

A dynamic splash of water and ice against a dark blue background, with a white arc above the splash.

# CreditScape

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A PUBLICATION ON CREDIT LANDSCAPE

VOLUME IX  
MASS MARKET LENDING

MARCH 2021

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# Executive Summary

	STPL	CD	TW	AFHL	BL	CVL
Portfolio Outstanding (₹ K Cr)	13.6	15.6	50.3	9321.8	93.1	66.2
Y-o-Y Growth %	-1.0%	3.0%	-2.1%	6.2%	15.3%	12.3%
2-Year Growth %	86.5%	34.7%	9.8%	12.6%	32.5%	11.5%
Active Loans (Lakh)	146.30	294.20	199.45	89.39	108.80	37.02
Y-o-Y Growth %	33.2%	4.0%	1.0%	5.0%	34.2%	14.1%
2-Year Growth %	270.2%	9.1%	12.8%	11.5%	13.1%	21.8%
Volume Delinquency 31-180%	13.2%	3.7%	11.7%	3.5%	6.9%	15.5%
Value Delinquency 31-180%	12.7%	4.0%	11.8%	3.7%	7.6%	14.7%
Originations Value FY21 (₹ Crore)	13,477	29,250	27,540	1,77,721	32,856	17,991
Originations Volume FY21 (Lakh)	148.1	215.4	47.0	12.1	50.2	8.5
Average Ticket Size in FY21 (₹ K)	9.1	13.6	58.6	1469.4	65.5	212.5
Y-o-Y Growth %	4.1%	-1.1%	9.2%	2.2%	-55%	-9.4%
2-Year Growth %	-41.5%	-2.4%	17.4%	5%	-44.2%	-16.4%

**Small Ticket Personal Loans (STPL)** has Portfolio Outstanding of ₹ 13.6 K Cr and Active loans of 146.3 Lakhs as of Mar'21. STPL witnessed portfolio growth of 86.5% by value and 270.2% by volume from Mar'19 to Mar'21. 31-180% delinquencies in STPL at 13.2% by volume and 12.7% by value as of Mar'21. STPL witnessed originations of ₹ 13.5 K cr by value and 148.1 Lakh accounts by volume with Average Ticket size of ₹ 9,100 in FY21

**Consumer Durable Loans (CD)** has Portfolio Outstanding of ₹ 15.6 K Cr and Active loans of 294.2 Lakh as of Mar'21. CD Loans witnessed portfolio growth of 34.7% by value and 9.1% by volume from Mar'19 to Mar'21. 31-180% delinquencies in CD Loans at 3.7% by volume and 4% by value as of Mar'21. CD Loans witnessed originations of ₹ 29 K cr by value and 215.4 Lakh accounts by volume with Average Ticket size of ₹ 13,600 in FY21.

# Executive Summary

**Two-Wheeler Loans (TW)** has Portfolio Outstanding of ₹ 50.3 K Cr and Active loans of 199.45 Lakh as of Mar'21. TW Loans witnessed portfolio growth of 9.8% by value and 12.8% by volume from Mar'19 to Mar'21. 31-180% delinquencies in TW Loans at 11.7% by volume and 11.8% by value as of Mar'21. TW Loans witnessed originations of ₹ 27.5 K cr by value and 47 Lakh accounts by volume with Average Ticket size of ₹ 58,600 in FY21.

**Affordable Home Loans (AFHL)** has Portfolio Outstanding of ₹ 9,321.8 K Cr and Active loans of 89.39 Lakh as of Mar'21. AFHL witnessed portfolio growth of 12.6% by value and 11.5% by volume from Mar'19 to Mar'21. 31-180% delinquencies for AFHL at 3.2% by volume and 3.1% by value as of Mar'21. AFHL witnessed originations of ₹ 177.7 K cr by value and 12.1 Lakh accounts by volume with Average Ticket size of ₹ 14.7 Lakh in FY21.

**Business Loans (BL)** has Portfolio Outstanding of ₹ 93.1 K Cr and Active loans of 108.8 Lakh as of Mar'21. Business Loans witnessed portfolio growth of 32.5% by value and 13.1% by volume from Mar'19 to Mar'21. 31-180% delinquencies for Business Loans at 6.9% by volume and 7.6% by value as of Mar'21. Business Loans witnessed originations of ₹ 32.8 K cr by value and 50.2 Lakh accounts by volume with Average Ticket size of ₹ 65.5K in FY21.

**Commercial Vehicle Loans (CVL)** has Portfolio Outstanding of ₹ 66.2 K Cr and Active loans of 37 Lakh as of Mar'21. CVL witnessed portfolio growth of 11.5% by value and 21.8% by volume from Mar'19 to Mar'21. 31-180% delinquencies for Commercial Vehicle Loans at 15.5% by volume and 14.7% by value as of Mar'21. CVL witnessed originations of ₹ 18 K cr by value and 8.5 Lakh accounts by volume with Average Ticket size of ₹ 2.1 Lakh in FY21.

# Introduction to Mass Market Lending

Consumer lending in India today is expanding like never before. Some of the factors responsible are increasing disposable incomes, urbanization, favourable demographics, rapid development in information technology, ease of availing credit driven by constant innovation in lending solutions.

India is one of the fastest-growing economies in the world with a large and growing middle class population accounting for 28% of India's population. India is also one of the youngest countries in the world with more than 62% of the population in the working age group (15-59 years), adding around 12 million people to this section every year. However, nearly 40% of India's population remains unbanked today, presenting a huge opportunity for mass consumer banking. As a result, lenders are increasingly turning their focus on middle and lower income strata of the population and young borrowers who have small but often regular credit needs..

This segment of lending, referred to as Mass Market is small in terms of value in overall lending but caters to large and growing middle class/lower income sections of the society. However, this segment is expanding exponentially in terms of volume or count of loans. Lenders especially non-traditional ones are leveraging this opportunity to reach borrowers far and wide, thereby strengthening their borrower base.

For the purpose of this report, mass market segments considered are classified as below:

Product	Ticket Size	Share in Overall Product in FY21 - Value (%)	Share in Overall Product in FY21 - Volume (%)
Small Ticket Personal Loans	Up to ₹50k	4%	62%
Consumer Durable Loans	Up to ₹25k	53%	80%
Two Wheeler Loans	Up to ₹75k	64%	76%
Affordable Home Loans	Up to ₹25L (<5L excluded)	32%	63%
Business Loans	Up to ₹5L	25%	91%
Commercial Vehicle Loans	Up to ₹5L	22%	63%

For eg: Small Ticket Personal Loans are just 4% of overall Personal Loans by originations value in FY21. However, they comprise 62% by volume.

# Key Takeaways

NBFCs (incl. HFCs) dominate all Mass Market products except Business Loans

By Origination volumes from FY19 to FY21, CD loans dominate Mass Market lending followed by STPL and TW loans

42% Decline in ATS of STPL from FY19 to FY21 driven by focus on small ticket loans by NBFCs

For all products except CD and TW, smaller ticket sizes have the largest share in origination volumes in FY21

Age groups <25 years and 26-35 years take higher proportion of STPL, CD and TW loans compared to AFHL, BL and CVL

69.4% of TW loans are availed by New to Credit borrowers in FY21 followed by 47.7% for BL

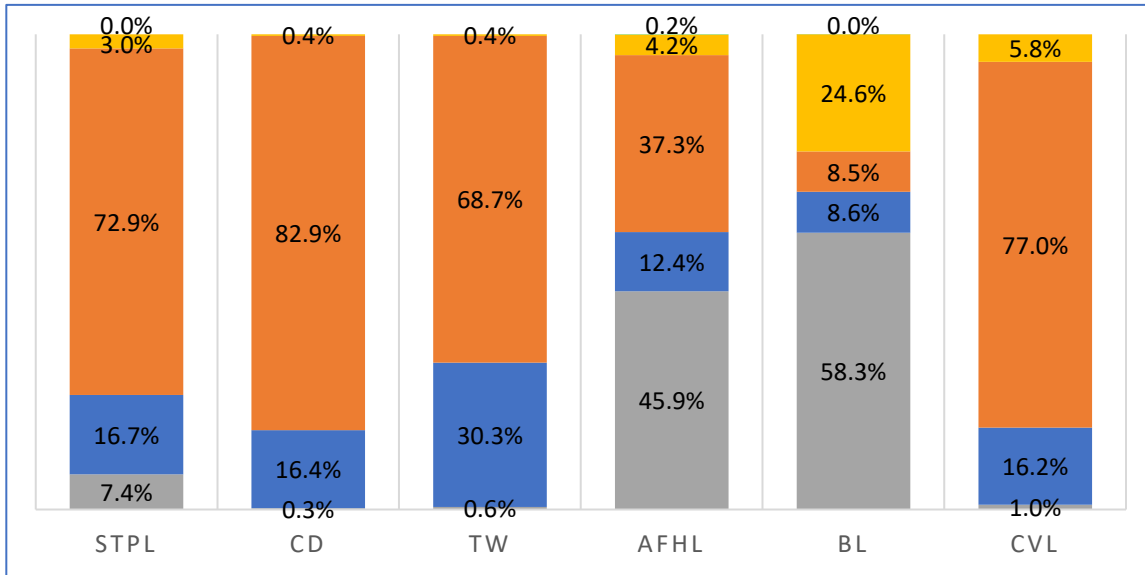
TW, BL and CVL have a larger presence in rural & semi-urban markets, with higher share of originations (volume and value) in FY21

Volume and value delinquency 31-180% higher for STPL, TW & CVL compared to CD, AFHL and BL

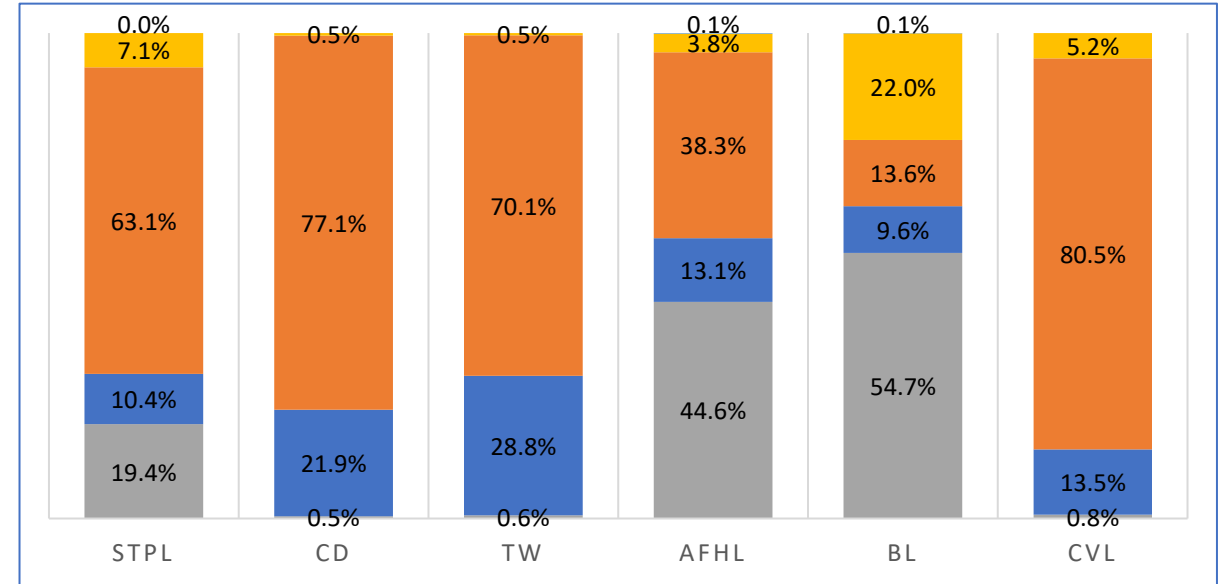
NBFCs have higher Volume and value delinquency 31-180% for STPL, TW, CVL

# Portfolio Market Share (as of Mar'21)

Active Loans – Lender Mix (as of Mar'21)



Portfolio Outstanding – Lender Mix (as of Mar'21)

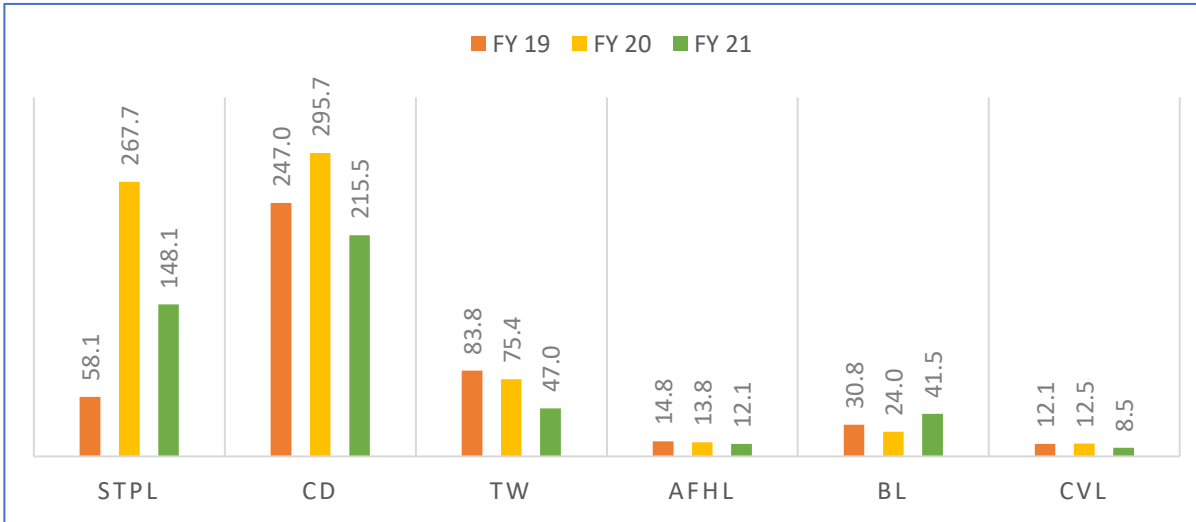


■ Public Sec Banks ■ Private Banks ■ NBFCs ■ Others ■ Foreign Banks

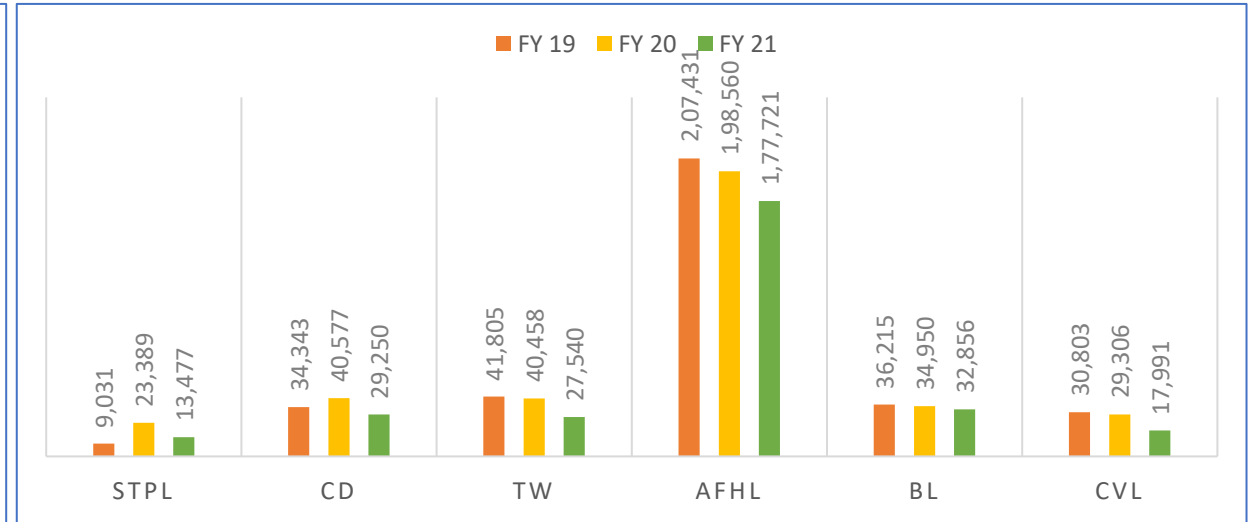
- ❑ NBFCs (incl HFCs) are most dominant players in Mass Market lending. NBFCs dominate Market share (both volume and value) for all products except Business Loans
- ❑ Private Banks have good presence in Two-Wheeler loans with Market share of 30.3% by volume and 28.8% by value. They have decent presence in other Mass Market Products – STPL, CD and CVL
- ❑ Public Sector Banks dominate Affordable Home Loans and Business Loans by both volume and value
- ❑ Foreign banks have insignificant presence in Mass Market lending. Others have good presence in BL

# Originations (FY19-FY21)

Originations Volume (Lakh) - FY19-FY21



Originations Value (₹ Crore) - FY19-FY21

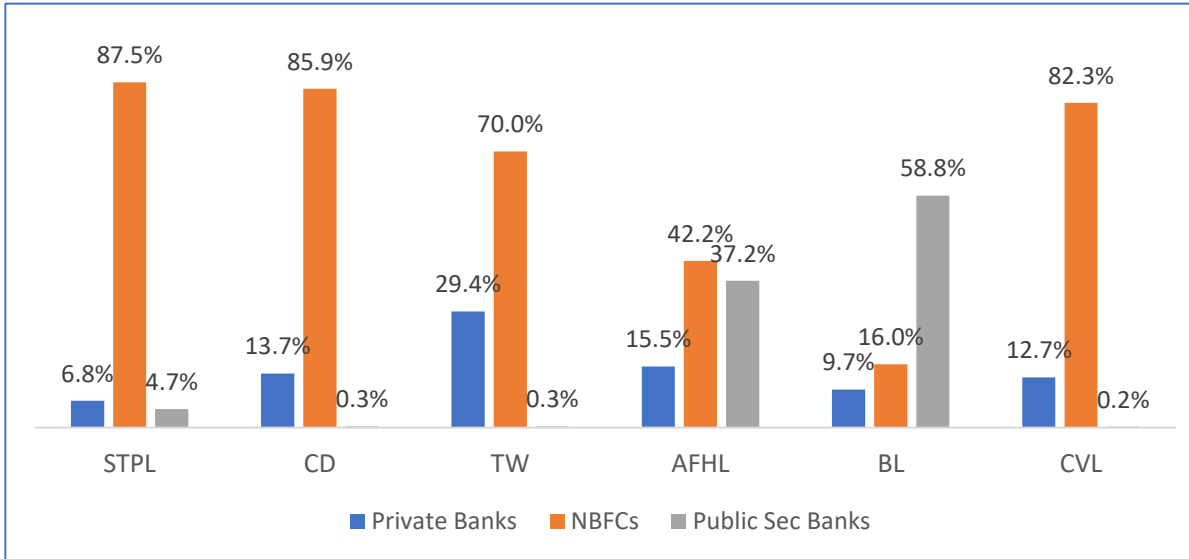


- By Origination volumes from FY19 to FY21, CD loans dominate Mass Market lending followed by STPL and TW loans
- Nearly 5X growth in STPL Originations by volume between FY19 and FY 20, while CD grew by only 1.2X in the same period. Higher impact on STPL originations due to Covid pandemic in FY21 compared to CD loans
- TW and AFHL loans witnessed decline in Y-o-Y Originations (by volume & value) in both FY20 and FY21
- 73% Y-o-Y increase in Originations (by volume) in Business Loans in FY21. This growth is led by Emergency Credit Line Guarantee Scheme (ECLGS) introduced by GOI to enable lenders to extend emergency credit to entities impacted by Covid pandemic
- CVL Originations growth (by volume & value) was flat in FY20; followed by decline in FY21 due to Covid pandemic

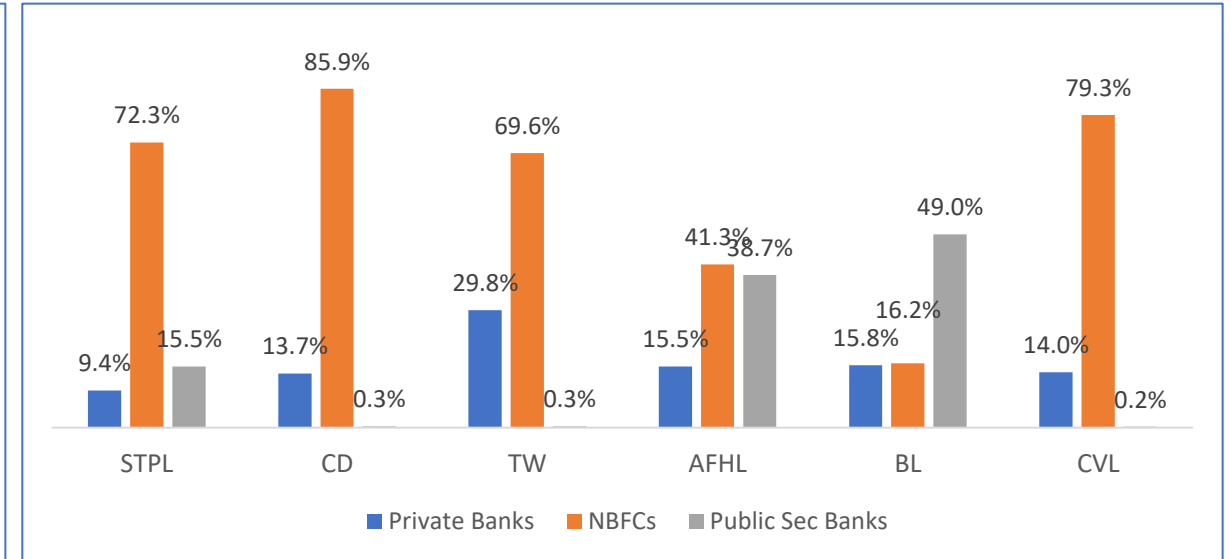


# Originations – Lender Mix (in FY21)

Originations Volume (Lakh) FY21 – Lender Mix



Originations Value (₹ Cr) FY21 – Lender Mix

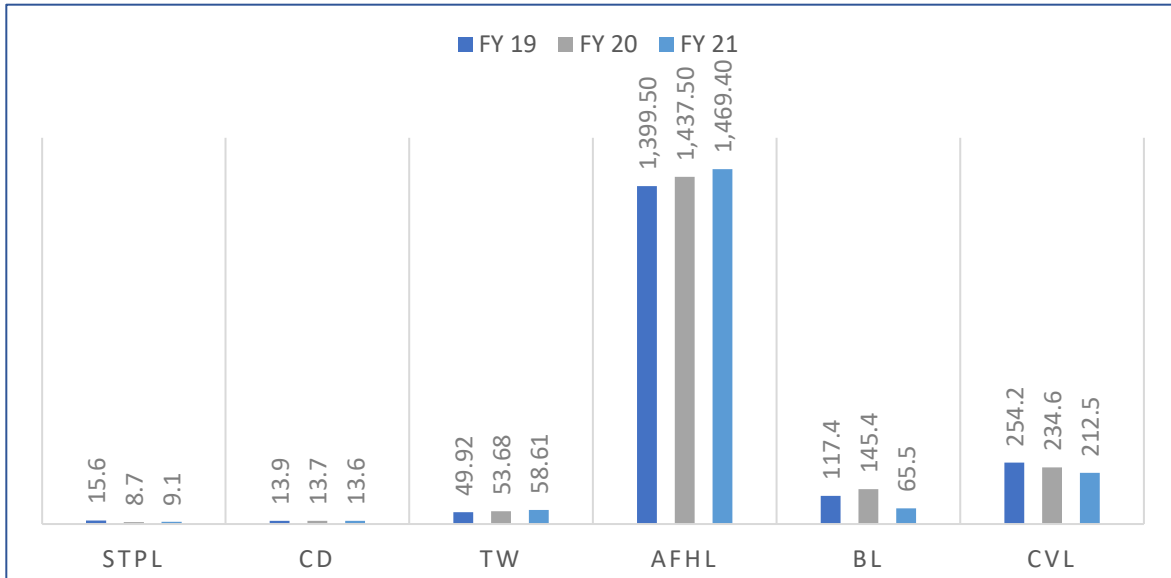


Lender Type 'Others' and 'Foreign Banks' have not been presented in this analysis

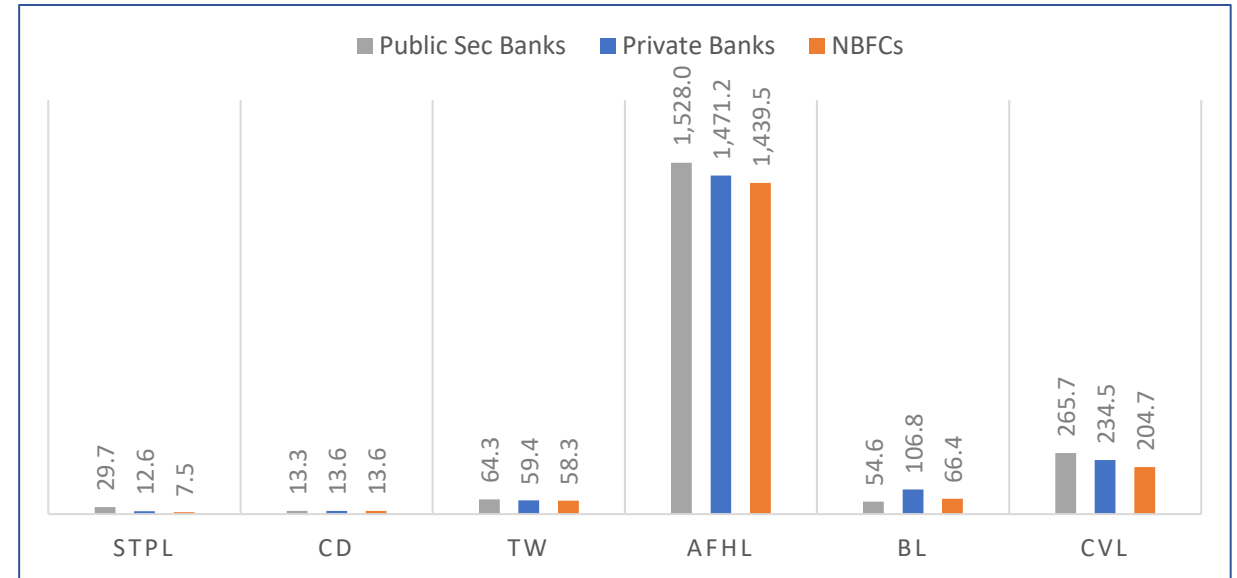
- ❑ NBFCs (incl HFCs) dominate Originations (both volume and value) in FY21 for all Mass Market products except Business Loans
- ❑ Private Banks though not dominating have good presence in all Mass Market products, having Originations share (by volume) of 29.4% in FY21 for TW loans
- ❑ Public Sector banks dominate Originations of Affordable Home Loans and Business loans with share (by volume) of 37.2% and 58.8% in FY21 respectively. They have miniscule Originations share in other products

# Originations – Average Ticket Size

Average Ticket Size (₹ K) FY19-FY21 – Overall



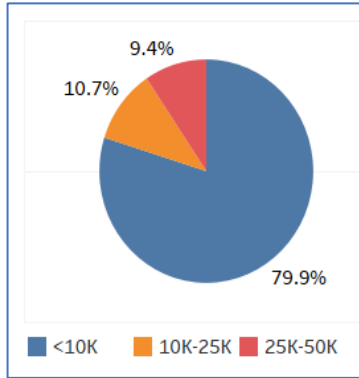
Average Ticket Size (₹K) FY21 – Lender Mix



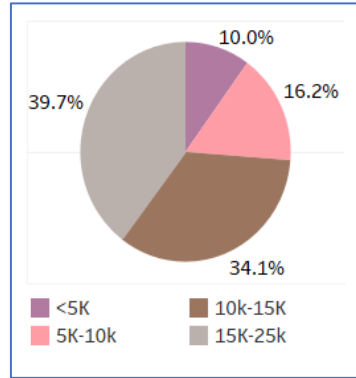
- ❑ STPL Originations witnessed 42% decline in Average Ticket Size (ATS) from FY19 to FY21, while decline for BL and CVL is at 44% and 16% respectively during the same period. ATS of CD loans declined by only 2%
- ❑ During the same period, ATS for TW and AFHL increased by 17% and 5% respectively
- ❑ NBFCs have much lower ATS compared to Private Banks for STPL, BL and CVL
- ❑ Decline in ATS of STPL from FY19 to FY21 driven by focus on small ticket loans by NBFCs

# Originations – Ticket Size Mix (in FY21)

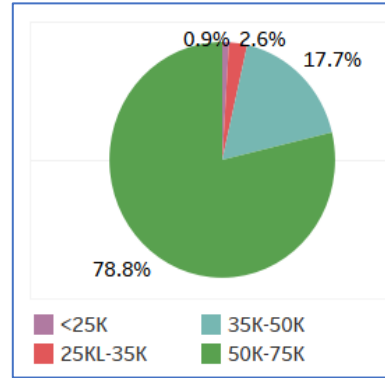
STPL



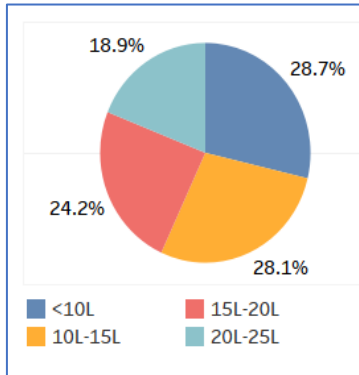
CD



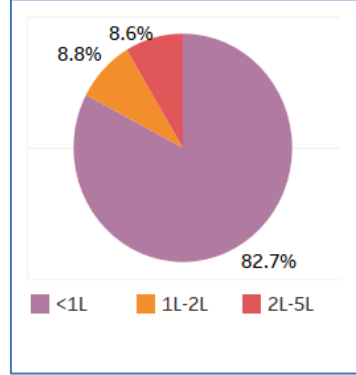
TW



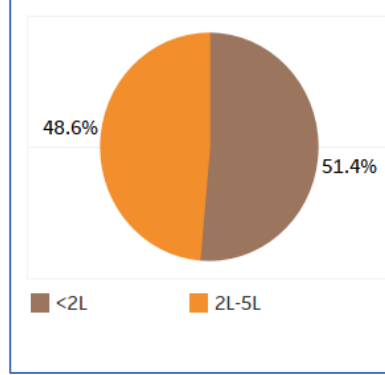
AFHL



BL



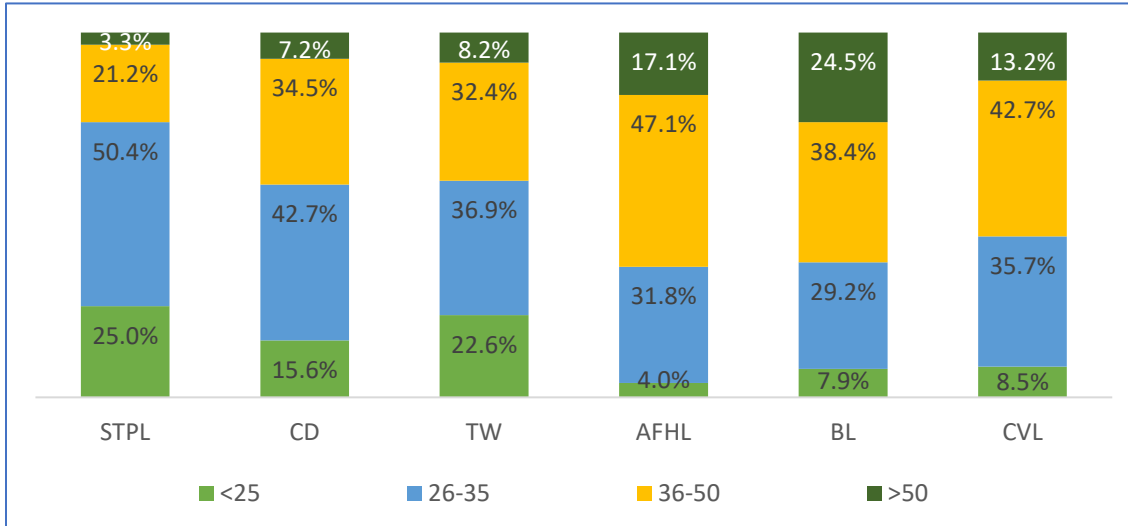
CVL



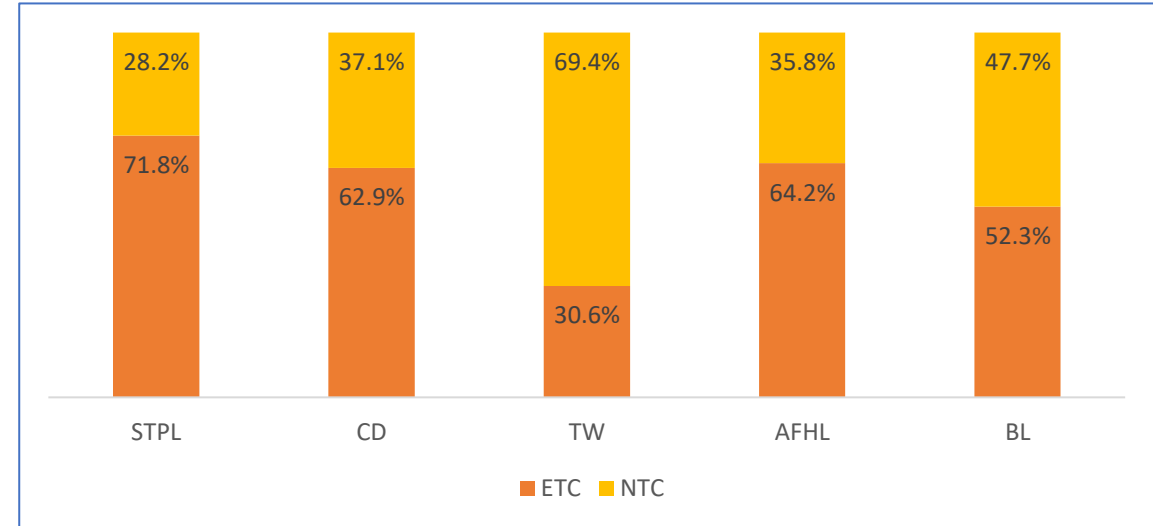
- ❑ **STPL:** Originations in STPL dominated by ticket size <₹ 10k in FY21. Most of these <₹ 10k loans are very short tenor loans as well
- ❑ **CD:** Originations in CD loans dominated by ticket sizes ₹ 15k-25k and ₹ 10k-15k with share of 39.7% and 34.1% respectively in FY21
- ❑ **TW:** Originations in TW loans dominated by ticket size ₹ 50k-75k with 78.8% share in FY21
- ❑ **AFHL:** Originations in AFHL dominated by ticket size <₹ 15 Lakhs with 57% market share in FY21
- ❑ **BL:** Originations in BL dominated by ticket size < ₹ 1 Lakh with 82.7% share in FY21
- ❑ **CVL:** Originations in CVL dominated by ticket size < ₹ 2 Lakhs with 51.4% share in FY21

# Originations – Borrower Age and Vintage Mix (in FY21)

Originations (Volume) Borrower Age Mix FY 21



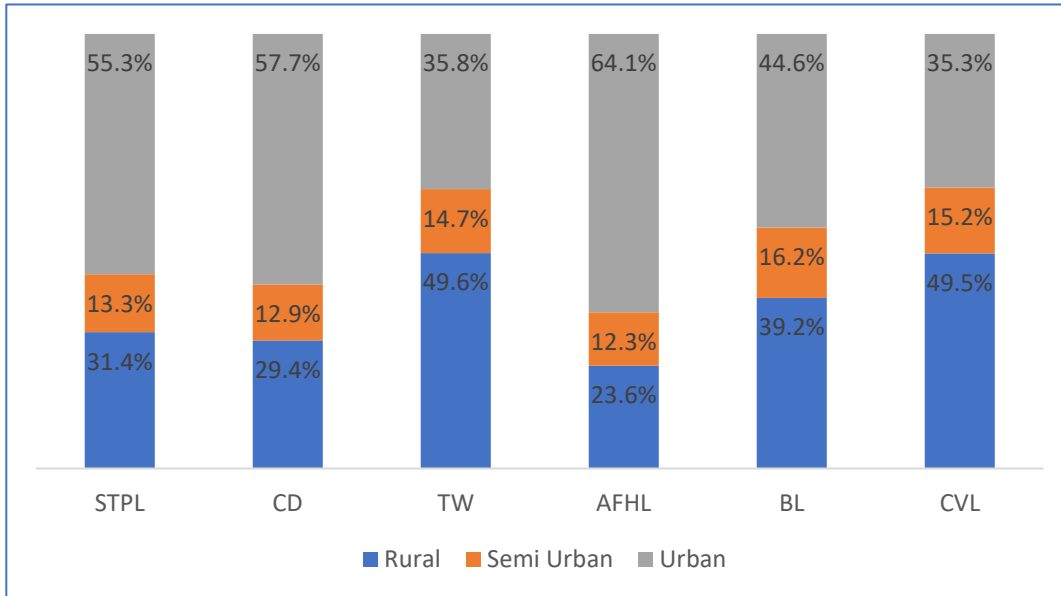
Originations (Volume) Borrower Vintage Mix FY 21



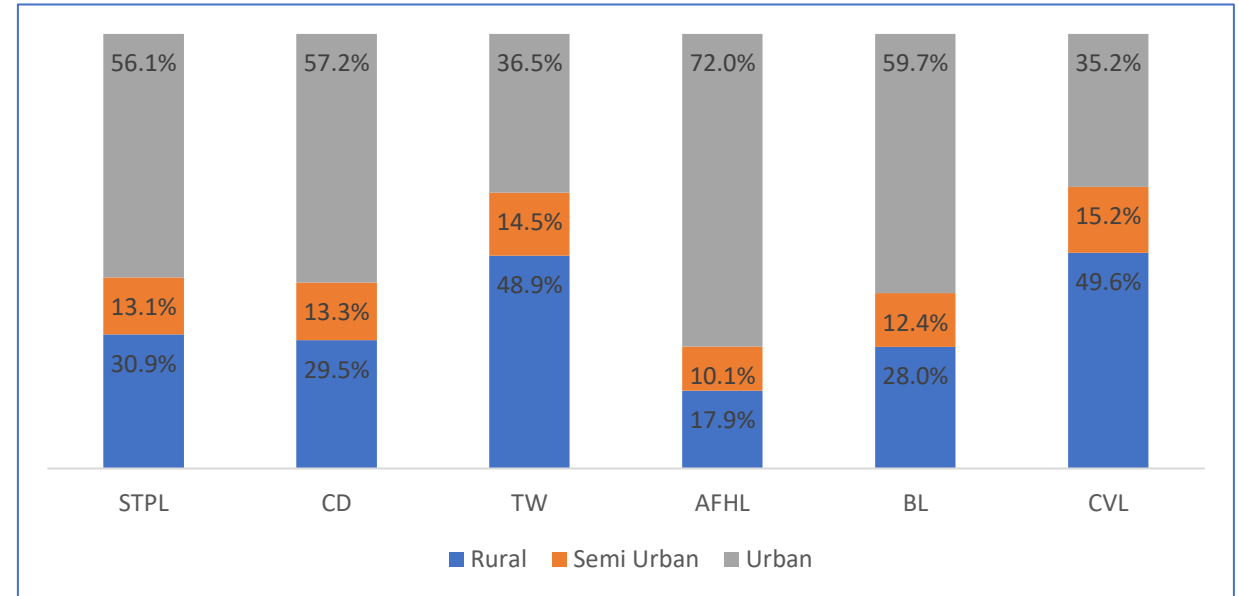
- ❑ Age groups <25 years and 26-35 years take higher proportion of STPL, CD and TW loans compared to AFHL, BL and CV Loans
- ❑ Age groups 36-50 years and >50 years take higher proportion of AFHL, BL and CV Loans compared to STPL, CD and TW loans
- ❑ 75.4% of STPL are availed by borrowers in age group <35 years, while 64.2% of AFHL are availed by age group >36 years, in FY21
- ❑ 69.4% of TW loans are availed by New to Credit (NTC) borrowers in FY21 followed by 47.7% for BL. Only 28.2% of STPL are availed by NTC borrowers

# Originations – Rural - Urban Mix (in FY21)

Originations (Volume) Rural - Urban Mix FY 21



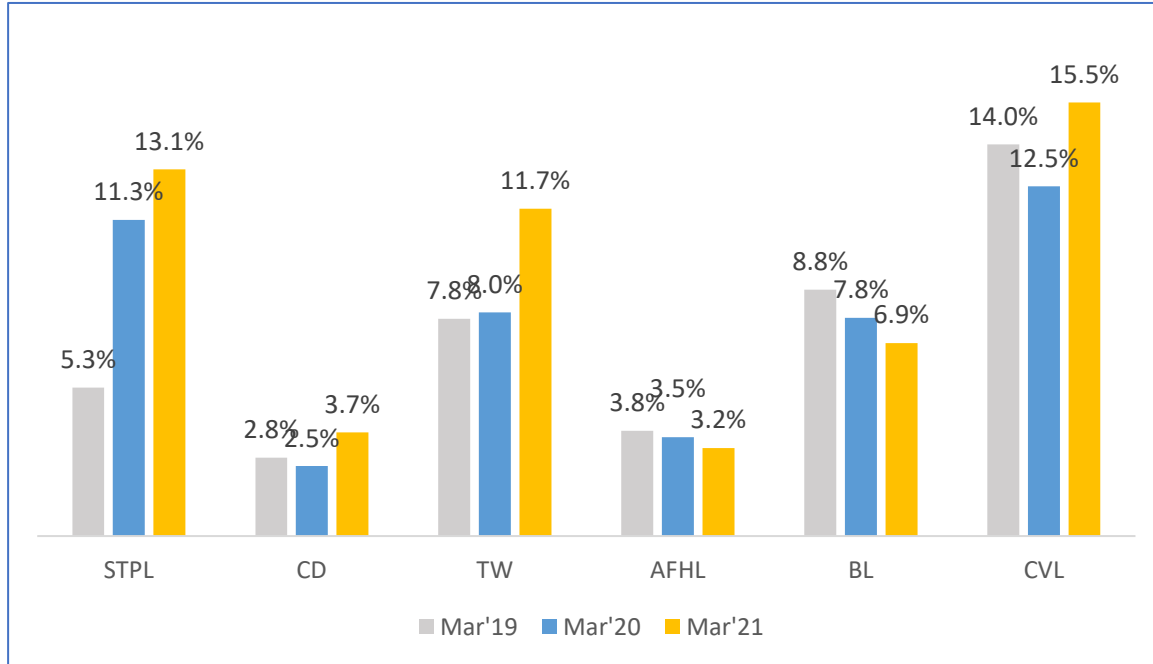
Originations (Value) Rural - Urban Mix FY 21



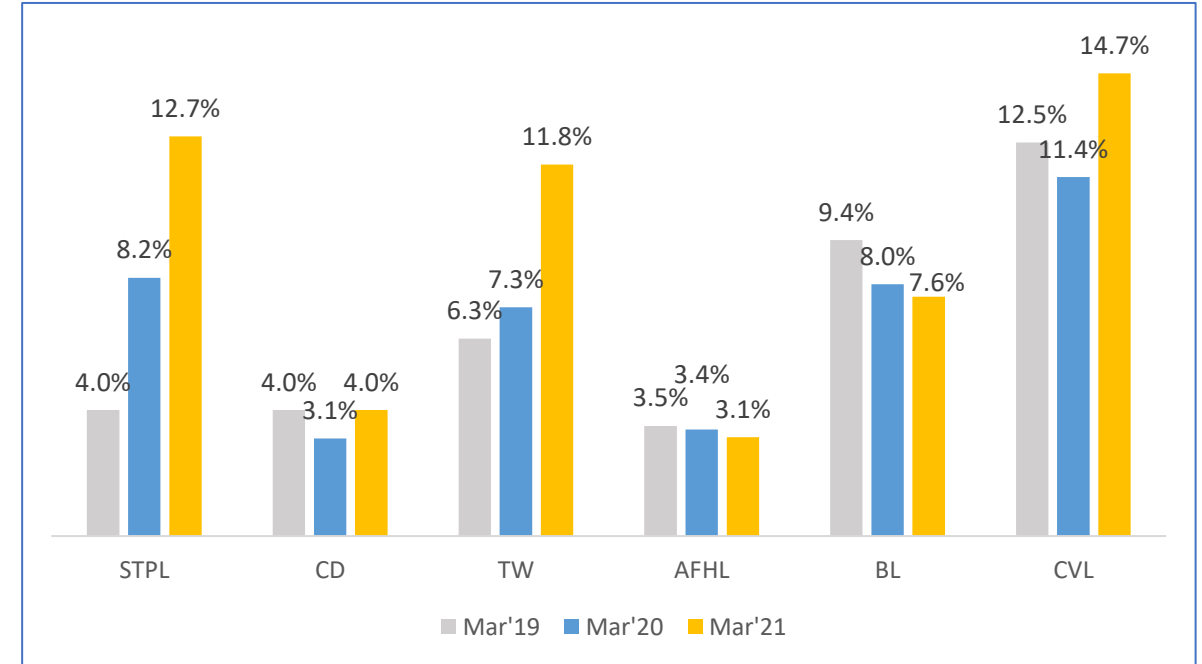
- ❑ TW, BL and CVL have a larger presence in rural & semi-urban markets, with higher share of originations (volume and value) in FY21
- ❑ STPL, CD and AFHL have lesser presence in rural & semi-urban markets, compared to urban
- ❑ AFHL has significantly higher proportion of originations (volume and value) from urban geographies, compared to other products
- ❑ BL has higher share in rural & semi-urban markets by originations by volume, but the share by value is lower

# Delinquency Trends - Overall

Volume Delinquency Trends (LAR 31-180%) - Overall



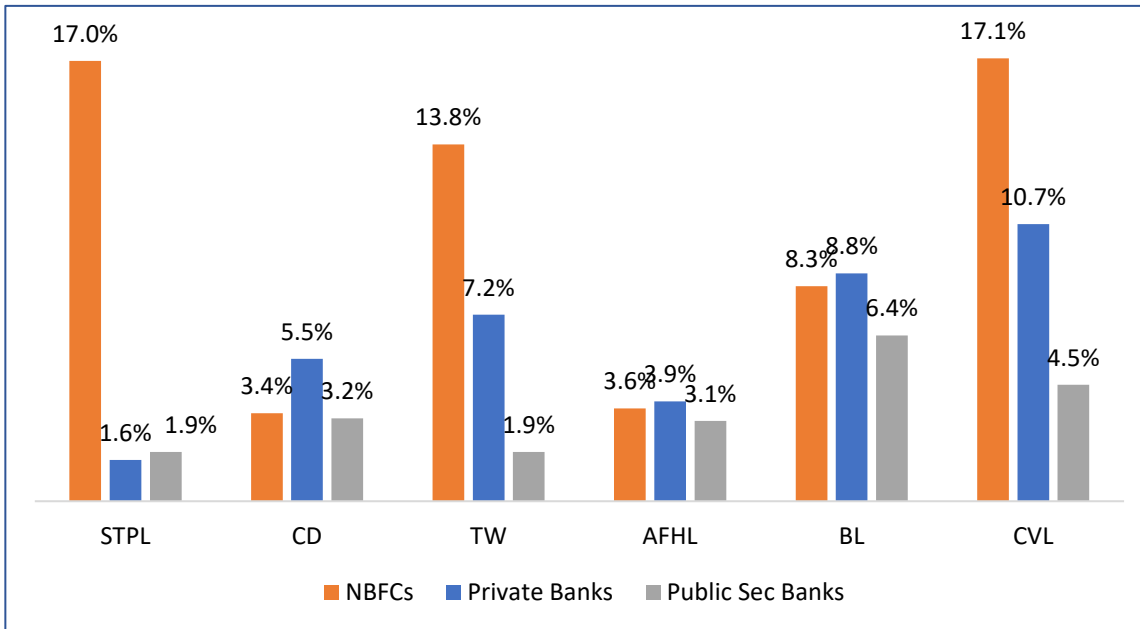
Value Delinquency Trends (PAR 31-180%) - Overall



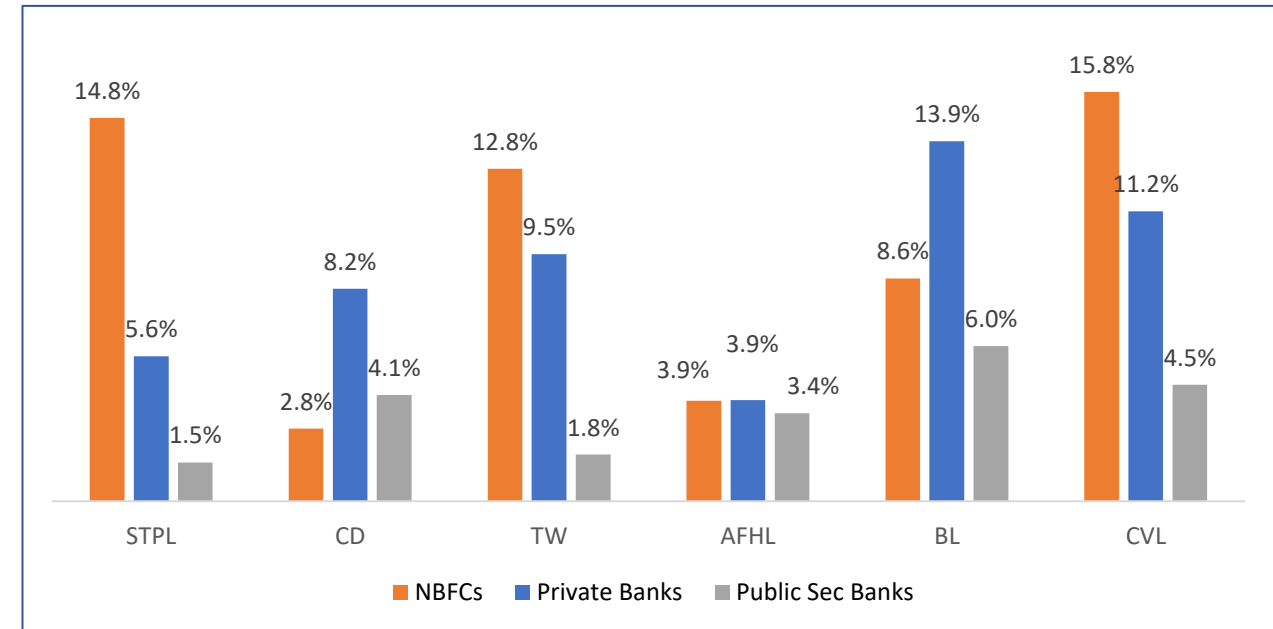
- ❑ As of Mar'21, volume and value delinquency 31-180% is higher for STPL, TW & CVL compared to CD, AFHL & BL
- ❑ LAR 31-180% and PAR 31-180% is least for AFHL at 3.2% and 3.1% respectively and highest for CVL at 15.5% and 14.7% respectively, as of Mar'21
- ❑ LAR 31-180% and PAR 31-180% have increased continuously from Mar'19 to Mar'21 for STPL and TW, while they have decreased continuously for AFHL and BL over the same period
- ❑ LAR 31-180% and PAR 31-180% decreased from Mar'19 to Mar'20 and increased in Mar'21 for CD and CVL

# Delinquency – by Lender Type (as of Mar'21)

Volume Delinquency (LAR 31-180%) – Lender Type



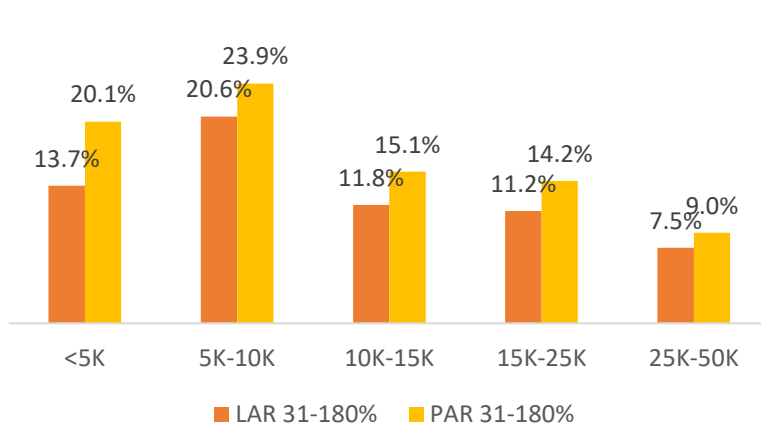
Value Delinquency (PAR 31-180%) – Lender Type



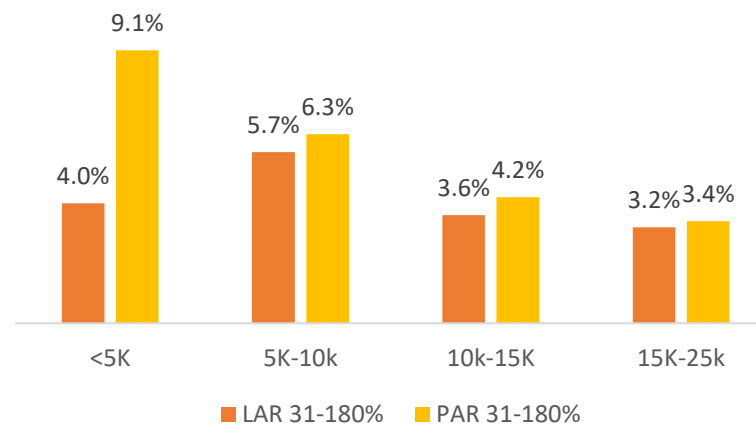
- ❑ **NBFCs:** LAR 31-180% and PAR 31-180% is higher for STPL, TW, CVL and least for CD loans at 3.4% and 2.8% respectively
- ❑ **Private Banks:** LAR 31-180% and PAR 31-180% is higher for TW, BL & CVL. LAR 31-180% is least for STPL at 1.6% and PAR 31-180% is least for AFHL at 3.9%
- ❑ Higher delinquencies in STPL, TW and CVL led by NBFCs; while higher delinquencies in CD and BL led by Private Banks

# Delinquency – by Ticket Size (as of Mar'21)

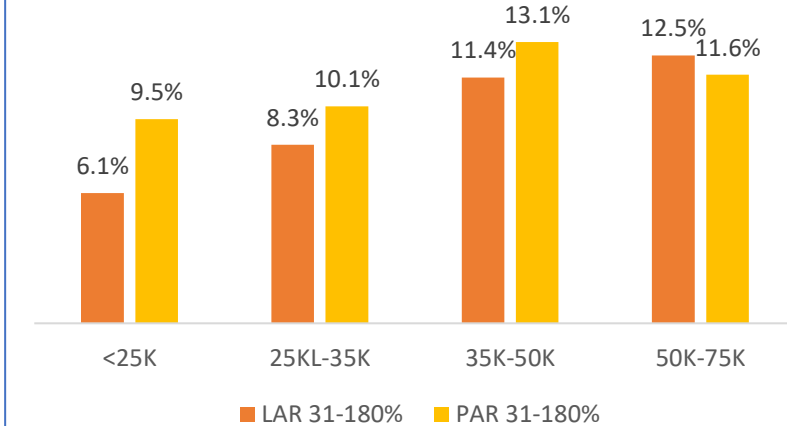
### Small Ticket Personal Loans



### Consumer Durable Loans



### Two Wheeler Loans

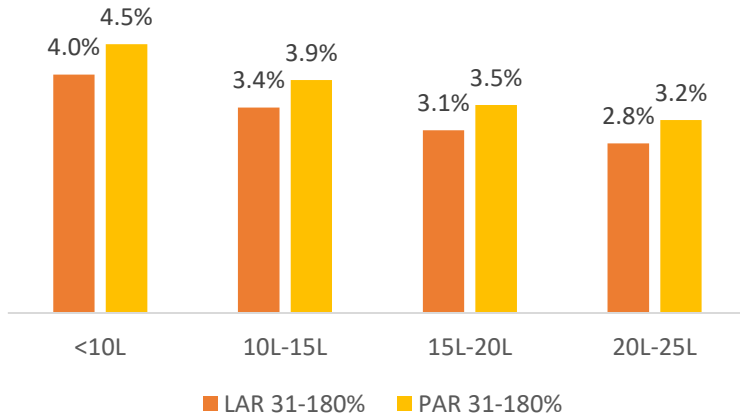


- ❑ **STPL:** Decline in LAR 31-180% and PAR 31-180% from ticket size ₹5k-₹10k to ₹25k-₹50k. Delinquency for Ticket size ₹ 5k-10k is highest with LAR 31-180% at 20.6% and PAR 31-180% at 23.9%
- ❑ **CD:** LAR 31-180% and PAR 31-180% is higher for lower ticket size loans. LAR 31-180% is highest for ticket size ₹5k-₹10k at 5.7% while PAR 31-180% is highest for ticket size <₹5k at 9.1%
- ❑ **TW:** LAR 31-180% and PAR 31-180% is higher for higher ticket size loans. LAR 31-180% at 12.5% is highest for Ticket size ₹ 50k-75k while PAR 31-180% at 13.1% is highest for Ticket size ₹ 35k-50k

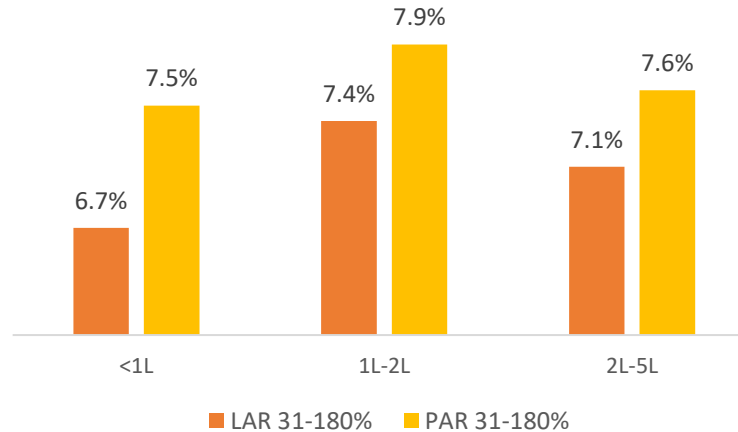


# Delinquency – by Ticket Size (as of Mar'21)

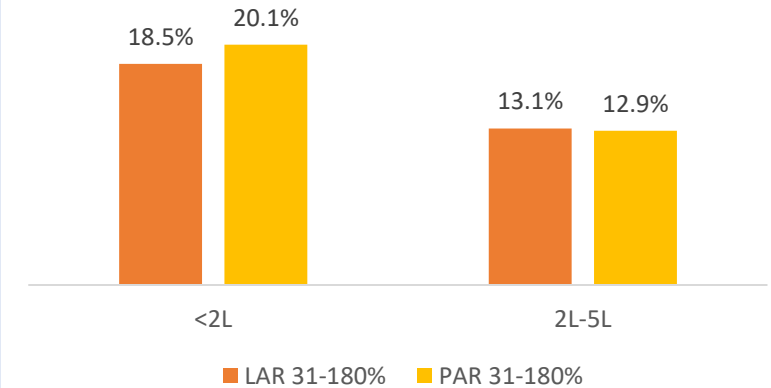
### Affordable Home Loans



### Business Loans



### Commercial Vehicle Loans



- ❑ **AFHL:** LAR 31-180% and PAR 31-180% is higher for lower ticket size loans. Delinquency for Ticket size <₹ 10 Lakh is highest with LAR 31-180% at 4% and PAR 31-180% at 4.5%
- ❑ **BL:** Delinquency for Ticket size ₹ 1-2 Lakh is highest with LAR 31-180% at 7.4% and PAR 31-180% at 7.9%
- ❑ **CVL:** LAR 31-180% and PAR 31-180% is higher for lower ticket size loans. Delinquency for Ticket size <₹ 2 Lakh is highest with LAR 31-180% at 18.5% and PAR 31-180% at 20.1%

# Definitions

- Portfolio Outstanding or value refers to the current outstanding balance of the loan account in ₹ K crore, unless otherwise mentioned
- Active loans or volume refers to the number/count of active loans in Lakh, unless otherwise mentioned
- 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 disbursed amount in ₹ crore, unless otherwise mentioned
- Originations Volume refers to the number of loans disbursed in Lakh, unless otherwise mentioned
- PAR or Portfolio at Risk refers to the proportion of delinquent portfolio
- ATS or Average ticket Size refers to the average size of each loan type
- NTC or New to Credit is defined as loans with borrower vintage  $\leq 12$  months.
- ETC or Existing to Credit is defined as loans with borrower vintage  $> 12$  Months
- Lender category Others comprises RRBs, Co-operative Banks etc.

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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.

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# About CRIF India

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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.

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