

Affordable Housing Loan and Micro LAP Trends (Bureau Trends+ Industry perspectives)

October 2026
(Data as of Aug'26)



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Affordable Housing Loans (AHL) Definition:
Loans with ticket sizes of ₹25 lakh or below are classified as Affordable Housing Loans.

Micro LAP Definition:
Loans with ticket sizes of ₹25 lakh or below are classified as Micro LAP (Loan Against Property).

Affordable housing remains a cornerstone of India's macroeconomic growth. Over the years, the sector has acted as a powerful catalyst for urban transformation, generating widespread construction employment and expanding access to formal housing finance. Flagship initiatives like the Pradhan Mantri Awas Yojana (PMAY) have solidified this foundation, delivering safe, permanent homes that drive inclusive development across both rural and urban landscapes.

While the broader credit market shows a noticeable shift toward higher-ticket loans, **the affordable housing segment remains the absolute volume anchor for Indian housing finance, with 68% of all loan disbursements valued at ₹25 lakh or less.** This segment continues to spearhead deep financial inclusion by increasing credit flow to 'Beyond Top 100' cities, expanding women's participation in loan originations, and welcoming a critical wave of new-to-credit customers into the formal financial ecosystem.

Asset quality trends are equally resilient. Affordable housing portfolios have demonstrated marked improvements in delinquency control across various product types and borrower risk profiles. Notably, states like Uttar Pradesh and Rajasthan are outpacing national growth averages while maintaining superior portfolio performance.

To complement these credit trends with on-the-ground reality, CRIF conducted a primary survey of 30 CXO-level industry leaders. Their insights capture the 'why' behind these numbers and project a highly favorable trajectory for the sector. We trust this report will serve as a vital benchmark for understanding India's affordable housing landscape and inspire initiatives that drive sustainable, inclusive growth.

Beyond Affordable Housing Loans, the report extends to Micro LAP (Loan Against Property) encompassing property loans up to ₹25L. Micro LAP presents an even more promising picture, with a five-year CAGR of 20.1%, driving overall LAP market expansion. The current portfolio outstanding stands at ₹4.7L Cr, comprising 83 lakh loans. Growth has been powered by HFCs and NBFCs, while SFBs have also increased their market share from 1.5% to ~6% between Aug'21 and Aug'26.

While loans below ₹10L show some stress, borrower-level analysis reveals that Micro LAP borrowers with gold loan exposure exhibit higher PAR 90+ risk compared to those with unsecured loan exposure. This trend is consistent even within Affordable Housing loans, underscoring the need for sharper borrower-level risk assessment.

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Affordable housing finance remains one of the strongest pathways to financial inclusion in India. With the segment accounting for nearly 68% of active housing loans, and over one in five originations coming from new-to-credit borrowers, its impact goes well beyond enabling home ownership. CRIF's report brings together valuable data and industry perspectives that help highlight both the scale of this opportunity and how the segment is evolving. The opportunity ahead is to reach deeper into emerging markets, while using technology, alternate data and responsible underwriting to bring more underserved customers into the formal financial system.

MR. RISHI ANAND
MD & CEO,
Aadhar housing finance ltd



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Affordable housing is no longer simply about addressing a basic need; it is emerging as a significant growth engine as urbanisation, rising incomes and evolving aspirations expand the addressable market. The sector is moving beyond the traditional notion of basic housing towards better-designed homes, stronger connectivity, digital-first customer journeys, and more efficient models of construction and financing. With rapid urbanization, as cities expand, so does the need for financing opportunities in the peri-urban areas.

What makes this opportunity particularly compelling is that the value created by affordable housing extends well beyond the transaction itself. A quality home provides families with greater stability, improves access to employment and education, and creates a stronger foundation for upward mobility. In this sense, affordable housing represents an opportunity that is not only commercially attractive, but also capable of generating meaningful and lasting social impact.

MR. RAVI SUBRAMANIAN
Managing Director and CEO,
Truhome Finance.



Portfolio Snapshot -

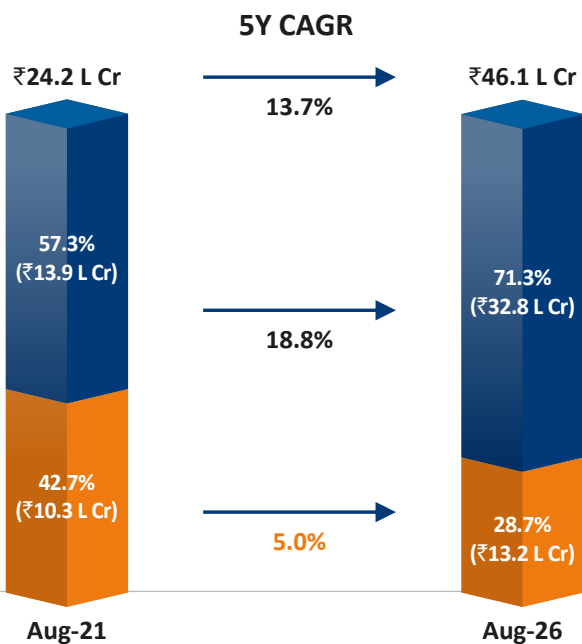
Benchmarking Affordable
Housing in Overall Housing Loans



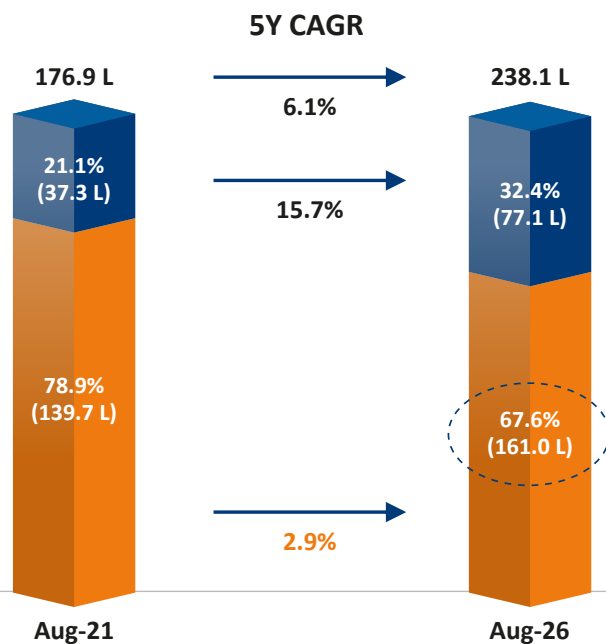
PORTFOLIO SNAPSHOT - OVERALL HOUSING LOANS

Affordable housing loans (AHL) remain a dominant segment, accounting for 68% of active housing loan count as of Aug'26. The sub-₹25 lakh POS has sustained a 5% CAGR over five years, even as its share recalibrated to 28.7%

Portfolio Outstanding share (%)



Active Loans share (%)



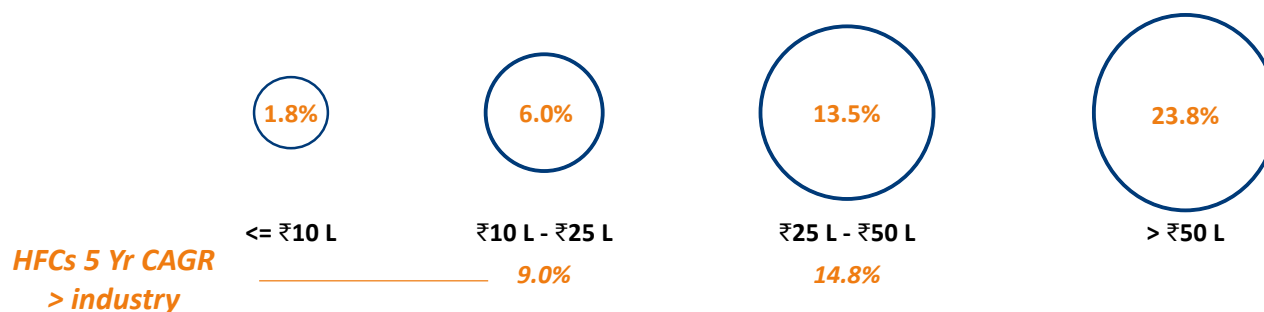
■ HL ≤ ₹25L

■ HL > ₹25L

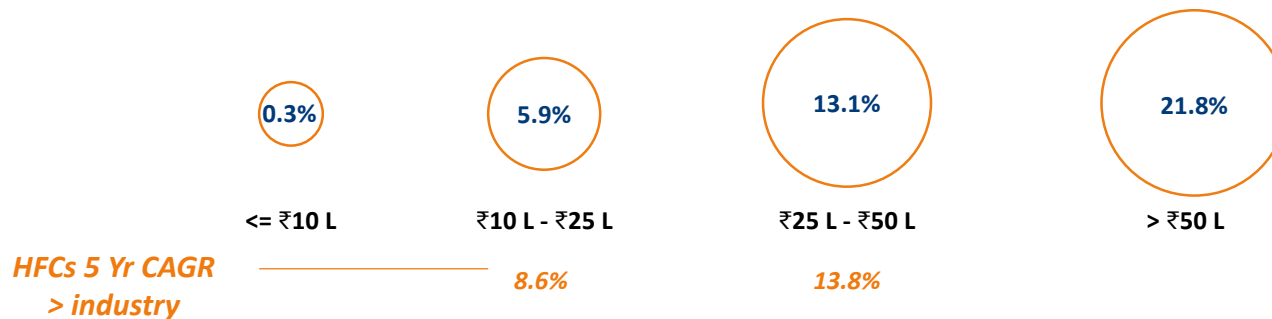
GROWTH RATE TRENDS

HFCs have outpaced the industry, with a higher 5 Yr CAGR in the ₹10–25 lakh segment (9% in POS vs 6% industry; 8.6% in active loans vs 5.9%), and in the ₹25–50 lakh segment (14.8% in POS vs 13.5% industry; 13.1% in active loans vs 13.8% industry).

Portfolio Outstanding (POS) 5 Year CAGR ending Aug'26



Active loans 5 Year CAGR ending Aug'26

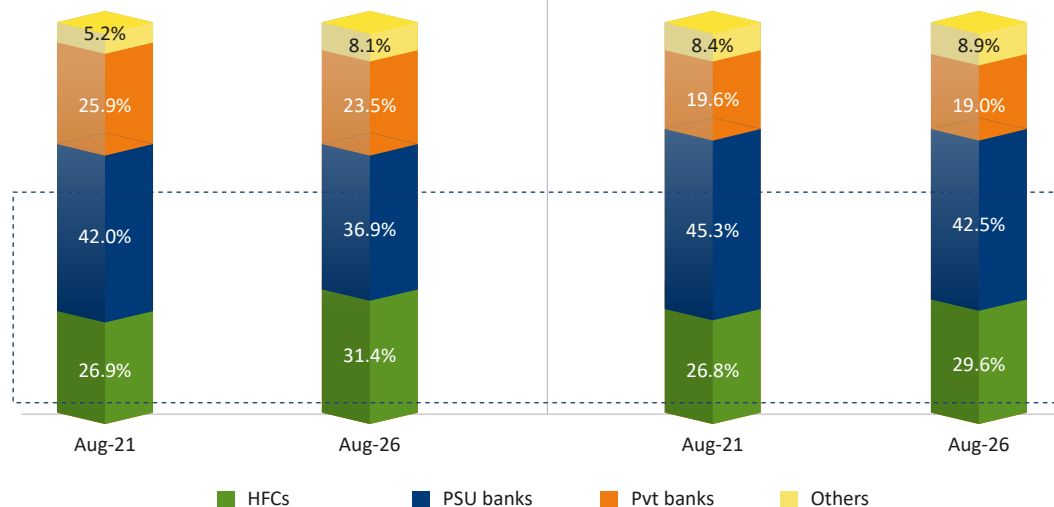


HFCs ARE GAINING STRONGLY IN THE AFFORDABLE HOUSING SPACE

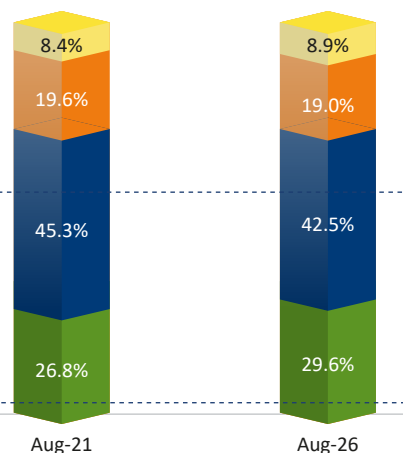
HFCs are strengthening their foothold—expanding share from 26.9% in Aug'21 to 31.4% in Aug'26-while PSU banks are retreating from the sub-₹25 lakh segment. Moreover, HFCs' YoY growth rate outpaces that of PSU banks

For Affordable Housing Loans (≤₹25L ticket size)

POS Share



Active Loans Share



Affordable Housing Loans Aug'26 (YoY Growth %)

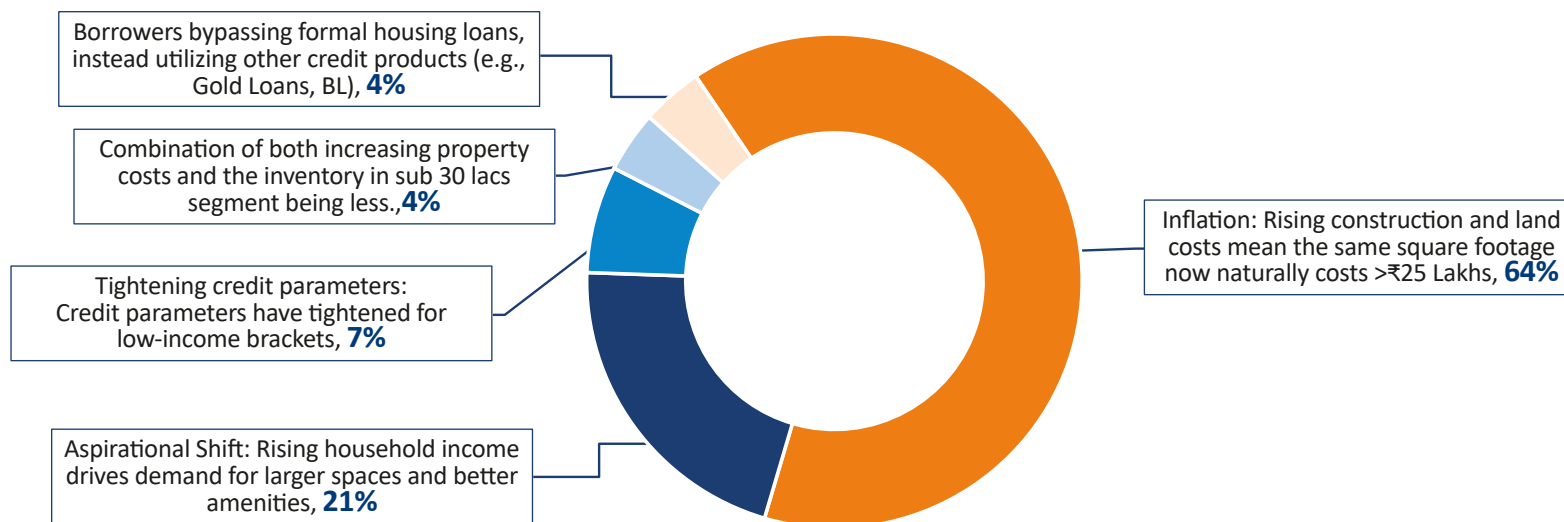
Lender Type	POS	Active loans
PSU Banks	0.9%	1.4%
Pvt Banks	-3.7%	-2.9%
HFCs	4.1%	1.9%

HFCs have grown faster than PSU and private banks in the AHL space, with private banks even showing a decline.

NBFCs account for a limited AHL share: POS 2.7% and active loans 3.1% (Aug'26).

Please note: Lender type category 'Other' include Foreign Banks, SFBs, RRBs, Co-Op Banks, ARCs, etc

Primary reason borrowers are shifting out of the ≤₹25 Lakhs bracket in housing loans



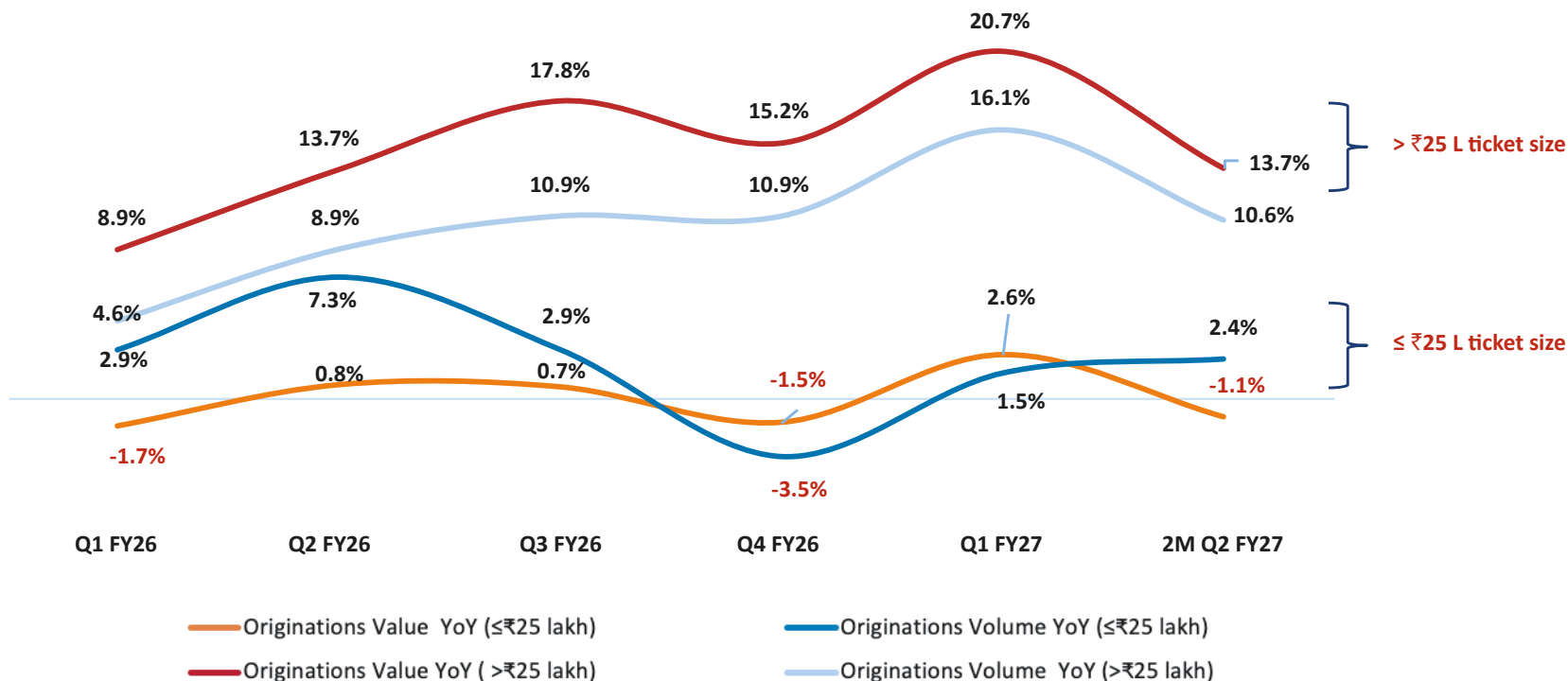
% indicates the share of respondents.

Affordable Housing Loans Originations and Financial Inclusion



A PEAK INTO THE RECENT ORIGINATIONS TRENDS

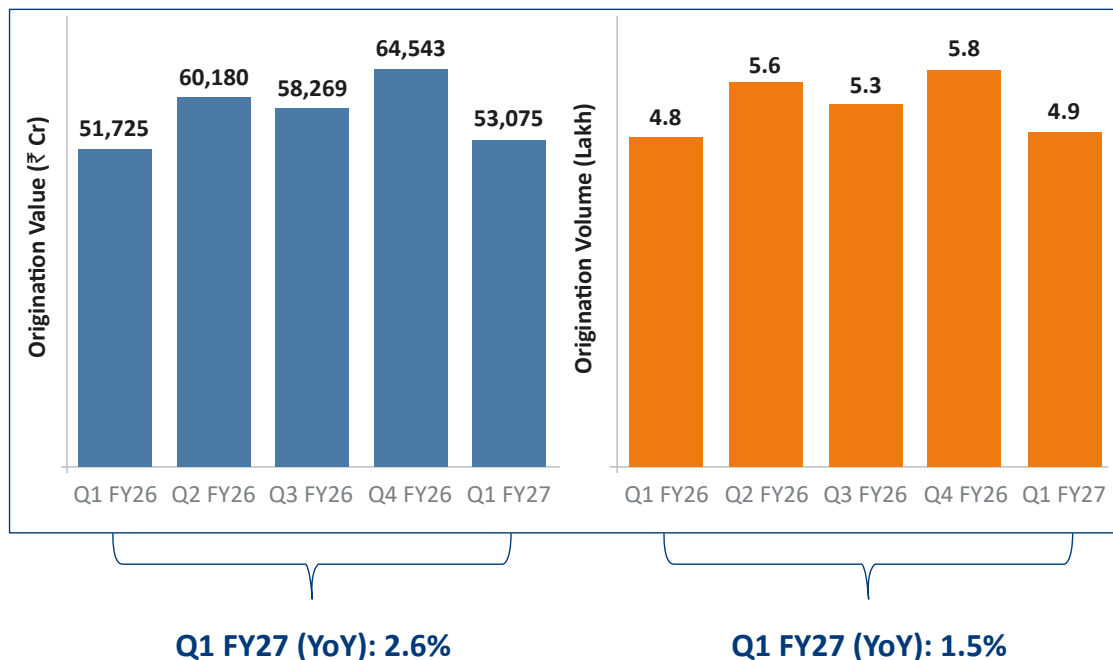
Except for Q4 FY26, when a broad slowdown was observed, affordable housing loans continued to record volume growth despite uneven value trends. In 2M Q2FY27 (ending Aug'26), originations ≤₹25 lakh grew 2.4% YoY in volume, while value remained broadly stable, declining only 1% YoY.



ORIGINATIONS TRENDS

Affordable Housing loans continued their growth in Q1 FY27, with volumes up 1.5% YoY and values up 2.6% YoY. A total of 4.9 lakh loans were disbursed, amounting to ₹53.0K Cr during the period

For Affordable Housing Loans (≤₹25L ticket size)



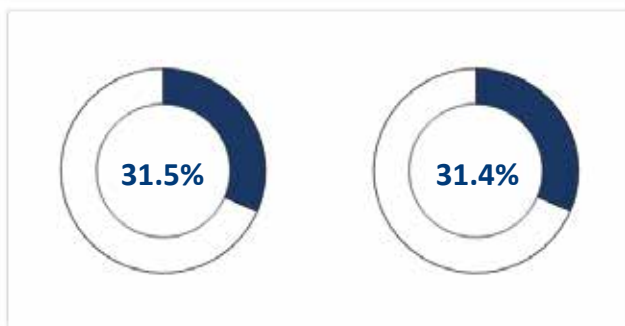
	2M Q2 FY27
Origination Value (₹ Cr)	38,225
YoY Growth %	-1.1%
Origination Volume (Lakh)	3.6
YoY Growth %	2.4%

ROLE IN FINANCIAL INCLUSION - FOR AFFORDABLE HOUSING LOANS

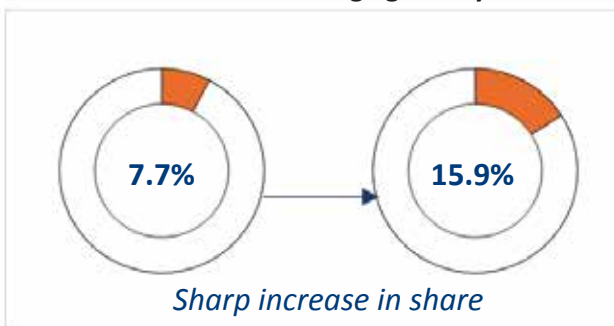
Affordable housing drives inclusion-women account for 31% of the originations value in the 12M ending Aug'26, youth under 30 are rising, while other segments remain stable with only a slight dip in VLR and LR originations value share.

Originations Value share; Disbursal period (12M ending Aug'23 vs 12M ending Aug'26)

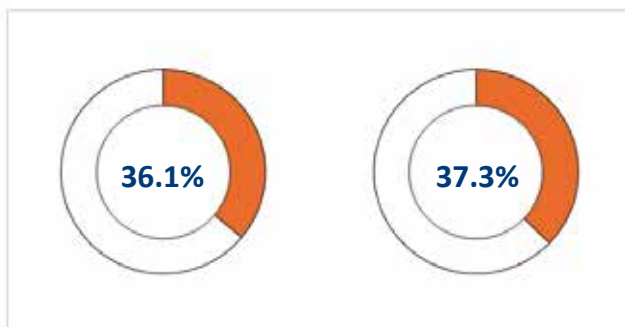
Women Borrowers share



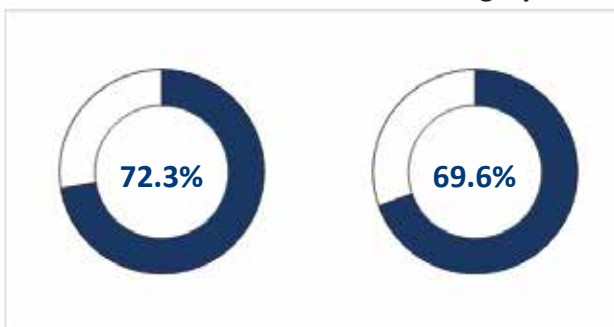
For Borrowers having age ≤30 years



BT 100 cities share



Borrowers in VLR and LR* category

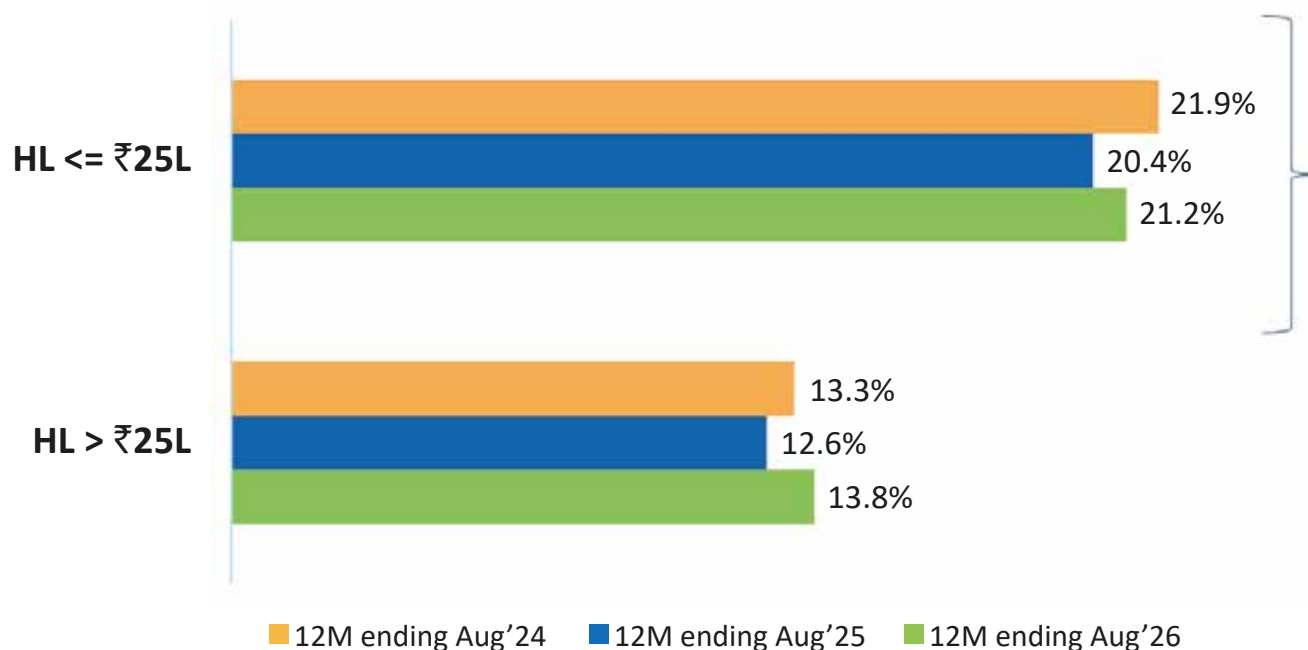


*CRIF Score bands: Very High Risk (300–570), High Risk (571–676), Medium Risk (677–716), Low Risk (717–745), Very Low Risk (746–900), and Not Scored

CREDIT INCLUSION: NEW TO CREDIT

Affordable housing loan products also bring in more new-to-credit borrowers, with nearly 21-22% of originations volumes from first-time borrowers-compared to only 14% for loans above ₹25 lakh.

NTC share in originations volumes (rest is ETC)



 Affordable housing enables more borrowers to enter formal credit.

While NTC borrowers in Affordable Housing Loans (AHFL) remain in the 20–22% range, New-to-Product (NTP) borrowers account for nearly 70% during the same period, underscoring the segment's strong product-level expansion.

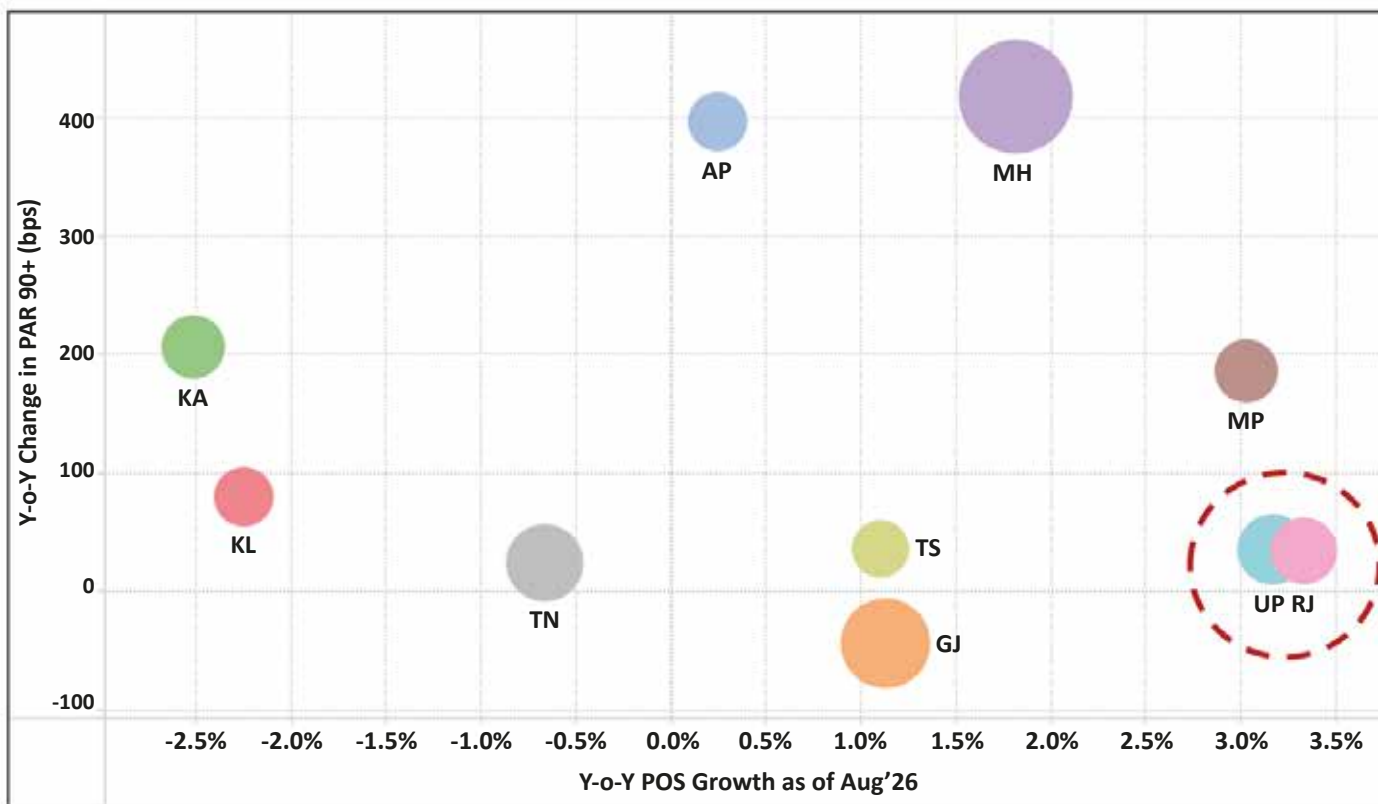
Geographic perspectives



AFFORDABLE HOUSING GROWTH - PERIPHERAL MARKETS STILL REMAIN THE KEY OPPORTUNITY.

States like UP and Rajasthan see growth in peripheral districts with minimal risk impact.

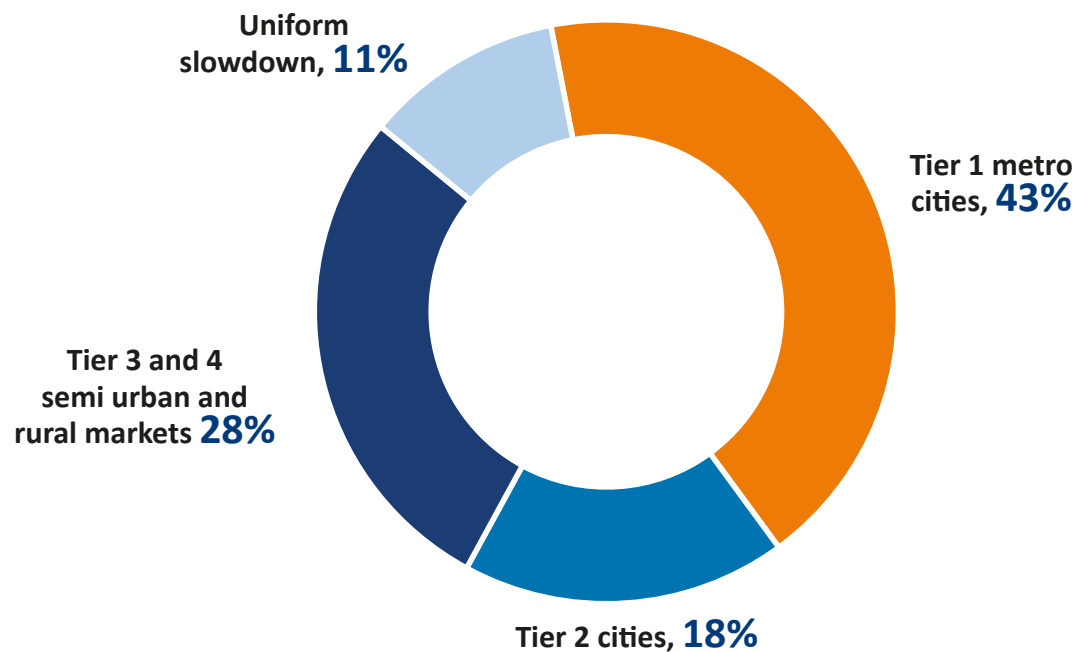
Growth in these states are focused on BT 100 (Beyond Top 100) cities



UP and RJ stand out as growth opportunities in AHL, posting YoY growth above overall AHL growth (1% as of Aug'26) with better performance improvement.

Affordable Housing contraction is largely urban, yet Tier-2 cities are emerging as resilient pockets. Industry perspectives show only 18% view contraction as more pronounced in Tier-2, compared to 43% in Tier-1 and 28% in Tier-3/4 areas.

Where is the contraction in affordable housing more pronounced?



% indicates the share of respondents. Basis CRIF survey of ~ 30 members (CXO and senior level) in the affordable housing space

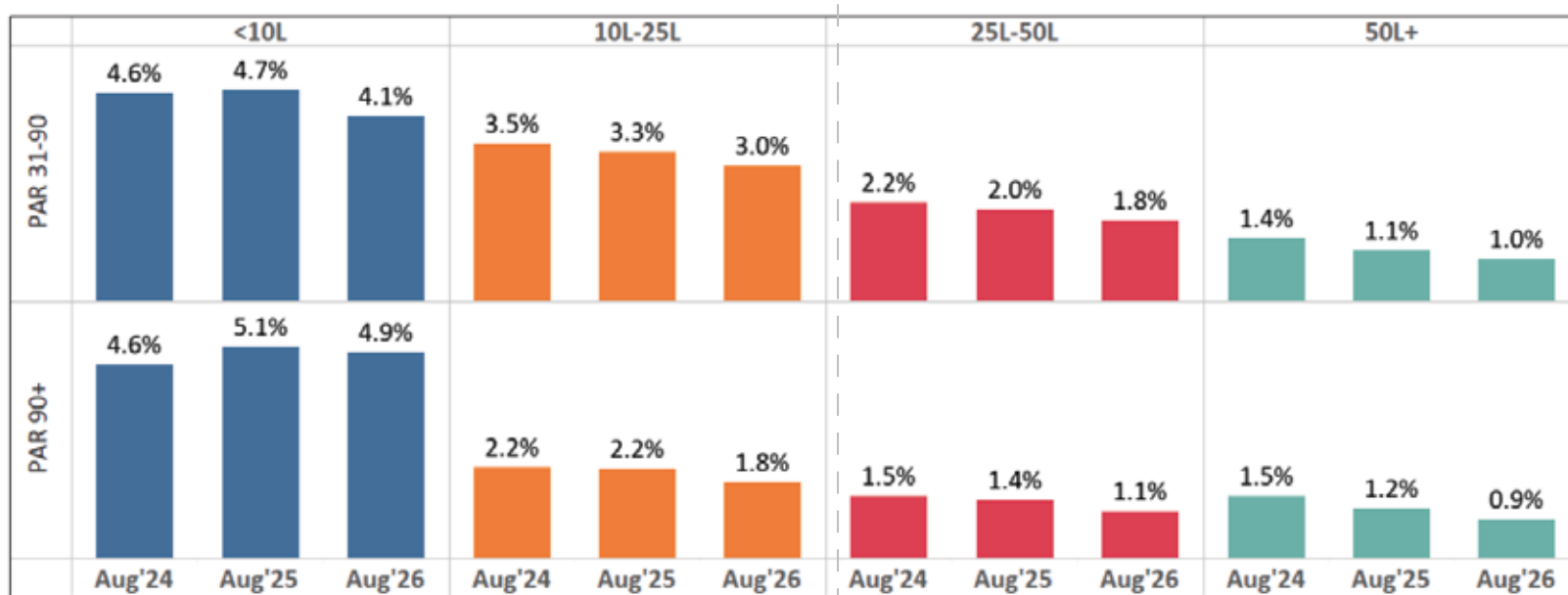
Risk Parameters



RISK INDICATOR 1 - PRODUCT LEVEL PERFORMANCE

Although delinquency remains elevated across early and late buckets for loans <₹25 lakh, this segment has shown strong YoY improvement in performance.

Delinquency - Ticket Size for Home Loans

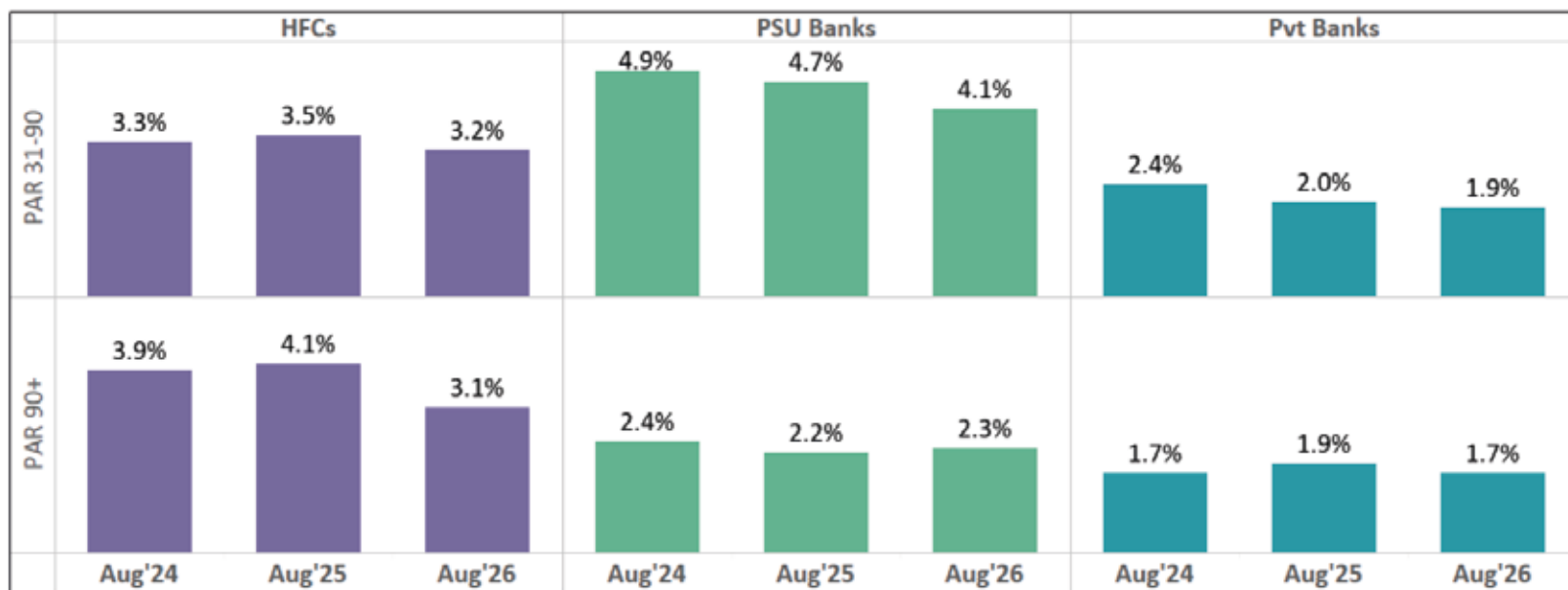


Please note: Lender type category 'Others' is excluded from above analysis

RISK INDICATOR 2 - ASSESSING LENDER-COHORT PERFORMANCE FOR AHL

HFCs have shown strong improvement in both PAR 31–90 and PAR 90+, declining from 3.5% to 3.2% and from 4.1% to 3.1% between Aug'25 and Aug'26. They outperform PSU banks in early buckets, though trail them in PAR 90+ (indicating PSU banks relatively better recovery mechanisms).

Delinquency – Lender wise for Affordable Housing Loans



Please note: Lender type category 'Others' is excluded from above analysis

RISK INDICATOR 3 - BORROWER LEVEL EXPOSURE

Nearly 40% of affordable housing borrowers have unsecured loan exposure, yet their PAR 90+ remains lower than the overall AHL portfolio-indicating reduced risk from unsecured exposure. The small subset overlapping with gold loans shows higher delinquency but represents only a minor share.

Overall Affordable Housing Loan borrowers: 1.3 Crore as of Aug'26

	AHL Borrowers with Unsecured exposure (but not having Gold Loan)	PAR 90+ (Corresponding AHL performance)	AHL Borrowers with Gold Loan exposure (but not Unsecured loans)	PAR 90+ (Corresponding AHL performance)
Aug'24	35.2%	2.2%	5.4%	3.7%
Aug'25	34.9%	2.3%	5.7%	3.9%
Aug'26	38.1%	2.0%	6.1%	4.1%

Lower than the overall AHL PAR 90+ of 2.4% (Aug'26).

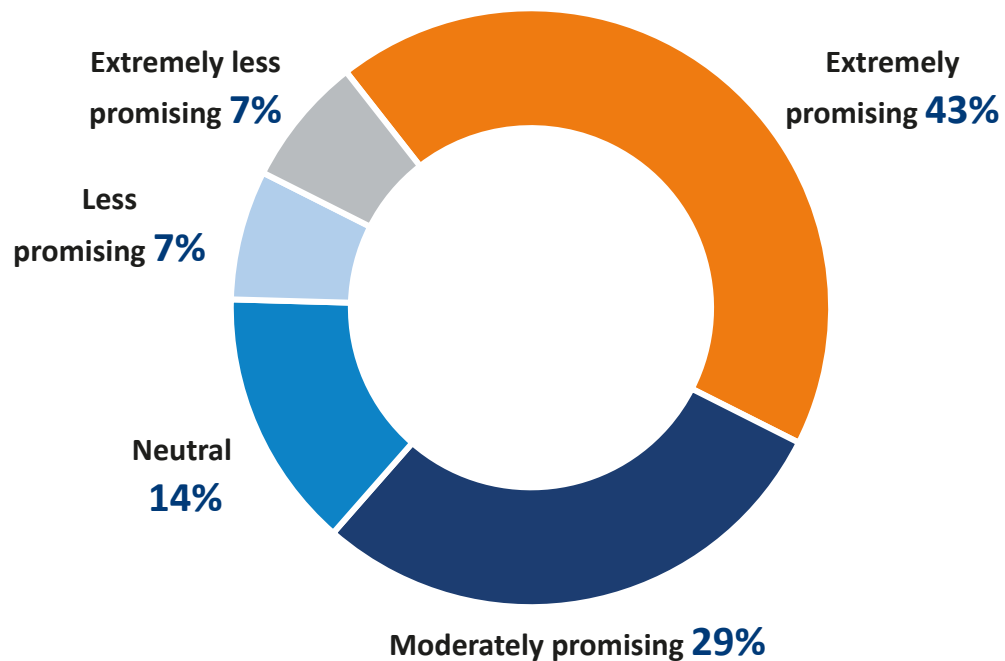
While unsecured loan exposure is rising among AHL borrowers, the small segment relying on Gold Loans still continues to show slightly higher delinquency risk (4.1% vs 2.4% PAR 90+), underscoring the need for consistent borrower-level risk assessment.

Outlook and Priorities for Affordable Housing



Overall optimism remains dominant. Only less than 15% of respondents view affordable housing as less promising.

Future outlook for the AHL segment ($\leq$ ₹25 lakh) in the coming 1–3 years



Based on survey of ~ 30 industry (CXO and senior level) respondents in the affordable housing space

INDUSTRY INITIATIVES – so far and what is expected (Industry perspectives)



The financial push so far

PMAY-U 2.0 (Sep'24): Revamped mission to build 1 crore urban homes in 5 years.

Direct Subsidies: Up to ₹1.80 lakh for loans ≤ ₹25 lakh, property ≤ ₹35 lakh.

Lower Construction Costs: NITI Aayog framework (Dec'25) cut GST on cement, bricks.

Easier Approvals: Credit Risk Guarantee update (Jan'25) to de-risk lending, enabling loans for informal workers.

Source: Press Information Bureau



Critical Industry Asks [Basis CRIF Survey]

Supply side intervention: Control inflationary building material costs and mandate low-cost land allocation to reputed builders in city centers.

Alternative underwriting: Deepen Account Aggregator (AA) integration and institutionalize alternative-data tools.

Digitization and legal resolution acceleration: Pan-India digitization of land revenue records and streamlining repossession laws for faster bad-loan resolution.

Dedicated Low-Cost Capital for HFCs & SFBs: Launch refinancing pipelines and low-cost credit schemes tailored for HFCs and SFBs.

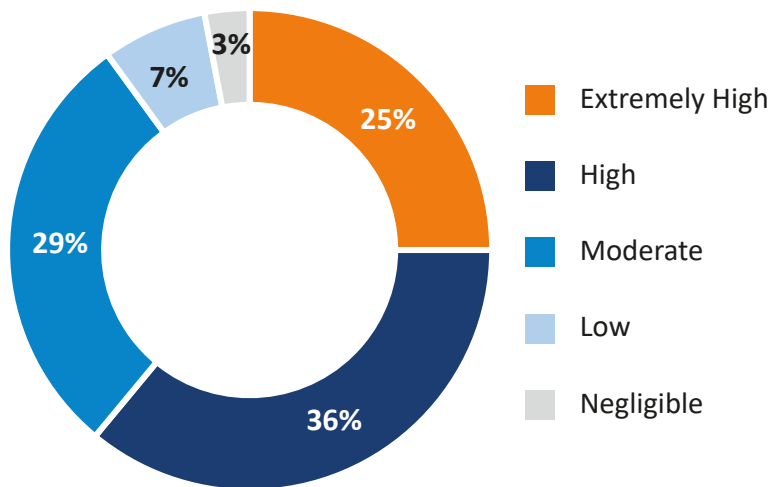
Fiscal parity: Extend interest subsidy schemes (like PMAY) seamlessly across all lending structures (including NBFCs).

INDUSTRY PERSPECTIVES

Alternate Data

In affordable housing, most customers are first-time buyers with limited digital footprints. A large share are self-employed, operating mainly in cash or through small-value UPI transactions. For these profiles, alternate data is critical to underwriting.

Use of alternate data sources (e.g., bank statements via Account Aggregator, utility bills, trade references) for underwriting in affordable housing



Based on survey of ~ 30 industry respondents in the affordable housing space



35-40+ Cr

Cumulative consents processed as of Mar 2026



999+

Regulated entities live on AA rails



₹2 Lakh Cr+

Loans disbursed via AA since launch

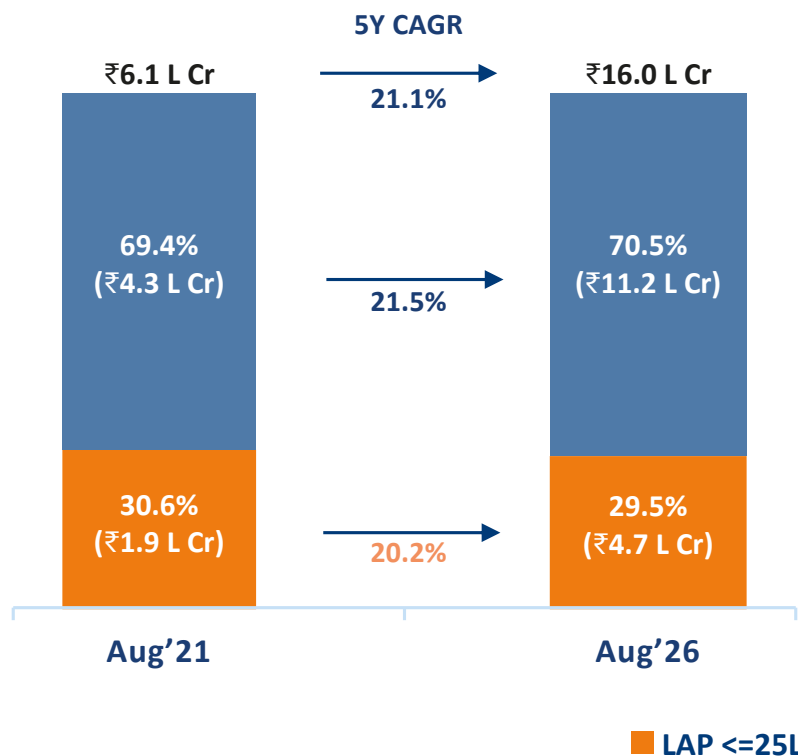
Analysis of Micro LAP (Loan Against Property $\leq 25L$)



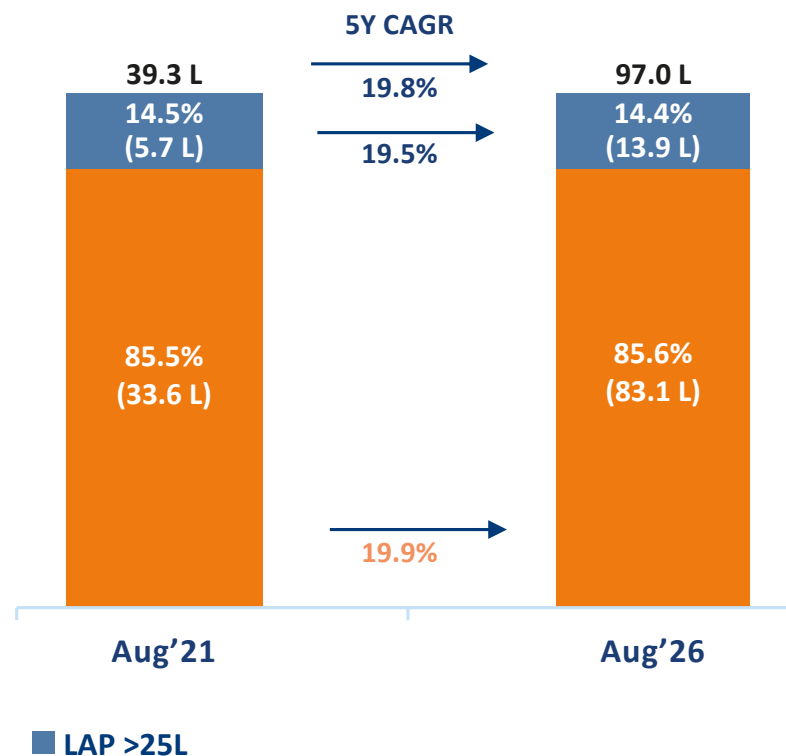
PORTFOLIO SNAPSHOT – OVERALL PROPERTY LOANS

Micro LAP constitutes a dominant 85.6% of overall property loans, recording growth on par with high-ticket LAP. Both POS and active loans have expanded at ~20% CAGR over five years, underscoring the segment's consistent momentum.

Portfolio Outstanding share (%)



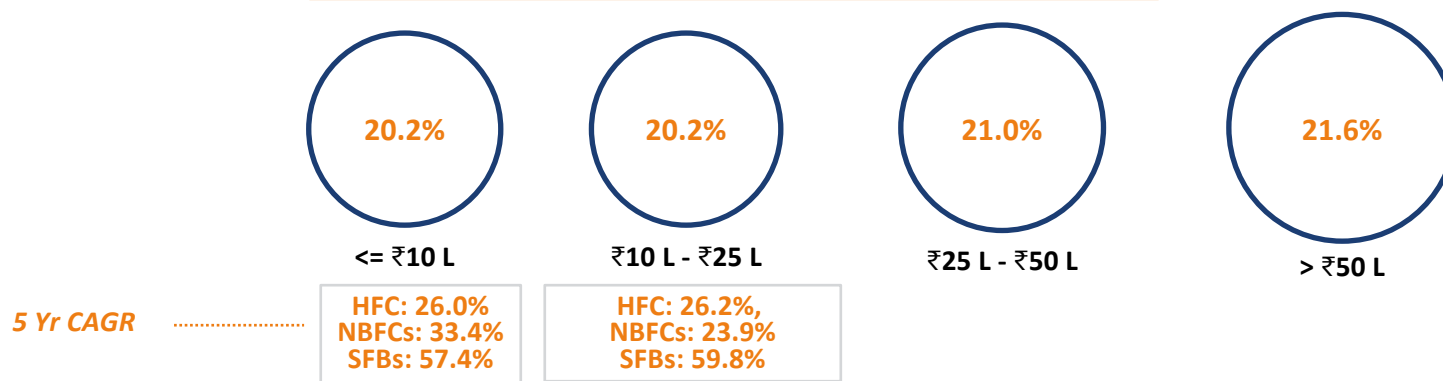
Active Loans share (%)



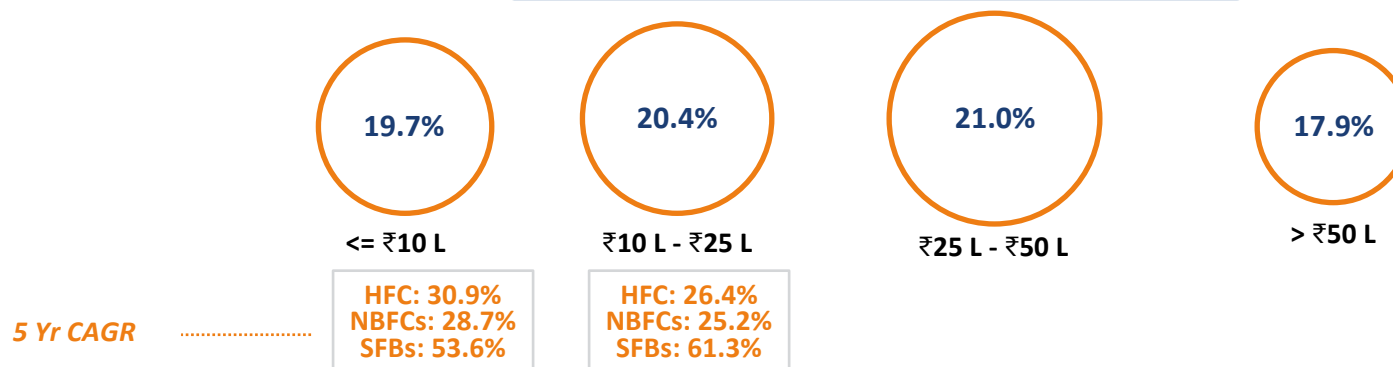
GROWTH RATE TRENDS ACROSS TICKET SIZES

Across all ticket sizes, POS and active loans have grown at ~20–21% CAGR. Micro LAP has delivered a strong 20% CAGR in both POS and active loans, driven by HFCs (26% 5 Yr CAGR in POS), NBFCs (33.2% in ≤₹10L, 24% in ₹10L-₹25L), and SFBs (50–60% 5 Yr CAGR for POS, albeit from a smaller base)

Portfolio Outstanding (POS) 5 Year CAGR ending Aug'26



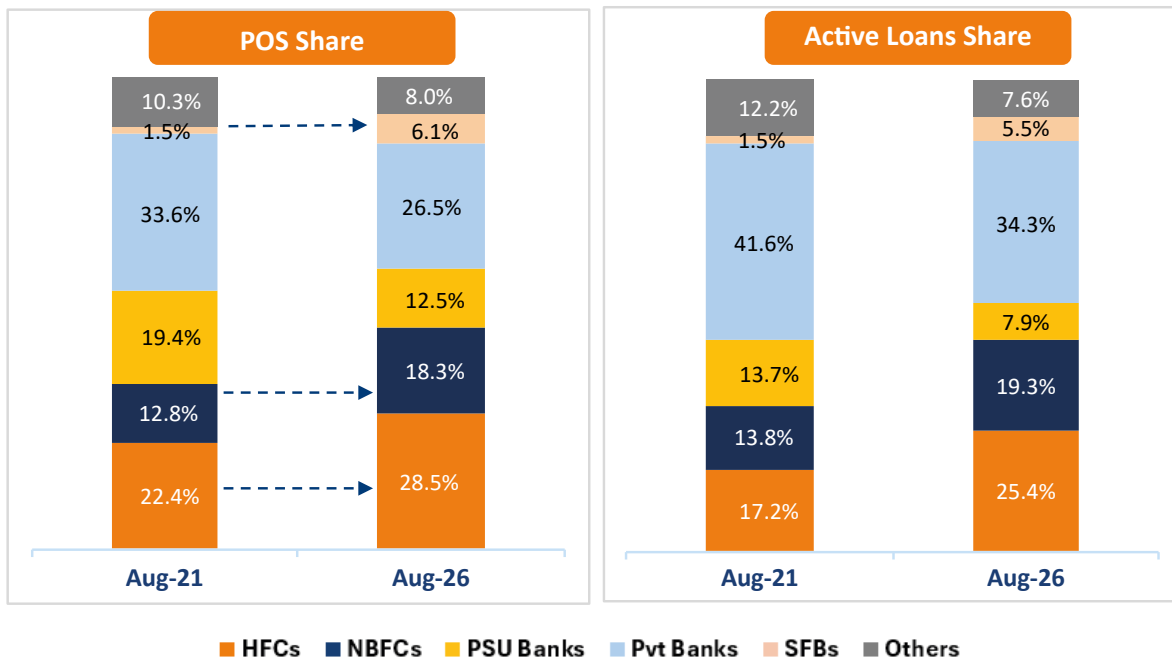
Active loans 5 Year CAGR ending Aug'26



HFCs, NBFCs AND SFBs ARE DRIVING THE GROWTH IN MICRO LAP

Private Banks remain the dominant players in Micro LAP, still holding 34.3% of property loans share in active loans. However, HFCs-followed by NBFCs and SFBs-have expanded their shares over the last five years, driving overall growth in Micro LAP. In terms of POS, HFCs have now emerged as the leading players, accounting for 28.5% of the aggregated POS.

For Property Loans (≤₹25L ticket size)



Property Loans (≤₹25L ticket size) Aug'26 (YoY Growth %)

Lender Type	POS	Active loans
PSU Banks	13.1%	8.3%
Pvt Banks	6.0%	7.4%
HFCs	21.1%	22.6%
NBFCs	10.3%	11.1%
SFBs	41.5%*	20.9%

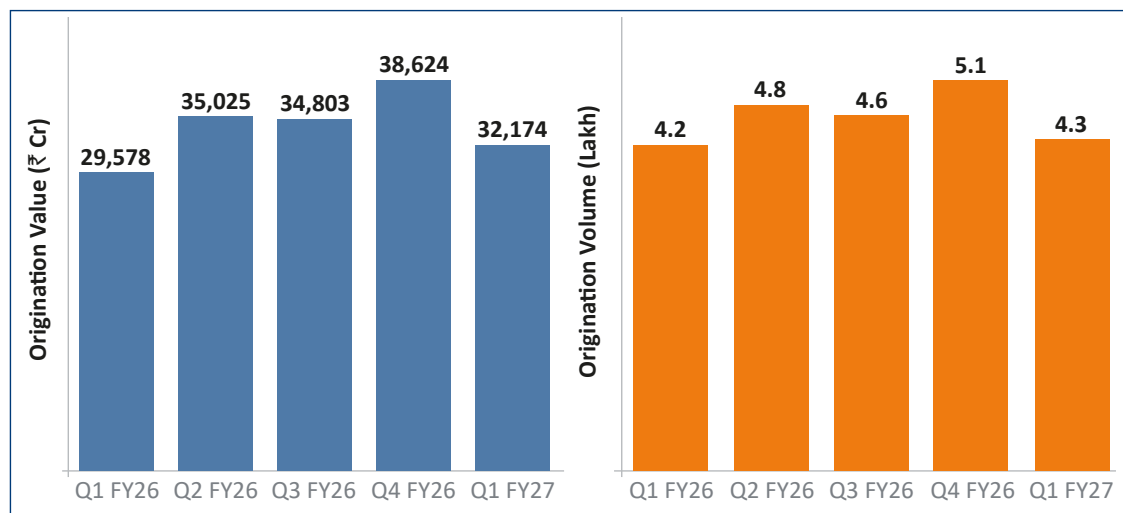
*from a relatively small base

Please Note: Lender Type Category 'Others' includes Foreign Banks, RRBs, ARCs etc

ORIGINATIONS TRENDS

Micro LAP originated loans worth ~₹32,000 Cr from 4.3 lakh accounts, with value growth at a healthy 9% YoY in Q1 FY27. Average Ticket Size (ATS) rose 7.1% YoY as of Q1 FY27, driving the overall growth in originations value.

For Property Loans (≤₹25L ticket size)



Q1 FY27 (YoY): 8.8%

Q1 FY27 (YoY): 1.6%

Average ticket size as on Q1 FY27: ₹7.5 L, up 7.1% YoY

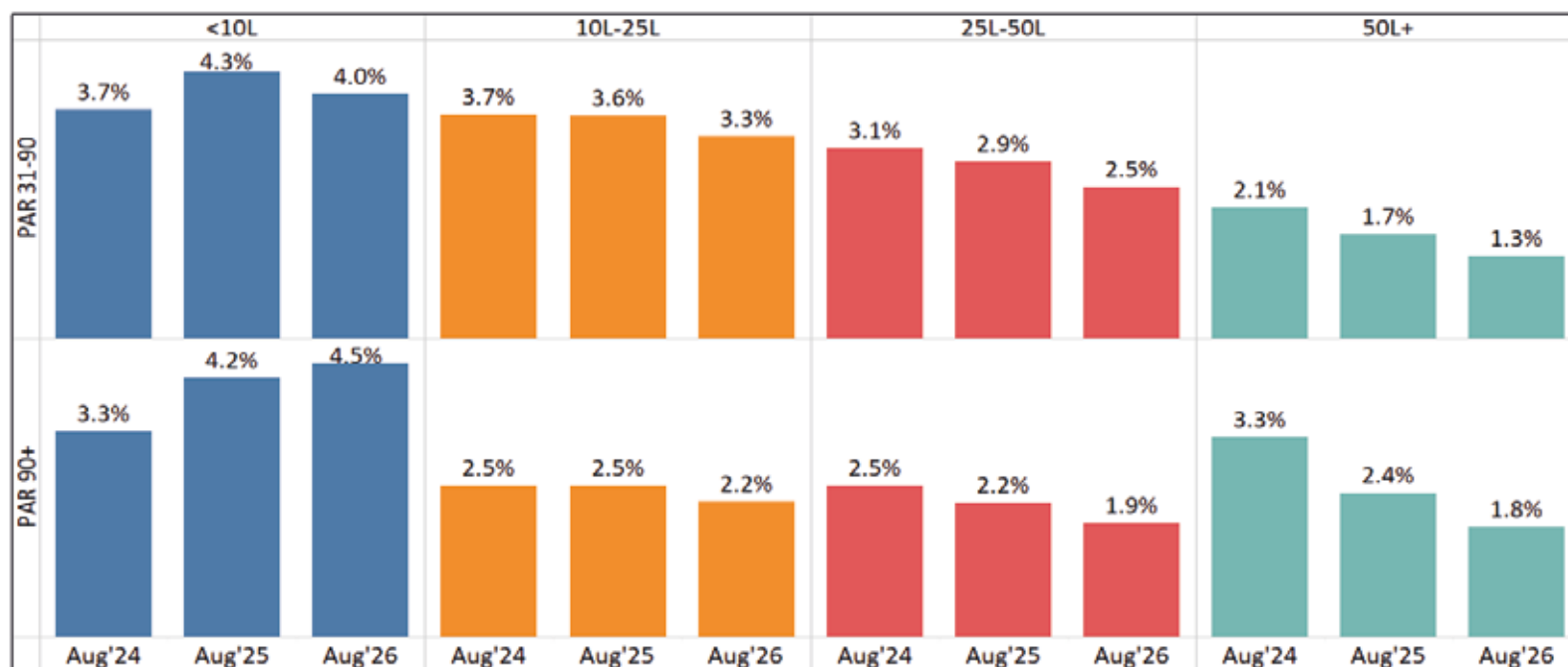
	2M Q2 FY27
Origination Value (₹ Cr)	23,882
YoY Growth %	5.6%
Origination Volume (Lakh)	3.1
YoY Growth %	-0.8%

In 2M Q2 FY27, HFCs followed by SFBs continued to show YoY growth in loan volumes.

RISK INDICATOR 1 – PRODUCT LEVEL PERFORMANCE

Except for loans below ₹10L, PAR 90+ performance has improved across ticket sizes and performance buckets. For <₹10L loans, PAR 90+ increased from 4.2% to 4.5% between Aug'25 and Aug'26, indicating rising risk in this segment. Further analysis revealed that most of the outstanding due lies in buckets beyond 360 days

Delinquency - Ticket Size for Property Loans

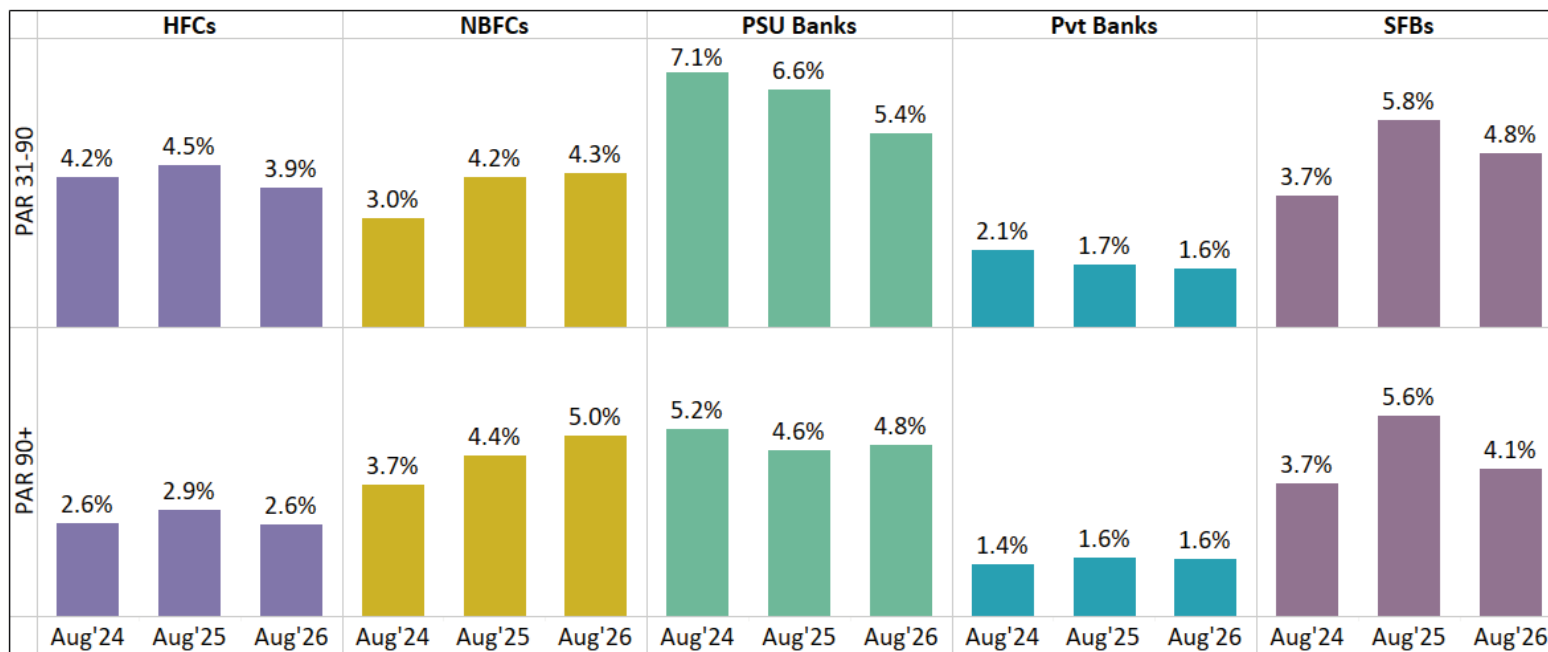


Please Note: Lender type category 'Others' is excluded from above analysis

RISK INDICATOR 2 - ASSESSING LENDER-COHORT PERFORMANCE FOR MICRO LAP

HFCs, followed by SFBs, have shown strong improvements across both early- and late-stage buckets. However, rising risk in NBFCs and the increase in PAR 90+ for PSU banks (from 4.6% in Aug'25 to 4.8% in Aug'26) warrants closer monitoring, with further analysis indicating this is concentrated in the <₹10L segment.

Delinquency – Lender wise for Property Loans (≤₹25L ticket size)



Please Note: Lender type category 'Others' is excluded from above analysis

RISK INDICATOR 3 - BORROWER LEVEL EXPOSURE

Similar to AHL borrowers, nearly 34% of Micro LAP borrowers have unsecured loan exposure, yet their PAR 90+ for Micro LAP remains lower than the industry (3.1% vs. 4.7% industry as of Aug'26), indicating reduced risk. However, the small 9% segment of Micro LAP borrowers with gold loan exposure shows higher delinquency compared to the industry.

Overall Micro LAP borrowers: 72.9 Lakh as of Aug'26

	Micro LAP Borrowers with Unsecured exposure (but not having Gold Loan)	PAR 90+ (Corresponding Micro-LAP performance)	Micro LAP Borrowers with Gold Loan exposure (but not Unsecured loans)	PAR 90+ (Corresponding Micro-LAP performance)
Aug'24	32.6%	3.1%	7.9%	5.7%
Aug'25	31.9%	3.3%	8.2%	5.6%
Aug'26	33.8%	3.1%	9.0%	5.3%

Lower than the overall Micro LAP PAR 90+ of 4.7% (Aug'26).

Micro LAP and Affordable Housing loan borrowers with gold loan exposure exhibit higher delinquency compared to the overall delinquency levels of their respective product types (AHL/Micro LAP), underscoring the need for consistent borrower-level risk assessment.

Through out this presentation:

- **AHL/AFHL** refers to Affordable Housing Loan (Housing Loans $\leq$ 25 Lakh)
- **Micro LAP** refers to Micro Loan Against Property/ Property Loan (LAP $\leq$ 25 Lakh)
- **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
- **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
- **Top 8, Top 9-50, Top 51-100 and Beyond Top 100 (BT100)** cities are classified based on highest aggregated portfolio outstanding of consumer loans reported to CRIF Credit Information Services, at the end of the financial year
- **CRIF Score bands: Very High Risk (300–570), High Risk (571–676), Medium Risk (677–716), Low Risk (717–745), Very Low Risk (746–900), and Not Scored**

ABOUT US

CRIF Credit Information Services Private Limited (formerly known as CRIF High Mark Credit Information Services Pvt. Ltd.) is one of the leading Credit Information Company (CIC) licensed by the Reserve Bank of India under the Credit Information Companies (Regulation) Act, 2005. Established in March 2011, the company plays a critical role in strengthening India's credit ecosystem by promoting responsible lending, financial inclusion, and informed decision making.

CRIF CIC delivers comprehensive credit information and analytics solutions to banks, financial institutions, NBFCs, housing finance and microfinance institutions, insurance companies, as well as MSMEs, corporates, and individual consumers. Its offerings are designed to enhance access to credit for underserved and previously excluded segments, while ensuring compliance with regulatory frameworks and data governance standards.

Powered by advanced technology, robust information management practices, and a culture of continuous innovation, CRIF CIC supports lenders across the credit lifecycle from credit appraisal and risk assessment to portfolio monitoring. Its credit information database is enriched by contributions from over 5,000 member institutions, enabling data driven insights that support a more resilient, transparent, and inclusive financial system in India.

Analytical Contact

Reach us at research@crifhighmark.com for any queries

Disclaimer: This report contains only aggregate-level and anonymised information and does not contain any Credit Information of any borrower. This report shall not be construed as a Credit Information Report or any part thereof. The analysis in this report is based on data available in the database of CRIF Credit Information Services Private Limited and is intended solely for research and informational purposes. No part of this report may be reproduced without prior written permission of CRIF Credit Information Services Private Limited.



Commercial Report

- 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.



Consumer Report

- 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.



Microfinance Report

- Detailed microfinance credit report providing borrower-level loan history, group lending insights, and recent repayment information to support micro lending decisions.



Commercial Lite

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



Grameen Score

- Specialized score designed for rural borrowers to support inclusive lending decisions using historical bureau-led insights.



Portfolio review

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



Market Insights

- 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.



Lending Index

- Advanced loan-level risk assessment solution delivering sharper underwriting insights and stronger predictive differentiation.



Comprehensive CCIR

- Consolidated view of consumer, microfinance, and commercial credit linkages to support holistic credit assessment and portfolio monitoring.



PRESENTS



Credit Goes to HER is an invite-only community, anchored by CRIF India for women shaping the future of India's evolving credit ecosystem. It is women in credit and credit for women. Designed to foster meaningful conversations, the community brings together women from across the country interested in elevating their career game and being part of invigorating conversation with executive leaders in credit.

Scan to join the LinkedIn community





CRIF India, 402-A, Fulcrum, Hiranandani Business Park, Next to Hyatt Regency,
Sahar Road, Andheri East, Mumbai - 400 099.