

# MFIN expects huge credit demand in next six months as India opens up, says Chairman Nambiar

---

**KR Srivats** New Delhi | Updated on May 31, 2020 | Published on May 31, 2020

0

## Expresses confidence that there will be reasonable liquidity in the system

As India goes for a calibrated opening after 66 days of lockdown and livelihood concerns gains primacy, Micro-finance Institutions Network (MFIN), an RBI-approved self-regulatory Organisation (SRO) for the NBFC- MFI industry, sees huge demand for credit in the economy in the next six months, a top official said.

“Everybody who has come out of a lockdown has essentially used a big portion of their family savings. Obviously when you restart you will need money and every customer would need emergency credit to kick-start their livelihood activity. So we see ourselves playing a role there.

“As of today when you see scenario of moratorium getting over in August, I see some amount of growth happening for the MFI industry, especially in the second half this fiscal,” Manoj Kumar Nambiar, Chairman, MFIN told *BusinessLine*.

However, MFIN does not see too much of growth in the first half from where the industry closed in end-March this fiscal. “The first half will go in managing the current portfolio and current customers and ensuring that we are able to bring all of them back to some kind of momentum on repayment. This will clearly be our number one priority. The industry is not going to chase new customers in the first half,” Nambiar said.

Nambiar expressed confidence that there will be reasonable liquidity in the system, especially after what RBI has done in the short term and the government has announced for the medium term. Currently, the microfinance industry has overall outstanding loan portfolio of ₹2.2-lakh crore.

Nambiar sees most NBFC-MFIs focussing on protecting assets in the first half while looking for “meaningful growth” in the second half this fiscal. He said that the spread of Covid-19 pandemic has been far lower in semi urban and rural areas, where microfinance is more prevalent today.

## No free lunch

Nambiar highlighted that moratorium doesn't come free and there is a cost attached to it. "We have taken a responsible stand at MFIN and urged all our members to educate customers on the cost of moratorium. In the first round of moratorium (announced by RBI Governor on March 27), most NBFC-MFIs took a stand to extend it to customers because it was lockdown period. From May, we have started seeing collections," he said.

Nambiar highlighted that the second round moratorium is expected to be more nuanced than the first and would require one-to-one counselling before one extends it. "The first moratorium was essentially for two months as it was announced on March 27 and by then our March collections were already done. The second one is for three months and has to be administered in an intelligent way where there is proper discussion with customer and where there has to be financial advice.

"So our messaging is if you (customer) can pay, please pay as it will help you clear your outstanding faster. If you are in a tight spot, we do have the facility to extend moratorium till August," he said.

Published on May 31, 2020