

17th September 2020

MR. DEPUTY CHAIRMAN:

Hon. Shri Rajeev Chandrasekhar.

SHRI RAJEEV CHANDRASEKHAR (KARNATAKA): Thank you, Mr. Deputy Chairman, Sir, for giving me this opportunity to participate in this debate about the pandemic.

At the outset, I would like to thank the Chairman and the hon. Speaker of the Lok Sabha for the efforts in making this Parliament Session safer for us to do our duty as parliamentarians and I thank you, Sir.

Sir,

let me first draw the attention of the House and indeed all those who are watching today, through you, that the COVID-19 pandemic is an unprecedented event in the history of the world. The world has not experienced anything like this since the Spanish Flu of 1918. While there are very many senior Members in this House, I suspect, none of us have experienced or have any knowledge or memories of the Spanish Flu.

Sir, this virus originated in China of which there is no doubt. The bizarre conduct of the Chinese Government for most of 2020 confirms that. The Chinese Government response is that it originated from a wet market in Wuhan from some bats but there are other reports that contradict that. There is growing evidence that this COVID-19 virus may have been a deliberate man-made laboratory creation in one of the Chinese PLA labs, a revelation, most recently, by Dr. Li-Meng Yan, who has recently fled to the U.S.

Sir, there is no vaccine against this virus currently. So it is safe to assume that the world remains vulnerable for the coming near-term. The impact of the pandemic shock is already playing out. Lives have been lost. There have been businesses and job losses and livelihood declines all around us. Unfortunately, it is the weakest and the most vulnerable who are bearing / Not for Publication-17.09.2020 the brunt of the virus as panic and income losses combine to drive millions home in trying and difficult conditions.

Sir, notwithstanding the views of the wise men and women in our opposition parties, who have become experts in hindsight, the truth is that world was flying blind about this pandemic, especially, in its early stages. Even today, as the vaccine remains elusive, people remain at risk. Governments around the world, as in India, have a tough choice between protecting health and lives versus livelihoods. It is a choice that has been forced on Governments never before in the modern age and Governments, including us, are being forced to take.

I accept that the people of India are entitled to and expect a report card from their Government. Did we do enough? Did we act in time? Did we put in necessary effort? Can people restart their lives as before? What does the future hold? These are all legitimate questions for which the Opposition and the

Government should unite and find answers and solutions instead of what we see today carping and petty criticism.

Sir, the pandemic was unknown to the world. Its rapid spread, its virility, lack of vaccine and cures have posed a challenge not just to India, it has brought bigger and more prosperous nations and their health care systems to the knees. So, the enormity of the challenge that our Government faced must be understood. The fact that after 75 years, our healthcare system had been under-invested and many States were incapable of handling this crisis in early March and April, must be recognized.

So, I do hope, Sir, that the people of India become more aware and more informed as a result of these debates notwithstanding the petty political criticism and blind sarcasm from the Opposition instead of ideas and solutions. And Mr. Derek, you know who I mean.

Sir, there was reference to chronology and I just want to briefly touch on some issues of chronology to make a very important point. The virus started in November 2019 in Wuhan. The Chinese authorities reported it to the W.H.O. only on December 31st after a full one-and-a-half months for this to have an unfettered spread.

From there on it has spread. Sir, I want to make this point. Within different countries, the virus spread through the population at varying speeds depending on a range of factors such as cultural and behavioural responses of the community, population density, average household size, among others. These differences have driven the nature of spreads in each country with substantial variations also depending on the responses of this country. I make this point that it is very, very difficult to compare the spread of the disease in one country to the other because of the underlying sociological and economic factors.

Sir, I want to talk broadly about two broad issues. Some criticisms have been raised. One is about the need for the lockdown and the second is about briefly to touch upon the economy. There are some that are questioning whether there should have been a lockdown, and again I refer to this wisdom of hindsight. It is a very easy quality to develop. When tackling of virulent virus like COVID-19, early interventions are crucial to stay ahead of the disease. It is important to note that in almost all countries, the ones that were successful, had this strictest intervention like Lockdowns at the early dates versus those who had just advisories. The lockdown was necessary, unambiguously necessary, to slow the spread of the disease and to create time for the Governments, both Central and State, to build up healthcare capacity, capability and increased citizen awareness. These were critical and it turns out now that this precious time when used properly has significantly expanded testing capacities in the country, lower fatality rates and increased recovery rates.

My colleague, the Trinamool M.P. spoke about nuanced lockdown, as if it is a new invention in Kolkata. No lockdown anywhere in this country has been total. Even when there was a total lockdown, the economic activity of 40 to 45 per cent under the Essential Services remained intact. So, there is no such thing as total lockdown anywhere in the country. So, there is no nuance in Kolkata that does not apply anywhere in the country. I draw the attention to the critics of the lockdown to this one statement by the

Congress President, Sonia Gandhi, on April 2 and I quote, "The lockdown may have been necessary but not well-planned." That is her quote. I accept that in this country, there may be people with better ideas, better brains and I am even willing to accept that some of them are in the Congress. But, I saw no evidence at all from April 2 to today of a better 'plan' even in Congress governed States like Maharashtra. So, I will, as well as people of India, take this criticism for what it is--criticism for the sake of it.

Sir, I will end by just reminding my colleagues in the Opposition that after the lockdown was imposed, the United Nations praised India's response to the Pandemic as 'comprehensive and robust', terming the lockdown restrictions as aggressive but vital. The Oxford COVID-19 Government Response Tracker noted the Government's swift and contingent actions, emergency policy-making, emergency investment in healthcare, fiscal stimulus and investment in vaccine and R&D and gave India a score of 100 for the strict response. Sir, my colleague, Dr. Sudhanshu has already spoken about as to how the Government used this opportunity of lockdown to do an un-precedented expansion of healthcare capacity in the country; unprecedented since Independence that we have expanded our testing, vaccine capacity, and R&D capacity at this level in just 100 days. So, I will not mention that any more.

I will end by saying on this issue of lockdown that lockdown has been vindicated by the expanding testing capacities, lower fatality rates and high recovery rates. I say this with all responsibility. Lockdowns are a necessary tool in the toolkits of responsible Governments, which need to be used sparingly because of its high cost but will be around as a contingency plan as long as the vaccine remains elusive. I want to talk a little bit about the economy as there have been comments about the economy and handling of the economy.

We are in the midst of biggest economic crisis the world has ever seen. This pandemic has devastated economies around the world and global trade. Very soon after the pandemic started, 65 per cent of the global trade was impacted and the world's largest consuming and investing economies were hit hard. The Indian economy depends on manufacturing, service sector, exports and foreign investment and all of those four pillars on which the Indian economy rests were hit hard. The economic impact was wide as well as deep.

Sir, it is clear from the get-go that conventional economic thinking and theories had no solution for this type of crisis. So the priority of the Government was to ensure a soft landing of the economy and livelihood, during the inevitable contraction. Soft landing of the economy was to ensure minimum damage to the real economy. To this end, the Government moved decisively and comprehensively. It announced moratoriums on tax payments, GST payments and loans; provided indirect income support to small businesses through PF contributions; expanded the definition of MSMEs; provided liquidity support to the MSMEs, direct debit transfers and expanded MNREGA for the poor. Significant financial support from the Government was directed at the most vulnerable parts of our economy, the MSMEs and the poor. And,

Sir, I want the House to recognize this. The decisions taken by our hon. Prime Minister in his first term like the JPY, direct benefit transfer, cleaning up of the financial sector have been very important and have played the role of a bulwark in this crisis. For example, our financial sector is cleaner and qualitatively in much better shape than it was ever been in 2004. It is to the credit of this Government that the financial

sector rebuilds since the dark days of 2014 as has become a significant strength to the Government and the economy when liquidity in excess of Rs. 10 lakh crores, the financial sector has served as the bulwark against the economic losses due to the pandemic. So it is indeed ironic when former UPA constituents of Ministers wax eloquent of our economy today because they need to be reminded and I do this respectfully, through you, again and again, about the sorry state of the economy and financial sector left behind in 2014.

Sir, the increased delivery of credit to small businesses and to the Government for its increased pending on the rural and the poor and the unprecedented expansion of the healthcare by the Government and to meet deficits in tax and GST revenue was only possible because of the strength of our financial sector. The banking system has alone delivered Rs.2 lakh crores during the lockdown an additional credit to the MSMEs during this period. Our markets have remained stable and functional, yields on long term bonds have remained stable.

The RBI has been pro-active with its Repos and LTRs to keep yields down and currency stable. That soft landing was the first step which the Government managed successfully. The next step was to reboot and restart. At this stage, a lot of Members have raised the issue of minus 23.9, and a few one, and I want to squarely take this on, Sir, because it is even ironical that my colleagues in the Left are suddenly obsessed with the GDP and the numbers that the GDP is throwing up.

I think most jumped into this eagerly thinking it is a piece of bad news that they can target the Government with. Sir, the facts are these. Every major economy in the world has taken a deep hit from April to June. Different countries had different levels of lockdown, different levels of economic activities and stimulus. Countries like the US who use printing of the US dollar as stimulus, had massive stimulus packages of trillions of dollars and a mixed lockdown. Countries like UK were minus 20 per cent for the quarter. Japan was minus eight for the quarter, annualized at minus 27.8 and Germany was minus 11.7. The point is, not to throw numbers around. These numbers are not comparable with each other because of the different nature of each economy and the different types of lockdown adopted by it.

As I have mentioned earlier, the lockdown was necessary to slow the disease. India was locked down for most of April and May, and then in parts of June and July. This meant just simple mathematics for anybody who really wants to understand that 60 per cent of our economy was shut down for two months or eight weeks. Imagine that, Sir, when 60 per cent of our economy at Rs.20 lakh crores of GDP per month was locked down, the impact was expected.

This means that our economy could have contracted up to -40 per cent for that quarter. But, the fact that it was only -23.9 per cent was a result of the many directed packages to MSMEs and other parts of the economy from the Government. That is a good news. Now, those in the Opposition that are focusing on this number, leave out the rest of the story very conveniently. Our economy have bounced back to 85 per cent of its pre-Covid level in June itself and then remained at that level in July and most of August, despite lockdowns in Mumbai and Bengaluru in July. Post-May, the unlocking process has proceeded upwards for the economy.

The economy has revived in V-shape curve from being at 40 per cent of pre-Covid levels in May to 85 per cent in June and about 90 per cent in August. The GDP for April-June quarter maybe about -6 and this quarter, about -1 to -2 per cent and Q3 and Q4 being stronger quarters as the economy builds back. I am not a predictor or an astrologer.

But, we can, I believe, expect the possible overall GDP contraction for the year at a range of -6 to -10 per cent, depending on the second half of this year. The question remains. And, it is a good thing for this House to be aware of this and discuss. What are the implications of this 2020 kind of economic contraction of -6 to -10 per cent? This is an important thing for us to understand. This is a one-time loss to the country similar to the ones that States suffered during a natural calamity like floods and droughts. There is no cause for it that is in our control as Government or citizens. The difference is this, when States have losses due to floods and droughts, the Centre steps in. But, this loss is for the entire country and the whole country needs to bear this. There is no one else to forward these losses to. There is nobody else. Unless, maybe China accepts their responsibility and there is a case for reparation. This needs to be understood, especially, those Opposition States that keep talking about GST shortfalls and I don't want to come to that controversy, but I will ask the Opposition Members a simple question. If there was no GST today, wouldn't their revenues as States have taken a hit in the event of the Covid-19 pandemic?

There is no one to pass this bill to. The economic loss due to this pandemic is the country's loss and will have to be shared. Some colleagues have commented on the inadequacy of the Rs.20 lakh crore Atmanirbhar Package. This is an important point. I will say this and then I will conclude. It is not comparable; it is not big enough compared to the US. These are some of the comments made on this. But, I would respectfully submit for the understanding of our 17.09.2020 Members.

This Government's approach to this economic crisis is not to make wild, rash economic decisions to get a few headlines like what we saw in 2007-2008. The country and its citizens paid a huge price for recklessness of the 2008 on the fiscal profligacy of the then Government that broke up financial sector. The Narendra Modi Government's approach is careful, calibrated and medium-term. You may well ask why medium term! Why not do everything today? The answer is simple. As long as the vaccine is not around, the pandemic remains a clear and present danger to the economy. The only real guarantor of our economy is the strong Government with strong financial options. This needs to be understood. The Government's financial options must remain intact for as long as the pandemic remains. The Government's response has to be a continuing one and giving Government the capacity to intervene in the future also.

The Government's response is being exactly right. It has been responsive. It has been calibrated. It knows it has to play the long game as the most important player of the economy. Conventional economic theories simply don't work in today's crisis. The economy has soft-landed. Economic activities are slowly and surely building up. MSMEs are being credit-supported. Non-MSME businesses are being given time to restructure, to rebuild vis-à-vis the bankers. This issue of 120 demand and consumer confidence, I would respectfully submit to those who want to understand, is not linked to a stimulus as much as it is linked to confidence about the pandemic. The people of India know who did what during this crisis and

how a partnership of Central Government, State Governments, Covid warriors and a billion Indians rose together to fight this pandemic. I will end with an optimistic note about the future.

Assuming that our expectation about the vaccine will be realized soon, is true, India has an unprecedented opportunity to capitalize on the growing revulsion and distrust about China and the irreversible trend of diversification of China-based supply chains. The changing world order sees India as a nation that represents trust and strength. The national infrastructure pipeline will kick off a major investment drive as things return to normal.

Our Prime Minister has seen this opportunity as the future beyond these difficult times, and presented his vision of Atmanirbhar Bharat as the future of new India. So, Sir, regardless of this deep shock and disruptions in our lives and livelihoods, we must keep the faith. We must be united, we must be confident that we would prevail, grow and thrive. I end the speech, Sir, with my salute to the men and women around the country battling this Coronavirus to keep us safe from the China virus. I also salute the brave men and women of our Armed Forces and Para-military Forces at the LAC, protecting our national integrity and sovereignty from the expansionism of China. Thank you, Sir. Jai Hind. (Ends)