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**ICRA Report: NBFC retail's AUM to grow at 8-10% in
FY 2023**

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The latest ICRA ratings report has stated that the asset under management (AUM) for NBFCs is projected to grow at the rate of 5-7 % in fiscal year 22, which is expected to rise to 8-10% in the fiscal 23.

The report has further stated that there will be an increase in the AUM of Housing finance companies, which is expected to rise to 8-10 % this year and will increase to around 9-11 % in the next year.

Manushree saggar, the vice president of the agency, said that personal credit, microfinance, and gold loans are likely to be the key factors that will lead to this sector's growth. The other traditional segment in this sector, such as vehicle financing and business credit, is still struggling because of supply restrictions and concerns regarding asset quality.

The NBFC-wholesale AUM will continue shrinking the current fiscal and stabilize in FY2023.

The report stated that the AUM growth has revived in the Q2 & Q3 of FY 2022, this trend will continue till the end of Q4 as the impact of third wave of the pandemic was mild. The report further stated that the growth would have to remain healthier for a prolonged AUM growth.

"NBFC and HFCs will require Rs 1.8-2.2 lakh crore of incremental fresh funding for meeting its growth requirement in FY2023, assuming entities continue to maintain their liquidity buffers," the report said.

The study shows that the expected return on managed assets (RoMA) will be around 2.7-2.9 % and 1.8-2% in FY2023. And for FY2022 RoMA is expected be near 2.2-2.4% for NBFC and 1.6-1.8% for HFC.



Ganesh Nair
Legal Researcher
R&D Enterslice