

A hand holding a glowing globe with a network overlay. The globe is semi-transparent, showing continents. A bright, glowing orange and yellow stylized logo is superimposed on the globe. The background is a blue gradient with a network of white dots and lines connecting them, creating a digital or global feel.

CreditScape

A PUBLICATION ON CREDIT LANDSCAPE

VOLUME XI
TWO-WHEELER LOANS

Jun 2022

Foreword



SANJEET DAWAR

Managing Director, CRIF High Mark

Welcome to CRIF High Mark's CreditScape Volume XI - Report on Two-Wheeler Loans (June'2022)

India is an attractive market for two-wheelers given our large middle and low-income population and subpar market penetration. Because of India's less than adequate public infrastructure in many geographies, Two-wheelers offer reliable mobility, easier commuting and function as Income enabler for many sections of population.

With the help of advanced analytics and our in-house expertise, we have evaluated a broad range of parameters to showcase key insights into two-wheeler loans. Through this report our attempt is to provide powerful insights to the lenders and policymakers that will enable overall development of the credit ecosystem. As we concluded working on this report, we could see strong trends of recovery which is indicative of resilience of the sector in India.

We hope you find this report to be valuable and look forward to your feedback.

Foreword



VIPUL JAIN

Vice President – Product Management
& Business Intelligence, CRIF High Mark

Welcome to CRIF High Mark's CreditScape Volume XI - Report on Two-Wheeler Loans (June'2022). The report is based on data submitted to CRIF High Mark for the period up to 30th June 2022.

Last couple years had been challenging for Indian Two-wheeler Industry. There was decline in sales in FY 20-21 and FY 21-22 due to combined effect of savings depletion & income erosion due to two waves of pandemic, increase in total ownership cost due to increase in vehicle prices and surge in fuel prices. However, two-wheeler Industry is expected to recover to pre-covid levels in FY 22-23 supported by multiple factors like recovery in rural demand due to good monsoon, recovery in urban demand due to vaccination coverage & ease of restrictions, improving consumer sentiment indicated by RBI's consumer confidence survey in April 2022 and increasing interest in Electric Two-wheelers.

At this crucial phase, we decided to reflect upon what transpired in the lending eco system and identify learnings that can drive lending markets in FY 22-23. This report is an attempt to capture critical trends in Lending. We are sure that you will enjoy reading this report and find it useful. Please do write to us if you have any feedback or comments.



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Executive Summary

Portfolio outstanding and active loans for Two –Wheeler Loans at ₹86.2 K Cr and 248.1 Lakh accounts respectively, as of Jun'22

13.5% growth in Originations (value) from FY21 to FY22. 8% growth in originations (value) and 8.3% by volume from Q4 FY22 to Q1 FY23

Originations share (value) of NBFC – Captives has declined from FY20 to FY22, while that of NBFC – Others increased during the same period

Originations share (value) of ticket size >₹75K loans has increased from FY20 to FY22

Top 10 states contribute 70.9%, top 33 districts contribute 24.2% to originations (value) during the period Q1 FY22 – Q1 FY23

Rural Originations (value) increased from FY18 to FY22. Originations share (value) of Female borrowers also increased during the same period

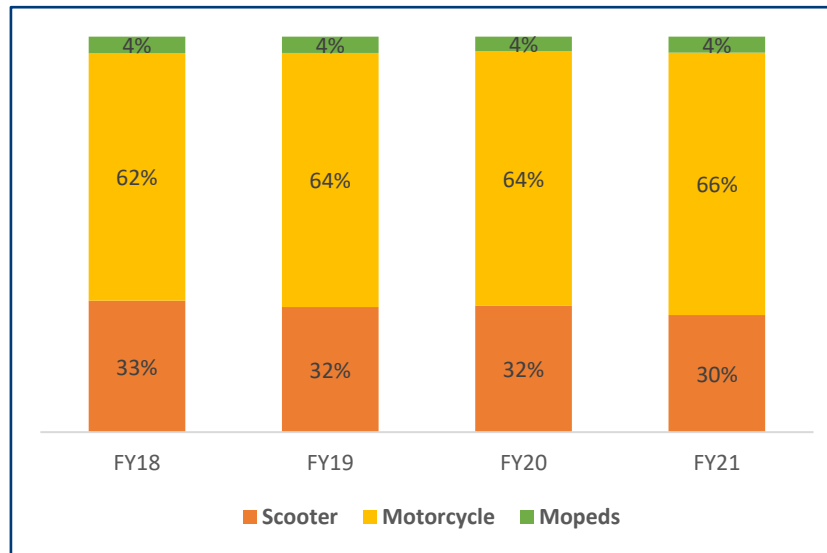
Two-Wheeler Sales in India

Domestic Sales – Annual (Volume in Lakh)*

Two-Wheelers	FY18	FY19	FY20	FY21	FY22
	202.0	211.8	174.2	151.2	134.7

*Data for FY23 till date is not available

Domestic Sales Market Share - TW Segments*



*Data for TW segments for FY22 and FY23 till date is not available

- Two-Wheeler domestic sales in FY22 at 134.7 Lakh
- Motorcycle segment dominates TW market with share of more than 60% from FY18 to FY21

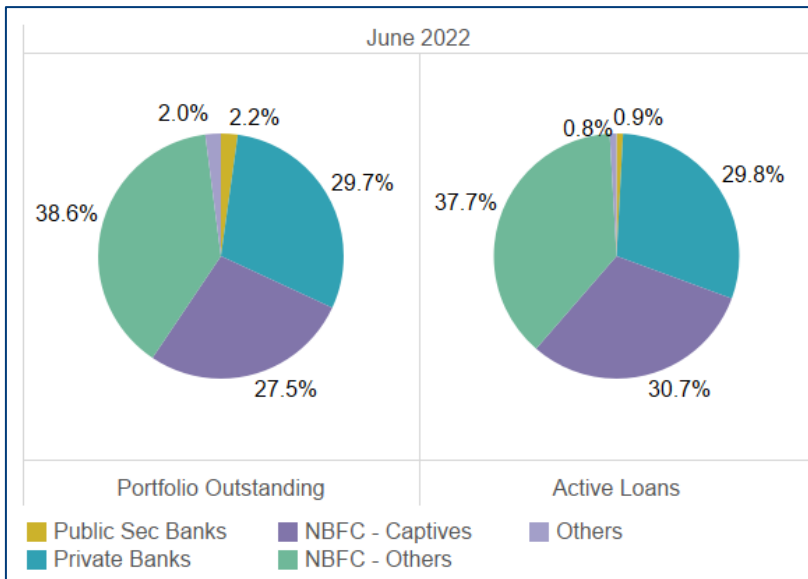
Source: Society of Indian Automobile Manufacturers (SIAM) Database

Two-Wheeler Loans - Industry Summary

Portfolio Snapshot

	Jun-20	Jun-21	Jun-22
Portfolio Outstanding (₹ K Cr)	71.6	77.9	86.2
Y-o-Y Growth%		8.9%	10.6%
Active Loans (Lakh)	233.1	244.2	248.1
Y-o-Y Growth %		4.8%	1.6%
Average Balance (₹ K)	30.7	31.9	34.7
PAR 31-90 %	6.4%	10.8%	4.7%
PAR 91-180 %	3.0%	5.1%	2.5%
PAR 180+ %	6.7%	9.6%	9.5%

Market Share

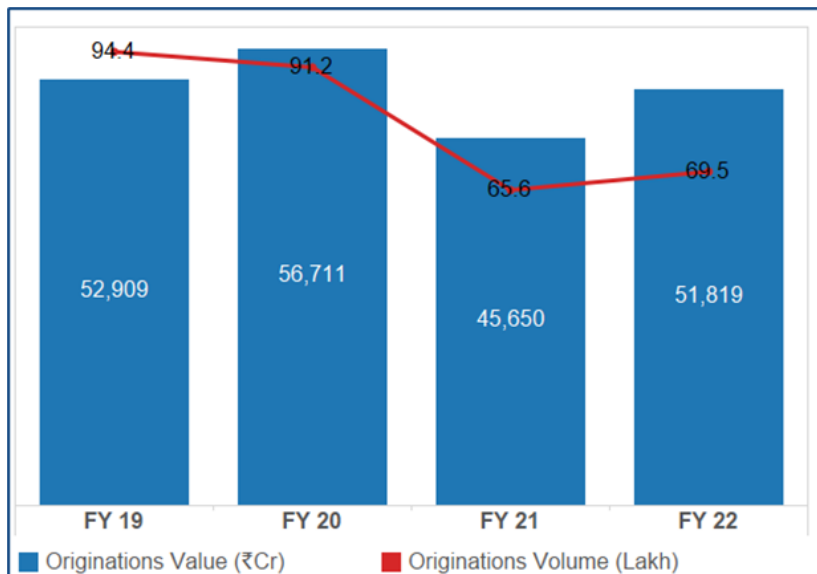


- TW Loans portfolio has grown by 10.6% Y-o-Y by value and 1.6% Y-o-Y by volume as of Jun'22
- Reduction in PAR 31-90 DPD from 10.8% as of Jun'21 to 4.7% as of Jun'22. Similarly, reduction in PAR 91-180 DPD from 5.1% to 2.5% during the same period
- NBFC-Captives, NBFC-Others and Private Banks dominate TW Loans with share of 27.5%, 38.6% and 29.7% by value respectively

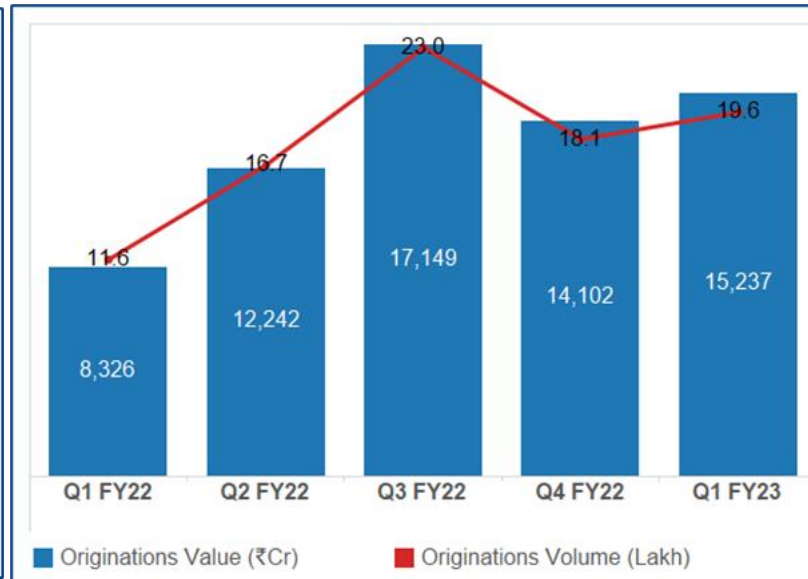
NBFC - Captives refers to NBFCs which act as financial arm of a Two-Wheeler manufacturer providing Two-Wheeler loans to customers of that manufacturer

Originations Summary

Originations (Value & Volume) – FY19 to FY22



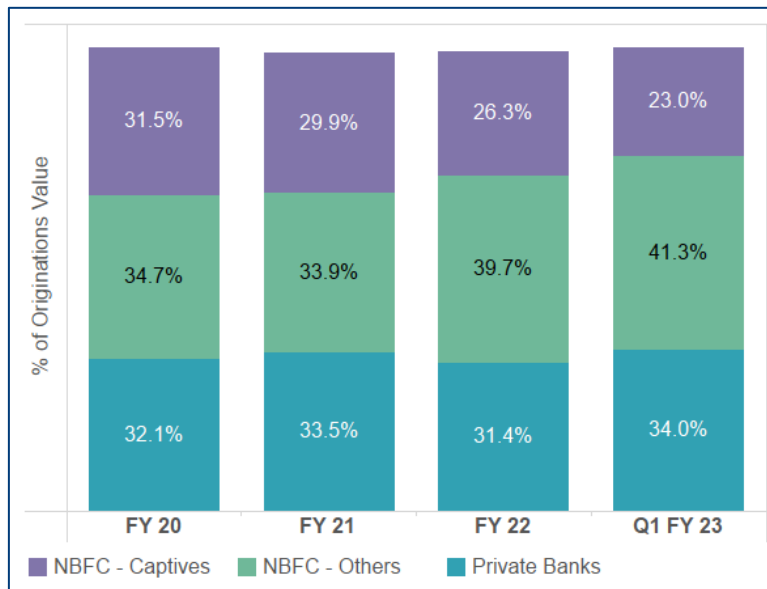
Originations (Value & Volume) – Q1 FY22 to Q1 FY23



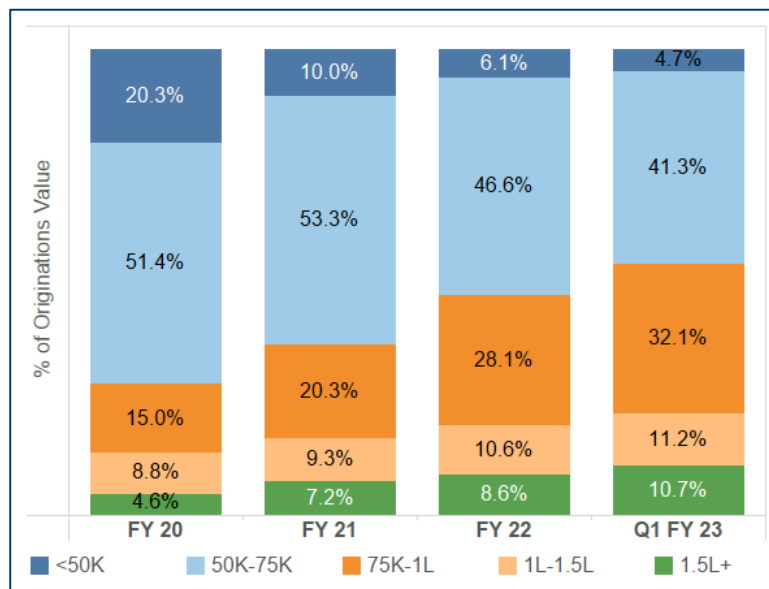
- 13.5% growth in Originations (value) from FY21 to FY22. Increase in Average Ticket Size from ₹69.7K in FY21 to ₹74.6K in FY22
- Historically highest originations in any financial year is observed during Festive Quarter Q3 (Oct- Dec)
- 8% growth in originations (value) from Q4 FY22 to Q1 FY23 and 8.3% growth in originations (volume) for the same period
- Based on Originations during Q1 FY23, we can expect Originations value in FY23 to surpass pre covid levels of FY20

Originations - Lender Type & Ticket Size

Originations (FY20 to Q1 FY23)- Lender Types



Originations (FY20 to Q1 FY23) – Ticket Size

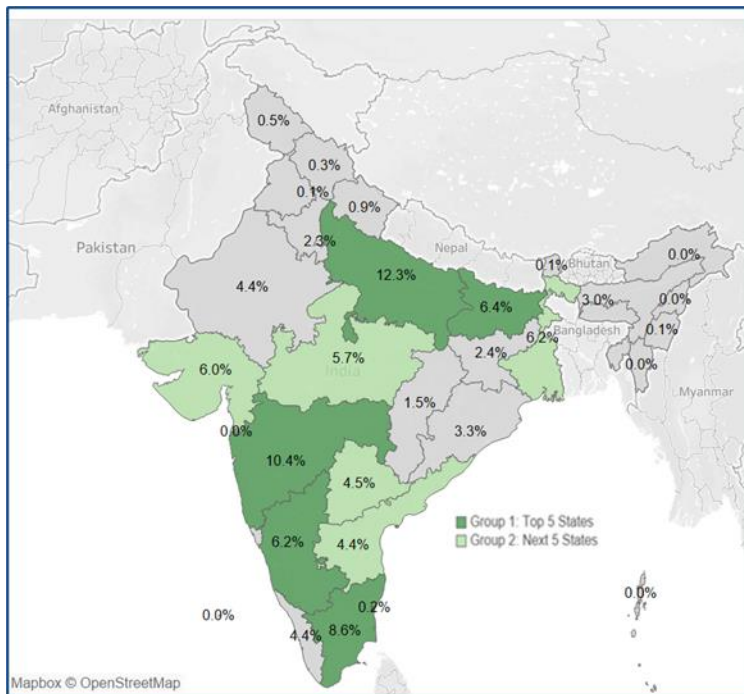


- Originations share (value) of NBFC – Captives declined from 31.5% in FY20 to 26.3% in FY22, while that of NBFC – Others increased from 34.7% to 39.7% during the same period
- Average Ticket Size in FY22 is highest for Private Banks at ₹80.2 K, followed by NBFC – Others at ₹71.8 K and NBFC – Captives at ₹69.5K
- Originations share of <₹75K loans reduced from 71.7% in FY 20 to 52.7% in FY22. Their share further declined to 46% in Q1 FY 23
- Good growth in Originations share for ticket sizes ₹75K-₹1L and ₹1.5L+ from FY20 to FY22 and Q1 FY 23

Lender Type 'Public Sector Banks' and 'Others' are excluded from this analysis

Originations – Top States

Originations (Value) Q1 FY22 to Q1 FY23 – Top 10 States



Originations (Value) Trends – Top 10 States

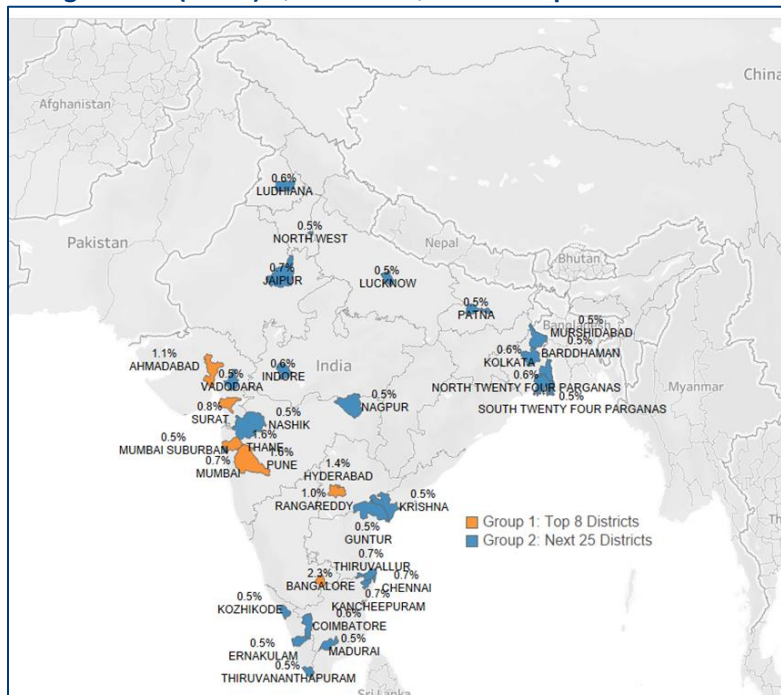
State	FY18	FY20	FY22	Q1 FY23
Uttar Pradesh	8.3%	10.7%	12.0%	18.9%
Maharashtra	12.2%	10.3%	10.5%	14.1%
Tamil Nadu	11.9%	9.1%	8.5%	12.6%
Bihar	3.0%	5.5%	6.3%	9.6%
West Bengal	5.5%	6.4%	6.3%	8.2%
Gujarat	7.1%	5.9%	6.1%	7.7%
Karnataka	6.6%	6.7%	6.1%	9.5%
Madhya Pradesh	4.3%	5.1%	5.7%	7.9%
Telangana	5.0%	4.5%	4.7%	5.8%
Andhra Pradesh	5.2%	4.6%	4.6%	5.6%

- Top 10 states contributed 70.9% to originations (value) with top 5 states contributing 44.1% alone during the period Q1 FY22 – Q1 FY23
- Originations share (value) for Uttar Pradesh, Bihar, West Bengal and Madhya Pradesh increased from FY18 to FY22
- Originations share (value) for Maharashtra, Tamil Nadu, Gujarat, Karnataka, Telangana and Andhra Pradesh declined during the same period

Top 10 states are based on Originations (value) during the period Q1 FY22 to Q1 FY23

Originations – Districts

Originations (Value) Q1 FY22 to Q1 FY23 – Top 33 Districts



Originations (Value) Trends – All Districts

	FY18	FY20	FY22	Q1FY23
Top 8 Districts	12.4%	10.8%	10.4%	10.6%
Next 25 Districts	16.3%	14.6%	13.6%	13.7%
Next 100 Districts	33.3%	31.3%	31.1%	30.9%
Remaining Districts	38.0%	43.3%	44.9%	44.8%
Total	100%	100%	100%	100%

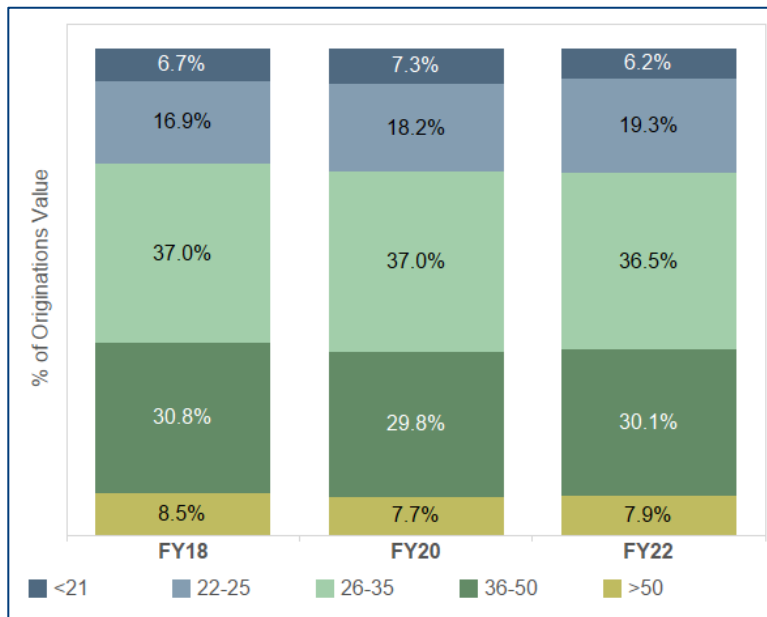
Originations (Volume) Trends – All Districts

	FY18	FY20	FY22	Q1FY23
Top 8 Districts	11.3%	9.7%	9.4%	9.6%
Next 25 Districts	13.7%	13.1%	12.9%	12.7%
Next 100 Districts	32.9%	30.8%	30.7%	30.2%
Remaining Districts	42.1%	46.3%	47.1%	47.5%
Total	100%	100%	100%	100%

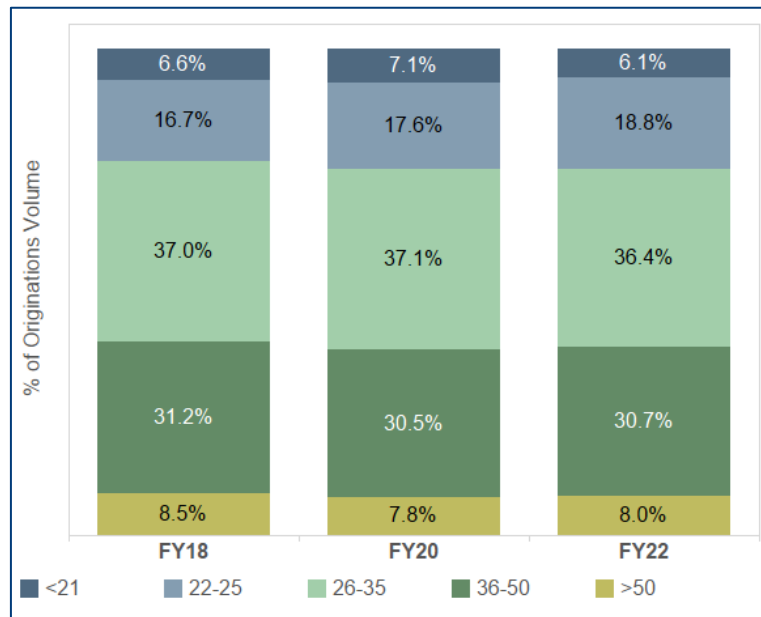
- Top 33 districts contributed 24.2% to originations (value) with top 8 districts contributing 10.5% alone during the period Q1 FY22 – Q1 FY23
- Originations share (value and volume) for Top 8, Next 25 and Next 100 districts reduced from FY18 to FY22
- Originations share (value and volume) for Remaining districts increased from FY18 to FY22, predominantly due to growth in Rural geographies

Originations - Borrower Age

Originations (Value) Trends – Borrower Age



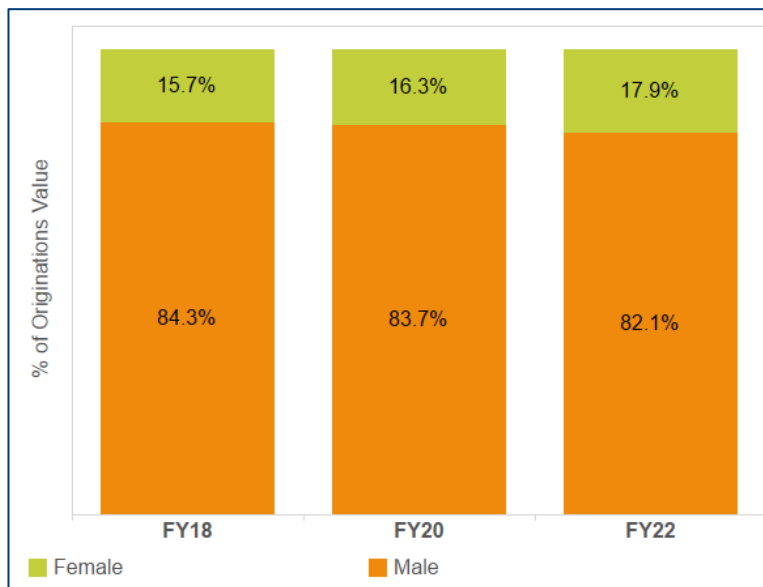
Originations (Volume) Trends – Borrower Age



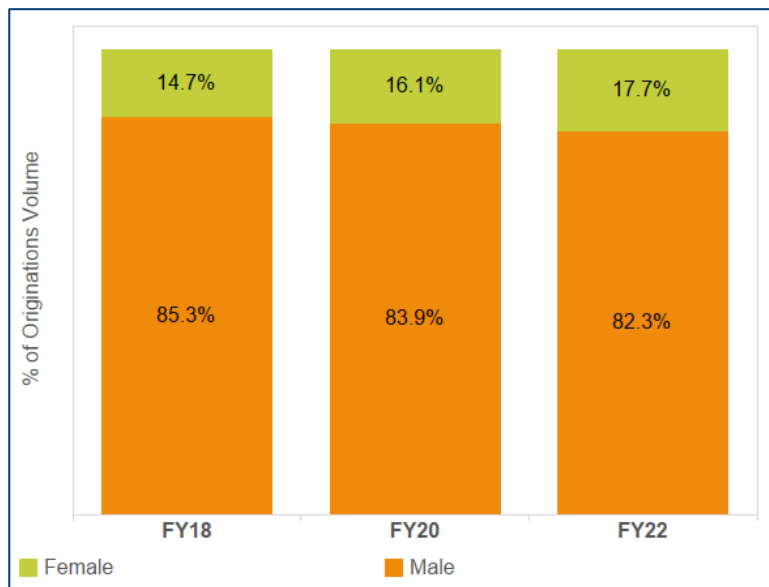
- Originations (value and volume) dominated by age groups 26-35 yrs, followed by 36-50 yrs

Originations - Gender

Originations (Value) Trends - Gender



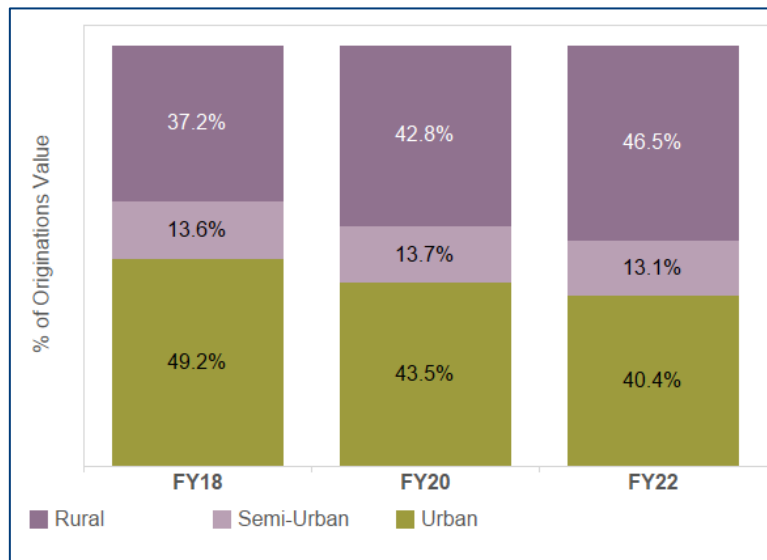
Originations (Volume) Trends - Gender



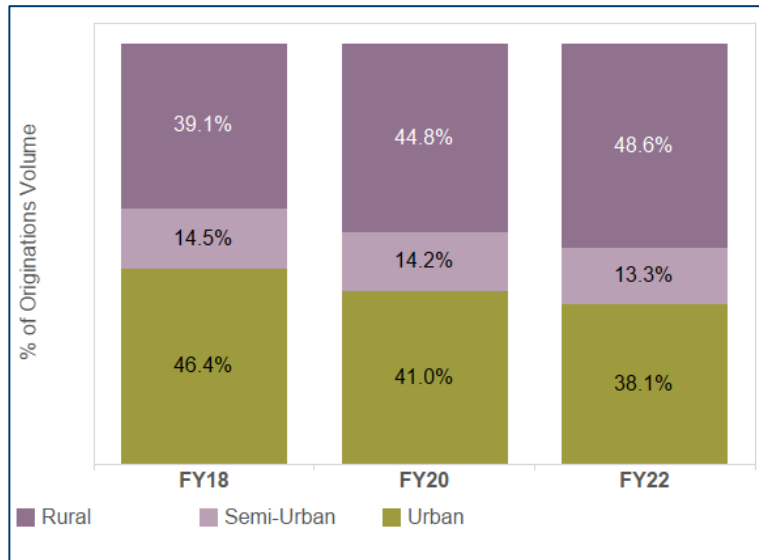
- Share of Female borrowers in Originations (value) increased from 15.7% in FY18 to 17.9% in FY22
- By volume, share of Female borrowers increased from 14.7% in FY18 to 17.7% in FY22

Originations – Rural Urban Mix

Originations (Value) Trends – Rural Urban Mix



Originations (Volume) Trends – Rural Urban Mix

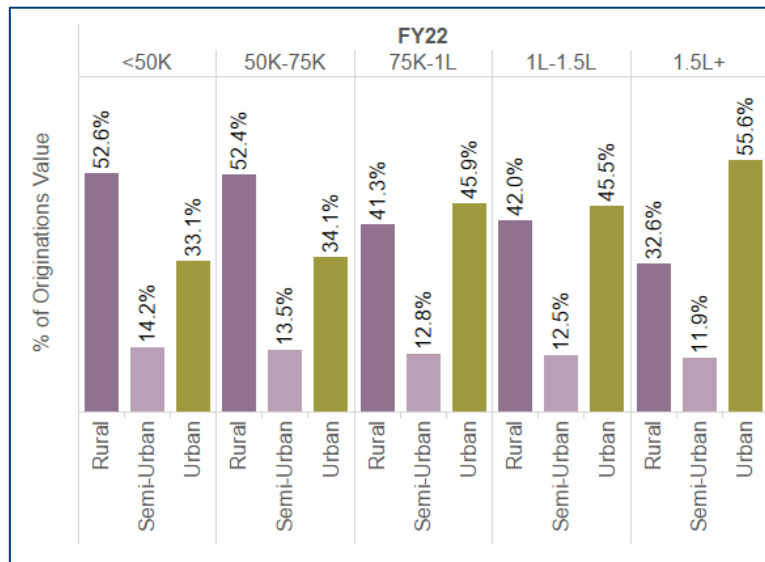


- Share of Rural Originations (value) increased from 37.2% in FY 18 to 46.5% in FY22
- By volume, Rural Originations increased from 39.1% in FY18 to 48.6% in FY22
- Growth in Rural Originations is supported by increased penetration of Pradhan Mantri Gram Sadak Yojana (PMGSY). Completed road length under PMGSY increased from 5.3 Lakh kms in FY18 to 6.2 Lakh kms in FY22

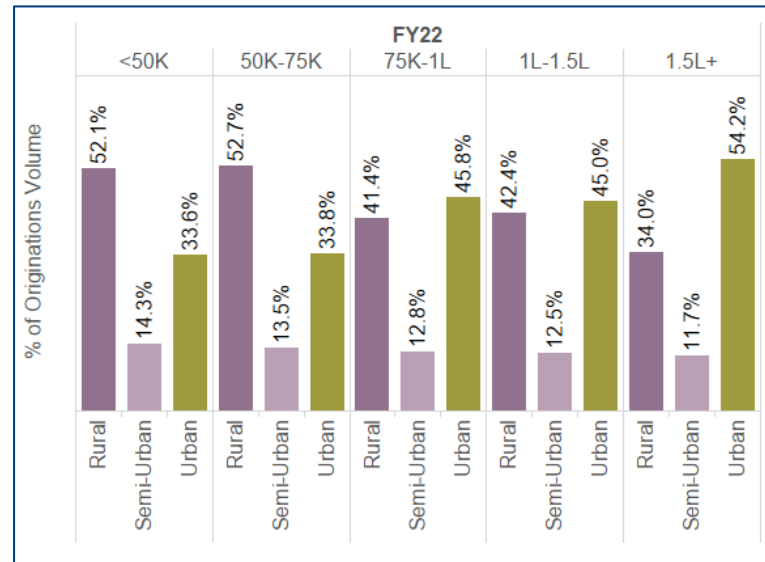
Geography is classified into Rural, Semi-Urban and Urban using CRIF High Mark's internal methodology based on Census data

Originations – Ticket Size & Rural Urban

Originations (Value) FY22 – Ticket Size & Rural Urban



Originations (Volume) FY22 – Ticket Size & Rural Urban

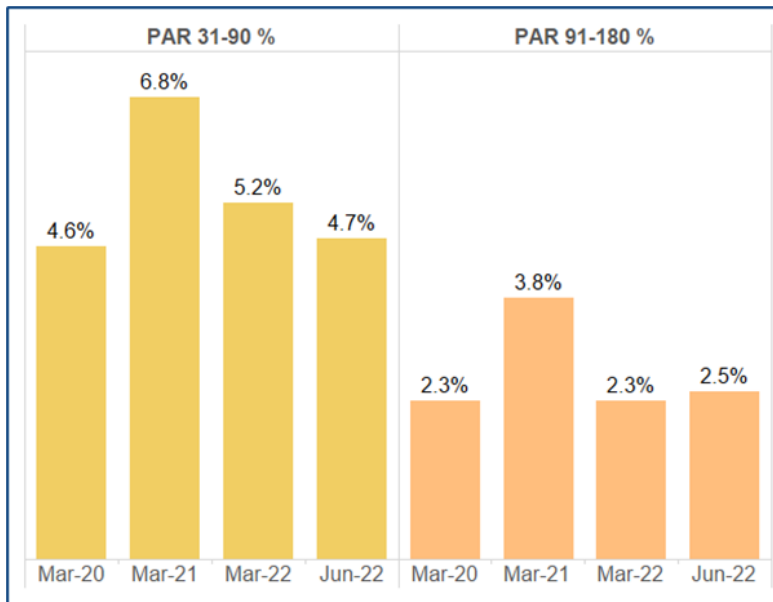


- Share of Rural Originations (value) is lower for higher ticket sizes. For ₹1.5L+ loans it is 32.6% compared to 52.6% for <₹50K ticket size loans in FY22
- By volume too, share of Rural Originations is lower for higher ticket sizes

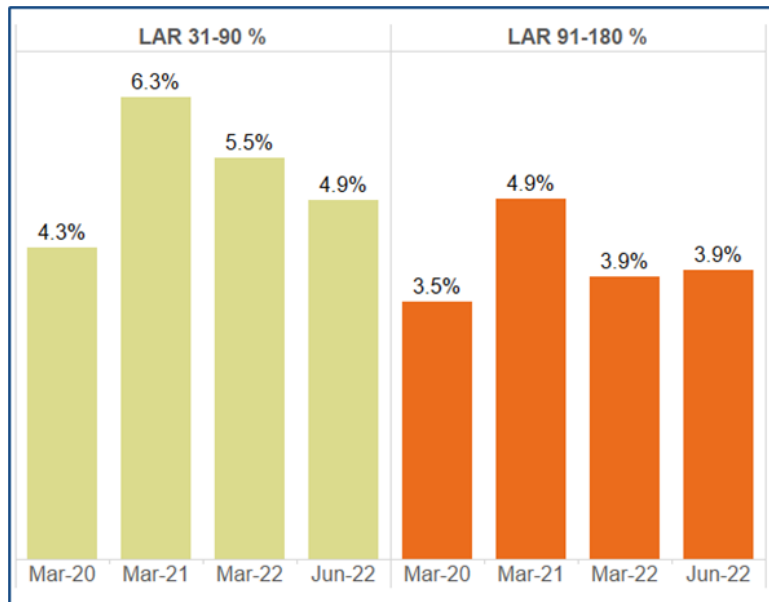
Geography is classified into Rural, Semi-Urban and Urban using CRIF High Mark's internal methodology based on Census data

Two-Wheeler Loans – Delinquency

Delinquency (PAR 31-90 & 91-180 DPD)



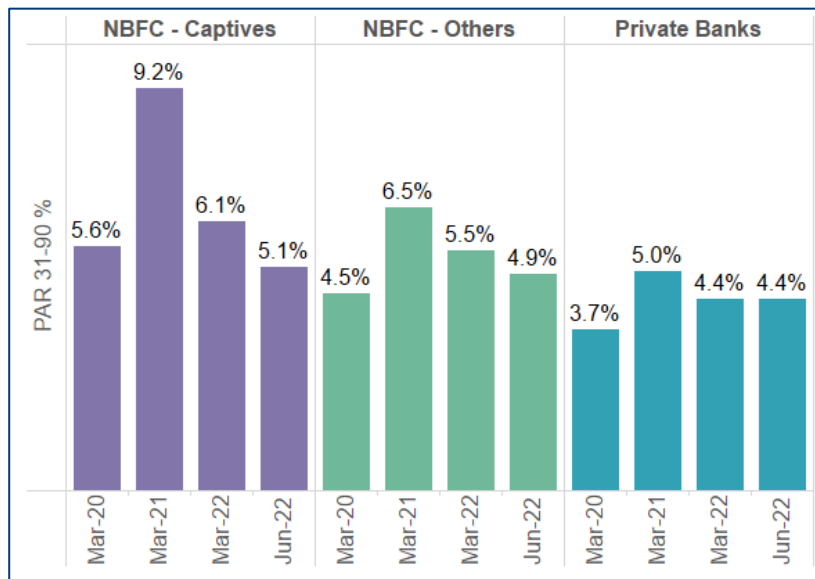
Delinquency (LAR 31-90 & 91-180 DPD)



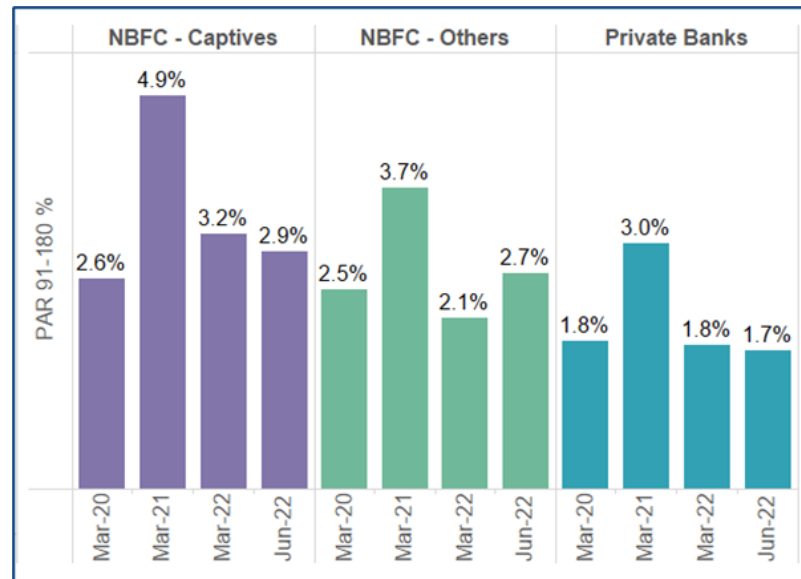
- Decrease in PAR 31-90 DPD from 5.2% as of Mar'22 to 4.7% as of Jun'22. Increase in PAR 91-180 DPD from 2.3% as of Mar'22 to 2.5% as of Jun'22
- Decrease in LAR 31-90 DPD from 5.5% as of Mar'22 to 4.9% as of Jun'22. PAR 91-180 DPD has remained stable during the same period

Delinquency - Lender Type

Delinquency (PAR 31-90 DPD) – Lender Type



Delinquency (PAR 91-180 DPD) – Lender Type

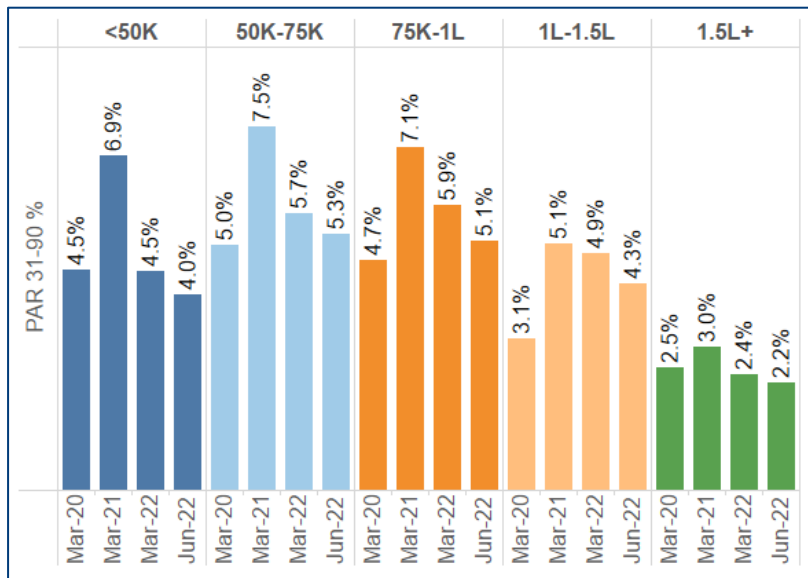


- PAR 31-90 DPD and PAR 91-180 DPD is highest for NBFC-Captives followed by NBFC-Others, least for Private banks as of Jun'22
- PAR 31-90 DPD reduced for NBFC-Captives and NBFC – Others from Mar'22 to Jun'22, while remained stable for Private Banks during the same period
- PAR 91-180 DPD reduced for NBFC-Captives and Private Banks from Mar'22 to Jun'22, while increased for NBFC – Others during the same period

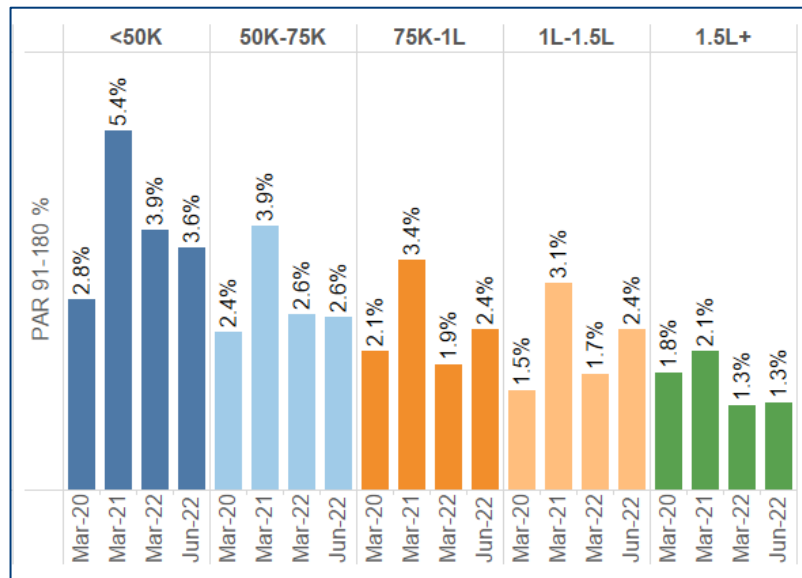
Lender Type 'Public Sector Banks' and 'Others' are excluded from this analysis

Delinquency – Ticket Size

Delinquency (PAR 31-90 DPD) – Ticket Size



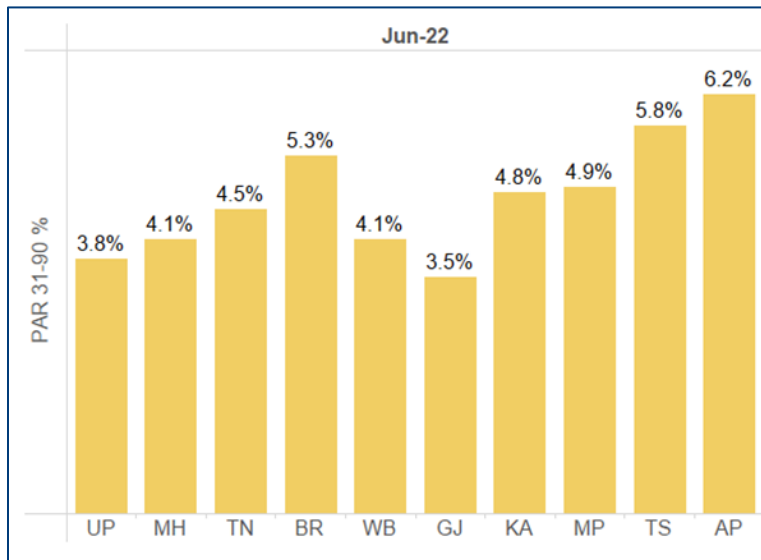
Delinquency (PAR 91-180 DPD) – Ticket Size



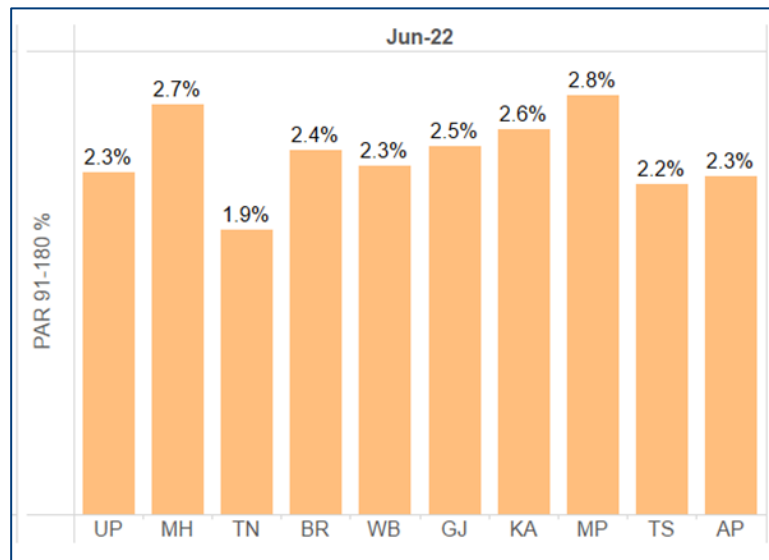
- PAR 31-90 DPD is lower for higher ticket size loans. For ₹1.5L+ loans it is 2.2% compared to 5.3% for ₹50K-₹75K ticket size loans as of Jun'22
- PAR 91-180 DPD is also lower for higher ticket size loans. For ₹1.5L+ loans it is 1.3% compared to 3.6% for <₹50K ticket size loans as of Jun'22

Delinquency – Top States

Delinquency (PAR 31-90 DPD) – Top 10 States



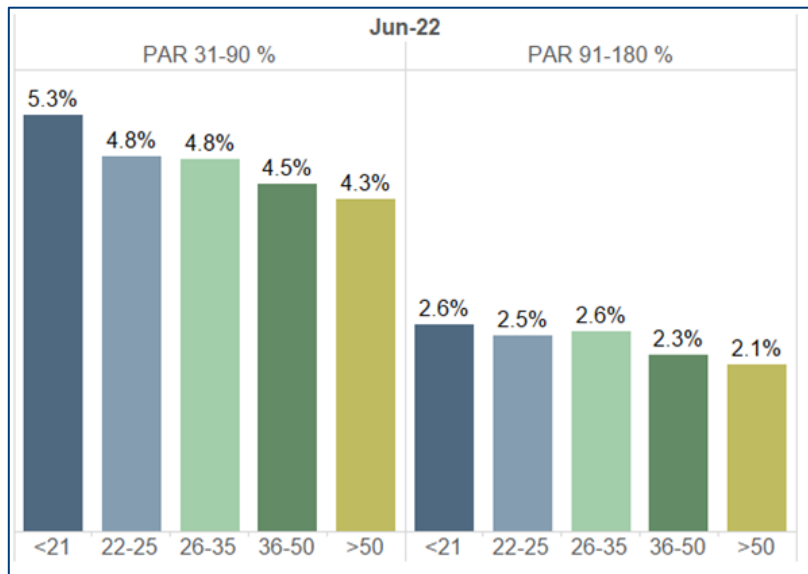
Delinquency (PAR 91-180 DPD) – Top 10 States



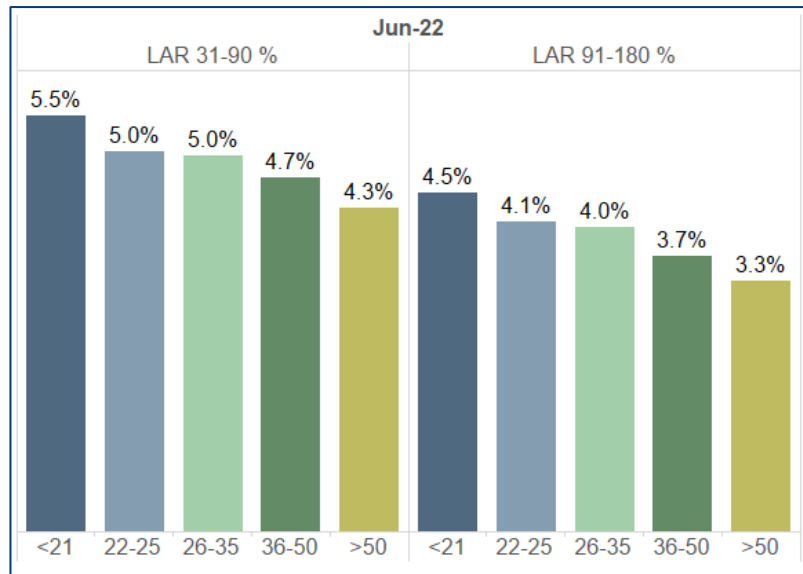
- Among top 10 states, PAR 31-90 DPD is lowest for Gujarat at 3.5% and highest for Andhra Pradesh at 6.2%, as of Jun'22
- Among top 10 states, PAR 91-180 DPD is lowest for Tamil Nadu at 1.9% and highest for Madhya Pradesh at 2.8%, as of Jun'22

Delinquency – Borrower Age

Delinquency (PAR 31-90 & 91-180 DPD) – Borrower Age



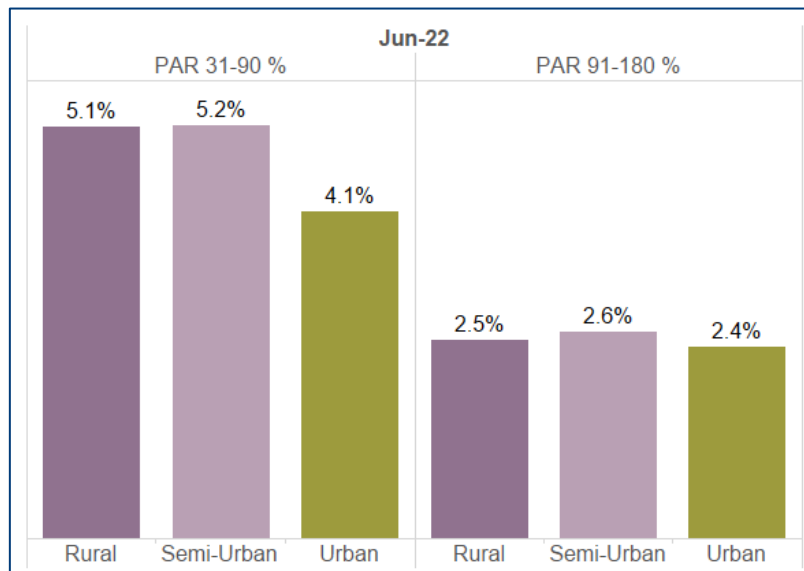
Delinquency (LAR 31-90 & 91-180 DPD) – Borrower Age



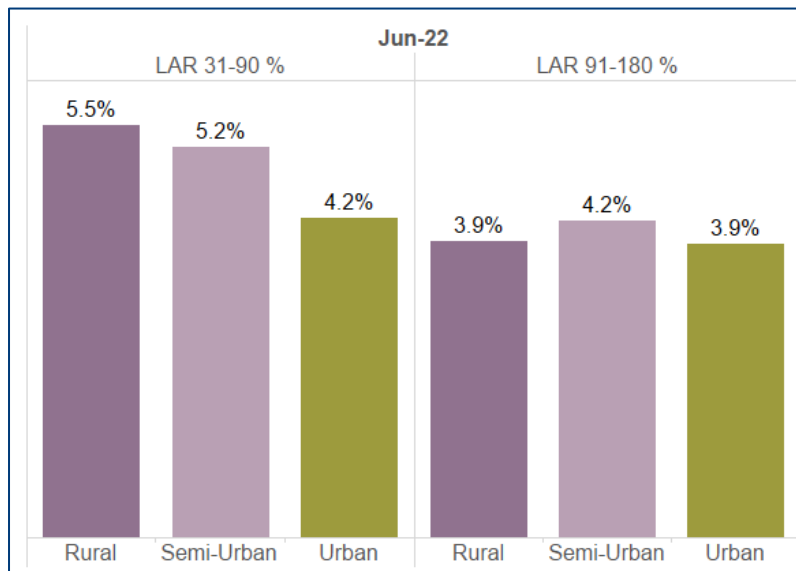
- PAR 31-90 DPD is lowest for age group >50 yrs at 4.3% and highest for age group <21 yrs at 5.3%, as of Jun'22
- PAR 91-180 DPD is lowest for age group >50 yrs at 2.1% and highest for age groups <21 yrs and 26-35 yrs at 2.6% each, as of Jun'22
- LAR 31-90 and 91-180 DPD is lower for higher age groups

Delinquency – Rural Urban Mix

Delinquency (PAR 31-90 & 91-180 DPD) – Rural Urban



Delinquency (LAR 31-90 & 91-180 DPD) – Rural Urban



- Urban geographies have lowest PAR 31-90 DPD at 4.1% and PAR 91-180 DPD at 2.4%, as of Jun'22
- LAR 31-90 DPD is lowest for Urban geographies at 4.2%, while LAR 91-180% is same for rural and urban geographies at 3.9% each, as of Jun'22

Geography is classified into Rural, Semi-Urban and Urban using CRIF High Mark's internal methodology based on Census data

Definitions

- **Portfolio outstanding** or value refers to the current outstanding balance of the loan account
- **Active loans** or volume refers to the number/count of active loans
- **Market share by value** refers to the share of different lender types/financiers in the current outstanding balance
- **Market share by volume** refers to the share of different lender types/financiers in the number of active loans
- **Originations value** refers to the total sanctioned amount
- **Originations volume** refers to the number of loans sanctioned
- **PAR** or Portfolio at Risk refers to the proportion of delinquent portfolio
- **LAR** or Loans at Risk refers to the number of delinquent loans
- **ATS** or Average Ticket Size refers to the average sanctioned amount
- Lender category **Others** comprises SFBs, Foreign Banks, RRBs, Co-operative Banks etc.
- **NBFC - Captives** refers to NBFCs which act as financial arm of a Two-Wheeler manufacturer providing Two-Wheeler loans to customers of that manufacturer. NBFC-Captives includes Hero Fincorp Limited, Bajaj Finance Limited, TVS Credit Services Limited, Bussan Auto Finance India and Mahindra & Mahindra Finance
- Geography is classified into **Rural, Semi-Urban and Urban** using CRIF High Mark's internal methodology based on Census data

About CRIF High Mark

CRIF High Mark in INDIA- partner for all your credit related requirements

CRIF High Mark in India, now offers products and services for Credit Information, Business Information, Analytics, Scoring, Credit Management and Decision solutions in India.

CRIF operates **CRIF High Mark**, India's leading credit bureau, which has largest database of individual records and supports millions of lending decision every month. CRIF High Mark is India's first full-service credit bureau covering all borrower segments – MSME/Commercial, Retail and Microfinance. CRIF High Mark works with all leading financial institutions in the country, providing them a comprehensive bureau coverage using its proprietary 'Made in India for India Search Engine', proven to work even with low quality data.

We bring our global expertise in Analytics, Scoring, Credit Management and Decision Solutions to India through our center of excellence at Pune. Our team of expert data scientists and statisticians bring together years of experience in developing bespoke scorecards for Originations, Marketing and Collections for Financial Services, Insurance or Telecom sectors.

We bring together best of both worlds – comprehensive data and sophisticated dedupe technology for India along with global best practices, expertise in scoring and top-rated credit management software solutions – to add most value to our clients.

Disclaimer:

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About CreditScape

CreditScape is a quarterly publication from CRIF High Mark on Retail lending in India. The publication is a deep dive into trends & analysis of key parameters such as Gross Loan Portfolio, Industry Growth, Market Competition, Sourcing, Portfolio Risks and Borrower Landscape of various retail lending products.

Analytical Contacts

Vipul Jain

Vice President - Product Management & Business Intelligence

vipul.jain@crifhighmark.com

Saumya Sah

Manager, Research & Insights

saumya.sah@crifhighmark.com

Srikanth Goli

Associate Vice President, Research & Insights

srikant.goli@crifhighmark.com

Reach us at research@crifhighmark.com for any queries

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