

Vijaya Bank eyes 7-8% growth this fiscal

G Naga Sridhar

Adopting a sector-specific approach to tackle bad loans, says ED

Hyderabad, November 4:

Vijaya Bank is expecting 7-8 per cent growth in business this year, according to its Executive Director BS Rama Rao.

The growth will primarily be driven by the retail sector. "Our retail growth was the highest in the industry at 28 per cent in the second quarter ended September 30, and also accounted for 28 per cent of our total portfolio," Rao said in an interaction here on Friday.

But corporate credit offtake, he said, has not picked up yet. "This depends on aggregate demand in the economy. Industrial production is down and infrastructure and energy sectors are also sluggish."

The net interest margin (NIM) for the current fiscal could be around 2.75 per cent, he said. It was 2.61 per cent in the second quarter.

In the Q2 results announced last week, the bank reported a 34 per cent spurt in profit to ₹ 154 crore supported by a 20 per cent rise in net interest income to ₹ 828 crore and a doubling of its other income to ₹ 388 crore.

Tackling NPAs

To tackle non-performing assets (NPAs), Vijaya Bank is adopting a sector-specific approach. "For each segment of customers, such as farmers, micro, and small and medium entrepreneurs, we are rolling out one-time settlement schemes. There have been no serious issues of asset quality in the retail segment," Rao said.

Asset quality, though improving sequentially, is a concern for the bank as net NPAs rose to 5.1 per cent compared with 2.84 per cent in the year-ago quarter.

Going forward, Bangalore-based Vijaya Bank will focus on expanding its reach through brick-and-mortar model as well as technology products. "The number of branches will go up from 1980 now to 2050 by March 31, 2017. We are also seeing a huge jump in mobile and Internet banking," the Executive Director said.

The mobile banking user base expanded to nine lakh this year from 1.36 lakh last year, while net banking clients grew to 6.69 lakh from 3.33 lakh during this period.

The previously announced tier-I additional capitalisation of ₹ 750 crore is expected to be closed in a couple of weeks, Rao said.

(This article was published in the Business Line print edition dated November 5, 2016)

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12

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