

February 28, 2011**Comments of Ms.Chanda Kochhar, Managing Director & CEO, ICICI Bank on Union Budget FY2012****A growth-oriented budget**

The Union Budget for FY2012 is a growth oriented budget that seeks to build on India's strengths and to address the challenges that we face. In line with this approach, the budget seeks to build on our growth drivers through infrastructure and social sector development, address challenges of food inflation and of fiscal management and to promote inclusive growth.

The budget recognizes the long term growth drivers for the economy and seeks to strengthen them further. Measures in this regard include continued focus on education and skill building to realise our demographic dividend and increased infrastructure investments through measures such as increasing the FII investment limit in corporate bonds, lowering of withholding tax for infrastructure debt funds, mechanisms to strengthen PPP and addressing environment related issues. In addition to these, the budget also recognizes the challenges that the economy faces. With respect to controlling food inflation, the budget seeks to invest significantly in agriculture to address the supply side issues. The budget also seeks to address concerns around the fiscal situation and as such the government borrowing has not increased for the coming fiscal and the fiscal deficit has been brought down. It is also important to note that the process of consolidation has not come at the expense of reduced spending in important segments of the economy and therefore the consolidation process is expected to have a positive bearing on economic prospects in the long-term. While seeking to achieve the above, the budget also emphasizes on the need to promote greater economic inclusion with measures focusing on supporting lower income segments, the rural population and farmers and small businesses as well as improving the efficiency of government spending on subsidies through direct transfers.

Overall, the budget focuses on areas requiring significant investments, while seeking to take forward the process of fiscal consolidation. The priority accorded to achieving greater economic inclusion and addressing the challenges that we face will stand the economy in good stead as it reverts to a sustained high growth path.