ADVERTISEMENT

Must Read
Rupee slips to fresh lifetime low of 79.58 against US dollar; here's what is draggin

HOME / INDUSTRY / BANKING FINANCE

HFC loan portfolio seen growing by 12% in FY23

HFCs are gaining market share in the housing portfolio market as compared to banks due to a higher growth in loan disbursals.

Written by FE Bureau
July 13, 2022 12:45:00 am

HFCs witnessed a higher growth rate in loan disbursal compared to banks. (Pixabay) and improving real estate sector and macro-economic environment, CareEdge said in a report.

HFCs are gaining market share in the housing portfolio market as compared to banks due to a higher growth in loan disbursals. This trend is likely to continue going ahead, the ratings agency said. HFCs witnessed a higher growth rate in loan disbursal compared to banks. HFCs posted a double-digit growth rate at 11% on year, surpassing the 7% growth rate reported by the banks. The growth in the HFC sector in FY22 was driven largely by the prime segment, which grew at 9% on year, an improvement of 100 bps compared to previous year.

Wide range of Automotive electronic components ready to ship. Innovative buying tools

In the affordable HFC space, loan against property (LAP) drove the loan growth with the share of LAP increasing to 25% from 19% on year. Affordable HFCs also benefited from a smaller base due to moderation in growth during pandemic years and the underwriting of loans in the below-prime segment.

ALSO READ

RBI OKs international trade settlement

Digital banking to get human touch with metaverse

Paytm loan disbursements jump 779% in Q1

Yes Bank advances rise 14%, RBL Bank's

FINANCIAL EXPRESS
Read to Lead

Sign in

account of rising interest rate scenario. The large HFCs have already started increasing lending rates in line with the increase in their borrowing costs. The full impact of the re-pricing will be visible in FY24 as a lot of resets may happen during the current year, the ratings agency said. Although bank borrowings increased for HFCs in FY22, fundraising through market instruments remains a major source.

The gross non-performing asset (NPA) ratio is expected to decline by around 10 basis points (bps) on year to around 3.1% in FY23, the ratings agency said. Although the NPA levels are expected to decline, HFCs witnessed higher defaults in their wholesale portfolio in the previous year. HFCs have maintained higher liquidity which will also aid in cushioning future losses, the ratings agency said.

MORE STORIES ON housing finance housing loan

INDIA NEWS INDUSTRY MARKETS STOCK HEALTHCARE MONEY AUTO DIGITAL CURRENCY SME

money, infra & more, right in your mailbox

Enter Your Email

Subscribe

Get live Share Market updates and latest India News and business news on Financial Express. Download Financial Express App for latest business news.

Follow us on

Most Read In Banking Finance