

# INDIAN SECURITISATION MARKET

**Securitisation volumes expected to pick up in FY2022 after sharp fall in FY2021, though the second wave of pandemic is a dampener**

**MAY 2021**



*As per ICRA's estimates, securitisation volumes were lower at about Rs 87,300 crore in FY2021 against ~Rs 2 lakh crore in FY2020 due to the pandemic impact*

*Securitisation volumes could increase by 40-50% in FY2022 on a lower base, though the extent of disruption from the new wave of Covid-19 cases remains to be seen*



- The domestic securitisation market saw a healthy uptick in volumes during H2 FY2021 due to gradual resumption of the economic activities and momentum in disbursements. As per ICRA's estimates, the securitisation volumes for FY2021 was ~Rs. 87,300 crore..



- During the year, securitisation of mortgage-backed loans and gold loans found favour with investors, primarily due to secured nature of the underlying loans.



- Volumes dropped for unsecured loans, mainly microfinance (MFI) loans and small business loans, due to the higher risk perception. Securitisation of MFI loans was carried out by only few large originators and was concentrated in Q4 FY2021.



- Newer asset classes were securitised during the year viz., K-12 school loans, healthcare equipment, loan against shares, warehouse receipts etc. though volumes of such asset classes was low; nonetheless, it indicates increasing depth of Indian securitisation market.



- Collections rebounded across all asset classes and reached pre-Covid levels by March 2021. However, due to the second wave, collections could see a dip in Q1 FY2022.



- Covered bonds also emerged in India, largely during H2 FY2021, which have been used as funding tool by issuers.



- ICRA expects annual securitisation volumes to witness healthy increase in FY2022 as economic activities resume, though the longevity and impact of the second wave of the pandemic remains to be seen. Majority of securitisation volumes are expected to be in the second half of the fiscal.

## 1 Securitisation Volume Trends



## 2 Retail Asset Quality



## 3 Asset Class-wise Securitisation Volume Trends



## 4 Investor-cum-Segment Trends



## 5 Rating-wise Distribution



## 6 Emergence of Covered Bonds





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