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Bank credit to NBFCs rises 10%to Rs 10.5 lakh crore in FY22: Report

PTI Last Updated: Jun 02, 2022, 12:53 PM IST

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Synopsis

The number does not include liquidity given by banks to them through securitization route (direct assignment and pass-through certificates) and also banks' investments in NBFCs' debt instruments.



Meanwhile, mutual funds' debt exposure through commercial papers (CPs) and corporate bonds, to NBFCs rose 14.3 per cent to Rs 1.7 lakh crore in FY22 as NBFCs issued more CPs to fund IPOs.

Bank credit to NBFCs grew in double digit in FY22 with outstanding bank credit to them rising by 10.4 per cent to Rs 10.5 lakh crore on the back of improvement in overall economic activities and banks' renewed focus on the NBFC sector following improvement in their balance sheets, says a report. In absolute terms, according to an analysis by Care Ratings **NSE 1.56 %**, bank credit

to non-banking financial companies (NBFCs) expanded by Rs 99,000 crore in FY22, from FY21.

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Meanwhile, mutual funds' debt exposure through commercial papers (CPs) and corporate bonds, to NBFCs rose 14.3 per cent to Rs 1.7 lakh crore in FY22 as NBFCs issued more CPs to fund IPOs and as they shifted from long-term to short-term investments on expectation of hike in interest rates.

In absolute terms, it expanded by Rs 21,000 crore, says the report. Outstanding investments in CPs of NBFCs grew 25 per cent to Rs 73,000 crore in FY22 as

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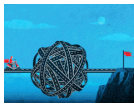


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the year was the best in the IPO history and NBFCs issued CPs worth Rs 15,000 crore to fund IPOs.

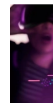
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The percentage share of funds deployed by mutual funds in CPs of NBFCs in FY22 stood at 4.4 per cent of debt assets under management (AUMs), up from 3.6 per cent in FY21.

Banks credit exposure to NBFCs fluctuated around Rs 9 lakh crore-mark for the better part of FY22 and crossed Rs 10 lakh crore threshold in December 2021. And from there, it continued its upward trajectory and crossed Rs 10.5 lakh crore in March 2022 as capital market rates hardened and NBFCs turned to avail comparatively cheaper bank loans.

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why banks lend to NBFCs at below ten percent and create big profit for NBFCs which charges three or four times. The borrowers are suffering at usurious interest

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Synopsis

"Gold Loans are secured loans that can be availed to cater to a variety of needs, from personal to professional. We are delighted to partner with Muthoot Finance to offer easy access to Gold Loans through Airtel Thanks App," Airtel Payments Bank chief operating officer Ganesh Ananthanarayanan said in a statement.

Airtel Payments Bank on Thursday said it has partnered with **Muthoot Finance** to offer gold loans through Airtel Thanks app. There will be no processing charge on the loan and **Muthoot Finance** will provide up to 75

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