

HDFC Bank focuses on rural footprint

Yogesh.Kabirdoss
@timesgroup.com

Chennai: Digital savvy HDFC Bank has set its sights on the rural market to cater to the growing demand for agricultural loans, including agri-industries and financing drones to support farming.

The largest private lender in the country is expanding its footprint in semi-urban and rural areas to cover two lakh villages by the end of the current financial year. The bank's agriculture advances rose 30% in Q1FY24 to Rs 79,637 crore from Rs 61,579 crore a year ago. Out of the total commercial and rural banking portfolio at Rs 6,42,828 crore as of Q1 FY24, semi-urban and rural (SURU) lending was Rs 4.5 lakh crore.



“Agriculture will emerge as the most important banking sector opportunity in the next five years, and HDFC Bank has already grown successfully in the MSME segment

RAHUL SHYAM SHUKLA
Group head, Commercial
& Rural Banking, HDFC Bank

“Agriculture will emerge as the most important banking sector opportunity in the next five years. It is natural that HDFC Bank, which has grown very successfully in the MSME segment, will also grow in the rural segment,” said Rahul Shyam Shukla, group head – of commercial and rural banking HDFC Bank. The bank emerged as a leader in the MSME

segment within five years of a focused approach, he added.

The commercial and rural banking group was established in May 2021 to cater to MSMEs, emerging corporates, commercial agriculture, small farmers, healthcare finance, equipment finance and commercial transport companies. Gone are the days when agriculture loans were mainly for crop finance.

According to Shukla, lending opportunities for capacity creation exist in areas such as farm warehouses, agri infrastructure such as drone financing and Farmers Producers Organisations.

“Our position in agri lending was seventh in the country as on March 31, 2021. It has since become sixth (March 31, 2022) and fourth as on March 31, 2023,” he said. Of the bank's 7,860 branches, 52% are in semi-urban and rural areas. Half of the 1,000-1,500 branches that HDFC Bank plans to open yearly will be in these pockets. “By the end of FY24, we will be touching two lakh villages,” Shukla said.

As on March 31, 2023, HDFC Bank had around 8.3 crore customers.