

CRISIL Research teleconference:  
**Peering through the grave storm**

Dissecting the Covid-19 impact on economy and corporates

April 30, 2020



## Speakers



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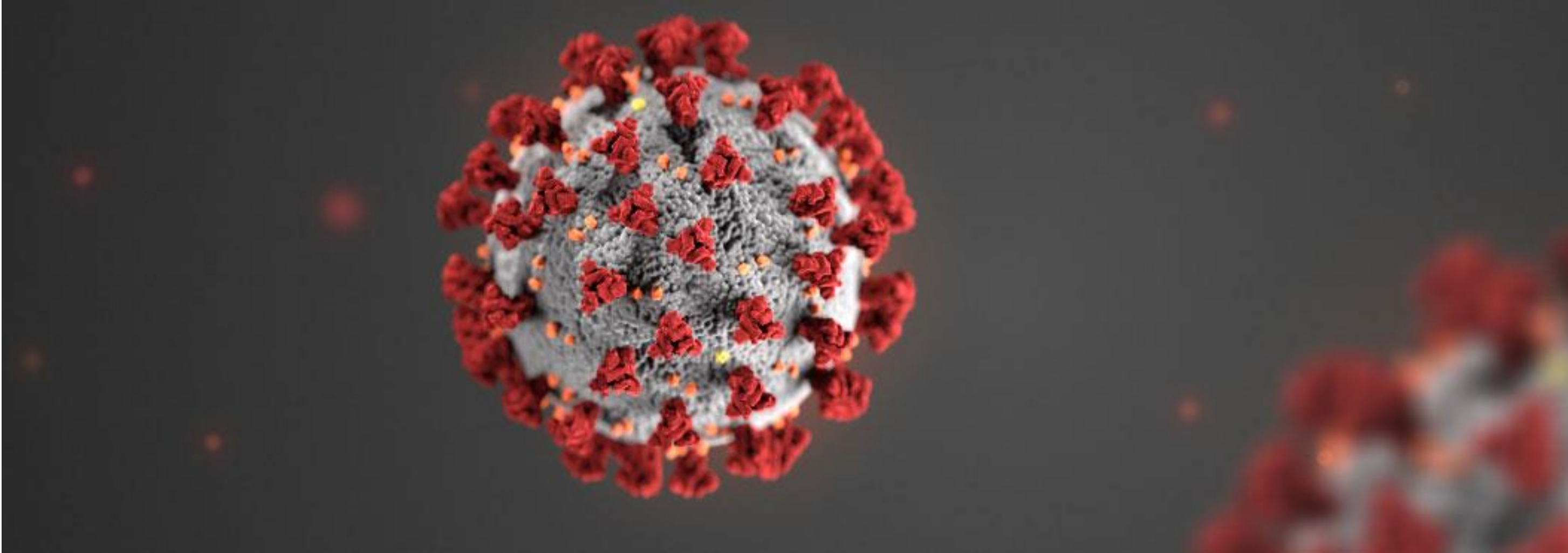
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Senior Director  
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# Complicated Transition From COVID-19 Lockdown

S&P Global Economics

Shaun Roache  
Managing Director  
Chief Economist, Asia-Pacific

April 2020



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# Global Economics | What We Are Learning

## Sudden-stop economics

- Lockdowns often necessary to contain COVID
- Economic cost is large (initial 1 month  $\approx$  3% of full-year GDP in Asia-Pacific)

## Who gets hurt and how policymakers will react

- Services and SMEs especially hard hit. Jobs vulnerable.
- Massive, wide-ranging policy easing. Creative monetary policy. Worry about side-effects later.

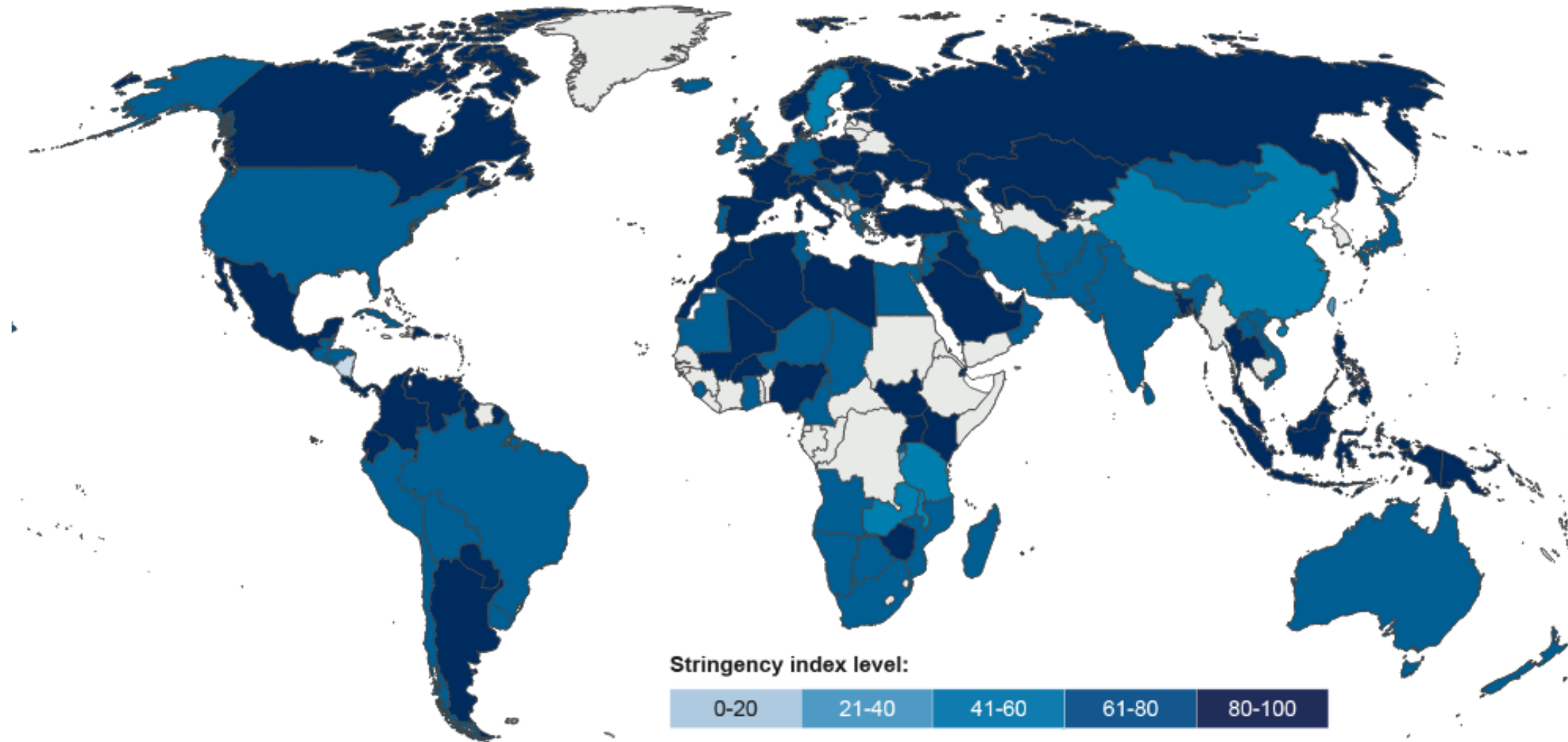
## After lockdown comes transition

- Countries will move randomly on continuum between lockdown and business-as-usual
- Some activities will be depressed. Recovery will be gradual

## What we do not yet know is how the world will change

- Less travel, more healthcare. Fewer casinos, more clinics
- But we will only learn about the long-run effects on the economy gradually over time
- This is important for the timing of stimulus withdrawal

# Global Economics | From Lockdown To Transition



Oxford COVID-19 Government Response Tracker collects publicly available information on 13 indicators of government response (S1–S13). Nine of the indicators (S1–S7, S12 and S13) take policies such as school closures, travel bans, etc, and are recorded on an ordinal scale; the others (S8–S11) are financial indicators such as fiscal or monetary measures.

The tracker aggregates the policy scores (not the financial scores) into a common 'Stringency Index' (0-100). Note that this index simply records the number and strictness of government policies, and should not be interpreted as 'scoring' the appropriateness or effectiveness of a country's response. A higher position in the Stringency Index does not necessarily mean that a country's response is 'better' than others lower on the index.

Source: Hale, Thomas, Sam Webster, Anna Petherick, Toby Phillips, and Beatriz Kira (2020). Oxford COVID-19 Government Response Tracker, Blavatnik School of Government.

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# Global Economics | Assumptions and Forecasts

## Difficult transition through mid-2021, policies are a bridge to the recovery

- We cannot and do not predict the evolution of the pandemic, but we do need assumptions to have any sort of view about the economy.
- We assume first-wave containment by end-Q2, complicated transition, medical resolution mid-2021. Policies are a bridge to the (eventual) recovery

### Global Economic Growth Forecasts (%)

	2019	2020	2021	Change from Dec 2019:		Trend
				2020	2021	
Australia	1.8	-4.0	5.7	-6.2	3.4	2.5 - 2.7
China	6.1	1.2	7.4	-4.5	1.8	5.5 - 5.7
India	5.0	1.8	7.5	-4.7	0.5	6.5 - 7.0
Indonesia	5.0	1.8	6.3	-3.3	1.2	5.0 - 5.2
Japan	0.8	-3.6	3.0	-3.7	2.2	0.7 - 0.9
Korea	2.0	-1.5	5.0	-3.6	2.7	2.5 - 2.7
Asia-Pacific	4.7	0.3	6.7	-4.5	1.9	...
U.S.	2.3	-5.2	6.2	-7.5	4.3	...
Eurozone	1.2	-7.3	5.6	-8.5	4.6	...
World	2.9	-2.3	5.8	-5.5	2.5	...

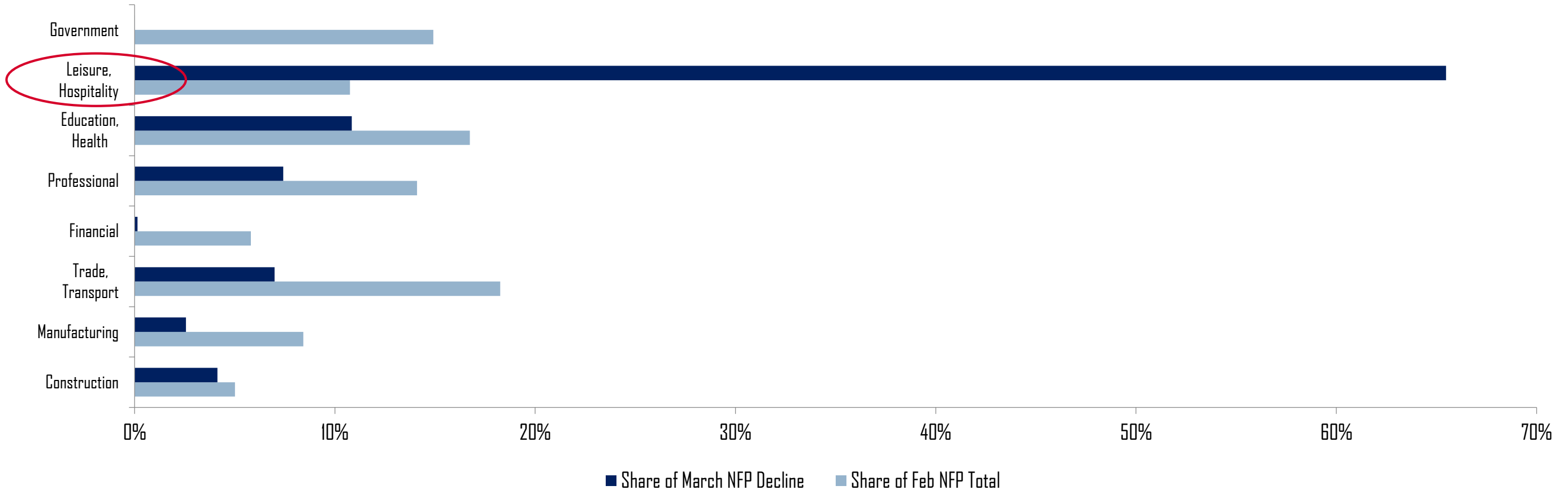
Note: Actual for 2019. Fiscal year for India. Trend refers to the S&P Global Economics' pre-COVID estimate of the current growth rate achievable when the economy is at full capacity and inflation is stable at the target rate. Asia-Pacific and World are PPP GDP-weighted averages.

Source: S&P Global Economics.

# Global Economics | Service Sector Stress

An early read from timely U.S. labor market data

Early Job Losses Concentrated In Some Parts Of The Service Sector  
Share of job losses in recent non-farm payroll reports



Source: BLS, S&P Global Economics.

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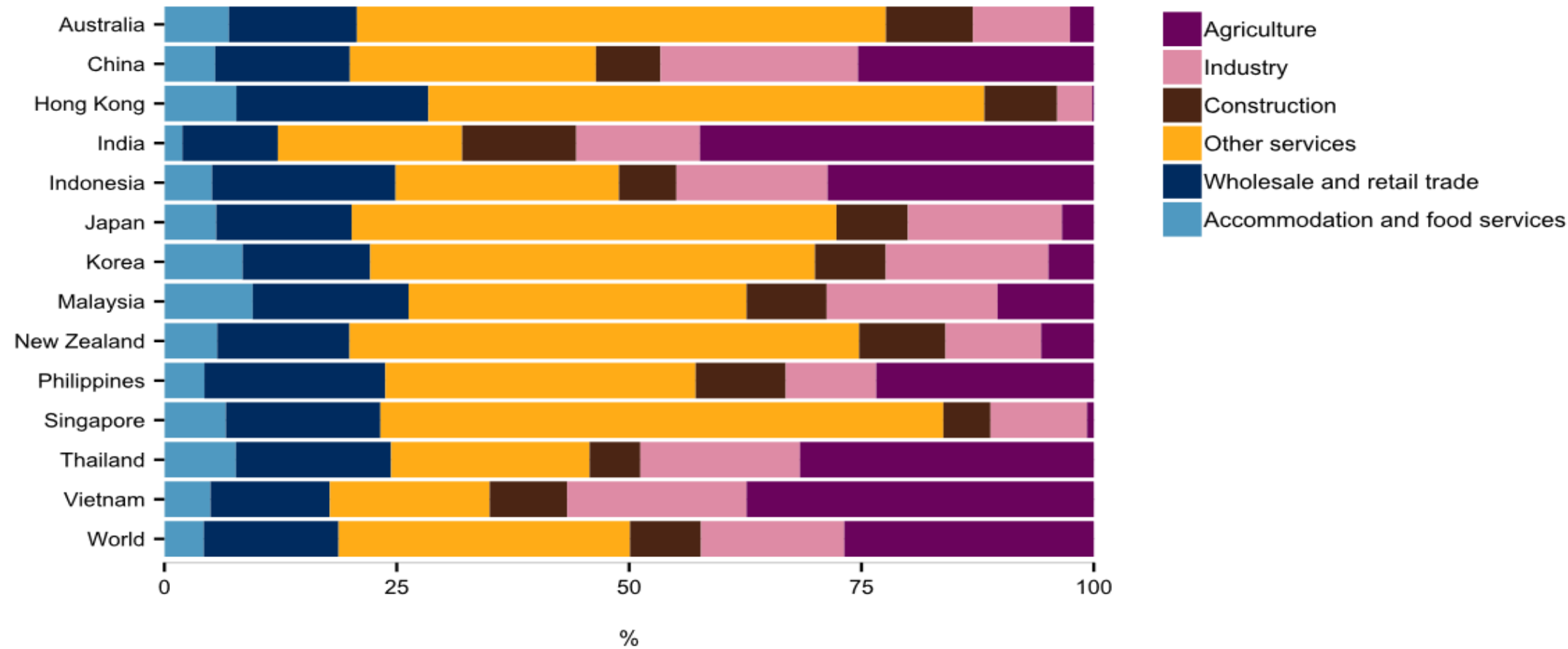


# Asia-Pacific Economics | Service Sector Stress

Asia is the world's factory but most workers are in the service sector

The Service Sector Is The Largest Employer Across Asia-Pacific

Share of total employment by sector in 2019



Source: International Labor Organization and S&P Global Economics.  
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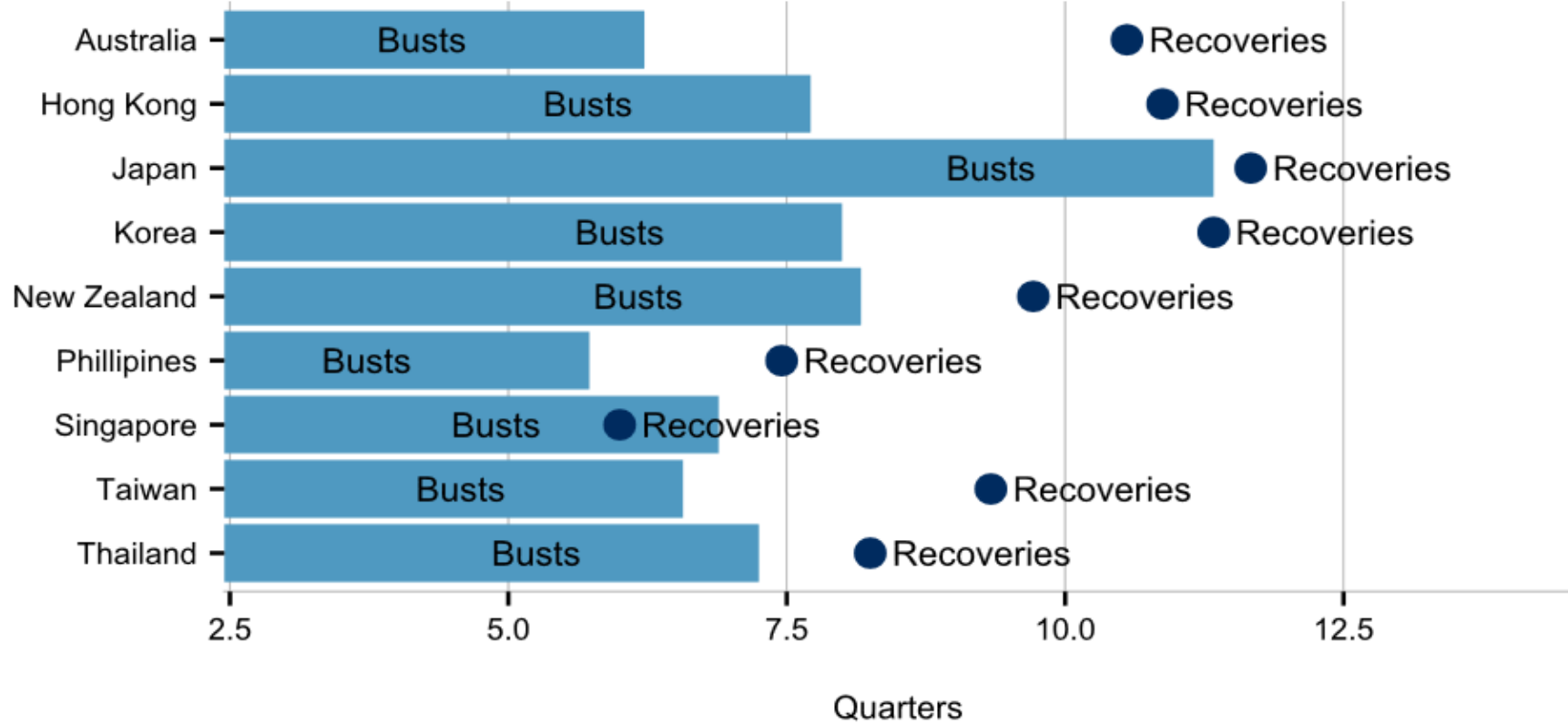
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# Asia-Pacific Economics | Jobs Asymmetry

Jobs are easily lost but hard to win back

Jobs Busts Are Short And Recoveries Are Long  
 Average duration of up and down cycles in the unemployment rate since 1980

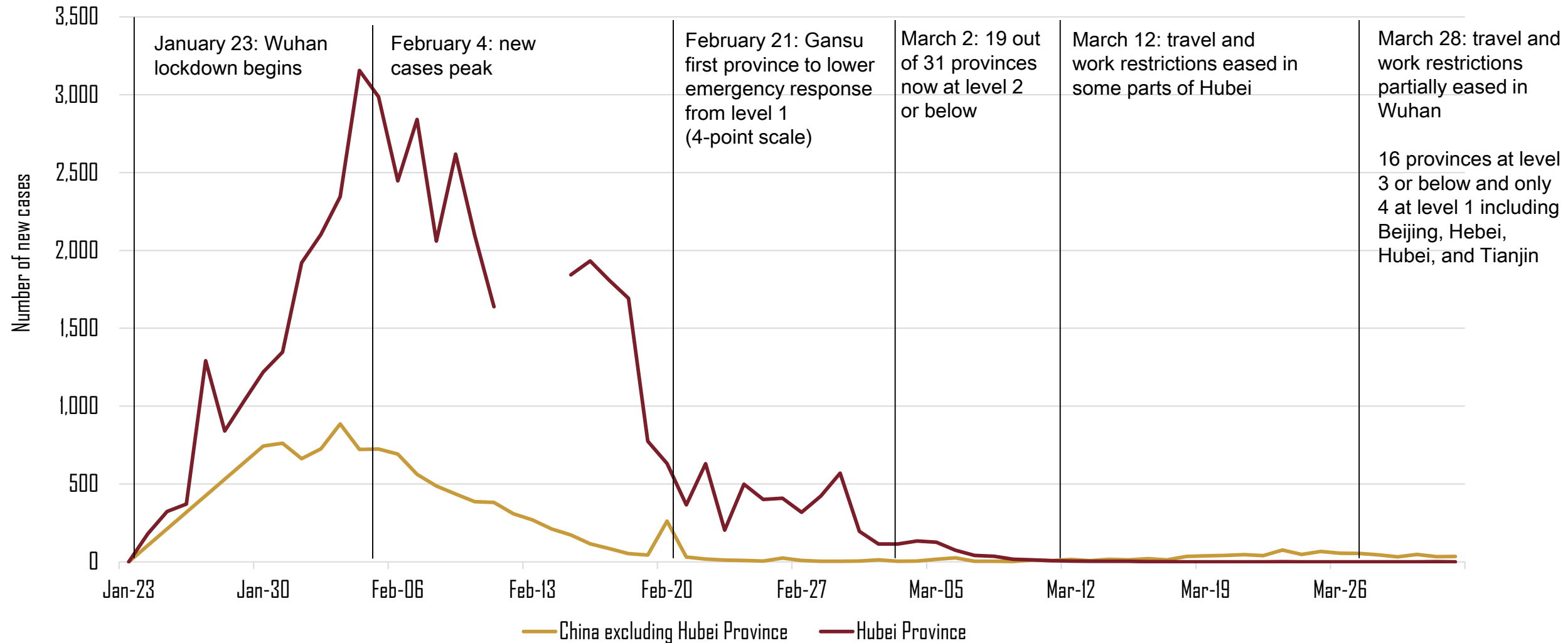


Note: Cycles identified by the Bry-Boschan algorithm using data from 1980 where available.  
 Source: CEIC and S&P Global Economics.  
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# Asia-Pacific Economics | China's Slow Return

## China's Approach Triggered An Economic Sudden-Stop But Contained The First Wave Of Infections



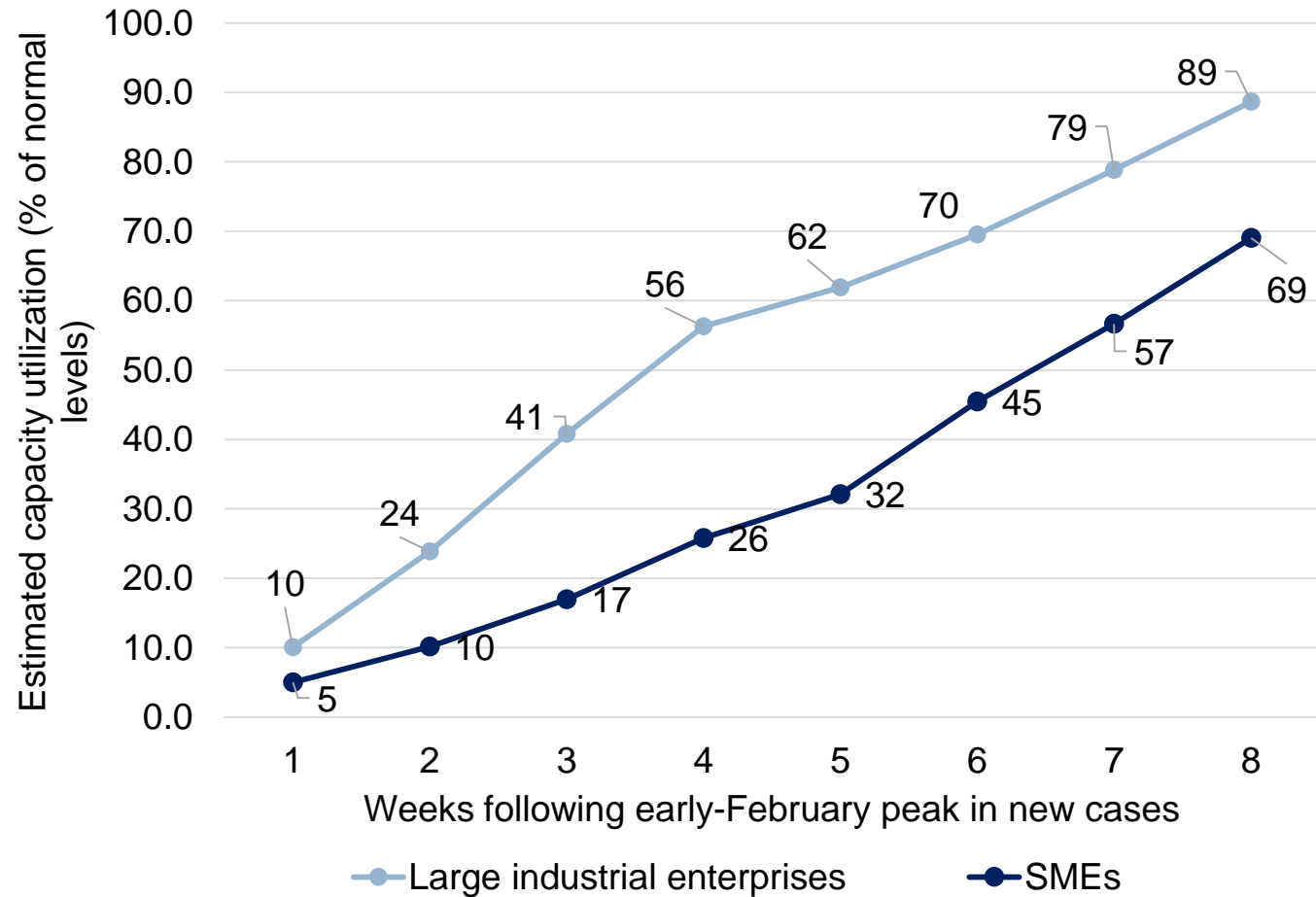
Note: Days during which measurement methodology changed have been excluded to show the underlying trend.

Source: National Health Commission of China and S&P Global Economics.

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# Asia-Pacific Economics | China's Slow Return

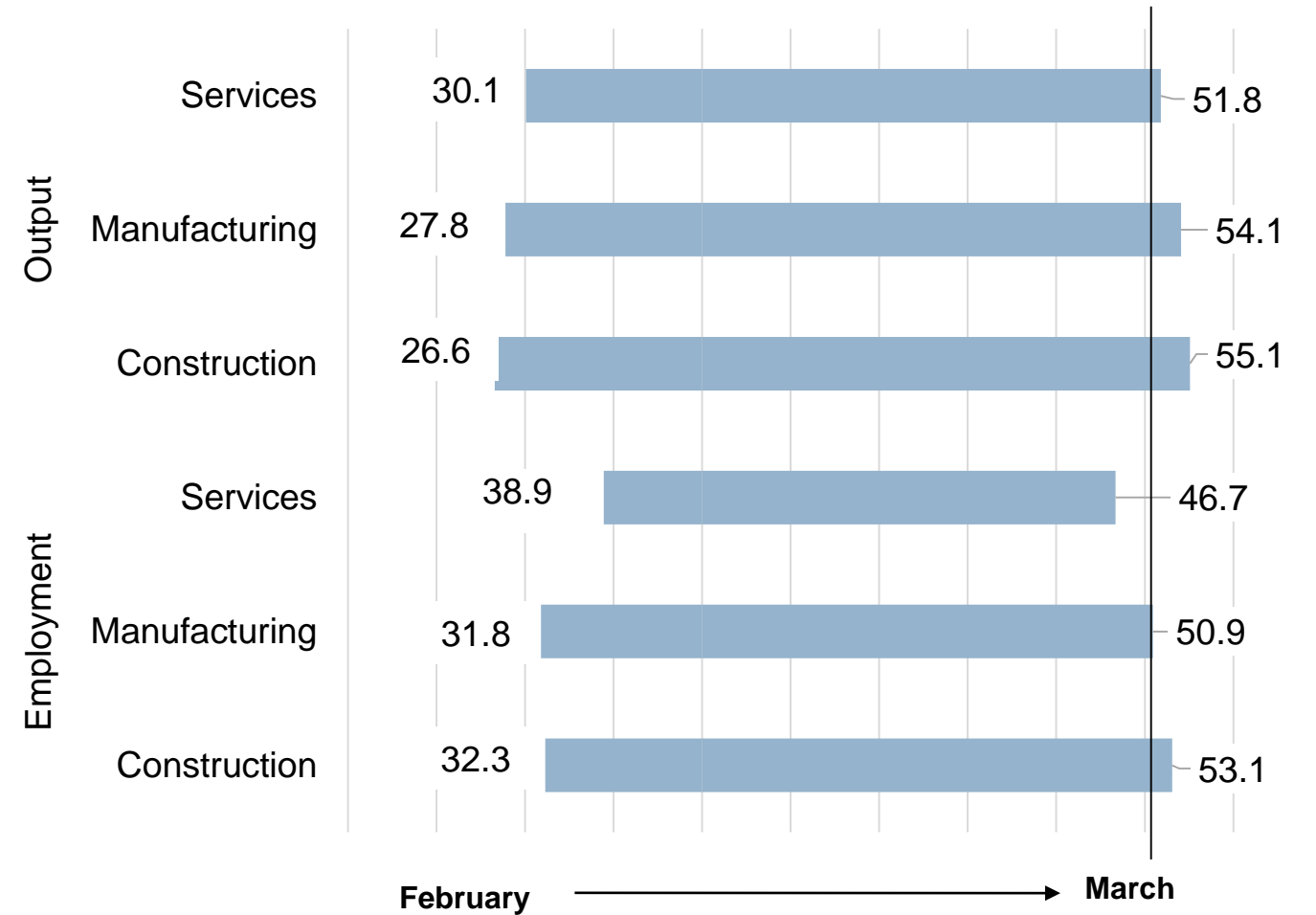
## Large Industrial Firms Recover Quicker Than SMEs



Note: Capacity utilization estimated from plant resumption rates and worker return rates. Missing data are interpolated or estimated.

Source: Ministry of Industry and Information Technology (MIIT); State Council; and S&P Global Economics.

## PMI Services Lagging Manufacturing Pick Up



Note: Official Purchasing Managers Index (PMI) for February and March 2020. A number above (below) 50 indicates a majority of firms reported higher (lower) output or employment compared to the previous month.

Source: National Bureau of Statistics and S&P Global Economics.

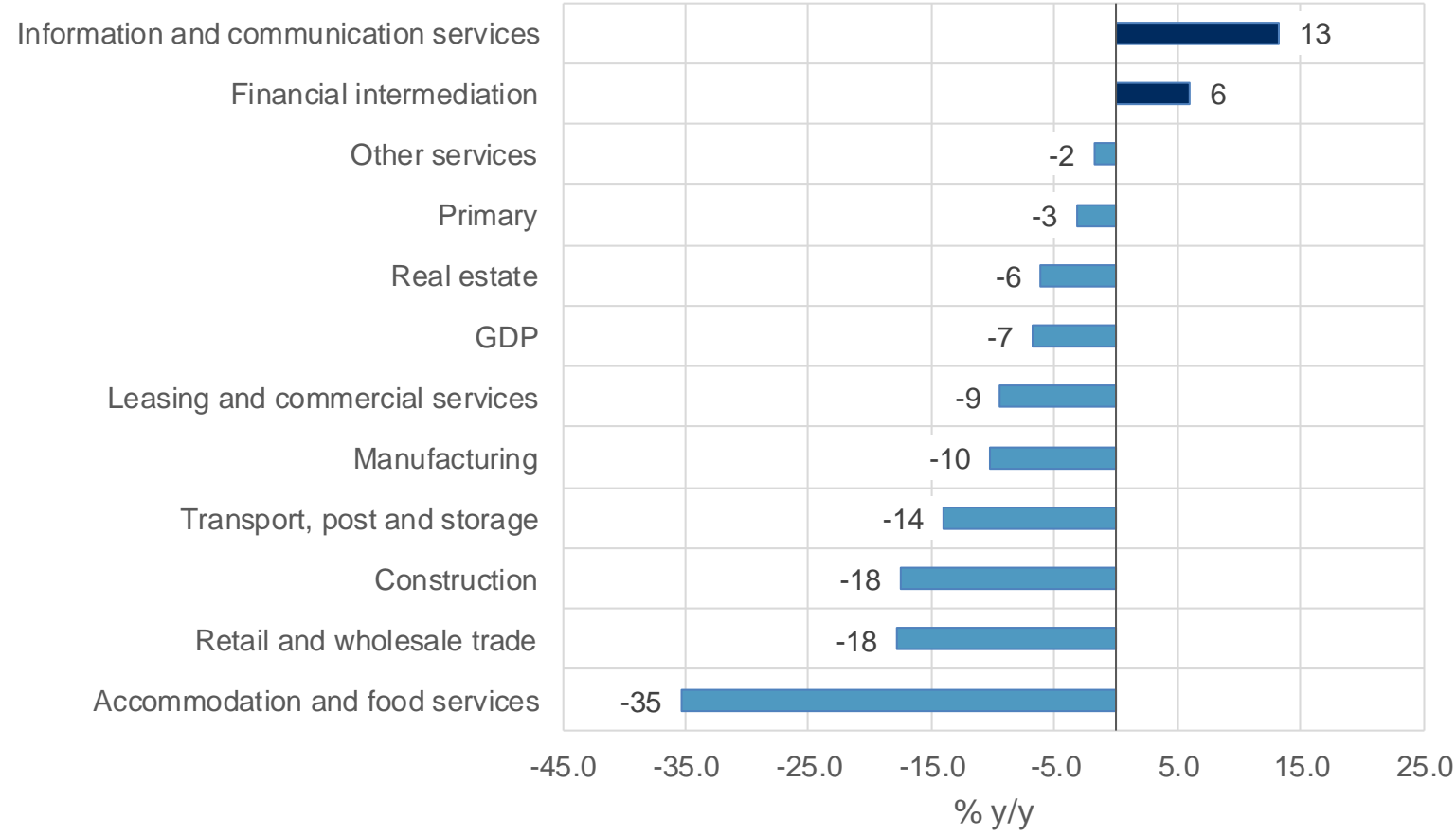
# Asia-Pacific Economics | China's Q1 Shock

## China's GDP gives an early reading of who hurts most across sectors

- No surprise. Hospitality and retail. Construction hurt by migrant labor travel restrictions.

### China's Economy Shrank Almost 7% In Q1 From A Year Ago

Real GDP index percent change y/y



Source: NBS.  
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# Asia-Pacific Economics | China's Building Stimulus

China is healing and stimulus is building—tailwind for growth in H2 if virus remains contained

- Financial conditions are easing quickly reflecting easing across
- Net new credit flows now resembling previous easing cycle

## China's Stimulus Is Showing Up In New Credit Flows

Seasonally-adjusted total social financing credit as a share of trend GDP



Note: Trend nominal GDP calculated from a Hodrick-Precostt filter with forecasts to address end-point bias. Credit includes bank loans, trust loans, entrusted loans, net corporate bond issuance, and net local government bond issuance. Three-month seasonally-adjusted sum as a ratio of annualized trend GDP.

Source: People's Bank of China; CEIC; and S&P Global Economics.

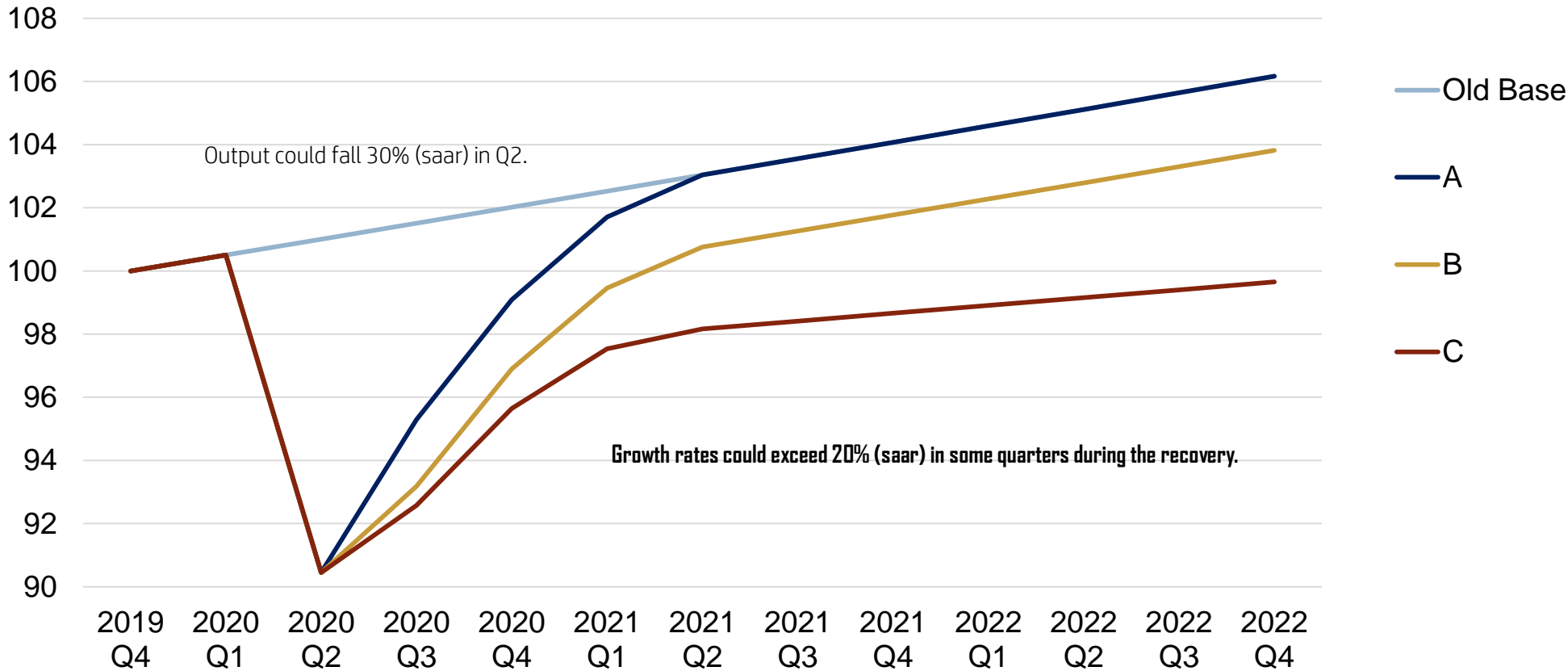
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# Global Economics | Mapping the Recovery

## Different recovery paths

- Three things to consider post-COVID
- 1. Potential output; 2. potential growth; 3. speed of recovery. Important for policy.

Three Possible Post-COVID-19 Paths For Any Economy  
Simulated recovery paths



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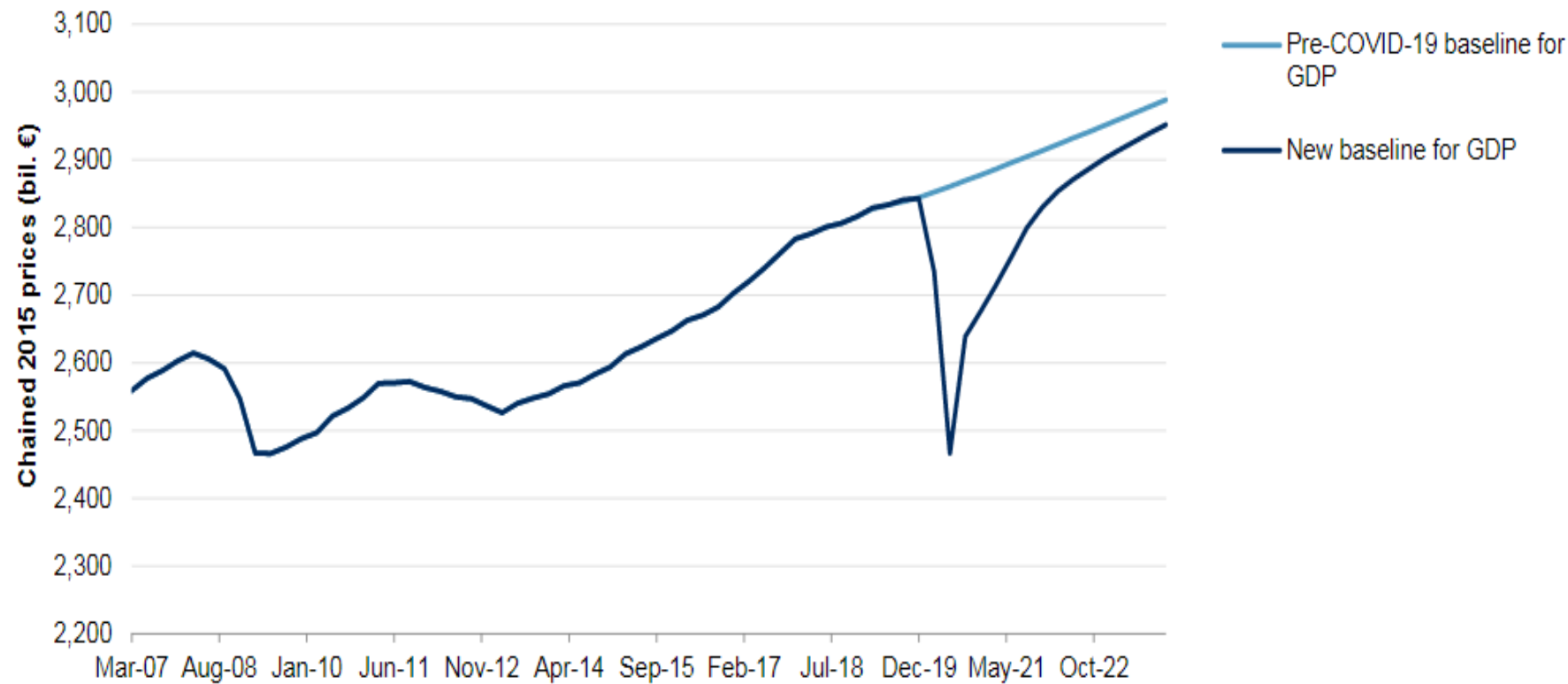
# Global Economics | Mapping the Recovery

## A long lingering hit on Europe

- We forecast the eurozone economy be roughly 1.4% smaller in 2023 than we had expected before the pandemic began

### S&P Global Forecasts For Europe's Economy

Real GDP forecast level relative to the pre-COVID trend



Source: S&P Global Economics.

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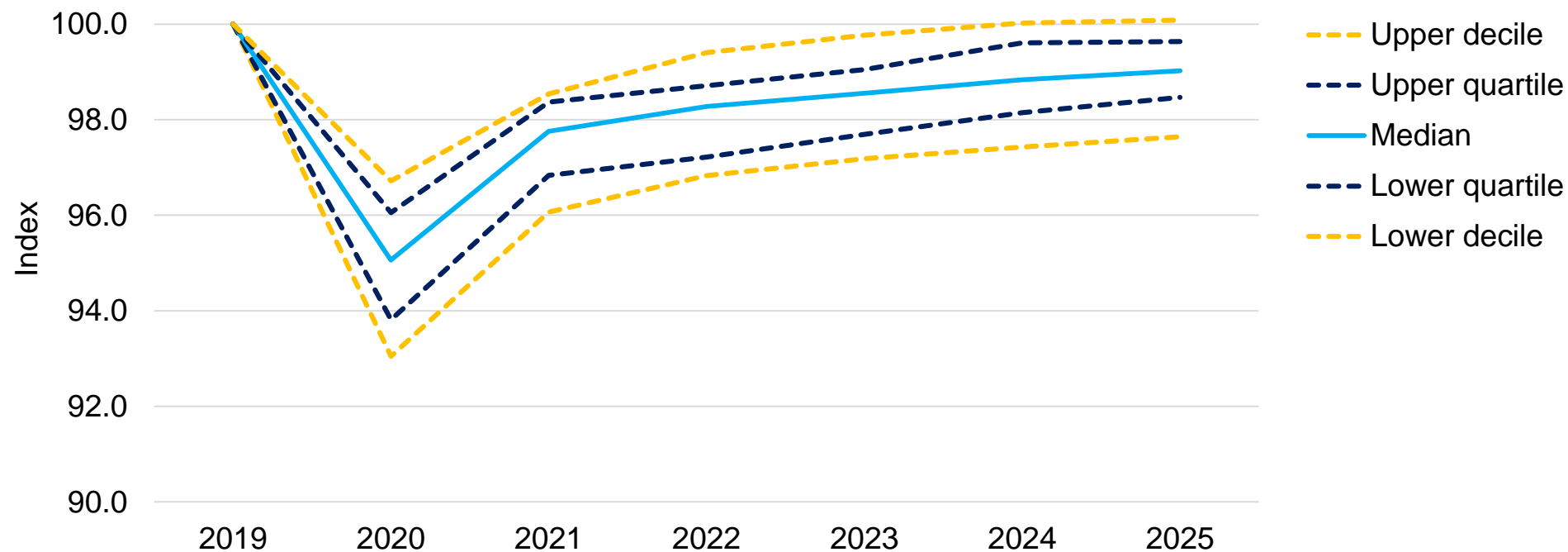
# Global Economics | Mapping the Recovery

The world will change. Fewer casinos, more clinics. But impact on output in long run still uncertain

- Long-run will be driven by the labor force, tangible and intangible capital, and productivity.
- We we still expect activity to return close to the pre-COVID-19 trend at some point in 2023

## S&P Global Forecasts Asia-Pacific Will Climb Back Gradually

Real GDP forecast level relative to the pre-COVID trend



Note: Output relative to the long-run pre-COVID-19 trend. Forecasts for 2024 and 2025 are illustrative.  
Source: S&P Global Economics.

# Global Economics | **Downside Risks To The Outlook**

## **Pandemic**

- Transition is bumpy, second and third waves of infection, intermittent lockdowns
- Timing of vaccine and therapy

## **SMEs**

- Access to finance, buffers
- Duration matters

## **Jobs**

- Policies supporting employment may wane
- Could severely affect labor force

## **Financial conditions**

- Federal Reserve and other G10 central bank policies have eased pressures, especially on US\$
- Creates policy space for bridging to the recovery

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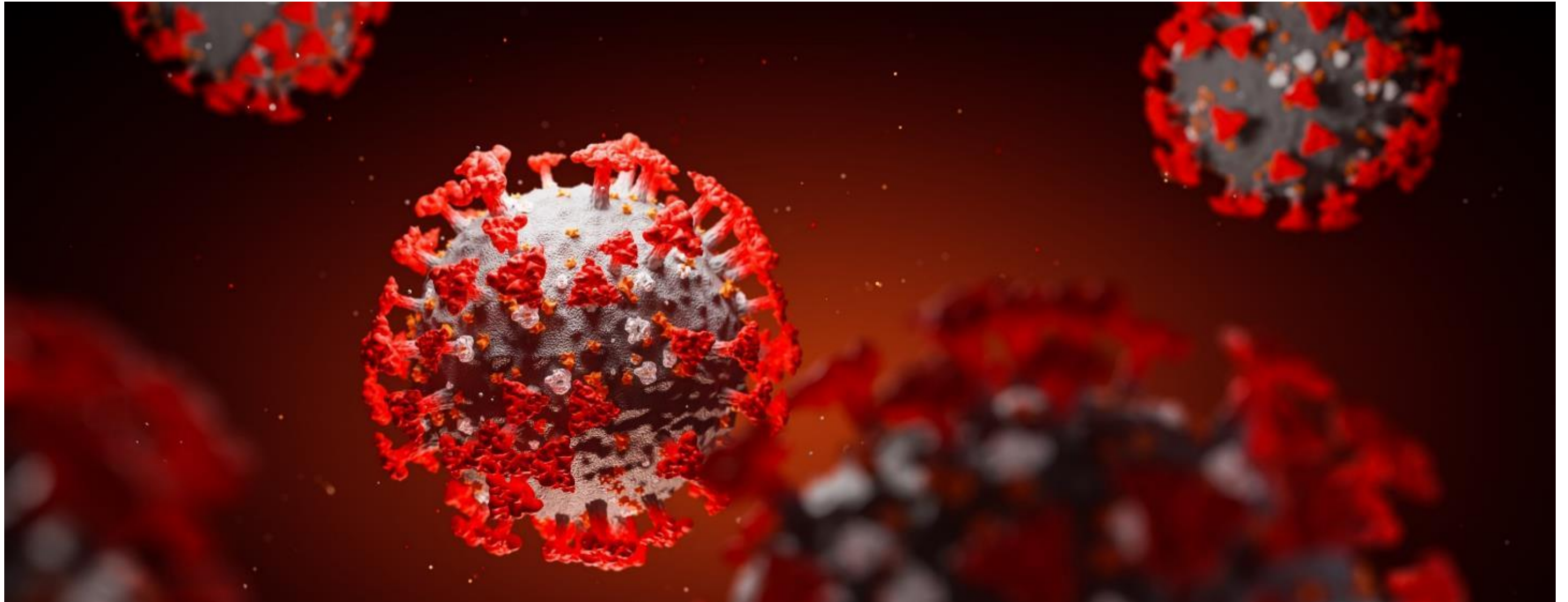
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**Thank you**

# The Great Reset

Outlook and issues for India in a Covid-19 world

Dharmakirti Joshi  
Chief Economist, CRISIL



April 30, 2020

# Key messages

- Base case GDP growth expected at 1.8% for fiscal 2021. **Risks tilted towards the downside scenario of zero GDP growth**
  - Permanent loss of around 4% of real GDP
- Vulnerability and financial conditions
  - External vulnerability low with current account deficit projected 0.2% of GDP and adequate forex reserves, but domestic vulnerability indicators worsening. Risk-off scenario will, however, keep currency volatile.
  - Tight financial conditions
- Fiscal support needs to go up in scale and scope beyond vulnerable households to cover firms as well



# Economy was in a limbo even before the pandemic hit

Growth (y-o-y %)		Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	
Industry	<b>1. IIP growth</b>															
	a. Total	0.2	2.7	3.2	4.5	1.3	4.9	-1.4	-4.6	-6.6	2.1	0.1	2.1	4.5	n/a	
	b. Manufacturing	-0.3	3.1	2.5	4.4	0.3	4.8	-1.7	-4.3	-5.7	3.0	-0.7	1.6	3.2	n/a	
	c. Capital goods	-9.3	-9.1	-1.4	-2.1	-6.9	-7.0	-20.9	-20.5	-22.4	-8.9	-18.0	-4.3	-9.7	n/a	
	d. Consumer durables	0.9	-3.2	2.2	0.2	-10.2	-2.4	-9.7	-10.5	-18.9	-1.4	-5.4	-3.8	-6.4	n/a	
	e. Consumer non-durables	5.0	1.4	5.4	8.1	7.4	8.5	3.1	-1.1	-3.3	1.1	-3.9	-0.3	0.0	n/a	
	<b>2. Cement production (IIP cement)</b>	8.0	15.8	2.3	2.8	-1.9	7.7	-5.1	-1.9	-7.7	4.3	5.4	5.1	8.6	n/a	
	<b>3. Steel production (Final steel consumption)</b>	7.7	9.8	-1.3	9.4	1.6	16.0	1.7	-0.2	0.2	0.8	2.2	3.5	-2.3	-22.9	
	<b>4. PMI Manufacturing</b>	54.3	52.6	51.8	52.7	52.1	52.5	51.4	51.4	50.6	51.2	52.7	55.3	54.5	51.8	
	<b>5. Domestic auto sales</b>															
	a. Total	-3.7	-14.2	-15.9	-8.6	-12.3	-18.7	-23.5	-22.4	-12.8	-12.1	-13.1	-13.8	-19.1	-45.0	
	b. Tractors	-2.6	-17.0	-14.0	-15.7	-13.5	-13.1	-16.5	-4.7	-5.0	-13.2	2.4	4.8	21.3	-43.5	
	c. Commercial vehicles	-0.4	0.3	-6.0	-10.0	-12.3	-25.7	-38.7	-39.1	-23.3	-15.0	-12.3	-14.0	-32.9	-88.1	
	d. Two-wheelers	-4.2	-17.3	-16.4	-6.7	-11.7	-16.8	-22.2	-22.1	-14.4	-14.3	-16.6	-16.1	-19.8	-39.8	
	e. Cars	-4.4	-6.9	-19.9	-26.0	-24.1	-36.0	-41.1	-33.4	-6.3	-10.8	-8.4	-8.1	-8.8	-52.1	
Services	<b>1. PMI-Services</b>	52.5	52	51	50.2	49.6	53.8	52.4	48.7	49.2	52.7	53.3	55.5	57.5	49.3	
	<b>2. Domestic airline passenger traffic</b>	4.2	-1.5	-6.4	-0.3	4.6	1.2	3.2	0.2	2.7	10.5	1.9	1.5	n/a	n/a	
	<b>3. Railway freight cargo</b>	4.3	6.6	3.2	2.9	2.0	1.6	-6.1	-6.6	-8.1	0.9	4.3	3.0	6.5	-13.9	
	<b>4. Number of telecom subscribers</b>	2.2	-1.9	3.1	2.6	1.5	0.8	0.2	0.3	1.1	-1.5	-2.1	n/a	n/a	n/a	
Inflation	<b>1. CPI inflation</b>	2.6	2.9	3.0	3.0	3.2	3.1	3.3	4.0	4.6	5.5	7.4	7.6	6.6	5.9	
	a. Core CPI inflation	5.4	5.0	4.6	4.3	4.4	4.5	4.5	4.5	3.7	3.6	3.5	3.9	3.8	n/a	
	<b>2. WPI inflation</b>	2.9	3.1	3.2	2.8	2.0	1.2	1.2	0.3	0.0	0.6	2.8	3.1	2.3	n/a	
Wages	1. Agri wages	5.1	5.2	4.8	5.2	4.2	4.7	2.7	2.9	2.3	2.3	2.7	3.8	n/a	n/a	
	2. Non-agri wages	3.7	3.7	3.7	4.0	3.9	4.0	4.0	3.8	3.6	3.6	3.6	3.8	n/a	n/a	
Bank credit	<b>Total credit</b>	13.5	12.2	11.7	11.5	11.1	11.5	9.9	8.2	8.4	7.3	7.0	8.5	7.3	6.0	
	a. Non-food	13.2	12.3	11.9	11.4	11.1	11.4	9.8	8.1	8.3	7.2	7.0	8.5	7.3	n/a	
	b. Retail	16.7	16.4	15.7	16.9	16.6	17.0	15.6	16.6	17.2	16.4	15.9	16.9	17.0	n/a	
	c. Industry	5.6	6.9	6.9	6.4	6.4	6.1	3.9	2.7	3.4	2.4	1.6	2.5	0.7	n/a	
d. Services	23.7	17.8	16.8	14.8	13.0	15.2	13.3	7.3	6.5	4.8	6.2	8.9	6.9	n/a		
Commodity prices	<b>1. Brent crude oil price (\$/barrel)</b>	64.13	66.41	71.20	70.53	63.30	64.00	59.25	62.33	59.37	62.74	65.85	63.60	55.00	32.98	
	<b>2. Metals and minerals index</b>	-9.6	-4.0	-5.6	-9.4	-9.7	1.6	-2.6	-0.2	-3.7	-1.7	1.8	2.5	-8.6	-15.3	
G-sec	<b>10-year G-sec yield (%)</b>	7.57	7.50	7.39	7.29	6.94	6.52	6.50	6.67	6.68	6.47	6.65	6.58	6.42	6.24	
Currency	<b>Rs/\$</b>	71.2	69.5	69.4	69.8	69.4	68.8	71.1	71.3	71.0	71.5	71.2	71.3	71.5	74.4	
Trade	<b>Export growth</b>	3.2	12.2	0.3	3.4	-7.8	1.7	-6.4	-6.3	-1.1	-0.3	-1.6	-1.7	2.9	-34.6	

Source: Reserve Bank of India (RBI), National Statistical Office (NSO), Ministry of Commerce, Society of Indian Automobile Manufacturers (SIAM), CRISIL

# Three factors define India's response to the pandemic



**High population density makes India more vulnerable to spread of the virus.**



**Weak health infrastructure; India cannot take the medical overload if the pandemic spins out of control**



**Limited fiscal space, in comparison to advanced countries, to pave its way out of hardship**

# Assumptions to the fiscal 2021 base case (1.8% GDP growth)

**Assumption 1:** Containment measures will be relaxed as the effect of the pandemic subsides in the April-June quarter

	Q1	Q2	Q3	Q4
Stringency of containment measures				

*Fiscal year quarters; e.g., Q1 = April-June, 2020*

- **Assumption 2: Normal monsoon**

- According to the Indian Meteorological Department, monsoon is expected to be 96-104% of the long period average (LPA), which augurs well for agriculture

- **Assumption 3: Soft crude prices**

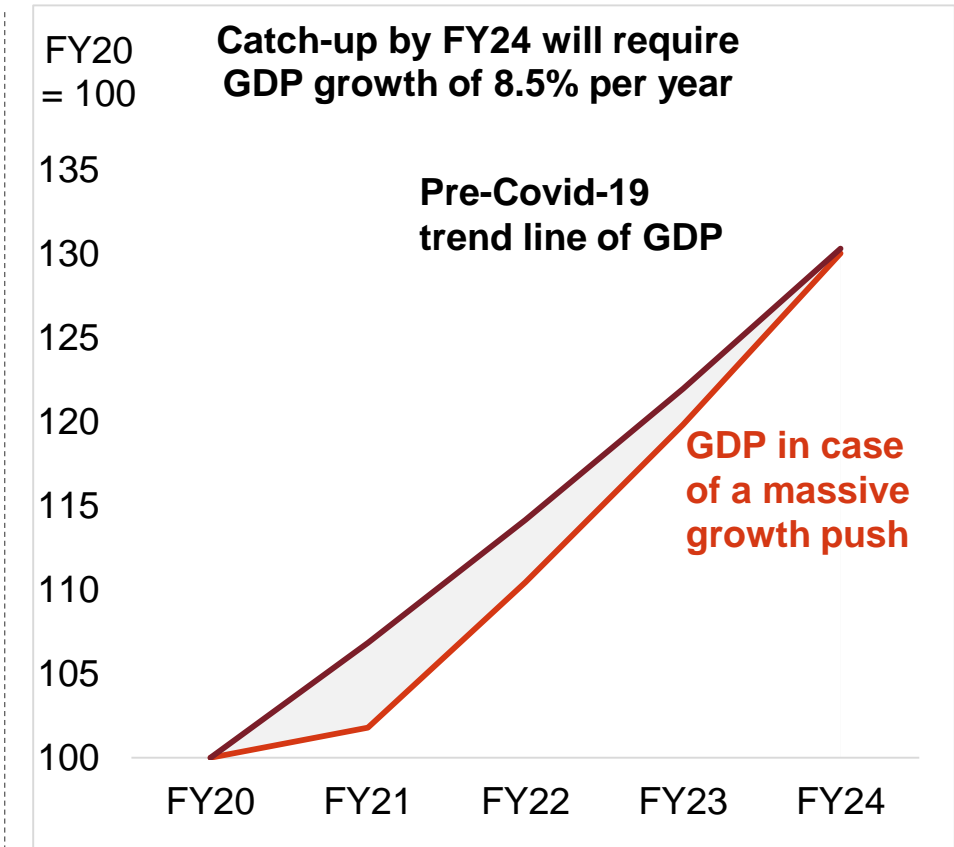
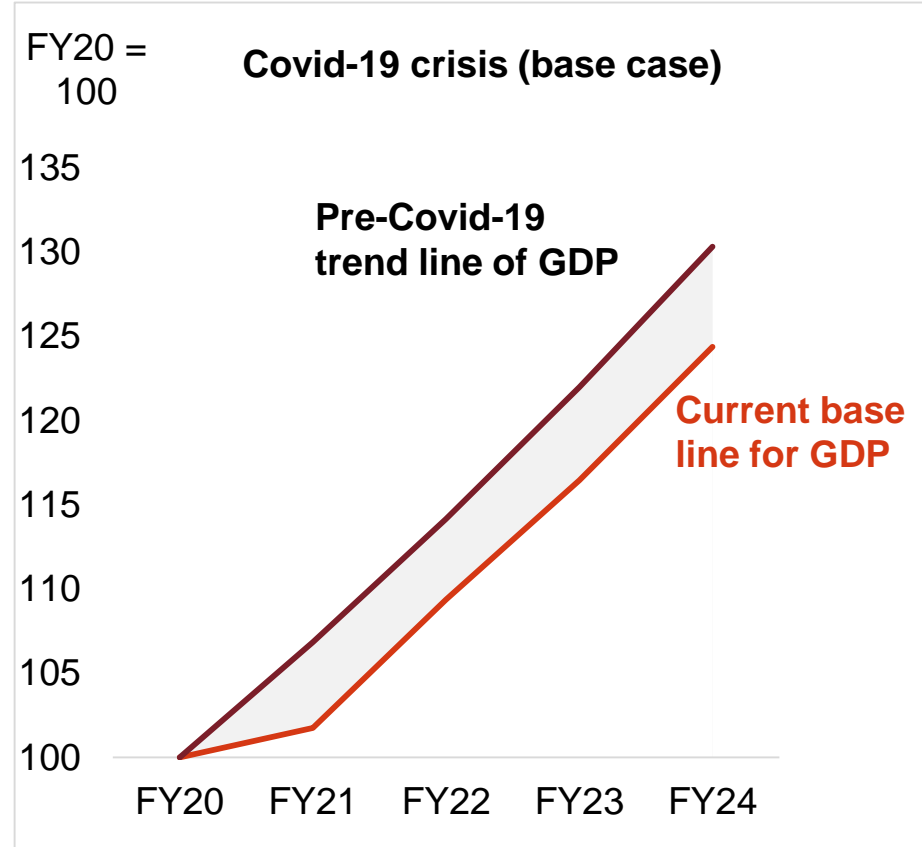
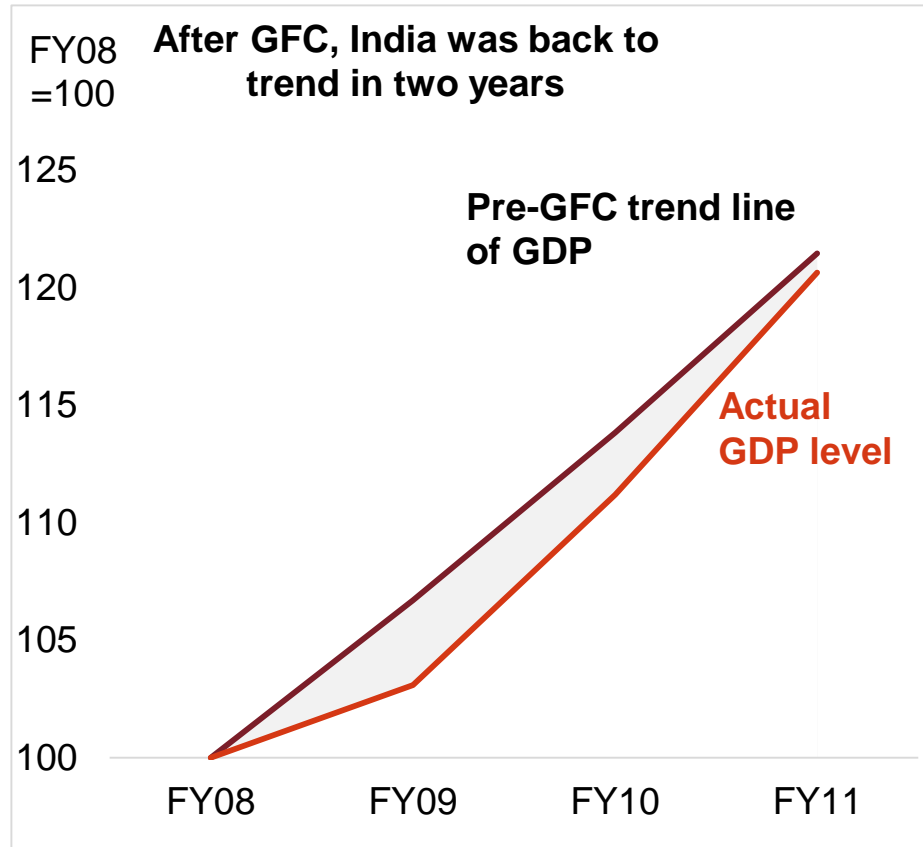
- Crude oil prices are expected to average \$30 per barrel in fiscal 2021

- **Assumption 4: Policy support**

- A ‘whatever it takes’ stance of monetary policy and a minimum fiscal support of Rs 3.5 lakh crore to support vulnerable sections and businesses

*Source: IMD and CRISIL Research*

# Permanent loss of 4% GDP likely



- Sharp growth spurt helped catch-up with trend within two years of the GFC
- GDP grew 8.2% on average in the two years following the GFC
- Massive fiscal spending, monetary easing, and swift global recovery played a role in V-shaped recovery

- A catch-up to trend GDP unlikely
- Monetary policy has been supportive and proactive but fiscal space to spend is somewhat constrained by tight fiscal position of Centre and states.
- We estimate ~4% permanent loss to real GDP (from the decadal trend levels) in the base case

- Catch-up requires a never-before seen GDP growth of 8.5% on average for three years up to fiscal 2024
- This would imply extraordinary and extended policy support, reforms and facilitations to support domestic business and supply chains, and attract foreign investment

# Alarm bells ring as financial conditions tighten

		Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20
Global conditions	S&P500 (%*)	11.5	7.5	11.3	13.0	17.0	-4.2	-9.4
	US 10-year treasury yield (%)	1.7	1.8	1.9	1.8	1.5	0.9	0.7
	Brent (\$ per barrel)	59.4	62.7	65.9	63.6	55.0	33.0	24.2
Foreign capital	Net FPI (\$ billion)	2.3	3.2	0.4	0.1	1.3	-15.9	-1.5
Forex markets	Rs/\$ (month-on-month, %)	-0.4	0.6	-0.4	0.2	0.2	4.0	2.7
Equities	Sensex (%*)	-0.7	10.0	13.0	18.6	11.6	-12.1	-35.9
Debt	10-year G-sec yield (%)	6.7	6.5	6.6	6.6	6.4	6.2	6.3
	Term premium (%)	1.1	1.0	1.1	1.1	1.1	1.2	1.9
	Corporate spreads (%)	0.8	0.9	0.9	0.8	0.7	1.0	
Money markets	Call money rate (%)	5.1	5.0	5.0	4.9	5.0	4.9	4.1
	Commercial paper 6-month rate (%)	6.69	6.41	6.34	6.35	6.17	6.89	
Liquidity	Net absorption(-)/injection(+) under LAF (Rs billion)	-1956	-2383	-2564	-3178	-3162	-3902	-6679
Credit availability	Bank credit growth (total)	8.4	7.3	7.0	8.5	7.3		

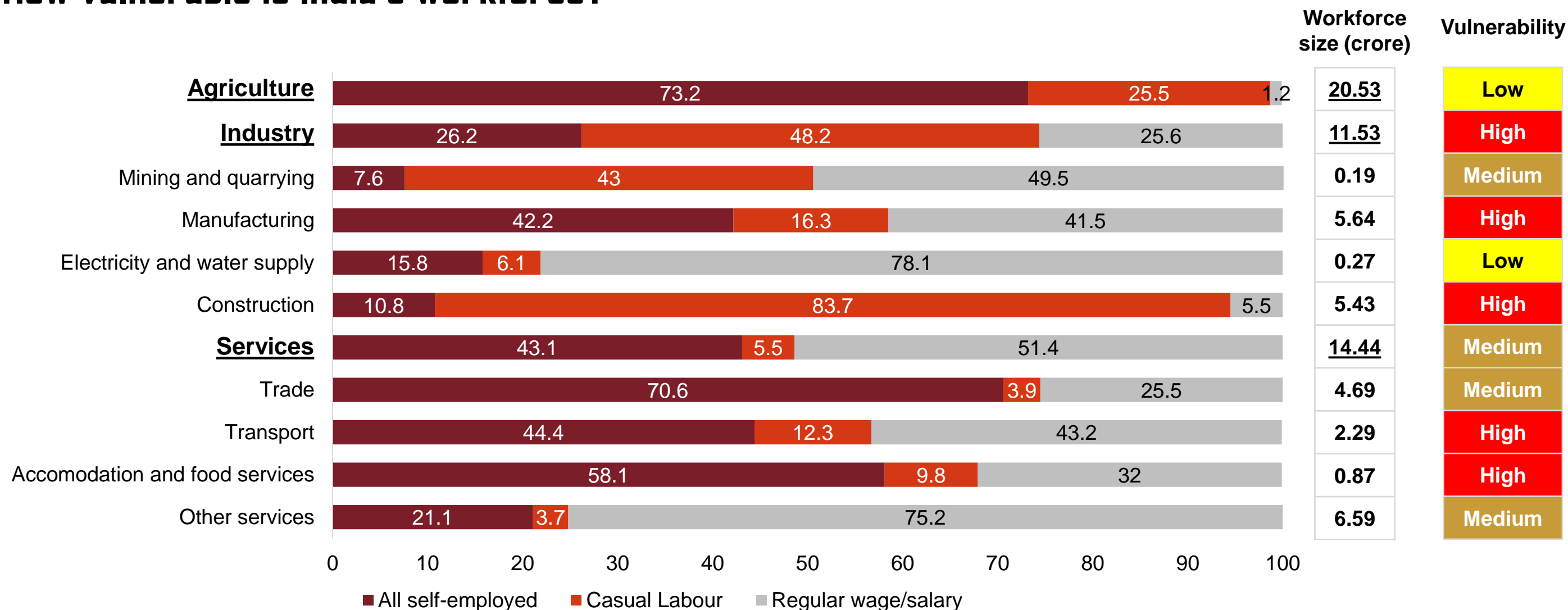
■ Favourable movement   
 ■ Adverse movement   
 ■ Neutral

Note: \*% change with respect to 2-year moving average, a positive % change in rupee implies depreciation against US dollar and vice-versa, 10 year G-Sec refers to 6.45% GS2029 yield, term premium is difference between 10 year and one year G-Sec yield, corporate spreads are for 10-year AAA rated public sector undertaking (PSU) benchmark over G-Sec; LAF is liquidity adjustment facility

Source: RBI, National Securities Depository Ltd (NSDL), US Treasury department, CEIC, CRISIL

- Global market volatility and risk-off sentiment has significantly impacted Indian markets
- All asset classes are seeing high volatility
- This puts more stress on the financial sector, which had limited ability to lubricate the economy to begin with

# How vulnerable is India's workforce?



Source: PLFS 2017-18, CRISIL; **Other services** include information and communication, financial and insurance activities, real estate activities, administrative activities etc.

- India's workforce or active working population is estimated at ~46.5 crore. Of this, 89-90% or about 41.5 crore work in informal economy (i.e. without any social security benefits)
- Casual labourers, majority of the self employed, and a part of regular wage/salary workers in the organised sector whose work is contractual in nature constitute the base of informal workforce in India
- Though agriculture employs almost four times the informal workers than construction, it is likely less impacted because of the lockdown as it is an essential service and also the farm economy has received support under the PM-Kisan scheme



# Policy response must limit the damage



## **Avant-garde role for monetary policy**

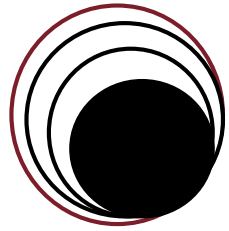
- More deep rate cuts, liquidity support, loan forbearance, moratorium, and targeted long term repo operations



## **Fiscal policy needs to be flexible and responsive**

- Top up welfare measures to address household income disruptions of the vulnerable in cash and kind
- More support for businesses, particularly small and medium enterprises via direct support and guarantees

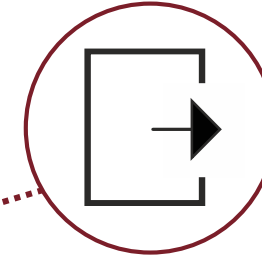
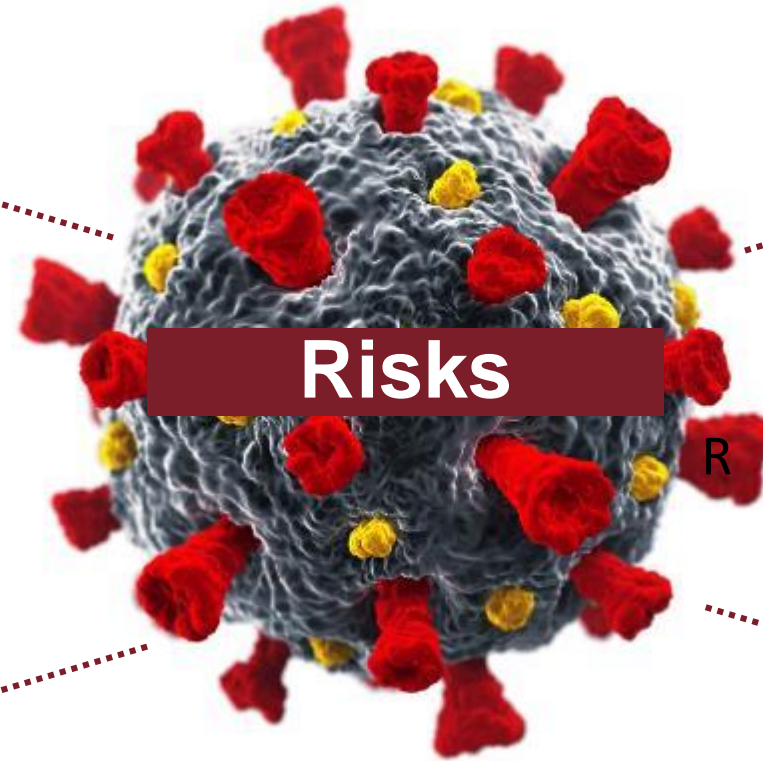
# Risks to our forecast



Containment could take longer than expected, 'second wave' risks to be dealt with



If fiscal support to incomes and demand is lacking, recovery will be challenged



Existing stress in the financial sector could worsen



Monsoon fails

# Thank you

# Corporate revenue and profitability

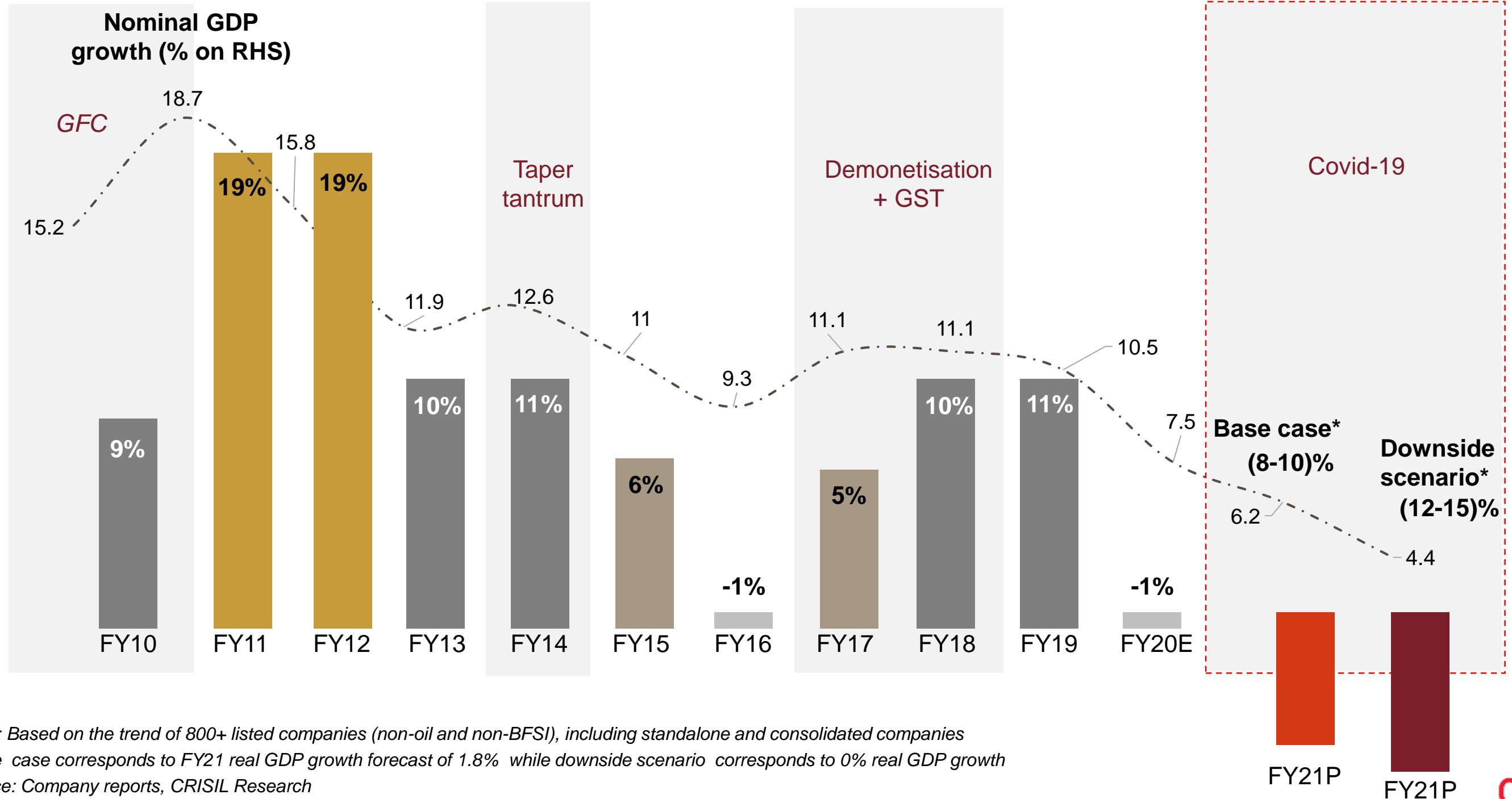


**Prasad Koparkar**

Senior Director, CRISIL Research

# India Inc set to log its worst performance in a decade

Revenue growth versus nominal GDP growth (y-o-y)

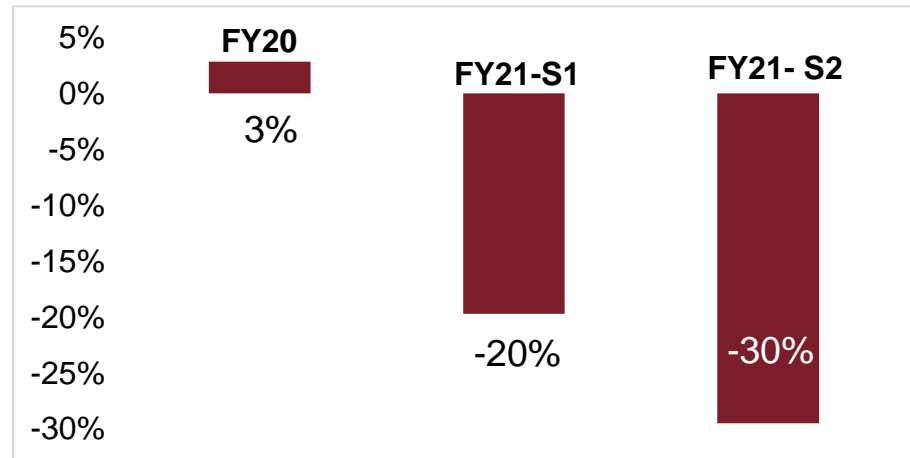




# Discretionary segments and construction to be hit hardest

## Consumer discretionary services

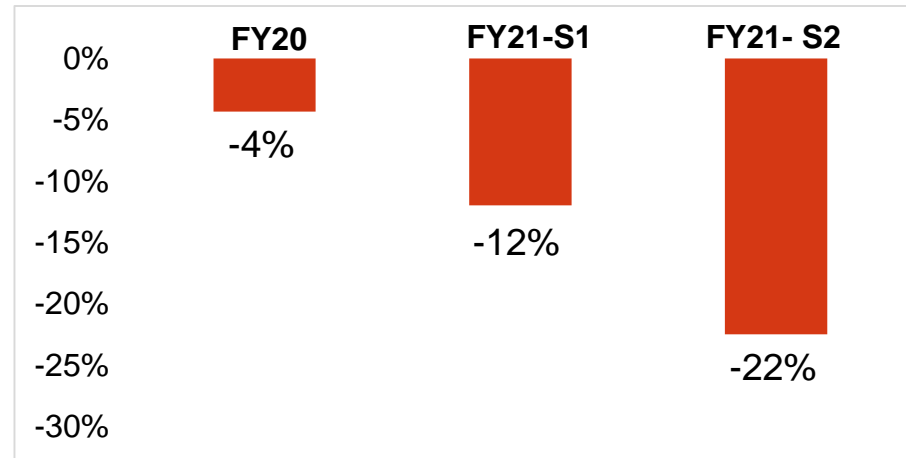
LPA: 12-14%



\*Includes airlines, hotels, media, organised retail

## Consumer discretionary products

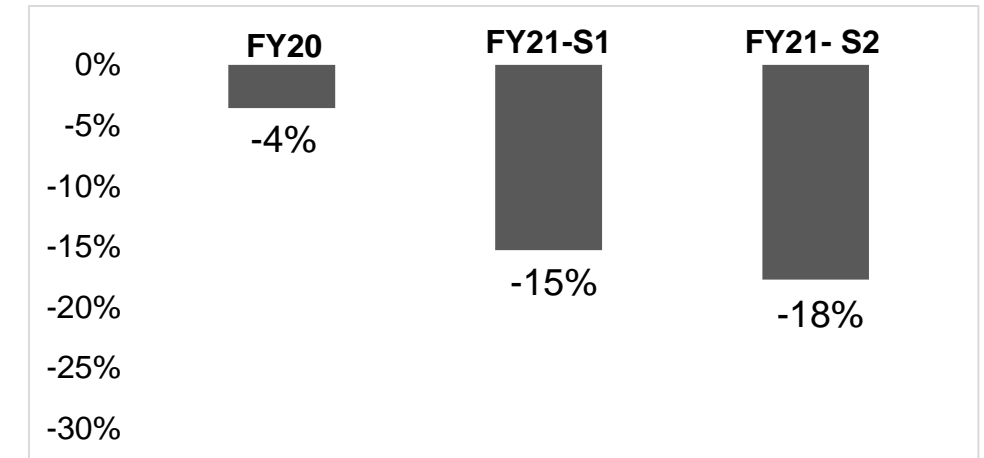
LPA: 12%



\*Includes auto, consumer durables

## Exports-merchandise (excluding pharma)

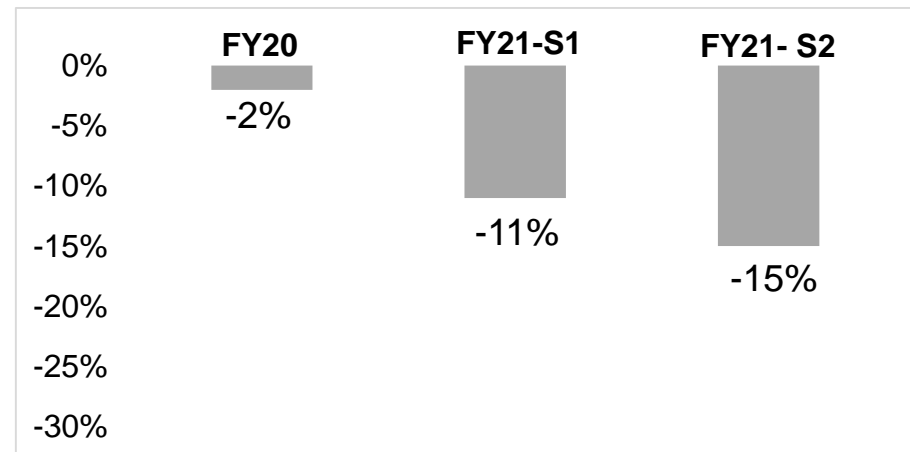
LPA: 4%



\*Includes textiles, gems and jewellery

## Construction

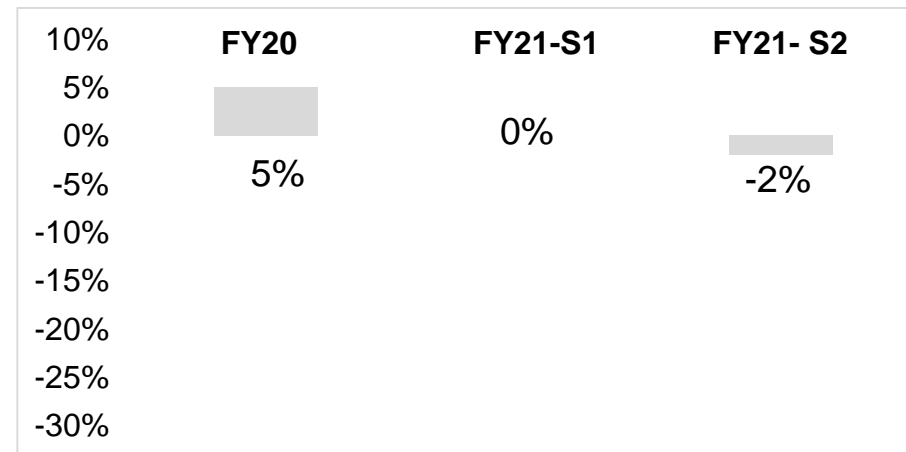
LPA: 13%



\*Includes infrastructure and real estate construction

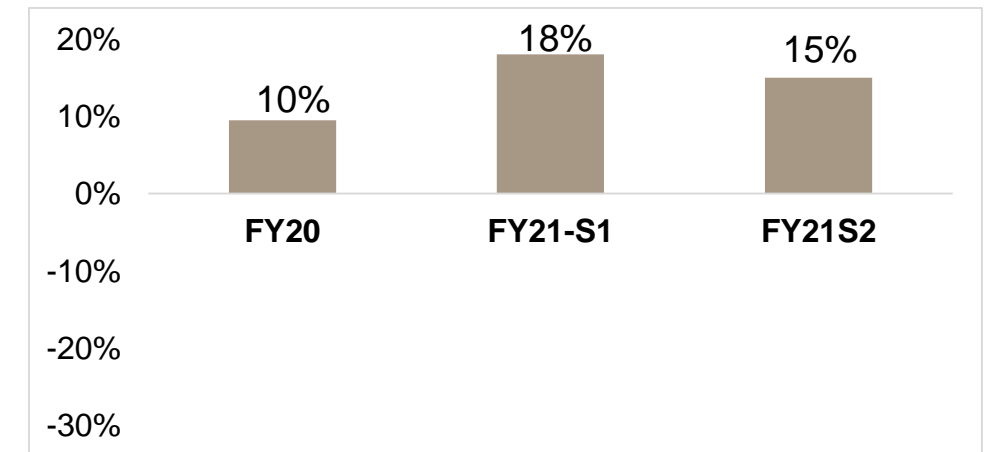
## Consumer staples - FMCG

LPA: 10-12%



## Telecom services

15-17%



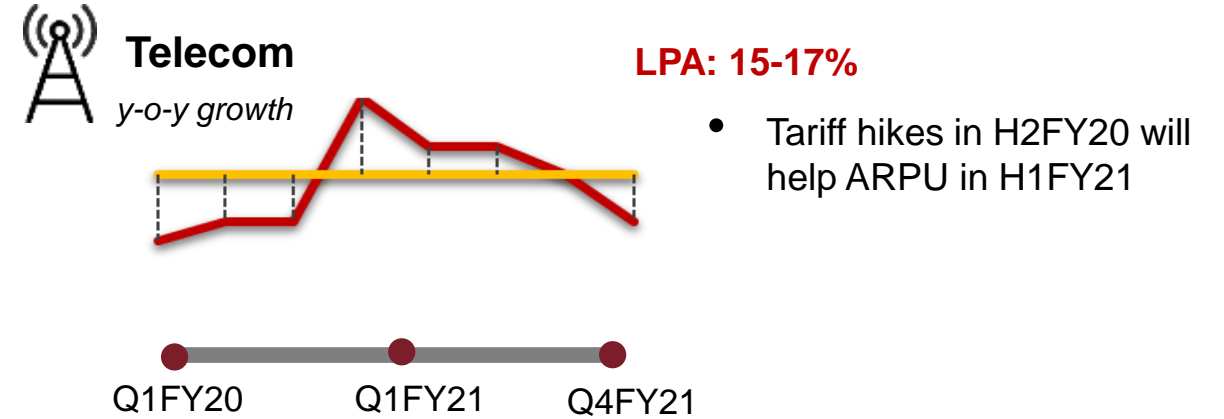
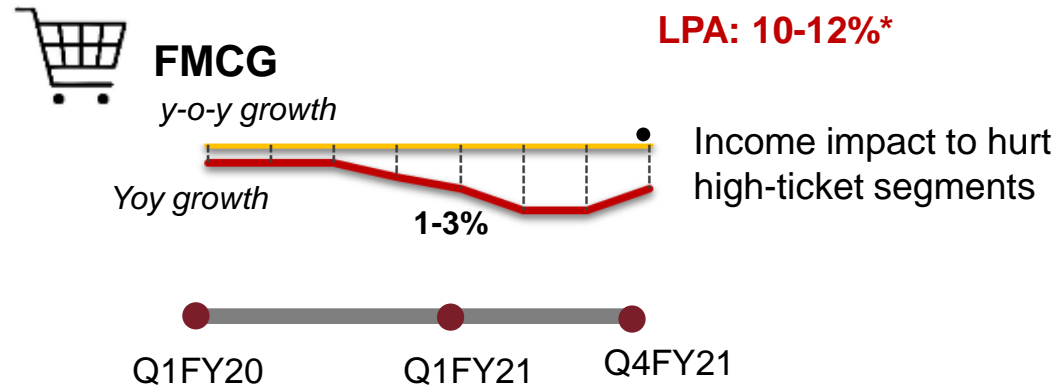
\*LPA is long period (decadal) average growth up to fiscal 2019

Source: Company reports, CRISIL Research

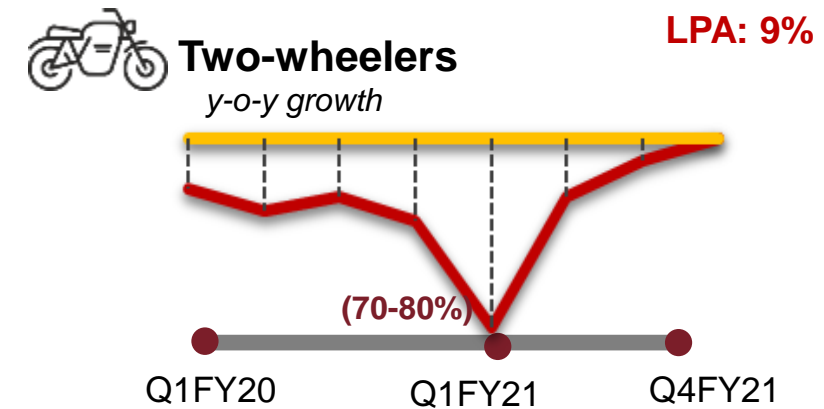
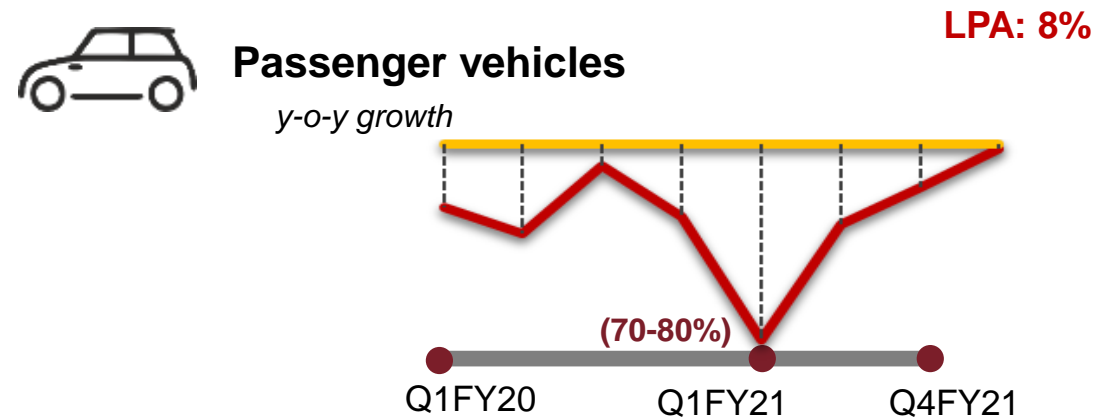


# Shape and time of recovery to vary widely across sectors

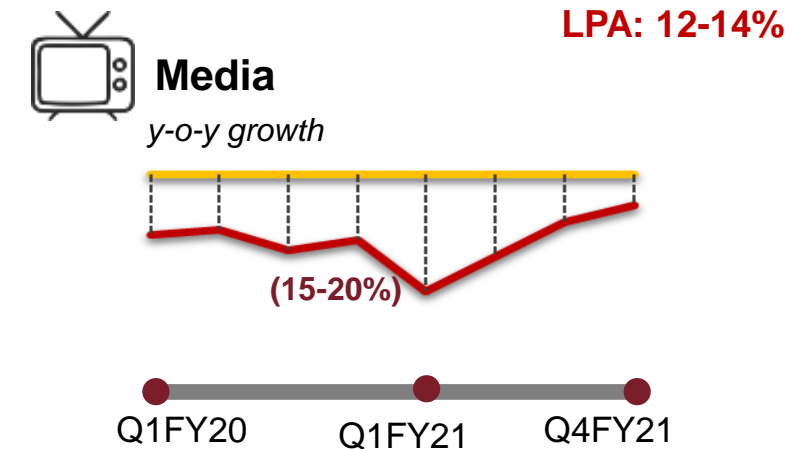
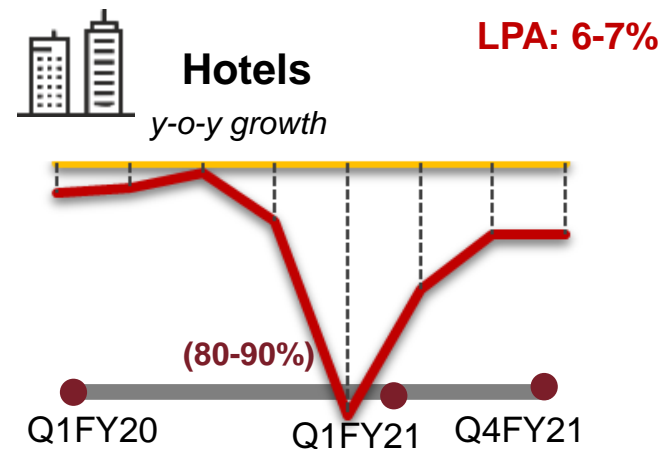
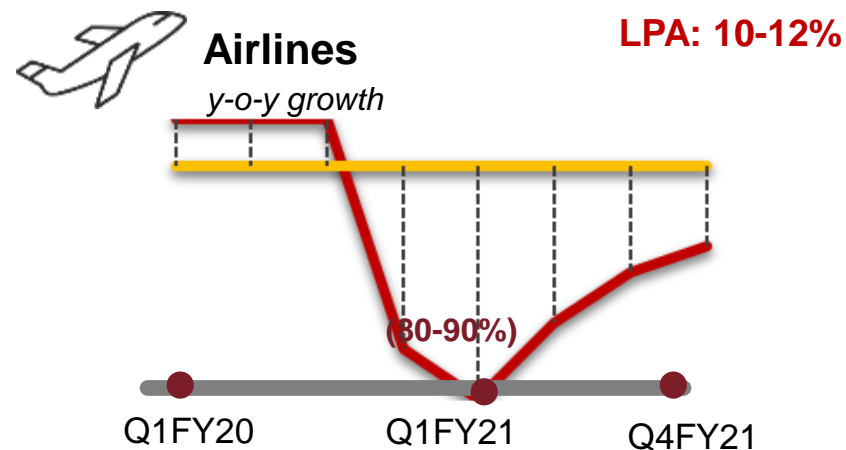
Mild impact and/or quick recovery



Sharp impact but moderate recovery time



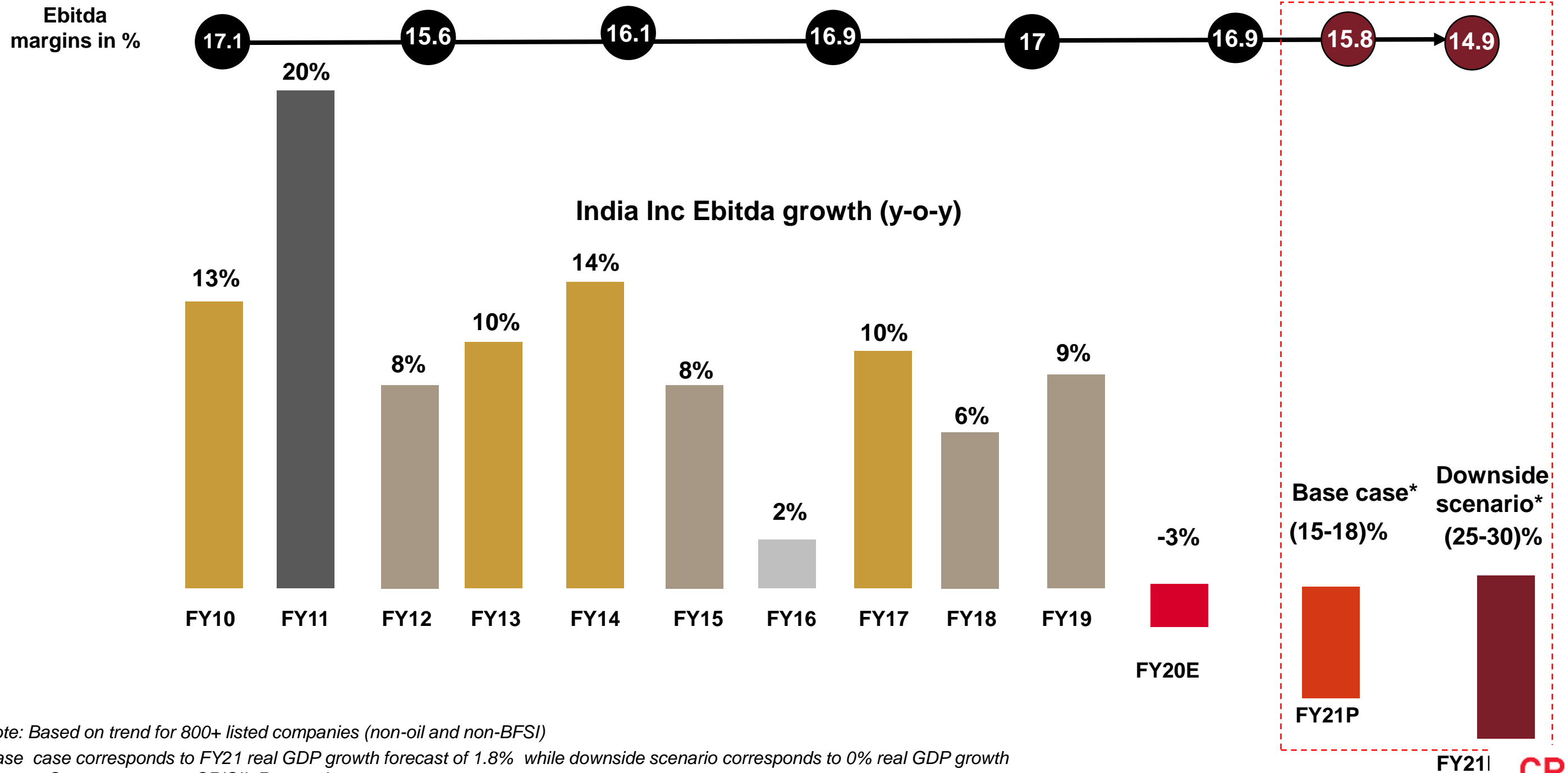
Sharp impact and long drawn recovery



\*LPA is long period (decadal) average growth up to fiscal 2019

FMCG, Telecom, consumer durables, airlines, hotels exhibited as revenue growth for listed firms;; Cars and two-wheelers exhibited as volume growth

# Ebitda set to plunge despite low commodity prices



Note: Based on trend for 800+ listed companies (non-oil and non-BFSI)

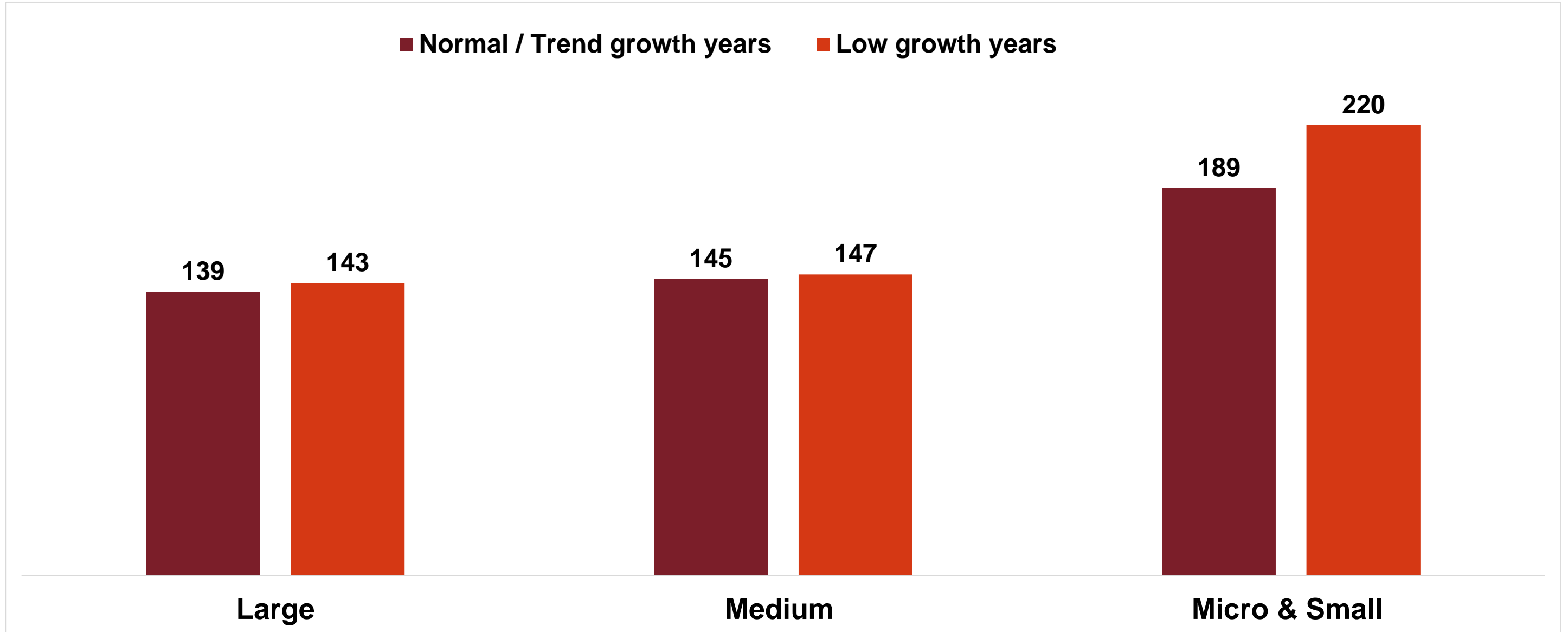
\* Base case corresponds to FY21 real GDP growth forecast of 1.8% while downside scenario corresponds to 0% real GDP growth

Source: Company reports, CRISIL Research

# Stretched working capital a big challenge for MSMEs

## Median gross current assets days

■ Normal / Trend growth years   ■ Low growth years

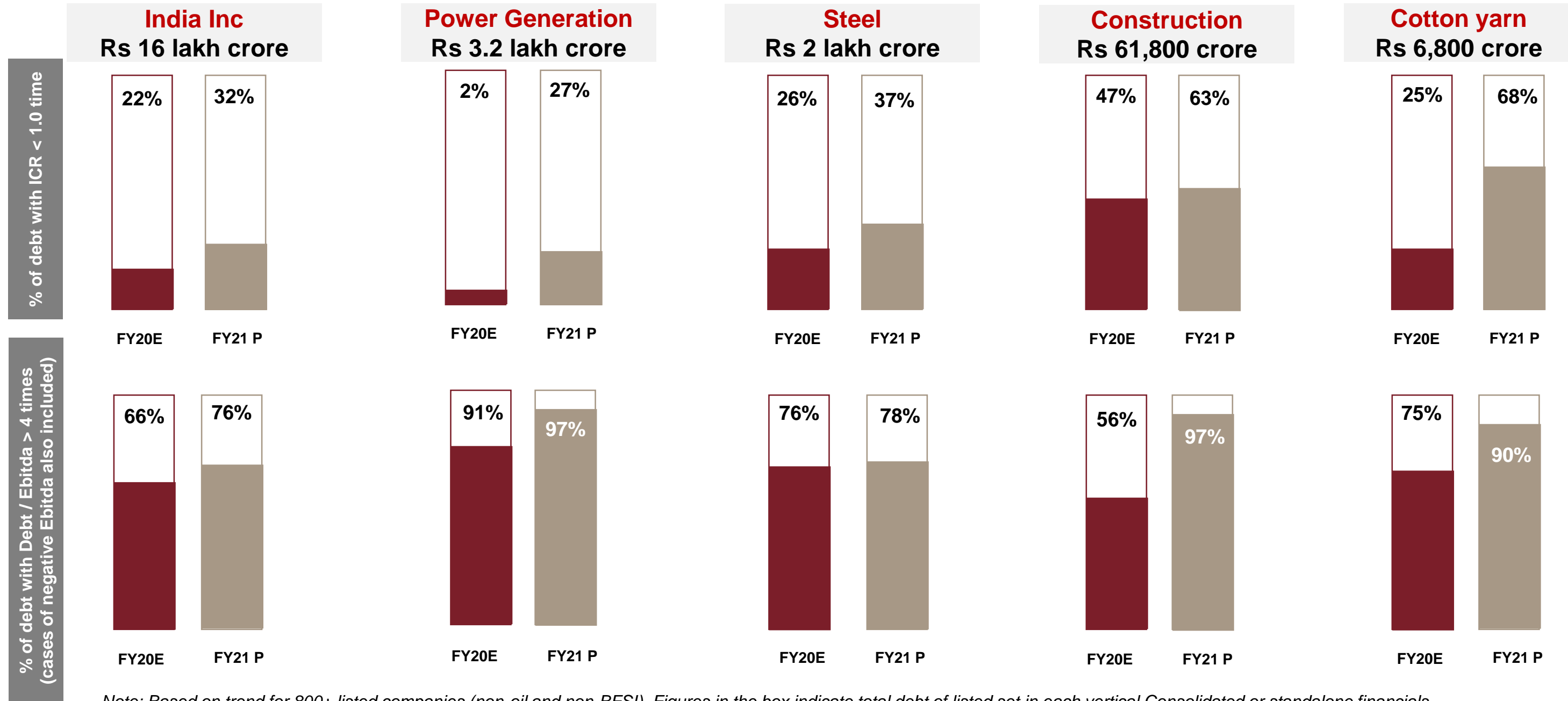


Source: CRISIL Quantix

Note: Micro and small < Rs 75 crore, Medium: Rs 75-500 crore, Large > Rs 500 crore  
Based on common sample set of 13,017 companies for the past 5 financial years

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# Credit metrics to weaken across sectors

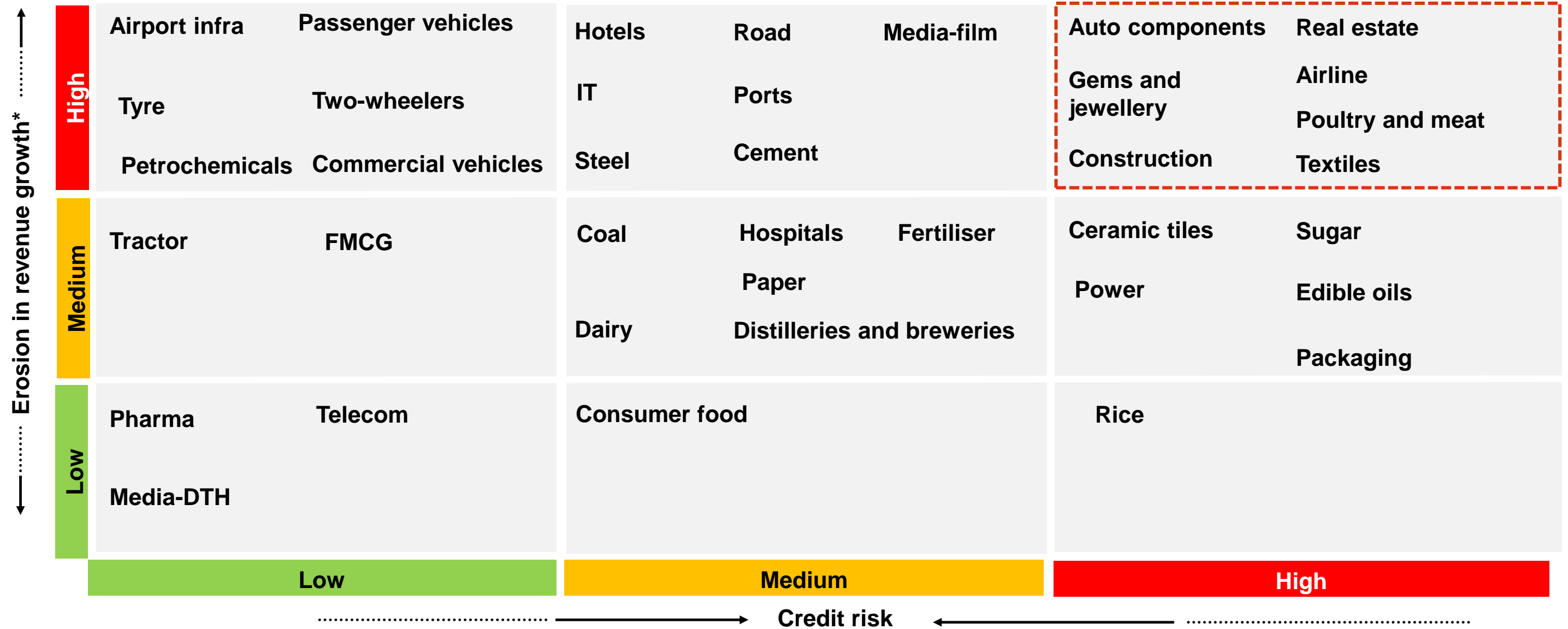


Note: Based on trend for 800+ listed companies (non-oil and non-BFSI). Figures in the box indicate total debt of listed set in each vertical. Consolidated or standalone financials used as appropriate. Companies with very large international subsidiaries taken on a standalone basis.

Source: Company reports, CRISIL Research

# Of the total rated debt, over 16% lies in high-risk grid

Sectoral distribution across risk matrix

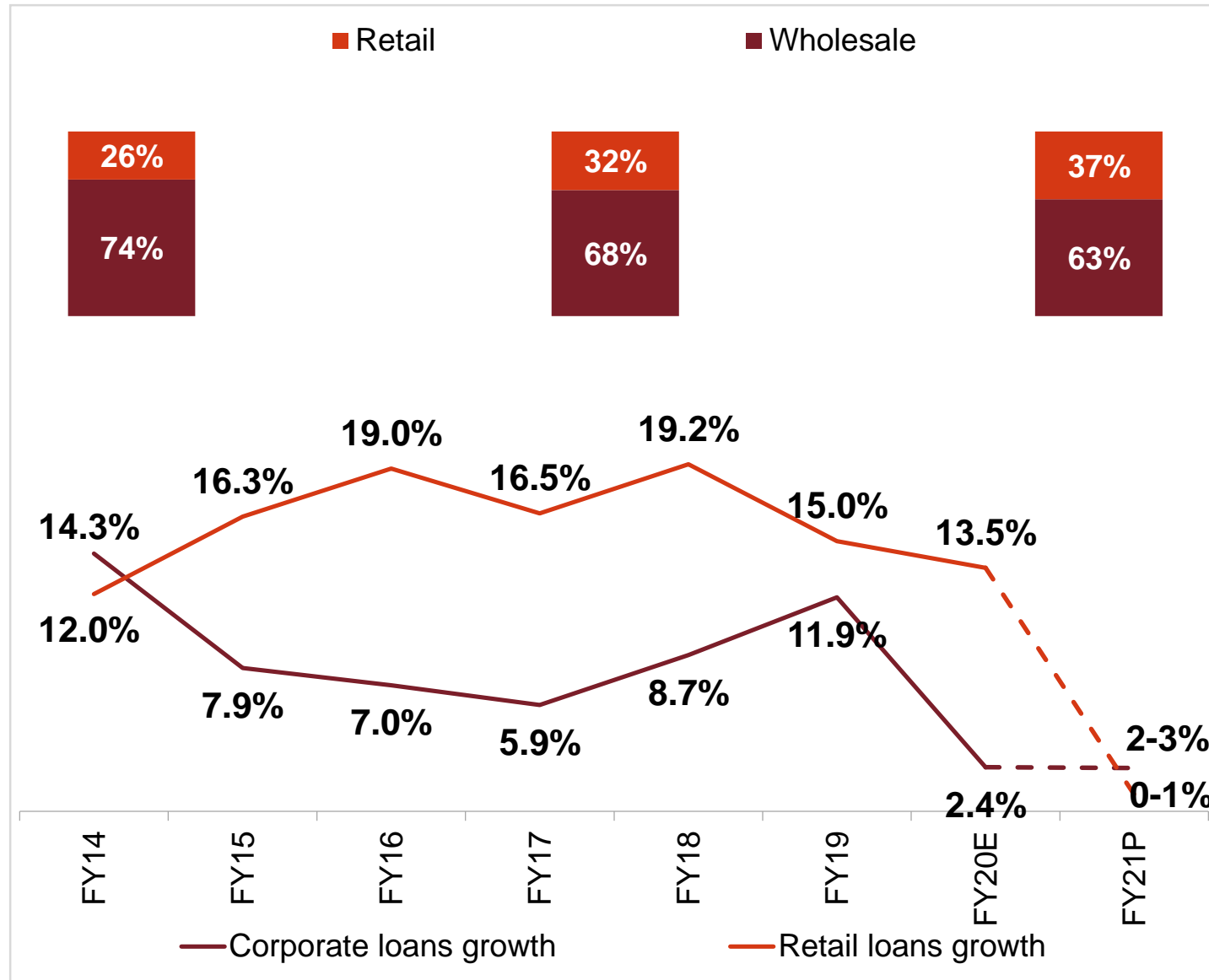


Source: Quantix, Industry, CRISIL Research

\* Revenue erosion in FY21 over long period average (low is revenue erosion of upto 300 bps and high is >1000 bps)

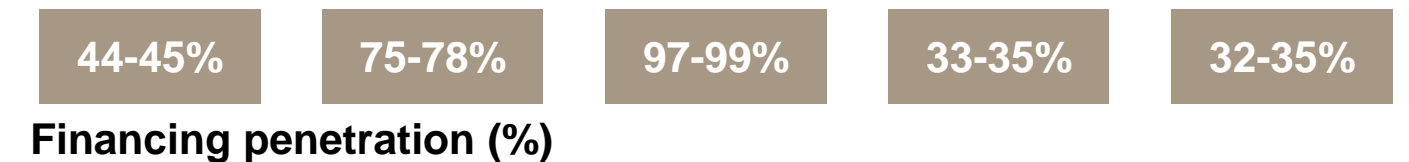
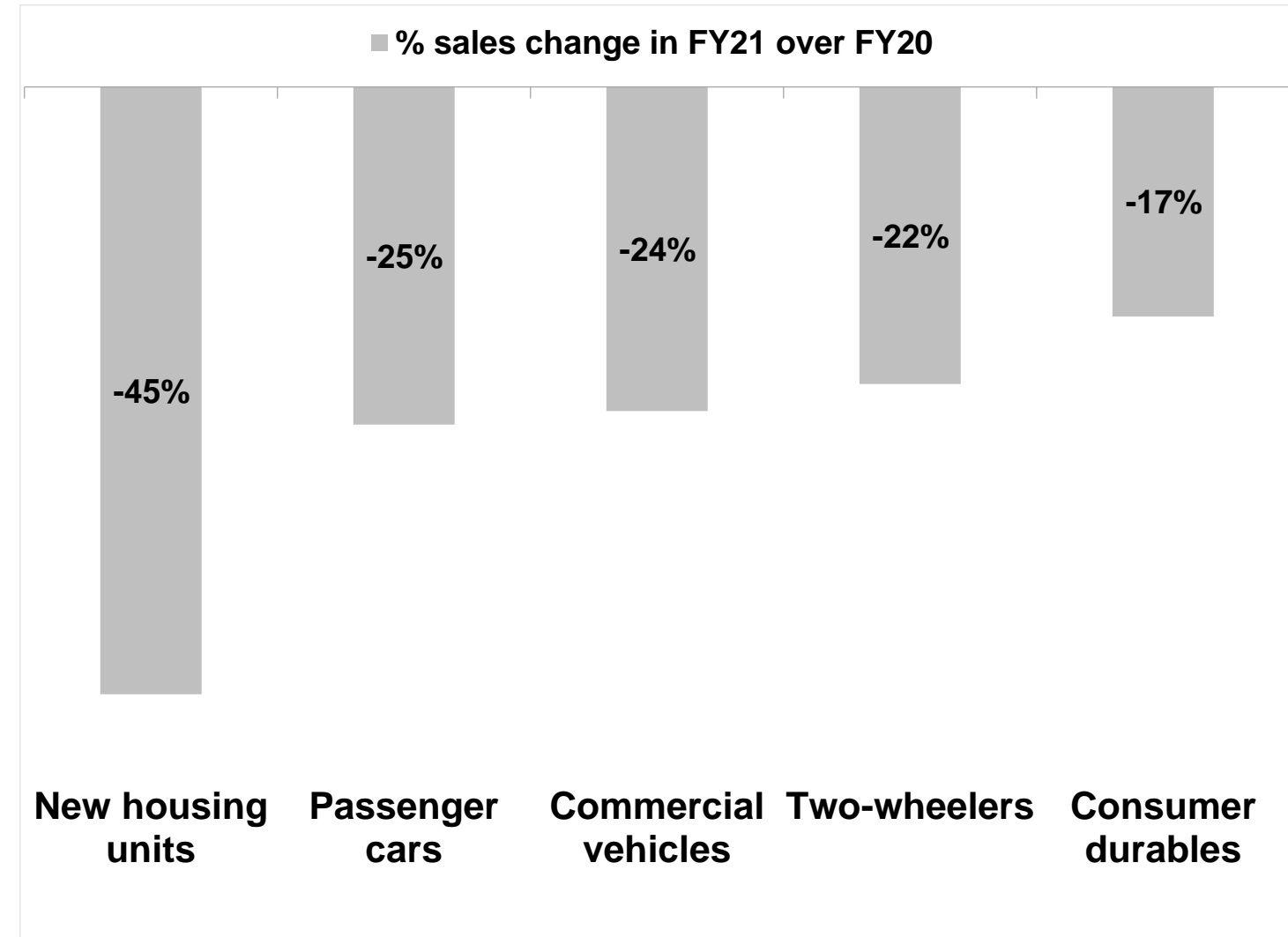
# Retail loan growth to slump to lowest in a decade

Only working capital demand to lend some support to corporate book



Retail and wholesale loan book growth is for both banks and NBFCs combined  
Source: CRISIL Research

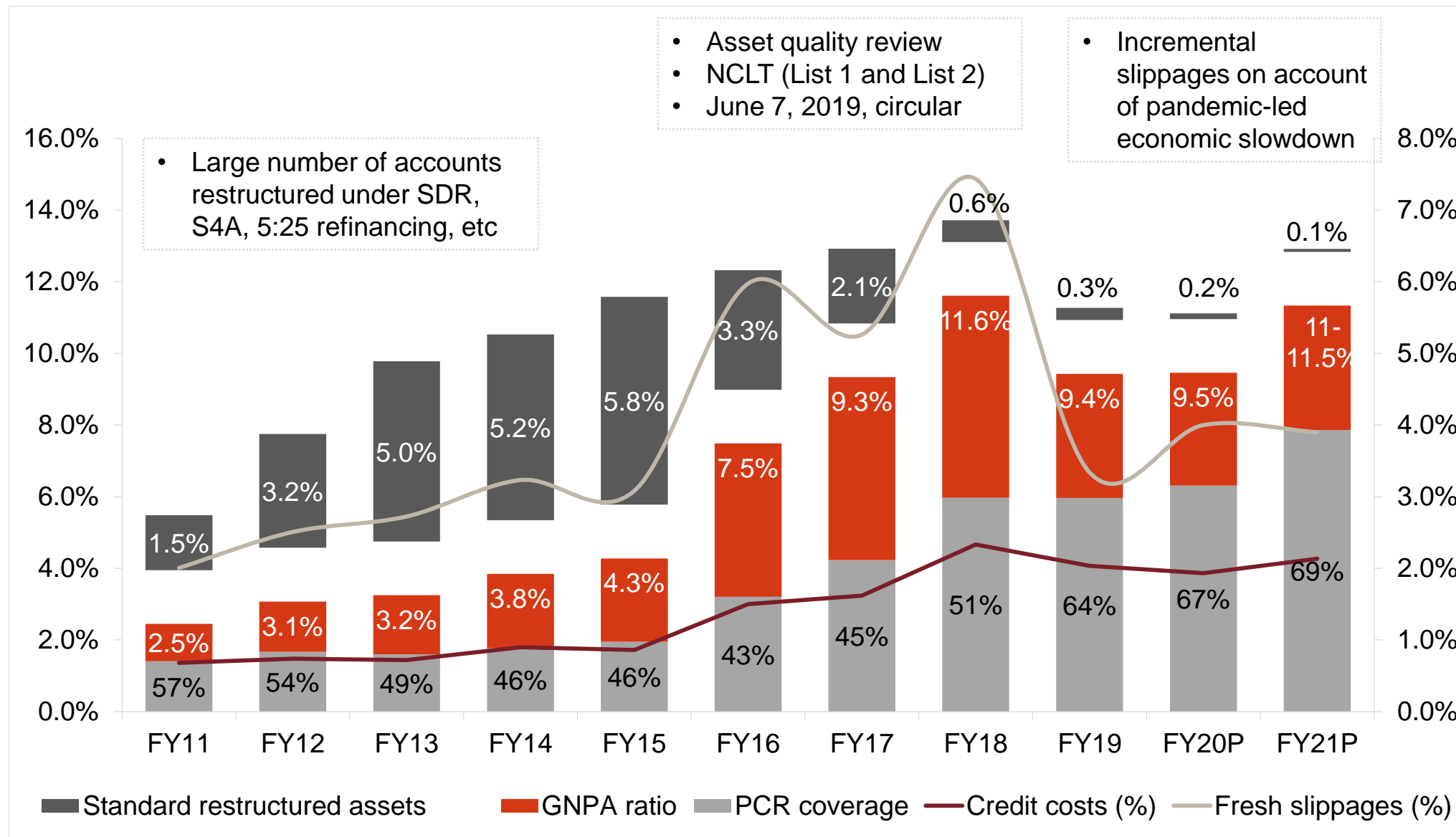
Significant de-growth in underlying assets to affect retail loans



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# NPAs to rise 150-200 bps this fiscal on higher slippage, lower recovery

No major NCLT resolution expected this fiscal, fresh slippages to increase









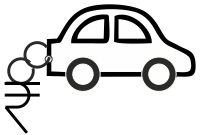





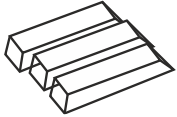

P: projected,  
 Fresh slippages are % of opening net advances  
 Source: RBI, company reports, CRISIL Research Estimates

- The pandemic-led economic slowdown should result in higher incremental slippage in the current fiscal – 3.9% of net advances
- Lockdown to impact collections and resolutions – reductions to halve in fiscal 2021 compared with fiscal 2020, thus increasing NPAs
- Higher PCR and write-offs to increase credit costs, impacting the banking sector’s profitability
- In downside scenario, the GNPA’s can slip further by 200 bps in fiscal 2021

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# NBFC loan growth and asset quality to weaken sharply

Non-banking segments		GNPA (%) FY18	GNPA (%) FY19	GNPA (%) FY20E	Asset quality outlook (FY21)
	<b>Wholesale finance</b>	1.0%	2.0%	4.0%	
	<b>Microfinance</b>	3.2%	1.3%	1.5%	
	<b>MSME finance</b>	2.7%	3.3%	4.2%	
	<b>Auto finance</b>	6.6%	5.2%	5.6%	
	<b>Infrastructure finance</b>	8.2%	8.4%	8.6%	
	<b>Housing finance</b>	0.5%	0.7%	0.9%	
	<b>Gold finance</b>	3.4%	2.1%	2.3%	

Note: Red represents a more than 200 bps deterioration in asset quality; amber represents more than 50 bps but less than 200 bps deterioration; green represents more than 0 and less than 50 bps asset quality deterioration  
 Source: CRISIL Research

# Q&A session

To ask a question please press \* and 1

(Participants are requested to ask one question due to limited time)

To withdraw your question please press \* and 2

For additional queries or feedback, please reach out to:

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# Thank you

To view CRISIL's latest insights on the impact of Covid-19 across different businesses and sectors, visit our website [www.crisil.com](http://www.crisil.com)

