

## Economy will be back to pre-Covid levels by FY22-end: C Rangarajan

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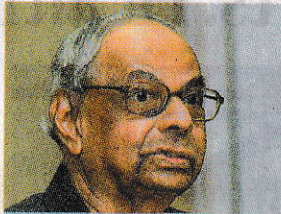
Chennai, November 5

Former governor of the RBI, C Rangarajan, on Thursday said the economy will be back to the pre-Covid levels by the end of 2021-22, and that the signs of economic recovery are already visible after multiple phases of unlocking across the country.

"As you lift the lockdown, I expect the economic activity to pick up. There are already indications of economy picking up in the form of GST collections, electricity consumption," said Rangarajan, adding: "Therefore, the second half of 2021 [from September to March] could see a pick-up in economic activity."

He was speaking at a virtual event, SICCI-360°, conducted by the South India Chamber of Commerce and Industries (SICCI), moderated by the Chamber president, Ar Rm Arun.

Rangarajan, however, added



C Rangarajan

that the pick-up in economic activity in the second half of 2021-22 will not be adequate enough to compensate for the loss in the first half of this year.

"As you all remember, the deteriorating growth rate in the first quarter was almost 23 per cent, which is a huge decline in output. Growth may be negative in the second quarter as well, but much less than the first quarter," said Rangarajan, who was also the former Chairman of the Economic Advisory Council to the Prime Minister. "The positive signs may be there

in the third and fourth quarter if there is no second wave of Covid, and if we are able to control the spread of the virus," he added.

He also said that the second half of 2020-21 will pick up, while 2021-22 should see fairly strong growth, which will take the economy back to pre-Covid levels.

On the need for government spending, Rangarajan said the emphasis in India is much more to provide vulnerable groups with available resources.

"Apart from supporting the vulnerable groups, in my opinion, a strong programme of capital expenditure by the government is perhaps the right thing to do because when capital expenditure increases then through the backward and forward linkages, there is an additional demand that is being created," said Rangarajan.