

Corpn Bank to aggressively focus on containing bad loans

V Sajeew Kumar

Plans to sell Rs. 1,800 cr of NPAs to an asset reconstruction firm



SR Bansal, CMD

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Corporation Bank, which is making an all-out effort to contain non-performing assets (NPA), is hopeful of achieving the target of recovering Rs. 1,000 crore by the end of December.

“We are aggressively targeting NPAs and want to contain slippages. The net NPA is currently hovering at 3.24 per cent, and 5.43 per cent at the gross level,” SR Bansal, Chairman and Managing Director, said.

As part of this strategy, senior level managers have been asked to go to the field and there would be some positive results soon. Though the bank’s NPA level is high, the banking industry average is more, Bansal told *BusinessLine* on the sidelines of an event here on Friday.

The bank also plans to sell Rs. 1,800 crore of non-performing assets to an asset reconstruction company, for which it has already issued tenders, he said.

Bansal, who was here to inaugurate the e-lobby of Elamakkara branch, pointed out that re-balancing the businesses with a focus on the asset side against bulk business have started showing positive results. This is evident from the growth in CASA, priority sector and agriculture loans in the range of 18 per cent, 36 per cent and 16 per cent, respectively. The bank’s dependence on bulk business has also come down to 48 per cent from 54 per cent in the last two years.

“We are looking at NRI business in a big way, especially from Kerala branches, along with MSME and agriculture as focus areas,” he said.

The agriculture credit portfolio, which was 8.7 per cent of total loans two years ago, has surged to 16 per cent and the figure would touch 18 per cent by this fiscal-end. The growth in agriculture credit has helped the bank avoid having to subscribe to the Rural Infrastructure Development Fund (RIDF) next year.

Earlier, the bank was losing around Rs. 700 crore towards this account. This year, there is a saving of Rs. 163 crore. With all these efforts, the bank is expecting a 12-per cent growth in business during the next one year, he said.

To a question on credit growth in the industry, Bansal said growth would come only when infrastructure and other core sectors start picking up.

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