He is not here today.

Sir, but I wanted to present to him the clear fact that Rs. 1.76 lakh crores was the debt on the OMCs that he left behind in 2014 and the cost of the recapitalization of banks that this Government and the people of India had to bear was Rs. 3.8 lakh crores. That is a total of almost Rs. 5.5 lakh crores that has a direct consequence and only a tip of the iceberg of the economic management of the previous Government.

Sir, then another economic management 10 groups between 2008 and 2012, 98 percent of the banking system's net worth was lent to ten groups. A problem that took many, many years to unravel and lakhs of crores of NPAs that the taxpayers had to bear. That is economic management.

Sir, their economic management, every Indian suffered the poor because of rampant inflation, the middle class because of high taxes and ethical businesses because of crowding out of tax credit markets and corruption. The economic management under Mr. Chidambaram's dream team Government has this result converting a growing and prosperous economy, that was legacy of Atal Bihari Vajpayee's Government into an economy in crisis. This is a fact. They called themselves 'dream team', but they left behind a nightmare in 2014. It was this nightmare that our Government had to work tireless in the last six years to turn

around. We converted a failing economy into the fifth largest economy in the world.

Sir, staying on the theme of economic management, let us talk about what our Government has achieved so far. In the last six years, it also delivered on growth and expansion and my colleagues have already talked about the various structural legislations that we passed, the RERA, the Insolvency and Bankruptcy Code, the GST Act, the Consolidation and Governance Reforms of public sector banks, etc.

But, Sir, the most important issue that we delivered on was inflation. I will quote what one of the most credible central bankers that we have had, Shri Y.V. Reddy said in 2008 about why the careful focus on inflation, not the flashy reckless headline grabbing Congress type growth. He said and I quote, "Fighting inflation is higher priority than growth because spiraling prices hurt the poor immediately, whilst economic expansion takes time to trickle down to the poor". And Shriji, he said this in 2008. If your Finance Minister then had listened to this, we would not have had the problems.

Sir, I would just want to outline the results of our economic management. I will not take much time because there is a list of them. Apart from inflation, on the issue of NPAs the Government has addressed this decisively. Growth, that was 1.9 trillion dollars in 2014 is today 3 trillion dollars, achieved with fiscal discipline and macro-economic stability. The twin deficits have declined significantly from the peaks of 4.7 percent and 5.7 percent. The CAD is at a historic low of 1.5 percent. The Central Government debt reduced to 48 percent of GDP reduce foreign exchange reserves are at all time high of 460 billion dollars.

Average GDP growth of the UPA-2 was 6.7 percent, which inherited a good economy from the Vajpayee Government, and under the Narendra Modi Government. It was 7.4 percent despite inherited a shattered economy from the UPA. Average per capita income under the UPA was \$1,449 with growth rate of 4.9 percent whereas, during the our Government, it was \$2,041 with a growth of 6.1 percent. Average consumer price inflation of 9 percent under the previous Government, and we have delivered moderate 3 percent inflation throughout the term of this Government.

Sir, I can go on and on but, I want to say this. Our economic management, in sharp contrast to their economic management, as the topic of economic management was brought by Mr. P. Chidambaram, has delivered unprecedented macro-economic strength and stability to the country and the economy. And that sir, is a fact.

Sir, again, I use Mr. P. Chidambaram's phrase because his is the speech wherein Mr. Chidambaram said that the Government does not know whether the slowdown is cyclical or structural. He knows, may be and that is not surprising, but the Government does, and it is both, cyclical and structural. Every single problem of the economy in the financial sector, in particularly as m friend, Ashwini Vaishnaw said, can be tracked back to terrible decision made during the UPA's dream team. Yes, 'there are cyclical issues. Anybody, with some common sense, and I don't have to be a former Finance Minister or an Economist to understand that our global and winds on trade. There are disruptions in the global trade regime. So, there are cyclical. For a person who has invested so much in one-sided free trade agreements, multilateral trade agreements that have created wastelands in our MSMEs, to talk about those, and to be ignorant of the fact that there is a cyclical issue arising out of global trade is to either be ignorant or to be less than truthful.

Yes, "there are structural issues facing our economy. Which economy that is growing from 1.9 trillion to 3.3 trillion will not face structural issues? Seven decades of unresolved issues, like labour, taxation, logistics will appear as structural issues. So, what is the issue? The structural issues are growing pain of any economy that is growing at the rate we are growing, and they will be addressed by this Government as they have addressed every challenge before them.

Sir, he is wrong on other account. He said, six quarters of moderation of growth.

Sir, the real growth moderation is really 3 to 4 quarters, and I want to spend two minutes to explain this so – called moderation of growth that they characterized as ICU, etc.

Sir, the Indian economy, by and large is credit driven. It means that it depends a lot of on loans. About eighty percent of this economy depends on credit. Throughout the period of 2015-2018, thanks to the gift of the Government in 2014, the public sector banks really under the NPAs, retreated from loans and credit. The NBFCs stepped up and provided for the 40 to 50 percent of the incremental credit to the corporate and the consumer sectors. In 2018 and 2019, we are all aware, the country was beset by the ILFS and the DHFL scam. That has caused a consequent retreat and risk conversion of credit to NBFCs.

Now, to those who have heavily invested in this narrative of talking down the economy, and talking about this Government's economic management, question should be asked, who allowed these big systemically risky NBFCs to grow without any concern for asset – liability mismatches, for any concern of their families? I don't think Mr. Chidambaram or anybody in the congress.

Sir, party I would want this debate to continue because this 'dream team' will have to answer very, very uncomfortable questions about the UPA era Finance Ministry's regulations and negligence of these NBFC sector.

Sir, it is in this budget that the Finance Minister has addressed the issue of NBFC refinancing and has talked about opening a liquidity window for NBFCs. So, we are addressing even today the problem that they left behind when they left in 2014.

Sir, one more point I just want to make. Since Mr. Chidambaram is not here, I will have to just skip mentioning his name. Mr. Chidambaram spoke about the NSSO survey, a survey for which he has expressed great admiration and has expressed support over administrative data.

Sir, I know that this is not a place to get into a debate on surveys, but I want to gently remind him that in 2014, another member of his dream team, Shri Montek Singh Ahluwalia, said and "The NSSO Survey does not always reach the right conclusion". I will leave it at that. I didn't seem at the point rushing to the defense of NSSO or anybody else, but obviously it is different folks, different standards at different times.

Let me finish. Sir, my friend and colleague Ashwini, also responded to the doctor metaphor that Mr. Chidambaram used to get some laughs from his benches yesterday, to describe the economy. He referred to doctor, ICU. But, Sir as usual, funding the reality. The real doctor scenario is this, since you are using doctor and ICU. If you go by his description of the Indian economy as the patient, the truth is this. Atal Bihari Vajpayee Government in 2004 left a very healthy and robust patient, handed it over to a group of people who called themselves, 'dream team doctors, whether they were doctors or quacks, we will come to that in a bit. Over the ten years, that robust healthy patient was reduced to being almost terminally ill. It is the Narendra Modi Government that took in the patient, received him and brought him back from the brink into a healthy person today. Yet, some pains remain, accepted. Some more recovery has to happen.

Those will be cured too. But this is the difference between their economic management and ours. The Prime Minister and the Finance Minister are determined not to allow this patient to relapse again through over medication, wrong medication and playing to the gallery, which is what you did in the last ten years of your tenure. So, I will leave this issue of economic management here. It is very clear that we have very difference ways to approach the economy. We don't do big bang. This is not about headlines. This is about systematic, determined working for the benefit of the people, working to improve the economy for all.

Sir, I would like to touch a little bit on Budget 2020-21, especially just one point. My colleagues have already discussed the budget. There is one aspect of the budget, I want to talk about, which is to be seen as a virtue. This budget is a careful budget. It is a prudent budget. It is budget which has shown the very flashiness. There is a reason for it. There are clearly global head winds, risks in the global economy. This budget is careful. I say this in the context of Mr. Chidambaram's constantly talking about the need for triggering and demand. I will jog his memory again about his Government's reckless rush into a fiscal and monetary stimulus in 2008-09, which his own favorite economist Raghuram Rajan then commented in 2012-13 as a Chief Economic Advisor in this manner: "The stimulus in 2008-09 caused inflationary tendencies and consequent high rates, impacted investments and caused a slowdown of the economy".

So, Sir, there is a merit and value in prudent economic. I congratulate the Finance Minister and the Government for being prudent and recognizing the downside risk that exist today.

Sir let me end by saying the following. There was some mocking of the 5 trillion economy. My colleagues, Shri Jairam Ramesh makes that, for Shri Jairam's information, it is trillion because it is in dollars. A 5 trillion economy will propel the per capita GDP of every Indian to 3,500 USD range from the current levels of 2,600 USD per capita. The economy will add, as my friend and colleagues Ashwini said, an additional one trillion dollars of manufacturing and large number of jobs to the economy. That should be our goal, to replace Chinese jobs with Indian jobs as we set about the next four to six years as defining years for the goal of a 5 trillion-dollar economy.

I end by saying that we are off to a good, solid start with Budget 2020. I hope, we can all work together to make this 5 trillion-dollar economy a reality.

Thank you, Sir,

Jai Hind!
