

NBFC crisis to pull down home loan growth first time in 3 years: Icra

PRESS TRUST OF INDIA

Mumbai, June 16

HOUSING FINANCE

GROWTH is set to slow down to 13-15% this fiscal, lower than the average of the past three years, due to the lingering liquidity issues faced by non-banking lenders, warns a report.

There can also be an adverse impact on the outstanding housing credit, which stood at ₹19.1 lakh crore as of March 2019, ratings agency Icra said in a weekend report.

It can be noted that the government is betting on housing sector as one of the major vehicles to push the sagging economic growth.

Given the tough operating environment, we expect housing credit growth in FY20 to be in the range of 13-15% which is lower than the last three years when it clipped past 17%, it said in a note.

The overall industry loan growth for housing finance

companies had slowed down to 15% for FY18.

It said the issues with the non-banking lenders since last September that has seen a slew of companies like DHFL and Reliance Capital suffering, slowed down credit growth of dedicated housing finance companies to 10% in FY19.

Banks grew faster at 19% as against 13%, taking their overall market share to 64% from 62% in the year-ago period, it said, adding banks will lead the growth curve in FY20 as well.

However, given the under-penetration of mortgages, the agency expects growth to recover soon.

The gross non-performing assets ratio from the overall housing finance exposures increased to 1.5 in March 2019, from 1.1 a year ago.

There could be some pressure on the asset quality owing to the challenging operating environment and the emerging risk factors, it warned.