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Microfinance Pulse Report

Vol XXV – November 2025

Analytical Contacts

Equifax

Shruti Joshi
Head – Insights & Analytics
shruti.joshi@equifax.com

Vandana Panchal
Manager – Insights & Analytics
vandana.panchal@equifax.com

SIDBI

Suman Chowdhary
Chief Economist-ERDAV
erdav@sidbi.in

Milounee Purohit
Economic Advisor
erdav.sidbi.in

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Executive Summary

Welcome to the 25th edition of the Microfinance Pulse Report. This edition analyzes the microfinance industry's performance over the last five quarters, leveraging data provided by microfinance institutions to the bureau as of September 2025.

The Microfinance Industry's total portfolio outstanding dropped to ₹2.90 Lakh Crores as of September 2025. This portfolio supports 9.13 crore active loans and caters to 5.5 crore unique live borrowers. The industry has continued to witness a significant consolidation since the previous year with YoY portfolio contraction at 22% in September 2025. At the same time, the structural landscape of the industry is undergoing a transformation, with a steady shift in market share away from Private Banks towards NBFC-MFIs, currently standing at 40%.

Industry disbursements also experienced a 9% year-on-year (YoY) decline in the quarter ended Sept'2025 (JAS'25) compared to the same period in 2024. Encouragingly, however, there was a positive 9% sequential improvement in disbursement value in JAS'25 compared to the preceding quarter AMJ'25. In the current phase of industry consolidation, there is a perceptible shift towards higher ticket size, as visible from the steady growth in the >1L ticket size category.

The asset quality in the sector has seen a very gradual improvement. The 30+ dpd delinquency (30-179 days) witnessed an improvement in September 2025 to 5.3% from 6.1% in June 2025. NBFCs remained more resilient and maintained the lowest delinquency rates. On the other hand, the 180+ dpd delinquency has increased significantly to 15.3% in September 2025 from 13.0% in June 2025, reflecting challenges in recovery from the harder buckets.

Amongst top 10 states, Karnataka and Odisha witnessed the highest contraction in portfolio in September 2025 from September 2024. Karnataka continues to report the highest 30+ delinquency among the top 10 states. Portfolio outstanding for aspirational districts as of 30th September 2025 was valued at Rs. 42,533 crore. Aspirational districts contribute 15% towards the total microfinance portfolio outstanding.

A multi-lender analysis undertaken in this report highlights that the proportion of borrower exposure to three and more lenders stood at 9.3% and 19.0% respectively in number and portfolio value terms as of September. Expectedly, an inverse relationship between the number of lenders and delinquency has been highlighted.

Abbreviations & Glossary

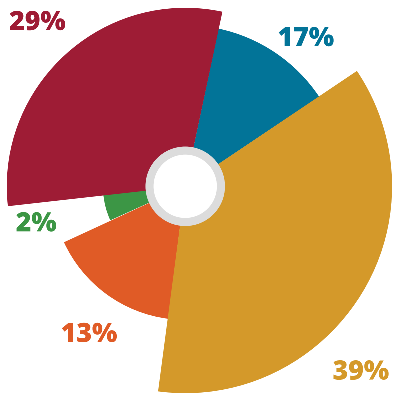
- ATS (Average Ticket Size) = Disbursed Amount / Number of Loans
- DPD = Days Past Due
- Live POS or Borrowers or Active loans = 0 to 179 DPD + New Accounts + Current Accounts
- MFI = Microfinance Institution
- POS = Portfolio Outstanding
- UT = Union Territory
- Aspirational Districts (AD) - Districts (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
- JAS’24 = July 2024 to September 2024
- 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

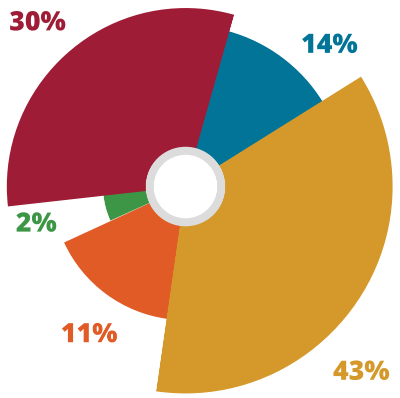

Microfinance Industry
Overview

Microfinance Industry Snapshot – as on 30th September 2025

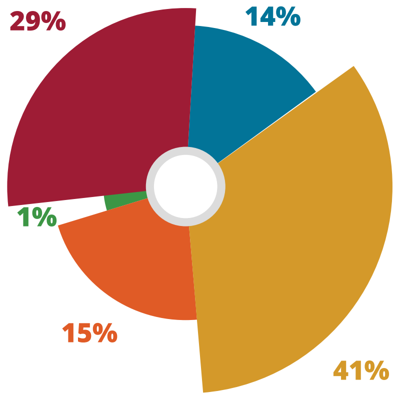
Active Borrowers



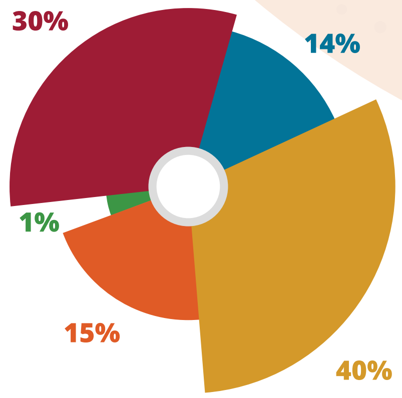
Active Loans



Portfolio Outstanding



Disbursed Amount



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

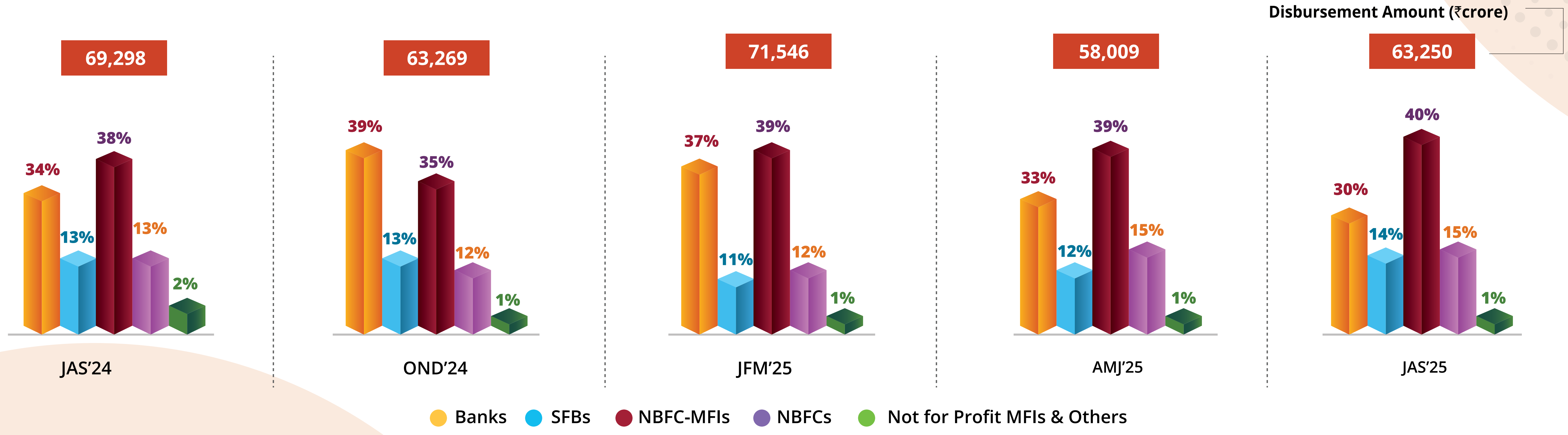
Snapshot as on 30th September 2025	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs & Others	Total Industry
Active Live Borrowers('000)	20,451	11,800	27,180	9,537	1,525	70,493
Active Loans ('000)	27,296	13,273	38,837	10,201	1,673	91,280
Portfolio Outstanding (₹ crore)	83,758	40,147	1,18,012	43,156	4,867	2,89,940
Disbursed Amount (₹ crore) – JAS'25	18,801	8,741	25,424	9,429	855	63,250
Average Ticket Size (₹) – JAS'25	65,678	61,015	55,933	78,823	56,629	62,084
30+ Delinquency (POS)	5.74%	5.78%	4.90%	3.44%	17.57%	5.26%
90+ Delinquency (POS)	3.39%	3.60%	3.07%	2.05%	14.14%	3.27%

- Book size of microfinance industry as on 30th September 2025 is ₹2,89,940 crore
- NBFCs have the highest average ticket size
- NBFCs observed the lowest 30+ and 90+ delinquency, below the industry average.

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



No. of Loans Disbursed (in lakh)

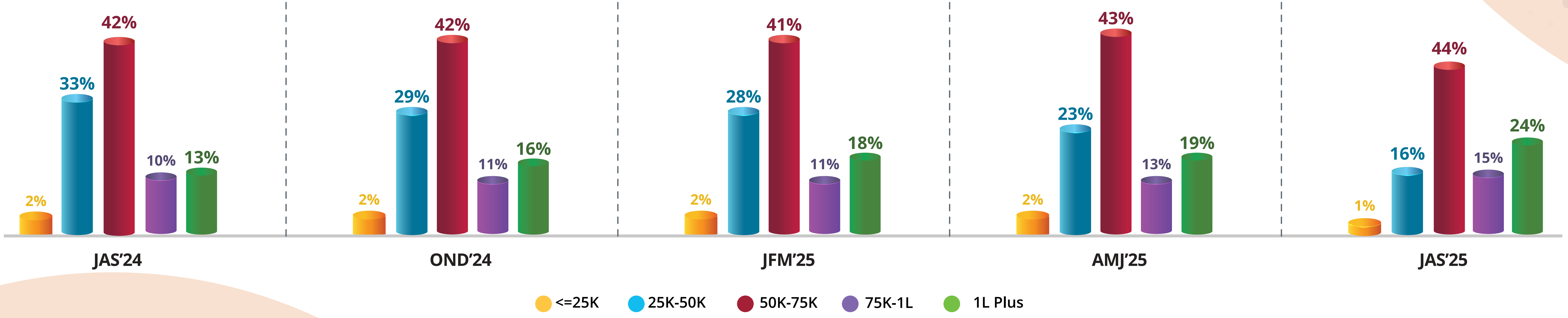
Lender Type	JAS'24	OND'24	JFM'25	AMJ'25	JAS'25
Banks	48	46	48	35	29
SFBs	18	15	14	12	14
NBFC-MFIs	53	43	55	42	45
NBFCs	15	12	13	12	12
Not for Profit MFIs & Others	3	2	2	1	2
Total Industry	137	118	132	102	102

- Industry disbursement by value declined by 9% in JAS'25 from JAS'24 but witnessed an improvement of 9% from the previous quarter AMJ'25

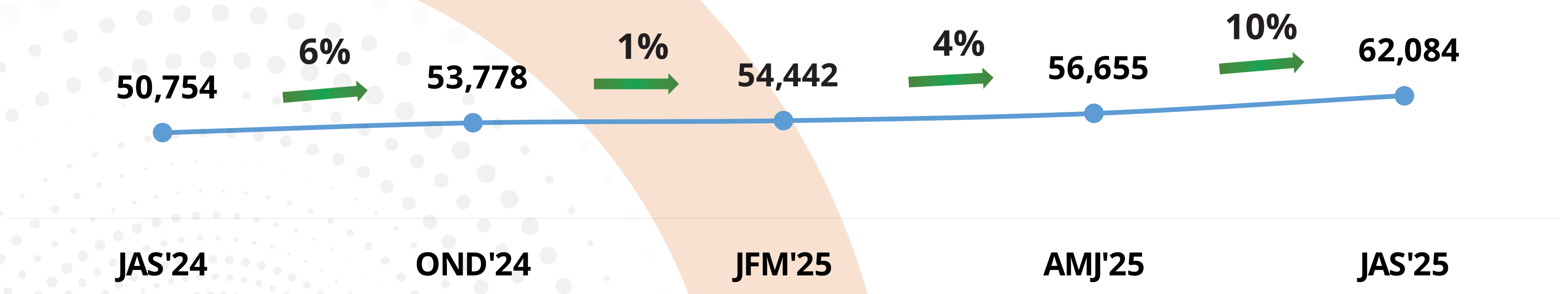
Disclaimer : Sourcing data of all the previous quarters have been updated based on the updates received from the members.

Industry Ticket Size Trends

Disbursement Amount (share % by ticket



Industry Average Ticket Size Trends



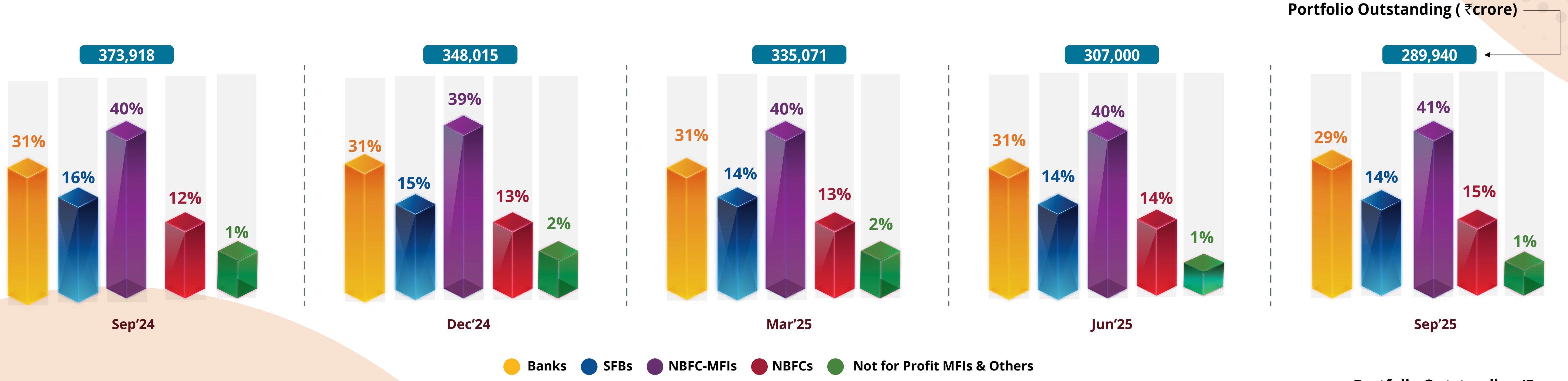
- Industry is witnessing a shift towards the higher ticket size.
- >1L ticket size category witnessed a steady growth. From 13% share in JAS’24 it increased to 24% in JAS’25.
- There has been a consistent increase in the industry average ticket size. It has increased by 22% in JAS’25 from JAS’24.
- The increase in ticket size is possibly due to a risk mitigation strategy of lenders to increase exposure to existing borrowers with a good track record rather than to new to credit borrowers.

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

Portfolio Trends

Microfinance Industry Overview

Market % Share Trends By Lender Type



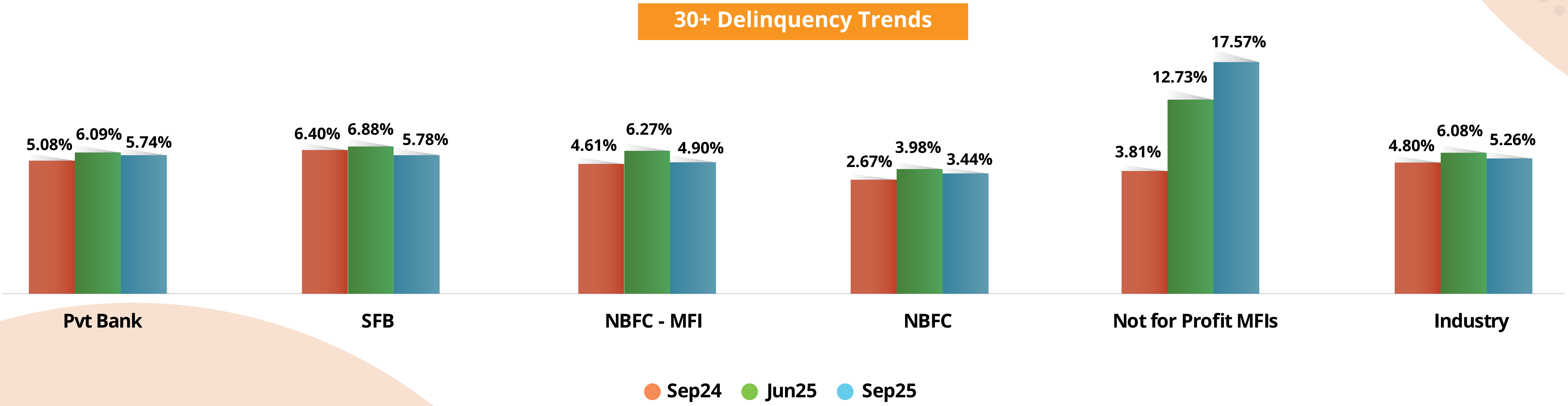
Portfolio Outstanding (₹crore)

Particulars	Sep24	Dec24	Mar25	Jun'25	Sep'25	Y-o-Y Growth %
Banks	1,15,981	1,08,947	1,04,491	94,330	83,758	-28%
SFBs	60,838	52,620	47,970	42,846	40,147	-34%
NBFC-MFIs	1,47,187	1,36,676	1,32,929	1,22,578	1,18,012	-20%
NBFCs	44,907	44,542	44,478	42,562	43,156	-4%
Not for Profit MFIs & Others	5,005	5,230	5,203	4,684	4,867	-3%
Total Industry	**3,73,918**	**3,48,015**	**3,35,071**	**3,07,000**	**2,89,940**	**-22%**
Q-o-Q growth rate %		-7%	-4%	-8%	-6%	

- Microfinance industry experienced a contraction of 22% in September 2025 from September 2024
- Lender composition has changed, shifting away from Pvt. Banks to NBFC-MFIs and NBFCs


Industry Risk Profile

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
Sep24	2.51%	1.36%	1.15%	2.30%	7.63%
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% ↑

- In September 2025 industry 30+ delinquency showed a decline from June 2025
- NBFCs have maintained the lowest delinquency rate across all the quarters
- 180+ days past due delinquency increased by 224 bps in September 2025 from June 2025

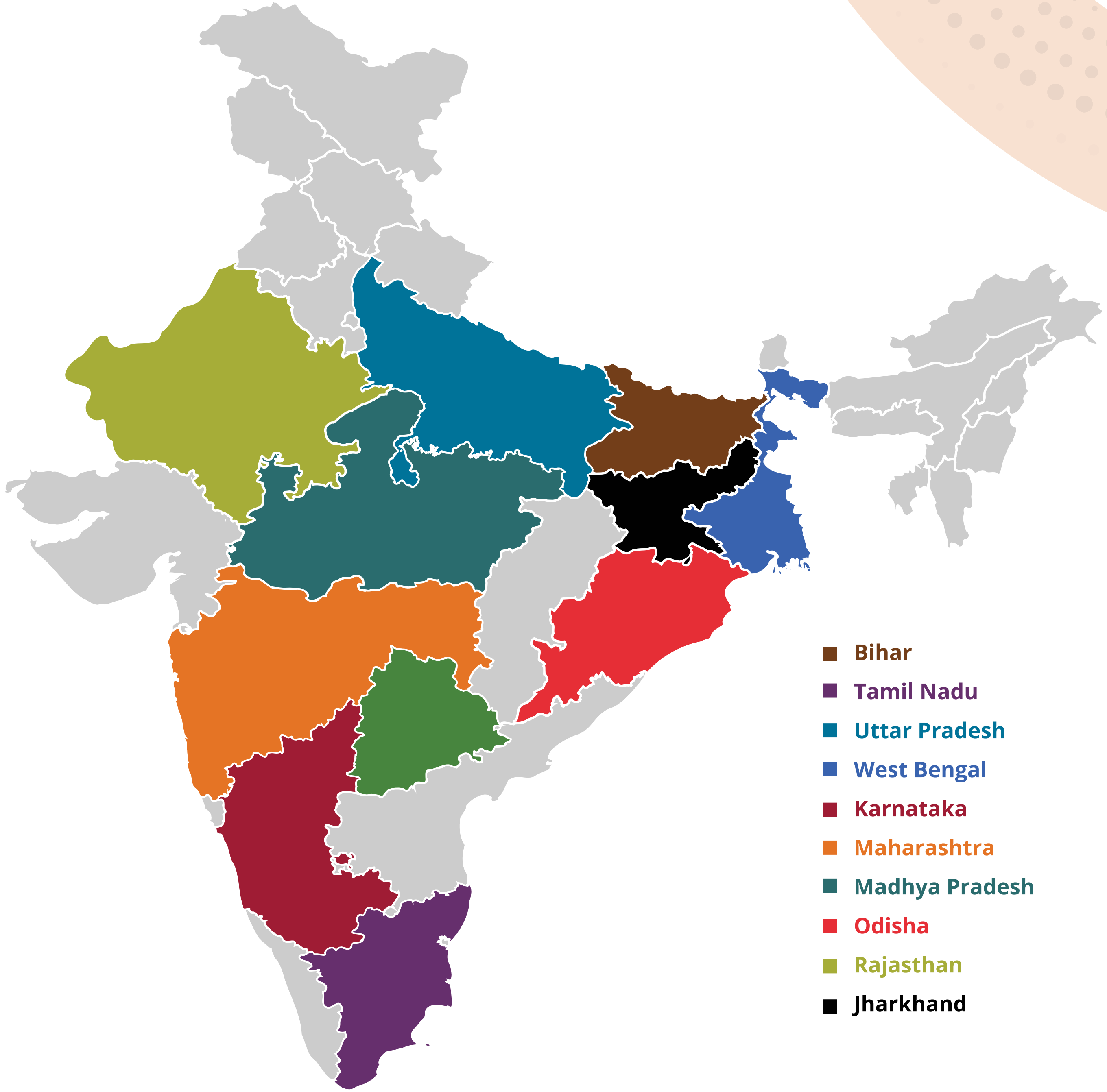
Y-o-Y Performance of Top 10 States

Portfolio & Delinquency

Year-on-Year Portfolio Growth & 30+ Delinquency

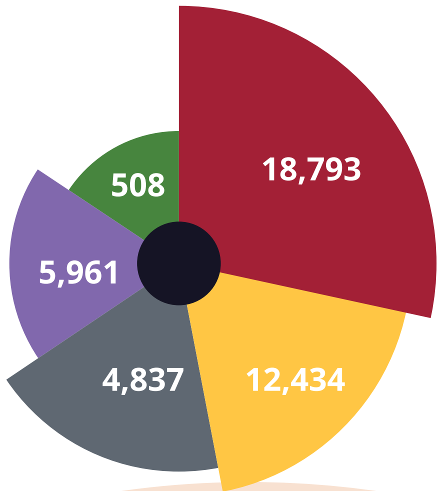
Industry Top 10 States	POS as of September 2025 (₹ crore)	Market Share %	POS Growth % (from Sep'24 to Sep'25)	30+ Delinquency as on Sep'24	30+ Delinquency as on Sep'25
Bihar	45,493	16%	-23%	4.46%	5.34%
Tamil Nadu	35,708	12%	-28%	4.54%	4.60%
Uttar Pradesh	32,584	11%	-20%	5.99%	5.34%
West Bengal	30,986	11%	-9%	2.40%	3.70%
Karnataka	24,856	9%	-35%	2.36%	8.59%
Maharashtra	21,454	7%	-21%	4.66%	5.65%
Madhya Pradesh	16,384	6%	-20%	6.32%	5.74%
Odisha	13,442	5%	-35%	6.78%	5.48%
Rajasthan	11,119	4%	-27%	6.57%	5.60%
Jharkhand	8,489	3.%	-24%	7.40%	4.92%

- Karnataka and Odisha witnessed the highest contraction in portfolio in September 2025 from September 2024
- Karnataka continues to report the highest 30+ delinquency among the top 10 states

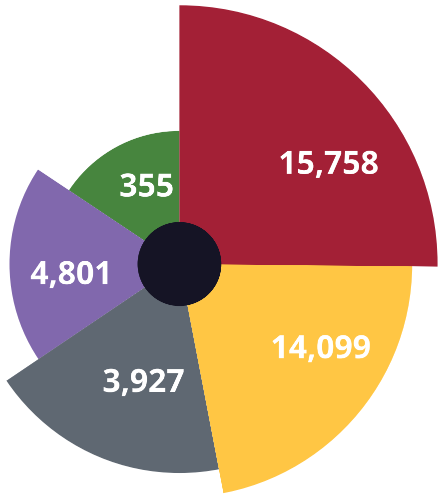


Aspirational Districts

Aspirational Districts – September 2025 Overview



Portfolio (₹crore)

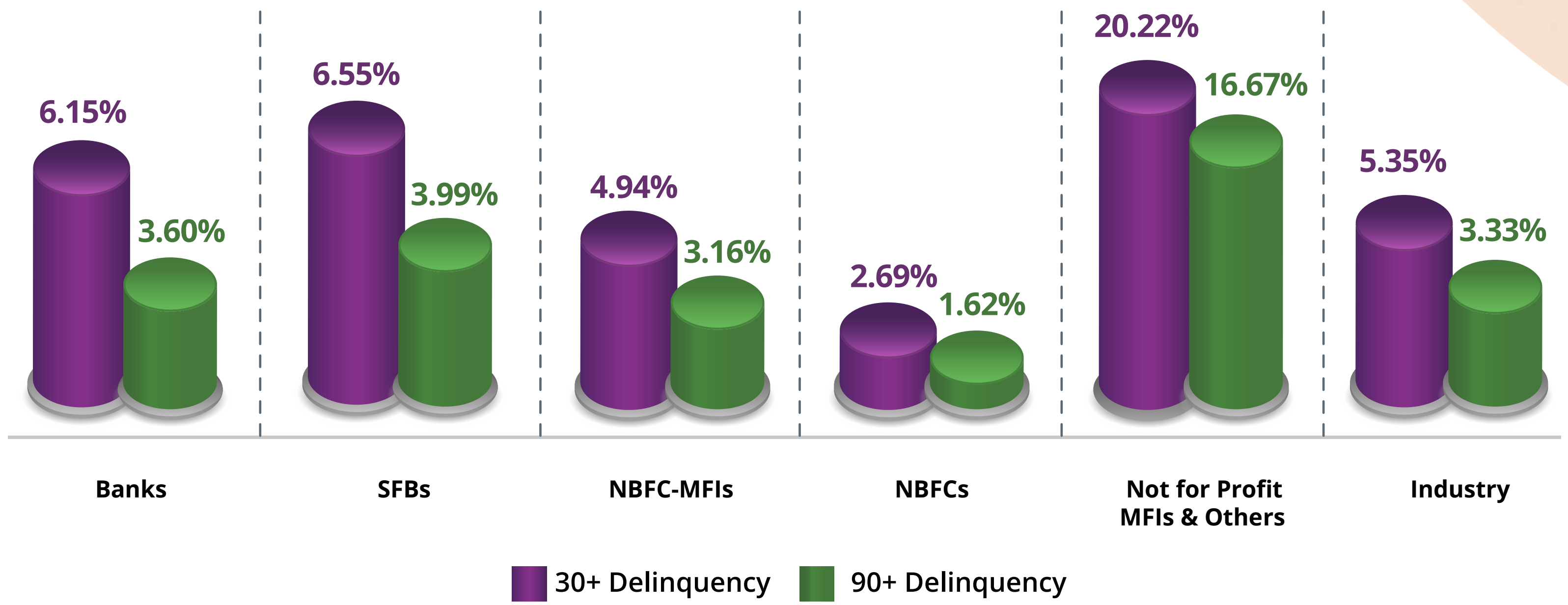


Amount Disbursed (₹ crore) – Oct'24 to Sep'25

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

- Portfolio outstanding for aspirational districts as on 30th September 2025 is ₹42,533 crore
- Aspirational districts contribute 15% towards the total microfinance portfolio outstanding
- 30+ and 90+ delinquencies of aspirational districts have increased in September 2025 to September 2024

30+ and 90+ Delinquency by Lender Type

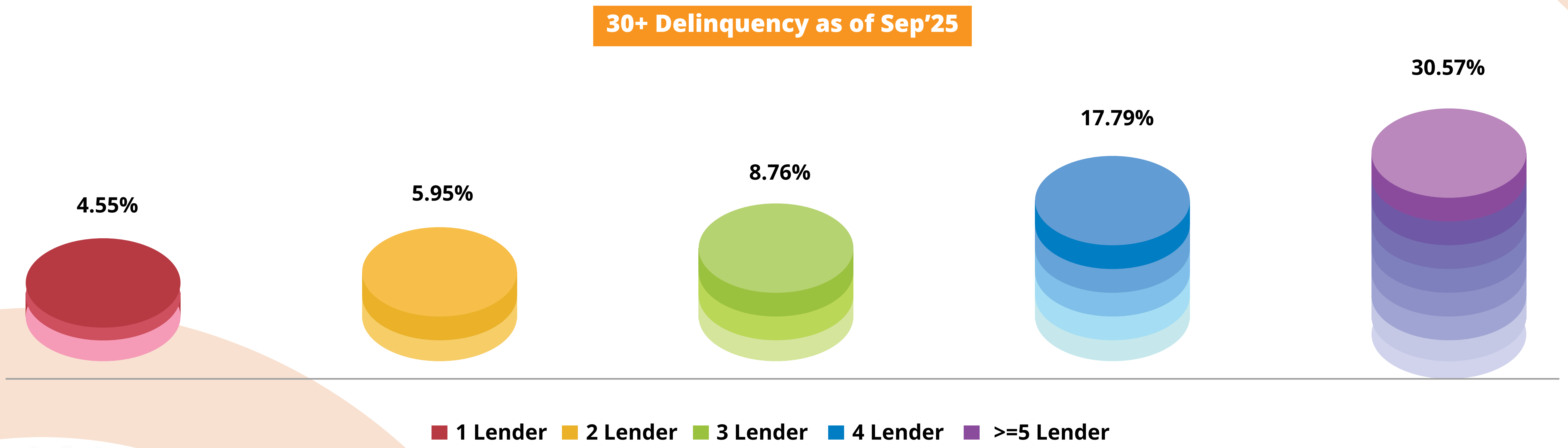


Aspirational Districts Growth Particulars	30th September 2024	30th September 2025	Growth %
Disbursement Amount (₹crore)	*55,081	**38,940	-29%
Active Loans (₹000)	18,538	13,976	-25%
Portfolio Outstanding (₹crore)	52,703	42,533	-19%
***30+ Delinquency	5.19%	5.35%	
***90+ Delinquency	2.39%	3.33%	

*Disbursement January 2023 to December 2024
**Disbursement January 2024 to December 2025
***Delinquencies are calculated basis POS


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%	0.3%
Portfolio Penetration - Sep'25	54%	28%	15%	3%	1%

POS = 0 to 179 DPD
*30+ % = 30-179 DPD/ 0-179 DPD

- While multi-lender association can improve borrower access to credit, it significantly heightens default risk
- Expectedly, there is an inverse relationship between the number of lenders and delinquency.

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 MicroFinance 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.

About Equifax

At Equifax (NYSE: EFX), we believe knowledge drives progress. As a global data, analytics and technology company, we play an essential role in the global economy by helping financial institutions, companies, employers and government agencies make critical decisions with greater confidence. Our unique blend of differentiated data, analytics, and cloud technology drives insights to power decisions to move people forward. Headquartered in Atlanta and supported by nearly 15,000 employees worldwide, Equifax operates or has investments in 24 countries in North America, Central and South America, Europe, and the Asia Pacific region. For more information, visit Equifax.com

Contact Details

Equifax Credit Information Services Private Limited

Unit No. 931, 3rd Floor, Building No. 9, Solitaire Corporate Park, Andheri Ghatkopar Link Road, Andheri (East), Mumbai - 400 093

Toll Free No. : **1800 2093247**

ecissupport@equifax.com

Small Industries Development Bank of India

Swavalamban Bhavan, Plot No. C-11, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 Maharashtra

Toll Free No. : **1800 226753**

www.sidbi.in