

**EQUIFAX**<sup>®</sup>



# Microfinance Pulse Report

Vol XXVI – March 2026

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# Executive Summary

The 26th edition of the Microfinance Pulse Report highlights that the sector has witnessed a partial recovery after a period of stress extending over two years. While the overall portfolio has continued to contract, the pace of contraction has slowed down along with an improvement in delinquency levels. The improvement is being driven by the introduction of stricter guardrails, more disciplined underwriting, and a clear shift in lending patterns toward better quality and less leveraged borrowers. The MFI customers are also gradually transitioning into retail loan products that is increasingly reflected in broader consumerbureau activity.

During OND'25, the industry saw a 6% YoY growth in disbursement value compared to the same quarter in 2024, but this growth has been uneven across lender types, reshaping the sectoral balance. Private sector banks continued to sharply curtail their exposure, registering a significant 26% contraction in disbursements. In contrast, NBFCMFIs and NBFCs recorded robust disbursement growth at around 27% and 26% growth respectively, reflecting their continuing risk appetite and stronger presence in core microfinance geographies. This twospeed growth has triggered further consolidation in market share with NBFC-MFIs now accounting for ~44% of new sourcing.

As of December 2025, the microfinance industry's portfolio outstanding stood at ₹2,69,897 crore, supporting 8.17 crore active loans and 5.5 crore unique live borrowers. However, the aggregate AUM continues to shrink because of portfolio rundown, driven by repayments, writeoffs, and guardrails. This contraction is also linked to liquidity constraints faced by smaller lenders and heightened caution across the banking system. Despite this, the portfolio contraction must be viewed alongside the continued improvement in asset quality, signalling that the industry is prioritising quality over quantity in its recovery phase.

Assetquality trends have shown meaningful improvement across nearly all lender categories, reflecting improved recoveries and more prudent credit filters. Nevertheless, the 180+ DPD bucket rose by 81 bps from September to December 2025, indicating that while fresh slippages are under better control, legacy stress is still working its way through ageing buckets. Amongst top 10 states, Maharashtra and Madhya Pradesh reported the highest 30+ delinquency in December 2025

These trends suggest that the industry is transitioning from a phase of rapid, volumeled expansion to one characterised by sustainable, riskaligned growth, positioning the sector more firmly for longterm stability.

**Note :** In MFI segment there are ~5.5 crore unique live borrowers across lenders. Difference in the unique number of customers is due to the customers having multiple relationships with SFBs, Banks, NBFC-MFIs, NBFCs and Not for Profit MFIs & Others.

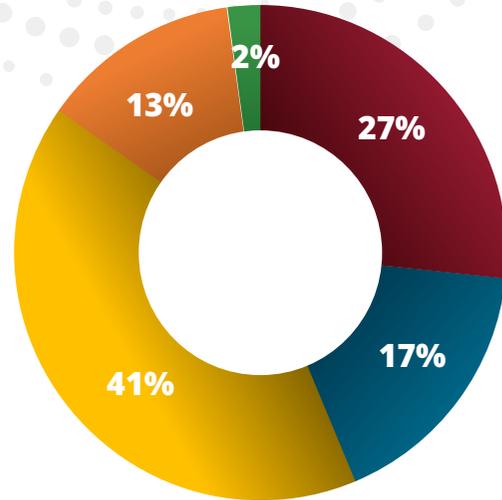
# Abbreviations & Glossary

- **ATS (Average Ticket Size) = Disbursed Amount / Number of Loans**
- **DPD = Days Past Due**
- **Live POS or Borrowers or Active loans = 0 to 179 DPD + New Accounts + Current Accounts**
- **MFI = Microfinance Institution**
- **POS = Portfolio Outstanding**
- **UT = Union Territory**
- **Aspirational Districts (AD) - Districts (currently 112 in no.) identified by NITI Aayog, GoI, in January 2018, for improvement to enhance Human Development Index, in turn, based on composite indicators like Health & Nutrition, Education, Agriculture & Water Resources, Financial Inclusion, Skill Development and Basic Infrastructure**
- **1-179 = 1 to 179 DPD / Live POS**
- **1-29 = 1 to 29 DPD / Live POS**
- **30-59 = 30 to 59 DPD / Live POS**
- **60-89 = 60 to 89 DPD / Live POS**
- **90-179 = 90 to 179 DPD / Live POS**
- **30+ Delinquency = 30-179 DPD / Live POS**
- **90+ Delinquency = 90-179 DPD / Live POS**
- **OND'24 = October 2024 to December 2024**
- **JFM'25 = January 2025 to March 2025**
- **AMJ'25 = April 2025 to June 2025**
- **JAS'25 = July 2025 to September 2025**
- **OND'25 = October 2025 to December 2025**

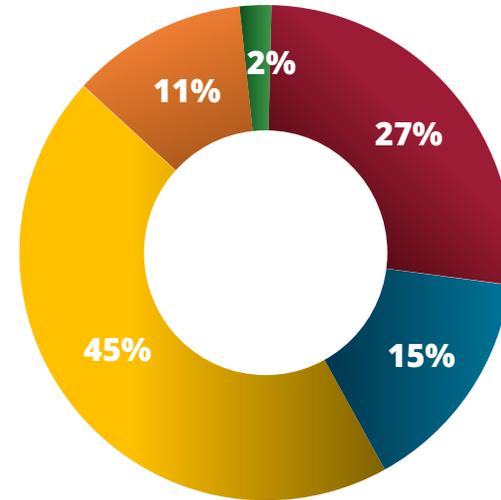
# Microfinance Industry Overview

# Microfinance Industry Snapshot – as on 31<sup>st</sup> December 2025

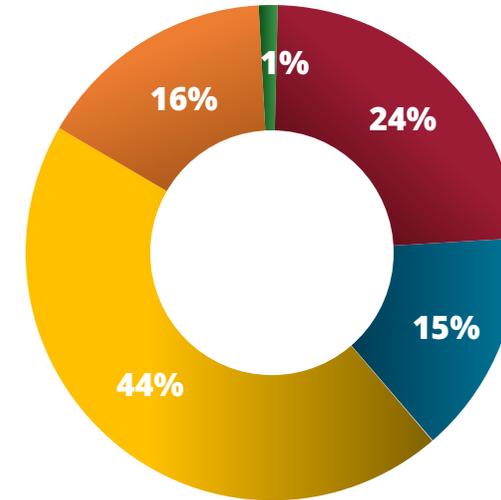
Active Borrowers



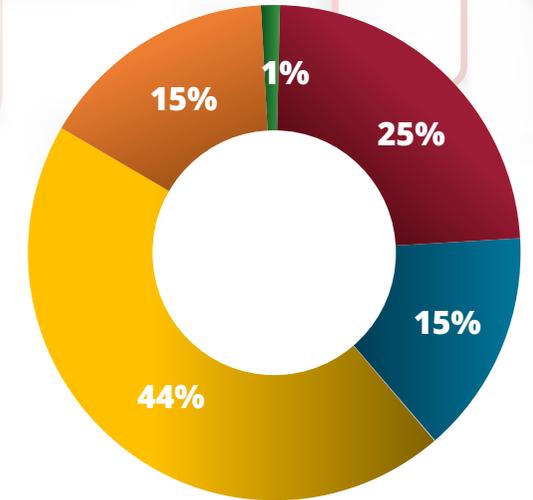
Active Loans



Portfolio Outstanding



Disbursement Amount



● Banks ● SFBs ● NBFC-MFIs ● NBFCs ● Not for Profit MFIs & Others

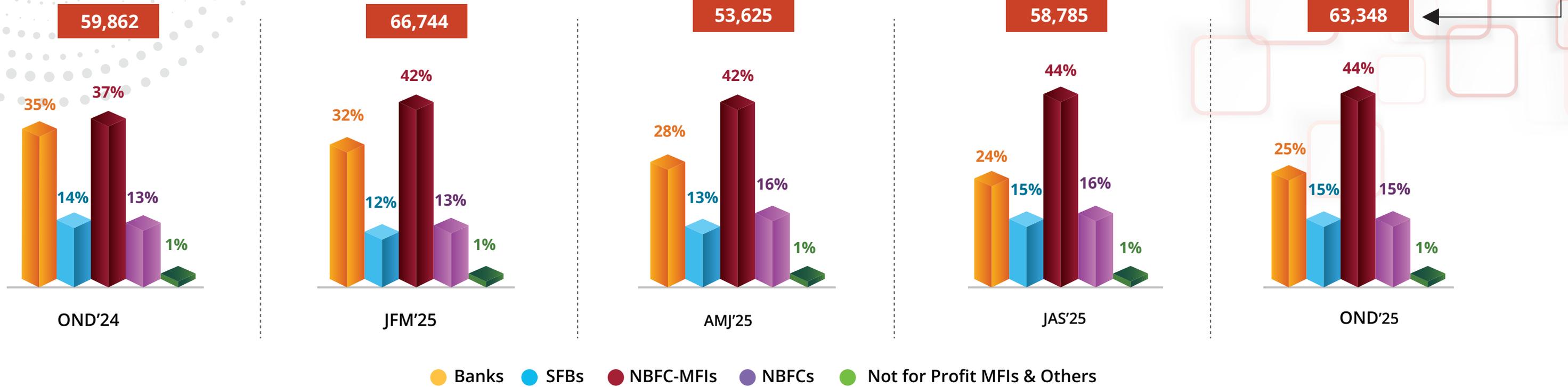
Snapshot as on 31 <sup>st</sup> December 2025	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs & Others	Total Industry
Active Live Borrowers('000)	16,921	10,760	25,966	8,778	1,265	63,690
Active Loans ('000)	22,156	12,130	36,797	9,349	1,295	81,727
Portfolio Outstanding (₹crore)	65,687	39,605	1,17,523	42,982	4,100	2,69,897
Disbursed Amount (₹crore) – OND'25	15,808	9,342	27,638	9,746	814	63,348
Average Ticket Size (₹) – OND'25	58,192	63,268	57,446	81,276	58,721	61,253
30+ Delinquency (POS)	5.19%	4.15%	3.45%	2.64%	7.17%	3.90%
90+ Delinquency (POS)	3.28%	2.64%	2.13%	1.57%	4.46%	2.43%

- Portfolio size of industry is Rs.2,69,897 crore at end of December 2025
- NBFC-MFIs are the dominant lenders in the sector with a share of 44% in disbursements
- Market share of NBFCs in aggregate stand at 60% in portfolio outstanding
- NBFCs reported the highest average ticket size while having the lowest 30+ and 90+ delinquency

**Note :** In MFI segment there are ~5.5 crore unique live borrowers across lenders. Difference in the unique number of customers is due to the customers having multiple relationships with SFBs, Banks, NBFC-MFIs, NBFCs and Not for Profit MFIs & Others.

# Disbursement Trends

# Disbursement Trends – Institution wise



- The lender-wise disbursement trends indicate a shift in the market dynamics. While the market share of banks have slipped from 35% to 25% on a YoY basis, it has risen from 37% to 44% for NBFC-MFIs, highlighting the latter's leadership in the sector.
- NBFC-MFIs are dominating the microfinance space and already holding the largest disbursement share at 44%

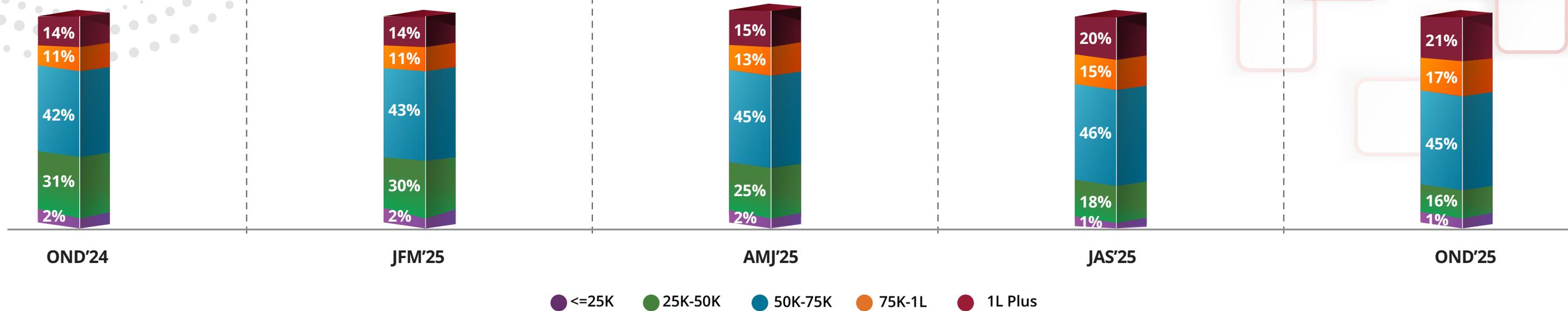
- The overall loan disbursement by volume are still lower on a YoY basis but have risen sequentially

Lender Type	No. of Loans Disbursed (in lakh)				
	OND'24	JFM'25	AMJ'25	JAS'25	OND'25
Banks	42	42	31	24	27
SFBs	15	14	12	15	15
NBFC-MFIs	43	56	42	46	48
NBFCs	15	13	12	12	12
Not for Profit MFIs & Others	2	1	1	1	1
<b>Total Industry</b>	<b>117</b>	<b>126</b>	<b>98</b>	<b>98</b>	<b>103</b>

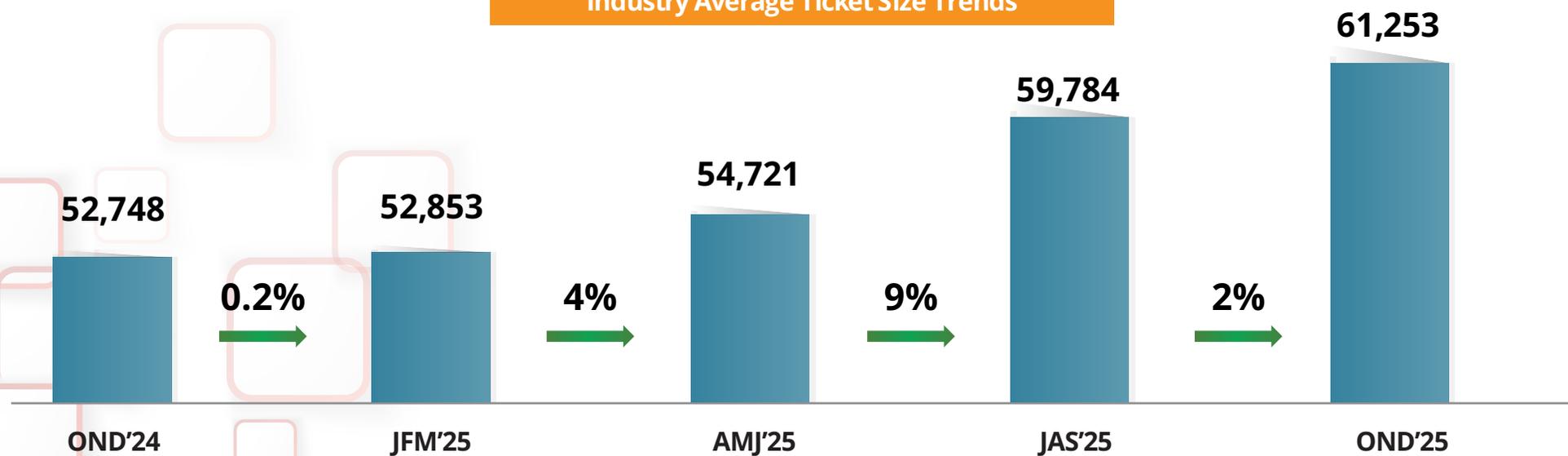
**Disclaimer:** Sourcing data of all the previous quarters have been updated based on the updates received from the members.

# Industry Ticket Size Trends

Disbursement Amount (share % by ticket size)



Industry Average Ticket Size Trends

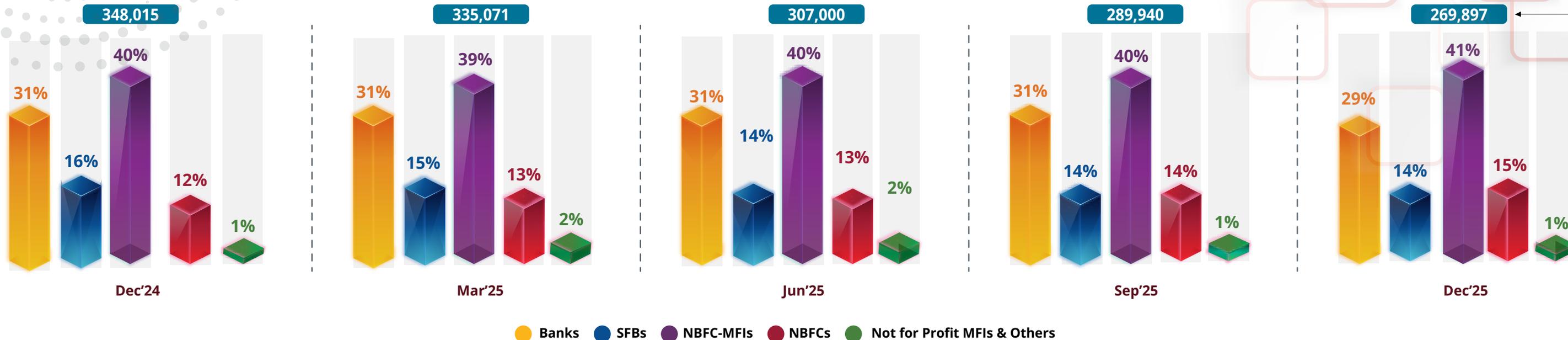


- Industry continues to witness a shift towards the higher ticket size
- The share of loans <50k have declined to 17% in OND'25 from 33% in OND'24 while loans above Rs.75k has increased from 25% to 38% for the same period
- This has driven the Average Ticket Size (ATS) to a historic high of Rs.61,253, reflecting a 16% YoY growth
- In the current backdrop of the sector recovery, lenders are more comfortable with higher exposure to existing borrowers with good track record than new borrowers

# Portfolio Trends

# Microfinance Industry Overview

## Market % Share Trends By Lender Type



## Portfolio Outstanding (₹crore)

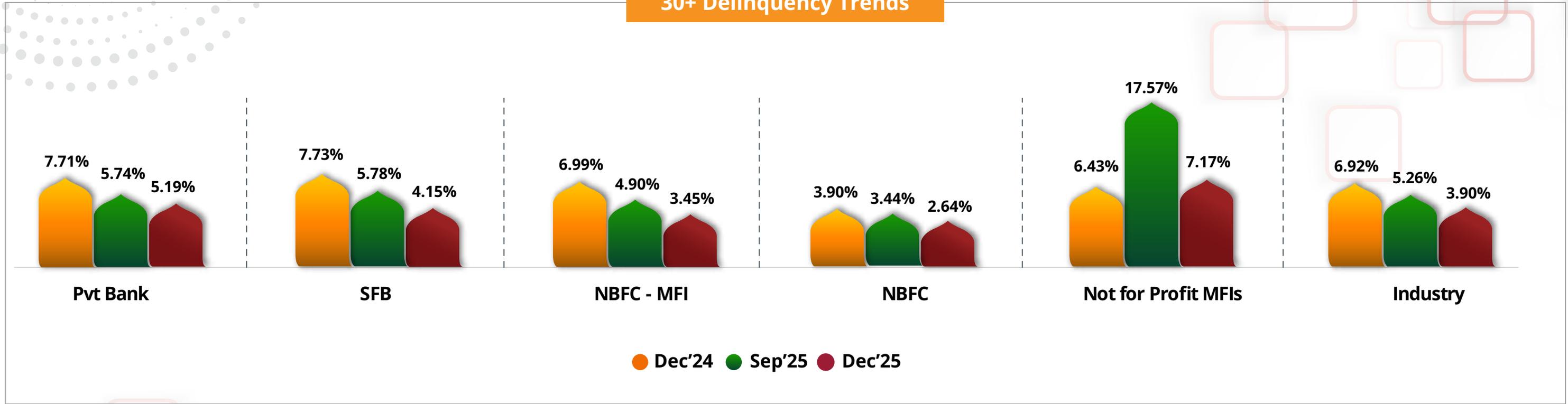
Particulars	Dec'24	Mar'25	Jun'25	Sep'25	Dec'25	Y-o-Y Growth %
Banks	1,08,947	1,04,491	94,330	83,758	65,687	-40%
SFBs	52,620	47,970	42,846	40,147	39,605	-25%
NBFC-MFIs	1,36,676	1,32,929	1,22,578	1,18,012	1,17,523	-14%
NBFCs	44,542	44,478	42,562	43,156	42,982	-4%
Not for Profit MFIs & Others	5,230	5,203	4,684	4,867	4,100	-22%
<b>Total Industry</b>	<b>3,48,015</b>	<b>3,35,071</b>	<b>3,07,000</b>	<b>2,89,940</b>	<b>2,69,897</b>	<b>-22%</b>
Q-o-Q growth rate %		-4%	-8%	-6%	-7%	-40%

- Industry portfolio continues to witness a gradual contraction, declining by 22% on a YoY basis and 7% on a sequential basis
- The factors behind the continuing portfolio contraction are: (i) persistent stress in asset quality albeit the extent has been on a decline, leading to tightening of underwriting standards (ii) adoption of guardrails to restrict number of loans and leverage at a borrower level (iii) liquidity constraints particularly in smaller lenders leading to lower disbursements
- NBFC-MFIs continue to have largest market share
- The share of NBFCs have increased to 15% in December 2025 from 12% in December 2024

# Industry Risk Profile

# Delinquency Trends

## 30+ Delinquency Trends



## Delinquency by Days Past Due

Reporting Quarter	1-29 days past due	30-59 days past due	60-89 days past due	90-179 days past due	180+ days past due
Dec24	2.37%	1.53%	1.49%	3.90%	9.46%
Mar25	2.49%	1.36%	1.35%	3.93%	10.68%
Jun25	2.30%	1.10%	1.34%	3.64%	13.02%
Sep25	2.14%	0.99%	1.01%	3.27%	15.26%
Dec25	1.50% ↓	0.73% ↓	0.75% ↓	2.43% ↓	16.07% ↑

- The overall industry 30+ delinquency (30-179 DPD) has declined from 6.92% in Dec'24 to 3.90% in Dec'25, reflecting lower incremental slippages and write-offs taken by the lenders
- While banks have also seen an improving delinquency, 30 dpd is still high at 5.2% as of Dec'25

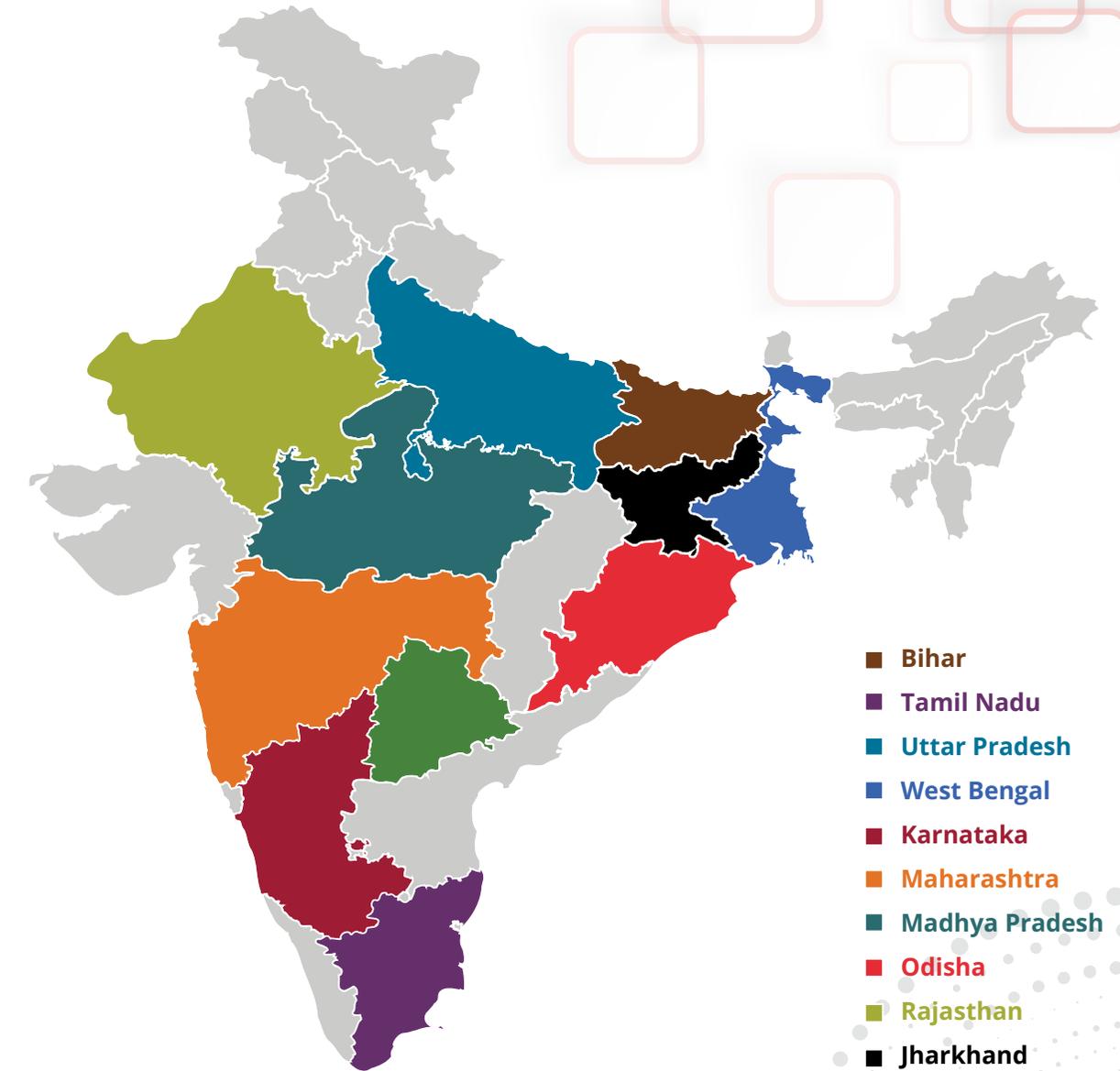
- NBFC-MFIs 30+dpd have more than halved from 7.0% to 4.4% in a one-year period
- NBFCs continue to report the lowest 30+ delinquency across all the lenders

# Y-o-Y Performance of Top 10 States

# Portfolio & Delinquency

## Year-on-Year Portfolio Growth & 30+ Delinquency

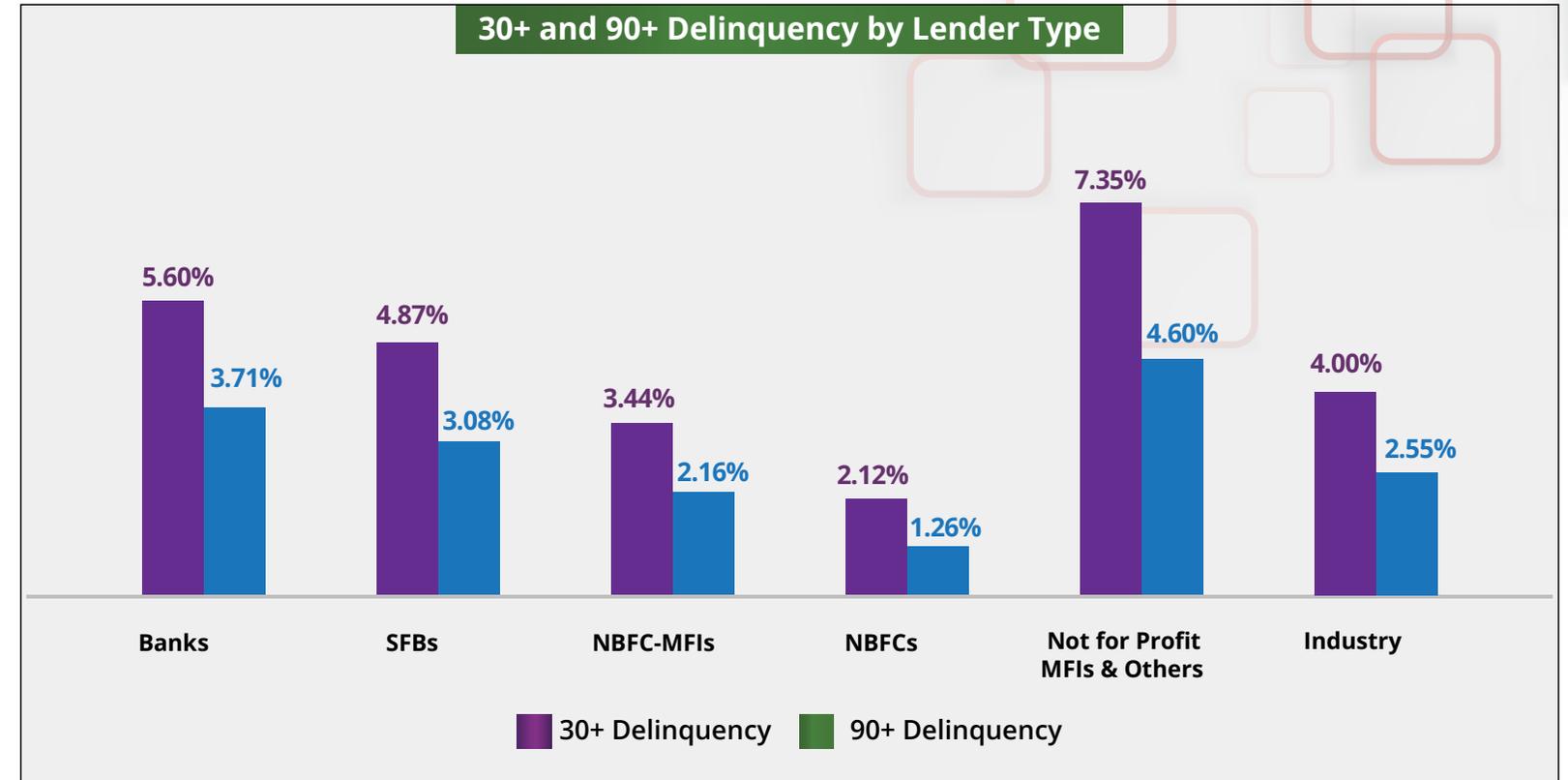
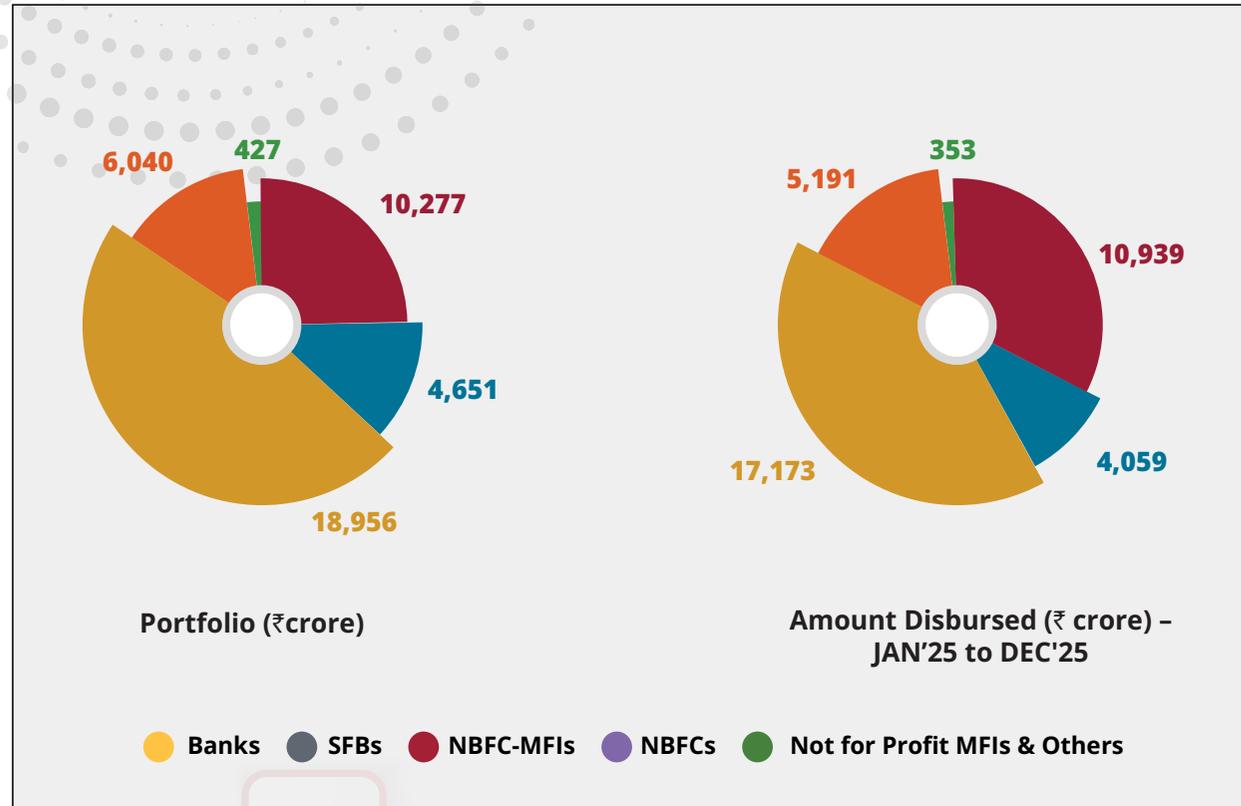
Industry Top 10 States	POS as of December 2025 (₹ crore)	Market Share %	POS Growth % (from Dec'24 to Dec'25)	30+ Delinquency as on Dec'24	30+ Delinquency as on Dec'25
Bihar	42,677	16%	-23%	8.59%	4.06%
Tamil Nadu	34,163	13%	-25%	5.91%	3.09%
Uttar Pradesh	32,051	12%	-16%	9.04%	4.03%
West Bengal	24,567	9%	-24%	3.72%	3.52%
Karnataka	23,256	9%	-34%	4.71%	4.44%
Maharashtra	19,750	7%	-22%	5.63%	4.83%
Madhya Pradesh	15,580	6%	-18%	7.97%	4.47%
Odisha	12,735	5%	-32%	11.26%	3.76%
Rajasthan	10,727	4%	-23%	7.92%	4.36%
Jharkhand	8,354	3%	-18%	11.01%	3.57%



- Almost all states have reported a significant decline in the microfinance exposure
- Bihar continues to have the largest microfinance portfolio despite a YoY drop of 23%
- The highest shrinkage in the portfolio over the last year has been in Karnataka at 34% while Uttar Pradesh showed the lowest contraction at 16% YoY
- Tamil Nadu reported the lowest 30+ delinquency across the top 10 states

# Aspirational Districts

# Aspirational Districts – December 2025 Overview



Aspirational Districts Growth Particulars	31st December 2024	31st December 2025	Growth %
Disbursement Amount (₹crore)	*49,205	**37,715	-23%
Active Loans (₹000)	18,140	12,677	-30%
Portfolio Outstanding (₹crore)	51,011	40,351	-21%
***30+ Delinquency	8.77%	4.00%	
***90+ Delinquency	4.98%	2.55%	

\*Disbursement January 2024 to December 2024  
 \*\*Disbursement January 2025 to December 2025  
 \*\*\*Delinquencies are calculated basis POS

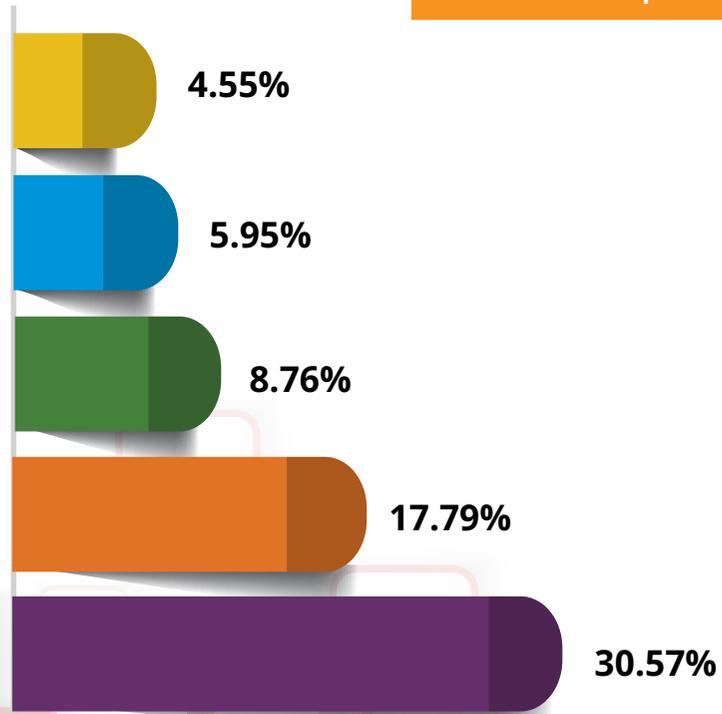
- Portfolio outstanding for aspirational districts as on 31st December 2025 is ₹40,351 crore
- Aspirational districts contribute 15% towards the total microfinance portfolio outstanding
- 30+ and 90+ delinquencies of aspirational districts have declined in December 2025 compared to December 2024

# Active Lender Association

# Active Lender Association

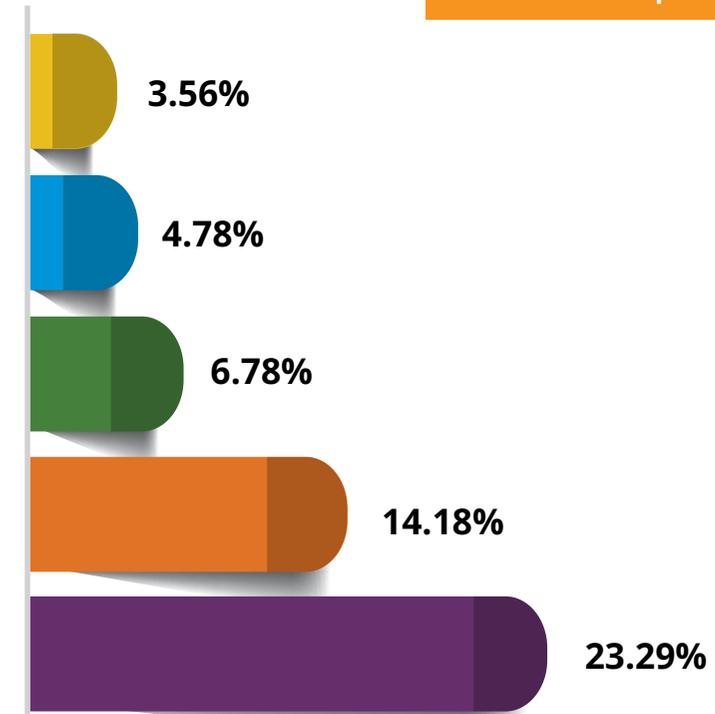
Lender	1 Lender	2 Lender	3 Lender	4 Lender	>=5 Lender
Borrower Penetration - Sep'25	72%	19%	7%	1.7%	0.3%
Borrower Penetration - Dec'25	73%	18%	7%	1.7%	0.3%

30+ Delinquency as of Sep'25



■ 1 Lender ■ 2 Lender ■ 3 Lender ■ 4 Lender ■ >=5 Lender

30+ Delinquency as of Dec'25



■ 1 Lender ■ 2 Lender ■ 3 Lender ■ 4 Lender ■ >=5 Lender

- The share of borrowers with 1 Lender has increased from September 2025 to December 2025. The high leverage segment (3,4,>=5 Lender) remained stable
- The share of exposure to microfinance borrowers with more than 2 lenders stands at 9.0% over the last 2 quarters
- 30 dpd+ delinquencies rises in borrowers when the number of lender increases, highlighting the impact of uncontrolled leverage on asset quality

## About SIDBI



Small Industries Development Bank of India has been established under an Act of the Parliament in 1990. SIDBI is mandated to serve as the Principal Financial Institution for executing the triple agenda of promotion, financing and development of the Micro, Small and Medium Enterprises (MSME sector) and co-ordination of the functions of the various Institutions engaged in similar activities. Over the years, through its various financial and developmental measures, the Bank has touched the lives of people across various strata of the society, impacted enterprises over the entire MSME spectrum and engaged with many credible institutions in the MSME ecosystem. Under Vision 2.0, SIDBI has spearheaded various Initiatives to address the Information Asymmetry in MSME sector like MSME Pulse, the health tracker of MSMEs, MSME Outlook Survey, for gauging the MSE business sentiments apart from Microfinance Pulse.

## SIDBI in Microfinance space



SIDBI has played pioneering role in furthering the inclusive finance agenda through supporting the MicroFinance movement. The cumulative assistance disbursed under SIDBI's MicroFinance initiatives upto March 31, 2025 aggregate to ₹34,992 crore benefitting around 5.21 crore underserved clients. The debt and equity support to MFIs is well complemented by capacity building support to these institutions and imbibing the corporate governance culture by supporting Compliance Assessment Tools, etc. Apart from handholding the Micro Finance industry from fragile beginning to a full-fledged industry segment, culminating in the transition of several of our partner MFIs into SFBs/Universal Banks. A path breaking initiative in Micro Lending is to make available small loans directly from SIDBI (through partnership arrangements), at interest rates which are substantially lower than the market rates. Under this initiative, titled Prayaas, the Bank has been extending small ticket size loans of ₹0.50 lakh to ₹5 lakh to Micro borrowers at bottom of the pyramid with interest rates comparatively lower than market rates under partnership model.

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