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# Indian Banks could be staring at unprecedented loan defaults in next 18-24 months

*Indian banks are staring at unprecedented loan defaults in the coming quarters according to Lancers Network.*

ETBFSI • Updated: June 16, 2020, 18:53 IST



Indian banks are going to see unprecedented risk of loan defaults in the next 18-24 months as a confluence of factors has emerged together. The primary being the **Covid-19** pandemic and a prolonged nationwide lockdown and governments push to increase credit. According to Lancers Network, all these factors combined together will catapult one of the biggest crises for the Indian **banking** sector.

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mid-sized organisations who are already dealing with an unprecedented slowdown in demand.

According to Lancers Network, a firm which tracks unencumbered assets of financial defaulters for lenders, believes that there's a hidden risk in the credit scheme launched for the [MSMEs](#). A report by TransUnion CIBIL & SIDBI report the bad loan ratio of MSMEs had reached to highest rate at 12.5%.

“Banks should be careful and avoid encumbering the MSMEs with more loans as that will increase their likelihood of a default,” said, Shivindra Pratap Singh, MD at Lancers Network Limited.

Borrowers seeking the moratorium benefit must be seen as a red flag, according to Singh.

He adds, Provisioning will amplify from a general 0.40 to 10% if moratorium obtaining accounts had overdues between 1 to 89 days when applying for the same.

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