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HOW INDIA LENDS

CREDIT LANDSCAPE IN INDIA

FY 2025

CHAIRMAN’S FOREWORD

In recent years, the Indian economy has demonstrated remarkable resilience, navigating challenges, supply chain disruptions, and inflationary pressures. Despite these hurdles, lending dynamics continue to evolve, reflecting shifting borrower preferences and macroeconomic influences.

FY25 saw moderated originations growth, with higher-ticket loans gaining traction while smaller-ticket segments facing stress. Risk aversion by lenders and regulatory guidelines have shaped lending trends across categories, leading to a recalibration in lender strategies.

PSU Banks and NBFCs expanded their market share, while private banks saw relative declines in select segments. Risk management remains a key priority, with early-stage stress showing improvement, though later-stage delinquencies continue to pose challenges, particularly among subprime borrowers and low-value loans. Lenders are refining credit policies to balance portfolio risk and sustain growth amid evolving market conditions.

Our report, How India Lends for FY25, provides in-depth insights into originations, portfolio, and delinquency trends across major product categories. Leveraging our expertise in the lending ecosystem, advanced analytics, and big data capabilities, we aim to equip stakeholders with valuable perspectives to drive informed decision-making and foster growth in India’s financial landscape.

SACHIN SETH
Chairman - CRIF High Mark Credit Information Company
Regional MD - CRIF India and South Asia

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DEFINITIONS

This version of How India Lends is based on data reported as of Mar’25

The following criteria and filters have been applied in this report:

Consumption Lending
Includes Home Loans, Personal Loans, Two-Wheeler Loans, Auto Loans, Consumer Durable Loans and Credit Cards

Auto Loans
Only Auto Loans (Personal) are considered in this report

Consumer Durable Loans
Only key lender types are considered in this report

Entity MSMEx (Micro, Small, Medium Exposure) businesses Loans
Entity MSMEx Loans are defined on the basis of entity level aggregate credit exposure of upto ₹50 Crore

Individual MSMEx Loans
Individual MSMEx Loans include Business Loans (BL), Property Loans (LAP), Commercial Vehicle Loans (CVL), Construction Equipment Loans (CEL)

Business Loans
Business Loans include 13 account types namely Business Loan General, Overdraft, Business Loan Priority Sector Small Business, Business Loan – Secured, Business Loan Priority Sector Others, Mudra Loans, Business Loan Unsecured, Loan to Professional, Microfinance Business Loan, GECL Loan secured, GECL Loan unsecured, Business Loan Against Bank Deposits and Prime Minister Jaan Dhan Yojana - Overdraft

Through out this report:

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, unless otherwise mentioned

Originations Volume
Refers to the number of loans sanctioned, unless otherwise mentioned

PAR
Or Portfolio at Risk refers to the proportion of delinquent portfolio

ATS
Or Average Ticket Size refers to the average sanctioned amount

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EXECUTIVE SUMMARY

INDIAN CREDIT LANDSCAPE - SNAPSHOT

This report encapsulates detailed analysis on Consumptions Lending, MSMEx Lending (Individual and Entity) and Microfinance Lending and deep dive into major lending product categories in India.

	Portfolio as of Mar'25 (₹ Lakh Cr)	Growth % Mar'24 to Mar'25	Originations Value FY25 (₹ Lakh Cr)	Growth % FY24 to FY25	Originations Volume FY25 (Lakh)	Growth % FY24 to FY25
Consumption Loans	103.1	14.7%	54.7	10.0%	4,317.8	9.7%
MSMEx Loans (Individual and Entity)	83.5	30.3%	53.3	-1.7%	273.6	-0.3%
Microfinance	3.8	-13.9%	2.9	-26.4%	557.0	-33.7%

Consumption Loans refers to loans given to individuals for wide variety of consumption needs like Home, Vehicle, Personal, Education, Agri etc. These loans are reported to Consumer Bureau.

MSMEx Loans refers to loans given to self employed individual (reported to Consumer Bureau) and entities with aggregate credit exposure up to ₹50 Crore (reported to Commercial Bureau).

CONSUMPTION LOAN PRODUCTS

Following major Consumption Loan products are considered for deep dive analysis in this report:

	Portfolio as of Mar’25 (₹ Lakh Cr)	Growth % Mar’24 to Mar’25	Originations Value FY25 (₹ Lakh Cr)	Growth % FY24 to FY25	Originations Volume FY25 (Lakh)	Growth % FY24 to FY25
Home Loans	40.6	13.1%	10.7	2.7%	34.7	-5.4%
Personal Loans	14.6	9.1%	8.8	-2.9%	1,462.6	8.3%
Two-Wheeler Loans	1.6	18.2%	1.1	10.6%	119.7	6.9%
Auto Loans	8.2	15.6%	3.6	5.2%	42.4	2.1%
Consumer Durable Loans	0.7	14.5%	1.6	3.3%	777.9	11.5%

There are other consumption loans like Agri KCC, Gold, Educational loans that are not presented in this analysis

	Cards in Circulation (Lakh) as of Mar’25	Growth % Mar’24 to Mar’ 25	New Cards issued in FY25 (Lakh)	Growth % FY24 to FY25
Credit Cards	1,071.7	7.3%	216.4	-26.4%

CONSUMPTION LOANS - HOME LOANS

Portfolio outstanding (POS) grew double digits in Mar'25, but home loan originations slowed to 2.7% YoY (₹1,070,614 Cr), down from 9.9% in FY24, with volumes falling 5.4% due to higher property prices and macroeconomic challenges.

PSU Banks increased market share of value originated, by 6% and is largest share at almost 43%, in volume originated the share increase is only 3%, resultant of more lending in large ticket size loans.
While PSB captured share from private banks, HFCs have been able to defend its share and continue to have about 20% share.

Origination value shifted toward higher-ticket loans (₹75L+), moving away from sub-₹35L, driven by price inflation and evolving buyer preferences.

PAR 31-90% improved across lenders, except for HFCs (2.5% → 2.7%), though later-stage delinquencies (PAR 91-180%) showed recovery. Private banks maintained one of the lowest PAR levels.

PAR 31-180% showed overall improvement for larger loans but deteriorated significantly for loans below ₹5L, which remained weak.

CONSUMPTION LOANS - PERSONAL LOANS

Personal loan originations value declined 2.9% in FY25 to ₹880,030 Cr, with volume growth slowing to 8.3% YoY, down from 26.9% in FY24, due to rising risk perception and delinquencies.

NBFC market share increased, with origination value rising from 32.2% in FY24 to 36.4% in FY25, and volume growing from 86.3% to 91.2%.

Loans above ₹1L still dominate origination value but declined from 87.1% (FY22) to 83.1% (FY25). High-ticket loans drive total value, while low-ticket loans fuel transaction volume, reflecting financial inclusion shifts or changing preferences.

Delinquencies rising, with PAR 31-90% worsening across lenders except private banks and PAR 91-180% deteriorating across most lender types.

PAR trends persist, as <₹10K loans saw a sharp decline in PAR 31-90%, while risk for >₹10K loans remained stable. Higher-ticket loans require closer monitoring, with similar trends in PAR 91-180%.

CONSUMPTION LOANS - TWO-WHEELER LOANS

The origination value of two-wheeler loans increased from ₹99,543 Cr in FY24 to ₹110,056 Cr in FY25, though growth slowed, declining from 25.1% to 10.6% YoY. Origination volumes also slowed down, growing 6.9% YoY in FY25, compared to 16.0% in FY24.

NBFCs continued expanding their market presence, maintaining a dominant 68.1% share in FY25 (by value), with volumes reaching 70%.

Similar to other consumption-driven loans, the shift toward higher-ticket loans (₹75K+) persisted, with both value and volume market share rising, likely driven by increasing vehicle prices.

Meanwhile, delinquencies (PAR 31–180%) increased across all lender types from Mar'24 to Mar'25. Private Banks saw PAR 91–180% rise to 1.60% in Mar'25, up from 1.17% in Mar'24, while NBFCs initially showed improvement in Mar'24 but deteriorated again by Mar'25, highlighting fluctuating risk trends.

CONSUMPTION LOANS - AUTO LOANS

Auto loan growth moderated sharply in FY25, with origination value rising just 5.2% YoY to ₹359,507 Cr, down from 15.3% in FY24 and a peak of 37.6% in FY23, reflecting weaker consumer demand and post-pandemic normalization.

PSU banks and NBFCs gained market share, while private banks saw a decline—their origination value share dropped from 32.0% to 28.6%, and volume share fell from 23.2% to 21.2%.

Loan mix continued to shift toward larger-ticket segments, with ₹10L+ loans increasing from 36.5% in FY22 to 49.1% in FY25, driven by rising vehicle prices and changing consumer preferences.

Delinquency trends diverged by lender: PSU banks demonstrated greater control across PAR 31–180%, while NBFCs saw a rise in both early and later-stage stress, reflecting increased risk exposure.

CONSUMPTION LOANS - CONSUMER DURABLE LOANS

Consumer Durable loan origination growth slowed notably in FY25, with value rising just 3.3% YoY to ₹160,182 crore, compared to 18% YoY growth in FY24.

NBFCs strengthened their dominance, expanding their share of origination value to 80.9% and volume to 83.7%, continuing a steady upward trend since FY22.
The market also witnessed a gradual shift toward mid-range loans (₹25K–₹50K), even as the ₹10K–₹25K segment remained the largest by value.

Portfolio stress indicators slightly worsened, with rising delinquencies across both NBFCs and Private Banks—particularly in the PAR 91–180% range.

While the ₹10K–₹50K segment showed moderate strain, loans above ₹50K displayed a rising trend in delinquency, signaling the need for closer risk monitoring.

CONSUMPTION LOANS - CREDIT CARDS

New Card Originations Slow Sharply in FY25 After Sustained Growth
New card issuances fell to 216.4 lakh in FY25, down 26.4% YoY, marking a reversal from the robust growth seen in FY22 and FY23.
This follows a peak of 294.1 lakh cards in FY24, indicating a clear loss of momentum likely driven by tightening credit standards and demand moderation.

Private Banks remained the dominant issuer group, though their share of new card originations declined marginally by 1.7 percentage points in FY25, suggesting increased competition or strategic recalibration.

Credit performance trends were mixed: early-stage stress (PAR 1–30%) improved steadily—from 4.1% in Mar’23 to 2.7% in Mar’25—while mid-stage PAR (31–90%) remained stable. However, longer-term delinquencies (PAR 90%+) surged to 15.0%, signaling a build-up of repayment pressure among overdue accounts.

MICRO, SMALL, MEDIUM EXPOSURE BUSINESS LOANS - HIGH LEVEL SUMMARY

Micro, Small, Medium Exposure Businesses (MSMEx) loans, crucial for the growth and sustainability of small businesses in India have grown exponentially over the years.

Total MSMEx lending comprises of Entity MSMEx Loans (₹40.4 L Cr) and Individual MSMEx segment (₹43.1 L Cr). Credit facilities availed by Enterprises like Proprietorships, Partnerships, Pvt Ltd, Public Ltd, HUFs etc. and reported to Commercial repository are referred to as Entity MSMEx loans.

Credit facilities availed by self-employed individuals taking loans for business purposes and reported to Consumer repository are referred to as Individual MSMEx loans. Individual MSMEx segment witnessed robust Y-o-Y growth of 25% in portfolio outstanding while Entity MSMExs grew by 20% as of Mar’25.

Entity MSMExs witnessed 7.4% Y-o-Y degrowth in Originations value and 17.1% Y-o-Y growth in Originations volume in FY25.

-7.4%	17.1%
ORIGINATIONS VALUE	ORIGINATIONS VOLUME

Originations include both fresh disbursements and renewals.

For Individual MSMExs, Y-o-Y growth in Originations value stood at 4.5% in FY25. At the same time, Y-o-Y degrowth in Originations volume stood at 11.4% in FY25.

4.5%	-11.4%
ORIGINATIONS VALUE	ORIGINATIONS VOLUME

Individual MSMExs and Entity MSMExs witnessed overall improvement in delinquency across many bands compared to Mar’24. The number of registrations in India have crossed 6.5 crore as per Udyam Registration Portal including Udyam Assist Platform*, indicating the potential of India’s entrepreneurial boom. With the support of government initiatives and proactive participation from financial institutions, the sector is poised for significant growth in the years to come.

*udyamregistration.gov.in/RealTimeUdyamDashboard.aspx

MICROFINANCE LOANS - HIGH LEVEL SUMMARY

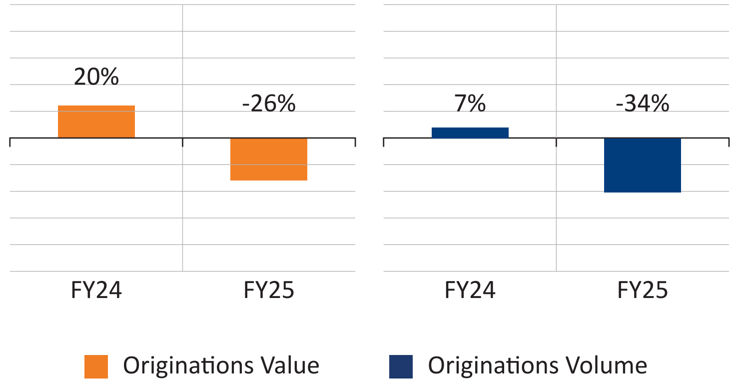
Microfinance in India saw contraction across portfolio outstandings and loan originations.

Portfolio outstanding of Microfinance Loans witnessed degrowth from 26.8% as of Mar’24 to -13.9% to reach ₹381.2 K Cr as of Mar’25.

NBFC-MFIs and Banks are instrumental in driving growth for MFI. In the last few years there has been shift in loan size towards higher ticket-size loans. Between FY24 and FY25, MFI witnessed 11.1% increase in Average Ticket Size from ₹46.2K to ₹51.3K.

The microfinance portfolio contracted as lenders recalibrated exposure and adopted more cautious lending strategies to manage rising stress.

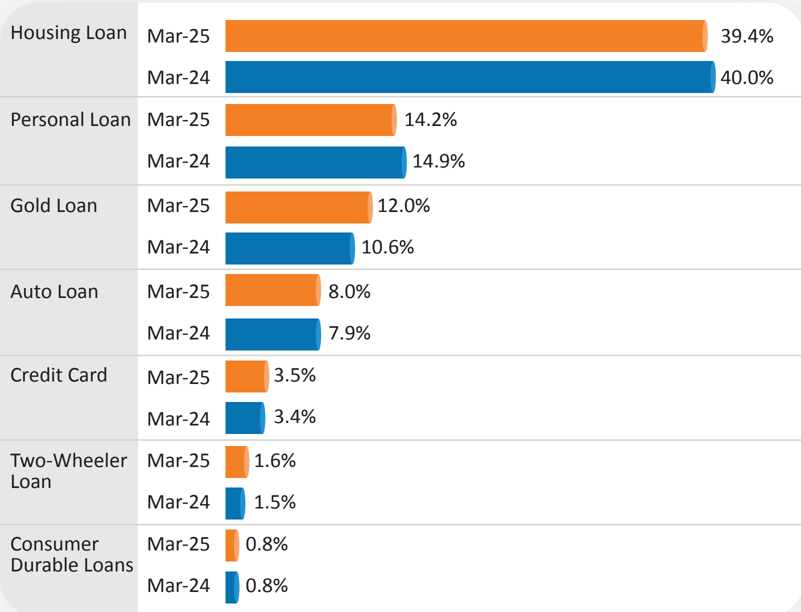
Y-o-Y degrowth in Originations value deepened from 20% in FY24 to -26.4% in FY25. At the same time, Originations volume saw a sharper declined from 6.8% in FY24 to -33.7% in FY25.



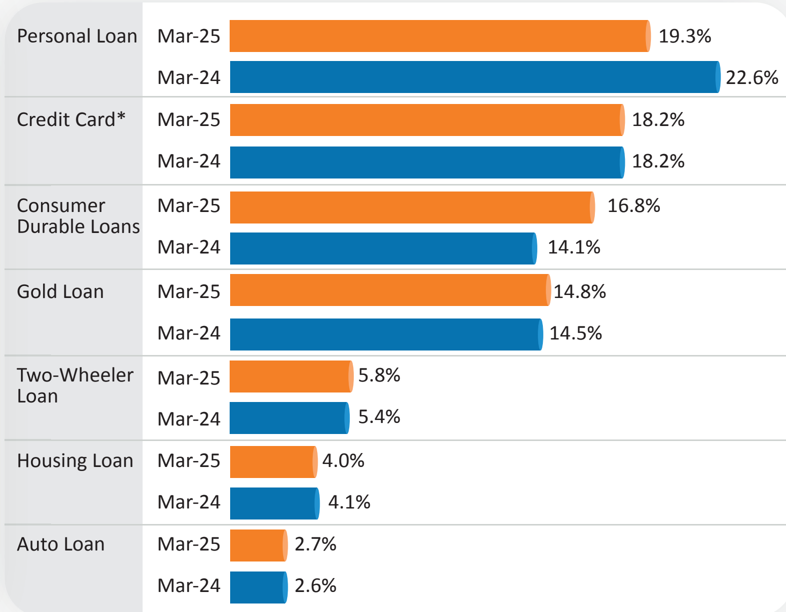
CONSUMPTION LENDING

TOP CONSUMPTION LENDING PRODUCTS

Top Consumption Loans – By Portfolio Outstanding (Value)



Top Consumption Loans – By # Active Loans (Volume)



Portfolio Outstanding & # Active Loans as of Mar'24 & Mar'25

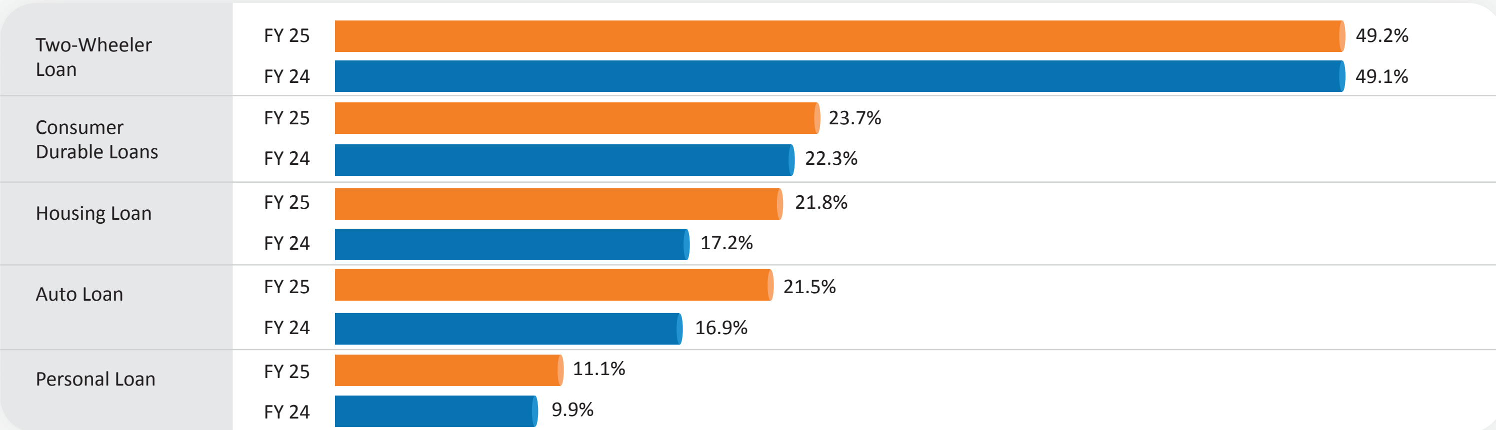
HIGHLIGHTS

- Lending trends indicate a gradual shift toward secured and asset-backed products, with gold and consumer durable loans (by volume) gaining momentum, while unsecured personal loans exhibit signs of moderation.

*Cards in Circulation

CONSUMPTION LOAN PRODUCTS - NTC SHARE

% NTC Share (based on Originations value of each product Value)



% NTC Share (New Cards Issued)

HIGHLIGHTS

- Two-Wheeler Loans continue to have the highest NTC share—rising marginally from 49.1% to 49.2%, indicating consistent appeal among first-time borrowers.
- Housing Loans and Auto Loans see notable jumps between FY24 and FY25:
  Housing Loans: up from 17.2% to 21.8%
  Auto Loans: up from 16.9% to 21.5%

*Note: Customers with insufficient credit history at the time of Origination are considered as NTC Customers

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HOME LOANS

India’s housing finance landscape has demonstrated remarkable resilience and sustained growth, even in the face of macroeconomic headwinds and regional disparities. As urbanisation accelerates across Bharat, the demand for housing will continue to deepen, particularly in underserved and semi-urban regions. Government schemes such as Pradhan Mantri Awas Yojana (PMAY) 2.0 will be instrumental in driving the Affordable Housing agenda across urban and rural markets, enabling access to home ownership for millions. I strongly believe, the future of home loans lies in personalization, responsible lending, and a deep understanding of regional aspirations and at PNB Housing we are ready to lead that future.

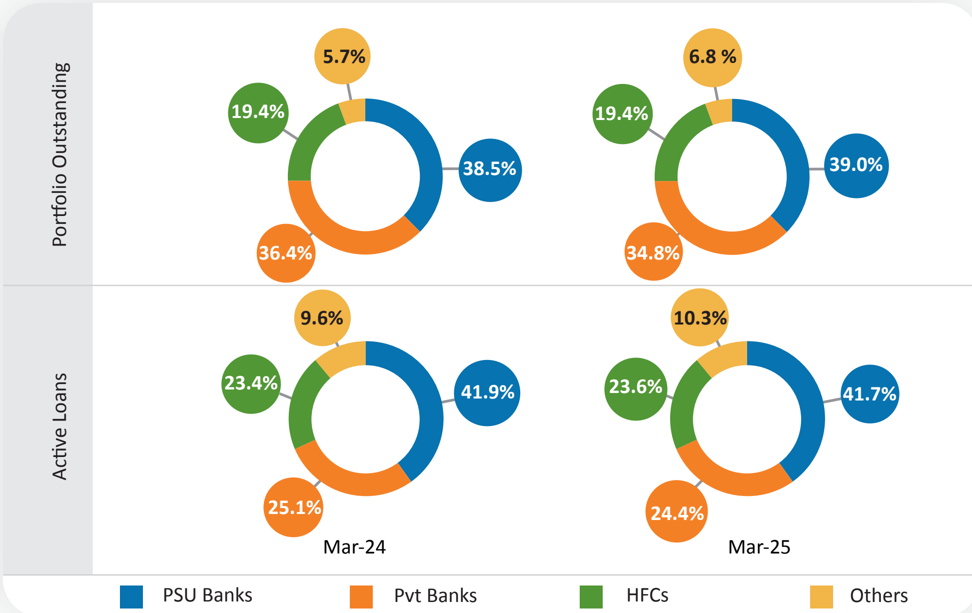
GIRISH KOUSGI
MD and CEO, PNB Housing Finace Limited

Expanding home loan market with improving asset quality

Portfolio Snapshot

	Mar-23	Mar-24	Mar-25
Portfolio Outstanding (₹ L Cr)	31.8	35.9	40.6
Y-o-Y Growth %		12.7%	13.1%
Active Loans (Lakh)	208.6	219.5	229.9
Y-o-Y Growth %		5.2%	4.7%
PAR 31-90 %	2.0	2.3%	2.2%
PAR 91-180 %	0.4	0.5%	0.3%
PAR 181-360 %	0.3	0.2%	0.2%
PAR 360+ %	1.8	1.6%	1.6%

Market Share



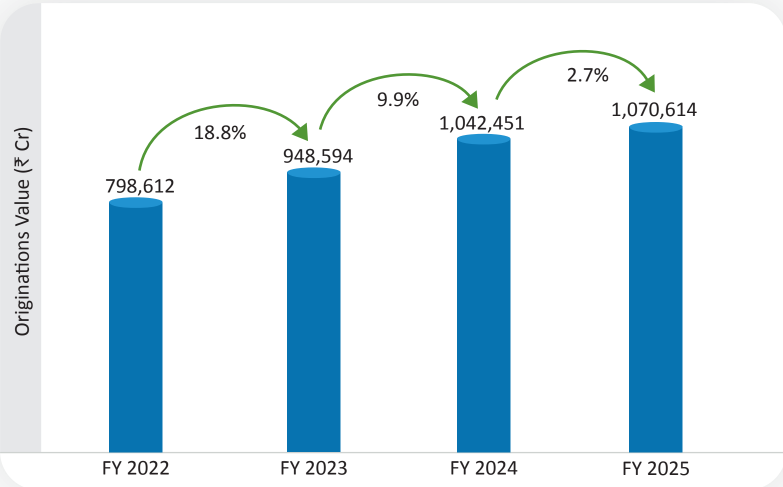
HIGHLIGHTS

- Continued Portfolio Growth Amid Slowing Volume Expansion
- Asset Quality Shows Improvement, especially in early-stage delinquency buckets
- Lender type is dominated by Public Sec Banks by Value and Volume followed by Pvt Banks

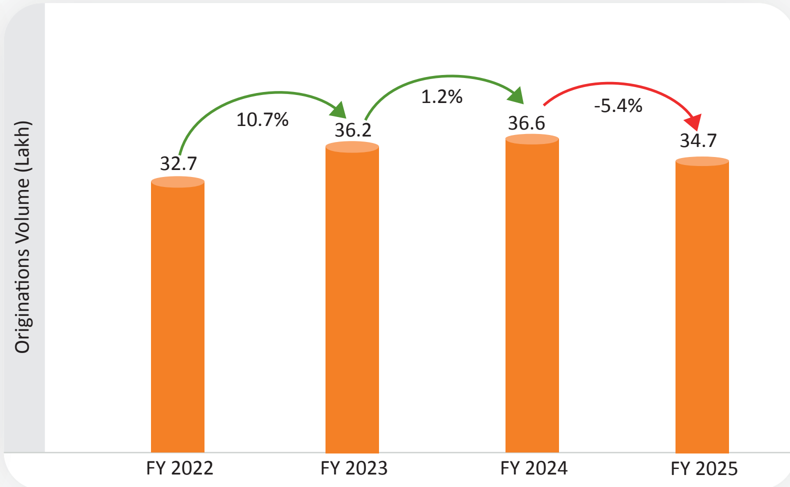
Data is inclusive of ₹ <5L Loans

Slowdown in YoY growth in Originations in FY25 compared to FY24
Originations value increased while volume declined in FY25 over FY24

Originations Value



Originations Volume



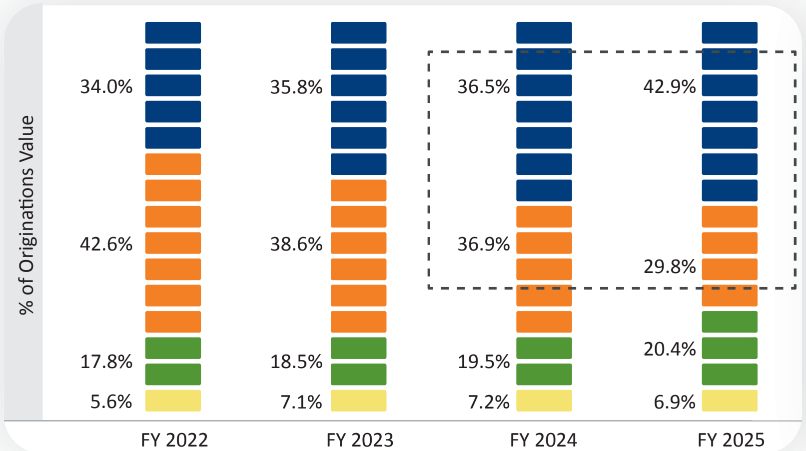
HIGHLIGHTS

- The total home loan origination value has consistently increased YoY, reaching ₹1,070,614 Cr in FY 2025. However, the growth rate has slowed from 18.8% in FY 2023 to 2.7% in FY 2025, indicating a potential plateau in lending expansion.
- While home loan originations peaked at 36.6 lakh in FY 2024, they declined by 5.4% in FY 2025 to 34.7 lakh, despite an increase in total loan value, suggesting a shift towards higher loan amounts per borrower.

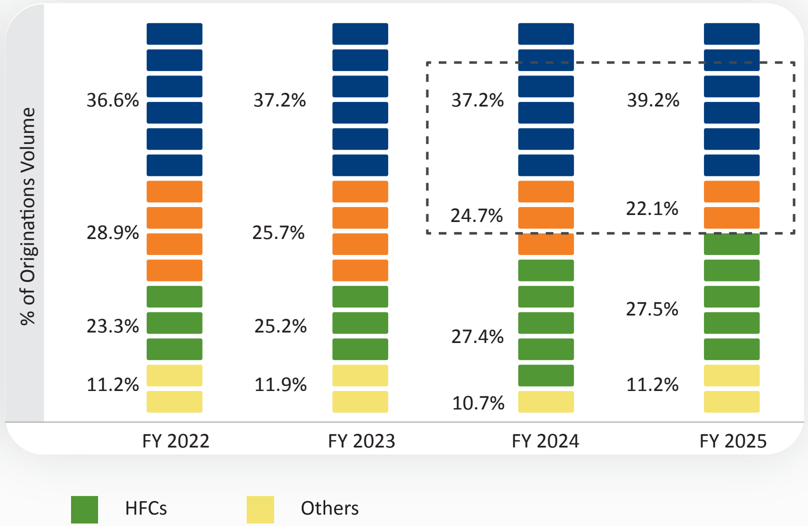
Data is inclusive of ₹ <5L Loans

PSU banks continue to gain market share in home loan origination, while private banks see a notable slowdown

Originations Value by Lender Type



Originations Volume by Lender Type

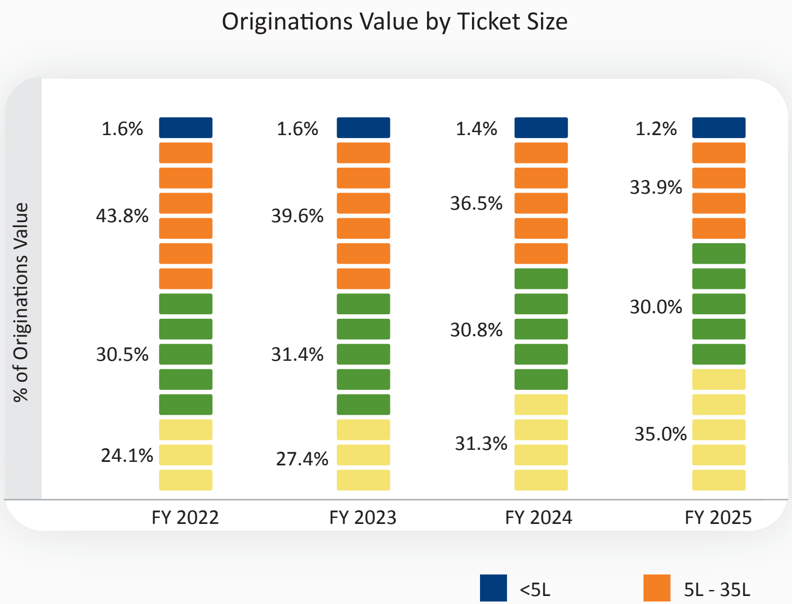


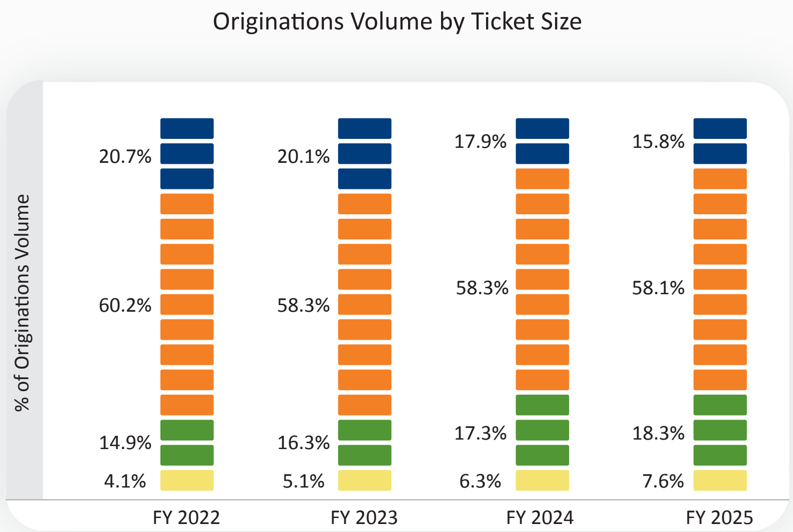
HIGHLIGHTS

- Public sector banks increased their home loan origination share from 36.5% to 42.9% in value and 37.2% to 39.2% in volume between FY24 and FY25, driven by competitive rates and government initiatives while private banks saw declines, with origination value dropping from 36.9% to 29.8% and volume from 24.7% to 22.1%, reflecting reduced market share.
- Housing finance companies showed marginal growth in origination value from 19.5% to 20.4%, while volume remained steady.

Data is inclusive of ₹ <5L Loans

Shift in Home Loan Originations from ₹5L–₹35L to Higher-Ticket Loans



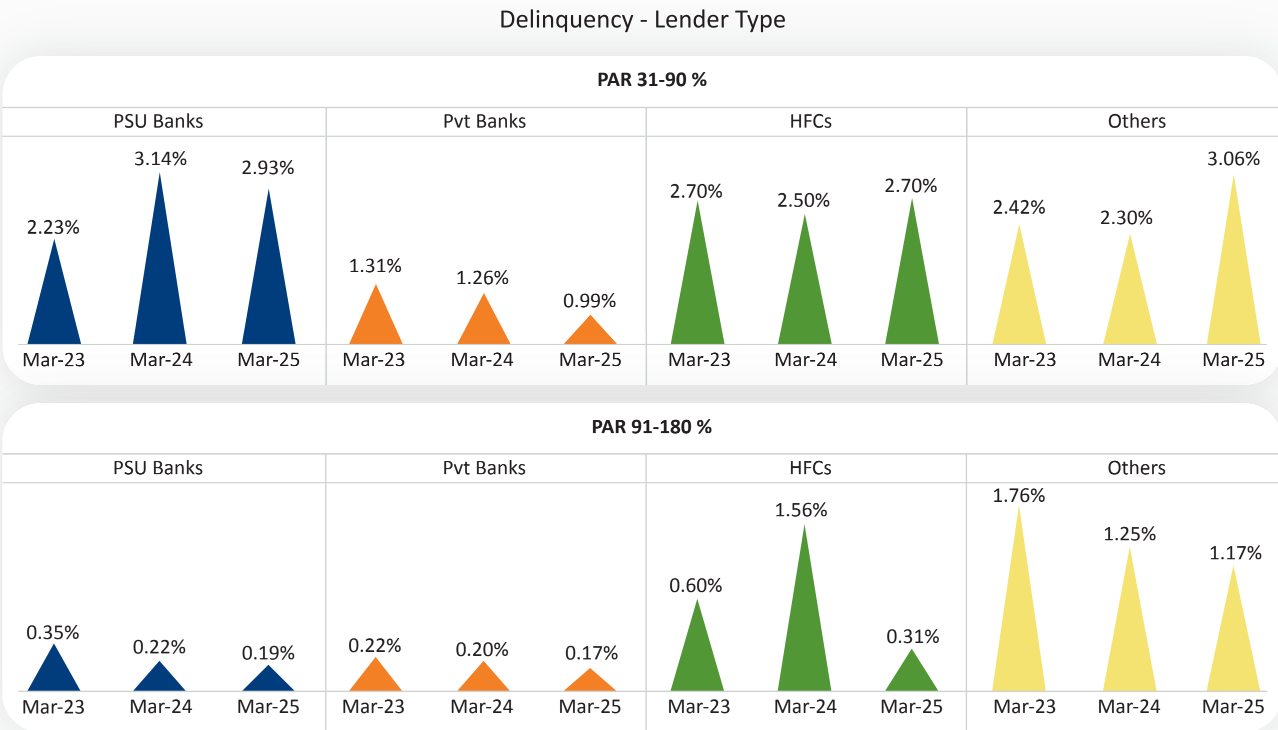


HIGHLIGHTS

- The ₹75L+ category saw an increase in origination value from 31.3% in FY24 to 35.0% in FY25, reflecting a growing preference for high-value home loans. The < ₹ 5L category experienced a drop in origination volume, declining from 17.9% in FY24 to 15.8% in FY25, indicating reduced demand for low-ticket loans.
- While mid-sized loans (₹5L- ₹35L) remain the most common (58.1% volume share in FY25), their value share is shrinking (from 43.8% in FY22 to 33.9% in FY25), as demand shifts toward larger loan amounts.

Data is inclusive of ₹ <5L Loans

Y-o-Y Improvement in PAR 31-180% overall for key lender types

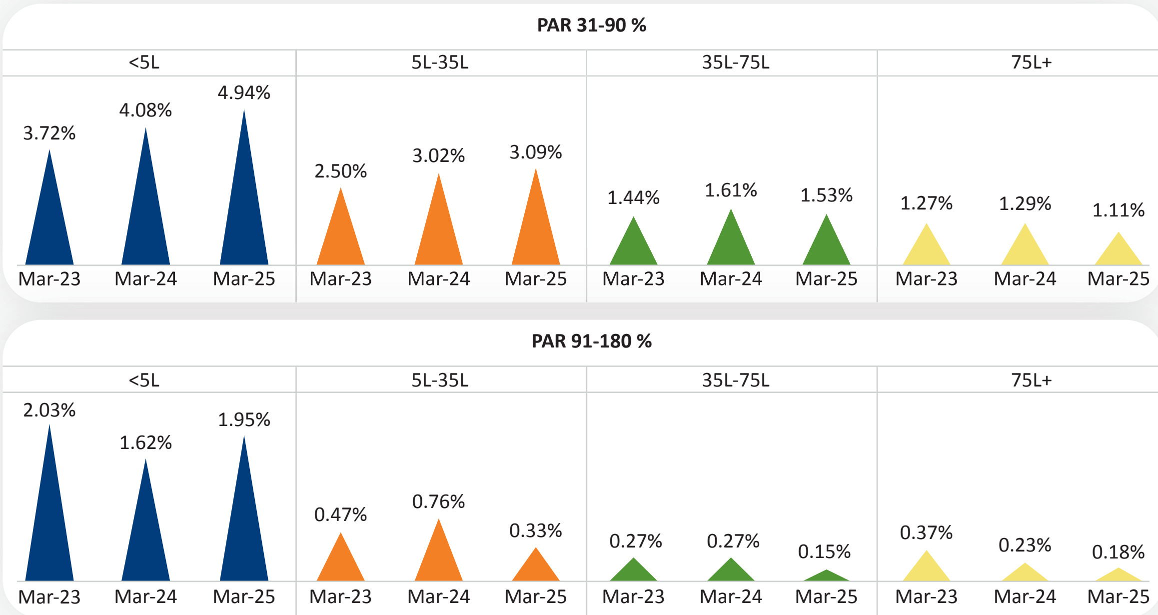


HIGHLIGHTS

- Private Banks steadily reduced overall PAR (31-180%), potentially driven by cautious lending strategies.
- PSU Banks saw long-term risk improvement, though short-term fluctuations persisted, with FY25 showing improvements.
- HFCs experienced a slight deterioration in PAR 31-90% in FY25 but achieved significant improvements in later-stage delinquencies.

Credit stress remains concentrated in smaller loans, whereas higher-value loans continue to show resilience

Delinquency - Ticket Size



HIGHLIGHTS

- PAR 31-90% showed slight improvement in higher-ticket loan segments, while delinquency rates for loans below ₹5L worsened significantly. However, sub-₹5L loans accounted for less than 2% of origination value in FY25.
- PAR 91-180% showed overall improvement, reflecting stronger debt recovery efforts—except for loans under ₹5L, which continued to struggle.
- Larger home loans (₹75L+) maintained lower delinquency rates, suggesting more financially stable borrower profiles.

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PERSONAL LOANS

The personal loan segment continues to evolve in response to shifting market and regulatory dynamics. As lenders recalibrate, we're observing changes in ticket sizes, borrower preferences, and participation patterns. These trends underscore the importance of closely tracking emerging signals to ensure sustained growth and portfolio balance. As this environment continues to evolve, it will be important for lenders to maintain a nuanced approach-grounded in ongoing portfolio assessment and long-term resilience.

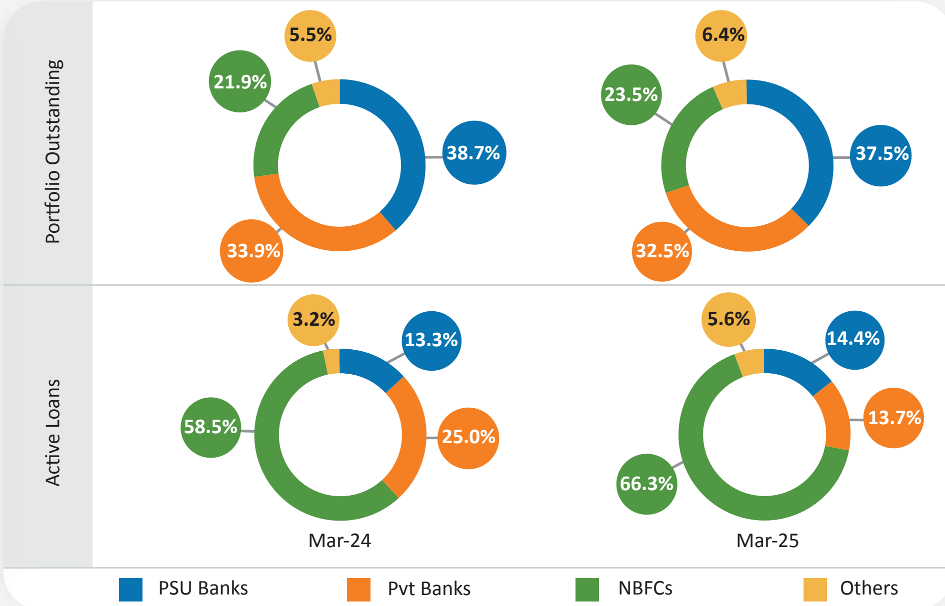
BHASKAR PANDEY
Chief Risk Officer, Poonawalla Fincorp

Muted growth with Deterioration in Delinquency across major bands

Personal Loans – Portfolio Snapshot

	Mar-23	Mar-24	Mar-25
Portfolio Outstanding (₹ L Cr)	10.7	13.4	14.6
Y-o-Y Growth %		25.2%	9.1%
Active Loans (Lakh)	929	1,243	1,139
Y-o-Y Growth %		33.8%	-8.3%
PAR 31-90 %	1.9%	1.9%	2.0%
PAR 91-180 %	0.8%	0.9%	1.1%
PAR 181-360 %	0.5%	0.7%	0.7%
PAR 360+ %	2.6%	3.5%	4.0%

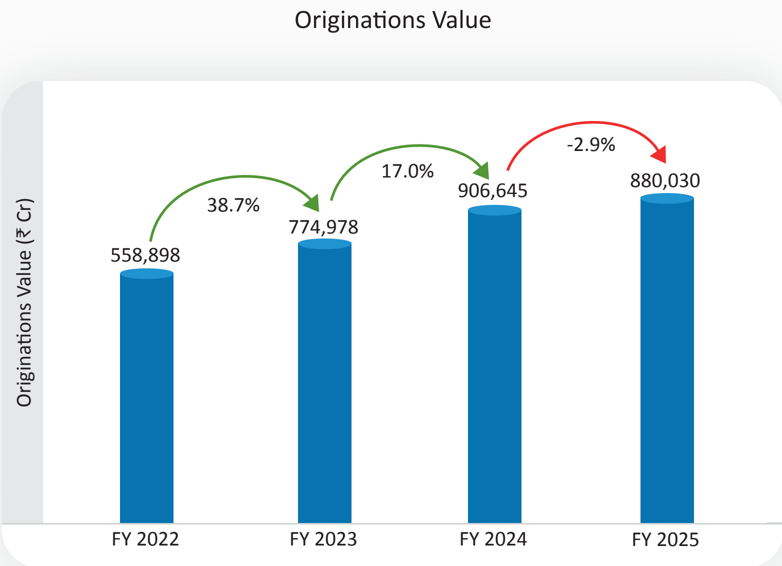
Personal Loans – Market Share

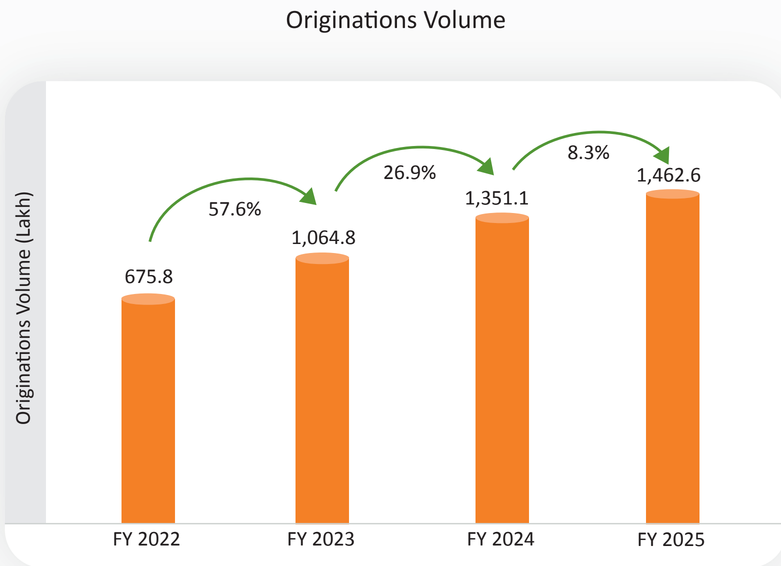


HIGHLIGHTS

- Sharp Growth Slowdown – Personal loan POS grew from ₹10.7 L Cr to ₹14.6 L Cr over two years, but YoY growth fell sharply from 25.2% in FY24 to 9.1% in FY25.
- Emerging Risk – Deterioration in Delinquencies across Bands compared to Mar’24
- Market Share – NBFCs gained share in active loan volumes, as private banks and public banks slowed down.

Origination values declined by 2.9% YoY in FY25

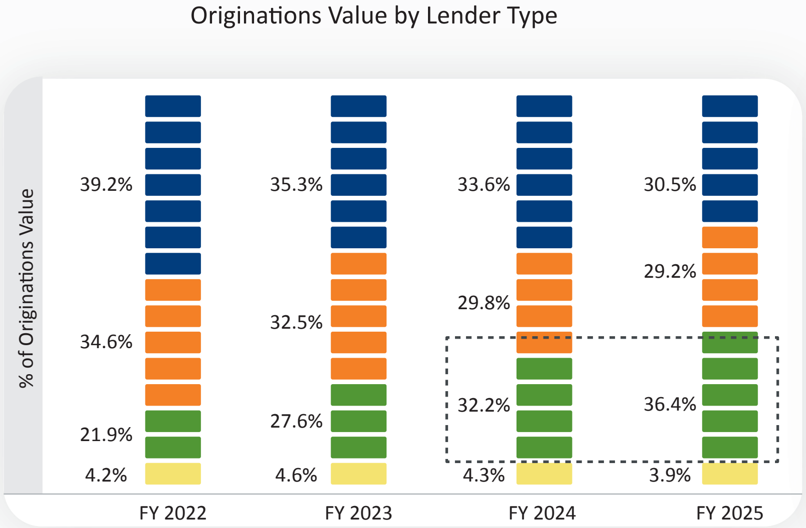


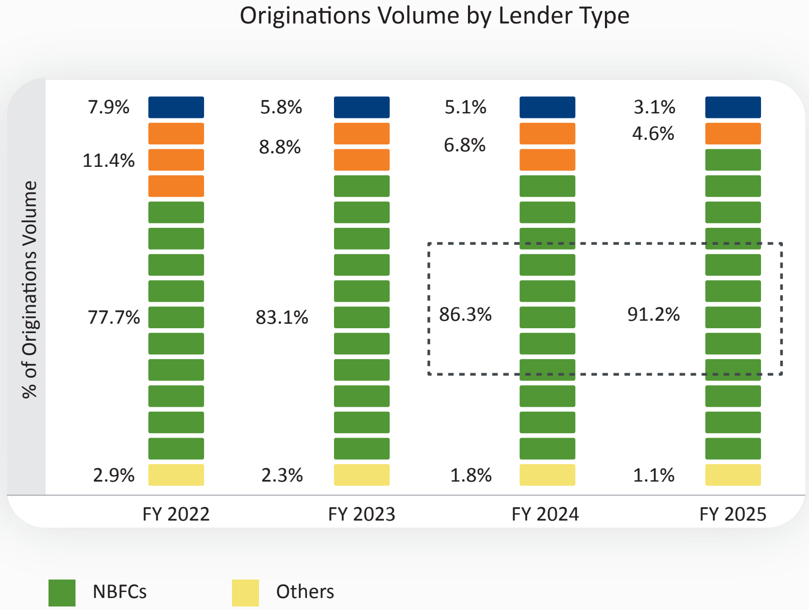


HIGHLIGHTS

- Personal loan originations value saw a sharp rise between FY22 and FY24, reaching ₹906,645 Cr. However, in FY25, growth moderated, with the total value dipping slightly to ₹880,030 Cr—a 2.9% decline. The pace of loan disbursements also slowed, with YoY growth dropping to 8.3% in FY25, down from 26.9% in FY24, suggesting a shift toward smaller-ticket loans.
- RBI's increase in risk weights for consumer credit, along with heightened risk perception in these segments and rising delinquencies in unsecured loans, may have contributed to this trend.

Growing market share of NBFCs in PL Originations

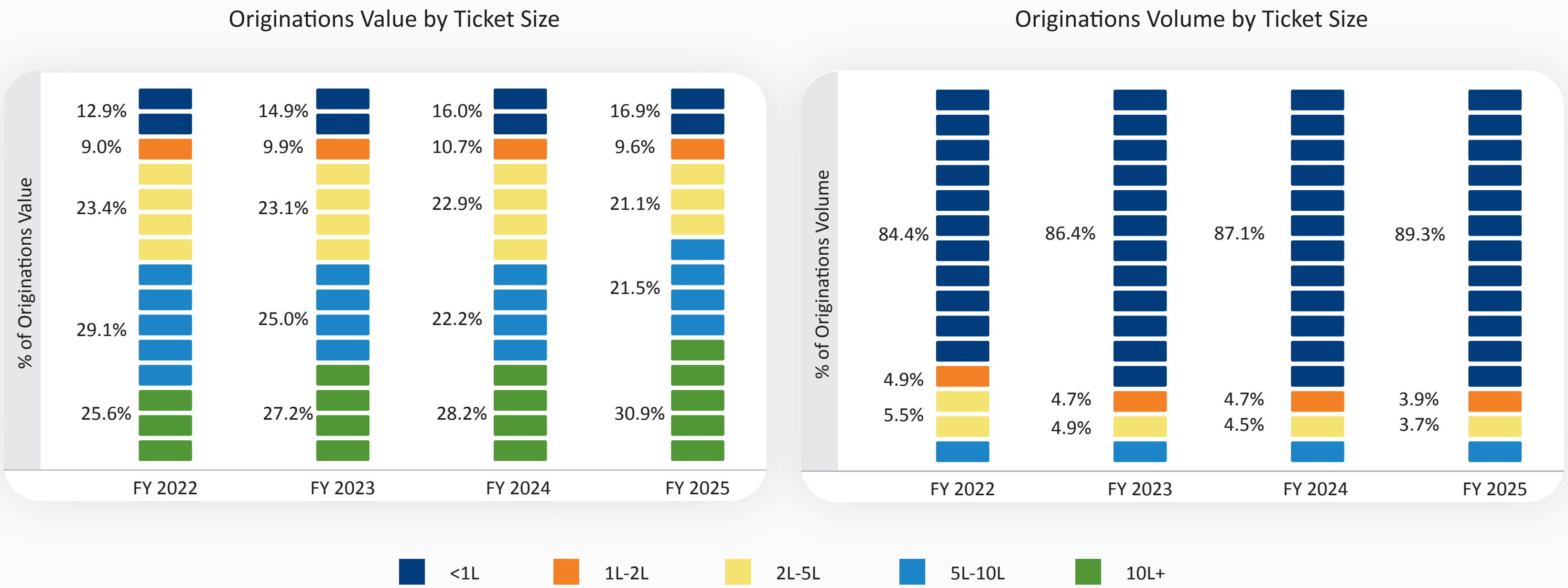




HIGHLIGHTS

- NBFCs have significantly increased their market share in personal loans, with originations value rising from 32.2% in FY24 to 36.4% in FY25, and volume from 86.3% to 91.2%, despite an overall decline in PL origination values.
- As traditional banks adopt a cautious stance following RBI advisories on unsecured loans, NBFCs—especially fintech lenders—seem to be gaining traction even amid slower sector growth.

Share of ₹10L+ Originations increases in Originations value share



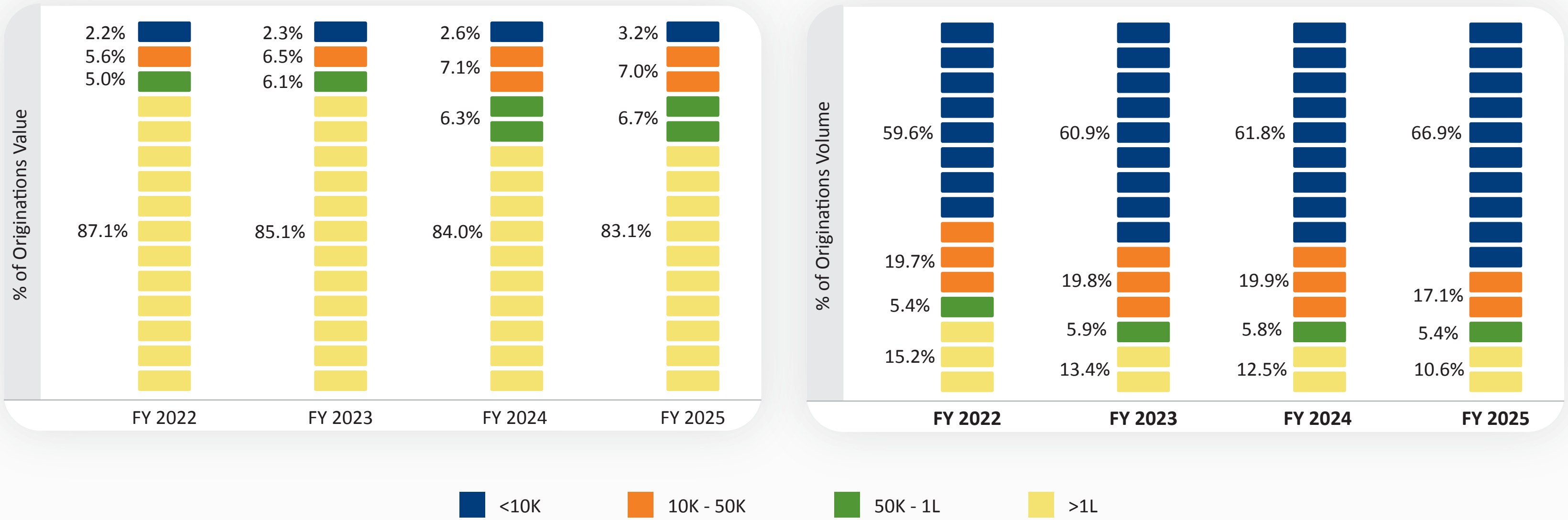
HIGHLIGHTS

- The share of origination value for personal loans exceeding ₹10 lakh has risen steadily—from 28.2% in FY24 to 30.9% in FY25—highlighting a growing preference for higher-value loans. Meanwhile, the share for loans between ₹1 lakh and ₹10 lakh has declined, suggesting a shift away from mid-sized lending. Interestingly, loans under ₹1 lakh are also gaining market share in origination value, driven by the increasing adoption of digital and small-ticket lending solutions, especially by NBFCs.
- Loans below ₹1L also continue to dominate in volume, increasing from 87.1% in FY24 to 89.3% in FY25.

Shift towards <₹1L Loans in value and <₹10K Loans in Volume

Originations Value by Ticket Size

Originations Volume by Ticket Size

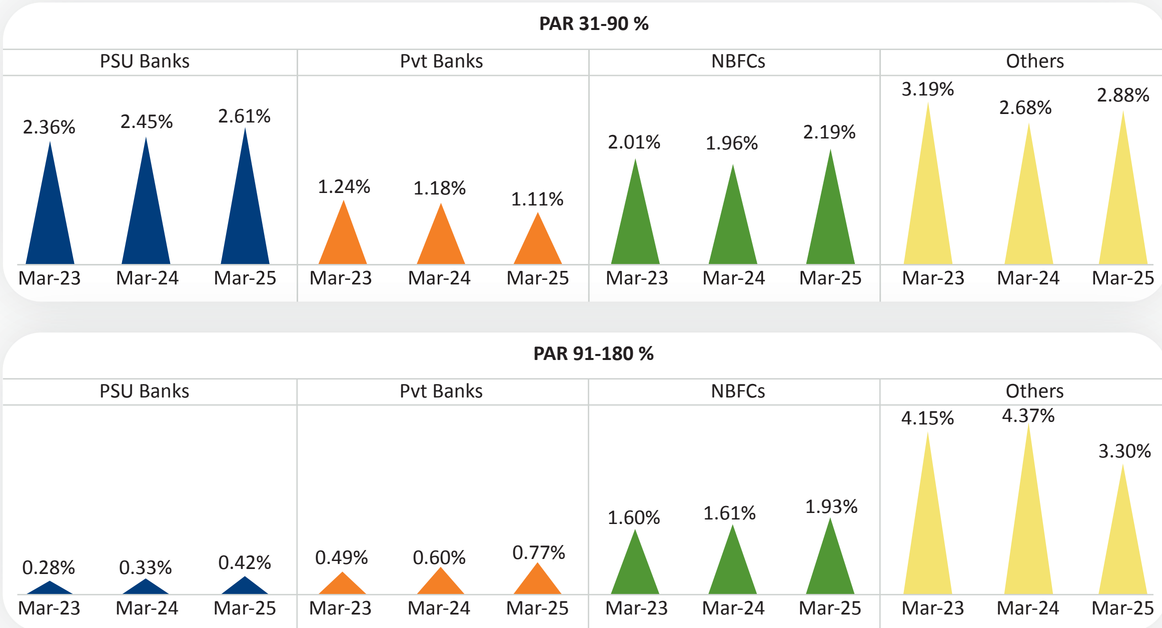


HIGHLIGHTS

- Loans above ₹1L continue to dominate origination value but show a gradual decline, dropping from 87.1% in FY22 to 83.1% in FY25.
- While high-ticket loans dominate total loan value, low-ticket loans are fueling transaction volume, suggesting wider financial inclusion efforts or changing preferences.

PAR 31-180% deteriorated year-over-year across key lender types.

Delinquency - Lender Type

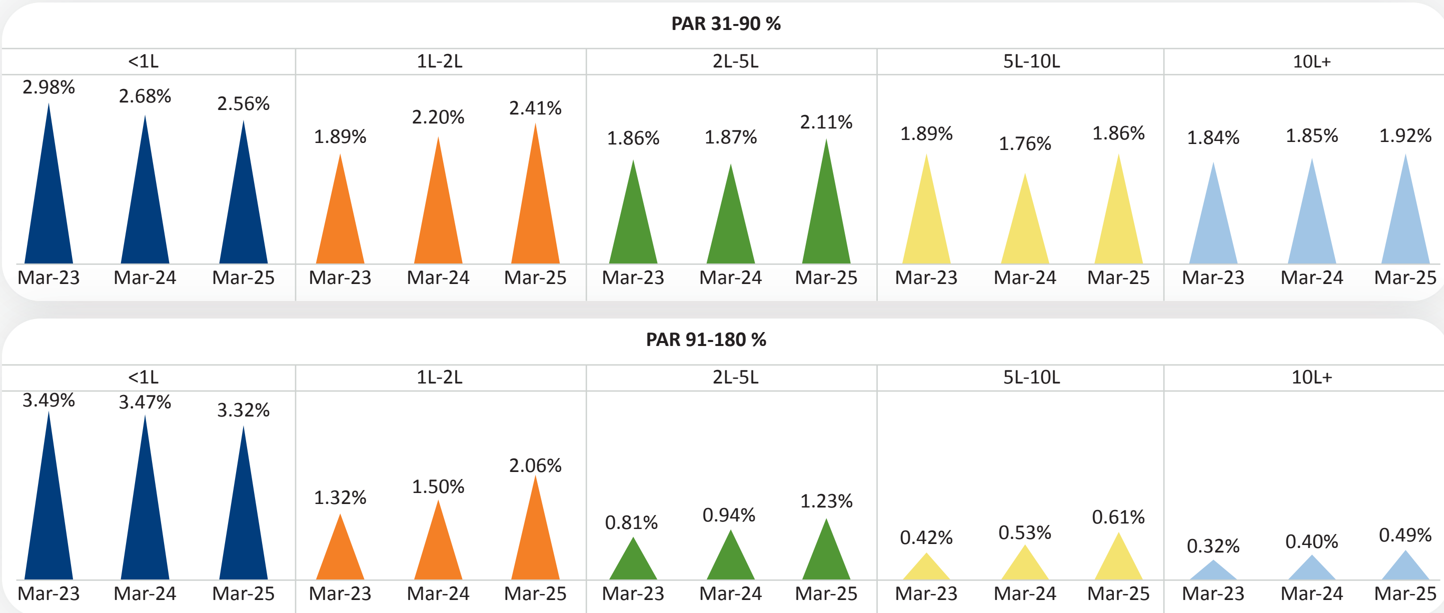


HIGHLIGHTS

- Early-stage delinquencies (PAR 31-90%) deteriorated across most lender types, except for private banks.
- However, later-stage delinquencies (PAR 91-180%) also continued to worsen across all lenders, including private banks, signaling growing stress and the need for heightened monitoring in this segment.

Small-ticket loans (<₹1L) are improving, yet continue to face high stress, particularly in PAR 91-180%.

Delinquency - Ticket Size

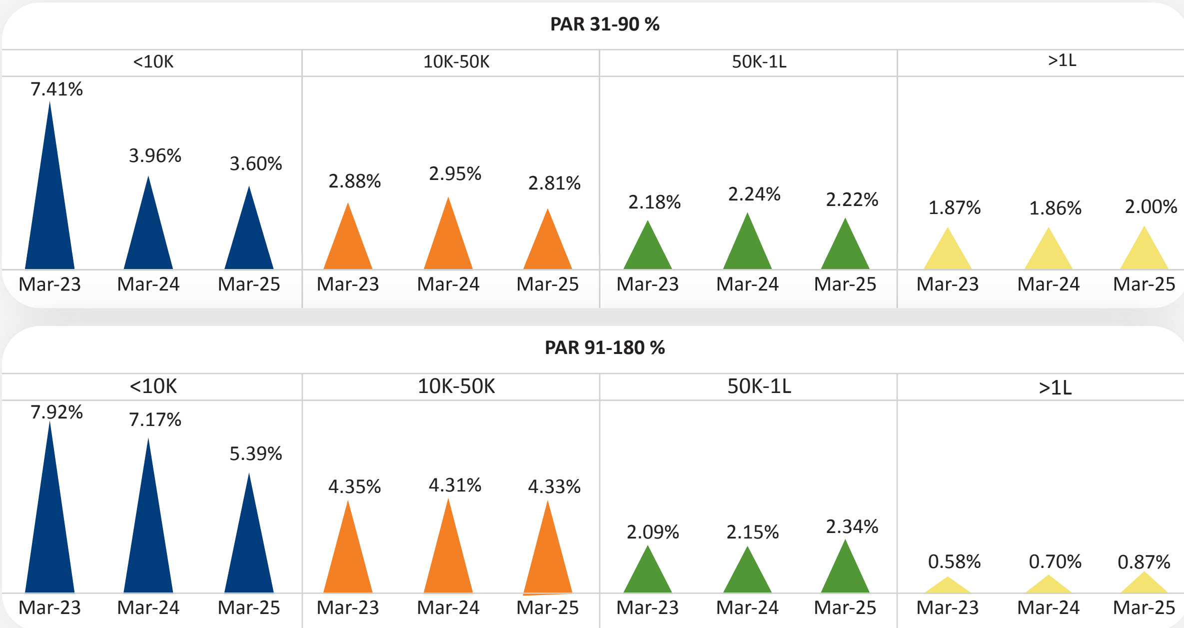


HIGHLIGHTS

- In the PAR 31-90% bucket, loans <₹1L saw a slight decline in risk, while those above ₹1L experienced an increase, signaling rising short-term volatility.
- In the PAR 91-180% bucket, Loans below ₹1L saw a mild decline but remain under high stress, while loans above ₹1L experienced rising delinquency, especially in the ₹1L–₹5L range, which accounted for 30% of origination value in FY25.

Among 1L loans, those below 10K continue to face high stress, though signs of improvement are emerging.

Delinquency - Ticket Size



HIGHLIGHTS

- Loans below ₹10K have shown improvements in PAR 31-90% and PAR 91-180%, indicating stronger collection efforts, though it still has one of the highest stress.
- Mid-size loans (₹10K-₹1L) remain overall stable, except for marginal fluctuations, reflecting consistent portfolio performance.
- Higher-ticket loans (>₹1L) are experiencing rising stress, highlighting the need for closer monitoring of long-term defaults.

TWO-WHEELER LOANS

Two wheeler loan industry has seen pick up in growth post pandemic, however the two wheeler industry sales are yet to reach to peak of 2019. With expected normal monsoon, rise in rural income and convenience of two wheeler in navigating traffic in urban metros, two wheeler industry is expected to grow in coming years surpassing peak of 2019, especially for fuel efficient vehicles including EV.

Lenders are cautiously optimistic about growth in two wheeler industry in light of recent increase in industry delinquency concentrated in certain geography and specific segments.

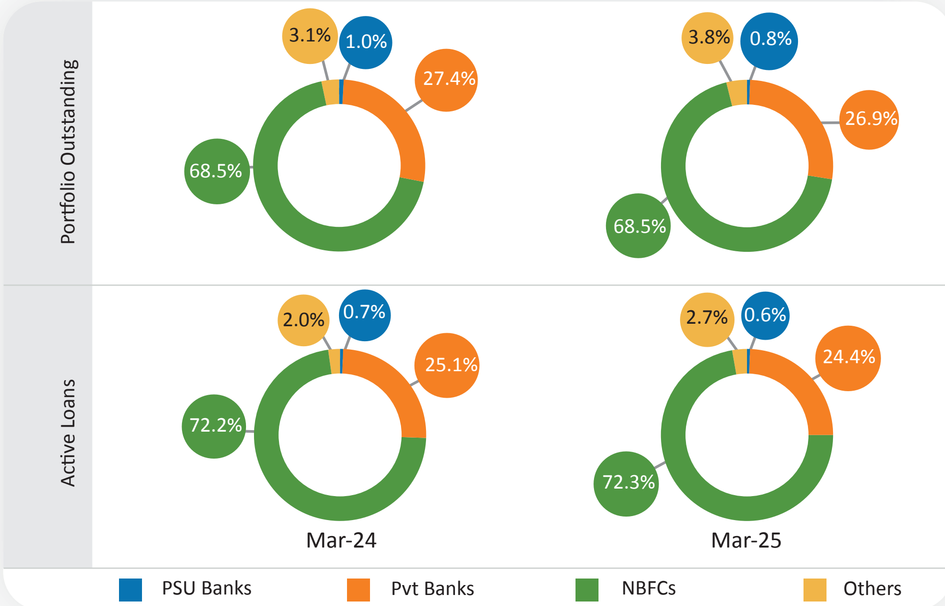
SANJOY BHATTACHARJEE
Head - Credit Bureau, Integrated Credit Controls & TW Credit Strategy, HDFC Bank

Growth slows down with Deterioration in PAR 31-180%

Two-wheeler Loans – Portfolio Snapshot

	Mar-23	Mar-24	Mar-25
Portfolio Outstanding (₹ K Cr)	105.3	139.3	164.6
Y-o-Y Growth %		32.2%	18.2%
Active Loans (Lakh)	265.2	295.1	339.2
Y-o-Y Growth %		11.3%	14.9%
PAR 31-90 %	3.3%	3.1%	3.6%
PAR 91-180 %	1.9%	1.6%	1.7%
PAR 181-360 %	2.0%	1.9%	1.6%
PAR 360+ %	6.5%	6.2%	6.1%

Two-wheeler Loans – Market Share

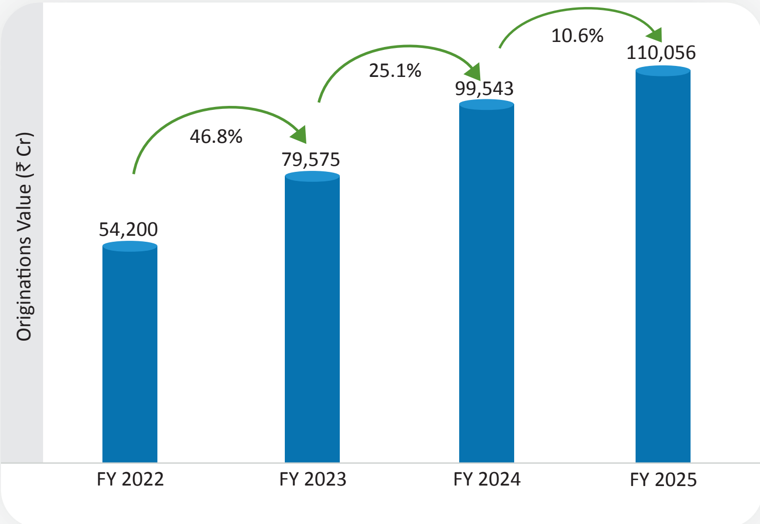


HIGHLIGHTS

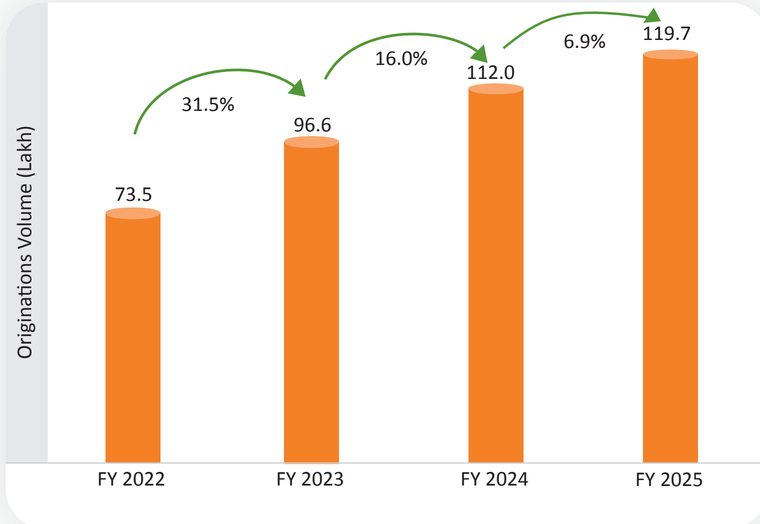
- Dominated by NBFCs by Value and Volume followed by Pvt Banks
- Deterioration in PAR 31-180% while PAR 180+% improved compared to Mar’24

Originations value and volume growth weakened in FY25 compared to FY24

Originations Value



Originations Volume

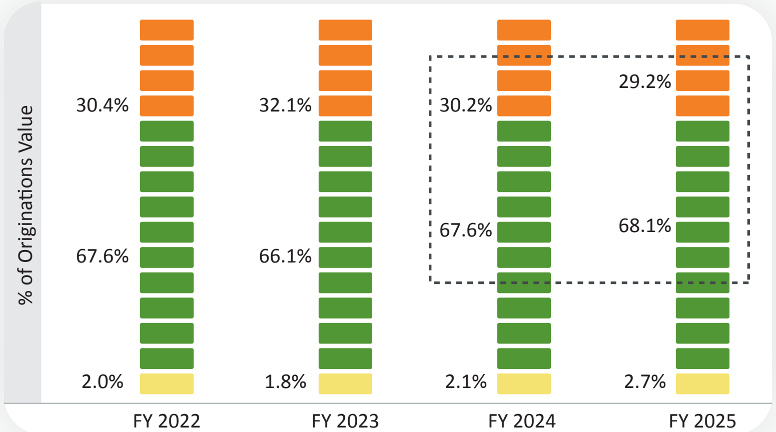


HIGHLIGHTS

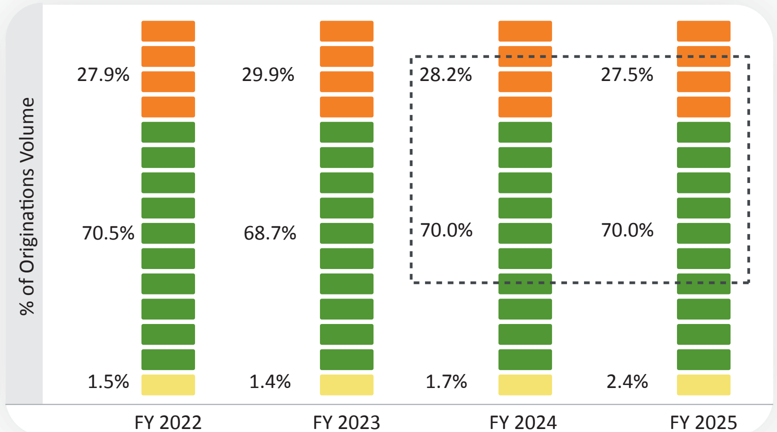
- The origination value of two-wheeler loans rose from ₹99,543 Cr in FY24 to ₹110,056 Cr in FY25, though the growth rate moderated from 25.1% to 10.6% over the same period.
- Tighter credit policies aimed at managing default risks, along with increasing stress among sub-prime borrowers, may have influenced this slowdown.

NBFCs lead in both market value and volume

Originations Value by Lender Type



Originations Volume by Lender Type

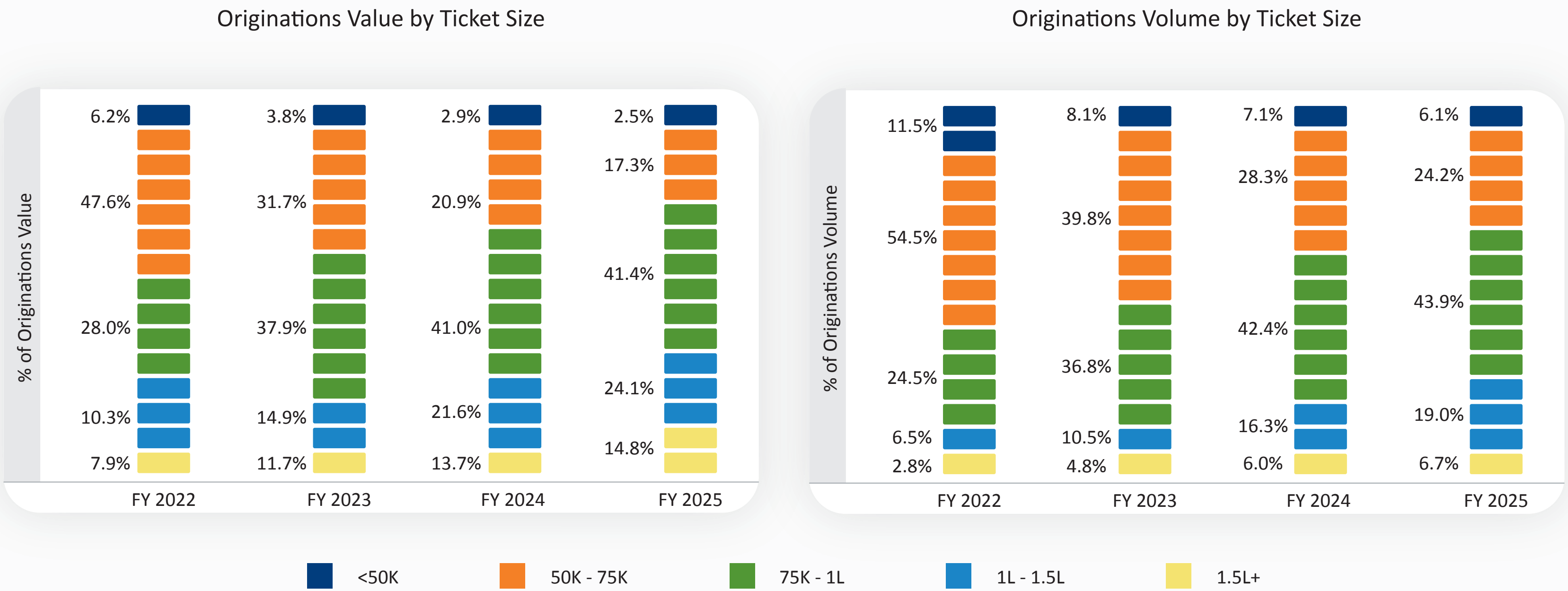


Pvt Banks NBFCs Others

HIGHLIGHTS

- NBFCs steadily expanded their market presence, maintaining a dominant share of 68.1% in FY25 (value), with volumes reaching 70%.
- Their leadership can be attributed to a strong focus on NTC customers, reinforced by tailored offerings such as flexible loan terms and repayment options. Meanwhile, private banks have maintained a stable market share over the years.

Shift in Originations to ₹75k+ loans

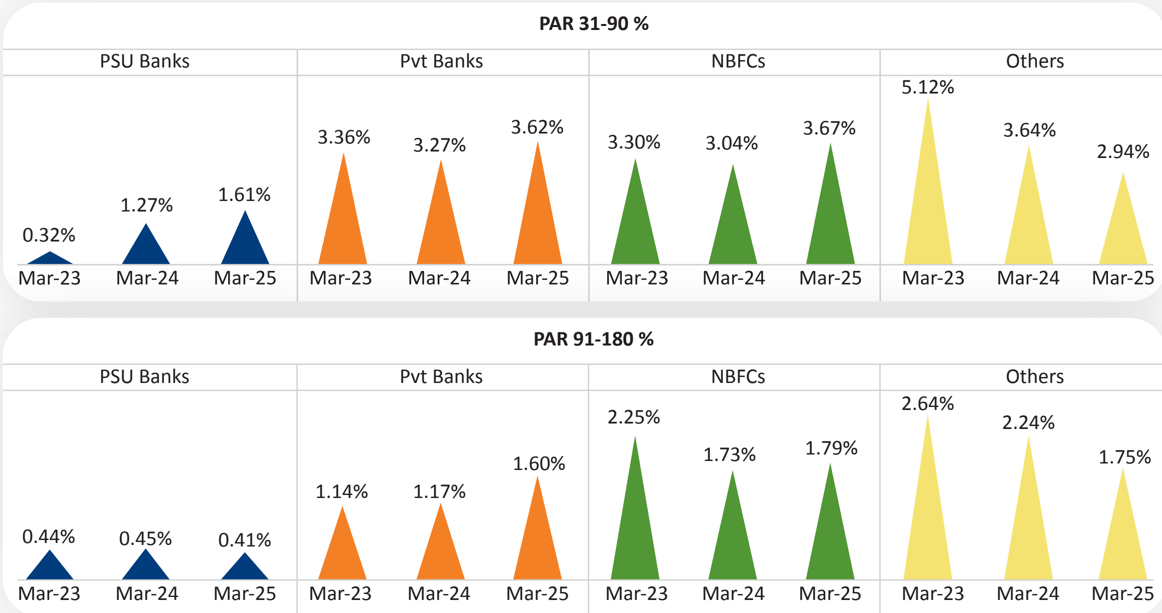


HIGHLIGHTS

- The upward trend in ₹75K+ loan originations continued in FY25, reflecting sustained growth in both value and volume compared to FY24, for this segment.
- From FY22 to FY25, originations have steadily shifted away from lower ticket-size loans toward ₹75K+ segments, likely influenced by rising vehicle costs.

Y-o-Y deterioration in PAR 31-180% for all lender types

Delinquency - Lender Type

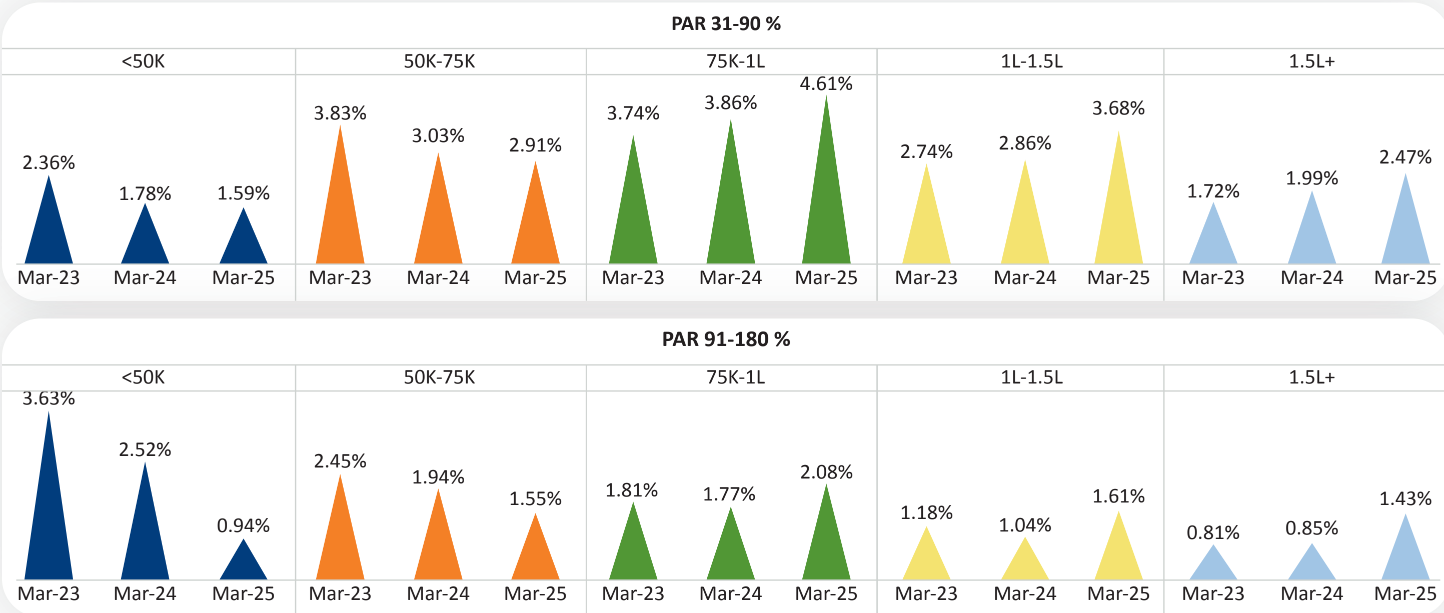


HIGHLIGHTS

- Two-wheeler loan delinquencies increased across all lender types from Mar'24 to Mar'25, with PAR 31-90% for PSU Banks climbing from 1.27% to 1.61% and Private Banks rising from 3.27% to 3.62%.
- PAR 91-180% for Private Banks reached 1.60% in Mar’25, while NBFCs showed improvement in Mar'24 but deteriorated again in Mar'25, indicating fluctuating trends.

Y-o-Y deterioration in > ₹75K loans

Delinquency - Ticket Size



HIGHLIGHTS

- Delinquency rates for loans under ₹50K have steadily declined, indicating improved repayment behavior. However, for loans above ₹75K—where origination efforts are primarily concentrated—PAR 31-90% has deteriorated, highlighting potential risk.
- Similarly, PAR 91-180% worsened for loans above ₹75K in FY25 after showing improvement in FY24, emphasizing the need for calibrated risk management strategies.

Together to the next level

AUTO LOANS

The auto finance sector is navigating a phase of recalibration, marked by easing originations and a shift in borrower behaviour. Rising vehicle costs have begun to influence loan viability, prompting a tilt toward longer tenures to preserve affordability. Yet, the prevailing benign interest rate environment has provided a cushion, enabling this transition without significantly compromising risk metrics. Despite these structural shifts and broader demand normalization, delinquency trends have remained within a stable band, reflecting disciplined underwriting. The continued preference for larger loan sizes underscores not only inflationary pressures but also changing consumption patterns, signaling an evolving alignment of credit practices with a more mature, value-conscious market.

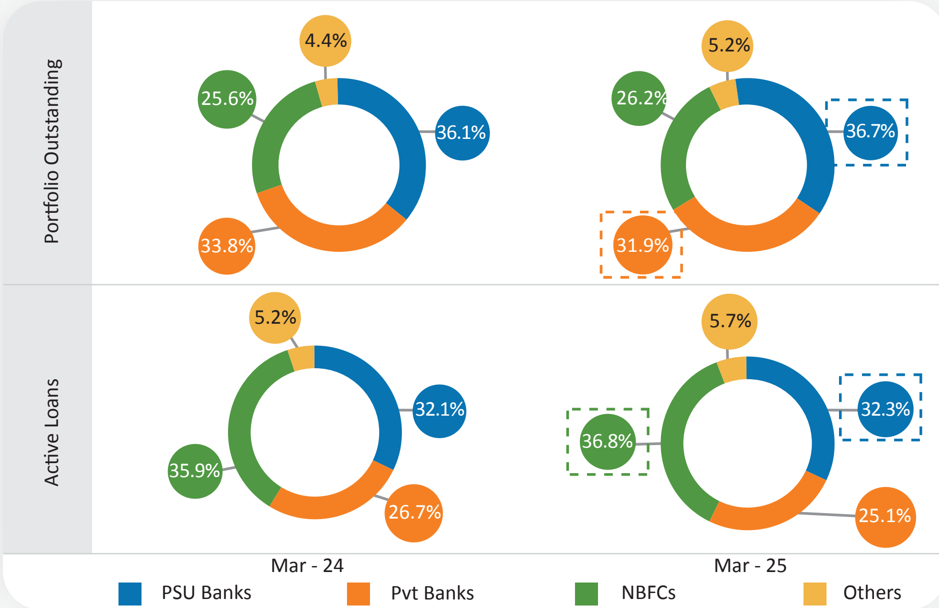
NITIN DHARMA
Chief Risk Officer, Tata Capital Limited

Sustained growth with stable PAR performance

Auto Loans - Portfolio Snapshot

	Mar-23	Mar-24	Mar-25
Portfolio Outstanding (₹ L Cr)	5.9	7.1	8.2
Y-o-Y Growth %		19.8%	15.6%
Active Loans (Lakh)	136.1	145.7	158.9
Y-o-Y Growth %		7.1%	9.0%
PAR 31-90 %	2.3%	1.9%	1.9%
PAR 91-180 %	0.7%	0.7%	0.8%
PAR 181-360 %	0.4%	0.3%	0.3%
PAR 360+ %	2.3%	2.7%	2.7%

Auto Loans – Market Share

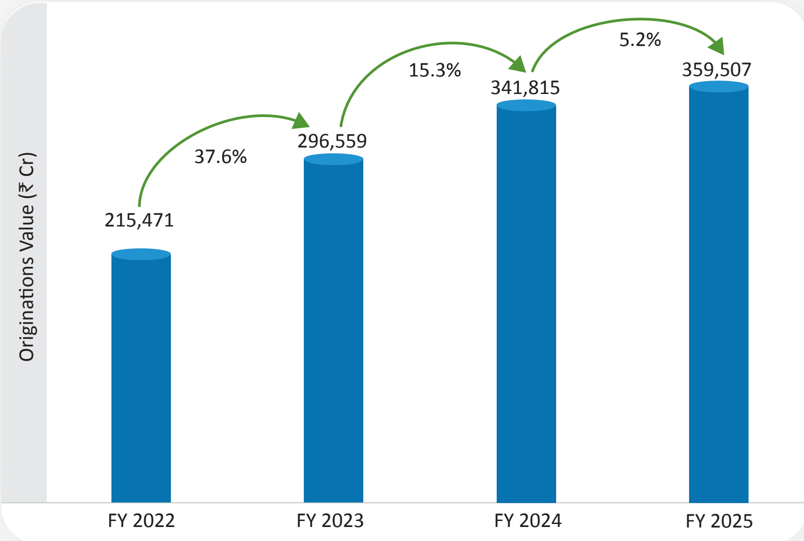


HIGHLIGHTS

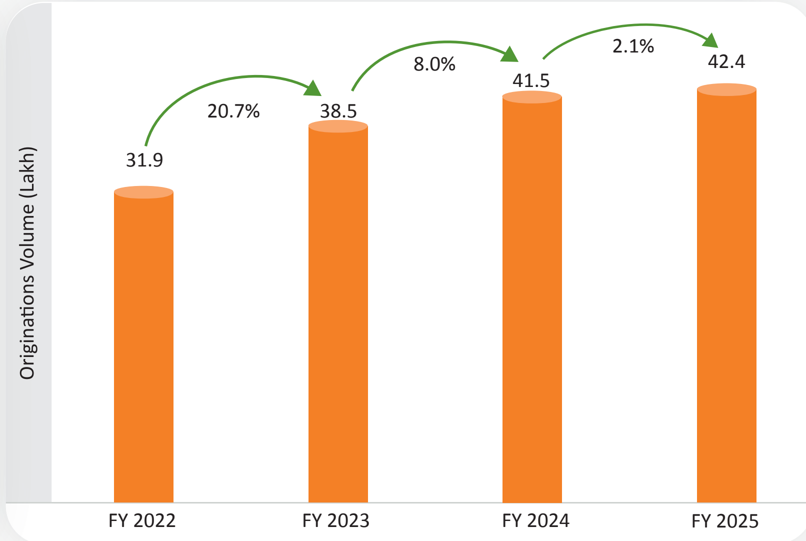
- PAR 31-90%, PAR 91-180%, PAR 181-360% and PAR 360+% have remained stable across all PAR buckets compared to Mar-24.
- Public Sector Banks and Private Banks lead in value, while NBFCs and Public Sector Banks hold dominance in volume.

Slowdown in Originations value and volume in FY25 compared to FY24

Originations Value



Originations Volume

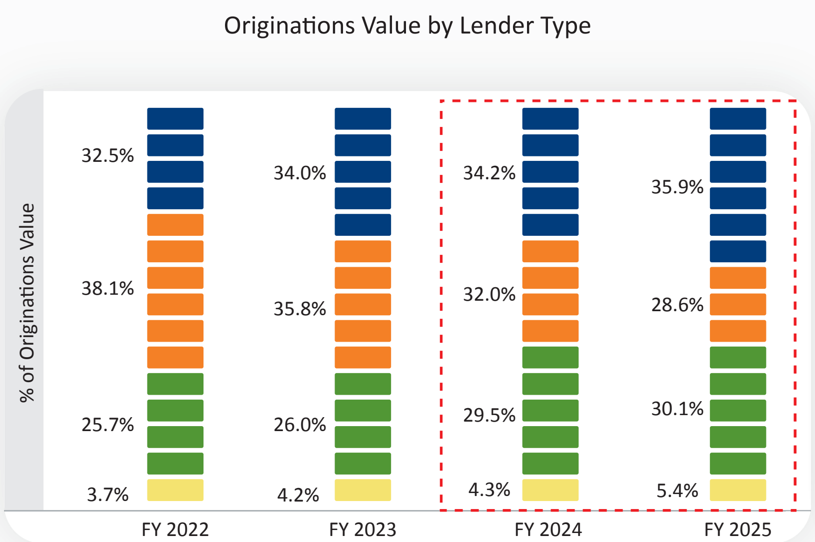


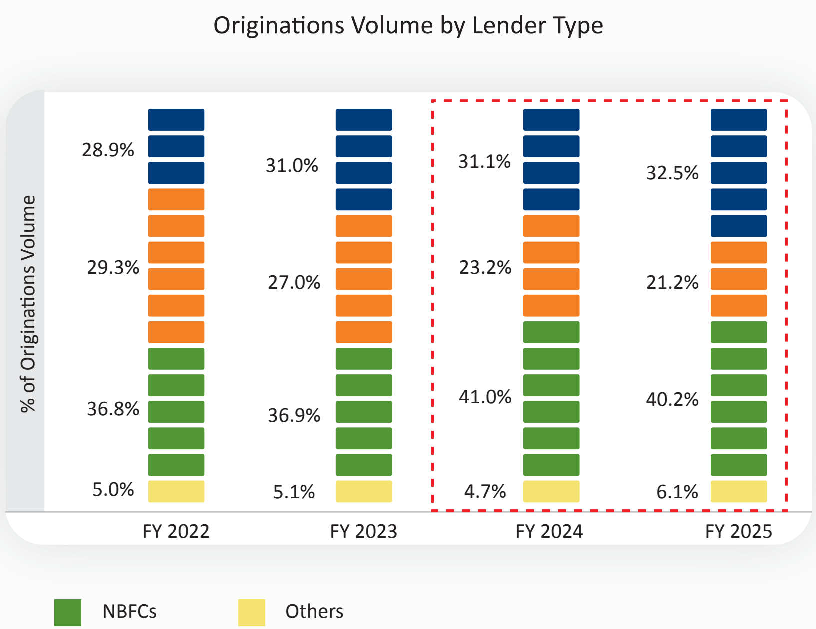
HIGHLIGHTS

- Auto loan growth slowed in FY25, with value rising just 5.2% YoY to ₹359,507 Crore, down from 15.3% in FY24 and significantly lower than the 37.6% surge in FY23. This decline reflects weaker consumer demand and spending, alongside continued post-pandemic moderation.
- According to SIAM, passenger vehicle sales growth remained subdued at around 2.0% YoY in FY25, influenced by a high base effect. Loan originations volume also slowed, rising only 2.1% YoY in FY25 compared to 8.0% in FY24.

SIAM/Press release/Auto Industry Sales Performance of March 2025, Q4 (Jan– March 2025) and April 2024 - March 2025

Pvt banks loses market share to PSU banks and NBFCs in originations value



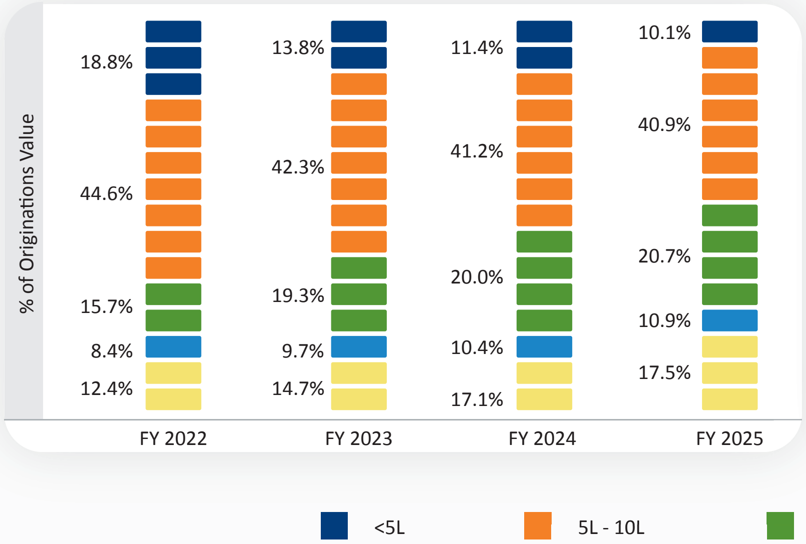


HIGHLIGHTS

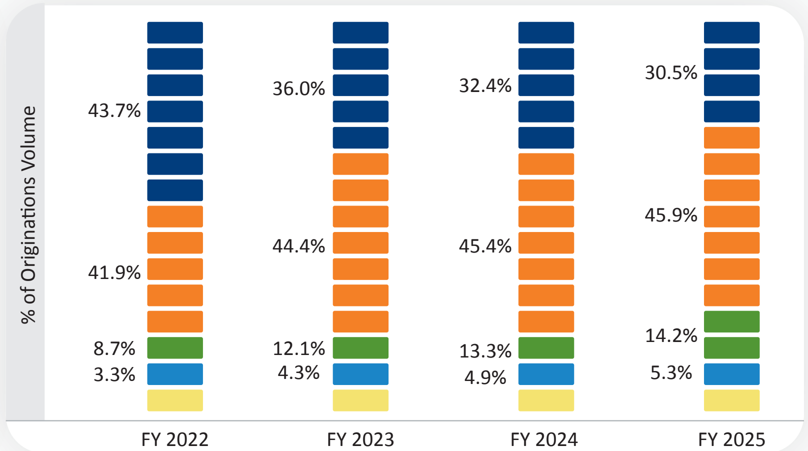
- Amid possible demand constraints impacting originations, PSU banks and NBFCs continued to gain originations value share, while private banks experienced a slowdown.
- Private banks' auto loan originations value share fell from 32.0% in FY24 to 28.6% in FY25, with volume share dropping from 23.2% to 21.2%, while PSU banks’ value share rose from 34.2% to 35.9%, surpassing NBFCs.

Big-Ticket Loans Surge: Strong Growth in ₹10L+ Originations

Originations Value by Ticket Size (₹)



Originations Volume by Ticket Size (₹)

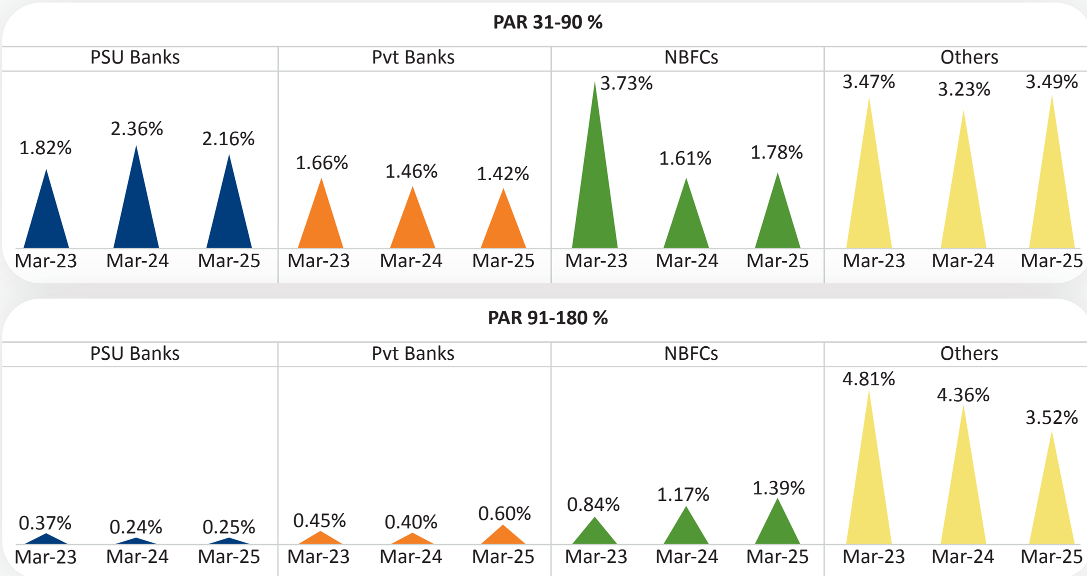


HIGHLIGHTS

- Although not much changes between FY24 and FY25, the share of ₹10L+ loans increased from 36.5% in FY22 to 49.1% in FY25, potentially driven by changing consumer preferences and rising vehicle prices.
- More pronounced growth is seen in mid sized loans (₹10L- ₹15L) and ₹20L+ loans.
- Originations volume follows the same trend – Large loan volumes, ₹10L- ₹15L increased from 8.7% to 14.2%, while smaller loans (<₹5L loans) fell from 43.7% to 30.5% between FY22 and FY25.

NBFCs are witnessing an upward trend in both early-stage and later-stage delinquencies

Delinquency - Lender Type

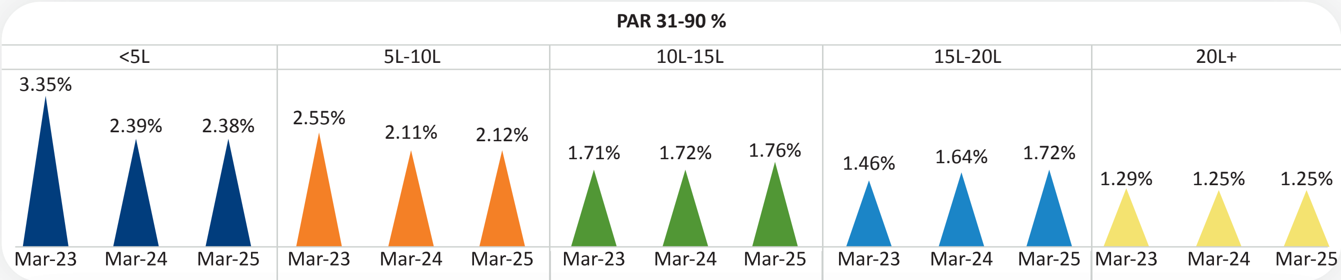


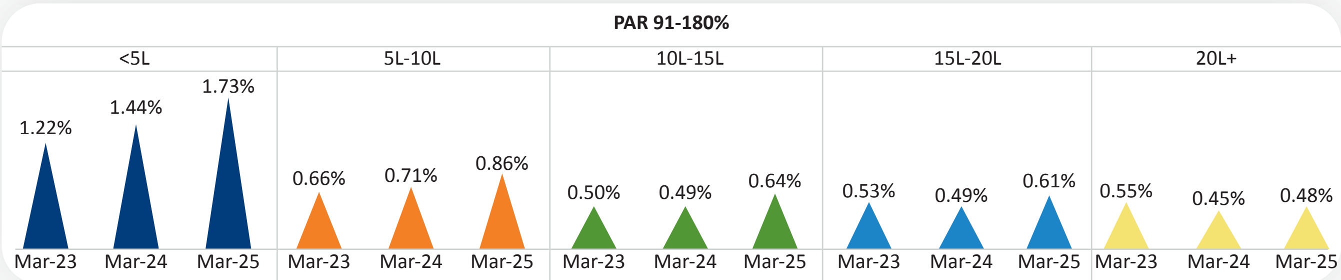
HIGHLIGHTS

- PSU Banks have shown greater control across both early (PAR 31-90) and later-stage (PAR 91-180) delinquencies.
- Private Banks are effectively controlling early-stage delinquencies, though later-stage risk has increased slightly.
- However, NBFCs experienced a surge in early delinquencies (PAR 31-90) and later-stage delinquencies (PAR 91-180) indicating rising risk exposure.

PAR 31-90% remains largely stable, while PAR 91-180% deteriorates across ticket sizes

Delinquency - Ticket Size





HIGHLIGHTS

- PAR 31-90% remained stable across ticket size categories, except for a slight uptick in the ₹10L- ₹20L segment.
- In contrast, PAR 91-180% saw a broad increase across all ticket sizes, with a sharper rise in <₹5 lakh loans. Although, the share of originations for this loan size has been declining, as previously discussed.

Together to the next level

CONSUMER DURABLE LOANS

The Indian consumer durables and electronics industry is set to surpass US $20 billion in 2025, with a projected CAGR of 10–12% till 2030, driven by rising aspirations, PLI incentives, and rapid digital adoption across Tier II to Tier IV markets. While festive seasons still account for up to 40% of annual volumes, the real disruptor is the digitally embedded finance ecosystem transforming how Indians buy high-value appliances.

Today, 40–50% of urban purchases in the category are powered by EMIs, Buy Now Pay Later (BNPL), and zero-cost financing options. New-age fintechs, NBFCs, and payment platforms like UPI apps, wallets, and checkout finance apps are enabling frictionless credit at the point of sale—whether online, in-app, or in-store.

By partnering with OEMs, D2C brands, and marketplaces, these platforms are offering instant credit approvals, personalized loan tenures, and transparent repayment journeys, all embedded within a few clicks. This convergence of digital consumption, real-time lending, and seamless payments is not just expanding affordability—it's reshaping the ownership experience of consumer durables and enabling Indians to enter a better life.

VIJAY KINI

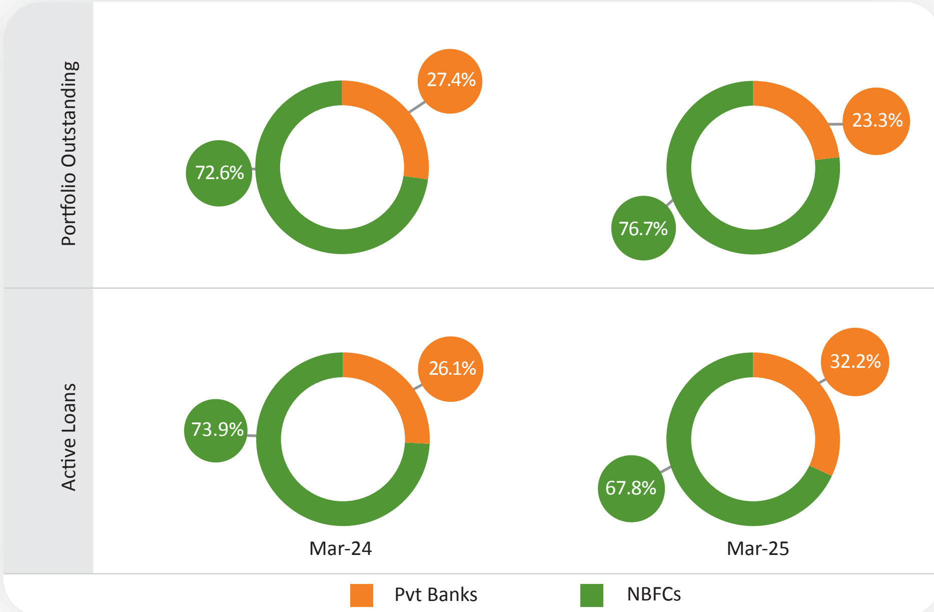
Chief Business Officer - Consumer Durables, Cholamandalam Investment & Finance Company Limited

Growth Moderates | NBFCs Lead Amid Slight Decline in PAR Across Segments

Consumer Durable Loans - Portfolio Snapshot

	Mar-23	Mar-24	Mar-25
Portfolio Outstanding (₹ K Cr)	48.5	64.4	73.7
Y-o-Y Growth %		32.7%	14.5%
Active Loans (Lakh)	654.4	768.8	966.0
Y-o-Y Growth %		17.5%	25.7%
PAR 31-90 %	1.3%	1.2%	1.3%
PAR 91-180 %	1.0%	0.9%	1.1%
PAR 180+ %	3.4%	1.9%	2.1%

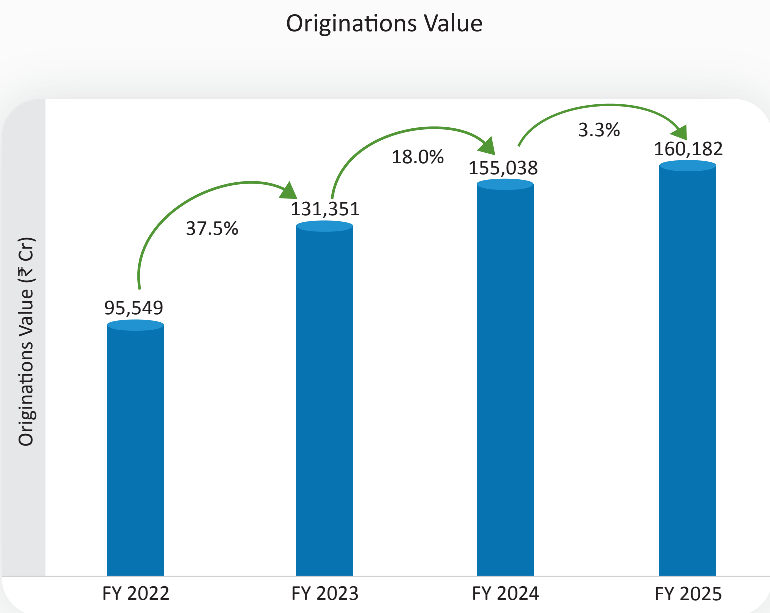
Consumer Durable Loans - Market Share

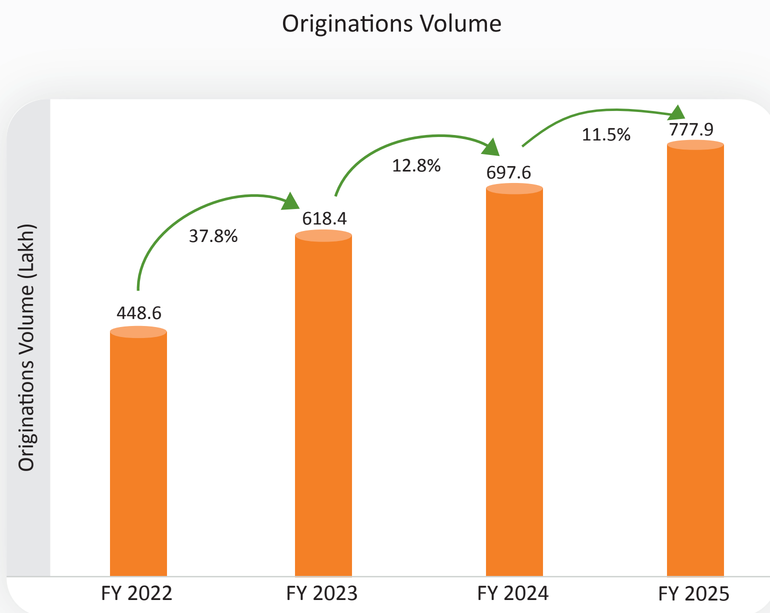


HIGHLIGHTS

- Marginal deteriorations in PAR 31-90% and PAR 91-180% and PAR 180+% from Mar'24 to Mar'25
- Dominated by NBFCs by Value and Volume

Originations growth slows in FY25, extending the downward trend in momentum.





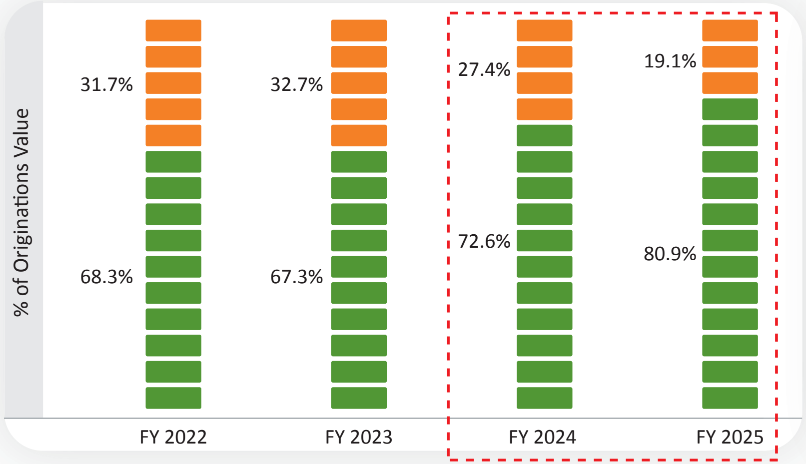
HIGHLIGHTS

- Originations value growth for Consumer Durable loans slowed sharply by 3.3% YoY in FY25 to ₹160,182 crore. While volume growth reached 11.5% to 777.9 lakh, the decline in average ticket sizes indicates constrained consumer spending, driven by rising prices and stagnant real wage growth.
- The RBI's Financial Stability Report* (Dec'24) highlights this trend, noting increasing household debt with super-prime borrowers leveraging loans for asset creation and sub-prime borrowers relying more on credit for consumption.

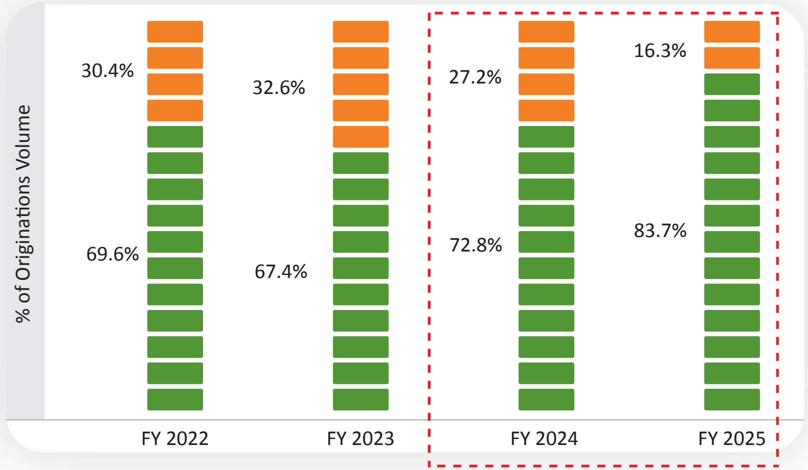
*Source: RBI Financial Stability Report: https://www.rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=1284

NBFCs maintain their lead and continue to capture market share from private banks

Originations Value by Lender Type



Originations Volume by Lender Type



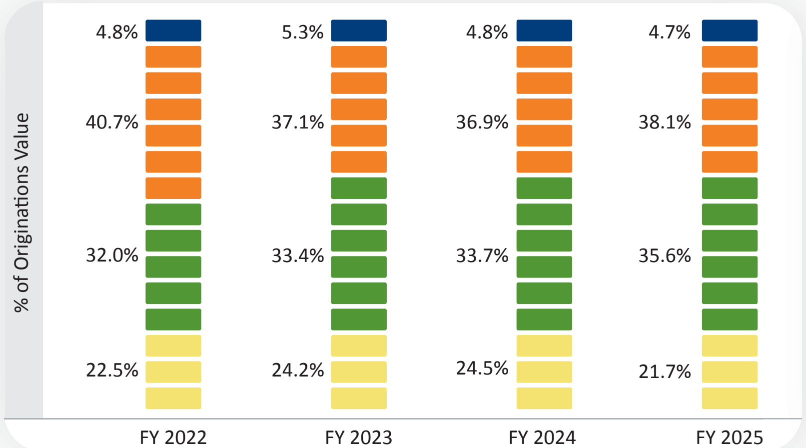
Pvt Banks NBFCs

HIGHLIGHTS

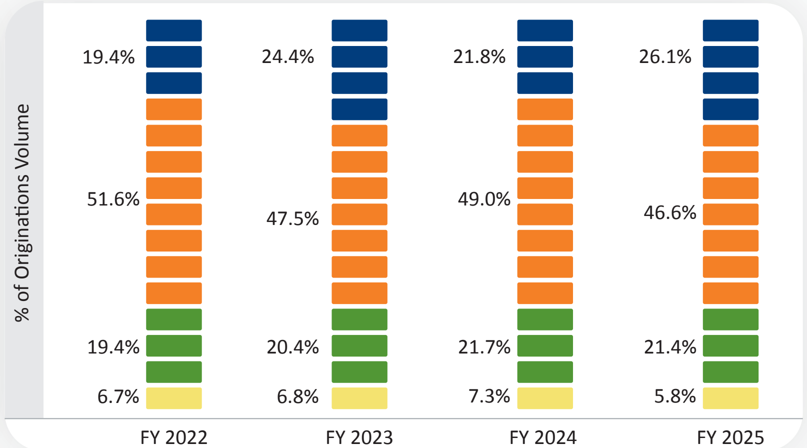
- The originations share (value and volume) of Private Banks declined from FY24 to FY25, as NBFCs gained market share at their expense.
- NBFCs expanded their share of CD loan originations value from 72.6% in FY24 to 80.9% in FY25, continuing an upward trend from 68.3% in FY22. Likewise, their volume share rose from 69.6% to 83.7% over the same period (FY22 to FY25).
- Factors like shorter replacement cycles, higher yields, and underpenetrated markets appear to support this growth for NBFCs.

Shift in Originations Value toward ticket size ₹25K-₹50K loans

Originations Value by Ticket Size



Originations Volume by Ticket Size

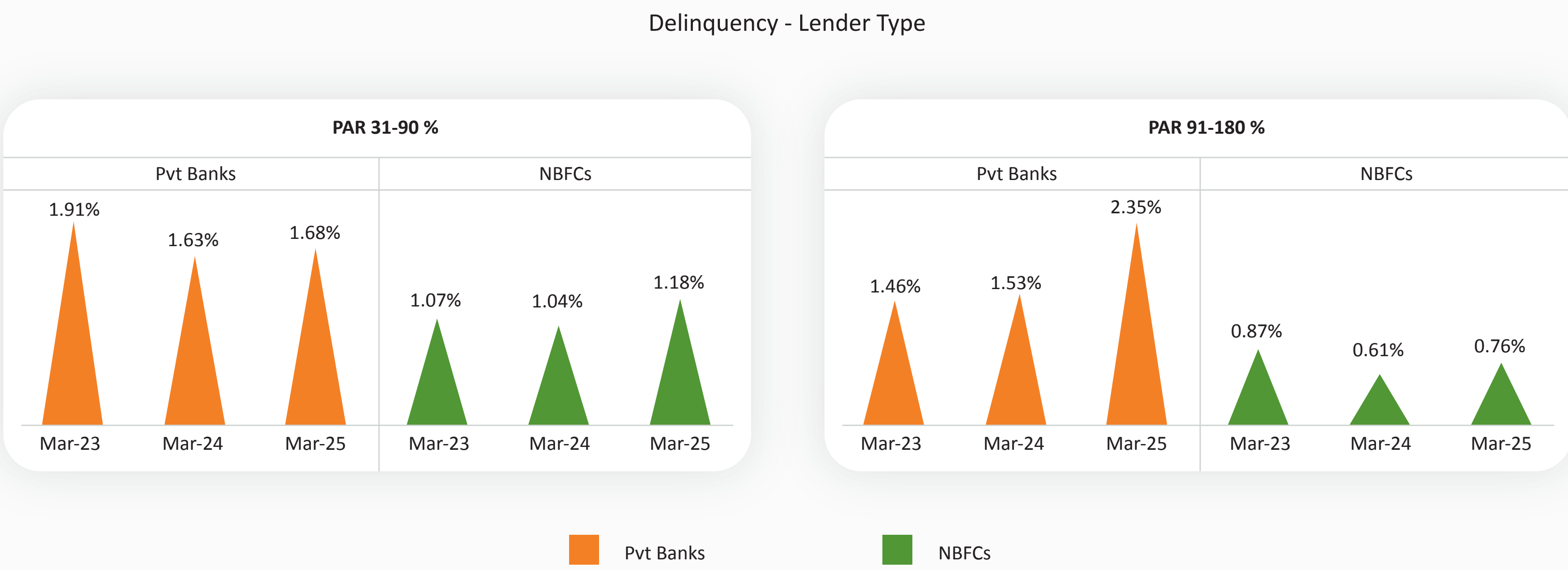


<10K   10K - 25K   25K - 50K   50K+

HIGHLIGHTS

- The ₹10K- ₹25K segment has consistently held the largest share of originations value (38.1% as of FY25), though its share has slightly declined over time.
- Meanwhile, the ₹25K- ₹50K range has steadily gained traction, increasing from 32.0% in FY22 to 35.6% in FY25, signaling a shift toward mid-range loans.
- The <₹10K segment has remained stagnant, despite a spike in volume between FY24 and FY25.

NBFCs shows better control of PAR 31-180%, despite increases as of Mar'25

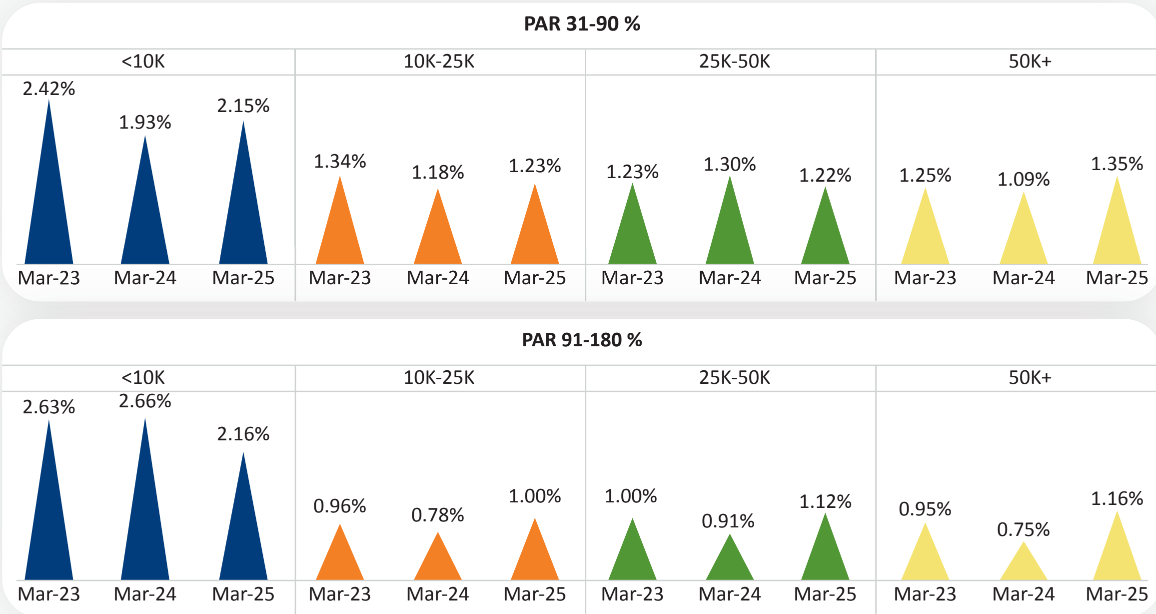


HIGHLIGHTS

- PAR 31-90% and PAR 91-180% slightly worsened for both Private Banks and NBFCs in Mar'25 compared to Mar'24, with Private Banks experiencing a sharper deterioration in PAR 91-180%.
- Despite its dominant share in originations (value & volume), NBFCs have demonstrated better control over PAR metrics compared to Private Banks.

Performance of loans of ticket size ₹10K-₹50K is better compared to ₹<10K and ₹50K+

Delinquency - Ticket Size



HIGHLIGHTS

- The performance of loans in the ₹10K–₹50K range, which accounts for the majority of originations, has exhibited slight stress in the PAR 91–180% category while remaining stable in the PAR 31–90% segment.
- Meanwhile, loans above ₹50K have shown a rising PAR trend as of Mar’25, warranting closer risk profile monitoring. This segment represented 21.7% of total originations value in Mar’25.

CRIF
Together to the next level

CREDIT CARDS

The Indian credit card industry has significant growth potential, driven by increasing digital adoption, a shift towards cashless transactions in form of UPI, and rising disposable incomes. While penetration remains low compared to developed countries, there's immense potential for expansion, especially in non-metro areas.

Key drivers include the surge in e-commerce, attractive offering on cards especially on the co-branded cards, coupled with government initiatives promoting digital payments. However, challenges like higher NPA and overleveraging concerns requires careful monitoring. The fact that India is young borrowers, it has vast opportunity to grow. With ongoing innovations like biometric authentication, AI integration, and personalized rewards will surely help to reduce some risk.

ANURAG JAIN
Retail Credit Strategy & Control - Personal Loan & Credit Card, HDFC Bank

In FY 2024–25, credit card issuance in India witnessed a moderation due to a combination of factors, including tighter underwriting norms by issuers, rising delinquencies in certain borrower segments, and a conscious shift toward improving portfolio quality over aggressive growth. However, FY 2025–26 is expected to see a rebound, driven by strong consumer demand, increased digitization, and deeper penetration in Tier 2 and 3 cities.

The long-term outlook for the credit card business remains robust, underpinned by a young, aspirational population, growing digital payments adoption, and innovative offerings like co-branded cards and embedded finance.

With rising financial literacy and expanding formal credit access, the credit card segment is poised for sustained double-digit growth in the coming years.

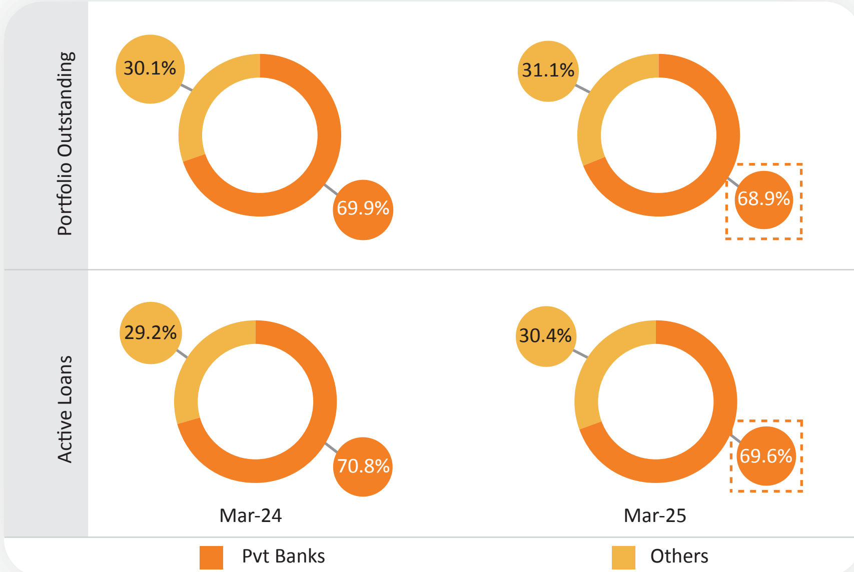
BIKRAM YADAV
Head of Credit Card, RBL Bank

Credit card balances continue to rise even as cards in circulation slows

Credit Cards – Portfolio Snapshot

	Mar-23	Mar-24	Mar-25
Portfolio Outstanding (₹ L Cr)	2.4	3.0	3.7
Y-o-Y Growth %		27.7%	20.4%
Active Loans (Lakh)	857	999	1,072
Y-o-Y Growth %		16.5%	7.3%
PAR 1-30 %	4.1%	3.9%	2.7%
PAR 31-90 %	2.2%	2.3%	2.1%
PAR 90+ %	12.6%	12.5%	15.0%

Credit Cards – Market Share



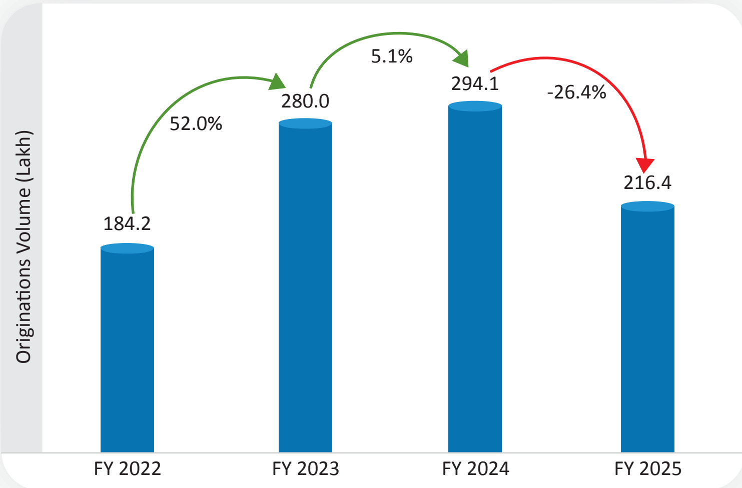
HIGHLIGHTS

- Early-stage stress (PAR 1–30%) improved steadily, declining from 4.1% in Mar’23 to 2.7% in Mar’25, while mid-stage PAR (31–90%) stayed largely stable. However, longer-term delinquencies (PAR 90+%) rose significantly to 15.0% in Mar’25, indicating accumulating repayment challenges among overdue accounts.
- Private banks lead by volume and value.

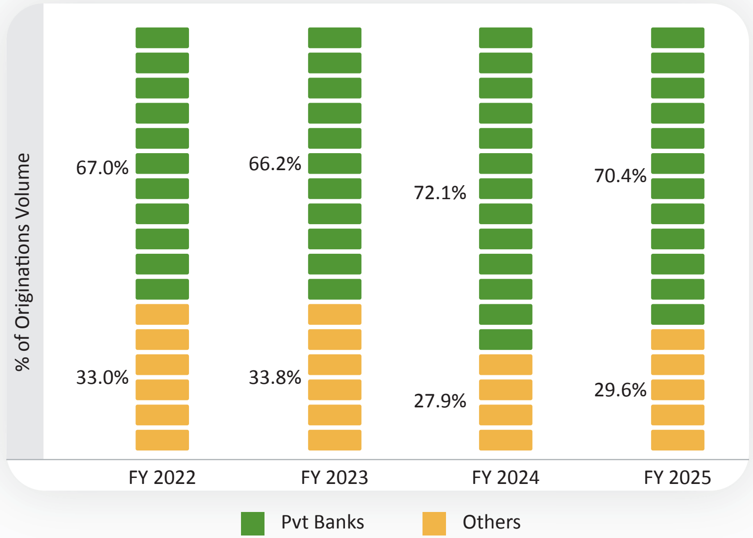
Issuer type Others includes Foreign Banks, Public Sector Banks, Credit Card Companies

New Card Originations Decline in FY25 After Strong Growth, Private Banks Marginally Lose Share

New Credit Cards Issued



New Credit Cards Issued – by Issuer Type

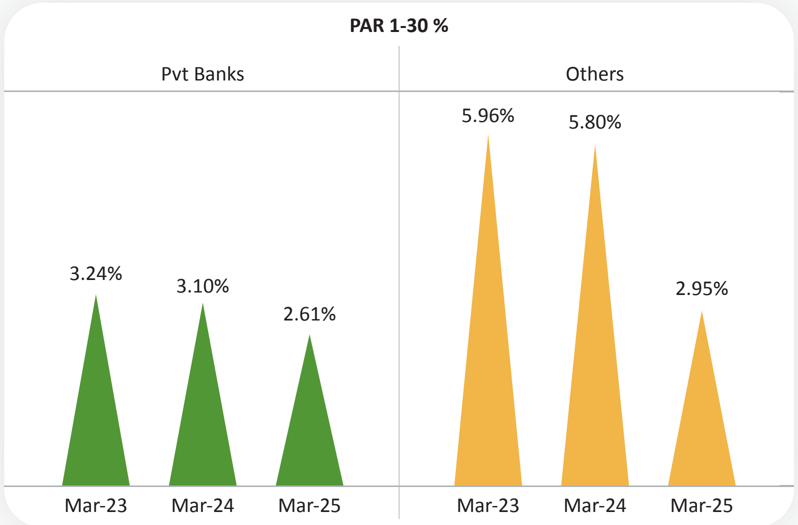


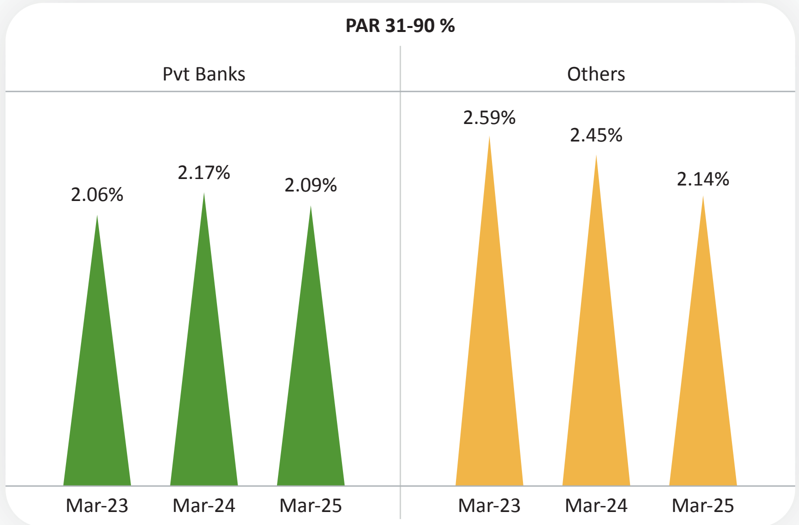
HIGHLIGHTS

- New card originations dropped to 216.4 lakh in FY25, down 26.4% YoY, reversing the strong growth seen in FY22 and FY23. This follows a peak of 294.1 lakh cards issued in FY24, marking a clear slowdown in momentum and tightening credit criteria.
- Private Banks retained their dominant position, though their share of new card originations marginally declined by 1.7% in FY25.
- Many lenders exercised caution in issuing new credit cards, driven by risk weight norms and delinquency management.

Private Banks and Other Lenders See PAR improvements

Delinquency - Lender Type





HIGHLIGHTS

- Despite some short-term fluctuations, both private banks and other lenders are seeing a clear reduction in early- and mid-stage delinquencies, pointing to better credit discipline, risk management, and possibly improved borrower behavior over the two-year period.

Together to the next level

ENTITY MSMEx BUSINESSES

India’s MSME sector is evolving into a powerhouse of inclusive, tech-driven growth. With rising digitization, government incentives, and greater credit access through NBFCs, small businesses are scaling faster and smarter. Credit bureau scores, when paired with alternative data, are enabling faster, sharper lending decisions—transforming how working capital flows. As India pushes toward a $5-trillion economy, MSMEs are poised to lead the charge—provided we keep pace with digital infrastructure and skilling to unlock their full potential.

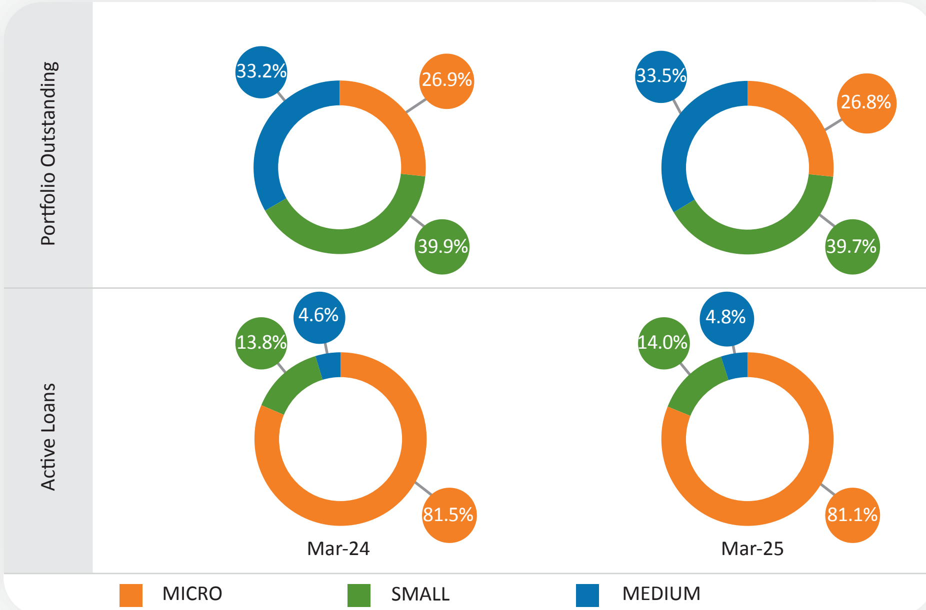
SUDIPTA ROY
Managing Director and Chief Executive Officer, L&T Finance Ltd.

Stable portfolio growth with improving delinquency trends across key risk bands

Portfolio Snapshot

	Mar-23	Mar-24	Mar-25
Portfolio Outstanding (₹ L Cr)	28.3	33.6	40.4
Y-o-Y Growth %		18.5%	20.1%
Active Loans (Lakh)	171.2	211.8	214.5
Y-o-Y Growth %		23.7%	1.3%
PAR 31-90 %	1.7%	1.7%	1.7%
PAR 91-180 %	1.3%	1.3%	1.2%
PAR 181-360 %	0.4%	0.3%	0.3%
PAR 360+ %	7.2%	6.3%	5.4%

Market Share – Borrower Segment

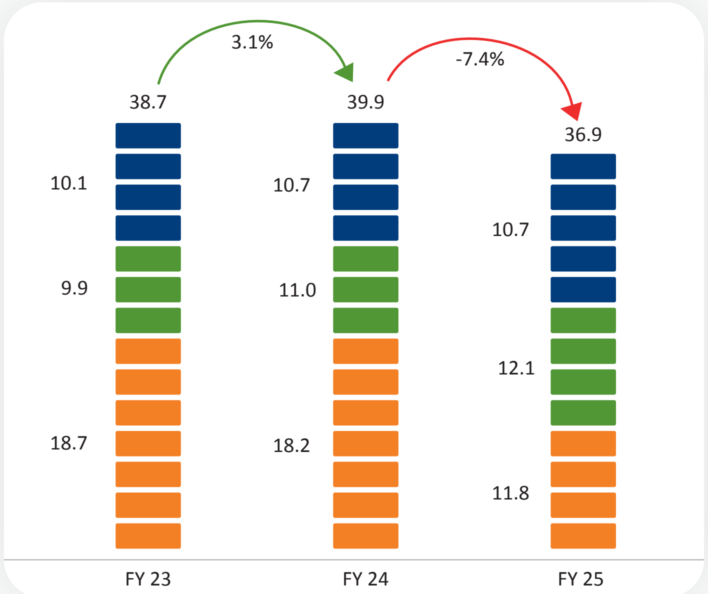


HIGHLIGHTS

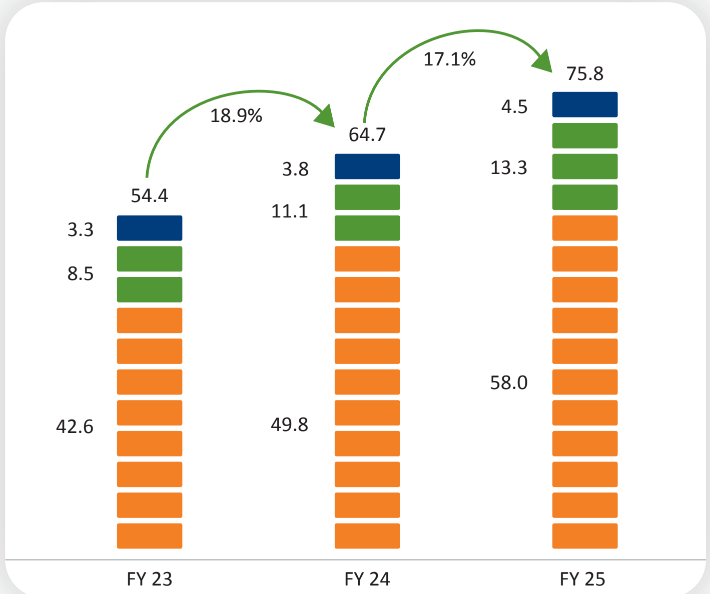
- Micro loans accounted for ~80% of active loans but ~27% portfolio outstanding as of Mar’25.
- The total portfolio grew to ₹40.4 lakh crore (up 20.1% YoY), driven by stronger priority sector lending policies, government initiatives, and digitalization.
- Overall PAR trends showed improved stability across borrower segments.

Originations Value Declines in FY25 After Mild Growth in FY24

Originations Value (₹ L Cr)



Originations Volume (Lakh)



MICRO SMALL MEDIUM

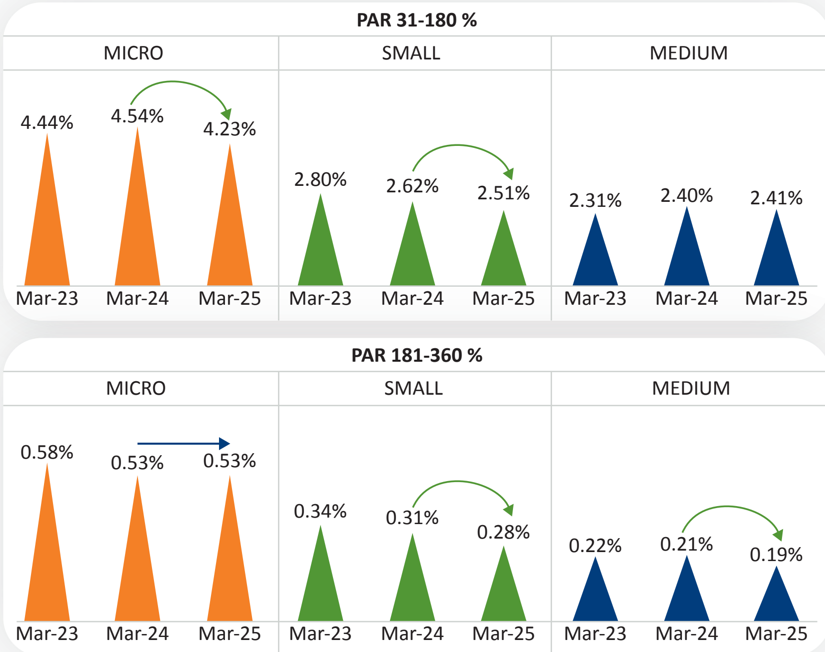
Both Fresh Disbursements and Renewals are included

HIGHLIGHTS

- Over three years, value share of Micro exposure business loans declined, while Small and Medium exposure business shares grew—indicating shifting credit flow toward higher-value borrower segments.
- Micro exposure business volumes continued to dominate, reaching 58.0 lakh in FY25, though growth appears to be more volume-driven than value-driven.

Risk performance across borrower segments are showing broad improvement

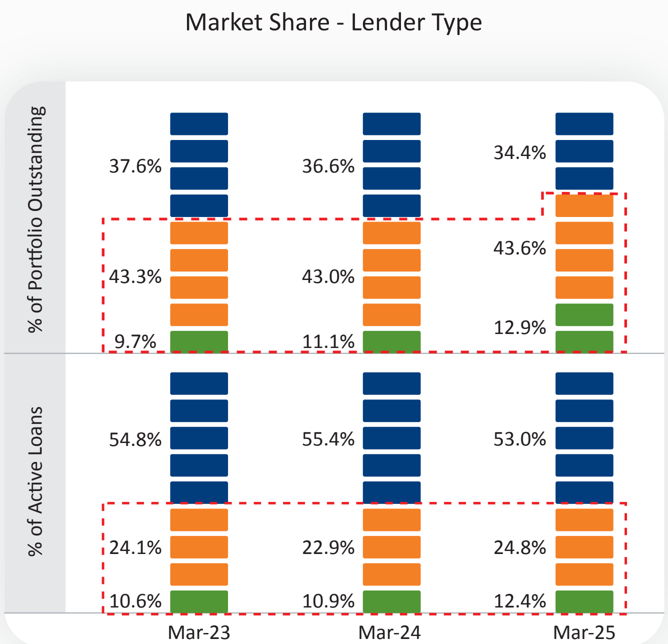
Delinquency - Borrower Segment

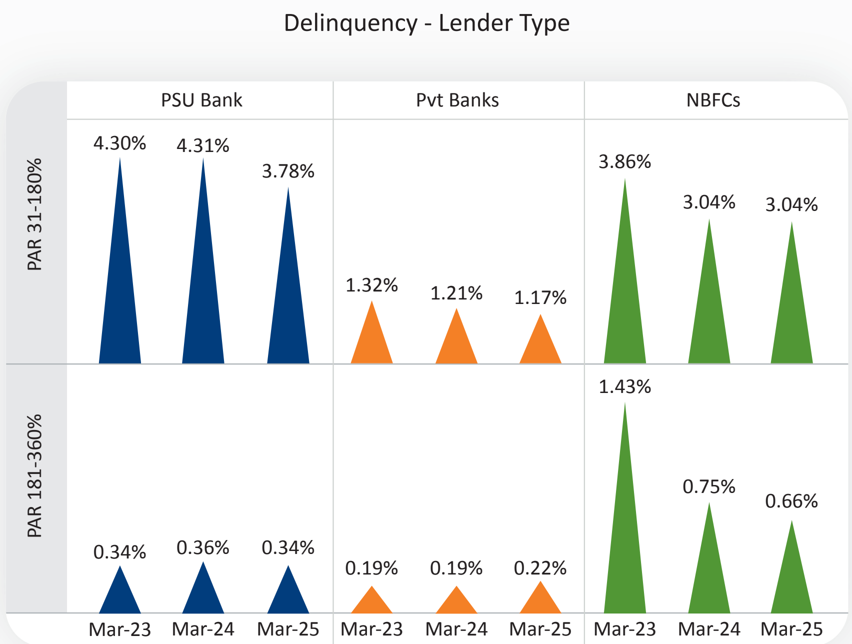


HIGHLIGHTS

- Small exposure businesses lead the improvement with consistent reductions in delinquency rates, while Micro exposure businesses are stabilizing following prior volatility.
- Medium exposure businesses remain steady with contained risk, collectively pointing to a gradually improving credit environment and stronger repayment behavior across borrower segments.

NBFCs Gain Share as PSU Banks Lose Ground





Remaining Lender Types are not presented in this analysis

PSU Banks Pvt Banks NBFCs

HIGHLIGHTS

- NBFCs’ portfolio share rose from 9.7% in Mar’23 to 12.9% in Mar’25, while Private Banks held steady at ~43%. In contrast, PSU Banks’ share declined from 37.6% to 34.4%, signaling a gradual market shift.
- Delinquencies improve across the Board PAR 31–180% declined for all lender types, with NBFCs showing the most notable improvement in PAR 181–360%, dropping from 1.43% (Mar’23) to 0.66% (Mar’25).

Together to the next level

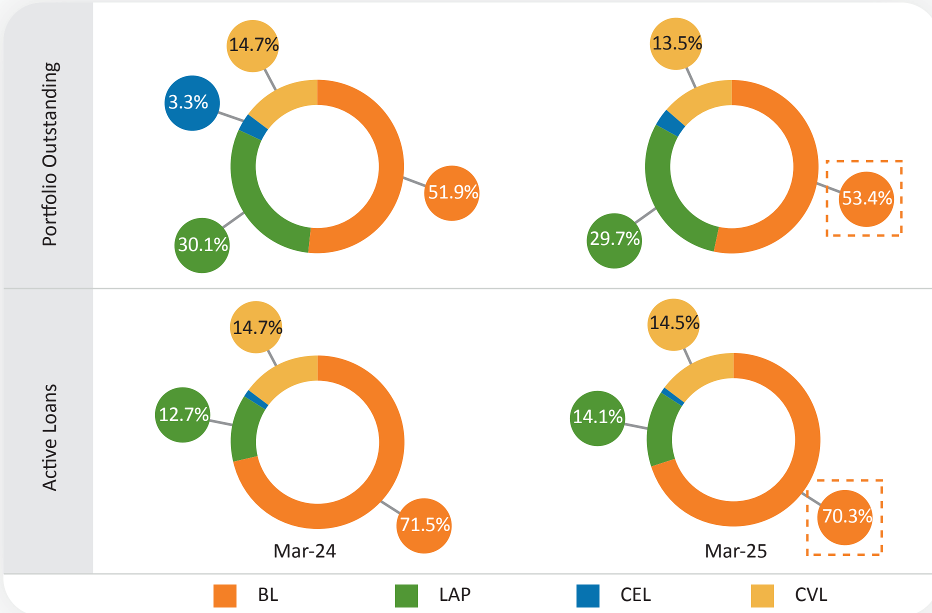
INDIVIDUAL MSMEx LENDING

Consistent Portfolio Growth with improving PAR 360+%

Portfolio Snapshot

	Mar-23	Mar-24	Mar-25
Portfolio Outstanding (₹ L Cr)	27.4	34.4	43.1
Y-o-Y Growth %		25.6%	25.3%
Active Loans (Lakh)	495.9	550.3	590.4
Y-o-Y Growth %		11.0%	7.3%
PAR 31-90 %	3.0%	2.8%	2.8%
PAR 91-180 %	1.6%	1.2%	1.1%
PAR 181-360 %	0.9%	0.7%	0.6%
PAR 360+ %	10.8%	7.7%	6.3%

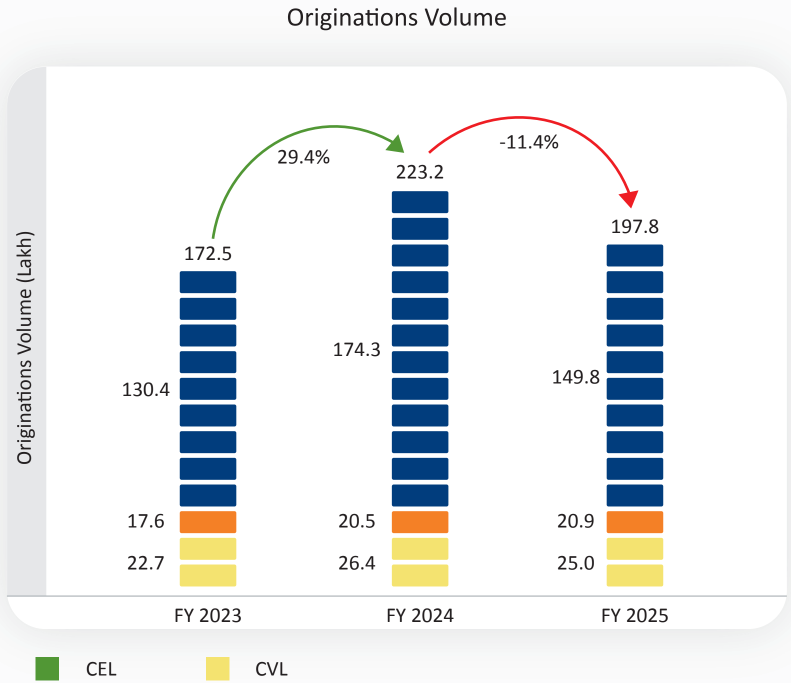
Market Share – By Product Type



HIGHLIGHTS

- Portfolio outstanding has grown from ₹27.4L Cr (Mar'23) to ₹43.1L Cr (Mar'25)—a consistent YoY growth of ~25%.
- Delinquency Metrics Show Continued Improvement.
- Business Loans (BL) continue to dominate and grow in share – 51.9% in Mar'24 to 53.4% in Mar'25.

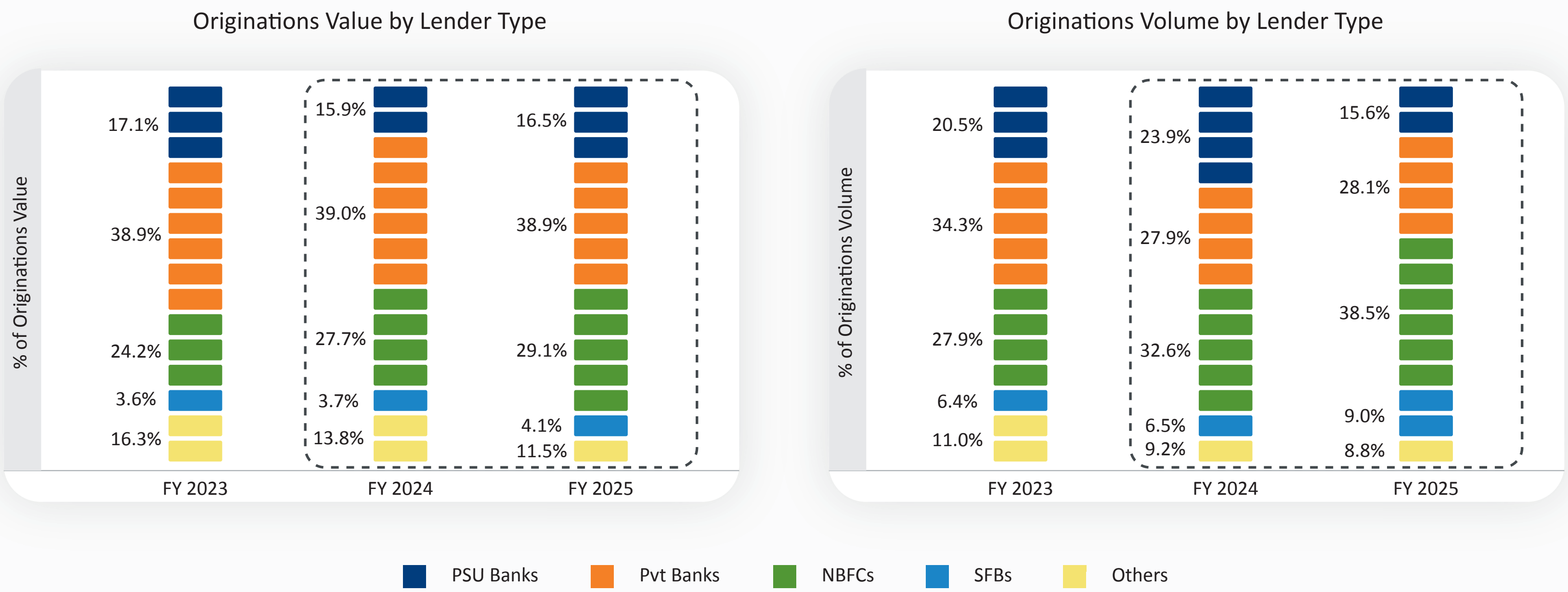
Originations moderate in FY25



HIGHLIGHTS

- The market witnessed strong growth in both originations value and volume from FY23 to FY24. While value continued to grow—albeit moderately—in FY25, a decline in volume suggests a clear shift toward higher ticket-size loans.
- Business Loans (BL) remain the leading segment, with Commercial Vehicle Loans (CVL) and Loan Against Property (LAP) also showing steady growth in both value and volume over FY23–FY25.

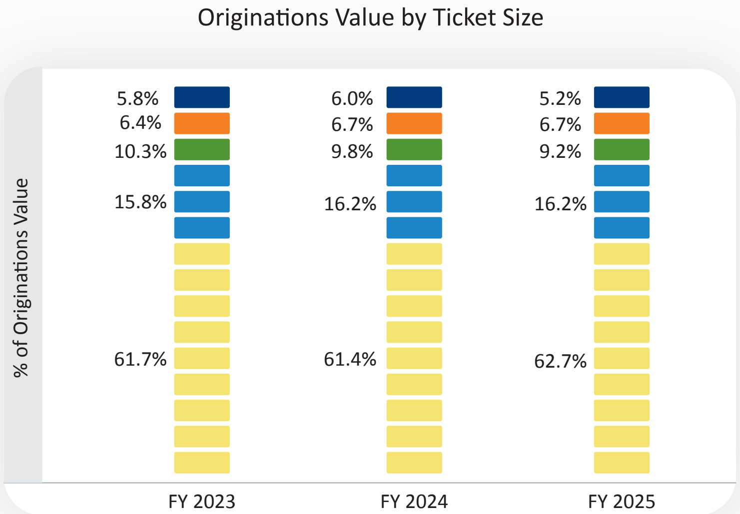
Private banks maintain their dominant position, while NBFCs continue to expand their market share

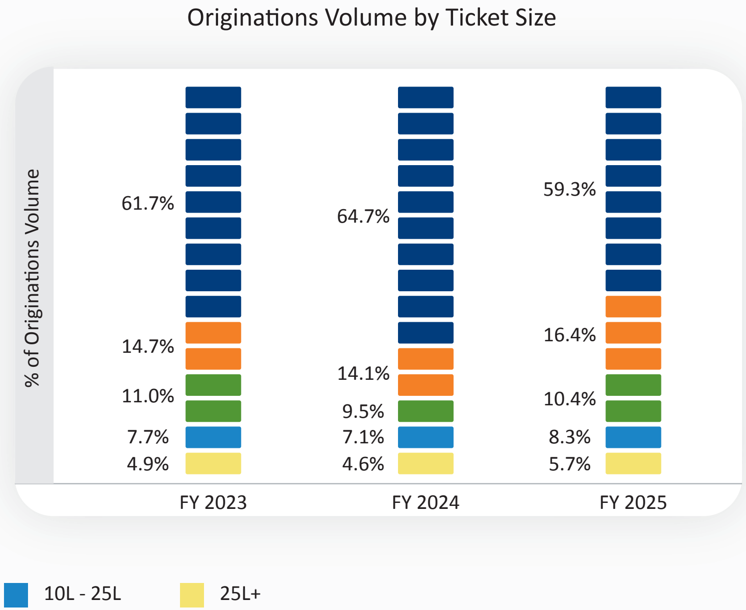


HIGHLIGHTS

- NBFCs are expanding their footprint, gaining share in both originations value and volume—signaling deeper market penetration.
- While PSU and Private Banks are seeing a decline in originations volumes, Private Banks continue to lead in value terms, indicating a likely emphasis on higher-ticket loans.
- SFBs remain niche players with relatively modest presence.

Large ticket loans dominate originations value



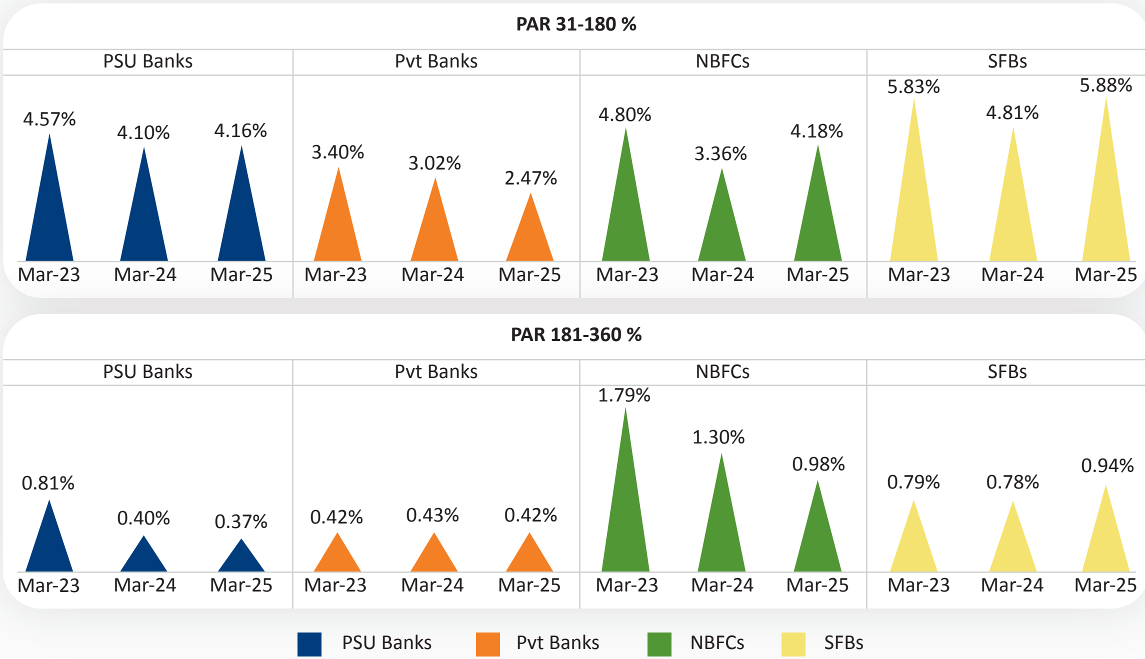


HIGHLIGHTS

- Loans of ₹25L and above continued to account for the bulk of originations value, maintaining a stable share of ~61–63% between FY23 and FY25.
- The ₹10L–₹25L segment saw a modest uptick in contribution, rising from 15.8% to 16.2%, while loans below ₹10L registered a gradual decline in value share.
- Despite this, loans under ₹2L remained dominant by volume, comprising nearly 60% of total disbursals in FY25—albeit slightly lower than the previous year.

Private Banks have shown consistent improvement, while NBFCs and SFBs exhibit fluctuating delinquency rate

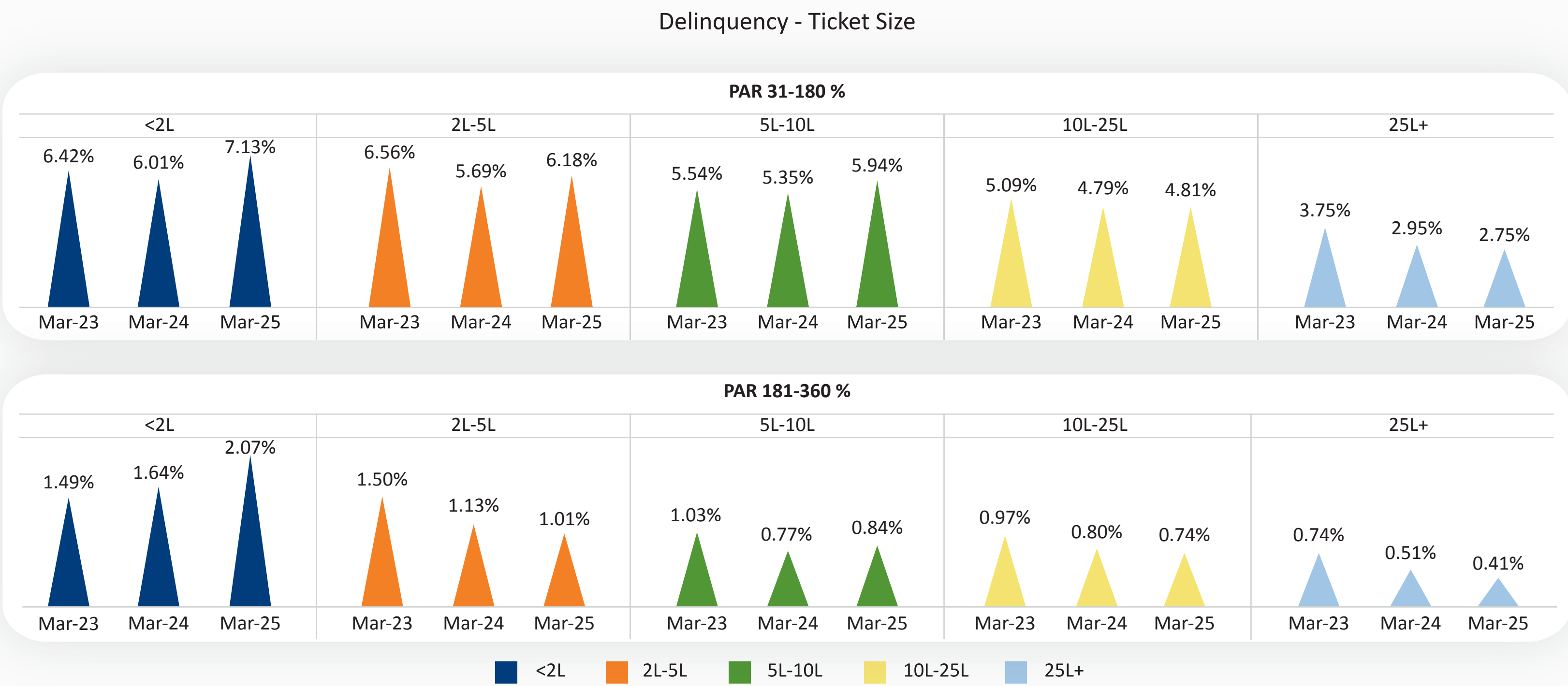
Delinquency - Lender Type



HIGHLIGHTS

- Private Banks demonstrate steady improvement, whereas NBFCs and SFBs show volatile delinquency trends. Meanwhile, PAR 31-180% continues to rise among other lenders, signaling a potential risk.
- PAR 181-360% remains stable across all lender categories, with NBFCs showing improvement from Mar’24 to Mar’25.

Smaller ticket sizes face higher delinquency risks, while larger segments demonstrate stronger performance.

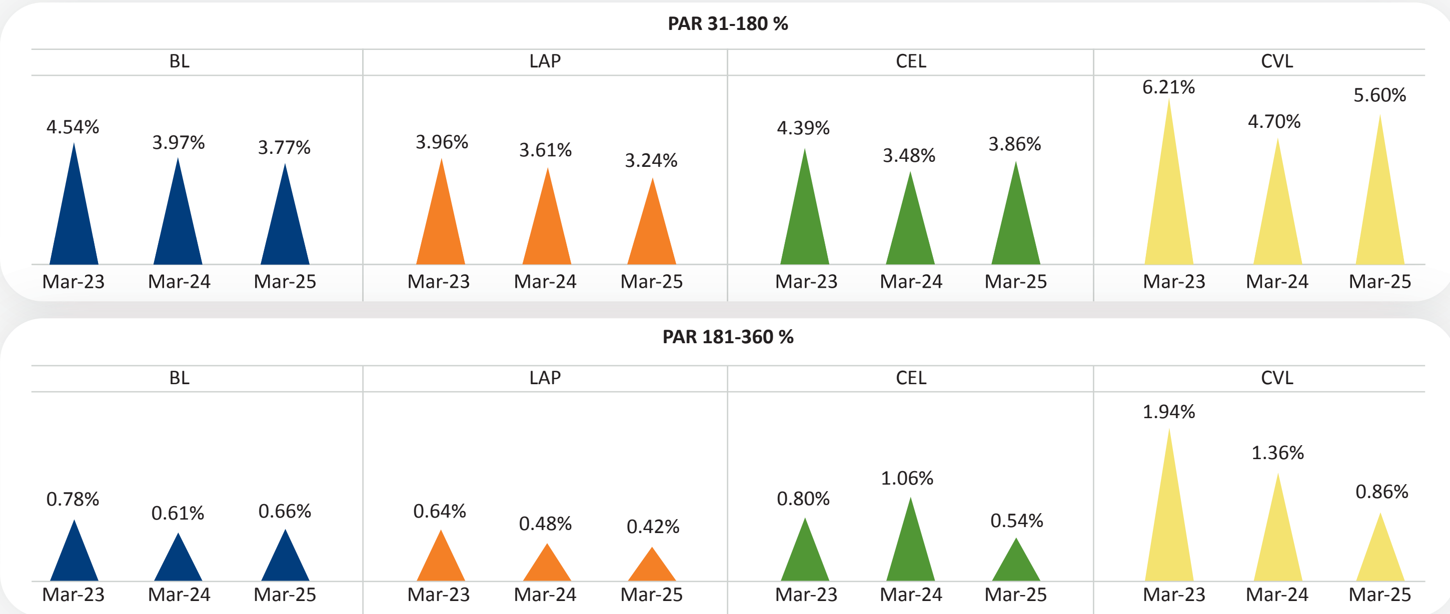


HIGHLIGHTS

- PAR 31-180% delinquency rates are highest in the < ₹2L and ₹2L- ₹5L segments, peaking at 7.1% for < ₹2L in Mar'25.
- The delinquency rate declines as ticket size increases, reaching its lowest at 2.7% for ₹25L+ in Mar'25.
- For PAR 181-360%, delinquency rates follow a similar pattern, with larger ticket sizes experiencing lower delinquency, bottoming out at 0.4% for ₹25L+ in Mar'25.

Individual Loans See Mixed Shifts in CEL & CVL, Stability in BL & LAP

Delinquency - PAR 31-180 DPD and PAR 181-360 DPD



HIGHLIGHTS

- In the PAR 31–180% bucket, BL and LAP have demonstrated consistent improvement, with delinquency rates steadily declining over the past three years. Although CEL and CVL showed positive momentum between Mar’23 and Mar’24, both witnessed a slight uptick in Mar’25. CVL continues to record the highest delinquency rate among the four categories.
- In the PAR 181–360% bucket, delinquency rates have declined across all categories, with CEL showing the most pronounced reduction—indicating strengthened repayment behavior in longer-overdue loans.

Together to the next level

MICROFINANCE LENDING

Microfinance plays a key role in the Financial Inclusion Index published by the RBI every year - a critical priority in India. Given our population demographics, we are the largest market for microfinance in the world and at about INR 3.75 lac crores, the penetration level is still around ~35%. Improving outreach in this unsecured business focused on the BoP segment will need an authentic KYC process, a robust online credit data availability, better underwriting through a scoring model and ideally risk based pricing. As I see it, the future will have more of seamless lending - e-KYC to e-Sign in a cashless & paperless way. Fully leveraging technology, the JAM trinity and the Payment systems available will be the way forward for microfinance in India playing a key part in the Vision 2047 of a Viksit Bharat.

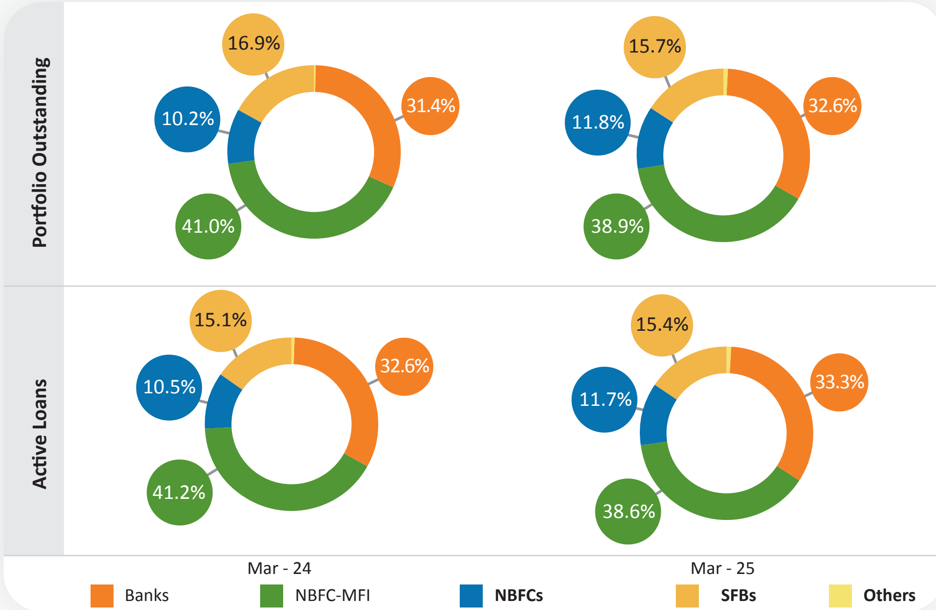
MANOJ KUMAR NAMBIAR
MD Arohan Financial Services Limited & Chairman of the Governing board
for 2024/25 at MFIN

The microfinance portfolio declined, accompanied by a broad-based increase in PAR delinquencies

Microfinance – Portfolio Snapshot

	Mar-23	Mar-24	Mar-25
Portfolio Outstanding (₹ K Cr)	349.1	442.7	381.2
Y-o-Y Growth %		26.8%	-13.9%
Active Loans (Cr)	14.2	16.1	14.0
Y-o-Y Growth %		14.0%	-13.3%
Average Balance per Account (₹ K)	24.7	27.4	27.3
PAR 1-30 %	0.9	0.7	1.4%
PAR 31-180 %	2.2%	2.1%	6.2%
PAR 180+(Incl WO) %	2.6%	1.6%	5.1%

Microfinance – Market Share

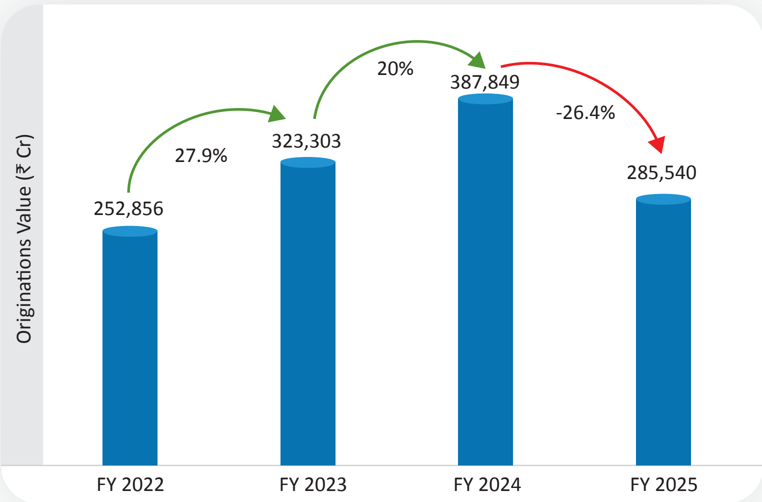


HIGHLIGHTS

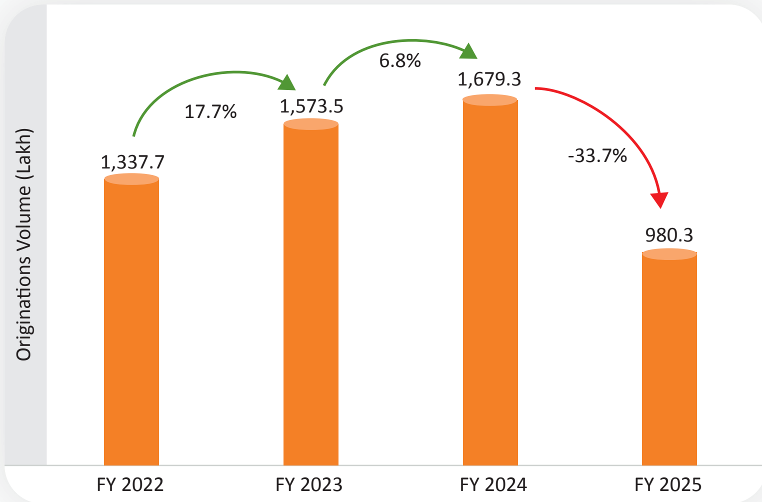
- Following expansion in FY24, the microfinance sector experienced a sharp contraction in FY25, coupled with a broad-based deterioration in asset quality.
- NBFC-MFIs remain the dominant lenders in the MFI segment, while NBFCs continue to expand their market share.

Originations value and volume sharply decline in FY25

Originations Value



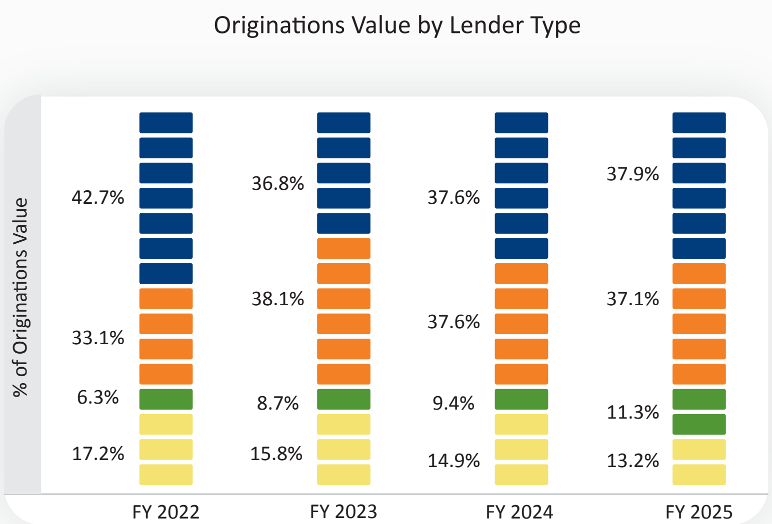
Originations Volume

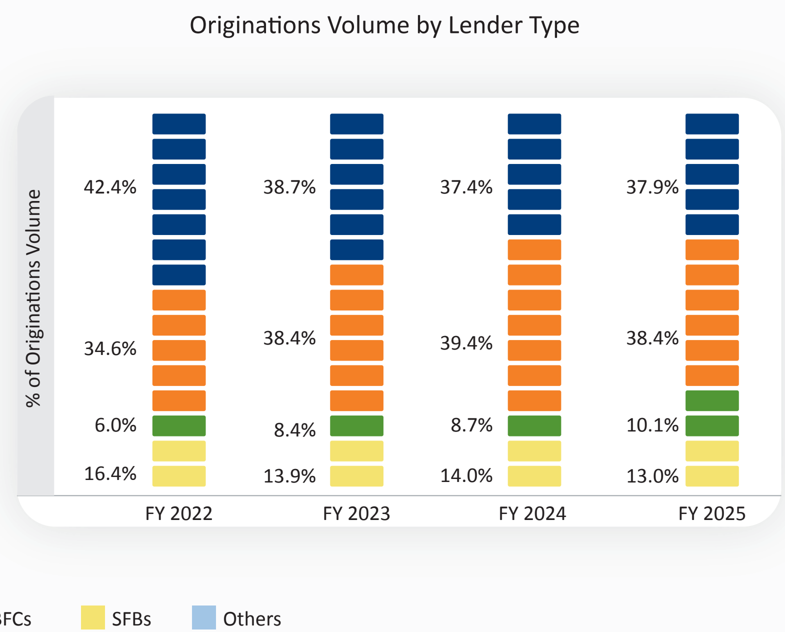


HIGHLIGHTS

- Originations value fell 26.4% and volume dropped 33.7% YoY between FY24 and FY25, underscoring continued focus on portfolio quality.
- Meanwhile, the average ticket size increased by 11%, from ₹46.2K in FY24 to ₹51.3K in FY25, indicating a tilt toward higher-value disbursals

NBFC-MFIs and NBFCs continue to strengthen their position as key lender types.

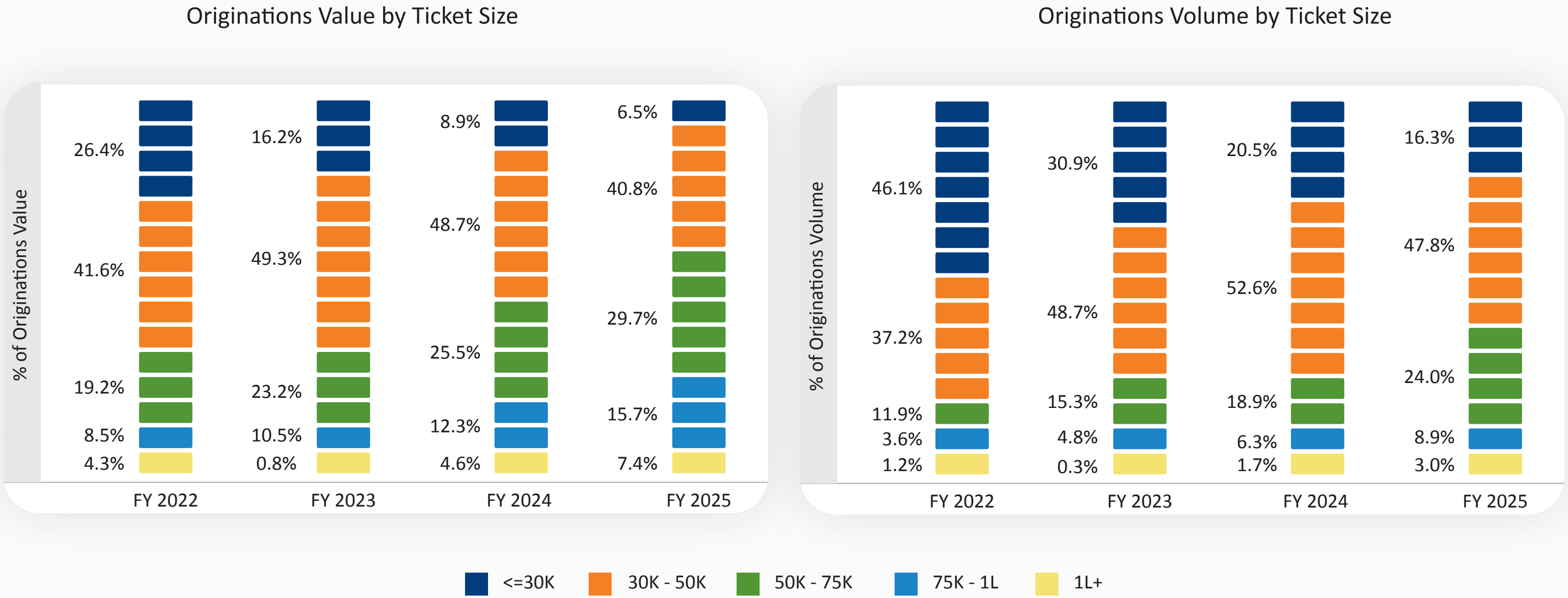




HIGHLIGHTS

- The microfinance originations landscape is gradually evolving, with NBFC-MFIs steadily increasing their presence.
- During this period, banks saw a moderate decline in both originations value share (from 42.7% to 37.9%) and volume share (from 42.4% to 37.9%) between FY22 and FY25.

Marked shift toward higher-ticket loan originations

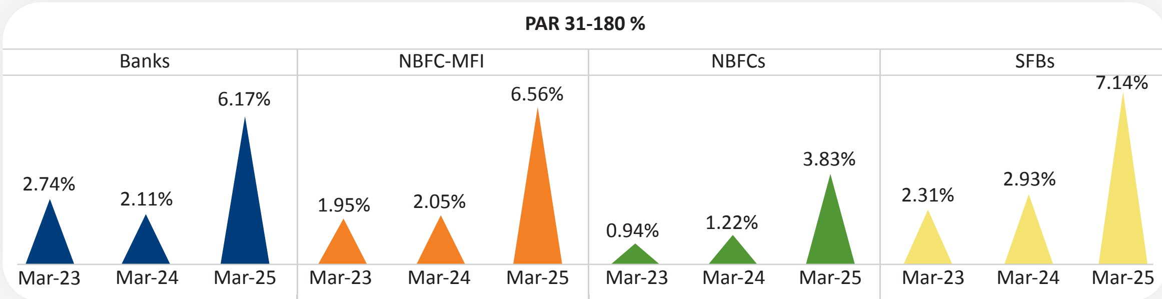


HIGHLIGHTS

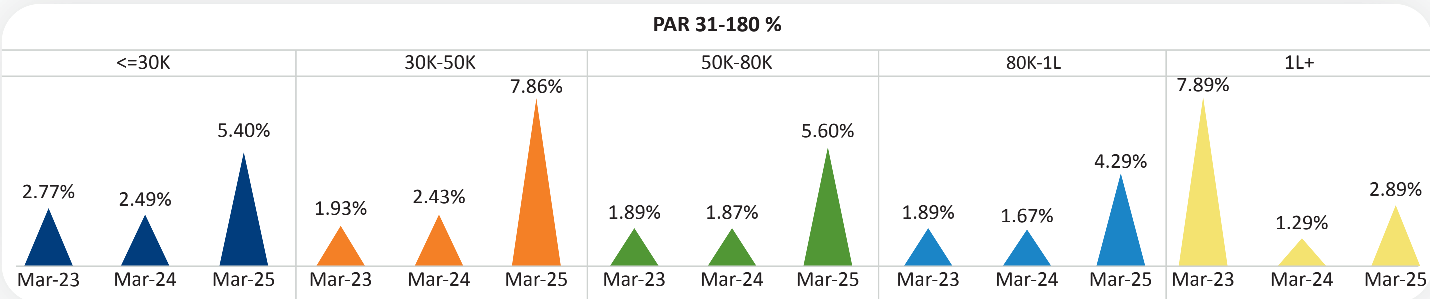
- The share of smaller ticket sizes (<=₹30K) has consistently declined in both value (from 26.4% in FY22 to 6.5% in FY25) and volume (from 46.1% to 16.3%), indicating reduced focus on small-ticket lending.
- In contrast, the >=₹50 loans steadily gained share signaling a gradual move toward higher-value loans.
- Despite the shift upward, ₹30K–50K continues to be the largest segment by both originations value and volume—though its share peaked in FY24 and softened slightly in FY25.

PAR Deteriorates Across Lenders & Ticket Sizes, SFBs & ₹30K-₹50K Loans Hit Hardest

Delinquency - Lender Type



Delinquency - Ticket Size



HIGHLIGHTS

- Deteriorations in PAR 31-180% across all lenders and all ticket sizes.
- Highest deteriorations seen in SFBs and the ticket size ₹30K-₹50K indicating ongoing challenges
- Higher-ticket loans (>₹1L+) have experienced an uptick in all delinquency buckets as their share in POS expands, highlighting the need for greater caution. However, its delinquency is lower than the lower-ticket sizes

ABOUT THIS REPORT

"How India Lends is CRIF High Mark's annual publication offering in-depth insights into India's lending landscape. It presents a comprehensive analysis of key trends, including portfolio growth, risk dynamics, and originations across lender types and ticket sizes over past financial years."

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ABOUT CRIF HIGH MARK

CRIF High Mark is an RBI licensed credit bureau in India that commenced its bureau operations in March 2011. CRIF High Mark offers Credit Bureau Information and Identification and fraud prevention services. It is India's first full-service credit information company which provides comprehensive credit information for all borrower segments, namely Commercial, Consumer, and Microfinance borrowers. With the databases of individuals and businesses from over 5,000 financial institutions CRIF High Mark provides credit information services and supports millions of lending decisions every month.

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Together to the next level

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