

# HOW INDIA LENDS

CREDIT LANDSCAPE IN INDIA

**Q3 FY26**

(Data as of December 2025)

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# DEFINITIONS

This version of How India Lends is based on data reported as of December'25

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

## **Consumption Lending**

Includes Home Loans, Personal Loans, Gold Loans, Auto Loans, Credit Cards, Education Loans, Two-Wheeler Loans, Tractor Loans, Used Car Loans and Consumer Durable Loans

## **Auto Loans**

Only Auto Loans (Personal) are considered in this report

## **Gold Loans**

Both Gold Loans & Priority Sector Gold Loans are considered in this report

**Through out this report:**

## **Portfolio Outstanding or POS 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



# **CONSUMPTION LENDING**

## DECEMBER'25 SNAPSHOT - RETAIL AND CONSUMPTION LOAN PRODUCTS

Product Category	Portfolio (₹ Lakh Cr) As of Dec-25	YoY Growth %	QoQ Growth %	Active Loans (Lakh) As of Dec-25	YoY Growth %	QoQ Growth %	PAR 31-180		
							Dec-24	Sep-25	Dec-25
Home Loan*	43.0	10.5%	2.2%	233.7	4.1%	1.0%	2.6%	2.5%	2.4% ↓
Gold Loan*	16.2	44.1%	11.5%	907.5	7.9%	1.1%	2.4%	2.0%	1.8% ↓
Personal Loan*	15.9	11.6%	3.5%	1,303.2	13.5%	5.6%	3.1%	2.6%	2.5% ↓
Auto Loan*	9.0	14.6%	5.1%	168.1	9.0%	1.1%	2.8%	3.2%	3.0% ↓
Credit Card*	3.4	1.6%	-2.5%	1,094.4	5.0%	0.9%	4.5%	4.1%	3.9% ↓
Two-Wheeler Loan*	1.8	12.3%	7.1%	365.9	8.8%	4.0%	5.4%	5.5%	4.7% ↓
CD Loan*	1.0	14.3%	7.3%	1,007.6	0.8%	5.4%	2.7%	2.2%	1.9% ↓
Others#	23.2	11.8%	2.9%	1,169.1	8.2%	3.3%	4.6%	4.1%	4.1% ↔
<b>Total Consumption Loans</b>	<b>113.5</b>	<b>14.8%</b>	<b>4.0%</b>	<b>6249.5</b>	<b>7.3%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>2.9%</b>	<b>2.8% ↓</b>
<b>Sole-proprietor Loans: CV, CEL, BL, LAP</b>	<b>49.2</b>	<b>26.2%</b>	<b>5.4%</b>	<b>655.8</b>	<b>14.0%</b>	<b>2.2%</b>	<b>4.4%</b>	<b>4.0%</b>	<b>3.9% ↓</b>
<b>Total Retail Loans</b>	<b>162.7</b>	<b>18.1%</b>	<b>4.4%</b>	<b>6,905.4</b>	<b>7.9%</b>	<b>3.1%</b>	<b>3.6%</b>	<b>3.2%</b>	<b>3.1% ↓</b>

- As of Dec'25, retail loans grew 18.1% YoY and 4.4% QoQ, led by gold loans (44.1% YoY, 11.5% QoQ), which have overtaken personal loans in portfolio outstanding.
- GST rate rationalizations and festive demand further supported growth in AL, TW, and CD loans.
- PL remained higher in volume (active loans), rising 13.5% YoY and 5.6% QoQ, reflecting demand for smaller-ticket exposures.
- Sole-proprietor loans increased 26.2% YoY and 5.4% QoQ to ₹49.2 lakh crore, underscoring strong business credit demand.
- Portfolio performance strengthened overall, with delinquencies improving, though TW and CC segments remain elevated but stable.

\*Loan types presented in detail in this report. #Others includes Education Loan, Tractor Loan, Used Car Loan, PSL Agri+KCC, Other Credit Cards, Loans Against Securities, and Miscellaneous. MSMEx (Micro, Small, Medium Exposure Businesses)

↓ Refers to QoQ Improvement (PAR) ↔ Refers to stable QoQ (PAR)

## Q3 FY26 ORIGINATIONS: RETAIL AND CONSUMPTION LOAN PRODUCTS

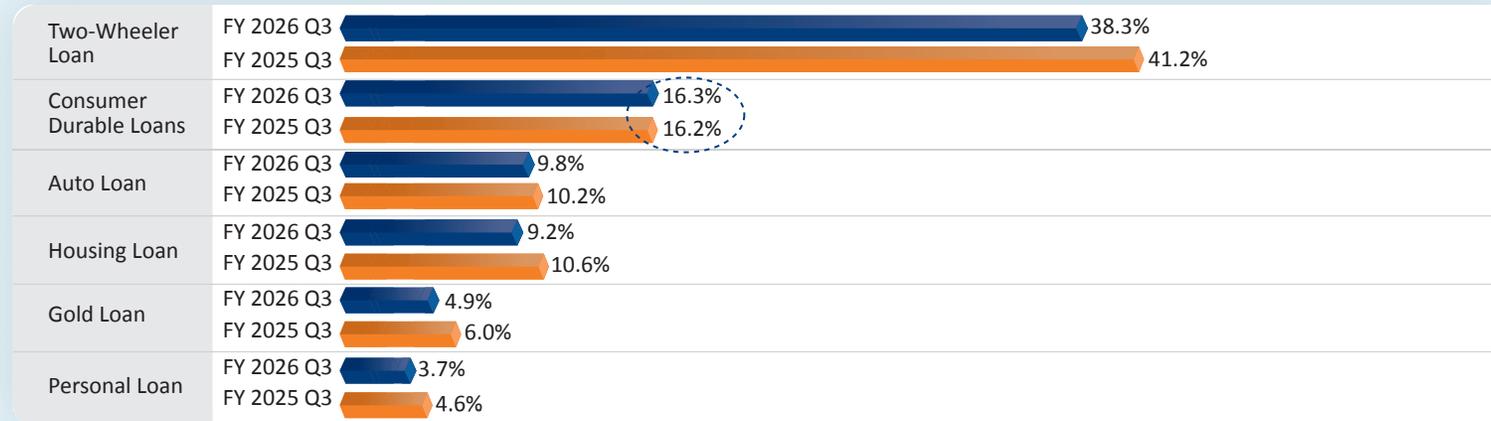
Product Category	Originations Value (₹ K Cr) Q3 FY26	YoY Growth %	QoQ Growth %	Originations Volume (Lakh) Q3 FY26	YoY Growth %	QoQ Growth %
Gold Loan*	817.9	90.3%	33.5%	441.0	34.0%	18.1%
Personal Loan*	310.8	35.7%	6.4%	447.9	15.0%	3.7%
Home Loan*	291.2	12.9%	-0.9%	8.8	5.4%	-6.8%
Auto Loan*	118.3	11.0%	22.1%	14.0	13.6%	26.0%
Consumer Durable Loan*	46.5	11.7%	14.7%	240.2	17.1%	13.2%
Two-Wheeler Loan*	38.1	6.0%	46.7%	42.2	7.2%	58.0%
Credit Card*	-	-	-	42.3	-22.6%	-18.6%
Others#	411.9	58.1%	8.0%	132.1	61.4%	6.0%
<b>Total Consumption Loans</b>	<b>2,034.8</b>	<b>49.4%</b>	<b>16.7%</b>	<b>1,368.6</b>	<b>22.2%</b>	<b>10.2%</b>
<b>Sole-proprietor Loans: CV, CEL, BL, LAP</b>	<b>499.3</b>	<b>14.9%</b>	<b>-1.1%</b>	<b>61.1</b>	<b>5.7%</b>	<b>12.2%</b>
<b>Total Retail Loans</b>	<b>2,534.1</b>	<b>41.1%</b>	<b>12.7%</b>	<b>1,429.7</b>	<b>21.4%</b>	<b>10.3%</b>

- Originations value of **total retail loans grew 41.1% YoY and 12.7% QoQ**, driven by gold loans (90.3% YoY, 33.5% QoQ).
  - Beyond gold loans, QoQ momentum was supported by **two-wheeler loans (46.7% value, 58.0% volume)**, **auto loans (22.1% value, 26.0% volume)**, and **consumer durable loans (14.7% value, 13.2% volume)**.

\*Loan types presented in detail in this report. #Others includes Education Loan, Tractor Loan, Used Car Loan, PSL Agri+KCC, Other Credit Cards, Loans Against Securities, and Miscellaneous. MSMEs (Micro, Small, Medium Exposure Businesses)

## CONSUMPTION LOAN PRODUCTS - NTC SHARE

% NTC Share (Originations Value)



% NTC Share (New Cards Issued)



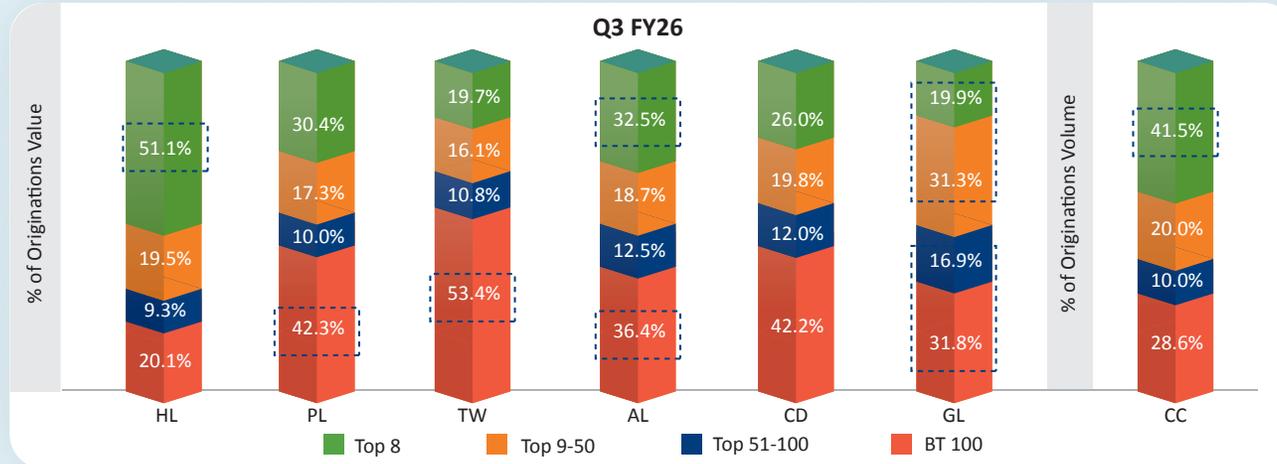
### HIGHLIGHTS

- NTC share declined across all loan products except for CD loans in Q3 FY26 vs Q3 FY25.
- Two-Wheeler Loans lead with 38.3% NTC share, down from 41.2% with the biggest drop in NTC share.
- Consumer Durable (16.3%) remain strong among NTC customers.
- Auto and Housing Loans show moderate NTC penetration (9%–10%).
- Gold & Personal Loans NTC share has dropped to less than 5% in Q3 FY26.
- Credit Card NTC share stable at 8.5%, no significant change YoY.

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

# CONSUMPTION LOAN PRODUCTS - GEOGRAPHY WISE PENETRATION

% Originations Value Share Across City Classification



Urban stronghold for HL, CC; Rural domination for PL, CD, TW; AL across both.

**Metro-centric:**

- HL: 51.1% of originations (value) from Top 8 cities; only 20.1% from BT100.
- CC: 41.5% of originations (volume) from Top 8 cities.

**Balanced distribution:**

- GL: Nearly equal split between Top 9–50 cities and BT100 (~32% each).
- AL: Balanced urban–rural mix; BT100 at 36.4% vs. 32.5% from Top 8.

**BT100 focus:**

- PL & CD: Largest share from BT100 (42.3% and 42.2%).
- TW: Strongly driven by BT100, showing deep penetration in semi-urban and rural regions



# **EXECUTIVE SUMMARY**

## MARKET SNAPSHOT

India's retail lending market reached ₹**162.7 lakh crore** (18.1% YoY growth), with 690 million active accounts. Portfolio quality improved significantly - **PAR 31-180 declined to 3.1%** from 3.6% YoY. Q3 FY26 originations surged 41% YoY to ₹25.3 lakh crore, driven by festive demand, gold price rally, and GST rationalization.

## OVERARCHING MARKET TRENDS

### 1. Growth migration from unsecured to secured

The market is continuing a **structural shift** with secured products (POS: Gold Loans 44.1% YoY, Auto Loans 14.6% YoY) significantly outpacing unsecured products (credit cards 1.6% YoY, Personal Loans 11.6% YoY).

### 2. Premiumization across lending categories

**Higher ticket sizes are driving value growth across the board.** Home Loans saw average ticket size jump 6.4% QoQ to ₹33 lakh, with ₹75L+ loans now 40% of originations (vs. 35% YoY). Gold Loans showed similar premiumization - loans above ₹5L now constitute 36.5% of value (up from 24% in Q3 FY25). This reflects borrowers leveraging improved affordability, rising asset values, and favourable LTV regulations.

### 3. Volume vs. Value divergence

A clear **decoupling between volume and value growth** emerged. Home Loan volumes (active loans) grew 4.1% YoY while portfolio expanded 10.5% YoY - entirely ticket size-driven. Conversely, Personal Loans showed 13.5% volume growth but only 11.6% portfolio growth, indicating fintech-led proliferation of smaller loans.

### 4. NBFCs Capturing high-velocity segments

NBFCs demonstrated **aggressive market share gains** in high-frequency, smaller-ticket products. In Gold Loans, their originations value share jumped from 22.8% (Q2 FY26) to 30.7% (Q3 FY26), capturing ~50% of volumes. In personal loans, they command 91.1% volume share despite 36.6% value share.

### 5. PSU Banks' resurgence

PSU Banks lead in Home Loan originations value (50.3% vs. 23.3% private), marking a structural competitive shift. They're particularly dominant in the ₹75L+ **Home Loan segment** (43% of their portfolio value) and maintain strong positions in **Gold Loans originations value** (45.8%). This resurgence reflects improved digital capabilities, competitive pricing, and regulatory support for priority sector lending.

### 6. Asset quality improvement amid growth

**Delinquency metrics improved across many products**, with overall retail PAR 31-180 declining to 3.1% from 3.6% YoY. Gold Loans showed sharpest improvement (1.8% from 2.4%), while consumer durables dropped to 1.9% from 2.7%.

### 7. Ticket size-asset quality correlation strengthening

**Larger loans consistently outperform smaller loans on credit quality.** In Personal Loans, ₹5L+ loans show PAR 91-180 below 1%, while sub-₹1L loans (about 90% of volume) maintain elevated 91-180 PAR at 2.68%. Similar patterns emerged in Home Loans, where ₹75L+ loans demonstrate superior performance versus sub-₹5L loans.

### 8. Geographic expansion beyond metros

**Beyond Top 100 cities now drive growth in mass-market products.** Personal Loans (42.3% from BT100), Two-wheelers, and Consumer Durables show strong rural/semi-urban penetration, while Home Loans (51% from Top 8 cities) and Credit Cards (41.5%) remain metro-centric. This geographic diversification is supported by digital lending infrastructure reaching tier 2/3 cities.

### 10. External catalysts driving sectoral surges

**Policy and macro factors significantly influenced Q3 FY26 performance.** Gold Loan originations value almost doubled (90.3% YoY) driven by gold price rally. GST rate rationalization triggered 46.7% QoQ surge in two-wheeler originations value and 22.1% QoQ in Auto Loans originations value. Festive season demand also boosted consumer durables (14.7% QoQ). Sole-proprietor loans grew 26.2% YoY, reflecting strong MSME credit appetite amid economic recovery.



# ***HOME LOANS***



India's housing finance market is deepening, driven by expanding formal credit and sustained internal migration of nearly nine million people annually. Floating rates and seamless balance transfers improve borrower flexibility while reinforcing market discipline. The sizeable gap in micro and affordable housing is the next growth frontier - requiring responsible scale with unwavering focus on asset quality.

**SASIDHAR VAVILALA**  
EVP Analytics - Suryoday Bank





The past decade has witnessed tremendous improvement in the level of formal credit with the Credit Information Bureaus playing an important role. The prevalence of formal credit scoring has helped Housing Finance Companies expand the scope of their lending and explore newer segments and geographies.

Credit Scoring and its linkage to formal credit and loan pricing has helped bring about greater discipline in the repayments thereby helping improve the credit quality for lenders.

The new products launched by the Credit Bureaus gives greater insights into the risks faced by lenders and helps mitigate them. This gives confidence to lenders to expand with greater agility to meet the ever-increasing hunger for credit in a fast-growing economy like ours.

**SURESH S IYER**

MD & CEO - Can Fin Homes Ltd



## Home Loan market continued to grow steadily, driven substantially by higher average ticket sizes

Home Loans - Portfolio Snapshot

	Dec-24	Sep-25	Dec-25
Portfolio Outstanding (₹ L Cr)	38.9	42.1	43.0
YoY growth %		11.1%	10.5%
QoQ growth %		2.1%	2.2%
Active Loans (Lakh)	224.6	231.5	233.7
YoY growth %		3.3%	4.1%
QoQ growth %		0.9%	1.0%
PAR 31-90	2.3%	2.2%	2.1% ↓
PAR 91-180	0.3%	0.3%	0.3% ↔
PAR 180+	2.0%	1.9%	1.9% ↔

- Portfolio Outstanding **grew steadily at about 10.5% YoY and 2% QoQ** as of Dec'25.
- **Active loan volumes** were stable, suggesting growth was driven by **higher average ticket sizes and larger loans**, likely supported by rate cuts.
- Asset quality remained resilient, with delinquency levels stable to improving across buckets.

Home Loans - Geographic Distribution

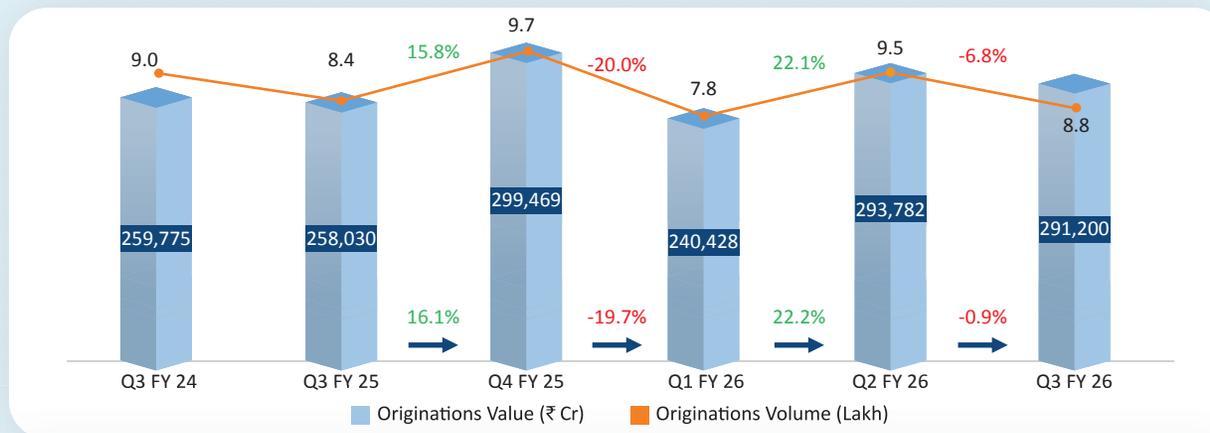
POS (₹ L Cr)	Dec-25	Growth		PAR 31-180		
		YoY%	QoQ%	Dec-24	Sep-25	Dec-25
MH	9.5	10.3%	2.0%	2.0%	1.9%	1.8% ↓
KA	4.5	11.1%	1.9%	2.3%	2.1%	2.1% ↔
TS	3.5	12.5%	2.6%	2.2%	2.2%	2.2% ↔
TN	3.5	9.2%	1.8%	2.9%	2.6%	2.4% ↓
GJ	3.5	10.0%	2.3%	2.2%	2.1%	2.0% ↓
UP	2.6	11.8%	2.7%	2.9%	2.7%	2.6% ↓
AP	2.1	10.8%	2.3%	4.0%	4.0%	3.9% ↓
DL	1.9	7.7%	1.6%	1.6%	1.4%	1.4% ↔
RJ	1.8	11.8%	2.7%	2.1%	2.1%	2.0% ↓
KL	1.6	8.1%	1.6%	6.1%	5.5%	5.1% ↓
<b>Top 10</b>	<b>34.6</b>	<b>10.5%</b>	<b>2.1%</b>	<b>2.5%</b>	<b>2.4%</b>	<b>2.3%</b> ↓
<b>Rest Of India</b>	<b>8.3</b>	<b>10.8%</b>	<b>2.3%</b>	<b>3.1%</b>	<b>2.9%</b>	<b>2.9%</b> ↔
<b>Pan India</b>	<b>43.0</b>	<b>10.5%</b>	<b>2.2%</b>	<b>2.6%</b>	<b>2.5%</b>	<b>2.4%</b> ↓

- **Southern states (AP, TS), RJ, and UP** posted YoY and QoQ growth above the pan-India average, though **AP, UP, apart from KL, showed higher delinquency**.
- **DL** recorded one of the **lowest growth rates** nationally.
- The **rest of India grew 10.8% YoY**, signaling expansion beyond top cities, with slightly elevated PAR 31–180 versus the Top 10 and pan-India averages.

↔ Refers to stable QoQ (PAR) ↓ Refers to QoQ Improvement (PAR)

## HL originations value and volume moderated in Q3 FY26, while average ticket size grew 6.4% QoQ

Home Loans Originations Trends



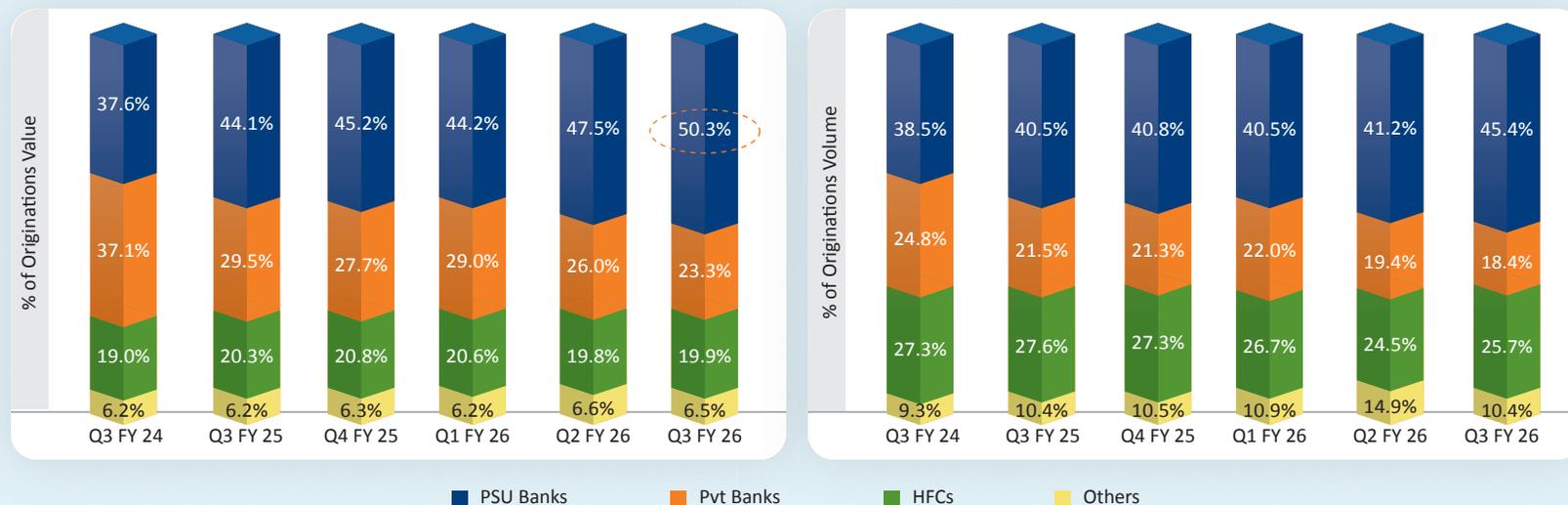
	Q3 FY24	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Average Ticket Size (₹ L)	28.8	30.8	30.9	31.0	31.0	33.0
Q-o-Q Growth %			0.3%	0.3%	0.1%	6.4%

### Clear increase in ticket size:

- Average ticket size rose from ₹31 L in Q2 FY26 to ₹33 L in Q3 FY26—a strong 6.4% quarterly growth compared to the flat trend in earlier quarters, signalling a fresh uptrend.
- Additionally, originations value remained stable at ₹2.91 L Cr, while volumes declined 6.8% QoQ. This reinforces the focus on ticket size expansion during the quarter.
- The originations value share of ₹75L+ loans gone up to around 40.0% in Q3 FY26 from 35.1% in Q3 FY25.

## Sustained growth in PSU Banks originations, capturing over half of total originations value in Q3 FY26

Lender Wise Originations Trends



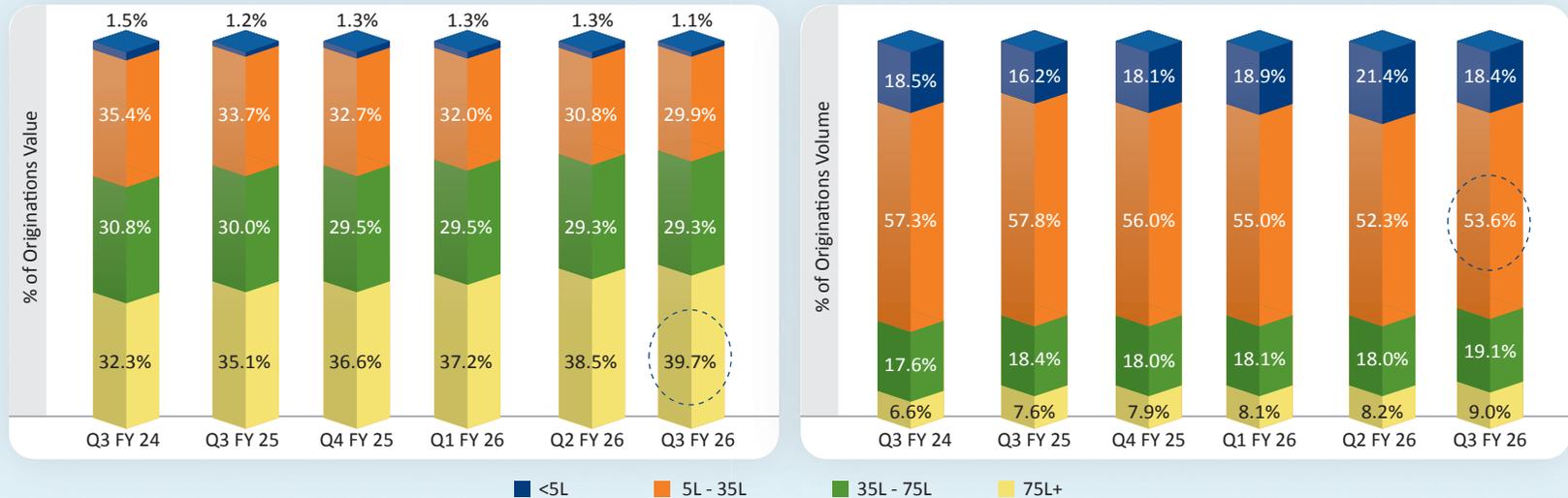
- PSU Banks dominance:** PSU Banks are consistently expanding market share, reaching 50.3% in originations value and 45.4% in volume in Q3 FY26. Private bank's share has structurally declined, while HFCs have maintained a steady, range-bound share.

- Target ticket sizes:** In Q3 FY26, PSU banks' originations were led by the ₹75L+ segment, contributing 43% of total value. Private banks were similarly skewed, with ₹75L+ loans forming 48% of originations value, while HFCs remained focused in the ₹5L–₹35L range, accounting for 47%.

Note: Others include NBFCs, SFBs, Foreign Banks, Cooperative Banks, RRBs, ARCs.

## The ₹75L+ ticket size segment continues to grow, accounting for 40% of the originations value by Q3 FY26

Ticket Size Wise Originations Trends

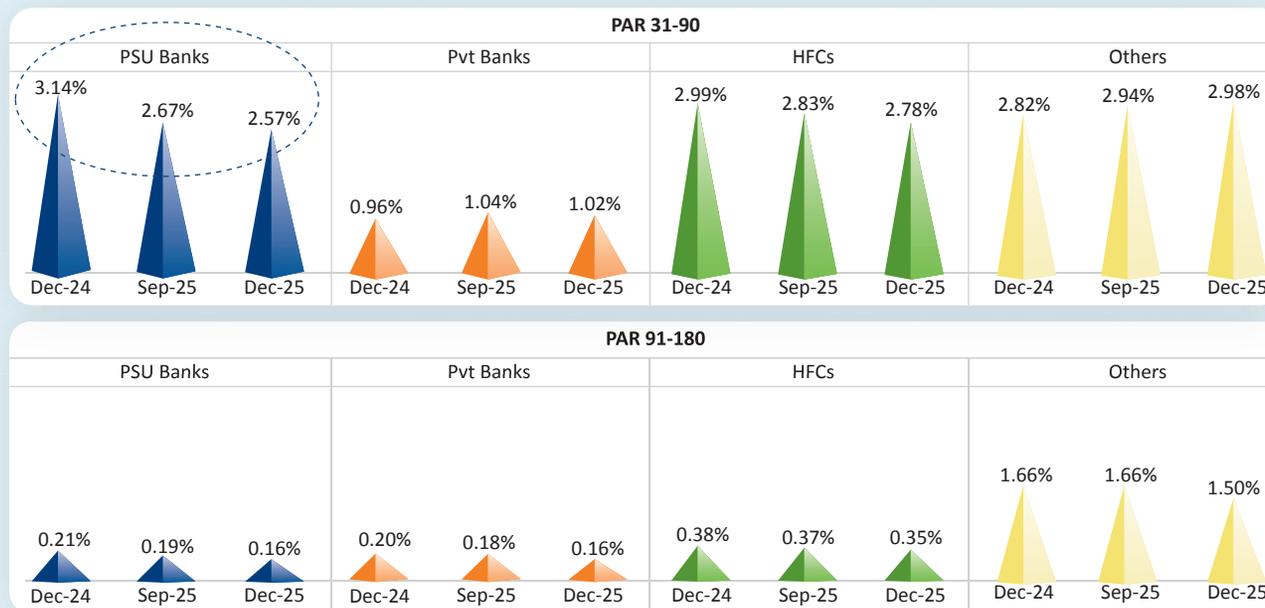


- Value trends:** The ₹75L+ ticket size now accounts for 39.7% of originations value, reflecting steady growth over prior quarters. In contrast, sub-₹75L originations have declined, particularly in the sub-₹35L category.

- Volume highlights:** ₹75L+ loans represent only 9% of originations volume, indicating value concentration in fewer, higher-ticket loans. Meanwhile, the ₹5L–₹35L range constitutes 54% of volumes, underscoring the continued dominance of smaller and mid-sized loans in disbursal counts.

## All key lenders continue to show improvement across early and later buckets, supported by growing POS

### Delinquency - Lender Type



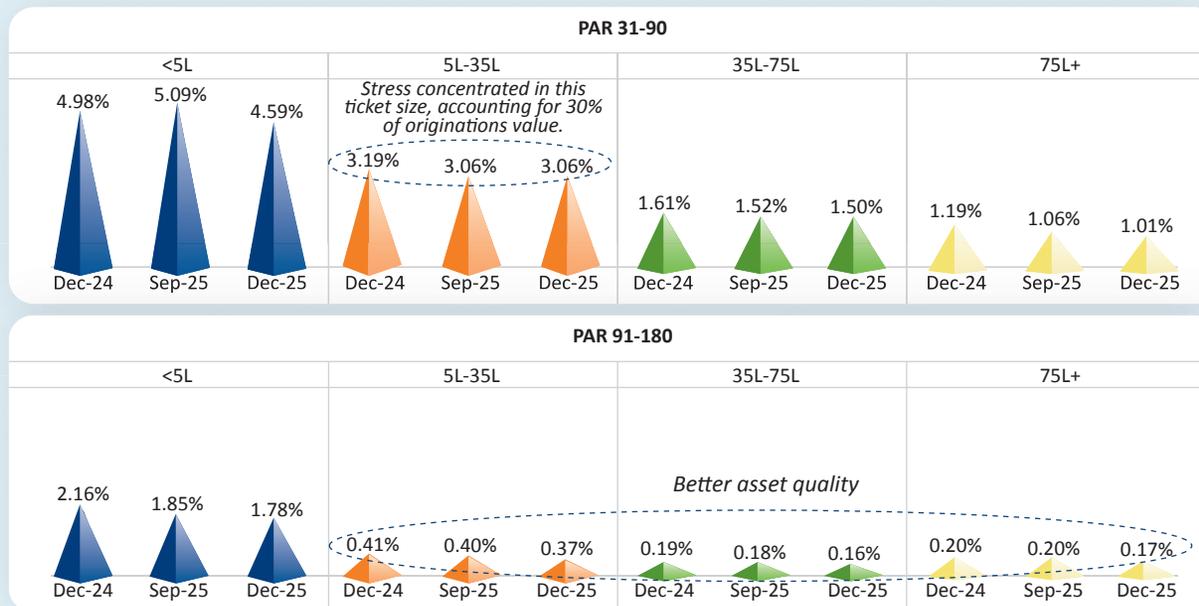
- PAR 31-90:** PSU Banks and HFCs show continued improvement, while Private Banks maintain one of the lowest and most stable levels, reflecting strong asset quality - likely due to moderated originations. Still, HFCs, despite forming only ~20% of originations, record one of the highest PAR 31-90.

- PAR 91-180:** Levels remain low and are improving across all key lender categories, indicating stronger collection efficiency. Other delinquencies are mainly driven by cooperative banks (across both buckets).

Note: Others include NBFCs, SFBs, Foreign Banks, Cooperative Banks, RRBs, ARCs.

## Credit stress remains concentrated in &lt;₹5L and ₹5L- ₹35L loans

## Delinquency - Ticket Size



- **Stress concentration:** Credit stress in PAR 31–90 is concentrated in the <₹5L and ₹5L–₹35L segments, with the latter showing notable pressure compared to higher ticket sizes. The <₹5L segment, however, contributes only ~1% of originations value.

- **Resilient category:** Higher-ticket loans demonstrate stronger performance and better asset quality, with improved PAR levels-particularly in PAR 91–180 - relative to lower-ticket segments.

## HOME LOANS: Q3 FY26 SNAPSHOT



As of Dec'25, POS grew  
**+10.5%** YoY &  
**+2.2%** QoQ

NTC steady @ **~9-10%** penetration

Top 8 cities contribute **51.1%**  
of originations value



Ticket sizes at rise **₹31L → ₹33L**  
Q2 FY26 --> Q3 FY26



**~50%** share of originations value  
by PSU Banks





# ***GOLD LOANS***



In FY26, gold loans have emerged as one of India's most resilient and fast growing retail credit segments, supported by strong collateral quality, rising gold prices, and disciplined borrower behaviour. The steady improvement in PAR metrics across lenders underscores the product's inherent strength. The recent RBI regulations - especially the revised LTV framework and tighter norms on valuation and repayment discipline - have further reinforced portfolio stability while enabling responsible expansion. As higher ticket loans gain prominence and NBFCs deepen their presence, the gold loan ecosystem is structurally strengthening, offering customers greater liquidity with robust risk safeguards.

**SANJEEV SRIVASTAVA**

Director - Risk - Capri Global Capital Ltd



## Sustained expansion with improving asset quality

Portfolio Snapshot (including Priority Sector Gold Loan)

	Dec-24	Sep-25	Dec-25
Portfolio Outstanding (₹ L Cr)	11.2	14.5	16.2
YoY growth %		35.8%	44.1%
QoQ growth %		8.6%	11.5%
Active Loans (Lakh)	841.1	897.4	907.5
YoY growth %		10.7%	7.9%
QoQ growth %		1.3%	1.1%
PAR 31-90	1.7%	1.3%	1.2% ↔
PAR 91-180	0.8%	0.7%	0.6% ↔
PAR 180+	0.5%	0.3%	0.3% ↔

Market Share (including Priority Sector Gold Loan)

POS (₹ K Cr)	Dec-25	Growth		PAR 31-180		
		YoY%	QoQ%	Dec-24	Sep-25	Dec-25
TN	535.3	41.0%	10.0%	2.6%	2.2%	2.0% ↓
AP	266.2	37.0%	10.1%	2.3%	1.9%	1.5% ↓
KA	158.3	47.8%	10.9%	2.2%	1.7%	1.4% ↓
TS	137.8	55.1%	16.6%	1.6%	1.4%	1.2% ↓
KL	128.5	32.7%	9.0%	1.1%	0.8%	0.6% ↓
MH	93.8	50.1%	13.8%	3.1%	2.5%	2.3% ↓
GJ	48.8	49.1%	12.4%	2.7%	2.0%	1.8% ↓
RJ	34.9	56.0%	15.5%	3.3%	2.1%	2.0% ↔
UP	33.9	68.3%	16.1%	4.0%	3.2%	3.1% ↔
OR	30.3	49.5%	17.1%	3.8%	2.4%	2.3% ↔
<b>Top 10</b>	<b>1,467.8</b>	<b>43.3%</b>	<b>11.4%</b>	<b>2.4%</b>	<b>1.9%</b>	<b>1.7%</b> ↓
<b>Rest Of India</b>	<b>151.7</b>	<b>52.4%</b>	<b>13.0%</b>	<b>3.2%</b>	<b>2.5%</b>	<b>2.4%</b> ↔
<b>Pan India</b>	<b>1,619.5</b>	<b>44.1%</b>	<b>11.5%</b>	<b>2.4%</b>	<b>2.0%</b>	<b>1.8%</b> ↓

PSGL – Priority sector gold loans was ₹4.8 L Cr as of Dec-25, ₹4.5 L Cr as of Sep-25 and ₹4.0 L Cr as of Dec-24 - about 30% across the years.

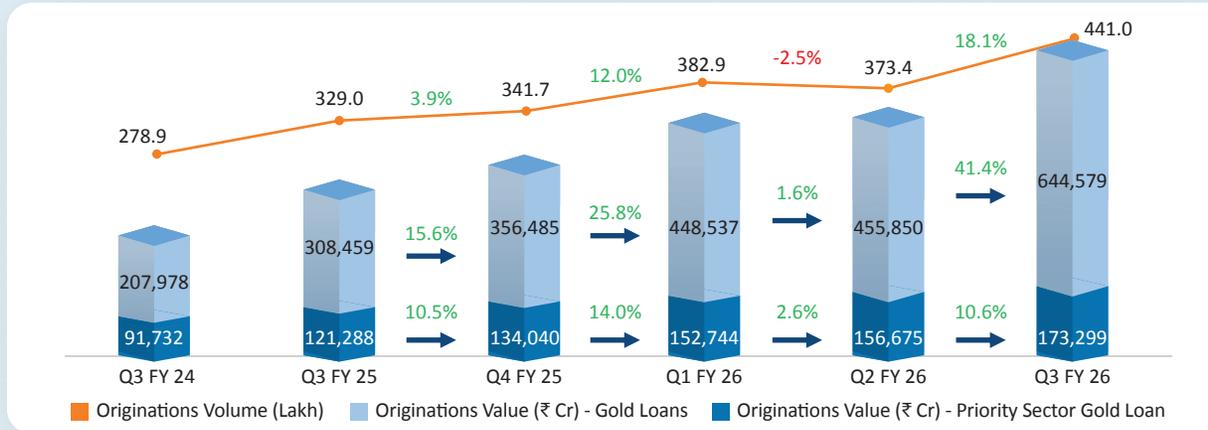
- **POS:** POS posted strong momentum, increasing 44.1% YoY and 11.5% QoQ, led by healthy disbursement activity and underpinned by favourable asset valuations.
- **Performance Metrics:** Delinquencies across buckets are broadly steady to improving, reflecting the strength of collateral and prudent portfolio expansion.

- Growth remained **broad-based** across states, with all major markets delivering double-digit YoY expansion. UP led with 68% YoY growth, followed by RJ and TS. On a QoQ basis, these states also continue to maintain strong double-digit growth.
- Portfolio quality **improved across most states**, with PAR trends largely stable to declining. KL continued to outperform, maintaining one of the lowest PAR levels and showing ongoing improvement in PAR 31–180.

↓ Refers to QoQ Improvement (PAR) ↔ Refers to stable QoQ (PAR) ↑ Refers to QoQ Deteriorations (PAR)

## Gold Loan originations scale new high on price-led value expansion

Gold Loans Originations Trends



	Q3 FY24	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Average Ticket Size (₹ L)	1.1	1.3	1.4	1.6	1.6	1.9
Q-o-Q Growth %			9.9%	9.4%	4.5%	13.1%

### Highlights:

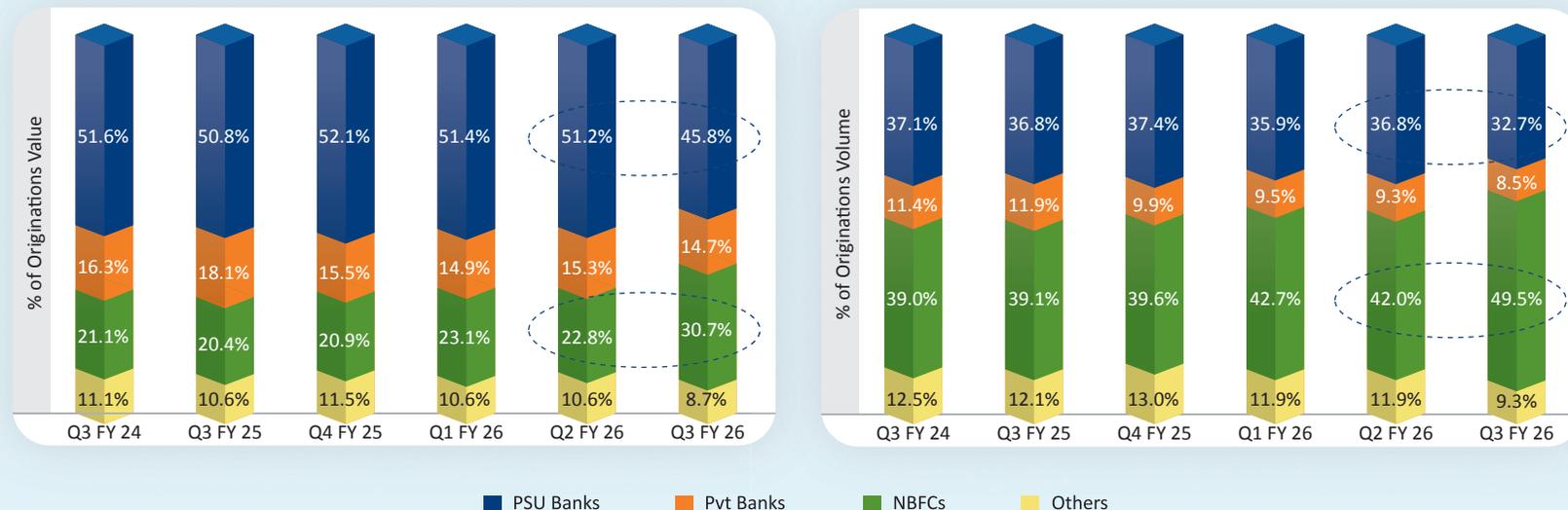
- Gold Loans (excl PSGL) scaled sharply, more than doubling YoY to ₹644.6k Cr in Q3 FY26.
- New loan volumes rose ~34% YoY to 441 lakh loans; however, volume growth trailed value growth, indicating that the expansion was largely driven by higher loan ticket sizes amid rising gold prices.

### Key Drivers:

- Higher gold prices drove larger ticket sizes for the same pledged quantity.
- Favourable regulations (85% LTV up to ₹2.5 lakh) expanded borrower eligibility.

## In Q3 FY26, NBFCs originations value share increased from 22.8% as of Q2 FY26 to 30.7% as of Q3 FY26

Lender Type Wise Originations Trends



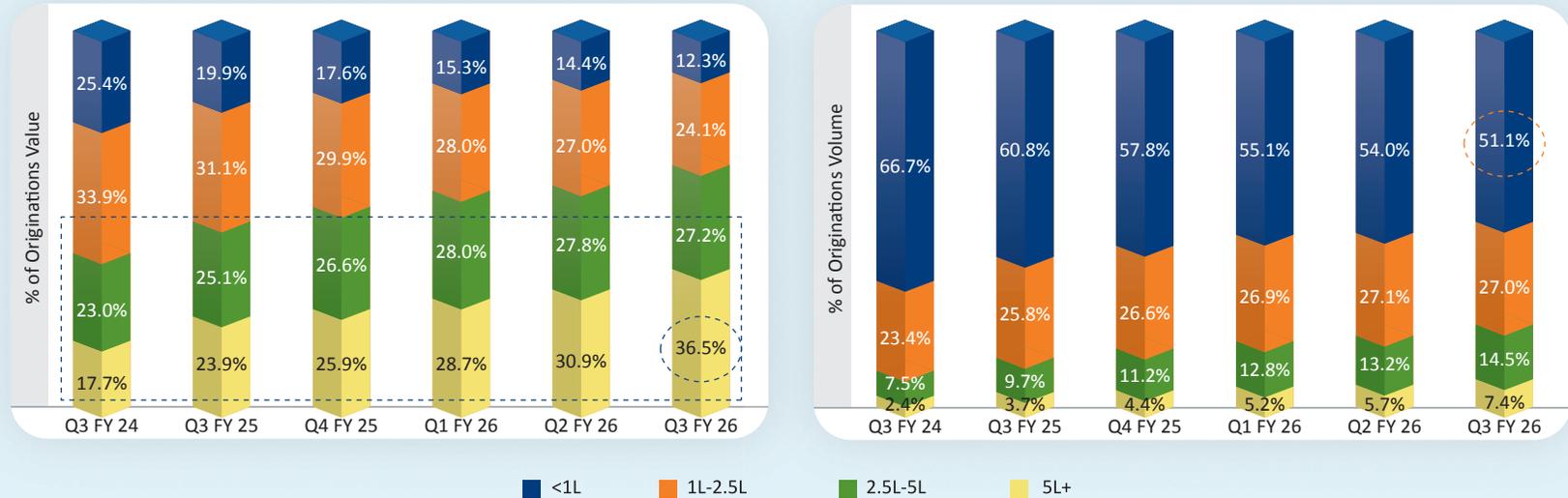
### NBFCs gaining share in Q3 FY26

- **PSU Banks remain the largest contributors** to originations value, though their share moderated from 51.2% in Q2 FY26 to 45.8% in Q3 FY26. A similar trend is visible in volumes, where their share declined from 36.8% to 32.7% over the same period.
- The standout trend this quarter is the **rise of NBFCs**, whose originations value share increased by about 8 percentage points QoQ to 30.7% as of Q3 FY26.
- **NBFCs also captured nearly 50% of overall originations volumes**, driven particularly by gold-loan focused players.

Note: Others include SFBs, Foreign Banks, Cooperative Banks, RRBs, ARCs.

## >₹2.5L loans continue to grow in originations value share

Ticket Size Wise Originations Trends

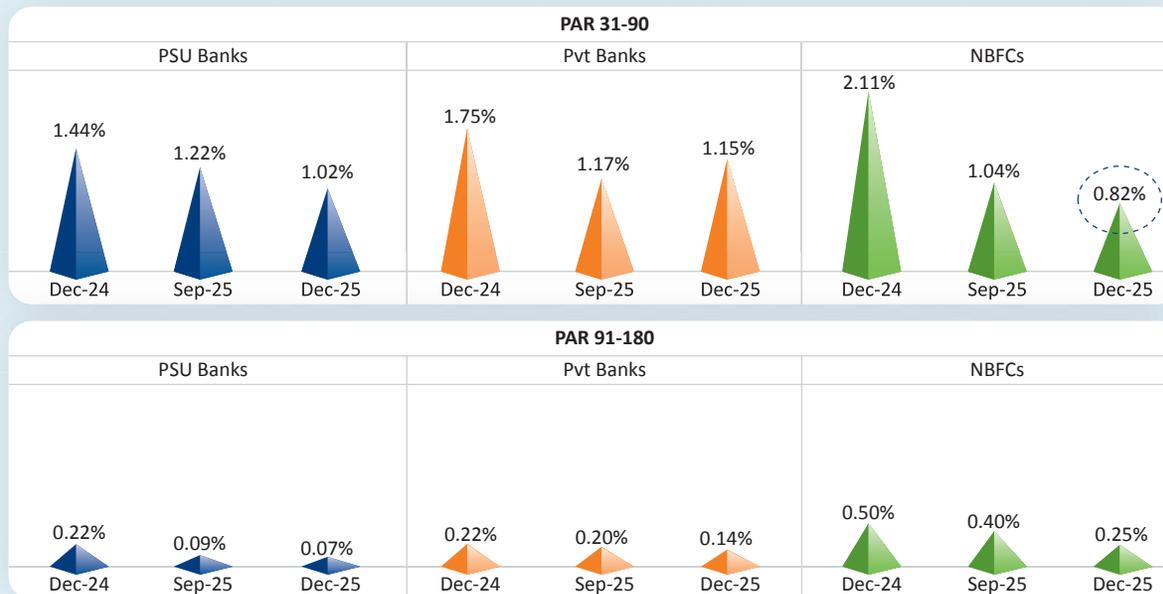


### Increasing share of large ticket Gold Loans:

- The share of gold loan originations in the ₹2.5L–₹5L band rose from 23.0% in Q3 FY24 to 27.2% in Q3 FY26. Loans above ₹5L now form the largest segment at 36.5% of originations value.
- Sub-₹1L loans fell sharply, dropping from 25.4% to 12.3% of originations value (between Q3 FY24 and Q3 FY26).
- While sub-₹1L loans remain the largest by volume, their share declined from 66.7% to 51.1% during the same period, reflecting deeper penetration among wealthier borrowers and greater reliance on higher-ticket loans for business and investment.

NBFCs recorded one of the sharpest improvements in PAR 31-90, improving from 2.11% in Dec'24 to 0.82% in Dec'25

Delinquency - Lender Type



#### Performance trends

- **PSU and private banks reported steady reductions** in PAR 31–90, improving to 1.22% and 1.17% respectively by Sep'25. By Dec'25, PSU banks eased further to 1.02% and private banks to 1.15%.
- **For NBFCs, delinquency declined sharply**, with PAR 31–90 dropping from 2.11% in Dec'24 to 0.82% in Dec'25, and PAR 91–180 halving from 0.50% to 0.25% between the period.
- These improvements **reflect overall growth** and the effect of tighter risk norms, including disciplined LTVs, structured repayment rules, and more rigorous asset valuations.

## Delinquencies improve across ticket sizes and across buckets

Delinquency - Ticket Size



### Ticket size delinquency trends

- PAR 31–90 **improved across all ticket sizes** in Dec'25 vs. Sep'25, while PAR 91–180 remained largely stable-indicating stronger early repayment behaviour without added mid-stage stress.
- Delinquencies were **lower in larger loan bands**, reflecting disciplined repayment and stronger collateral coverage.
- Reduced early-stage delinquency suggests **limited roll-forward** into stressed buckets, supported by strong portfolio performance.

## ALL EYES ON GOLD: Q3 FY26



Retail Gold Loan driving momentum with POS growth of **44.1%** YoY & **11.5%** QoQ, as of Dec'25

NTC low  
at **<5%**



Even spread  
between Top **9-50**  
& **BT100** cities

Originations value up from **₹612.5K** Cr → **₹817.9K** Cr Q2 FY26 --> Q3 FY26



NBFCs accounted for almost **50%** of total origination volumes





# **PERSONAL LOANS**



Retail demand grew 17% YoY in Dec'25, led by Personal Loans, which contributed 39% of total demand and recorded 34% growth in demand, followed by Consumer Loans which recorded 18% growth. Banks focus on risk-managed portfolios, larger loans and bundled services (like salary, credit card ecosystems). Steady growth was recorded for FinTech's and NBFCs. The government's simplification and reduction of GST slabs (implementation from September 2025) helped reduce prices and raise disposable income, spurring consumer confidence and spending.

A large share of borrowers prefer online comparisons and applications for fast access. Younger borrowers (<35 years) and those in semi-urban/rural areas make up growing portions of new credit demand. Innovations like agentic AI systems and conversational AI agents are improving customer support, decision accuracy, and engagement and speed.

**USHA DUTTA**

Chief Credit Officer - L&T Finance



POS rose 11.6% YoY, slower than the expansion in active loans.

Personal Loans - Portfolio Snapshot

	Dec-24	Sep-25	Dec-25
Portfolio Outstanding (₹ L Cr)	14.3	15.4	15.9
YoY growth %		12.0%	11.6%
QoQ growth %		2.9%	3.5%
Active Loans (Lakh)	1,147.9	1,234.2	1,303.2
YoY growth %		8.3%	13.5%
QoQ growth %		2.9%	5.6%
PAR 31-90	1.9%	1.6%	1.5% ↔
PAR 91-180	1.2%	1.1%	1.0% ↔
PAR 180+	4.9%	5.6%	5.4% ↓

Personal Loans - Geographic Distribution

POS (₹ K Cr)	Dec-25	Growth		PAR 31-180		
		YoY%	QoQ%	Dec-24	Sep-25	Dec-25
MH	191.9	11.6%	3.3%	3.2%	2.9%	2.6% ↓
TN	146.8	11.0%	3.6%	3.0%	2.7%	2.6% ↔
KA	144.6	13.6%	3.7%	2.5%	2.3%	2.1% ↓
UP	141.1	14.4%	4.0%	2.8%	2.4%	2.2% ↓
TS	113.6	8.0%	1.9%	3.2%	2.8%	2.6% ↓
AP	98.7	10.4%	3.0%	3.2%	2.8%	2.5% ↓
RJ	83.3	12.2%	4.7%	2.7%	2.3%	2.1% ↓
BR	73.0	15.9%	4.3%	3.3%	2.9%	3.0% ↔
WB	66.7	13.5%	3.9%	3.0%	2.7%	2.7% ↔
MP	58.0	13.1%	3.8%	3.2%	2.7%	2.5% ↓
<b>Top 10</b>	<b>1,117.7</b>	<b>12.2%</b>	<b>3.6%</b>	<b>3.0%</b>	<b>2.7%</b>	<b>2.5% ↓</b>
<b>Rest Of India</b>	<b>474.4</b>	<b>10.4%</b>	<b>3.4%</b>	<b>3.2%</b>	<b>2.6%</b>	<b>2.5% ↔</b>
<b>Pan India</b>	<b>1,592.1</b>	<b>11.6%</b>	<b>3.5%</b>	<b>3.1%</b>	<b>2.7%</b>	<b>2.5% ↓</b>

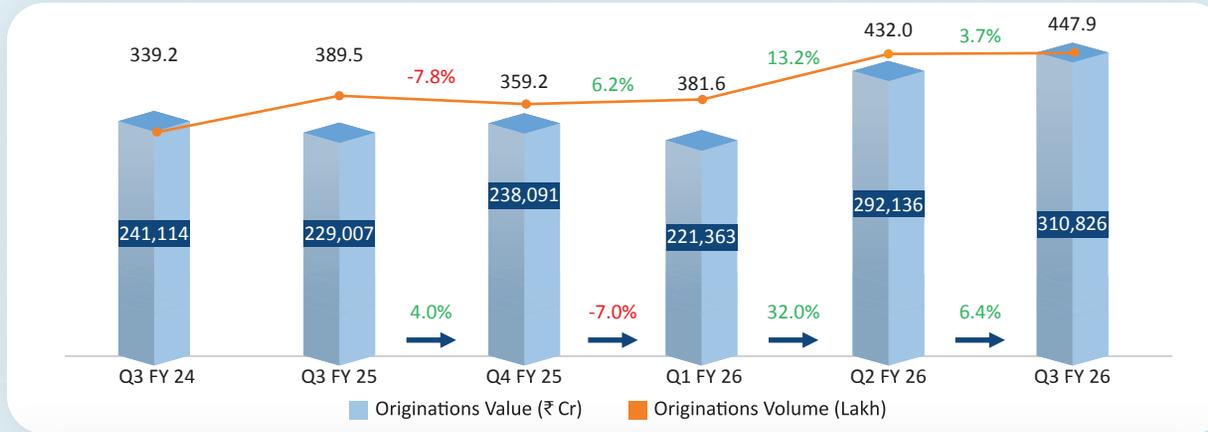
- **Portfolio:** POS grew 11.6% YoY and 3.5% QoQ, reaching ₹15.9L Cr by Dec-25. Active loans expanded faster, up 13.5% YoY and 5.6% QoQ to 1,303 Lakh, reflecting a lower average ticket size.
- **Performance:** Early delinquency buckets remained broadly stable: PAR 31–90 steady at 1.5% and PAR 91–180 unchanged at 1.0%. PAR 180+ improved to 5.4%, though the long-overdue segment continues to signal elevated risk

- The **top 10 states** account for ~70% of PL POS and are **expanding faster** than the national average (12.2% YoY vs. 11.6% YoY).
- Within these, **BR, UP, KA, and WB** show stronger YoY and QoQ growth relative to Pan-India.
- PAR 31-180 has **improved** across most states; however, BR remains above the national average, warranting close monitoring given its higher growth trajectory.

↓ Refers to QoQ Improvement (PAR) ↔ Refers to stable QoQ (PAR)

## Originations value expanded 6.4% in Q3 FY26, marking moderate yet steady growth

Personal Loans Originations Trends



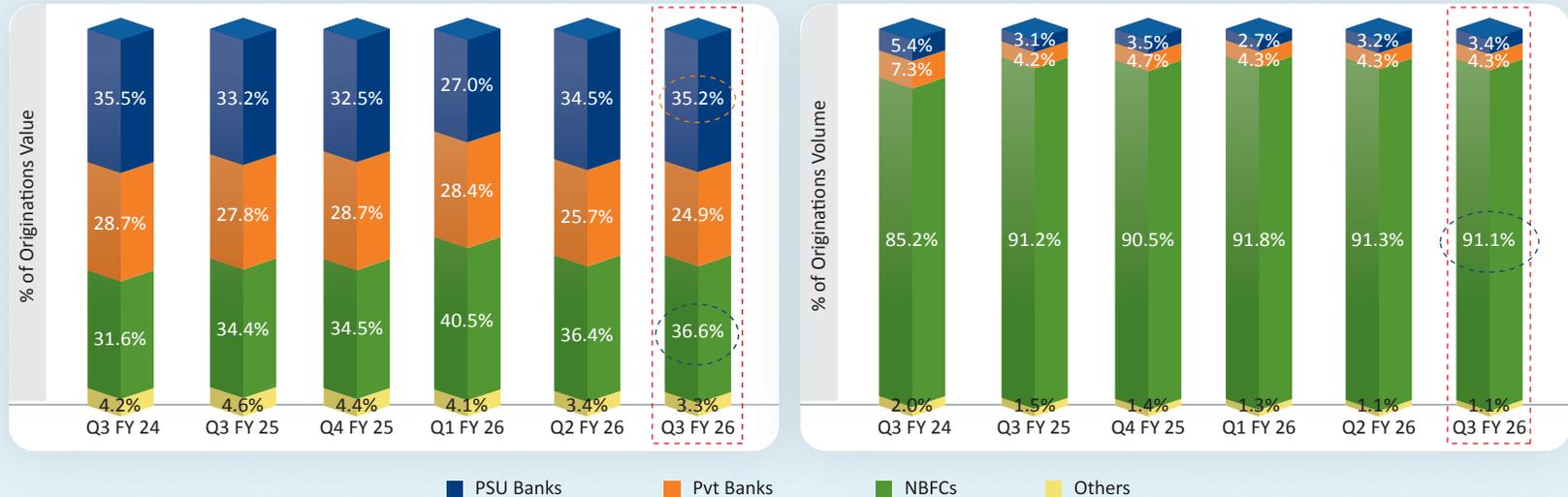
	Q3 FY24	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Average Ticket Size (₹ K)	71.1	58.8	66.3	58.0	67.6	69.4
Q-o-Q Growth %			12.7%	-12.5%	16.6%	2.6%

### Momentum slowed in Q3 FY26 following strong growth in Q2.

- Originations grew 6.4% QoQ to ₹3.11L Cr, supported by a 3.7% increase in volumes to 447.9 Lakh.
- After a sharp 16.6% QoQ rise in average ticket size in Q2, the metric remained broadly stable at ~₹70k in Q3 FY26.

## NBFCs dominate Personal Loan originations in Q3 FY26, leading both value (36.6%) and volume (91.1%)

Lender Type Wise Originations Trends



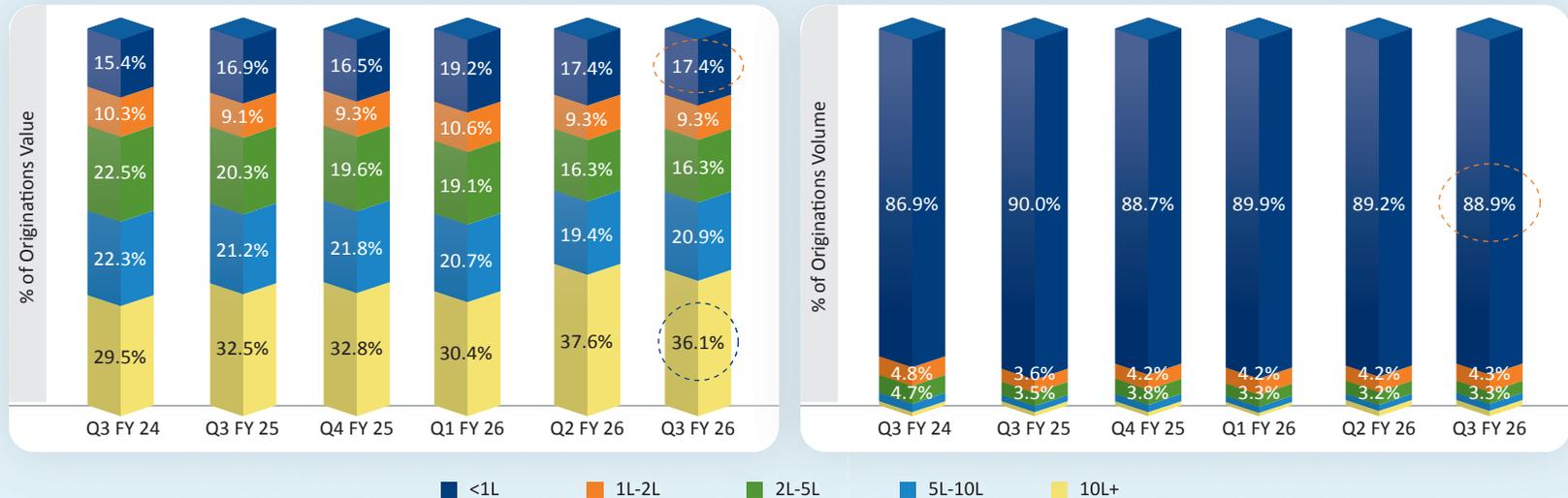
### Market Share Shifts:

- **PSU Banks** sustained their elevated share at **35.2%**, reflecting stability after the **sharp rise in Q2**.
- **NBFCs** accounted for **36.6% of originations value**, slightly below earlier peaks but still a major player.
- **NBFCs** continue to dominate originations **volumes at 91.1%** as of Q3 FY26. Public Sector and Private Banks together contribute ~8% of volumes but nearly 60% of originations value.

Note: Others include SFBs, Foreign Banks, HFCs, Cooperative Banks, RRBs, ARCs etc.

Loans above ₹10L account for 36.1% of originations value, despite representing only ~2% of originations volume

Ticket Size Wise Originations Trends

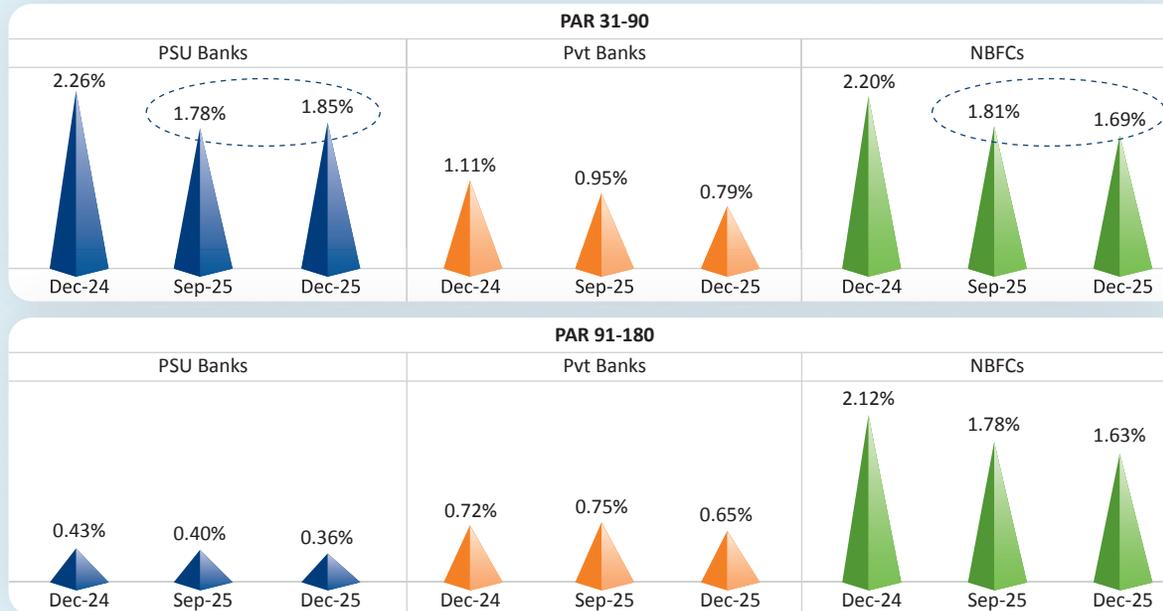


Trends in Q3 FY26:

- High-ticket loans (₹10L+) accounted for **36.1% of originations value in Q3 FY26**, marginally lower than 37.6% in Q2, yet still representing the largest share of total originations by value. This reflects continued strength in the segment, with PSU Banks playing a pivotal role.
- The distribution across **sub-₹10L segments remained largely unchanged**.
- **Small-ticket loans (<₹1L)** contributed only **17% of originations value**, but comprised nearly 89% of originations volume-underscoring the dominance of NBFCs in this space and the rising influence of fintechs in small-ticket personal lending.

As of Dec-25, PSU Banks' PAR 31–90 rose to 1.85%, surpassing NBFCs

Delinquency - Lender Type

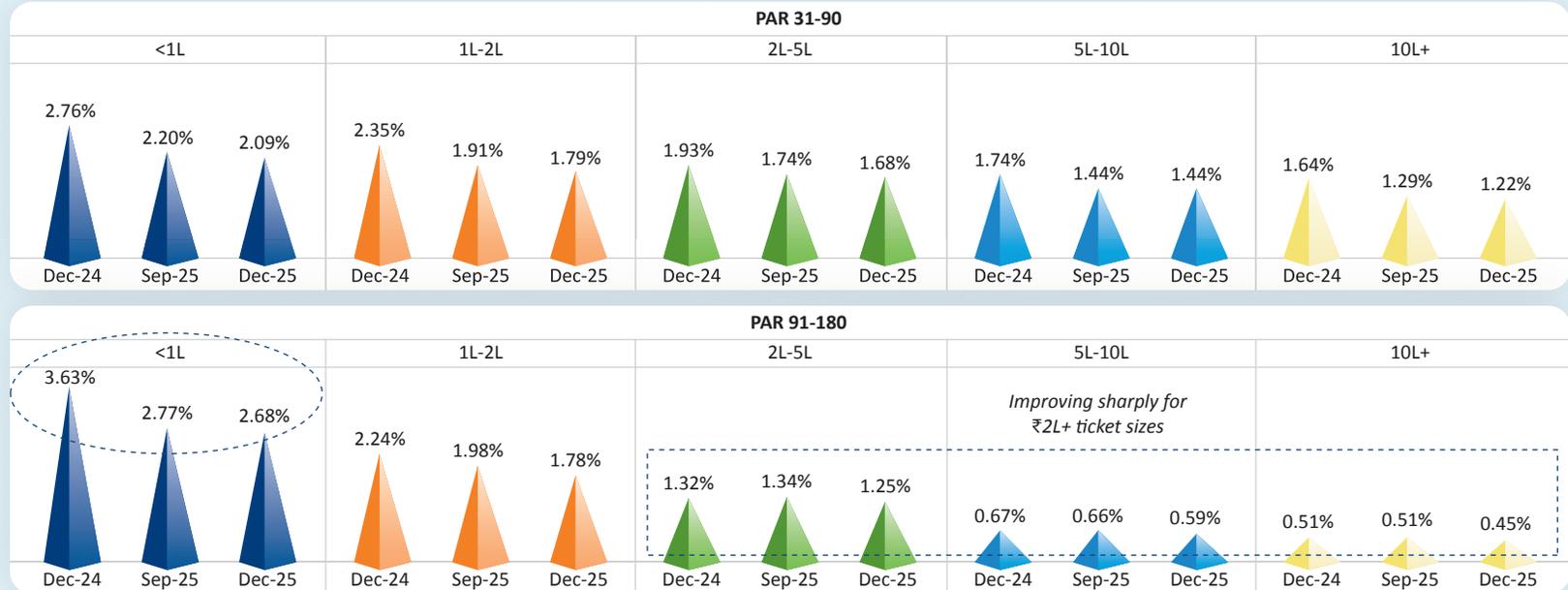


**Delinquency Trends:**

- In the PAR 31–90 bucket, most lenders reported improvement, except PSU Banks, which saw stress levels rise to 1.85% as of Dec’25 from 1.78% as of Sep’25
- NBFCs continue to record one of the highest delinquency rates in PAR 91–180, compared to PSU and Private Banks, despite showing improvement on both QoQ and YoY basis.

## PAR 31-90 rates remain higher than PAR 91-180, with slight QoQ improvements

Delinquency - Ticket Size



### Stress Segments by Ticket Size:

- PAR 31–90 showed gradual improvement across ticket sizes.
- PAR 91–180 declined sharply for loans above ₹2L, reflecting stronger borrower quality in higher-ticket segments.
  - The <₹1L segment, accounting for ~90% of originations volume but only 17% of value, improved from 3.63% (Dec'24) to 2.68% (Dec'25), though stress remains elevated relative to larger loans.

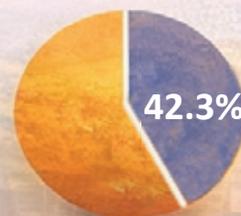
## PERSONAL LOANS: Q3 FY26 SNAPSHOT



As of Dec'25, POS growth at **+11.6%** YoY & **+3.5%** QoQ



NTC Penetration  
Low at **<5%**



BT100 Leads with  
**42.3%** of  
originations value

High-Value Loans  
Originating from **₹10L+**  
segments: **36%** of value,  
just **~2%** of volume



**~91%** share  
of originations  
volumes by  
**NBFC**





# ***AUTO LOANS***



Auto finance growth in India reflects a more aspirational and upwardly mobile consumer, particularly within the expanding mass affluent and affluent segments. Demand is broad-based - spanning premium vehicles, EVs, and a rapidly formalising pre-owned market that is becoming a structural growth pillar. The opportunity now lies in scaling with precision, balancing deeper credit penetration with stable asset quality.

**SASIDHAR VAVILALA**  
EVP Analytics - Suryoday Bank



## Auto Loan growth remains strong on both YoY and QoQ bases, supported by festive demand and GST rate changes

Portfolio Snapshot

	Dec-24	Sep-25	Dec-25
Portfolio Outstanding (₹ L Cr)	7.9	8.6	9.0
YoY growth %		16.3%	14.6%
QoQ growth %		2.9%	5.1%
Active Loans (Lakh)	154.2	166.3	168.1
YoY growth %		12.2%	9.0%
QoQ growth %		2.3%	1.1%
PAR 31-90	2.0%	2.4%	2.3% ↔
PAR 91-180	0.8%	0.7%	0.7% ↔
PAR 180+	3.2%	2.0%	1.9% ↓

\* SIAM: <https://www.siam.in/news-&-updates/press-releases/auto-industry-performance-of-december-2025-and-q3-october---december-2025/595>

Geographic Distribution

POS (₹ K Cr)	Dec-25	Growth		PAR 31-180		
		YoY%	QoQ%	Dec-24	Sep-25	Dec-25
MH	116.1	17.0%	5.7%	2.3%	2.4%	2.3% ↔
UP	86.2	18.1%	6.2%	3.3%	3.8%	3.6% ↓
GJ	73.4	11.4%	4.9%	2.2%	2.4%	2.2% ↓
KA	69.3	13.2%	4.5%	2.8%	3.1%	2.9% ↓
TN	59.2	13.0%	5.5%	2.7%	3.0%	2.8% ↓
RJ	51.1	17.8%	7.0%	2.5%	2.9%	2.6% ↓
KL	48.5	12.4%	3.6%	2.9%	2.9%	2.5% ↓
DL	46.8	13.9%	4.2%	1.7%	2.0%	2.0% ↔
TS	46.0	7.8%	3.3%	2.6%	3.0%	2.8% ↓
HR	45.3	18.7%	6.0%	2.0%	2.3%	2.2% ↔
<b>Top 10</b>	<b>641.8</b>	<b>14.6%</b>	<b>5.2%</b>	<b>2.5%</b>	<b>2.8%</b>	<b>2.6%</b> ↓
<b>Rest Of India</b>	<b>261.3</b>	<b>14.5%</b>	<b>5.0%</b>	<b>3.5%</b>	<b>4.0%</b>	<b>3.9%</b> ↔
<b>Pan India</b>	<b>903.1</b>	<b>14.6%</b>	<b>5.1%</b>	<b>2.8%</b>	<b>3.1%</b>	<b>3.0%</b> ↔

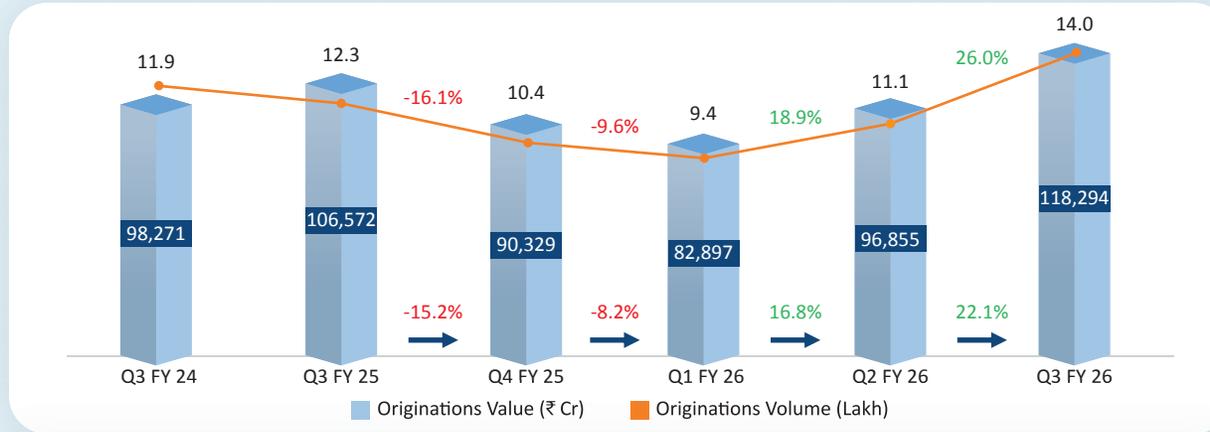
- **POS:** Auto Loans POS witnessed healthy growth of nearly 15% YoY and 5.1% QoQ backed by strong growth in auto sales in the festive quarter Q3 FY26 and GST rate reduction\*
- **Performance:** PAR 31–180 remained stable over the previous year, while PAR 180+ improved.

- **Contribution:** Top 10 states account for ~71% of pan-India POS, with 14.6% YoY and 5.2% QoQ growth. MH leads with ₹116.1K Cr POS, while UP, MH, HR and RJ are among the fastest-growing states, outpacing national YoY and QoQ trends.
- **PAR Trends:** Most leading states saw a decline in PAR 31–180 between Sep'25 and Dec'25. However, UP and the rest of India continue to report higher PAR 31–180 compared to other states.

↓ Refers to QoQ Improvement (PAR) ↔ Refers to stable QoQ (PAR)

## Strong festive demand lifted originations in Q3 FY26, even as GST rate cuts pushed ATS lower

Auto Loans Originations Trends



	Q3 FY24	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Average Ticket Size (₹ L)	8.2	8.6	8.7	8.9	8.7	8.4
Q-o-Q Growth %			1.1%	1.5%	-1.8%	-3.0%

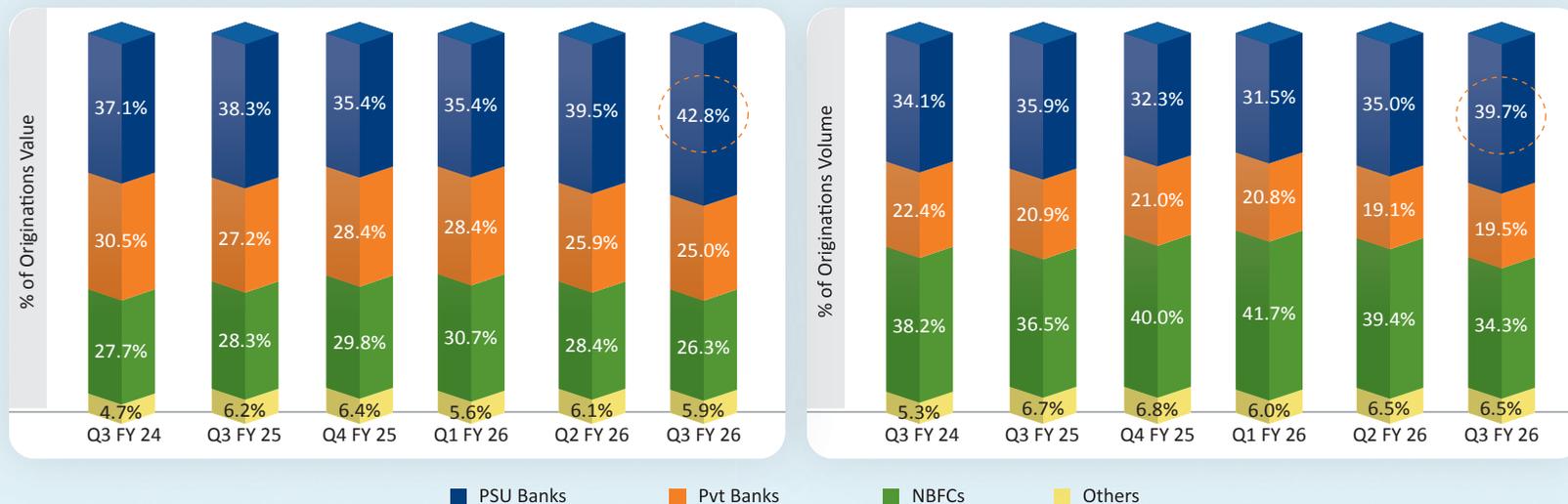
### Demand-led growth

- Auto Loan originations **accelerated their upward trajectory** in Q3 FY26, reaching ₹118.3K crore—a 22% QoQ increase. Loan volumes also remained strong at 14 lakh accounts, marking a 26% QoQ rise.
- According to SIAM, this momentum reflects improved affordability following **GST rate cuts**, favourable interest rate changes, and renewed buyer confidence.
- The **average ticket size declined by 3% QoQ** to ₹8.4 lakh, indicating that lower GST rates enabled borrowers to reduce borrowing amounts while sustaining demand.

SIAM: Society of Automobile Manufacturers

## PSU Banks now account for 43% of originations by value and about 40% by volume

Lender Type Wise Originations Trends



### Growing Dominance of PSU Banks:

- **PSU Banks** have steadily expanded their market share in originations.
- Value share rose from 38.3% in Q3 FY25 to 42.8% in Q3 FY26, potentially driven by competitive interest rates.
- Volume share increased from 35.9% in Q3 FY25 to 39.7% in Q3 FY26, followed closely by NBFCs at 34.3%.

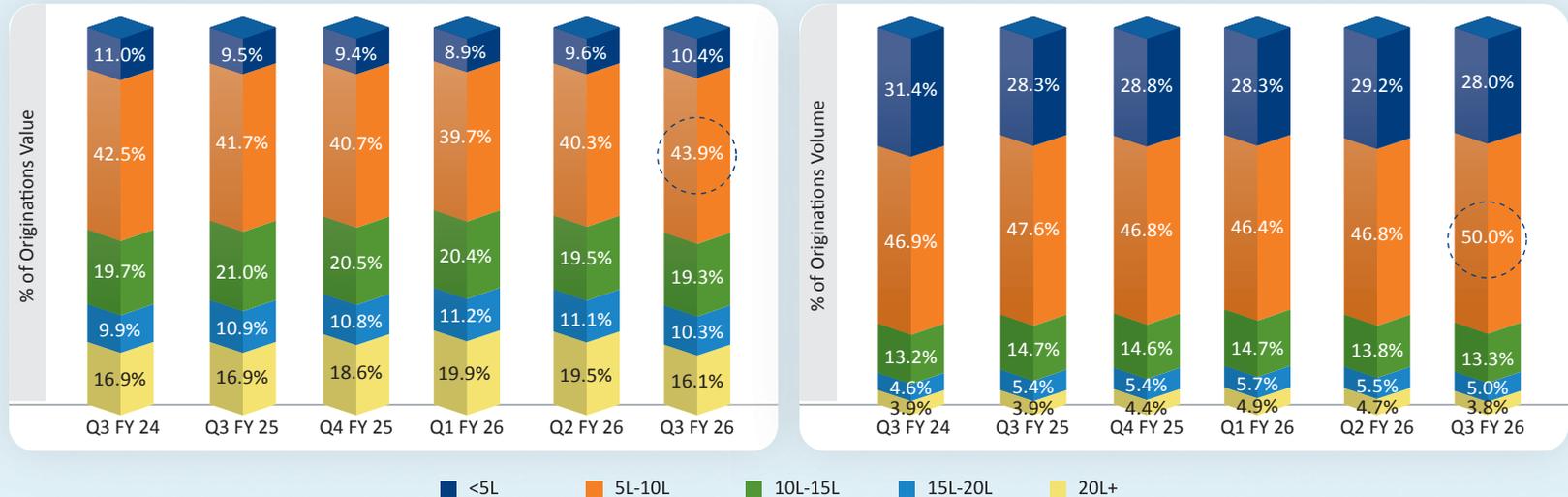
### Impact on Private Banks and NBFCs:

- Private Banks and NBFCs witnessed a slight decline in originations value and volume share in Q3 FY26 compared to Q3 FY25, also reflecting the market share gains of PSU Banks.

Note: Others include SFBs, Foreign Banks, Cooperative Banks, RRBs, ARCs

₹5L-₹10L ticket size loans saw close to 4% share jump in both originations value and volume

Ticket Size Wise Originations Trends

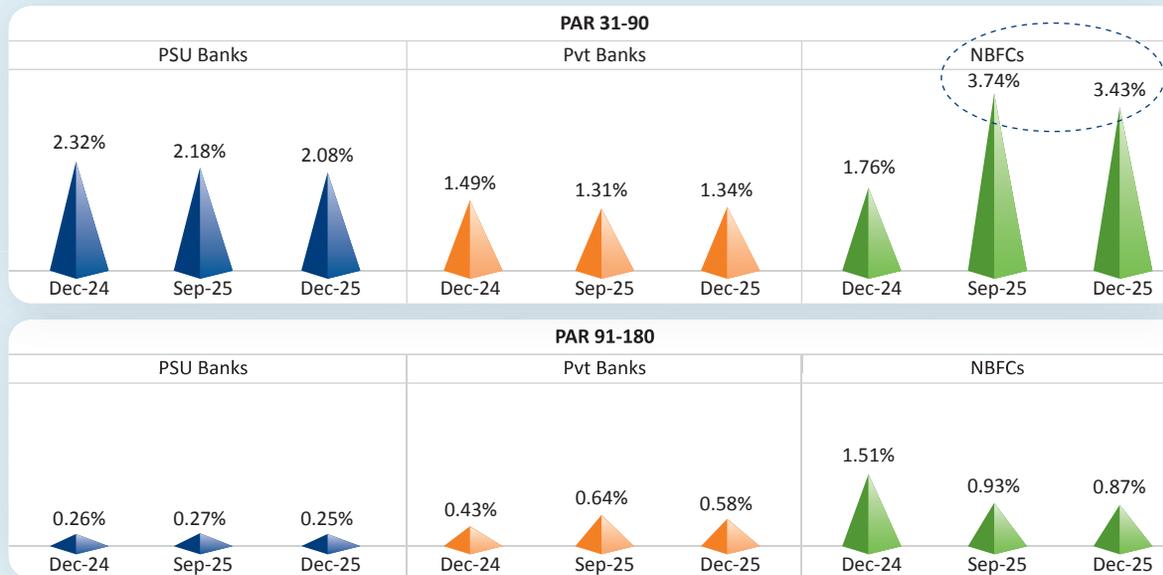


**Increase in share of small-ticket loans:**

- There has been a noticeable rise in originations value’s share for loans below ₹10L between Q2 FY26 and Q3 FY26.
  - Share of value for loans in the ₹5L-₹10L segment grew from 40.3% to 43.9% over the same period. In terms of volumes, their share increased from 46.8% to 50.0%.
- This trend was potentially driven by festive discounts and rate cuts, which encouraged borrowers to opt for smaller loan sizes

## NBFCs continue to face higher stress than other lender types, though all lenders showed improvement over the previous quarter

Delinquency - Lender Type

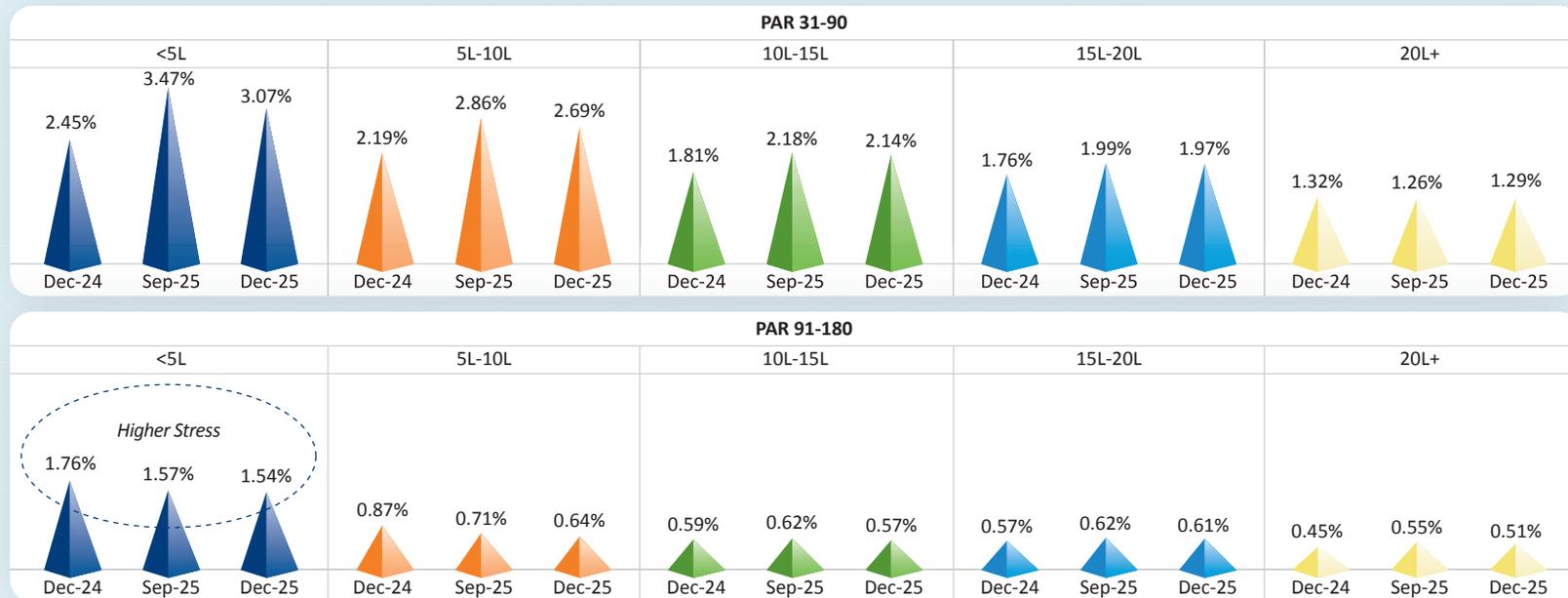


### Delinquency trends:

- PAR 31–90 remains significantly higher than PAR 91–180, indicating early risk stress across lender types.
  - **PSU Banks** showed improvement in both early-stage (PAR 31–90) and later-stage (PAR 91–180) delinquency buckets in Dec’25 compared to Sep’25, supported by a growing POS. They also continue to maintain one of the lowest later-stage delinquency levels (PAR 91–180 at 0.25%), reflecting stronger collection efforts.
  - **Private banks** reported one of the lowest PAR 31–90 levels among lender types.
  - Although improving, **NBFCs continue to carry higher risk** than other lenders in both PAR 31–90 and PAR 91–180.

## PAR 91-180 improved across all ticket sizes over the previous quarter and YoY

Delinquency - Ticket Size



### PAR 31-90 (Early-stage delinquency):

- All ticket sizes, except the ₹20L+ segment (which rose by 30 bps), showed improvement in Dec'25 compared to Dec'24. However, loans below ₹10L continue to exhibit higher stress—particularly important since the ₹5L–₹10L band alone accounts for ~44% of originations value.

### PAR 91-180 (Mid-stage delinquency):

- Improvement was seen across all ticket sizes, suggesting effective lender interventions such as intensified collections or early restructuring. Still, loans below ₹10L - which represent about 10% of originations value - carry comparatively higher stress.

## AUTO LOANS: Q3 FY26 SNAPSHOT

As of Dec'25, POS on the Rise with **+14.6%** YoY & **+5.1%** QoQ



Moderate NTC Penetration at  
**~9-10%**



Even City Spread of originations value in Top 8 cities = **32.5%**  
BT100 = **36.4%**



₹5L–₹10L Dominates originations **44%** of value **50%** of volume

**~43%** share of originations value by **PSU Banks**





# ***CREDIT CARDS***



The Indian credit card segment is undergoing a strategic recalibration, as issuers are prioritizing healthier credit and resilient profiles. This shift is evident in moderating revolver book growth and a clear shift in customer preference towards EMI based products. The banks are also leveraging co-branded partnerships to expand credit access, particularly for new to credit customers. Overall, the industry remains well positioned for steady and sustainable growth.

**ANIL SINGH**

Country Head, Credit Cards & Merchant Acquiring - YES BANK



## Credit Card outstandings moderated during the quarter, reflecting a slowdown in spending

### Credit Cards - Portfolio Snapshot

	Dec-24	Sep-25	Dec-25
Current Balance (₹ L Cr)	3.4	3.5	3.4
YoY growth %		9.0%	1.6%
QoQ growth %		3.6%	-2.5%
Cards In Circulations (Lakh)	1,042.1	1,085.1	1,094.4
YoY growth %		5.8%	5.0%
QoQ growth %		0.6%	0.9%
PAR 1-30	3.6%	2.3%	2.2% ↓
PAR 31-90	2.5%	2.3%	2.1% ↓
PAR 91-180	2.0%	1.8%	1.7% ↔
PAR 180+	6.5%	7.1%	7.6% ↑

All of the above metrics are without ARCs.

- **Portfolio:** Credit card balances stood at ₹3.4 lakh crore, with growth moderating to 1.6% YoY and declining 2.5% QoQ. The slowdown reflects softer spending levels, likely a cool-off following festive season outlays.
- **Performance:** PAR 1–180 buckets remained stable or showed improvement compared with the previous quarter.

### Geographic Diversification

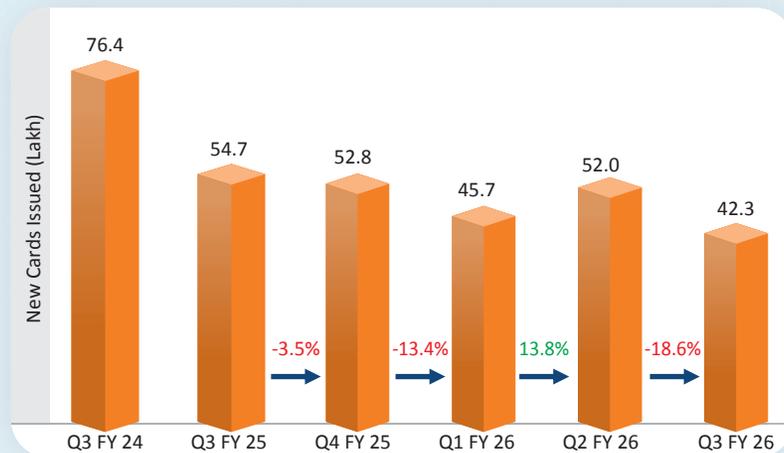
Current Balance (₹ K Cr)	Growth			PAR 31-90		
	Dec-25	YoY%	QoQ%	Dec-24	Sep-25	Dec-25
MH	51.0	2.0%	-0.6%	2.2%	2.1%	1.9% ↓
TS	35.3	-1.4%	-2.5%	2.5%	2.4%	2.2% ↓
KA	30.7	3.0%	-2.2%	1.9%	1.6%	1.5% ↓
TN	27.8	-1.5%	-2.6%	2.0%	1.9%	1.6% ↓
UP	26.0	5.4%	-2.3%	2.7%	2.5%	2.4% ↓
DL	26.0	-1.1%	-2.9%	2.6%	2.5%	2.4% ↓
GJ	24.2	-0.1%	-2.5%	2.8%	2.6%	2.5% ↓
AP	19.6	1.2%	-3.0%	2.8%	2.6%	2.3% ↓
WB	14.5	5.1%	-3.5%	2.6%	2.4%	2.4% ↔
HR	14.4	1.2%	-4.3%	2.5%	2.2%	2.1% ↓
<b>Top 10</b>	<b>269.4</b>	<b>1.2%</b>	<b>-2.4%</b>	<b>2.4%</b>	<b>2.2%</b>	<b>2.1% ↓</b>
<b>Rest Of India</b>	<b>72.8</b>	<b>3.3%</b>	<b>-2.9%</b>	<b>2.8%</b>	<b>2.4%</b>	<b>2.3% ↓</b>
<b>Pan India</b>	<b>342.1</b>	<b>1.6%</b>	<b>-2.5%</b>	<b>2.5%</b>	<b>2.3%</b>	<b>2.1% ↓</b>

- The **top 10** states account for ~79% of market share by value, with UP and WB recording relatively stronger YoY growth.
- However, alongside these high-growth states, DL, GJ, and WB have reported delinquency levels above the pan-India average.
- The **rest of India** also reflects higher delinquency compared with Pan India, underscoring risks emerging beyond the top 10 states.

↓ Refers to QoQ Improvement (PAR) ↔ Refers to stable QoQ (PAR) ↑ Refers to QoQ Deteriorations (PAR)

## Credit Card acquisition drops; Market share remains stable

Credit Cards Originations Trends



Share of Others is without ARC's

■ Pvt Banks ■ Others

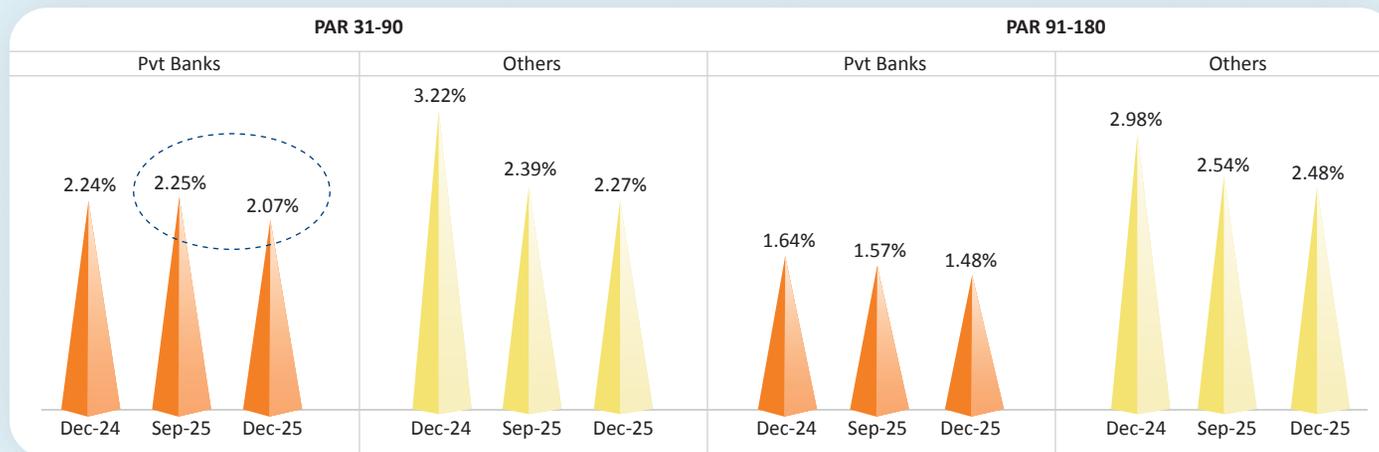
### Originations Volume declined:

- New credit card originations declined 18.6% QoQ, reversing the modest recovery seen in the previous period. Overall issuance has **trended downward** over recent quarters.
- Despite the overall slowdown, Private Banks have continued to expand their presence, leveraging marketing and co-branded partnerships with e-commerce and fintech platforms. PSBs and other players, meanwhile, have largely sustained stable market positions.

Note: Others include PSU Banks, NBFCs, SFBs, Foreign Banks, Cooperative Banks, RRBs.

## Industry-wide delinquencies improved, supported by calibrated issuances

Delinquency - Lender Type



Delinquencies for Others are without ARC's

### Delinquency trends

- PAR 31–90 improved across all lender categories over the previous quarter, with Private Banks in particular registering a notable decline - reflecting stronger borrower quality supported by calibrated issuances.
- The industry also recorded a slight improvement in PAR 91–180 between Sep'25 and Dec'25, alongside a more pronounced YoY decline from Dec'24 to Dec'25.

Note: Others include PSU Banks, NBFCs, SFBs, Foreign Banks, Cooperative Banks, RRBs.

## CREDIT CARDS: Q3 FY26 SNAPSHOT



Balances  
rising  
moderately at  
**+1.6%** YoY,  
As of Dec'25

NTC steady  
with  
**8.5%**  
vs  
last year

**41.5%**  
originations  
volume share  
from Top 8 cities;  
drive issuance



**74%** of new  
cards issued are  
from Private  
Banks





# **TWO-WHEELER LOANS**



The two-wheeler financing segment has witnessed steady demand during the recent quarter, strongly supported by festive purchases and improving rural sentiment. The GST policy change, coinciding with the festive period, has led to the largest price reduction in recent times, bringing greater transparency and operational clarity across the value chain. Lenders, while maintaining a selective underwriting stance, have increasingly focused on building secured books. Risk-calibrated expansion continues to dominate industry strategy, balancing growth with portfolio quality considerations.

The momentum of Q3 is expected to sustain in Q4 as well. Rural markets continue to spur demand. However, portfolio performance trends and borrower leverage levels will remain an important risk imperative that has to be continuously monitored.

Competitive intensity remains strong as always, with NBFCs and banks focusing on speed, distribution reach and customer experience as key differentiators. Digital onboarding, data-led underwriting and automation in credit decisioning are increasingly shaping the landscape. Dealer ecosystem partnerships and embedded financing models are also gaining importance. Going forward, technology-enabled risk assessment and operational efficiency will play a defining role in sustaining growth and profitability in the segment.

**VAMSIKUMAR**

Chief Operating Officer - Hinduja Leyland Finance





Q3 FY26 marked a strong rebound in two-wheeler financing, with POS expanding steadily and originations accelerating on the back of GST relaxation, improved affordability, and festive demand. NBFCs continued to reinforce their leadership, while the shift toward mid-ticket loans reflects evolving borrower preferences alongside broad-based regional growth. Delinquency trends improved sequentially, although continued vigilance remains important in select states and core loan segments.

Importantly, wider adoption of advanced analytics, AI-led underwriting and collection tools is enabling lenders to scale responsibly and plan with greater confidence for the coming quarters. Overall, the quarter reflects resilient demand, strengthening portfolio quality, and the sector's ability to sustain growth with discipline.

**AALESH AVLANI**

Co-founder and Executive Director - Creditwise Capital



## GST rationalization, coupled with festive demand, helped boost the two-wheeler credit market

Portfolio Snapshot

	Dec-24	Sep-25	Dec-25
Portfolio Outstanding (₹ K Cr)	164.2	172.2	184.4
YoY growth %		14.9%	12.3%
QoQ growth %		2.2%	7.1%
Active Loans (Lakh)	336.4	351.8	365.9
YoY growth %		12.3%	8.8%
QoQ growth %		1.6%	4.0%
PAR 31-90	3.6%	3.6%	3.1%↓
PAR 91-180	1.8%	1.9%	1.6%↓
PAR 181-360	1.7%	1.8%	2.0%↑
PAR 360+	5.6%	5.9%	5.5%↓

- **POS:** Two-wheeler POS expanded 7.1% QoQ to ₹184.4K Cr, marking a steady 12.3% YoY increase. Active loans rose 4.0% QoQ to 365.9 lakh, supported by strong originations during the quarter.
- **Performance:** Except for a marginal uptick in PAR 181-360, delinquency levels improved across all buckets as of Dec'25, aided by the expanding POS.

Geographic Diversification

POS (₹ K Cr)	Dec-25	Growth		PAR 31-180		
		YoY%	QoQ%	Dec-24	Sep-25	Dec-25
UP	21.9	15.4%	11.7%	4.8%	4.9%	4.2%↓
MH	21.0	13.7%	8.4%	4.8%	4.9%	4.5%↓
TN	15.5	21.3%	3.0%	4.8%	4.4%	3.7%↓
BR	12.0	15.7%	9.9%	7.1%	6.5%	5.3%↓
MP	11.5	9.4%	10.1%	7.0%	7.7%	6.1%↓
KA	11.1	6.9%	2.9%	5.2%	6.2%	5.4%↓
WB	10.6	10.3%	3.4%	3.5%	3.6%	3.3%↓
GJ	10.5	11.1%	8.5%	5.0%	5.0%	4.2%↓
RJ	9.5	8.0%	11.5%	7.6%	7.8%	6.2%↓
KL	7.3	11.2%	1.0%	5.1%	5.0%	4.3%↓
<b>Top 10</b>	<b>130.9</b>	<b>12.9%</b>	<b>7.4%</b>	<b>5.4%</b>	<b>5.4%</b>	<b>4.6%↓</b>
<b>Rest Of India</b>	<b>53.5</b>	<b>10.9%</b>	<b>6.3%</b>	<b>5.4%</b>	<b>5.6%</b>	<b>4.8%↓</b>
<b>Pan India</b>	<b>184.4</b>	<b>12.3%</b>	<b>7.1%</b>	<b>5.4%</b>	<b>5.5%</b>	<b>4.7%↓</b>

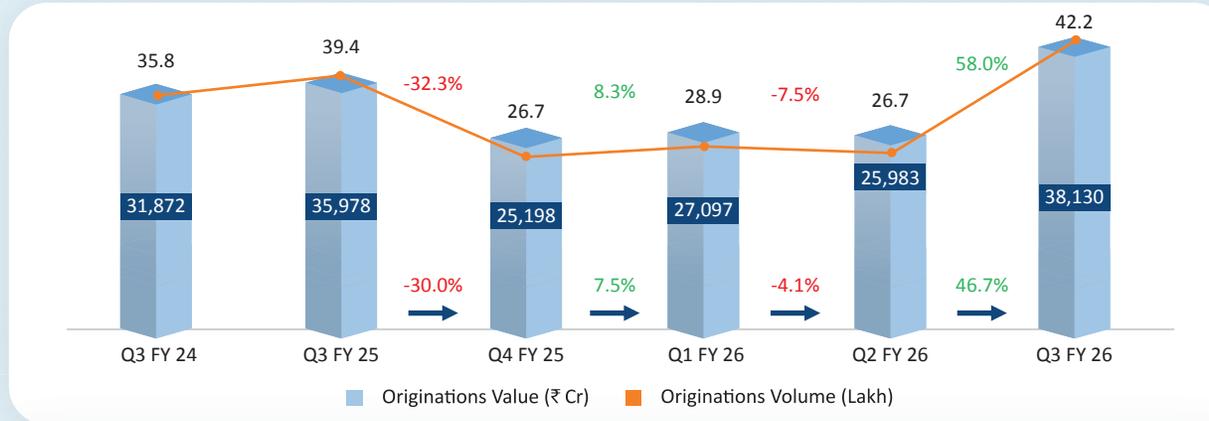
### Regional trends:

- TN led with 21.3% YoY growth with comparatively lower PAR 31–180.
- UP and RJ posted double-digit QoQ growth; however, RJ showed higher PAR 31–180 versus the pan-India average, warranting closer monitoring of portfolio vintages.
- BR and MP recorded ~10% QoQ growth, but PAR 31–180 exceeds national average, highlighting the need for tighter risk oversight.

↓ Refers to QoQ Improvement (PAR)    ↑ Refers to QoQ Deteriorations (PAR)

## Originations value rose 47% QoQ in Q3 FY26, while volumes increased 58% QoQ to 42 L

Two-Wheeler Loans Originations Trends



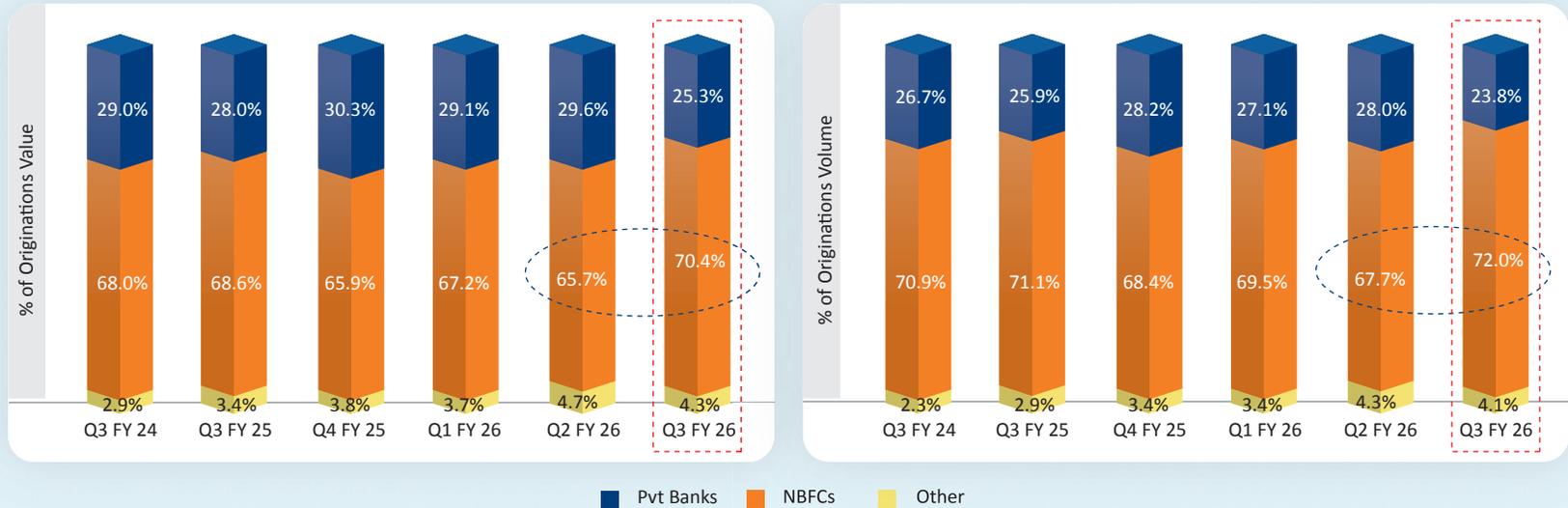
	Q3 FY24	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Average Ticket Size (₹ K)	89.1	91.3	94.5	93.8	97.2	90.3
Q-o-Q Growth %			3.4%	-0.7%	3.7%	-7.1%

### Q3 FY26 Performance Overview:

- Originations Value surged to ₹38,130 Cr, up 46.7% QoQ, marking one of the strongest quarterly rebounds. Originations Volume rose sharply to 42.2 Lakh loans, up 58.0% QoQ, reflecting broad-based demand recovery across regions.
- The rebound was driven by **strong sales momentum from GST relaxation**, improving vehicle affordability, rising household disposable income, and one of the strongest festive seasons in recent years.
- **Average Ticket Size of Two-wheeler loans declined to ₹90.3K (-7.1% QoQ)**, supported by rate rationalization that enabled borrowers to reduce ticket sizes.

In Q3 FY26, NBFCs' originations value share rose by nearly 5%, reaching 70.4%.

Lender Type Wise Originations Trends



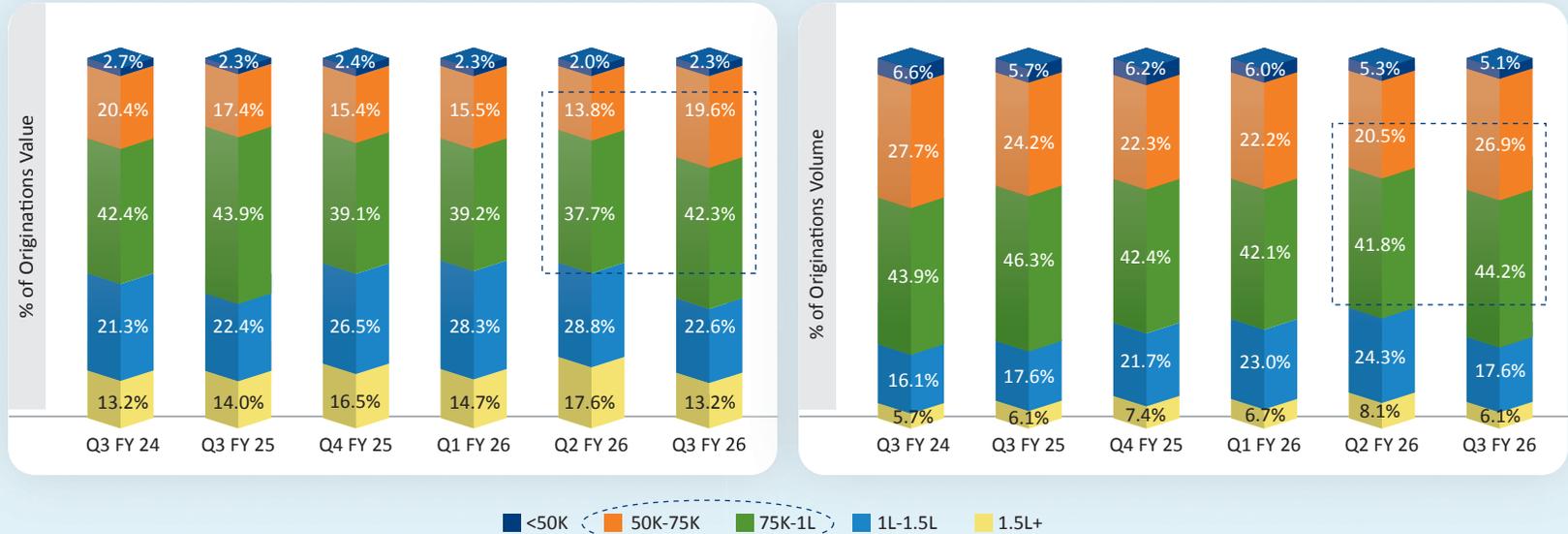
**NBFCs continue Dominance:**

- NBFCs continued to dominate two-wheeler originations in Q3 FY26, accounting for 70.4% of originations value and 72.0% of originations volume.
- Their faster growth in share being driven by captive financing models, quicker underwriting processes, and deeper reach into underbanked customer segments, among other factors.

Note: Others include PSU Banks, SFBs, Foreign Banks, Cooperative Banks, RRBs, ARCs

In Q3 FY26, loans <₹1L ticket size increased their originations value share by about 11%

Ticket Size Wise Originations Trends



**Dominant Category:**

- ₹75K–₹1L segment loans continued to dominate the two-wheeler loan market, accounting for **42.3% of originations value and 44.2% of originations volume** as of Q3 FY26.
- In Q3 FY26, the earlier shift toward higher-ticket loans reversed, with the **₹75K–₹1L band** increasing its share from 37.7% in Q2 FY26 to 42.3% in Q3 FY26. The ₹50K–₹75K band also expanded its share from 13.8% to 19.6% over the same period, accompanied by a concurrent rise in volumes, reflecting the decline in average ticket size in Q3 FY26.

## Private Banks record sharper improvement in PAR 31–180 compared to NBFCs as of Dec-25

Delinquency - Lender Type

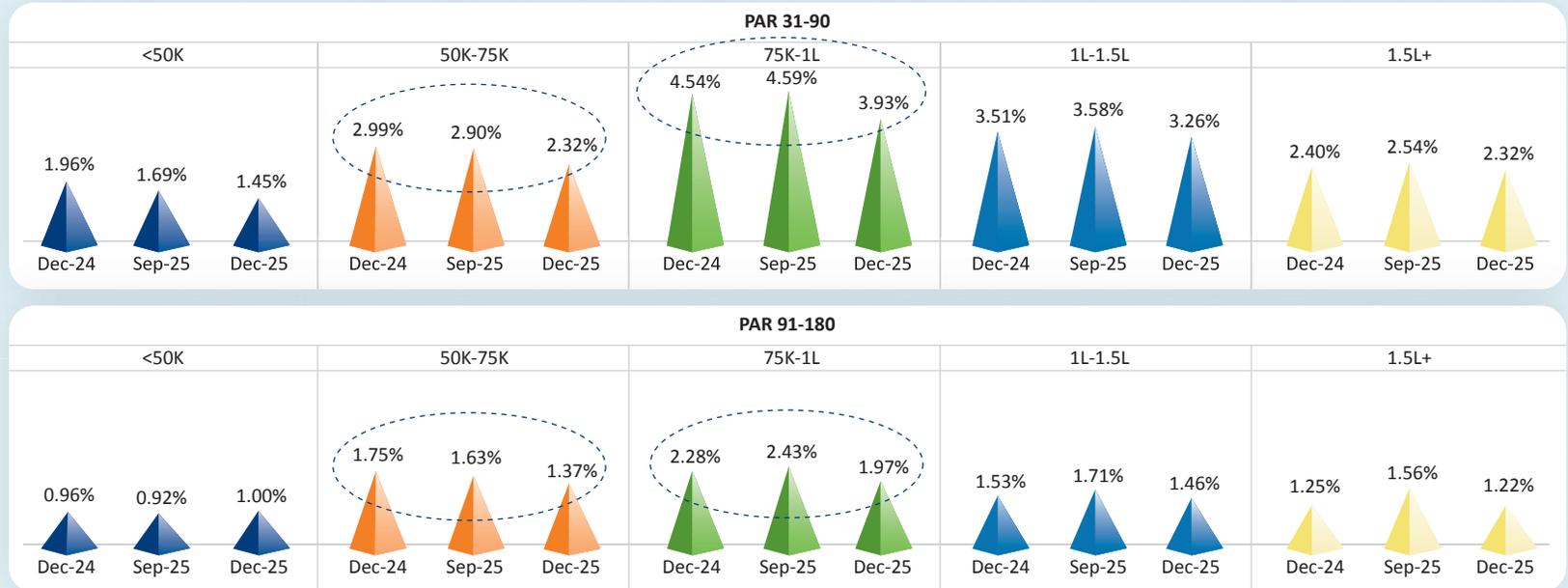


### Delinquency trends:

- Private banks and NBFCs continue to show higher PAR 31–90 compared to PAR 91–180.
- Both buckets, however, recorded improvements in Dec' 25 relative to Sep'25 supported by the growing POS as of Dec'25.
- **NBFCs, despite higher originations, reported PAR 31–90 and PAR 91–180 levels only marginally above private banks.**

## ₹75K–₹1L Band shows among the highest delinquency levels

Delinquency - Ticket Size



### Delinquency trends:

- The ₹75K–₹1L band, which represented 42.3% of originations in Q3 FY26, continues to record among the highest delinquency levels, underscoring stress in this core segment across both PAR 31–90 and PAR 91–180 buckets.
- While all ticket-size bands showed improvement, the ₹50K–₹75K segment registered substantial gains as of Dec'25, with **delinquency levels lower** than even higher-ticket segments (₹1L–₹1.5L), driven by elevated originations during this period.

## TWO-WHEELER LOANS: Q3 FY26 SNAPSHOT

As of Dec'25, POS accelerating at **+12.3%** YoY & **+7.1%** QoQ

Contributing to **38.3%+** NTC, despite gradual slide

Strong in smaller markets; share of **BT100 = 53.4%** of originations value

Originations value jump from **₹25,983 Cr** → **₹38,130 Cr** (+46.7% QoQ)

**~70%** share of originations value from NBFC's



NBFC's  
**~70%**



# **CONSUMER DURABLE LOANS**



The demand in consumer durable lending is now broad-based and structural. Driven by favourable GST adjustments and a dominant NBFC footprint, the industry is successfully capturing the enduring demand for affordable, small-ticket financing. To see strengthening portfolio quality alongside this growth confirms our thesis: the industry can grow aggressively while simultaneously hardening its asset quality. We are building a high-growth landscape anchored in better risk management and superior customer convenience.

**KARTHIK SRINIVASAN**

Chief Business Officer - HDB Financial Services



## Strong rebound in Consumer Durable Loan growth, driven by the festival season

Consumer Durable Loans - Portfolio Snapshot

	Dec-24	Sep-25	Dec-25
Portfolio Outstanding (₹ K Cr)	84.3	89.8	96.3
YoY growth %		10.2%	14.3%
QoQ growth %		0.6%	7.3%
Active Loans (Cr)	10.0	9.6	10.1
YoY growth %		-5.0%	0.8%
QoQ growth %		-7.6%	5.4%
PAR 31-90	1.4%	1.1%	1.0% ↓
PAR 91-180	1.3%	1.1%	0.9% ↓
PAR 180-360	0.6%	0.5%	0.4% ↔
PAR 360+	5.4%	5.5%	5.3% ↓

- **Portfolio:** CD portfolio outstanding grew 14.3% YoY to ₹96.3K Cr, with a 7.3% QoQ rise. Loan volumes were flat YoY (+0.8%) but improved 5.4% QoQ to 10.1 Cr, signaling recovery in originations supported by the festival season and GST cuts.
- **Performance:** PAR 31–180 showed slight improvement from 2.2% to 1.9% between Sep-25 and Dec-25, while PAR 360+ eased to 5.3%, reflecting strengthening portfolio quality.

Consumer Durable Loans - Geographic Distribution

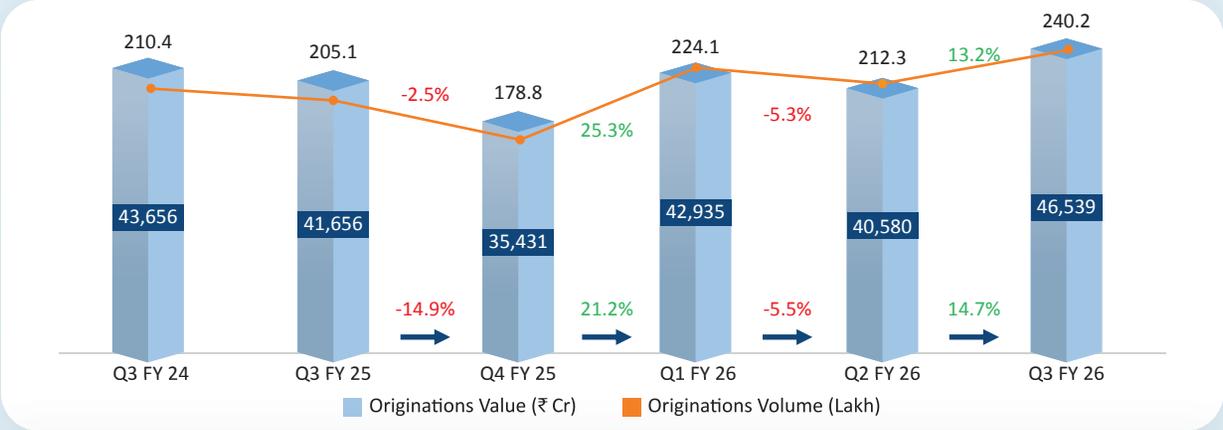
POS (₹ K Cr)	Dec-25	Growth		PAR 31-180		
		YoY%	QoQ%	Dec-24	Sep-25	Dec-25
MH	14.2	11.1%	9.9%	2.8%	2.7%	2.3% ↓
UP	8.8	33.9%	15.1%	3.6%	2.6%	2.2% ↓
TN	7.2	10.9%	6.5%	1.8%	1.6%	1.2% ↓
KA	6.9	7.2%	8.8%	2.1%	2.4%	1.9% ↓
KL	6.8	20.2%	1.7%	4.1%	2.6%	2.3% ↓
WB	6.0	11.8%	-2.4%	1.6%	1.2%	1.2% ↔
GJ	5.7	3.0%	6.0%	3.5%	2.7%	2.1% ↓
AP	4.9	11.7%	6.6%	2.4%	2.0%	1.7% ↓
TS	4.9	2.7%	6.8%	2.7%	2.4%	1.8% ↓
BR	4.3	30.8%	12.2%	2.5%	1.6%	1.5% ↔
<b>Top 10</b>	<b>69.7</b>	<b>13.7%</b>	<b>7.4%</b>	<b>2.7%</b>	<b>2.3%</b>	<b>1.9% ↓</b>
<b>Rest Of India</b>	<b>26.6</b>	<b>15.8%</b>	<b>7.1%</b>	<b>2.8%</b>	<b>2.0%</b>	<b>1.9% ↔</b>
<b>Pan India</b>	<b>96.3</b>	<b>14.3</b>	<b>7.3%</b>	<b>2.7%</b>	<b>2.2%</b>	<b>1.9% ↓</b>

- UP (15.1%) and BR (12.2%) drove recent QoQ expansion, while KL grew strongly from a smaller base; WB contracted.
- PAR 31–180 improved across most states QoQ. However, MH (large scale), UP and KL (considering the higher YoY growth rates), and GJ continue to report rates above the national average.

↓ Refers to QoQ Improvement (PAR) ↔ Refers to stable QoQ (PAR)

Originations rebounded in Q3 FY26, driven by festive-season demand

Consumer Durable Loans Originations Trends



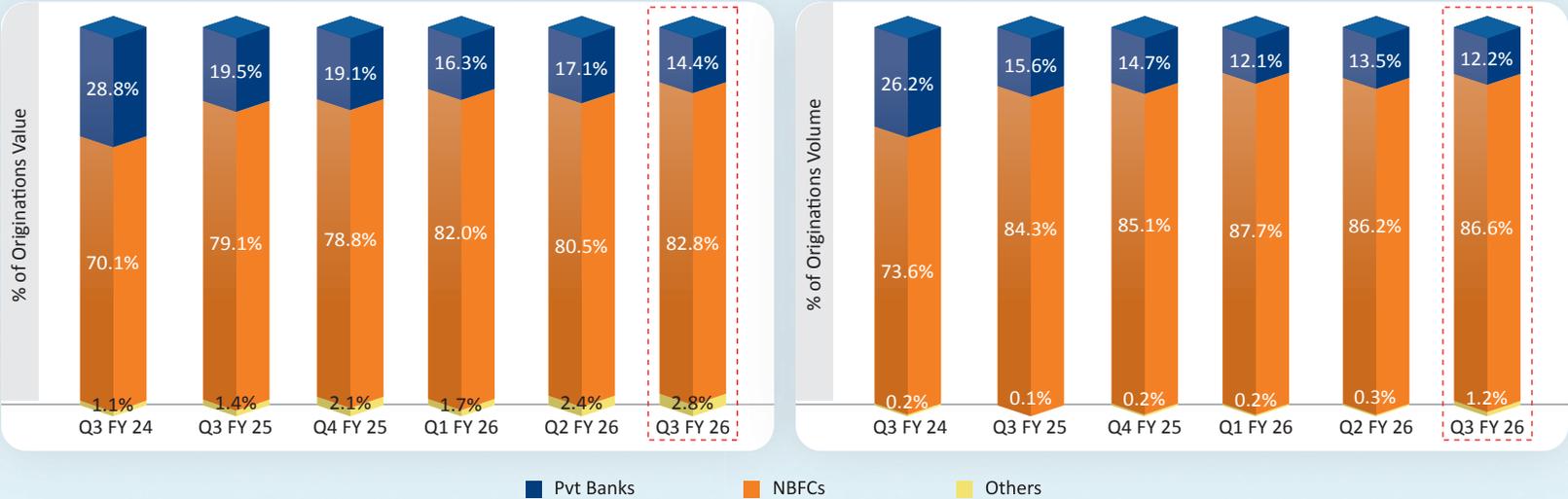
	Q3 FY24	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Average Ticket Size (₹ K)	20.7	20.3	19.8	19.2	19.1	19.4
Q-o-Q Growth %			-2.4%	-3.3%	-0.2%	1.3%

Recovery

- Originations value rose 14.7% QoQ to ₹46.5K Cr, marking a strong rebound following GST rate cuts (also referred as GST 2.0) which saw the prices of consumer durables reduce sharply.
- Originations volume climbed 13.2% QoQ to 240.2 lakh loans, **underscoring broad-based recovery driven by year-end demand**, promotional offers, and improved sentiment post-GST cuts.
- Average ticket size rose 1.3% as borrowers leveraged lower interest rates to upgrade purchases.

NBFCs maintain their lead in consumer durables lending market

Lender Type Wise Originations Trends



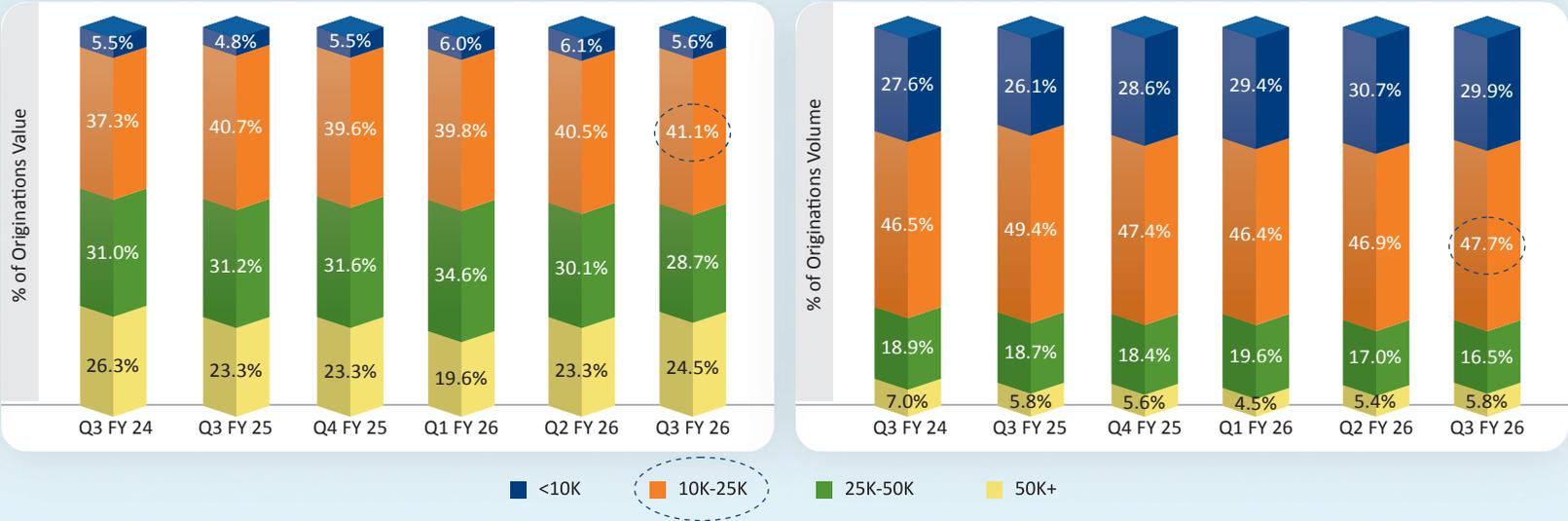
**Dominance of NBFCs**

- NBFCs continue to lead Consumer Durable Loan originations, commanding 82.8% of value and 86.6% of volume in Q3 FY26. Their dominance is supported by speed, convenience, extensive networks, BNPL options and POS financing offerings.
- Private Banks' share has steadily declined, slipping to 14.4% of value and 12.2% of volume in Q3 FY26 - signaling a notable shift in the lending landscape.

Note: Others include PSU Banks, SFBs, Foreign Banks, Cooperative Banks, RRBs, ARCs.

₹10K-₹25K now accounts for 41.1% of the originations value and 48% of the volume

Ticket Size Wise Originations Trends

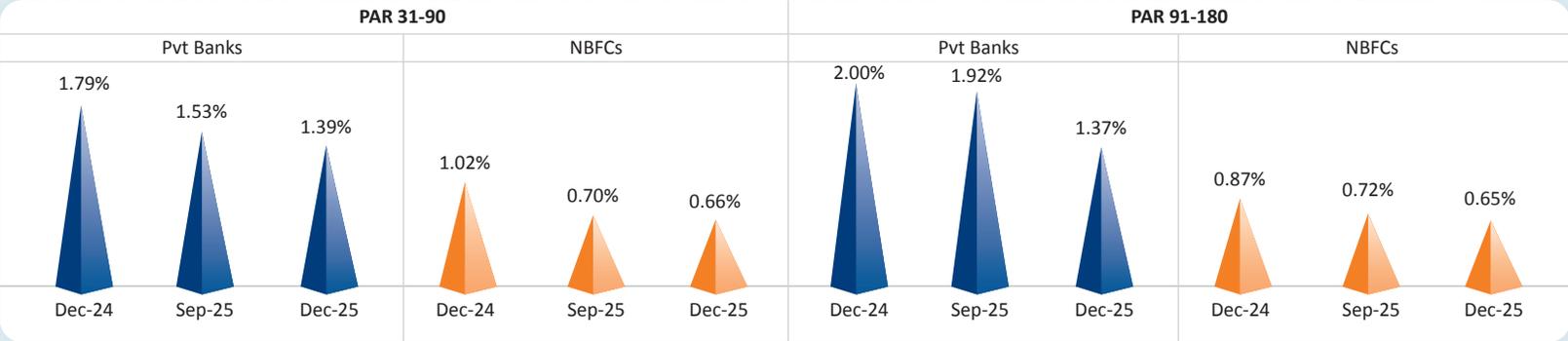


**Growing Share <₹25K loans**

- The ₹10K-₹25K segment has expanded its share in both value and volume:
  - Originations value rose from 37.3% to 41.1% over the past two years (between Q3 FY24 and Q3 FY26). Originations volume increased from 46.5% to 47.7% in the same period.
- Overall, loans below ₹25K continue to dominate volume share, comprising 77.6% of total originations volume, underscoring the sustained strength of small-ticket loans and consumer preference for affordable financing options.

NBFCs continue to outperform in PAR 31–180 overall

Delinquency - Lender Type

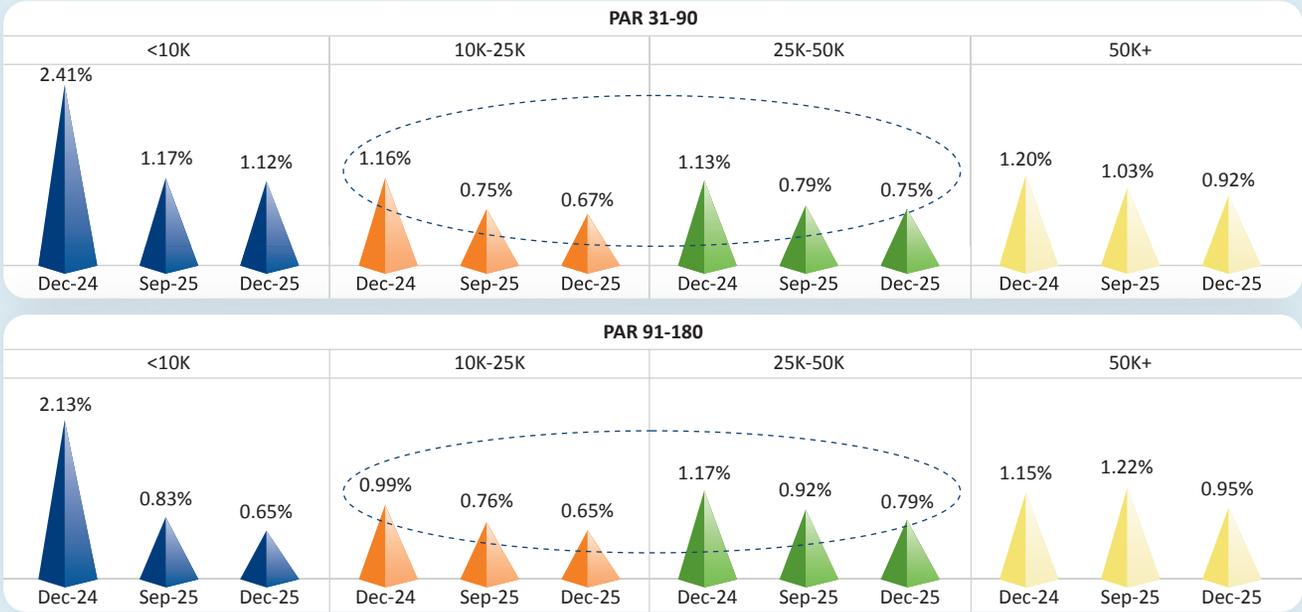


**Improving Asset Quality in NBFCs:**

- NBFCs, the market leaders in consumer durable lending, continue to perform well, contributing significantly to the overall improvement in asset quality.
- Private Banks have also shown improvement in asset quality; however, their delinquency levels remain higher than those of NBFCs, despite having a comparatively smaller loan book.

Delinquency improved across all ticket-size segments in Dec'25 versus the prior quarter

Delinquency - Ticket Size



**Ticket size wise delinquency trends:**

- ₹10K–₹25K and ₹25K–₹50K segments, together accounting for nearly **70% of originations value**, continue to show stable and improving delinquency across both PAR 31–90 and PAR 91–180 buckets.
- <₹10K loans have seen sharp improvement since Dec'24, particularly in PAR 91–180. However, delinquency remains slightly higher than mid-ticket ranges (especially in PAR 31-90), indicating residual stress among lower ticket size borrowers.

## CD LOANS: Q3 FY26 SNAPSHOT

As of Dec'25, POS up with **+14.3%** YoY & **+7.3%** QoQ

NTC steady at  
**16.3%**,

unchanged vs  
last year

BT100 leads  
demand:



of originations  
value

**₹10K-₹25K**  
Dominates  
originations with

**41%**  
of value

**48%**  
of volume

NBFCs lead:  
**~83%** of  
originations value



**~87%** of  
originations  
volume

## ABOUT HOW INDIA LENDS

*'How India Lends' is CRIF High Mark's flagship publication that offers a data-driven, comprehensive view of India's lending ecosystem. The report presents in-depth insights into key credit trends. Given its strong industry reception and growing relevance, the report has evolved from an annual publication into a quarterly edition. This shift enables more timely tracking of emerging trends and sharper visibility into the evolving credit landscape—especially during dynamic periods such as quarter-ends.*

### Analytical Contacts

Reach us at [research@crifhighmark.com](mailto:research@crifhighmark.com) for any queries

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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 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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