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Banks taking strong stance on corporate defaulters: Chanda Kochhar

By PTI | Updated: Jan 23, 2016, 01.50 PM IST

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DAVOS: With high NPAs weighing down on the books of several banks, [ICICI Bank](#) has adopted a strategy of 'proactive action' on its corporate portfolio and is focussing on higher-rated clients, its chief [Chanda Kochhar](#) said here.

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Besides, the bank's strategy also involves increasing the proportion of retail clients in its portfolio, the top banker said.

"Asset quality in the retail segment continues to be healthy and stable. In the corporate sector, there continue to be challenges given the time taken for projects to generate cash flows and high leverage levels in some areas or companies.

"Banks are working actively to resolve these through asset sales and change in management; they are taking a strong stance vis-a-vis the promoters to ensure that these actions are taken," Kochhar told PTI at the World Economic Forum (WEF) Annual Meeting.

"In cases where the promoters do not cooperate, the banks are enforcing contractual rights through the legal route," she added.

Talking about her own bank, Kochhar said: "ICICI Bank's strategy comprises close monitoring and proactive action on the corporate portfolio; increasing the proportion of retail in the portfolio mix; and focus on higher rated clients."

Kochhar, Managing Director and CEO of ICICI Bank, further said that the regulator [RBI](#) is also in discussions with banks at various level to address these concerns.

"I am confident that over time the coordinated efforts of the government, regulator and banks should help in addressing these concerns," she added.

Asked about the her outlook for the banking sector's financial performance in the quarters to come, Kochhar said, "In the banking sector, retail business will continue to grow at a faster pace. Corporate lending may take some time to pick-up.

"We will see gradual improvement as recovery in economic activity strengthens. In fact, if we look at the history of the Indian financial sector, we have never seen the level of crises that we have witnessed in other regions."

Giving credit to the strong regulatory framework in the country, Kochhar said, "The Reserve Bank of India has norms which are in line with, or in some areas stricter than global standards, which has resulted in healthier position of Indian banks.

"The capital requirement prescribed by RBI is a percentage point higher than the global standard prescribed by Basel committee on banking supervision. Banks in India are required to maintain statutory liquidity ratio, cash reserve ratio and liquidity coverage ratio requirements resulting in healthier liquidity position."

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