

# 'In home loans, 87% customers have paid EMIs till April 30'

**CHANDRA SHEKAR GHOSH**, managing director and chief executive officer of Bandhan Bank, says the extra provisioning the bank made in the March quarter should be adequate to take care of any Covid-related asset quality pressures. In a telephonic interview with **Hamsini Karthik** and **Namrata Acharya**, he says the demand for loans should resume as the lockdown lifts. Edited excerpts:

**Is the extra provisioning in the March quarter adequate to absorb any Covid-related asset quality pressures in future?**

We have not seen a situation like this before. But if you analyse it based on how we have fared in past instances, whether demonetisation or introduction of goods and services tax, our 90-day past due (DPD) at 0.4-1.5 per cent was far below the industry average of 7-9 per cent. Our experience was the same even during farm loan waiver in Uttar Pradesh in 2017 or during Cyclone Fani in Odisha. Last year in Assam, our 90-DPD was very less compared to other players. Even in natural calamities, which create challenges to the lives of people, their houses and livelihood, we have fared well on asset quality. However, unlike these instances, in the lockdown, people are not seeing their houses and lives destroyed. So once the activities resume, there may not be a huge deterioration in asset quality. We will be able to maintain our gross NPA ratio at 1.5 per cent or a little lower.

**With the lockdown partially opening up from early May, have collection and disbursements improved compared to a total shutdown in April?**

We have higher penetration in



eastern Indian and rural areas. A majority of the book is in the areas that are not affected by Covid-19. So, we were able to have about 95



**C S GHOSH**

MD & CEO,  
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per cent of our bank branch and micro credit offices open. Because of the lockdown, people haven't been able to travel, even if we were functioning. We have started again on disbursements as some customers have reached out to us for loans. Some are coming to branches and repaying their instalments. So, there is no fear about credit discipline. Disbursements have slowly started and things will normalise as the lockdown is lifted. For instance, the harvest season will start and farmers will need some credit to resume their activities. This will push demand for loans.

**Moratorium has been fully availed of by MFI customers. What about others?**

In housing loans, 87 per cent of customers have paid their monthly instalments as of April 30, and it's 65 per cent for micro, small and medium enterprise (MSME) customers. For NBFC-MFIs, 40 per cent of them have

paid their dues.

**Do you see FY21 as a challenging year?**

It depends on lifting of the lockdown, and whether people can start their work and move from place to place. But I don't expect that everything can become normal within a quarter after the lockdown ends.

**In FY21, what would be your priority, diversifying the book or focusing on existing portfolios?**

We would like to grow our affordable housing segment. SME loans will be another focus point for us and this would allow the people to graduate from MFI to SME customer.

**How do you plan to diversify your non-MFI book going ahead?**

The increase in our customer base outside the eastern and northeastern part of the country is about 34.6 per cent. Only in these parts, growth has been about 14 per cent. Geographically, we are diversifying. Secondly, in terms of book composition, the microfinance portfolio has come down from 85 per cent to 64 per cent in a year.