# Economy will contract in current fiscal due to Covid: Experts

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Chief economist of HSBC Securities and Capital Markets (India), Pranjul Bhandari said although the country followed a stringent lockdown norm, reverse migration has not helped in getting a positive outcome.

Speaking at a CII webinar, Rajat Bahl, the chief ratings officer of **Brickwork Ratings**, said that there will be contraction of the economy this fiscal and bank credit growth will also be muted.

Experts on Tuesday said that owing to the ongoing coronavirus pandemic, the economy will contract during the current fiscal and positive growth is expected in the next financial year. Speaking at a CII webinar, Rajat Bahl, the chief ratings officer of **Brickwork Ratings**, said that there will be contraction of the economy this fiscal and bank credit growth will also be muted.

“The services sector will see a negative growth, agriculture sector will see a delay in revival while both retail and industry will shrink,” Bahl said. Bank investments will see a muted growth along with their profitability and asset quality will deteriorate further, he said.

During the current fiscal, public sector banks will require capital infusion of Rs 40,000 crore, he said adding digital banking will be the new normal. MD and CEO of Bandhan Bank, Chandra Sekhar Ghosh said that COVID-19 has mostly affected the first half of the current fiscal which is otherwise a slack business period.

“It is hearty to see that revival in business is taking place in the busy second half,” he said. Regarding micro-credit, he said collection ratio has improved now to 80 per cent which shows that people are coming out for business. “Let me state that bankers will have to live with COVID-19 for the time being,” Ghosh added.

Chief economist of HSBC Securities and Capital Markets (India), Pranjul Bhandari said although the country followed a stringent lockdown norm, reverse migration has not helped in getting a positive outcome. The economy will see contraction this fiscal and services sector will be the worst hit, she said. “Workers who had shifted to their native places will again come back to urban areas seeking higher wages and there will be a potential employment issue,” she added.