

Continuing to use this site you consent to the use of cookies on your device as described in our [Cookie Policy](#) unless you have disabled them. You can change your [Cookie Settings](#) at any time but parts of our site will not function correctly without them.

[BS APPS](#) [BS PRODUCTS](#) [BS E-PAPER](#) [BS LEARNING](#)

[SIGN IN](#) [SUBSCRIBE](#)

# Business Standard

**JUST IN** Flexi-cap funds see Rs 35k-cr inflow in FY22; best among equity categories

You are here: [Home](#) » [Markets](#) » Mutual Funds

## MFs' debt exposure to NBFCs rises 14.3% to Rs 1.7 trn in March: Report

Shift to short-term investments and IPO funding seen as reasons for trend, according to a report

### Topics

[Mutual Fund](#) | [NBFCs](#) | [IPO](#)

Ashley Coutinho | Mumbai  
Last Updated at June 3, 2022 00:43 IST



Follow us on





### ALSO READ

Should recent events at Axis Mutual Fund worry India's retail investors?

Picking the right Mutual Fund for investment in 2022

Baroda BNP Paribas MF's Suresh Soni on markets and more

Analysts bullish on NBFCs despite RBI's PCA framework

TMS Ep138: Oscars for OTT, Baroda BNP Paribas Mutual Fund, IPO, ransomware



Mutual funds' debt exposure in the form of commercial paper (CP) and corporate debt (CD) to non-banking finance companies (NBFCs) rose by 14.3 per cent year-on-year (YoY) to Rs 1.7 trillion in March.

The growth was on account of the issuance of CPs by NBFCs for funding investments in initial public offerings (IPOs) and shifting long-term to short-term investments as the market expected a hike in interest rates, according to a report by CARE Ratings.

The percentage share of funds deployed by MFs in NBFCs' CPs stood at 4.4 per cent of debt assets under management (AUMs) in March, compared with 3.6 per cent last year.

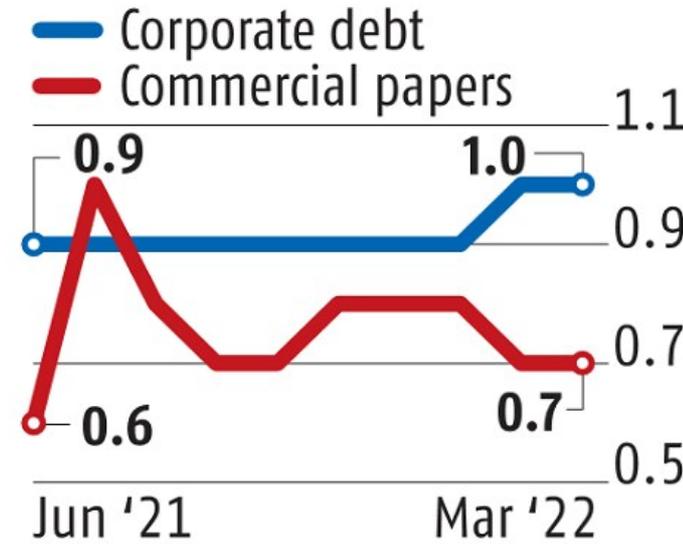
Meanwhile, investments in corporate debt of NBFCs rose by 7.4 per cent YoY to Rs 97,000 crore in March. The percentage share too increased to 5.8 per cent in March from 5.6 per cent last year.

CPs deployed in NBFCs for less than 90 days, and 90 days to 182 days rose by 17 per cent and 31 per cent YoY to Rs 45,000 and Rs 11,000 crore, respectively, in March. However, CPs deployed for 182 days to 1 year dropped 34 per cent to Rs 7,918 crore.

The proportion of CPs and corporate debt (182 days to 1 year) deployed together in NBFCs as a percentage of

# IN NUMBERS

## Total debt funds deployed in NBFCs via CPs and corporate debt (₹ trillion)



Source: Care Ratings

Total debt funds increased to 17.2 per cent in March, as against 14 per cent last year, while the proportion of total debt funds increased to 10.3 per cent in March, compared with 9.2 per cent last year.

The credit exposure of banks to NBFCs fluctuated around the Rs 9-trillion-mark for the better part of the year and crossed the Rs 10-trillion threshold in December. It continued its upward trajectory in March as capital market rates hardened and

NBFCs looked to avail of comparatively cheaper bank loans. However, overall borrowing cost is expected to become expensive as the Reserve Bank of India has raised rates and bond yields have risen in the capital market.

✉ **Dear Reader,**

Business Standard has always strived hard to provide up-to-date information and commentary on developments that are of interest to you and have wider political and economic implications for the country and the world. Your encouragement and constant feedback on how to improve our offering have only made our resolve and commitment to these ideals stronger. Even during these difficult times arising out of Covid-19, we continue to remain committed to keeping you informed and updated with credible news, authoritative views and incisive commentary on topical issues of relevance. We, however, have a request.

As we battle the economic impact of the pandemic, we need your support even more, so that we can continue to offer you more quality content. Our subscription model has seen an encouraging response from many of you, who have subscribed to our online content. More subscription to our online content can only help us achieve the goals of offering you even better and more relevant content. We believe in free, fair and credible journalism. Your support through more subscriptions can help us practise the journalism to which we are committed.

Support quality journalism and **subscribe to Business Standard.**

Digital Editor

**Read our full coverage on Mutual fund**

First Published: Thu, June 02 2022. 17:18 IST

- READ MORE ON [MUTUAL FUND](#) [IPO](#) [NBFCs](#) [MUTUAL FUND INVESTORS](#)
- [MUTUAL FUNDS INDUSTRY](#) [INVESTMENT TIPS](#) [TOP BUSINESS STORIES](#) [IPO FUNDRAISING](#)
- [MARKETS](#) [MUTUAL FUNDS](#)