

Andhra Bank focus on retail, SME segments pays off

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Focus on the retail segment and small and medium enterprises (SMEs) has proved to be a winning strategy for Andhra Bank in Tamil Nadu as it has seen a steady pick up in loan disbursements, though loan offtake from large industries was subdued, according to Mr D. Jogiraju, General Manager, Andhra Bank, Chennai.

He said though interest rates had softened, interest rates on credit card rollovers had remained high due to high default rate and banks have also slowed down issue of fresh cards.

Speaking to *Business Line*,

he said on an all-India basis, in the first three quarters together, the bank had earned a profit of Rs 805 crore with the net interest income going up and net interest margin being healthy. Mr Jogiraju said this was possible since the bank had 'sanctions on hand and went on disbursing'. The bank concentrated mostly on retail segment, particularly personal loans, home loans, educational loans and jewel loans, mainly non-agricultural jewel loans. This had contributed to much of the income from the retail segment. The SME sector was another major focus area and the SME business has grown by 43 per cent.

He said in the zone under

his control, the net interest income has grown by 48 per cent compared with last year. The bank has restricted PLR lending to a significant extent and instead was focussing on mid-corporate segment, retail and personal loan segments. Though the bank had sanctions for large borrowers too, the borrowers under the segment were postponing their investment decisions because they were 'watching the interest climate'.

As large borrowers were halving their loan offtake, the bank could not plan its corporate credit strategy and it focussed on the mid segment of Rs 20-25 crore.

Mr Jogiraju said housing

sector was one of the thrust areas for the bank and in Chennai alone, home loan disbursement has seen a 35 per cent growth this year compared with last year. As against the target to disburse Rs 65 crore in the last quarter in Tamil Nadu zone, the bank had achieved nearly Rs 62-crore disbursement.

With the construction activity booming, there was good demand for credit and the textile sector was also on revival mode. He expected the loan advances in the final quarter of this fiscal to be around Rs 400 crore in Tamil Nadu as against Rs 320 crore in the corresponding quarter last fiscal.

PSUs to buy 20% of total purchases from MSMEs

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New Delhi, Feb 17: In a bid to bolster the output of micro, small and medium enterprises (MSMEs), the government will launch a procurement policy which will make it mandatory for the public sector undertakings (PSUs) to buy at least 20% of their total purchases from MSEs. "We are preparing a Cabinet note to encourage the micro and small sector. The policy will be presented for Cabinet approval within one month," said the secretary of micro, small and medium enterprises ministry Dinesh Rai.

"The Committee of Secretaries (CoS) met on February 11 and agreed (to adopt the new policy). Now, there is a general consensus on it. Everybody has agreed for 20% procurement in three years," Rai added. The CoS was recently set up by the government for arriving at a consensus on the formulation of the procurement policy.

Referring to the concerns of the few government departments about the quality and standards of products manufactured by the MSEs, Rai said, "Look at the contribution of MSEs in the automobile sector. The MSE sector has always shown that they can match the best international quality."