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December 2025
(Data as of Sept 2025)

MSMEx Spotlight

The Rise and Promise of India's Micro, Small and Medium Exposure Businesses

CHAIRMAN'S FOREWORD

India's Micro, Small and Medium business landscape stands at the centre of a powerful structural shift in the economy. Formalization, digitalization, and policy support are converging to deepen credit flows and enhance productivity. Over the last two years, this segment has leveraged this momentum to scale responsibly: as of Sep'25, portfolio outstanding for exposures up to ₹100 crore has expanded by nearly 18% YoY (Year on Year), while risk metrics and score distributions point to a healthier, more resilient credit book.

The policy and macro backdrop further strengthens this opportunity. Priority sector guidelines and revised Micro, Small, and Medium business definitions-with higher investment and turnover thresholds have widened the addressable base and enabled firms to graduate without losing access to benefits. At the same time, initiatives such as Udyam/Udyam Assist, PM Vishwakarma, and expanded credit guarantee coverage are drawing more enterprises into the formal fold and unlocking new credit demand, particularly among first-time and underserved entrepreneurs.

Within this environment, the findings of our report are encouraging. Key Portfolio At Risk metrics remain contained, and the share of low-risk borrowers has improved across all segments- suggesting that growth is being underwritten with stronger risk frameworks. The geographic and sectoral patterns in this edition also mirror India's broader growth story.

At CRIF High Mark, we remain committed to delivering trusted insights that drive responsible credit growth and informed decision-making. As India's financial landscape evolves, collaboration and innovation will be key. We hope this report provides valuable perspectives advancing the country's entrepreneurial ecosystem.

SACHIN SETH
Chairman - CRIF High Mark,
Regional Managing Director - CRIF India & South Asia

IMPORTANT NOTE

For the purpose of this report, references to CRIF High Mark data categorize borrowers based on their credit exposure:

Micro Exposure Businesses (Micro)	Exposure up to INR 2 crore
Small Exposure Businesses (Small)	Exposure between INR 2 crore and INR 20 crore
Medium Exposure Businesses (Medium)	Encompass those with exposure between INR 20 crore and INR 100 crore

At the beginning of the report, we also provide a snapshot based on the earlier definition, where exposure is considered up to INR 50 Crore.

MSMEx refers to Micro, Small, Medium Exposure Businesses. This report covers only Fund based credit facilities – Term Loans, Property Loans, Working Capital (Cash Credit & Overdraft).

OVERVIEW AT A GLANCE

(Based on Dominant POS Exposure)

	Micro		Small		Medium	
	Sep'24	Sep'25	Sep'25	Sep'24	Sep'24	Sep'25
POS (₹ L Cr)	14.4	16.2	14.1	17.1	8.3	10.0
Lender type*	PSU Banks (36.3%)		Private banks (46.4%)		Private banks (47%)	
Legal constitution*	Proprietorship (57.3%)		Private Ltd (32.3%)		Private Ltd (58.4%)	
Industry activity*	Trading (35.1%)		Manufacturing (31.3%)		Manufacturing (37%)	
PAR 31-90	2.9%	2.9%	1.5%	1.4%	0.9%	0.8%
PAR 91-180	1.4%	1.3%	0.8%	0.7%	0.8%	0.8%
Share of Low Risk Borrowers (VLR+LR)	61.8%	62.8%	66.2%	69.9%	54.8%	59.4%
Share of High Risk Borrowers (VHR+HR)	20.2%	19.4%	20.8%	17.7%	21.6%	18.6%

(*Figures in brackets represents the share of POS)

EXECUTIVE SUMMARY

The MSMEx portfolio (exposure up to ₹100 crore) reached ₹43.3 lakh crore as of Sep’25, growing 17.6% YoY, with average exposure rising 11.4% YoY, indicating lenders’ increasing comfort with larger tickets even as active loans grew a more modest 5.6% YoY.

Within this, the small and medium exposure segments are now the principal growth engines, with POS rising over 21% YoY (For ‘small’ business segment) and their combined share of total MSMEx POS inching up, while micro continues to dominate by volume (86.4% of active loans as of Sep’25).

Portfolio quality has remained stable to improving: for exposure up to ₹50 crore, overall PAR 31-180 has eased, with PAR 91-180 at 1.4% as of September 2025 and PAR 180+ declining by about 200 bps versus Sep’23, while for exposure up to ₹100 crore, PAR 91-180 has held at 1.6% with almost a steady downtrend in deeper buckets.

Risk migration is clearly positive, with the share of low-risk borrowers (Very Low + Low Risk on CIBR) rising to around 63% and 70% in micro and small respectively, and nearly 60% in medium, accompanied by a consistent decline in high and very-high risk exposures across all segments.

Lender mix continues to rebalance: PSU banks remain the anchor for micro exposures but have ceded some share, while private banks have consolidated their leadership in small and medium segments with roughly 46-48% POS share and NBFCs have steadily gained across the board, particularly in term loans and urban markets.

Product-wise, term loans dominate in value, especially in the medium segment, but also exhibit relatively higher delinquencies in micro; working capital facilities still account for nearly half of micro and small portfolios, while LAP portfolios combine strong growth with one of the best delinquency profiles.

India’s MSME sector stands at the heart of the Viksit Bharat 2047 vision-dynamic, innovative and globally confident.

As technology, digital infrastructure and sustainable practices transform the way we do business, MSMEs are uniquely positioned to drive inclusive growth, job creation and regional development. The next two decades will unlock unprecedented opportunities for entrepreneurs who embrace modernization, resilience and skill advancement. With supportive policies, improved credit flow and a thriving ecosystem for innovation, India’s MSMEs can shape a future that is competitive, green and globally integrated.

A vibrant MSME sector is not just an economic imperative-it is the foundation of a truly developed India.

AMIT KUMAR SRIVASTAVA

Executive Director,
Punjab National Bank

India’s MSME sector is a key driver of our economy, providing jobs and fuelling growth across every region. With digital tools, government support, and easier access to finance, small businesses are scaling up and adapting to new opportunities. These enterprises are not just surviving-they are innovating and contributing significantly to exports and local development. At BOB, we have rolled out “Digi Udyam (MSME)”, a fully digital, cash flow-based lending solution designed for micro and small enterprises to get quicker access to working capital. For those leading this space, the focus is on building resilience, improving skills, and ensuring smooth credit flow, so that MSMEs can continue to power India’s growth story and Banks also part of Viksit Bharat 2047.

MADHUR KUMAR

Chief General Manager - MSME Banking,
Co-Lending and Supply Chain Finance,
Bank of Baroda

MSMEs are the life-blood of the Indian economy and job creation. They have demonstrated a high level of resilience through the challenges of the past few years, and have indeed optimized working capital cycles in their businesses to drive better return on capital. We have seen a significant number of MSMEs demonstrate extraordinary growth within our own portfolio. What has also been encouraging is the increasing credit participation of women entrepreneurs, which is likely to be a significant driver to the next phase of economic growth.

ALOK MITTAL

Co-founder & Executive Chairman,
Indifi

MSMEs remain the backbone of India's economic engine-powering supply chains, innovation, and employment across sectors. Even as the ecosystem undergoes consolidation and faces external shocks, the resilience of MSMEs continues to stand out. The financial services industry, supported by government guarantee programs, plays a pivotal role in enabling this sector's sustained growth. With the emergence of platforms like Account Aggregator and ULI, lenders are now better equipped to make more informed and responsible credit decisions. As an industry, we carry a shared responsibility to strengthen and empower MSMEs, ensuring they continue driving growth, jobs, and long-term value for the country.

FAKHARI SARJAN

Chief Risk Officer,
Bajaj Finserv

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CREDIT PORTFOLIO TRENDS

INDIA' S MICRO, SMALL, MEDIUM BUSINESS

When considering POS exposure of up to ₹50 Cr: As of Sep'25, MSMEx's portfolio outstanding stood at ₹39.4 L Cr, reflecting a YoY growth of 17.6% while remaining stable compared to the previous quarter. Active loans totaled 191.1 lakh, marking nearly 6% growth YoY and showing little change from the prior quarter.

POS and active loans share

Figure 1

	Sep-23	Sep-24	Jun-25	Sep-25
Portfolio Outstanding (₹ L Cr)	27.9	33.5	39.8	39.4
Y-o-Y Growth%		20.2%	22.3%	17.6%
Active Loans (L)	171.2	181	188.7	191.1
Y-o-Y Growth%		5.7%	5.4%	5.6%
Average Exposure (₹ L)	16.3	18.5	21.1	20.6
Y-o-Y Growth%		13.7%	16.0%	11.4%
PAR 31-90	1.8%	1.9%	2.0%	1.9%
PAR 91-180	1.5%	1.5%	1.7%	1.4%
PAR 180+	7.9%	7.0%	5.7%	5.9%

QoQ POS almost remains the same

The YoY increase in average exposure, despite a slight QoQ dip, reflects a shift toward higher exposure segments

Note: Above table is for borrower exposure up to ₹ 50 crore and covers only Fund based credit facilities – Term Loans, Property Loans, Working Capital (Cash Credit & Overdraft).

When considering POS exposure up to ₹100 Cr: MSMEx's portfolio outstanding under the new definition rose to ₹43.3 L Cr, reflecting 17.8% YoY growth while remaining broadly stable QoQ. Active loans stood at 192.9 lakh, registering 5.7% YoY growth and showing stability over the previous quarter. This trend indicates rising exposure to higher ticket-size segments, with POS growth nearly three times that of active loans.

Overall, the trends are broadly consistent with those observed for POS exposure up to ₹50 Cr, characterized by rising average exposure and stable to improving delinquencies. However, PAR 91–180 remained at 1.6% as of Sep'25 when exposure up to ₹100 Cr is considered, compared to 1.4% under the ₹50 Cr exposure threshold.

MSMEx overall Credit Exposure - Portfolio Outstanding (POS) and Active loans

Figure 2

	Sep-23	Sep-24	Jun-25	Sep-25
Portfolio Outstanding (₹ L Cr)	30.6	36.7	43.4	43.3
Y-o-Y Growth%		20.0%	22.4%	17.8%
Active Loans (L)	172.6	182.6	190.1	192.9
Y-o-Y Growth%		5.8%	5.3%	5.7%
Average Exposure (₹ L)	17.7	20.1	22.8	22.4
Y-o-Y Growth%		13.4%	16.1%	11.5%
PAR 31-90	1.8%	1.8%	1.9%	1.8%
PAR 91-180	1.6%	1.6%	1.8%	1.6%
PAR 180+	8.4%	7.3%	6.0%	6.1%

Note: Above table is for borrower exposure up to ₹ 100 crore and covers only Fund based credit facilities – Term Loans, Property Loans, Working Capital (Cash Credit & Overdraft).

Key drivers include growing formalization (Udyam registrations), skill development programs and schemes, expanded credit guarantee coverage, and new cluster development policies, among others.

The remainder of the report is dedicated to a detailed examination of exposures up to ₹100 crores.

BORROWER SEGMENT ANALYSIS

Share shifts in POS: In terms of share, the small segment has emerged as the largest contributor to POS as of Sep'25, rising from 38.4% in Sep'24 to 39.5% in Sep'25. The medium segment has also expanded its POS share, although moderately. This shift is reflected in growth rates of over 21% YoY and nearly 5% QoQ for these segments (small and medium).

Micro domination in active loans: However, in terms of active loans, the micro segment continues to dominate, accounting for about 86.4% of the share, though this represents a slight decline compared to the previous year.

- Additionally, despite starting from a smaller base, active loans in the small and medium segments are growing strongly, at 24% QoQ and 27.3% QoQ respectively.

MSMEx portfolio trends - Across borrower segments

Figure 3

Portfolio Outstanding (₹ L Cr)

Borrower Segment	Sep'23	Sep'24	Sep'25	YoY (Sep'24 to Sep'25)	QoQ (Jun'25 to Sep'25)	Share of Total (Sep'24)	Share of Total (Sep'25)
Micro	11.8	14.4	16.2	13.0%	-7.4%	39.1%	37.5%
Small	11.8	14.1	17.1	21.0%	4.3%	38.4%	39.5%
Medium	7.1	8.3	10.0	20.8%	5.3%	22.5%	23.1%
Grand Total	**30.6**	**36.7**	**43.3**	**17.8%**	**-0.2%**		

Share shifts (although slightly)

Active Loans (L)

Borrower Segment	Sep'23	Sep'24	Sep'25	YoY (Sep'24 to Sep'25)	QoQ (Jun'25 to Sep'25)	Share of Total (Sep'24)	Share of Total (Sep'25)
Micro	152.2	160.2	166.6	4.0%	-1.4%	87.8%	86.4%
Small	16.2	17.5	20.7	18.0%	24.0%	9.6%	10.7%
Medium	4.3	4.8	5.6	16.7%	27.3%	2.6%	2.9%
Grand Total	**172.6**	**182.6**	**192.9**	**5.7%**	**1.5%**		

Lender type analysis

Leading players:

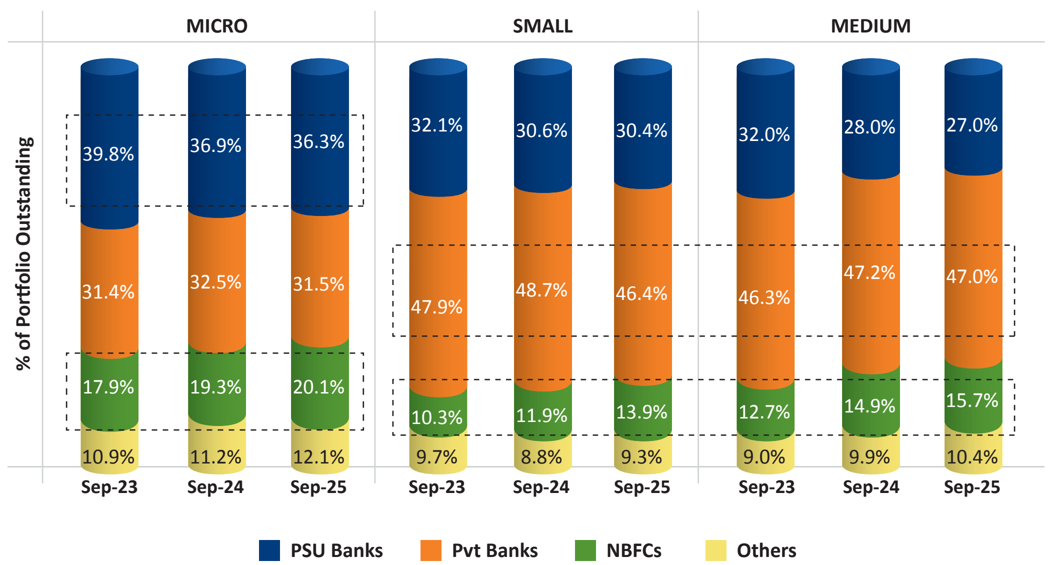
- PSU Banks continue to dominate the Micro segment, though their share has declined from 39.8% (Sept-23) to 36.3% (Sept-25). Private Banks lead in small and medium segments, holding ~46–48% share across the period.

Growing share:

- NBFCs have shown consistent growth across all borrower segments, increasing their share in Micro from 17.9% to 20.1%, in Small from 10.3% to 13.9%, and in Medium from 12.7% to 15.7%.
- NBFCs are growing their share in the MSMEx segment with a strong focus on term loans and in the top 8 metro cities.

Portfolio Exposure by lender type and borrower segments

Figure 4



Note: Lender type 'Others' comprises Cooperative Banks, Regional Rural Banks, Asset Reconstruction Companies, Foreign Banks etc.

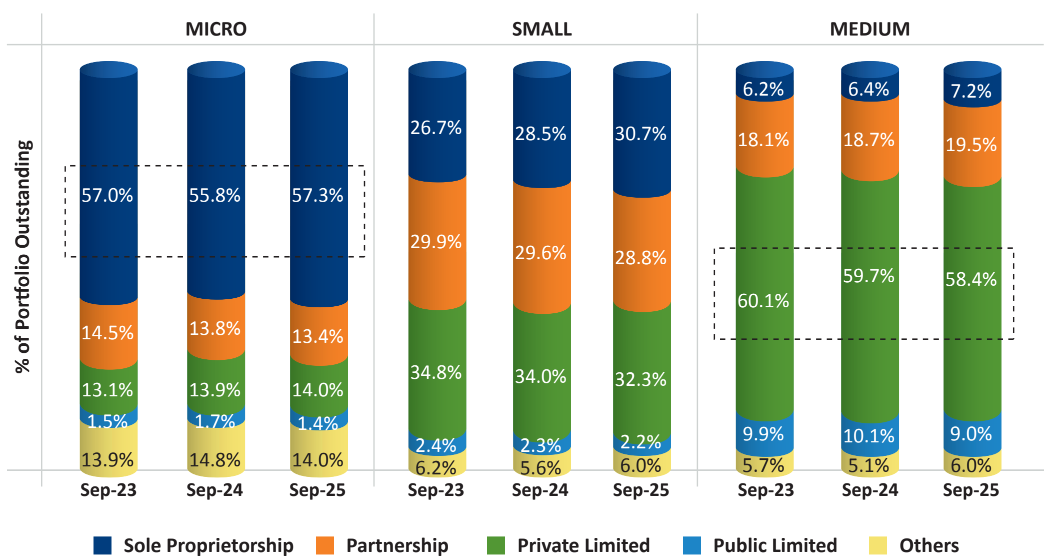
LEGAL CONSTITUTION TRENDS

MSMEx portfolios exhibit distinct distribution patterns by legal constitution.

Micro Segment	Small Segment	Medium Segment
Sole proprietorships dominate at ~55%-57% across years. Partnerships and private limited companies together account for ~28%.	Sole proprietorships have increased to 30% of POS by Sep'25. While growing, this remains below the micro segment share of 57.3% (Sep'25). Private limited companies lead at 32.3%, highlighting a clear migration toward more formal structures as exposure levels rise.	Private limited companies hold ~60% of the POS as of Sep'25. Partnerships have grown from 18% to nearly 20% by Sep'25, while sole proprietorships remain at 6–7%. This indicates that as portfolios scale from micro to medium, dominance shifts from sole proprietorships to private limited companies.

Portfolio Exposure by legal constitution

Figure 5



Note: 'Others' includes Co-Operative Society, Hindu Undivided Family, Self Help group among others.

PRODUCT TYPE TRENDS

TL: Term loans dominate across all segments, with the highest share in the medium segment at around 52–53%. This reflects a clear preference for longer-tenure loans as portfolio exposure increases.

According to our data, 53.5% of term loans carry a tenure exceeding 3 years, underscoring their long-term nature.

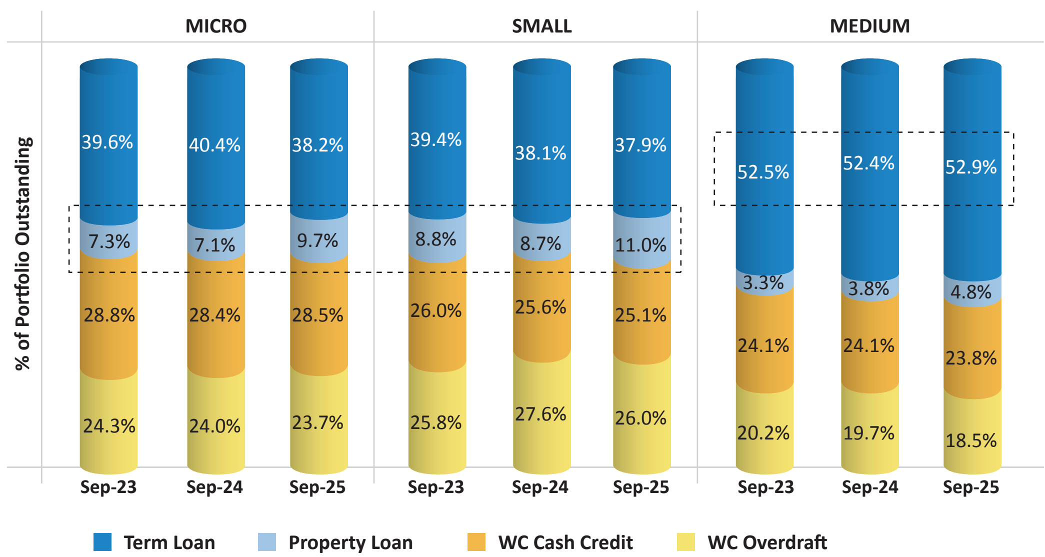
NBFCs are the leading providers of term loans in the micro segment with a share of 35.4% as of Sep 25. For Small and Medium, Pvt. Banks are the leading providers of term loans with a share of 38.6% and 42.7% respectively (within term loans share).

WC: Working capital facilities constitute nearly half of the **micro and small portfolios**, driven by operational cycle requirements.

LAP: Additionally, there is a growing trend of property loans within these segments (micro and small), indicating a shift toward more secured lending.

Portfolio Exposure by product type

Figure 6



INDUSTRY ACTIVITY

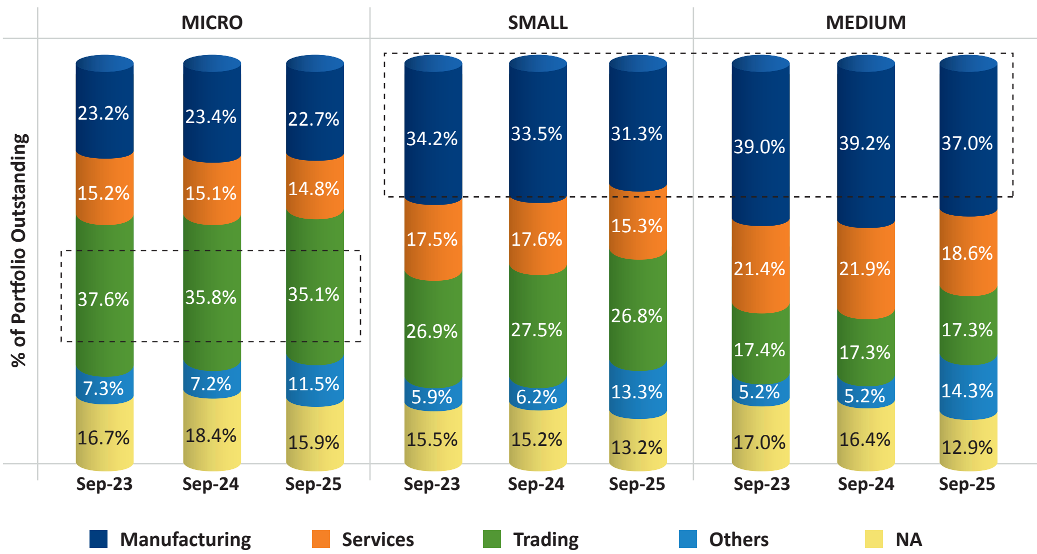
Manufacturing: This continues to dominate within the small and medium segments, accounting for 31.3% and 37% of POS respectively. Although its share has declined slightly over the years across both borrower segments, the data indicates that manufacturing's relative importance increases as portfolio exposure grows.

Trading: In the micro segment, trading remains the largest area of exposure, representing 35.1% of the segment. This reflects a preference for less capital-intensive businesses, which are typically better suited for sole proprietors.

Overall, the portfolio mix reveals a gradual but clear trend toward sectoral diversification, with this shift being more pronounced in the small and medium segments.

Portfolio Exposure by industry activity

Figure 7



Note: 'Others' includes Other Business activities not elsewhere classified.

GEOGRAPHIC ANALYSIS

Coinciding with its dominance in Udyam registrations (~94 lakh units), MH holds the highest MSME credit exposure at ₹7 lakh crore, marking a 10.8% annual rise as of Sep'25.

Key growth drivers (as of Sep'25): States like TS and UP, followed by TN and GJ, led growth both on a yearly and quarterly basis. However, MH and DL, along with WB, recorded quarterly dips.

Performance: In terms of performance, most states have shown improvement; however, MH, TN, and WB reported higher PAR 91-180 compared to other geographies warranting caution.

By contrast, GJ and UP recorded comparatively lower PAR (around 1%) alongside growing portfolios, indicating stronger performance.

Portfolio Exposure by geography

Figure 8

State	Portfolio Outstanding (₹ L Cr)		Y-o-Y Growth %	Q-o-Q Growth %	% Share	PAR 91-180		
	Sep-24	Sep-25	Sep-25	Sep-25	Sep-25	Sep-24	Jun-25	Sep-25
MH	6.3	7.0	10.8%	-2.4%	16.2%	2.3%	2.5%	2.2%
GJ	3.5	4.0	15.6%	2.8%	9.4%	0.9%	1.1%	1.0%
TN	3.2	3.7	15.6%	3.1%	8.5%	2.8%	3.0%	2.5%
UP	2.4	2.9	19.7%	5.4%	6.7%	1.0%	1.1%	1.2%
DL	2.5	2.7	8.6%	-1.5%	6.3%	1.5%	1.9%	1.4%
KA	2.4	2.7	13.1%	1.9%	6.3%	1.9%	1.8%	1.8%
TS	1.8	2.2	21.4%	6.5%	5.1%	1.7%	1.9%	1.7%
RJ	1.9	2.2	12.8%	1.6%	5.1%	0.6%	0.8%	0.8%
HR	1.6	1.9	17.6%	2.9%	4.4%	0.6%	1.2%	0.7%
WB	1.7	1.9	9.7%	-0.9%	4.4%	2.3%	2.7%	2.4%
PAN India	**36.7**	**43.3**	**17.8%**	**-0.3%**	**100.0%**	**1.6%**	**1.8%**	**1.6%**

Note: Top 10 states account for 72% of MSMEx Portfolio Outstanding as of Sep 25.

Among the top 10 states with the largest MSMEx lending, UP and TN stand out for having the most diversified credit spread beyond their top three districts, as reflected in the comparatively lower share of credit concentrated within the top three districts (which has also declined on a YoY basis).

Portfolio Exposure by district concentration

Figure 9

State	Portfolio Outstanding (₹ L Cr)		Share of Top 3 Districts	
	Sep-24	Sep-25	Sep-24	Sep-25
MH	6.3	7.0	71.4%	70.0%
GJ	3.5	4.0	57.1%	60.0%
TN	3.2	3.7	43.8%	37.8%
UP	2.4	2.9	37.5%	31.0%
DL	2.5	2.7	60.0%	63.0%
KA	2.4	2.7	62.5%	63.0%
TS	1.8	2.2	72.2%	77.3%
RJ	1.9	2.2	52.6%	50.0%
HR	1.6	1.9	50.0%	57.9%
WB	1.7	1.9	58.8%	52.6%
PAN India	**36.7**	**43.3**		

TN and UP also show a YoY drop in top 3 district concentration.

LEVERAGE ANALYSIS

Loan distribution in Sep'25 reveals a clear concentration pattern. Single-loan borrowers dominate, rising from 82.8% in Sep'24 to 83.6% in Sep'25, showing that most customers continue to hold only one active loan. Two-loan borrowers account for ~10% of the base, down from 10.7% YoY, while those with 3-5 loans remain a small 4.7–5.0% segment. Borrowers with 6+ loans represent just 1.6% of the base.

Concentration: Despite their limited share, borrowers with 3-5 loans command 22% of the POS in Sep'25-well above their 4.7% borrower share-indicating higher per-borrower leverage.

- Borrowers with 6-10 and 10+ loans together account for nearly 30% of exposure, though they represent only 1.6% of borrowers, underscoring sharp concentration risk. In effect, a small segment of highly leveraged borrowers dominates overall credit exposure, driving both portfolio growth and risk concentration.

Silver lining: Of the 1.12 crore borrowers with a single loan (representing 83.6% borrower share as of Sep'25), nearly 16 lakh entered the industry in the past year, based on loan originations.

Distribution of borrowers and loan exposure in the overall industry (as of Sep'25)

Figure 10

No of Active Loans	Borrower Share % Sep'24	Borrower Share % Sep'25	POS Share % Sep'24	POS Share % Sep'25	Average Exposure (L) Sep'24	Average Exposure (L) Sep'25
1	82.8%	83.6%	30.6%	32.8%	11.1	13.0
2	10.7%	10.0%	16.4%	15.6%	46.2	51.6
3-5	5.0%	4.7%	23.3%	22.1%	139.6	155.9
6-10	1.0%	1.1%	13.7%	13.3%	404.3	411.5
10+	0.5%	0.5%	16.0%	16.1%	1008.7	1003.2
Industry	**100%**	**100%**	**100%**	**100%**	30.0	33.2

Average exposure increased by 17% YoY for single-loan borrowers and by 12% YoY for those with 2 loans as well as 3–5 loans.

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ORIGINATIONS DYNAMICS

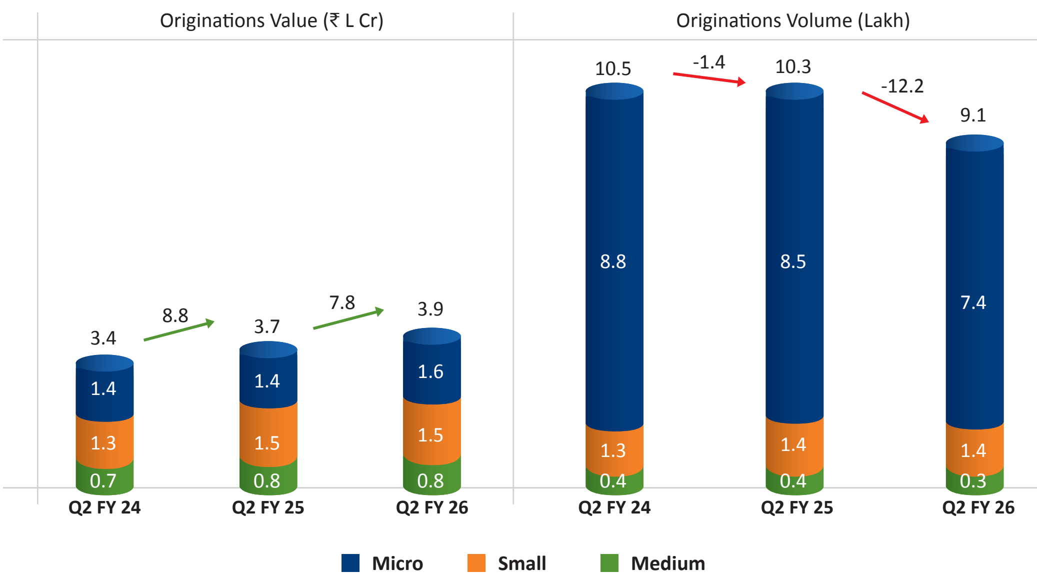
OVERVIEW OF MSMEx CREDIT ORIGINATIONS DYNAMICS

Overall **origination value** remained broadly stable between Q2 FY24 and Q2 FY26, with a modest increase from ₹3.4L Cr to ₹3.9L Cr. This growth was primarily driven by the Micro and Small segments, which together contributed incremental gains, while originations in the Medium segment remained flat.

On the **volume side**, total originations declined from 10.3L loans in Q2 FY25 to 9.1L loans in Q2 FY26. This drop was mainly attributable to the Micro segment, reflecting sharp declines in WC-CC (-24.2% YoY) and WC-OD (-13.8% YoY)

Originations Value and Volume across borrower segments

Figure 11



In line with POS trends, PSU banks were the primary source of originations (by value) in the Micro segment, while private banks emerged as the leading source of credit for the Small and Medium segments.

PERFORMANCE INDICATORS

PERFORMANCE INDICATORS ACROSS DIFFERENT THEMES

Overall, the MSMEx PAR improved from 1.5% in Sep'23 to 1.4% in Sep'25, after rising to 1.7% in Jun'25. Our analysis highlights the key drivers behind this improvement, as well as the areas of stress contributing to PAR deterioration, by examining delinquencies across:

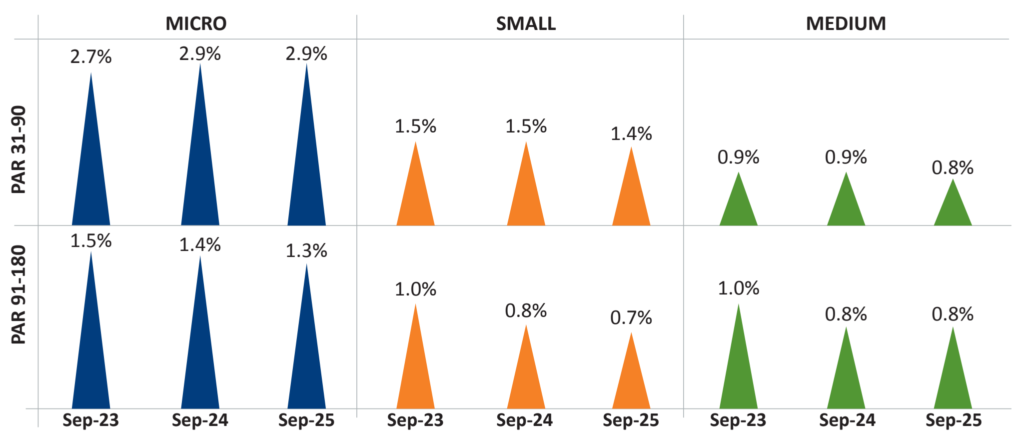
- Borrower segments
- Lender type
- Product type
- Industry activity

DELINQUENCY BY BORROWER SEGMENT

- Stress (PAR 91-180) in the Micro segment remains the highest at 1.3% as of Sep'25, while the Medium segment records the lowest stress at 0.8%. This indicates that the Medium segment is a key contributor to the overall lower PAR within the segment.
- Across all segments, PAR 91-180 has shown consecutive improvement/remained stable compared to previous periods.

PAR 31-90 and 91-180 by borrower segment

Figure 12



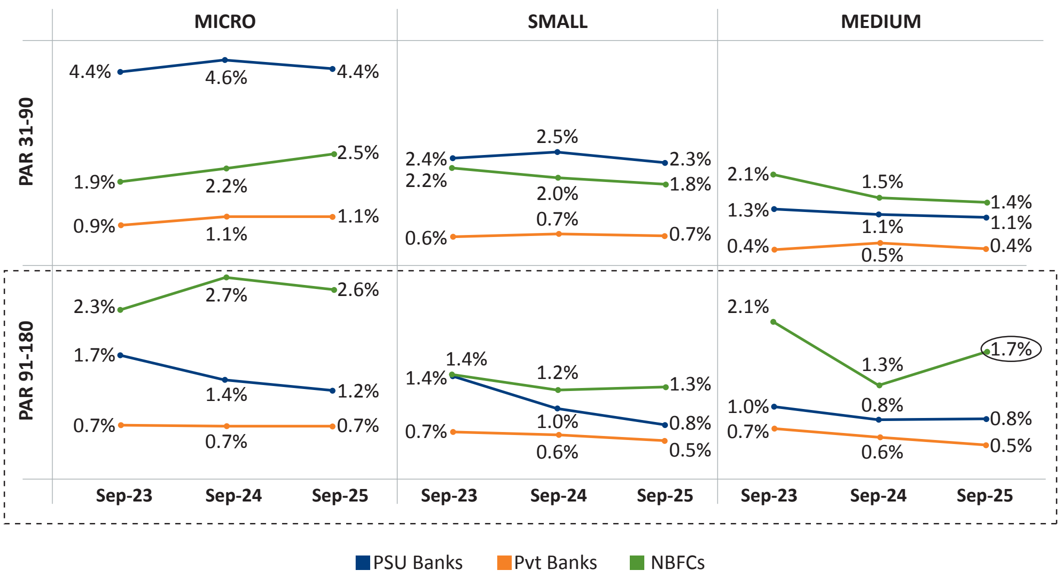
Note: We have considered major lender types - PSU Banks, Pvt banks, NBFCs, HFCs, Foreign Banks and SFBs for the above analysis.

DELINQUENCY BY LENDER TYPE

- An analysis by lender type reveals that PSU banks have shown the most significant improvements across all borrower segments, especially in PAR 91-180.
- Private banks consistently maintain the lowest PAR percentages, reinforcing their lower-risk portfolio.
- However, NBFCs have the highest delinquencies among the three lender types and are also witnessing a rise in PAR 31–180 in the medium segment especially, underscoring the need for closer monitoring.

PAR 31-90 and 91-180 by lender type

Figure 13



DELINQUENCY BY INDUSTRY ACTIVITY

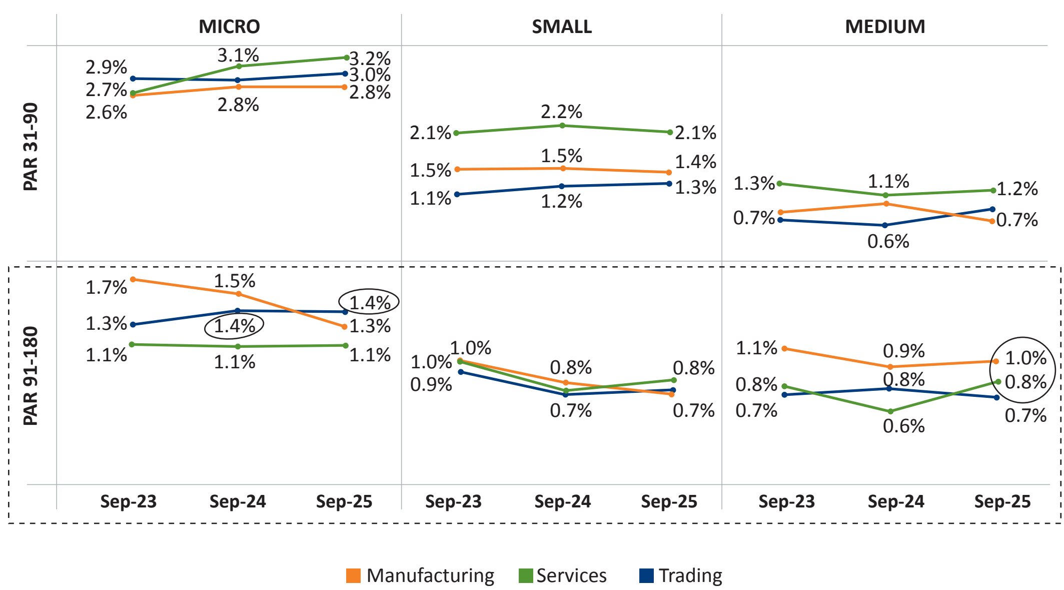
Micro-Trading: For the Micro segment, Trading- which accounts for about 35.1% of the POS share as of Sep'25-has one of the highest PAR 91–180 levels at 1.4%.

Medium-Manufacturing: In the Medium segment, Manufacturing, which has a larger POS share (37% as of Sep'25), saw PAR 91-180 slightly deteriorate from 0.9% in Sep'24 to 1.0% in Sep'25. Services PAR 91-180 has one of the lowest delinquency levels, but it increased slightly from 0.6% to 0.8% between Sep'24 and Sep'25.

For the Small borrower segment, all industry activities showed stable or improving delinquency trends across the periods.

PAR 31-90 and 91-180 by industry activity

Figure 14



Note: We have considered only major lender types - PSU Banks, Pvt banks, NBFCs, HFCs, Foreign Banks and SFBs for above analysis.

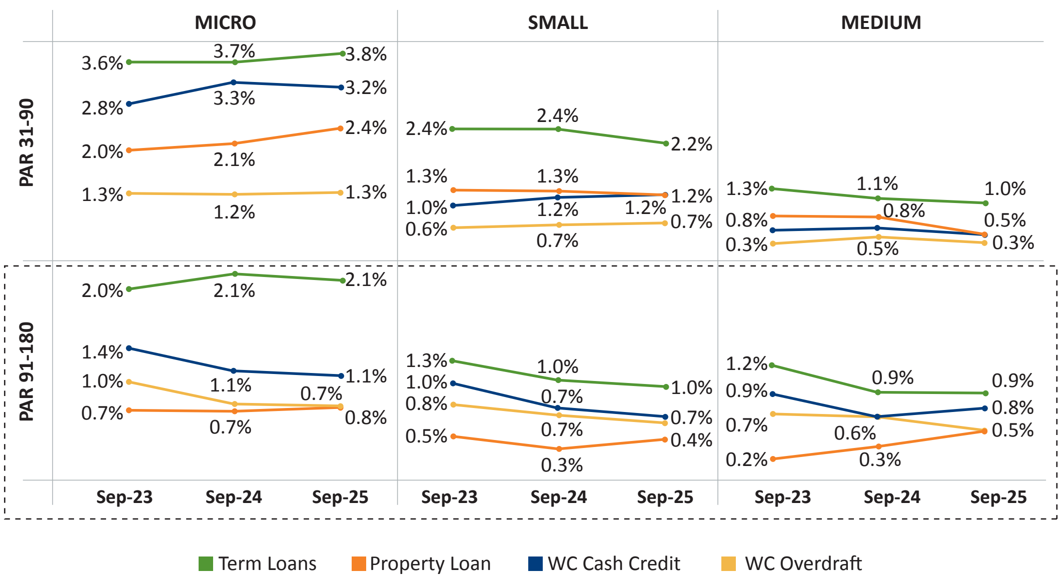
DELINQUENCY BY PRODUCT TYPE

- When it comes to product type, Term Loans (TL) generally show higher delinquency, particularly in the Micro segment where it stands at 2.1% as of Sep'25. This is followed by Working Capital-Cash Credit (though at a lower level than TL).
- Loan Against Property (LAP) reflects one of the best delinquency performances across segments.
- This indicates that product types taken for new expansion or projects-especially for capital purposes-tend to have higher delinquencies compared to product types like WC-CC, which are more directly tied to cash flows.

Note: Our further analysis shows that borrowers with only TL have a higher PAR (2.4% for PAR 91-180 as of Sep '25) compared to those who have taken both TL and WC together (1.8% for PAR 91-180) or those with only WC (1.34% for PAR 91-180).

PAR 31-90 and 91-180 by product type

Figure 15



Note: We have considered only major lender types - PSU Banks, Pvt banks, NBFCs, HFCs, Foreign Banks and SFBs for above analysis.

Together to the next level

RISK MONITORING

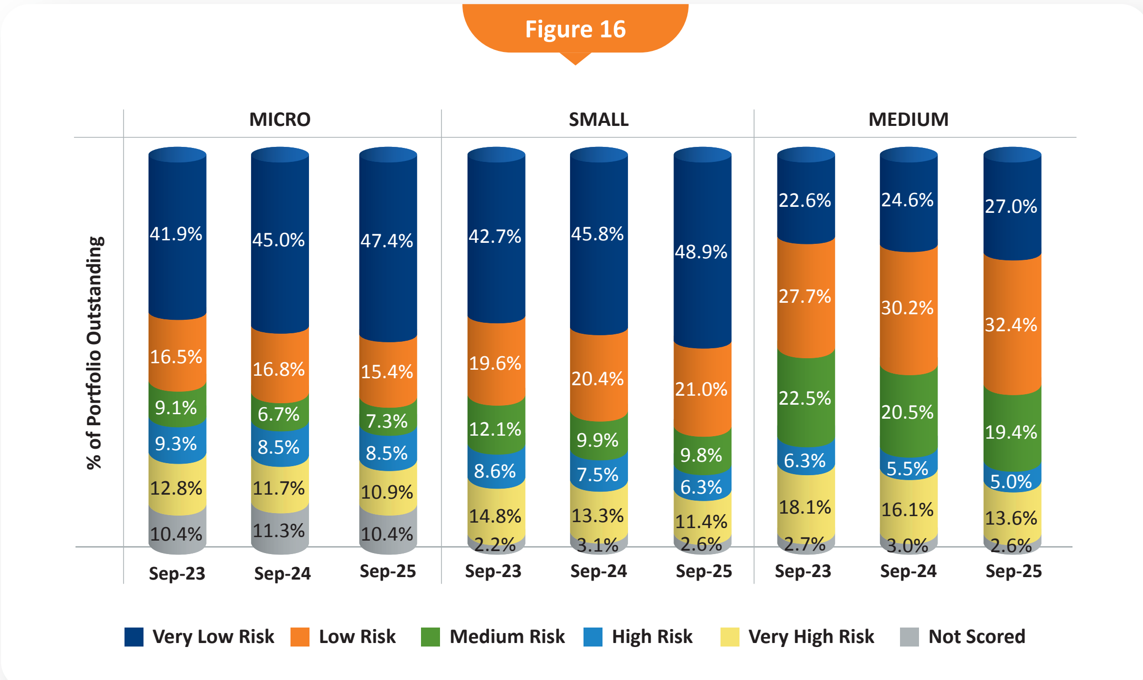
RISK MONITORING

The portfolio's risk profile seems to be a notable enhancement in the portfolio's risk profile between Sept'23 and Sept'25, with all segments demonstrating a clear migration toward lower-risk categories.

The Micro segment increased its combined Very Low and Low Risk (Very Low Risk + Low Risk) exposure from 58.4% to 62.8%, while the Small segment improved from 62.3% to 69.9%, and the Medium segment from 50.3% to 59.4%.

Concurrently, the proportion of High and Very High Risk exposures declined across all segments, underscoring strengthened risk calibration and lender caution.

Portfolio Score distribution



(Portfolio exposure considered. The above risk distribution is based on CIBR-CRIF India Business Rank. CIBR provides a 13-tranche ranking framework, enabling lenders to precisely differentiate credit risk across various business profiles. Risk Bands: Very Low Risk (CIBR-1 to CIBR-6), High Risk (CIBR-5 to CIBR-7), Medium Risk (CIBR-8 to CIBR-9), High Risk (CIBR-10 to CIBR-11), Very High Risk (CIBR-12 to CIBR-13))

ANNEXURE

RECENT POLICY DRIVERS (NOT AN EXHAUSTIVE LIST)

1. **Digital Registration & Formalization**
   - As of June 26, 2025, over 5.7 crore MSMEs were registered via Udyam/Udyam Assist, with PM Vishwakarma recording 29.94 lakh successful informal-enterprise registrations [1][2].
2. **PM Vishwakarma & Traditional Artisan Support**
   - By June 26, the PM Vishwakarma scheme had amassed 2.71 crore applications, with 29.94 lakh artisans registered [1][2].
3. **PM EGPG & Credit Disbursement**
   - By December 2024, PMEGP granted ₹26,124 crore in margin subsidies, creating over 9.87 lakh micro-enterprises and generating 80 lakh jobs [1].
   - The scheme continued into 2025 with over 4.6 lakh new jobs as of December 2024 [1].
4. **Credit Access & Financial Instruments**
   - Budget 2025 (Feb 1) increased CGTMSE cover: Micro/Small - ₹10 cr, Startups - ₹20 cr; ₹1.5 lakh cr additional credit over five years [4][5].
   - New customized credit cards (₹5 lakh limit) targeted 1 million micro-MSMEs using Udyam [4][5].
   - ₹2 crore term-loans for 5 lakh first-time women/SC/ST entrepreneurs launched [4][6].
5. **Cluster Development & MSME Day Boost**
   - Union Budget 2025 earmarked new industrial clusters in sectors like textiles, pharma, electronics, agribusiness, and PLI scheme expansion [6][5].

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ABOUT MSMEx SPOTLIGHT

The MSMEx Spotlight Report is one of CRIF High Mark's flagship publications, offering a comprehensive view of India's Micro, Small, and Medium Exposure Businesses (MSMEx). It presents deep insights into credit portfolio trends, origination dynamics, geographic distribution, and performance patterns.

This report is designed to serve as a valuable resource for policymakers, financial institutions, and industry stakeholders, enabling them to better understand the evolving MSMEx landscape. By highlighting key drivers and emerging risks, the MSMEx Spotlight Report aims to support informed decision-making and strengthen a sector that fuels India's growth engine.

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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.

CRIF High Mark is part of CRIF S.p.A. a global company headquartered in Bologna, Italy. CRIF is a global company specializing in credit & business information systems, analytics, outsourcing and processing services, as well as advanced digital solutions for business development and open banking. Globally, CRIF operates in 37 countries with more than 10,500 financial institutions and over 600 insurance companies. CRIF's services are used by over 90,000 companies and more than 1,000,000+ consumers.

CIR (Commercial, Consumer & Microfinance)

- Detailed Information of a borrower's credit history & financial behavior. These details are utilized by the lenders & financial institutions to evaluate credit worthiness of the borrower.
- Commercial CIR includes CRIF India Business Rank (CIBR), which is a 13-Rank Assessment model to gauge a Business entity's Credit repayment ability based on its credit profile, credit history and other factors.

B2B2C Consumer CIR

- The reports are fetched by individuals who approach Agents/Online Fintech Platform to avail personal credit for personal usage/pre-qualified offers.

B2C Consumer/Commercial CIR

- Individuals/Entities looking for their personal/entity's credit report fetch this CIR through CRIF's portal.

Commercial Lite CIR

- Synopsis of credit facilities with respect to Member and Off-member exposures, exposures on CC/OD facilities, Total Banking Exposure.

Portfolio review

- The data output represents Offline bulk credit information of their customer base with Lending Institutions.

Market Insights Report

- Market Insights products, offer insights on broader market trends and consumer behavior, using aggregated credit data.

Alerts

- Event based triggers for near real time and effective monitoring of borrowers, post disbursement.

Together to the next level

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