

**Write up on 11<sup>th</sup> Shri. R. K. Talwar Memorial Lecture delivered by Dr. Krishnamurthy V Subramanian, Chief Economic Adviser, Government of India on “India’s Covid Response”**

The 11<sup>th</sup> Shri. R. K. Talwar Memorial Lecture was organised by IIBF in association with SBI on 9<sup>th</sup> February 2021 in the virtual mode. The Lecture commemorates the vision, ideals and the memory of the legendary Chairman of State Bank of India, Shri. R K Talwar. The annual Shri R K Talwar Memorial Lecture is one of the prestigious events conducted by IIBF.

The Lecture was delivered by Dr. Krishnamurthy V Subramanian, Chief Economic Adviser to the Government of India, on the topic “***India’s Covid Response.***”

Shri Raj Kiran Rai, MD & CEO of Union Bank of India & President, IIBF, Shri Dinesh Kumar Khara, Chairman, SBI shared their views on the topic. MDs & CEOs of other banks, senior officials of RBI, academicians and a member of the Shri Talwar family also participated in the Lecture.

The inaugural address was delivered by Mr. Rajkiran Rai G, MD & CEO, Union Bank of India and President, IIBF. He mentioned that the Novel Coronavirus Disease (COVID 19) outbreak, declared as a pandemic by the World Health Organisation (WHO) in March 2020, was the biggest challenge the world has faced. Despite such challenges, he lauded the bankers who played a pivotal role to keep the economy ticking. For ensuring a quick recovery and stability of the economy, several initiatives have been announced by Government of India and RBI.

Mr. Dinesh Kumar Khara, Chairman, SBI during his speech, mentioned that under the astute leadership of Late Shri. R K Talwar, several initiatives were taken in the areas of innovative banking, rehabilitation of sick industries, credit plans for rural development, etc. Due to the rare vision and foresight of Late Shri R K Talwar, the first ever-organizational restructuring exercise of the State Bank in 1971 was initiated. This has withstood the test of time for

well over five decades. Late Shri Talwar was, therefore, truly a visionary. Shri Talwar was, is and will continue to be a highly revered personality in the history of the State Bank of India.

Dr. K V Subramanian, Chief Economic Adviser to the Government of India, began by eulogising the spiritually motivated leadership of Shri R K Talwar. The exemplary character, moral courage and spiritual dedication shown by Shri Talwar has been a source of inspiration and admiration to the young officers serving in public administration. (quoting – ‘Leading from the Soul’ - A case study on Spirituality Inspired Leadership, author: M S Srinivasan). Shri. Talwar’s vision epitomised India’s spiritual ethos and is highlighted by the fact that – “his Karma is driven by his Dharma” and is best captured by the way one should conduct oneself when serving the country.

Dr. K V Subramanian mentioned that India’s Covid response would have gladdened Shri Talwar since they have been motivated and founded by the moral courage and spiritual dedication shown by him in his tenure.

Dr. K V Subramanian stressed that India’s policy response has been guided by research in epidemiology and economics and stems from the humane principle advocated eloquently in the Mahabharata “Saving a life that is in jeopardy is the origin of dharma.”

The policy was based on flattening the Covid pandemic curve and intense lockdowns to not only save more human lives but also to enable better economic recovery. This policy response enabled India to manage the pandemic effectively and has performed remarkably well against expectations not only in terms of number of cases but also deaths. The differences in cases/deaths across states also correlates strongly with the stringency of the lockdowns. The lockdown ensured a coordinated response, saved lives and enabled V shaped economic recovery.

He outlined the principles on the basis of which the economic policy reforms were designed – increasing demand and supply through structural reforms and public capital expenditure, since increase in only revenue expenditure

would have no multiplier effect. Capex not only increases demand and supply but also ‘crowds in’ private expenditure unlike revenue expenditure which ‘crowds out’ private investment.

He added that the policy makers also studied India’s responses to the Global Financial Crisis (GFC) vis-à-vis the Asian Financial Crisis (AFC). During the GFC, no structural reforms were undertaken leading to temporary growth and later to fiscal expansion and macro crisis. In contrast, during the AFC, structural reforms were undertaken (Capex increased) leading to growth without high inflation and any macro crisis. During the present crisis, the AFC formula was followed at a much higher scale (public capex and reforms). They also formed the basis for the budget policies for the current year and hence, the budget works on all aspects of GDP.

He concluded by highlighting India’s mature and far-sighted policy response:

1. India focussed on savings lives and livelihood – short term pain for long term gain.
2. Calibrated demand side push.
3. Only country to announce structural reforms to take care of supply.
4. Public capex to trigger ‘virtuous cycle ‘ of investment, growth and consumption.
5. V-shaped economic recovery without a 2<sup>nd</sup> wave makes India a ‘*sui generis*’ case in mature policy making.
6. Mega vaccination drive should enable recovery in services.

The Memorial Lecture by Dr. Krishnamurthy V Subramanian, Chief Economic Adviser to the Government of India was very well received by one and all and had many learning points.