

A hand holding a glowing globe with a network overlay. The globe is semi-transparent and shows a map of the world. A bright, glowing network of lines and nodes surrounds the globe, extending across the entire background. The background is a light blue gradient.

# CreditScape

A PUBLICATION ON CREDIT LANDSCAPE

VOLUME XII  
EXPANDING OUTREACH OF MASS MARKET  
LENDING

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Sep 2022

# Foreword



**SANJEET DAWAR**

Managing Director, CRIF High Mark

Welcome to CRIF High Mark's CreditScape Volume XII - Report on Expanding Outreach of Mass Market Lending (Sep 2022)

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

This report focuses on Mass Market Lending in India, which is yet small in terms of value but caters to the large and growing middle class/lower income sections of the society. In terms of volume, we see that this segment is expanding exponentially.

With the help of advanced analytics and our in-house expertise, we have evaluated a broad range of parameters to showcase key insights into this segment and how microfinance borrowers are steadily maturing towards availing these 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.

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 XII - Report on Expanding Outreach of Mass Market Lending (Sep 2022). The report is based on data submitted to CRIF High Mark for the period up to 30th September 2022.

India has large and growing middle class population accounting for 28% of our 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. As a result, lenders are increasingly turning their focus on young borrowers who have small but often regular credit needs.

At the same time, we have seen a paradigm shift in the credit needs of microfinance borrowers who are steadily graduating towards retail loans to cater to their non-income generation needs.

This report is an attempt to capture critical trends in Mass Market Lending and expanding its reach to under served borrowers. 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.



# Table of Contents

Section	Page No.
Executive Summary	6
Originations Trends	7
Delinquency Trends	12
Retail Exposure of Microfinance Borrowers	13
Geographical Opportunities to Expand	17
Definitions	18
About CRIF High Mark	19
About CreditScape	20

# Introduction to Mass Market Lending

Mass Market is small segment of lending 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 are leveraging this opportunity to reach borrowers far and wide, thereby strengthening their borrower base.

Mass market segments are classified as below:

**As of Sep'22**

Product	Mass Market Segment - Ticket Size	Active Loans (Cr)	Portfolio Outstanding (₹ Crore)
Small Ticket Personal Loans (STPL)	Up to ₹50k	4.77	30,228
Consumer Durable Loans (CD)	Up to ₹25k	4.53	21,140
Business Loans (BL)	Up to ₹5L	3.22	2,07,047
Two Wheeler Loans (TW)	Up to ₹1L	2.32	68,852
Affordable Home Loans (AFHL)	Up to ₹25L	1.59	11,75,046
Commercial Vehicle Loans (CVL)	Up to ₹5L	0.36	62,566

# Executive Summary

Mass Market Segments dominate by volume, while value share is comparatively lower for all products

NBFCs dominate all Mass Market products except Business Loans

Borrowers less than 35 years are dominant in STPL, CD and TW, NTC highest for TW, BL

PAR 91-180% as of Sep'22 deteriorated for STPL, CD and TW over Mar'22

Out of 6.3 Crore live MFI borrowers, 36.2% have an active/closed retail loan, 14.9% have an active retail loan as of Sep'22

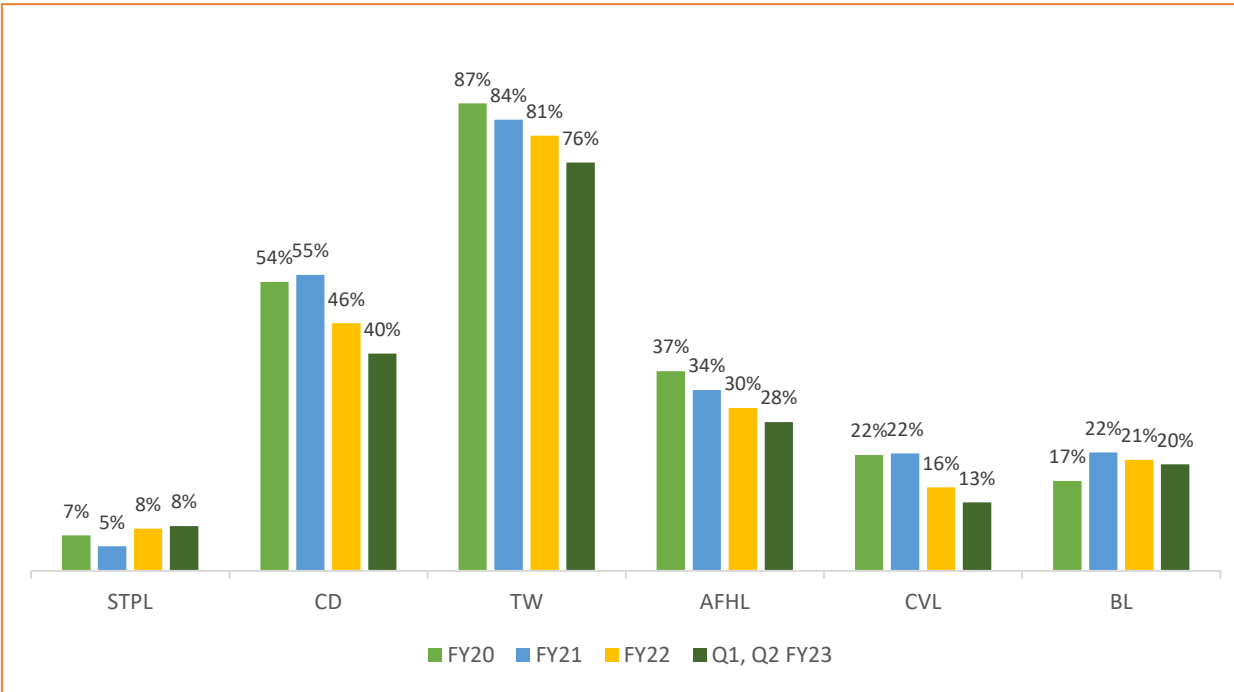
Top 10 States constitute 75.5% by portfolio outstanding (value) and 71.4% by active loans (volume) as of Sep'22, in overlap base

As of Sep'22, retail exposure of MFI borrowers is dominated by Home Loans, KCC Agri and Gold Loans by value and Business Loans, KCC Agri and Gold Loans by volume

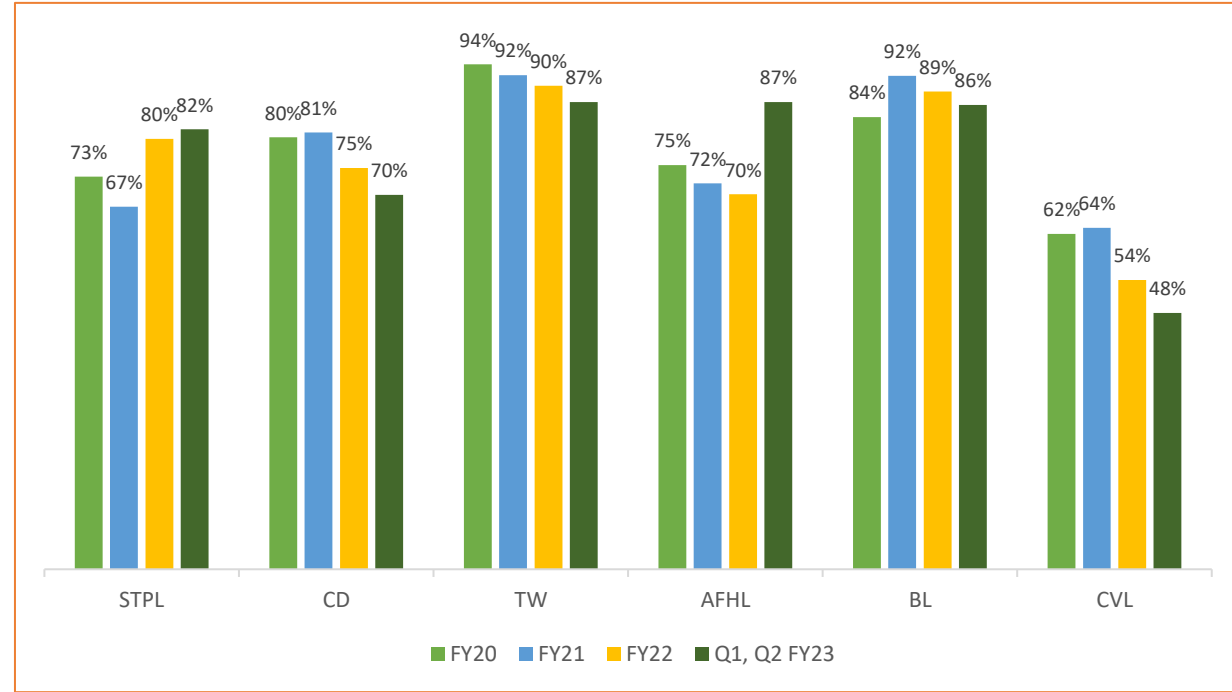
108 districts in India have high penetration of major retail products and high MFI portfolio

# Originations Share of Mass Market

Originations Share of Mass Market in Overall Product - Value (%)



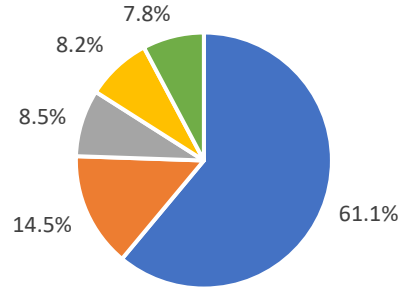
Originations Share of Mass Market in Overall Product - Volume (%)



- By value, Mass Market segments have significant share in Consumer durable & Two-wheeler loan products
- By volume, Mass Market segments have significant originations share for all retail loan products Ex: Originations share of STPL in Q1,Q2 FY23 is just 8% by value but 82% by volume

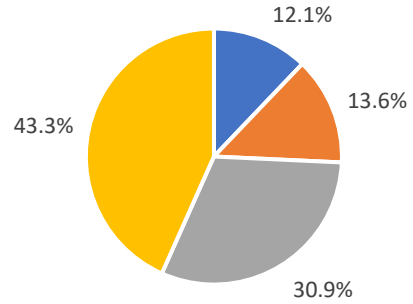
# Originations – Ticket Size Mix (Prev 6 Qtrs)

STPL



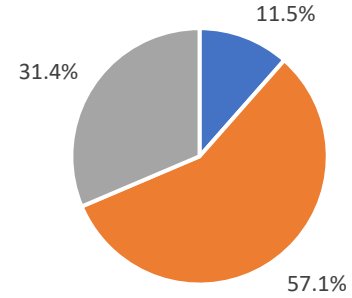
■ <5K ■ 5K-10K ■ 10K-15K ■ 15K-25K ■ 25K-50K

CD



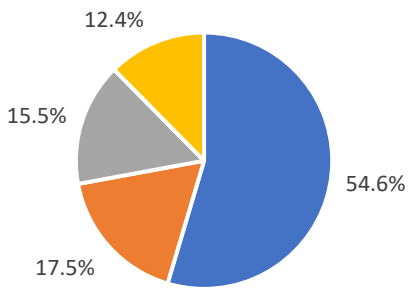
■ <5K ■ 5K-10K ■ 10K-15K ■ 15K-25K

TW



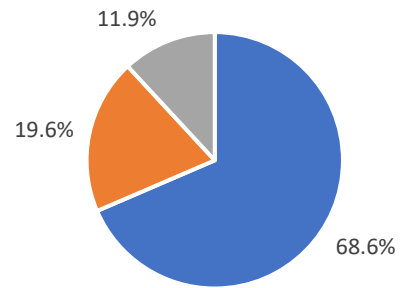
■ <50K ■ 50K-75K ■ 75K-1L

AFHL



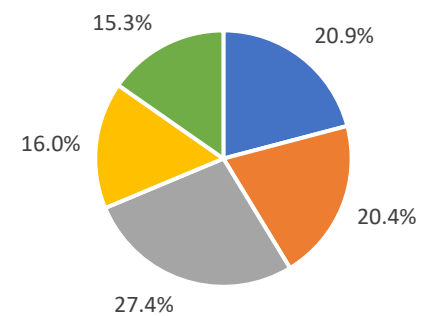
■ <10L ■ 10L-15L ■ 15L-20L ■ 20L-25L

BL



■ <1L ■ 1L-2L ■ 2L-5L

CVL



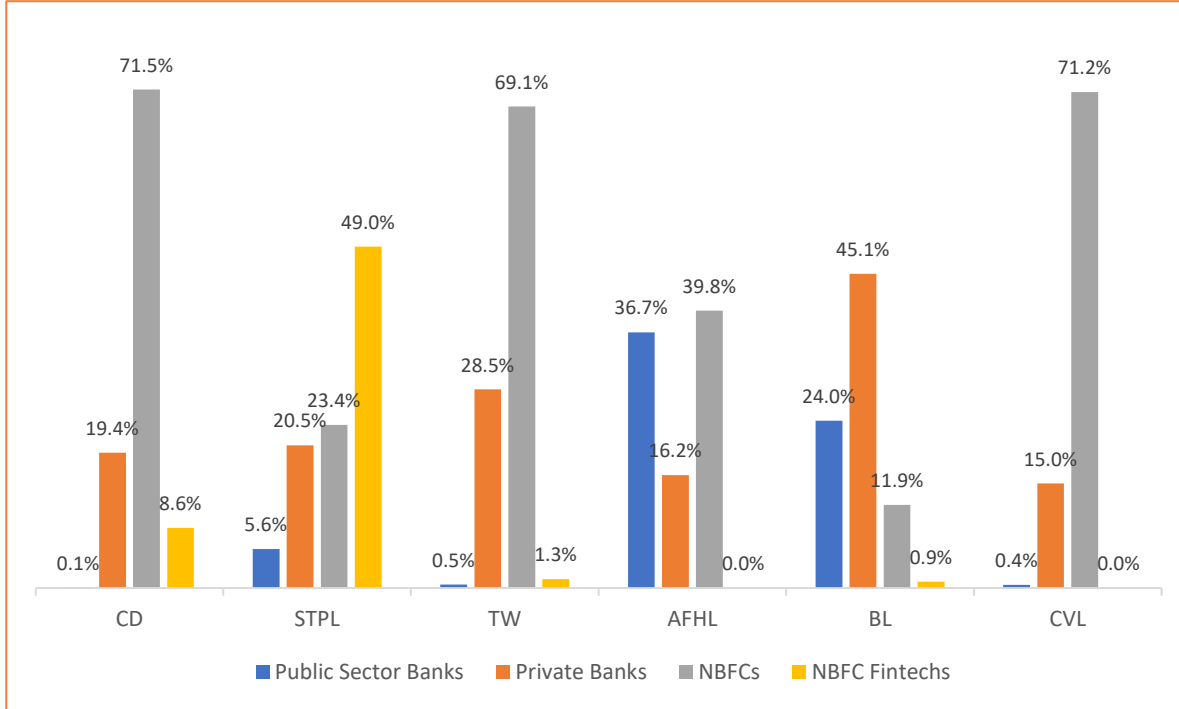
■ <1L ■ 1L-2L ■ 2L-3L ■ 3L-4L ■ 4L-5L

- ❑ STPL: Originations in STPL dominated by ticket size <₹ 10k. Most of these <₹ 10k loans are short tenure loans (up to 3 months)
- ❑ CD: Originations in CD loans dominated by ticket sizes ₹ 10k-25k with share of 74.2%
- ❑ TW: Originations in TW loans dominated by ticket size ₹ 50k-75k with 57.1% share
- ❑ AFHL: Originations in AFHL dominated by ticket size <₹ 10 Lakhs with 54.6% share
- ❑ BL: Originations in BL dominated by ticket size < ₹ 1 Lakh with 68.6% share
- ❑ CVL: Originations in CVL dominated by ticket size ₹ 2 Lakhs - ₹3 Lakhs with 27.4% share

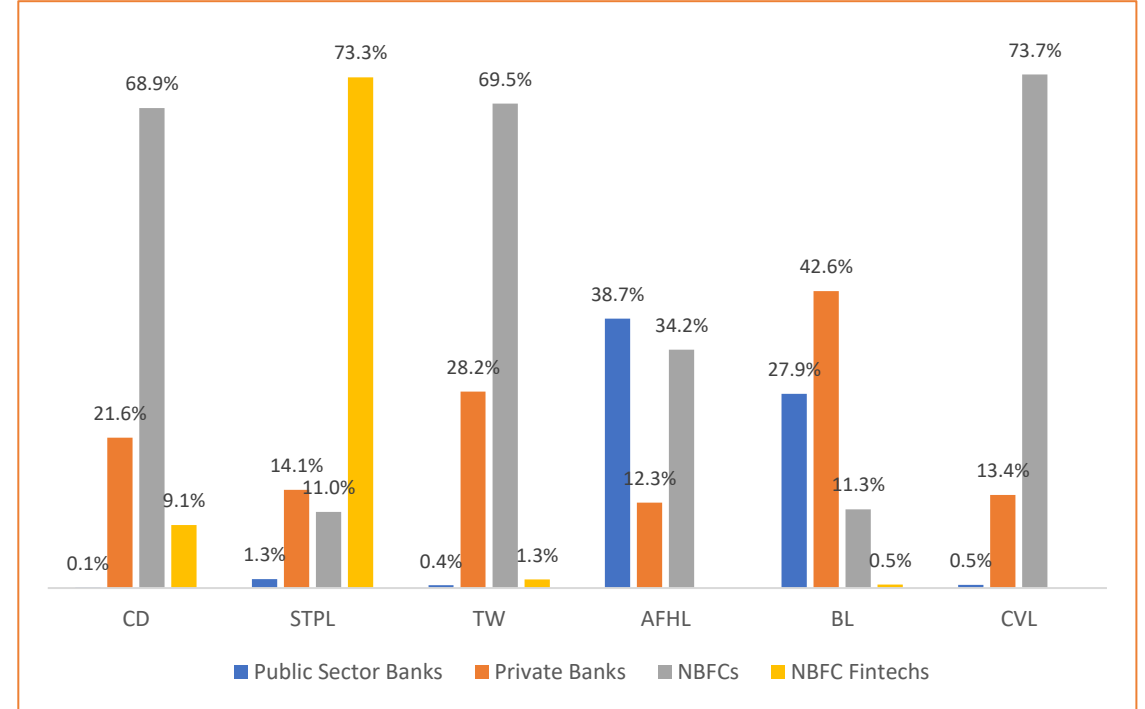


# Originations – Lender Mix (Prev 6 Qtrs)

Originations Value - Lender Mix



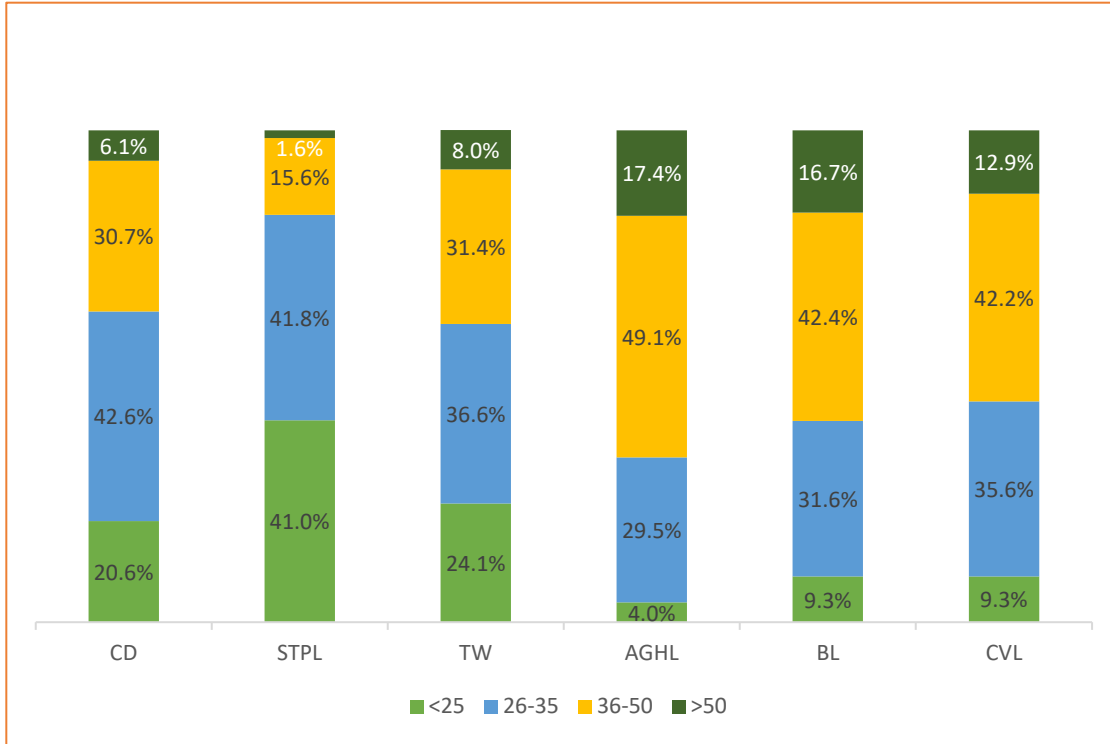
Originations Volume – Lender Mix



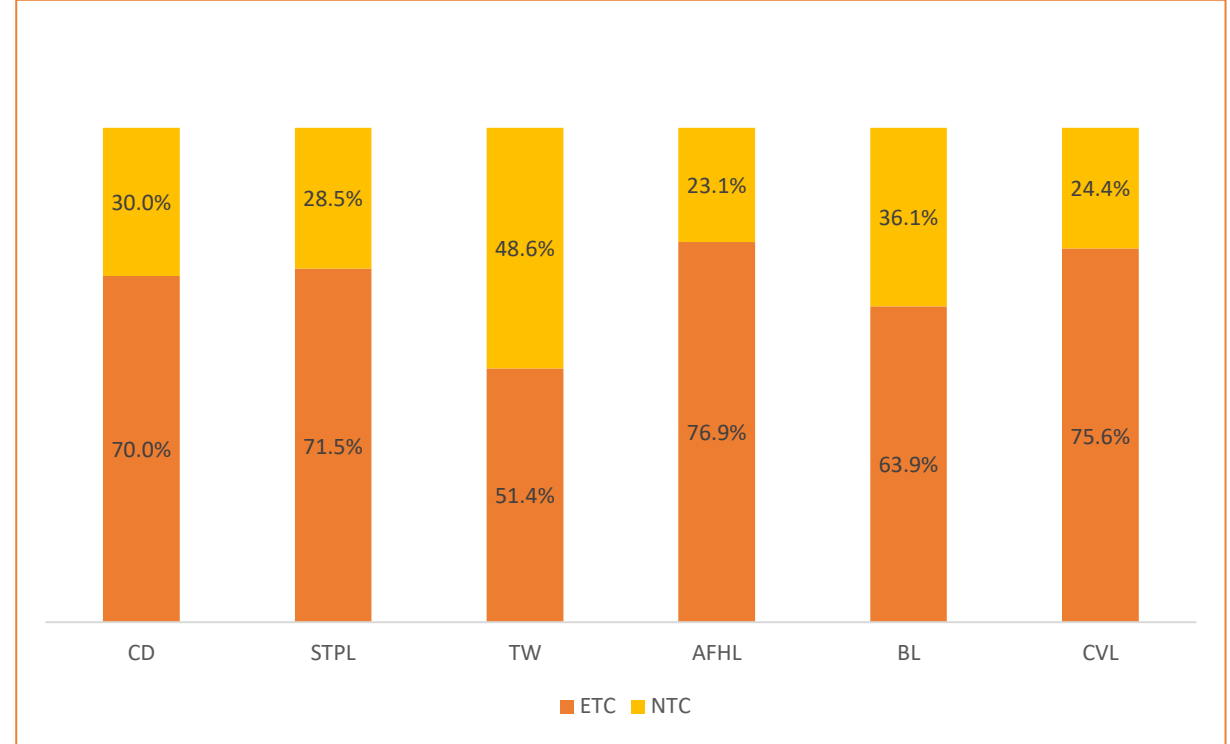
- ❑ NBFCs (incl Fintechs) are most dominant players in Mass Market. They dominate Market share (both volume and value) for all products except Business Loans
- ❑ Fintechs are defined as lenders with most of sourcing volume in < ₹ 50K ticket size
- ❑ Private Banks have good presence in Business loans with Market share of 42.6% by volume and 45.1% by value. They have decent presence in other Mass Market Products – STPL, CD, TW and CVL
- ❑ Public Sector Banks dominate Affordable Home Loans by volume and have decent presence in Business Loans by both volume and value

# Originations – Borrower Age and ETC NTC Mix (Prev 6 Qtrs)

Originations (Volume) Borrower Age Mix



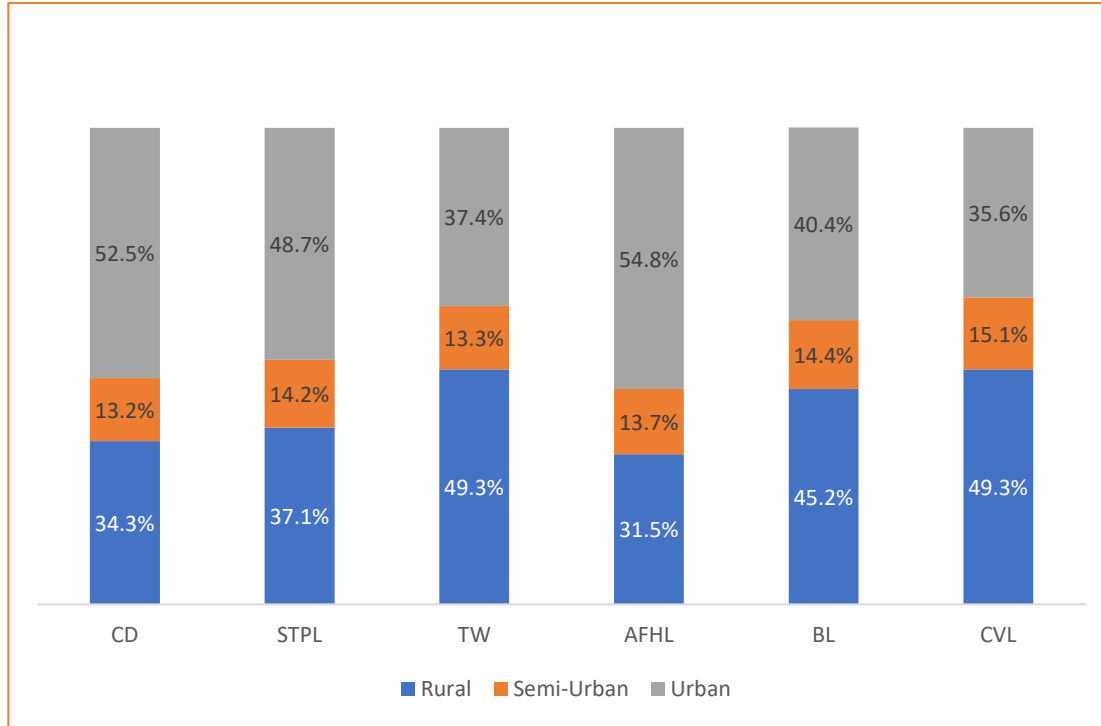
Originations (Volume) ETC NTC Mix



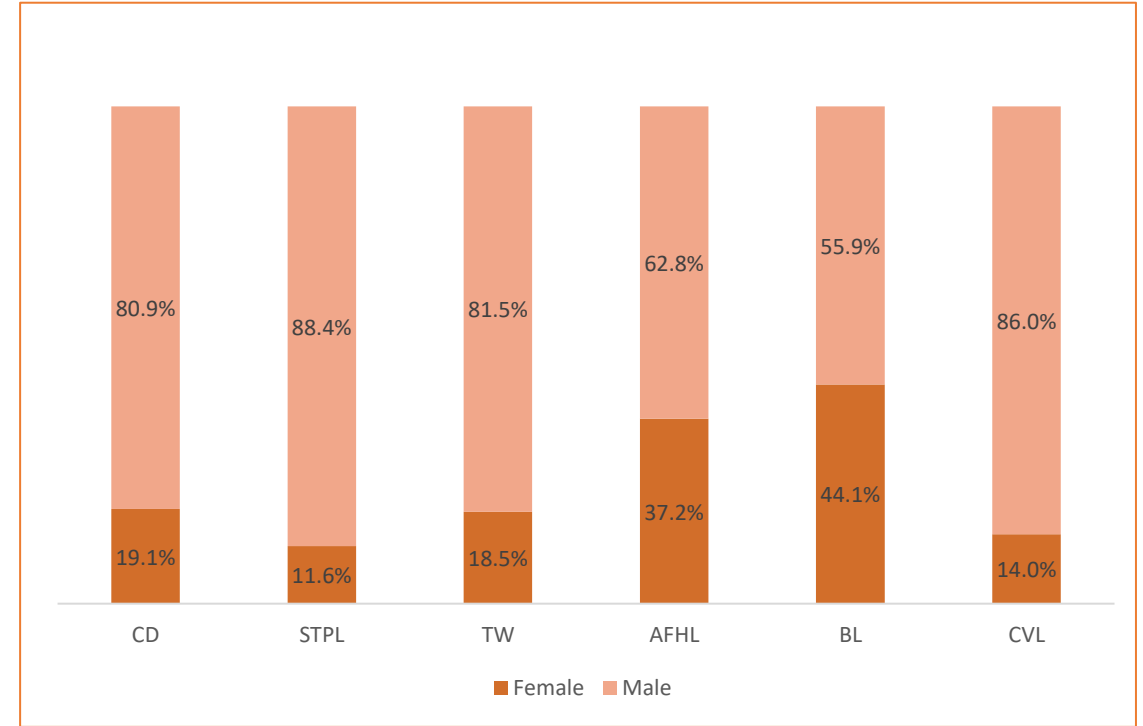
- ❑ Borrowers with Age groups less than 35 years have originations share of 60-80% in mass market segments of STPL, CD, TW
- ❑ Borrowers with Age groups less than 25 years have originations share of 41% in STPL
- ❑ Borrowers with Age groups more than 35 years have originations share of 66.5% and 59.1% in mass market segments of AFHL and BL respectively
- ❑ NTC% (defined as customers with Less than 12 month bureau vintage) highest for TW, followed by BL

# Originations – Rural - Urban & Gender Mix (Prev 6 Qtrs)

Originations (Volume) Rural - Urban Mix



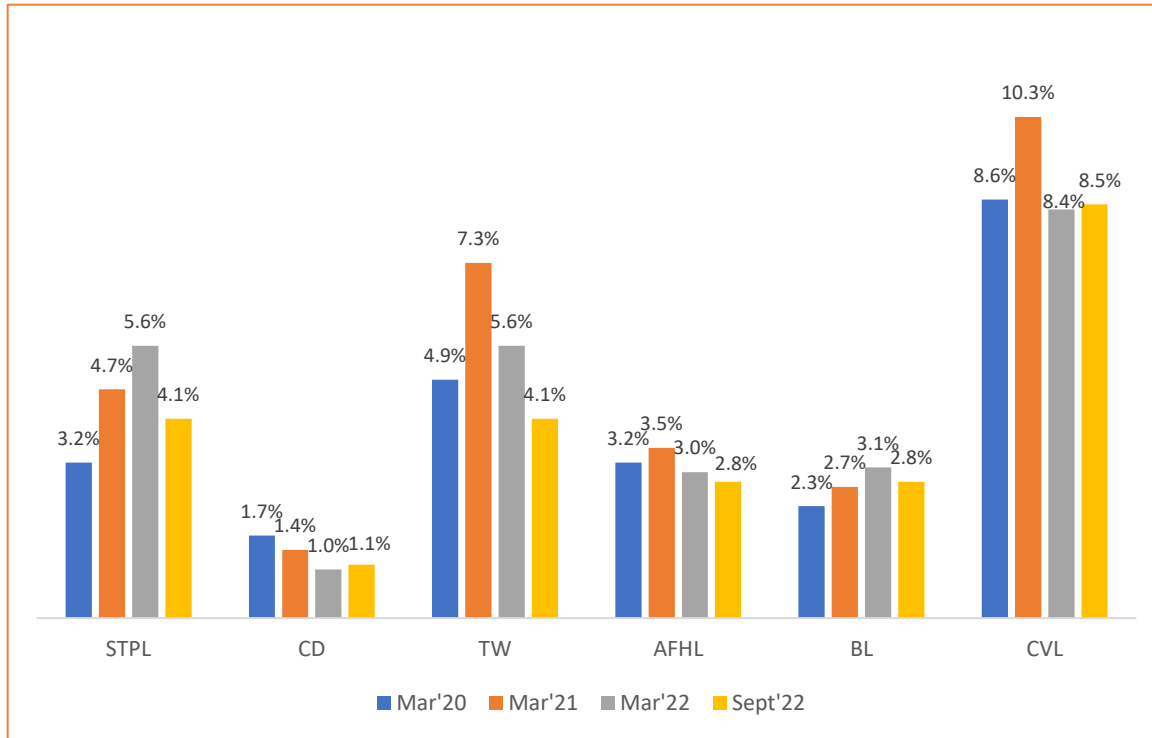
Originations (Volume) Gender Mix



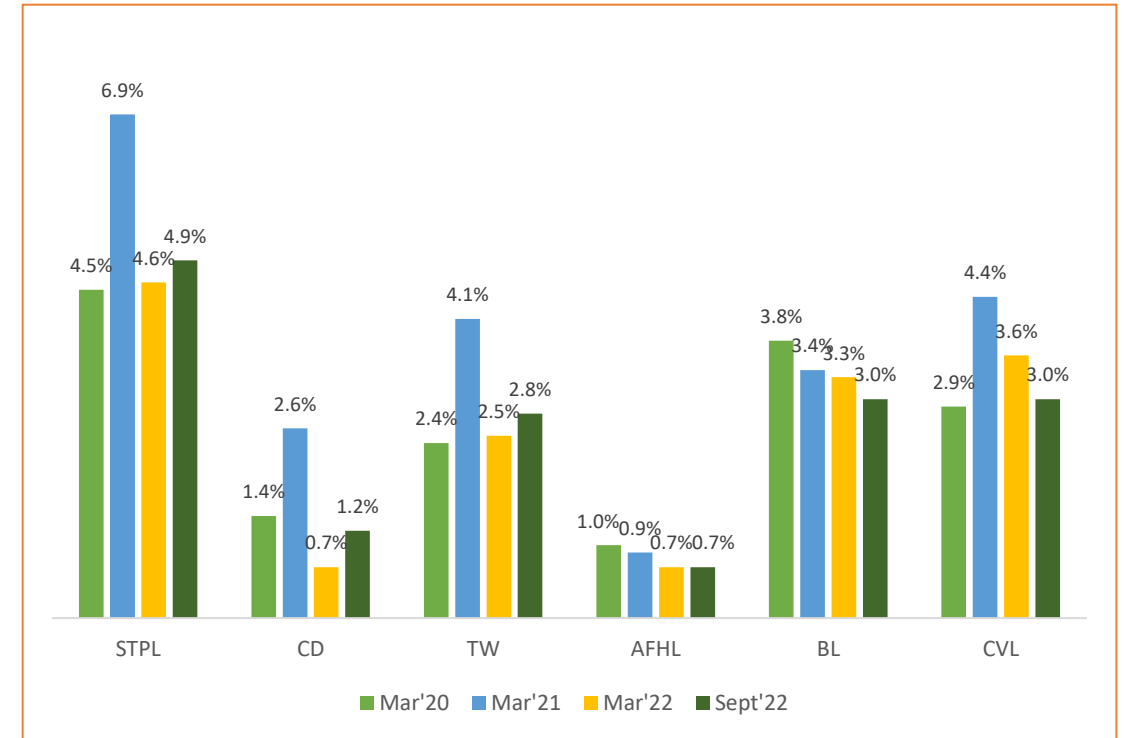
- ❑ Mass market segments of TW, BL and CVL are dominated by Rural & Semi-urban geographies with originations share by value and volume ranging between 59-64%
- ❑ Female borrowers have significant share in Affordable Home Loans and Business Loans

# Delinquency Trends

Value Delinquency Trends (PAR 31-90%) - Overall



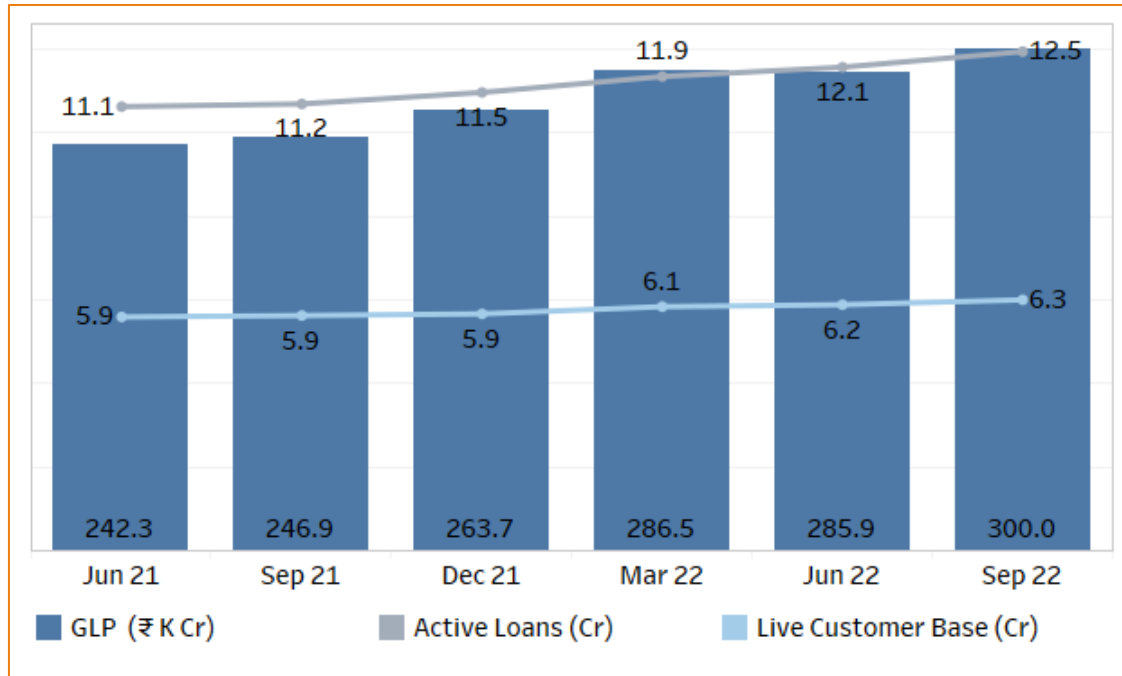
Value Delinquency Trends (PAR 91-180%) - Overall



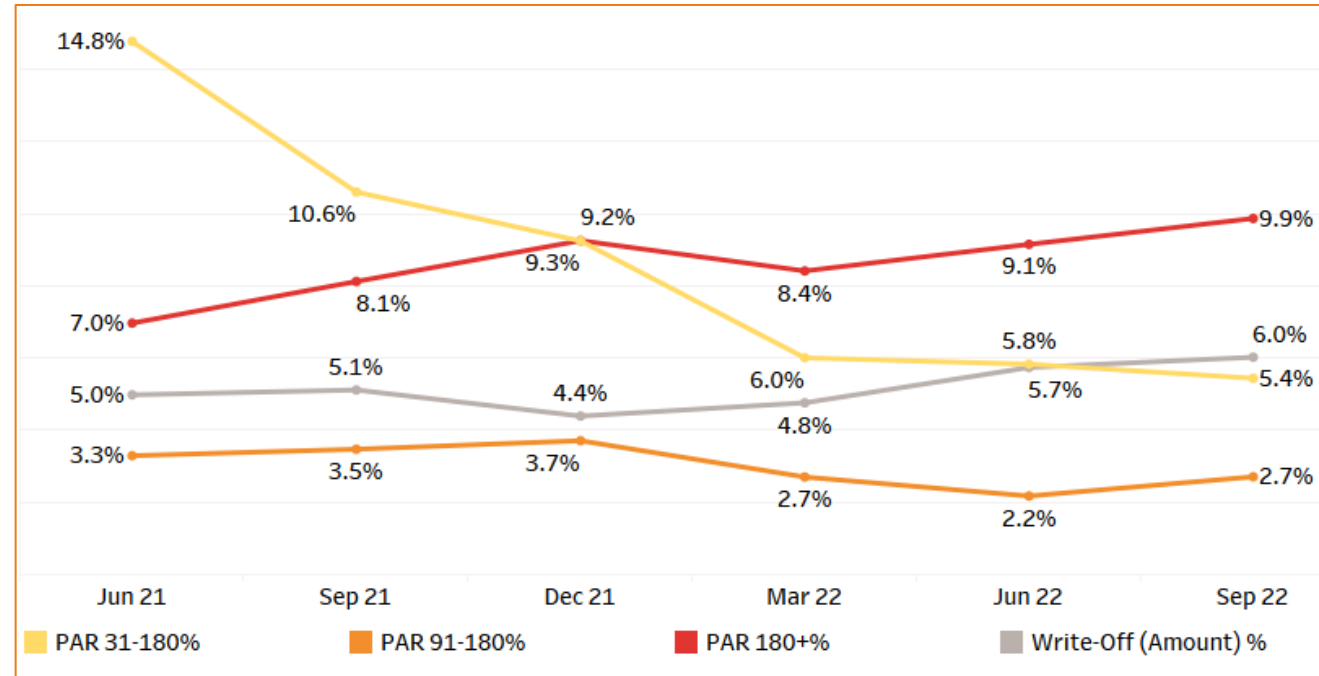
- ❑ Decrease in PAR 31-90% (compared to Mar'22) for mass market segments of STPL, TW, AFHL, BL and CVL
- ❑ CVL have relatively higher delinquency (PAR 31-90%) compared to other mass market segments
- ❑ Increase in PAR 91-180% (compared to Mar'22) for mass market segments of STPL, CD and TW
- ❑ AFHL and CD have relatively lower delinquency (PAR 91-180%) compared to other mass market segments

# Retail Exposure of MFI Borrowers - Microfinance Overview

Microfinance Universe



Delinquency Trends



- Microfinance sector witnessed quarterly growth of 5% in the book, and Y-o-Y growth of 21.5% as of Sep'22
- Live customer base grew by 1.6% Q-o-Q and 6.8% Y-o-Y as of Sep'22

- PAR 31-180 DPD improved from 10.6% as of Sep'21 to 5.4% as of Sep'22
- PAR 91-180 DPD improved from 3.5% as of Sep'21 to 2.7% as of Sep'22
- PAR 180+ DPD deteriorated to 9.9%, Write-offs increased to 6% as of Sep'22

# Retail Exposure of MFI Borrowers - Snapshot

## Introduction to Retail Exposure of MFI Borrowers

Retail Exposure of MFI Borrowers	As of Dec'21	As of Sep'22
Total Number of Live MFI Borrowers	5.9 Cr	6.3 Cr
% of Live MFI Borrowers with Active/Closed Retail loans	35.0%	36.2%
% of Live MFI Borrowers with Active Retail loans	17.0%	14.9%
Total Number of Active Retail Loans (Lakh)	145.7	152.1
Total Portfolio Outstanding (₹ Cr)	1,05,715	1,11,598
PAR 31-90%*	8.4%	5.8%
PAR 91-180%*	5.2%	4.1%
% of Portfolio never 30+ on Retail	60.6%	64.3%
% of Portfolio never 90+ on Retail	68.6%	70.6%
% of Live Borrowers never 30+ on Retail	68.1%	70.6%
% of Live Borrowers never 90+ on Retail	73.4%	74.9%
% of Overlap Borrowers with >36M Vintage on MFI	69.8%	71.8%

- 6.3 Cr Live MFI borrowers in India as of Sep'22
- 36.2% of these borrowers have had an active or closed retail loan
- 14.9% of live MFI borrowers have had an active retail loan
- 74.9% of live MFI borrowers have never defaulted beyond 90 days on retail loans
- 71.8% of MFI borrowers graduated to retail loans only after 36 months of vintage on MFI

\* Retail delinquencies on Overlap Base



# Retail Exposure of MFI Borrowers – Top States

## Top States – Performance as of Sep'22

State	Portfolio Outstanding ₹Cr	Active Loans Lakh	% of Live MFI Borrowers with Active Retail Exposure	PAR 31-90%*	PAR 91-180%*
Tamil Nadu	32,643	41.7	23.6%	6.1%	3.0%
Karnataka	10,994	14.2	9.8%	4.9%	4.8%
Kerala	6,300	8.3	4.8%	9.0%	6.3%
Maharashtra	6,136	9.9	6.6%	6.8%	5.8%
Madhya Pradesh	5,804	7.9	5.1%	4.7%	4.2%
Uttar Pradesh	5,394	6.8	5.6%	4.2%	3.9%
Bihar	5,091	8.1	6.9%	5.0%	5.0%
Rajasthan	4,284	4.5	3.5%	5.1%	3.8%
West Bengal	3,957	7.2	5.5%	9.1%	7.9%
Haryana	3,630	3.6	2.5%	4.3%	3.2%

- Top 10 States constitute 75.5% by portfolio outstanding (value) and 71.4% by active loans (volume) as of Sep'22
- Tamil Nadu and Karnataka are top 2 states with largest retail portfolio outstanding as of Sep'22

\* Retail delinquencies on Overlap Base

# Retail Exposure of MFI Borrowers – Product Mix and Performance

Exposure of Major Products as of Sep'22

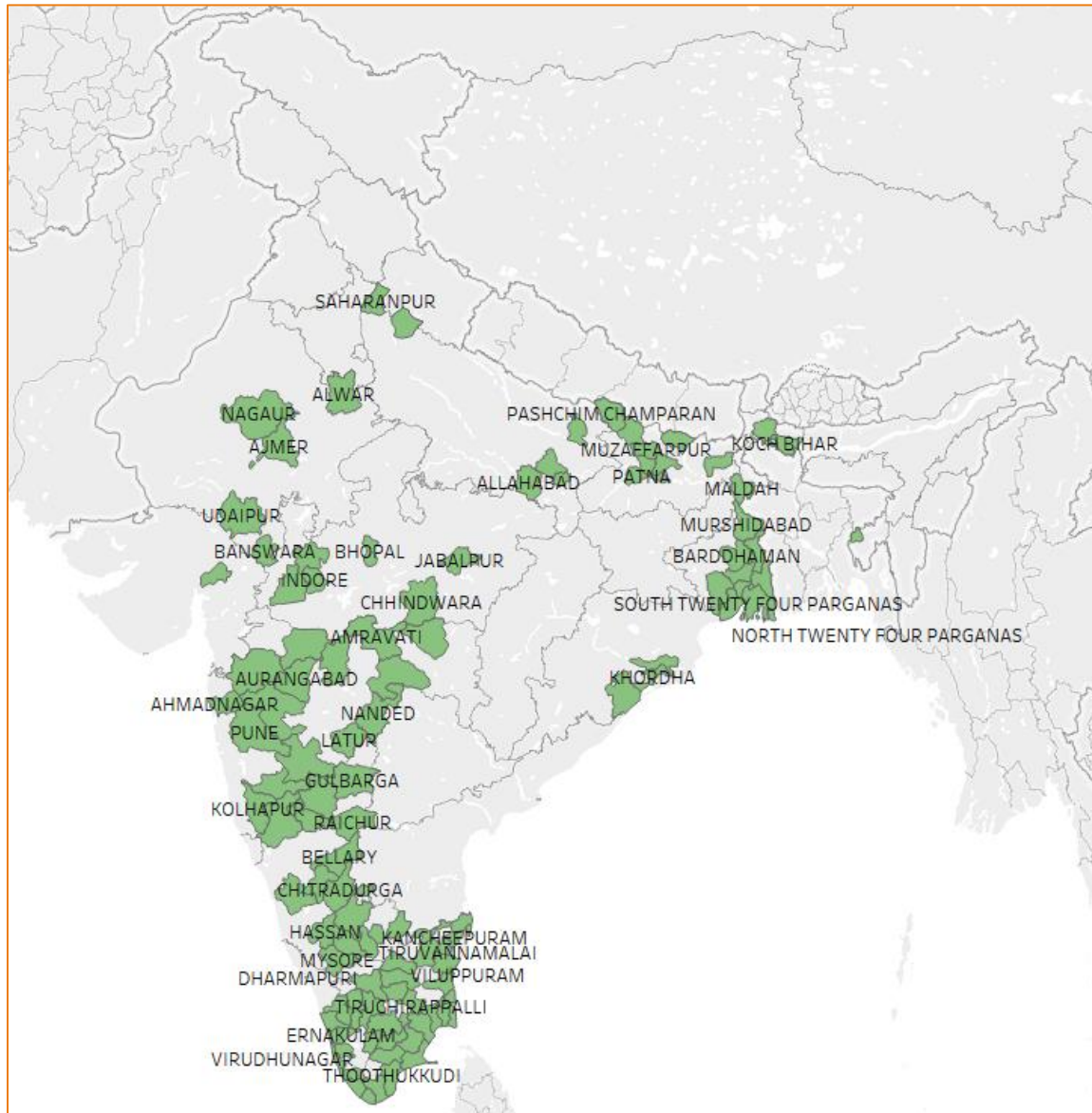
Major Products	Active Loans (Lakh)	Portfolio Outstanding (₹ Cr)
Business Loan	31.6	16,880
Gold Loan	27.1	17,899
KCC Agri	18.4	18,122
Consumer Durable Loans	16.3	993
Personal Loan	13.8	6,575
Two-Wheeler Loans	8.2	2,289
Home Loan	4.8	22,604
Commercial Vehicle Loan	1.2	3,797

Performance across Major Products as of Sep'22

Major Products	Overall Retail Loans		Retail Exposure of MFI Borrowers		Overall MFI Loans	
	PAR 31-90	PAR 91-180	PAR 31-90	PAR 91-180	PAR 31-90	PAR 91-180
Business Loan	2.8%	3.0%	3.9%	3.3%	2.7%	2.7%
Gold Loan	1.8%	0.5%	2.9%	0.8%		
KCC Agri	0.8%	3.5%	0.9%	5.3%		
Consumer Durable Loans	1.1%	1.2%	3.0%	3.6%		
Personal Loan	4.1%	4.9%	3.5%	2.4%		
Two-Wheeler Loans	4.1%	2.8%	6.5%	4.5%		
Home Loan	2.8%	0.7%	7.3%	1.9%		
Commercial Vehicle Loan	8.5%	3.0%	12.3%	4.0%		

- As of Sep'22, retail exposure of MFI borrowers is dominated by Home Loans, KCC and Gold Loans by value and Business Loans, KCC and Gold Loans by volume
- Performance of overall Retail Loans on major products is better than performance of MFI borrowers with retail exposure except for PL

# 108 districts have high penetration of both Retail & Microfinance Loans



These 108 districts are largely concentrated in West and Southern India

## State wise Distribution of Identified Districts

State	# Districts
Tamil Nadu	27
Karnataka	16
Maharashtra	15
West Bengal	13
Bihar	8
Kerala	7
Uttar Pradesh	6
Madhya Pradesh	6
Rajasthan	5
Odisha	3
Gujarat	1
Tripura	1
<b>Total</b>	<b>108</b>

# 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
- **ATS** or Average Ticket Size refers to the average sanctioned amount
- Lender category **Others** comprises SFBs, Foreign Banks, RRBs, Co-operative Banks etc.
- Geography is classified into **Rural, Semi-Urban and Urban** using CRIF High Mark's internal methodology

# 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.**

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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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