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**Comment of Mrs. Chanda Kochhar MD and CEO, ICICI Bank on RBI's
Annual Policy statement for FY 2011**

Confidence in growth

The Reserve Bank of India has reaffirmed its confidence in the growth momentum in the Indian economy. The Annual Policy Statement for 2010-11 clearly articulates that growth in the economy is broad-based and driven by strong domestic fundamentals. Against this backdrop, and the need to anchor inflationary expectations, the process of shift in focus from “managing the crisis” to “managing the recovery” has been carried forward with a calibrated normalizing of policy rates. The 25 bps increases in the repo and reverse repo rates and the cash reserve ratio are broadly in line with market expectations given the strong economic growth and elevated level of inflation. At the same time, RBI has also articulated as a priority the availability of credit to meet the growth needs of the Indian economy. Thus, the Annual Policy Statement has balanced the twin objectives of growth and price stability.

In addition to monetary measures, several policy announcements have been made that will support the development and growth of the Indian financial sector and its ability to serve the Indian economy in the years to come. Promoting inclusive growth is a national priority and expanding the list of those eligible as business correspondents is a welcome step towards further facilitating efforts of banks in reaching out to remote villages. The various measures relating to infrastructure financing will also aid banks in serving this crucial growth sector. Measures relating to interest rate and currency derivatives and credit default swaps, as also the corporate bond markets, will help in enhancing market liquidity and sophistication. RBI has also looked at the structure of the financial sector and announced the formation of a working group on financial holding companies and bank holding companies. This would be beneficial for the management and regulation of financial conglomerates in the country.

In summary, the Annual Policy Statement is reflective of RBI's comprehensive approach towards multiple objectives of growth, price stability, financial inclusion and orderly development of the financial sector, as India moves towards a higher growth trajectory.