

Expect credit demand to pick up once the curbs ease, says Bandhan Bank CEO

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Private sector lender Bandhan Bank said it expects credit demand after the lockdown and will lend to existing customers but remain careful about new customers.

“I feel that credit demand will come back as in the last couple of months people have been under lockdown, and the stock of goods would have finished and new stocks and liquidity will be required. So, I think, business growth will be there more than normal,” said Chandra Shekhar Ghosh, Managing Director and CEO, Bandhan Bank.

“First, we would like to service the existing customers. With the new borrowers, we will be very choosy,” he further said.

Fall in net profit

The private sector lender registered a 29 per cent decline in profit in the fourth quarter

and made additional Covid-19-related provisions on standard advances amounting to ₹690 crore.

In an interaction with *BusinessLine*, Ghosh said that unlike in the case of a natural calamity, borrowers have not lost their assets in the current lockdown, which was done to prevent the rapid spread of coronavirus.

Including the additional standard assets provision of ₹310 crore that the bank is carrying in its micro banking portfolio, its total additional provision in the books amounts to ₹1,000 crore.

“We think this is a good amount as of now. When we spoke to our customers, about 95 per cent to 97 per cent said they will begin repayments four to six weeks after the lockdown ends,” he said.

Further slippages and stress in the book will depend on when the lockdown ends.



Chandra Shekhar Ghosh,
MD and CEO, Bandhan Bank

“We feel that up to June there will be one scenario, and after June there could be a different scenario,” he said.

While collections have stopped in the micro finance segment since the lockdown was imposed, Ghosh is optimistic that it will be business as usual after the lockdown is lifted.

“Our customers are basic goods sellers and depend on local supply chains. About 50

per cent of the borrowers are in agriculture and allied activities and are not affected, while 20 per cent are in food and food processing, which are also essential items. So, 70 per cent of these are operating and are just waiting for the lockdown to end,” he said, adding that the remaining borrowers are grocery shops and auto drivers, who also may not be seeing much of a challenge.

“Most borrowers are not in a single business; (they) have multiple businesses, and we have long relationship with them,” he said.

Among the micro credit borrowers, loan moratorium was given to all. In mortgage and SME, while moratorium was offered to 100 per cent of the customers, 87 per cent of mortgage customers by value paid instalments for April, and 65 per cent of SME customers in value paid instalments for April.