

**Comment of Mrs. Chanda Kochhar  
Joint Managing Director, ICICI Bank  
on RBI's Annual Policy statement for FY2010**

The credit policy statement is a welcome articulation of a growth oriented policy stance that also continues RBI's focus on systemic stability and development of the financial sector. RBI has supported economic growth while maintaining systemic stability through its monetary policy framework. The reduction in the repo and reverse repo rates is a welcome move and signals the continuation of a supportive interest rate regime in the economy. RBI has stated that it will manage the government's borrowing program in a non-disruptive manner through open market operations and an unwinding of the MSS. It has also put the net supply of fresh government securities of Rs. 853.64 bn during the first half of fiscal 2010 in context of the previous years and this will help promote a balanced view in the government securities market.

In view of maintaining adequate liquidity in the current environment, the credit policy also extends the various liquidity schemes and exemptions announced earlier. In addition the focus on further strengthening of the financial system is a welcome sign. The measure to allow banks to setup offsite ATMs without prior approval and a review of the existing branch licensing policy for further liberalization would promote financial deepening in the country and enable banks to extend their services to a wider customer base.

RBI's proactive stance in the current environment is commendable and the continued support to systemic liquidity and lower interest rates is welcome. The credit policy also strikes a good balance between promoting growth and financial sector development and stability. Overall, the policy indicates the development of a healthy financial sector and a stable macroeconomic environment. It recognizes the need to maintain a monetary policy conducive to growth while ensuring stability and the ability to withstand any shocks that may come in future. It continues to integrate Indian policy with the global markets, while sequencing and timing these measures in the context of domestic imperatives.