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# Allahabad Bank aims for 20% retail loan growth, expects consumption-led growth

By *Atmadip Ray*, ET Bureau | Updated: Jun 24, 2016, 04.02 AM IST

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KOLKATA: State-run [Allahabad Bank](#) is aiming to grow its retail lending book by one-fifth this fiscal, expecting a consumption-led economic growth this fiscal with higher government's spending on salaries.

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Sticky loans originating from the corporate sector pulled back banks' profitability thereby pushing the lenders to compete with each other to grab a higher retail loan share.

Allahabad Bank, which reported Rs 743 crore loss in the fiscal 2015-16 on deteriorating asset quality, will be chasing gains especially from housing loans and gold loans, chairman and managing director [Rakesh Sethi](#) said in the bank's annual report for 2015-16.

Implementation of the [Seventh Pay Commission](#), which proposed 30 per cent salary hike, along with the one rank one pension (OROP) scheme for exservicemen leading to rise in their pension earnings are expected to boost consumer sentiment.

"Improvement in consumption demand in both urban and rural areas is expected to drive the growth in manufacturing output while capacity additions and government initiatives are likely to give a boost to the electricity and mining sectors," Sethi said in the bank's annual report for 2015-16.

Focus on retail lending helped the Kolkata-based lender offset the degrowth in corporate loans, helping it to notch up a mere 3 per cent rise in advances to Rs 1,57,707 crore.

Its retail credit portfolio stood at Rs 25,894 crore as on March 2016 as against Rs 21,723 crore a year ago, showing a 19.2 per cent rise. The retail loan share rose to 16.42 per cent now from 14.19 per cent. Housing loans grew 27.39 per cent to Rs 8,524 crore. Recovery of overdues and mobilising CASA (current and savings account) deposits are other priorities for the bank.

The lender has 55 centralised retail banking boutiques to push retail lending and ensure quick decision making.

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