

# 14 MARKETS

## GNPAs of housing finance cos may rise to 3.8% in Q4

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Mumbai, March 23

**GROSS NON-PERFORMING ASSETS** (GNPAs) of housing finance companies are likely to rise to 3.6-3.8% in the fourth quarter of the current financial year, from 3.3% in December 2021, due to the Reserve Bank of India's (RBI's) norms on upgradation of assets and lag effect of the Covid-19 pandemic.

"GNPAs to be 3.6-3.8% as of March 31, 2022, which will be 30 to 50 basis points higher than GNPAs as of December 31, 2021," said Sachin Sachdeva, vice-president and sector head, financial sector ratings, Icria.

Analysts believe GNPAs would rise further post-September 2022, when the



November 12 circular of the central bank will be adopted by all housing finance companies (HFCs). As per reports, most HFCs have already switched to the new way of calculating.

"The impact on housing finance entities could be in the range of 25 to 150 basis points, and for affordable housing finance companies in the range

of 75 to 200 basis points," said Sanjay Agarwal, senior director, CareEdge. The central bank last month deferred the implementation of the revised norms pertaining to the upgradation of NPAs to September 30, 2022.

GNPAs of HFCs, however, are expected to improve in the next fiscal year as companies adopt the new guidelines and inform customers about the same. There is a considerable improvement in the earning cycle for a self-employed segment, which has a rub-off effect on the repayments as well. However, CareEdge expects delinquencies to be higher in companies with a higher proportion of loans against property and construction finance.

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