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Trucks, tempos, gold and cars to be prime movers in moving up retail loans from NBFCs at 19-22%: ICRA

By ET Bureau | Updated: Aug 02, 2016, 08:55 PM IST

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MUMBAI: Retail credit of non-banking finance companies is expected to grow by 19-22% in the current financial year backed by healthy pick up in CV segment, gold loan and passenger vehicle segments.

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"Overall, in FY2017, ICRA expects NBFC retail credit to grow by 19-22% buoyed by improving prospects of the CV segment, gold loan and passenger vehicle segments while microfinance and mortgage segments are likely to exhibit healthy double digit growth; other segments including tractors and CE could registered modest revival in the latter part of the year" says [Karthik Srinivasan](#), Co-head Financial Sector Ratings, ICRA.

NBFCs are grain be at a time when banks are saddled with NPA problems. However, banks have shifted focus towards retail credit and are likely to give tough competition to NBFCs.

"We believe that NBFCs are expected to be faced with increased competitive pressures, as banks expanded its retail credit at a faster pace than in the past, given the pressures in the corporate segment. However, NBFCs' niche positioning, differentiated product offering, good market knowledge and large customer outreach would continue to enable them to tap opportunities." added Karthik Srinivasan.

Retail credit exposure of non-banking finance companies grew 19.9% in last fiscal as against 14.8% in previous year, supported by the revival of credit growth in the new commercial vehicle segment, passenger vehicle and gold loan segment. Also growth in the microfinance, mortgage and used CV segment continued to remain healthy.

However, credit growth in the tractor segment witnessed a sharp drop during last fiscal on account of weak monsoons and moderation in rural demand, while credit off-take in the Construction Equipment (CE) segment continued to display weakness, it is expected to do better this year.

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