

SBI hopeful of pick-up in corporate loan demand

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Corporate loan demand is expected to pick up in the coming months, said Arijit Basu, Managing Director, State Bank of India.

The growth in SBI's corporate loan book was fairly muted so far this fiscal due to poor demand. However, this is expected to pick up as there are some early signs of revival.

“We have not seen any slowdown in retail lending, the demand has been reasonable and we have grown by around 18 per cent so far this fiscal on a year-on-year basis. However, corporate loans have grown by only about 2-3 per cent and this is not because banks are unwilling to lend but because of poor demand,” Basu told newsmen on the sidelines of the Infocom here today.

Talking about SBI's recent Monthly Composite Index, he said there were some early signs of revival as the index had crossed the 50 mark. The SBI Composite Index analyses data from both manufacturing and services industries to determine expansion or contraction in the economy.

Arresting fresh slippages

SBI saw its gross non-performing asset (GNPA) coming down by 1.5 percentage points to 7.2 per cent as on September 2019 and its net NPAs also decreased to 2.79 per cent primarily backed by higher provisioning.

The bank's provision coverage ratio (PCR) currently stands at around 82 per cent, as against close to 60 per cent a few years ago.

“Our focus has been to strengthen our balance sheet so we have gone for higher provisioning. In fact for many of the accounts our provisioning is far higher than what is stipulated by the Reserve Bank of India,” he said.

NPAs had gone up primarily because of certain large infrastructure projects, however, things were stabilising now and the bank expects NPAs to remain range bound moving forward.

SBI has also been able to arrest fresh slippages to a great extent, particularly from the corporate sector. During the first two quarters, slippages from the corporate loan book was in the range of around ₹6,000 crore and the bank hopes to be able to keep it within this range during the remaining two quarters.

“Corporate slippage, particularly from MSME sector and agricultural loans were a cause of worry. This has now significantly gone down,” he said.

The bank is hopeful of arresting fresh slippages in the range of one per cent every quarter, as compared with the current figure of around 1.5 per cent.

Branch expansion

SBI, which was going slow on branch expansion for the past two years post the merger of all associate banks with itself, is now evaluating branch expansion possibilities to improve last mile connectivity.

The bank, which has close to 22,500 branches, plans to open around 500 this fiscal.

“There are large number of people who are not too inclined to go digital, so we keep evaluating possibilities for opening a branch,” he said.

When asked about the measures SBI was taking to counter frauds on ATMs, Basu said that the bank was in the process of upgrading all its 58,000 ATMs with EVM chips to check skimming and cloning.

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