

Business Standard

Retail assets securitisation volumes rise 113% to Rs 33,000 cr in Q1 FY23

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Retail assets

securitisation volumes witnessed a sharp rise of 113% year-on-year to Rs 33,000 crore in first quarter of financial year 2022-23. This was on back of as usual business activities on account of low curbs on movement of people or goods allowed the economic activity to continue and aid the gradual improvement in credit uptake.

Last year in the same period, securitisation volume was around Rs 15,500 crore.

The retail market volume was again driven by direct assignment transactions, which had a lion's share of 61% of the overall size, while the remaining share was that of pass through certificate deals.

Within direct assignment, the dominant asset class was mortgage-backed securitisation (MBS) with an aggregate size of around Rs 13,000 crore, followed by asset-backed securitisation (ABS) at around Rs 4,000 crore, which includes pools backed by all the asset classes.

Meanwhile, pass through certificate's volume was mainly driven by ABS pools contributing around 73% of the total issuances. The leading asset class driving PTC issuances was vehicle loan financing at around Rs 7,600 crore accounting for around 59%.

"There are signs of overall improvement in the level of economic activity and we expect strong growth in disbursements by NBFCs sector backed by rising credit uptake. This coupled with the focus on retail loan book expansion through inorganic channels and increased pressure to meet PSL requirements for banks augurs well for the securitisation market as a whole," CareEdge said in a report.

CareEdge believes that this will lead to around 40% increase in overall retail volumes in FY23 as compared with FY22.

--IANS

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