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HDFC Bank to appoint rural sales officers

NUPUR ANAND
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HDFC Bank, the country's second largest private sector lender, has been appointing rural sales officers. The aim is to generate business from places where the bank typically doesn't have a branch presence.

Earlier, it would organise loan festivals every year in these areas. Ashok Khanna, business head, vehicle loans, says: "We used to earlier cover four to five villages and that would take 20-21 day. Then, one day, disburse the loans in these festivals, typically ₹10-12 crore. This was

manpower-intensive and also expensive for us. So, last year, we decided to do something big, sustainable and long term. That is when we decided to appoint these sales officers." Khanna says these officers will typically focus on extending car, two-wheeler and commercial vehicle loans. "However, it is not just limited to this. Once a banking relationship is built, the bank can also offer gold, personal and housing loans, etc. The officer can also get the customer to open an account once the relationship is built." Having reduced its base rate to 9.35 per cent, lowest in the sector, it believes this will help

attract more business. This model also helps meet the priority sector lending requirement. By Reserve Bank of India norms, public and private sector banks need to advance at least 40 per cent of loans to these sectors — micro, small and medium enterprises, agriculture, weaker sections, etc.

"If we don't meet the requirement, we will have to meet the need by paying a penalty and buying from outside and for a period of seven years. It is better to meet your requirements and these officers help in that," said Khanna.

On an average, these sales officers are supposed to each

reach out to four or five villages and expected to generate business worth Rs 1 crore every month. At present, the bank has 170 such officers and plans to hire more. In FY15, this vertical accounted for a little over ₹1,000 crore in business. Sources said the bank has set a target of garnering business worth ₹4,400 crore by FY18. At the end of March 2015, its total of retail advances were ₹225,694 crore. This grew to ₹238,859 crore at the end of the quarter ended June. Of this, automobile loans accounted for the largest share, at ₹50,100 crore in the June quarter.