

INDIAN SECURITISATION MARKET

**Healthy improvement in
securitisation volumes for FY2022;
though still lower than pre-Covid
levels**

JUNE 2022



0.7%	-0.02%	+1.77%	+2.33%	+0.80%	+2.38%
Dec	23 Dec	29 Dec	30 Dec	31 Dec	

As per ICRA's estimates, securitisation volumes grew by ~45% to about Rs 1,26,500 crore in FY2022 against ~Rs 87,300 crore in FY2021.

The annual volumes are still lower than the pre-Covid levels of close to Rs. 2 lakh crore



- The domestic securitisation volumes, originated largely by non-banking financial companies (NBFC)s and housing finance companies (HFC)s grew to Rs. 1.26 lakh crore in FY2022, compared to the lows of Rs. 0.87 lakh crore seen in FY2021 due to the onset of the Covid-19 pandemic.



- Securitisation activity was disrupted in the first quarters of FY2021 and FY2022 due to the Government-imposed lockdowns. However, sequential improvement in volumes in subsequent quarters was witnessed in both the years.



- ICRA expects annual securitisation volumes to witness 20-30% increase in FY2023 supported by improved growth outlook for non-banks. Unless the country witnesses further Covid-related disruptions, ICRA expects quarterly volumes to be comparatively evenly spread out in FY2023.



- Pool collections in ICRA-rated pools witnessed a contraction in Q1 FY2022 amidst the second wave, but saw a healthy bounce back supported by improved repayment capability of borrowers. Collections remained steady in Q4 FY2022 given the limited disruptions during the third wave.



- Mortgage loans and vehicle loans continue to have a major share in securitisation volumes. However, vehicle loans saw a decline, especially in the last quarter due to increasing fuel prices that made vehicle financiers cautious.



- After a gap of almost two years, unsecured MFI loans found favour with investors in the last quarter of the year. About 57% of the annual MFI volumes were securitised in Q4 FY2022 itself.



- Newer asset classes (such as personal loans, two-wheeler, school loans, K-12 loans) continue to be present in the securitisation market. This is driven by the emergence of new investors such as NBFCs, FPIs, HNIs etc. with focus on returns rather than PSL compliance.

1 Securitisation Volume Trends



2 Retail Asset Quality



3 Asset Class-wise Securitisation Volume Trends



4 Investor-cum-Segment Trends



5 Rating-wise Distribution





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