

FOREWORD

Since March 2020, mitigating the impact of the COVID-19 pandemic has been the overarching policy priority of the Reserve Bank of India. The policy responses to this humongous crisis have been unprecedented in scale, reach and speed to minimise the loss of lives and livelihood, protect the vulnerable, safeguard the economy and financial markets, and instil confidence. As two embattled years of living with the virus hopefully draws to a close, growing adaptation and vaccination allow us to imagine a post-pandemic future in which policy attention may be redirected to rejuvenate the Indian economy and place it on a higher growth trajectory.

What is the appropriate mix of policy interventions to realise this vision? Clearly, it is not enough to stabilise the economy and pull it out of the depths to which it had plunged during the first wave of infections and the dents made by the succeeding waves. The challenge is to generate a virtuous cycle of greater opportunity for entrepreneurs to innovate and invest; businesses to attract more capital and technology; and fiscal space to manage the distributional effects of the pandemic while expanding public investment in physical infrastructure and human capital.

The resilience of certain sectors like agriculture and allied activities, information technology services, exports, digitalisation and renewable energy during the COVID-19 crisis gives us the confidence that the Indian economy can stage a strong comeback. What adds to this confidence is the way certain other sectors used this crisis to rebuild and reconfigure. These sectors would include the organised corporate sector; the financial sector; start-ups; and more recently, the manufacturing sector. Around us too, the world is changing through rearranging of supply chains, geopolitical configurations and policy strategies to new global realities, including even a rethink on globalisation and financial integration.

Accordingly, this year's Report on Currency and Finance has "Revive and Reconstruct" as its theme. Structured in six chapters, the Report draws from facets of actual experience with the pandemic, research and empirical findings to lay out a vision of post-pandemic India and how to get there. I commend the spirit of enquiry which has been the abiding motivation for the team that prepared this Report. As Einstein once said, "*To raise new questions, new possibilities, to regard old problems from a new angle, requires creative imagination*"¹. Our expectation is that the Report will ask the right questions and provoke readers to imagine, like the team, India's post-pandemic future.

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¹ "The Evolution of Physics", Albert Einstein and Leopold Infeld, 1938.