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## Retail and MSMEs likely to see rise in slippages, say bankers

The current level of NPAs masks the actual pain due to restructuring done under regulatory packages, both in 2020 and this year

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Rating agency CRISIL has estimated that stressed assets — non-performing assets and restructured loans — in banks' portfolios could touch 11 per cent by March 2022, up from 9 per cent in March 2021.

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Asset quality of lenders did not see a sharp uptick despite severe economic disruptions due to Covid-19 in 2020 and 2021 on timely regulatory steps like restructuring and liquidity support.

Now, owing to the present economic recovery phase, households and micro, small and medium enterprises (MSMEs) saw a rise in defaults due to the end of payment moratorium and delayed business payments, said bankers.

Rating agency CRISIL has estimated that stressed assets — non-performing assets and restructured loans — in banks' portfolios could touch 11 per cent by March 2022, up from 9 per cent in March 2021.

The current level of NPAs masks the actual pain due to restructuring done under regulatory packages, both in 2020 and this year. After the first wave, the Reserve Bank of India (RBI) allowed a blanket moratorium on payments. There was no dispensation this time, resulting in a spike in slippages during Q1 of FY22. There was a rise in NPAs in the retail and MSME segments, across public and private sector [banks](#).

CARE Ratings review of Q1FY22 showed that gross non-performing assets (gross NPAs) in retail and MSME loan books of public sector [banks](#) rose to 7.28 per cent in June 2021 from about six per cent in June 2020. The incidence of bad loans was comparatively less intense for private [banks](#) with GNPA at 3.32 per cent in June, up from 2.01 per cent a year ago.

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The head of risk management at a private bank said stress is evident in the retail segment after the second wave, due to job losses and financial pressures. The auction of gold jewellery (kept as collateral for loans) has risen in the last four months, a sign of stress in borrowers of the lower-income strata.

Also, the payment holiday under restructuring in 2020 is ending for many small and medium enterprise