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Bad loans drop further for Andhra Pradesh Grameena Vikas Bank

By [Ashish Kulshrestha](#), ET Bureau | Updated: May 23, 2016, 04.49 PM IST

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HYDERABAD: At a time when several banks are reeling under high levels of loan defaults, rural lenders are showing how to rein in bad loans.

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[Andhra Pradesh Grameena Vikas Bank](#) reduced net non-performing assets (NPAs), or bad loans, to 1.40% in fiscal year 2015-16 from 2.32% in the prior year, especially by employing the [Sarfaesi Act](#). The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 allows banks to seize and auction properties of wilful defaulters to recover loans.

"By implementing the Sarfaesi Act and auctioning wilful defaulters' properties online, we have been able to reduce our NPAs," bank chairman V. Narasi Reddy said. Also, "we have been organising awareness camps among farmers to encourage them for prompt payment and have been making use of Lok Adalats to resolve disputes and arrive at a compromise."

The bank's net profit increased nearly 11% to Rs 223.47 crore in 2015-16. Advances increased by about 17% to Rs 1,536.16 crore and deposits grew 23% to Rs 1,922.11 crore. Overall business grew nearly 20% to Rs 3,458 crore.

The lender, which opened 23 branches in 2015-16, plans to open another 50 branches this fiscal year, taking its tally to about 800.

Digital transactions for [Andhra Pradesh Grameena Vikas Bank](#) increased 62% through Rupay cards and mobile and internet banking in the last two years, a senior bank official said.

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