

**INTERVIEW WITH BANK OF BARODA MD & CEO**

## Pressure on individual borrowers should be less after 3 months: Chadha

SANJIV CHADHA, MD & CEO, Bank of Baroda, spoke to GEORGE MATHIEW on the situation in the banking sector in the wake of the coronavirus outbreak and the lockdown in the country. Edited excerpts:

### How is the banking sector proceeding on the issue of the three-month moratorium on term loans?

We're now living in difficult times. There are physical challenges in terms of people transacting in their accounts, coming to the branches and the lockdown. We have implemented moratorium across the board, as has been allowed by the RBI. We have told customers that if there are some debits, we will reverse the transactions. We have not raised demands but very often customers have given instructions that please debit from the account. In these cases also, we have given the option of reversing the transactions and crediting back money to the customers.

### Have you curtailed the services in the wake of coronavirus and lockdown?

We have something like 3 crore accounts. The government is now sending money to these accounts and all these people would want to access their accounts. We are making sure that all our branches are open, all our ATMs are open and business correspondents (BC) are working. As of today, despite restrictions, 99 per cent of our branches are open and more than 90 per cent of the ATMs are functional. We have also got money to BCs so that they can buy sanitisers, masks and other safeguards so that they can conduct the transactions safely. We



are also incentivising them every day, so that they do five transactions daily. In a week or ten days, once money starts coming in, all our branches, ATMs and BCs will be open and function fully so that money which is sent is received in the accounts and disbursed.

### Has banking business come down because of the lockdown and virus?

All the customers will get the minimum services which are required. This means they will be able to operate their accounts, deposit cash, receive cash, make transfers... there are limited services which are offered at the branches. When it comes to digital channels like AIM, they are working exactly as normal. We're not focusing on opening of new accounts.

### Have you come across cash shortage in part of the country?

Not really. As I said our ATMs are working above normal. There's no shortage of cash.

### Do you see a spike in NPAs

### because of the recent developments?

The RBI has proactively taken steps anticipating likely pressures which are likely to come in to the system. For three months, we are not raising any demands in terms of instalments. We believe that as long as we return to normalcy within the three-month period which we anticipate as of now, these pressures should be less, particularly on individuals. When it comes to corporates, there are different sectors which are likely to be impacted. I think an assessment of what the impact is likely to be and any sector specific solution is required can be done once the lockdown is lifted on April 14. Airlines, hotels, cinema halls etc are sectors that could be impacted as of today.

### Do you expect more measures from the RBI or the government for the banking sector?

Given the current situation, the RBI has done everything that was possible. The challenge for the industry may be beyond what a bank can do. For that, a sector-specific solution may be required.

### Do you think credit offtake will improve in the wake of the reduction in Repo rate and other measures by the RBI?

As far as we're concerned, even before these measures came in, our credit resources were almost fully deployed. We did not have surplus funds to park with the RBI. However, as a result of new measures like CRR reduction and MSF facility being expanded, more liquidity will be available. This will be made available to our borrowers.