

## HDFC Bank SME loan book doubles to Rs 1.48 trillion by December 2019

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Private sector lender HDFC Bank doubled its SME book to over Rs 1.48 trillion by December 2019 from Rs 74,000 crore in March 2017, cornering over 9 per cent of the around Rs 16 trillion market, at a time when credit flow to the segment has been tepid.

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With a loan book of over Rs 1.48 trillion, HDFC Bank is the clear No. 2 in the SME lending space after the industry leader SBI which leads the segment with around Rs 2.7 lakh crore loan book and around 14 per cent market share.

During this period -- March 2017-December 2019, the bank added more than 3 lakh customer accounts -- from 30.74 lakh customer accounts to nearly 34 lakh accounts.

While system-wide lending to the SME sector has been tepid, HDFC Bank has clocked 19 per cent incremental growth in the disbursement in the



*hdfc bank*

ticket size of Rs 5 crore and below, has been so fast it was only Rs 48,000 crore in March 2015, that jumped to Rs 72,000 crore in March 2017 and crossed the Rs 1 lakh-crore-mark in March 2019 to sniff at Rs 1.5 lakh crore by December 2019.

And Rampal attribute this success to the way HDFC does banking-which is customised solutions and not products which includes a lot of cross-selling. "We do not offer products to our customers but customised solutions specific to the business. This is what has enabled us to grow across geographies and business segments," is how Rampal puts it.

He says his team, in fact, offers as many as nine products/solutions to most of these customers, which include insurance-life, general as well as health-trade finance, broking, advisory among others.

December 2019 quarter, serving close to 3.4 million SMEs/MSMEs accounts, says a senior bank official. Nearly one-third, 30 per cent to be precise, of these customers are in semi-urban and rural areas and come from all segments-manufacturing, services and exports, Sumant Rampal, the country head for business banking at HDFC Bank, told PTI in a recent interaction. And on the asset quality front, too, HDFC Bank -- which has the lowest NPAs in the system -- shines, with gross NPAs of 1.42 per cent as of December 2019 and the net NPAs printing in at 0.48 per cent.

Refusing to quantify exactly the bad loans in his book, Rampal, who heads a team of Rs 1,700 relationship managers, said the SME book is not largely different from the bank's overall numbers.

It can be noted that SME accounts have been one of the worst hit for banks since the note-ban of November 2016 and the next shock of GST from July 2017.

From a geographical spread, 38 per cent of the business come from the North, 29 per cent from the West, 20 per cent from the South and the rest from the East, he says.

Growth of the SME book, which has a typical