

# Microfinance Pulse Report

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**EQUIFAX**





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**Welcome to the 27th and the March 2026 edition of Microfinance Pulse.**

While the microfinance sector witnessed stress and a portfolio consolidation over the period FY 2024-26 following a post Covid expansion phase (FY 2021-24), green shoots of a growth recovery are visible.

As of March 31, 2026, the sector serves approximately 5.5 crore unique live borrowers across 7.6 crore active loans, with a total portfolio outstanding (POS) of Rs. 2,77,053 crores.

**Signs of a growth revival:** While the industry witnessed a 17% YoY contraction in total portfolio outstanding between March 2025 and March 2026, the latest data indicates an inflection point. The sector portfolio recorded a 3% quarter-over-quarter growth between December 2025 and March 2026 for the first time in several quarters, signalling a resumption of growth momentum. Disbursements during the January-March 2026 (JFM'26) quarter reached Rs. 78,938 crores, the highest level reached since the JFM'23 quarter.

**NBFC-MFIs Strengthen Market Share:** NBFC-MFIs have solidified their position as the dominant players in the current landscape, accounting for nearly half of the industry's active loans, portfolio outstanding, and disbursements. They have captured close to 50% of origination volume and value, effectively leveraging the gap created by the reduced lending of banks to the sector.

**Shift Toward Higher Ticket Sizes:** A notable structural shift is underway in lending patterns, with a move away from traditional small-ticket loans toward larger disbursements. The share of loans below ₹50,000 continues to decline, while the proportion of high-value loans (above ₹75,000) has risen sharply from 26% in JFM'25 to 41% in JFM'26. The sustained increase in Average Ticket Size (ATS) indicates a strategic focus on existing borrowers with established credit histories and stronger repayment capacities.

**Improvement in Asset Quality:** The industry has witnessed a meaningful improvement in asset quality over the past five quarters. The 30+ days past due (DPD) delinquency rate declined significantly from 6.64% in March 2025 to 2.35% in March 2026, which partly may be due to write-offs by lenders. Among lender categories, NBFCs continue to report the lowest delinquency levels. Vintage analysis also indicates that loans originated in early and mid-2025 are performing better than earlier cohorts.

**Geographic Stability and Moderation in Borrower Leverage:** The improvement in asset quality is evident across key geographies. All top 10 microfinance states have reported decline in 30+ delinquency rates alongside portfolio contraction, with Tamil Nadu recording the lowest delinquency at 1.88%. Bihar remains the largest market, accounting for 16% of the overall portfolio.

Financial inclusion efforts continue to progress in the country's 112 Aspirational Districts, which now contribute 15% of the total industry portfolio (₹42,441 crore). Delinquency in these districts saw a sharp decline from 8.53% in March 2025 to 2.26% in March 2026, underscoring improving credit discipline. The share of **existing-to-credit (ETC)** borrowers has steadily increased, reflecting a shift from new customer acquisition to deeper engagement with existing, higher-credit-quality borrowers.

A significant **48% overlap of MFI customers in retail loans** (within a sample) highlights increasing **borrower graduation** into formal retail credit, with diversification into products like gold, housing, and unsecured business loans.

<b>ATS (Average Ticket Size)</b> = Disbursed Amount / Number of Loans	<b>DPD</b> = Days Past Due	<b>Live POS or Borrowers or Active loans</b> = 0 to 179 DPD + New Accounts + Current Accounts	<b>MFI</b> = Microfinance Institution	<b>POS</b> = Portfolio Outstanding
<b>UT</b> = Union Territory	<b>1-179</b> = 1 to 179 DPD/ Live POS	<b>1-29</b> = 1 to 29 DPD/ Live POS	<b>30-59</b> = 30 to 59 DPD/ Live POS	<b>60-89</b> = 60 to 89 DPD/ Live POS
<b>90-179</b> = 90 to 179 DPD/ Live POS	<b>30+ Delinquency</b> = 30 to 179 DPD/ Live POS	<b>90+ Delinquency</b> = 90 to 179 DPD/ Live POS	<b>OND'24</b> = October 2025 to December 2025	<b>JFM'25</b> = January 2025 to March 2025
<b>AMJ'25</b> = April 2025 to June 2025	<b>JAS'25</b> = July 2025 to September 2025	<b>JFM'26</b> = January 2026 to March 2026	<b>MOB</b> = Month on Board	<b>ETC</b> = Existing to Credit <b>NTC</b> = New to Credit

**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

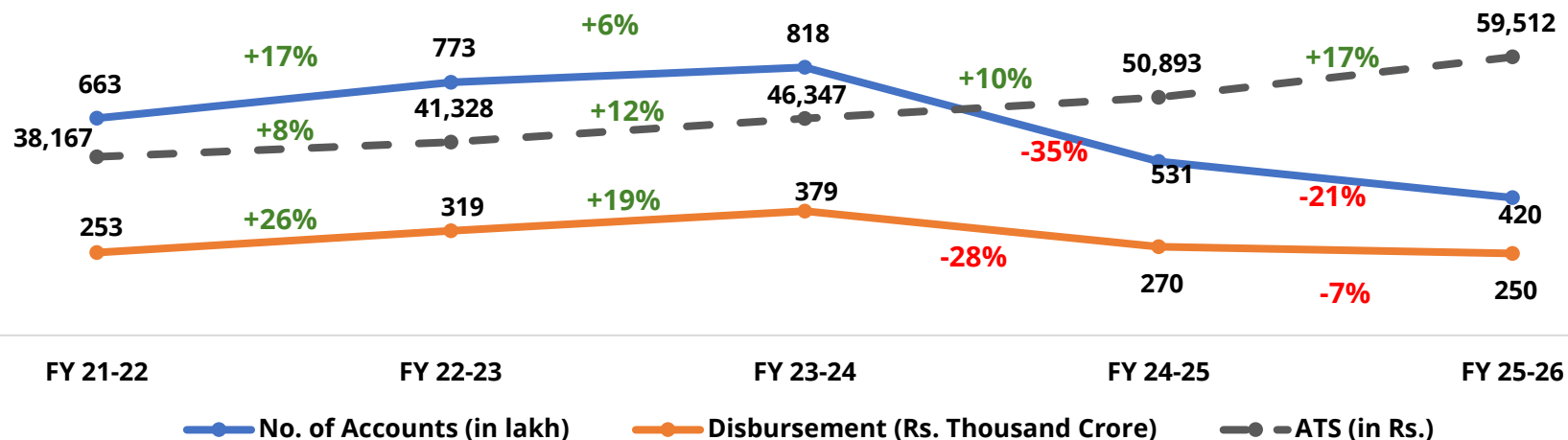


# Microfinance Industry Overview

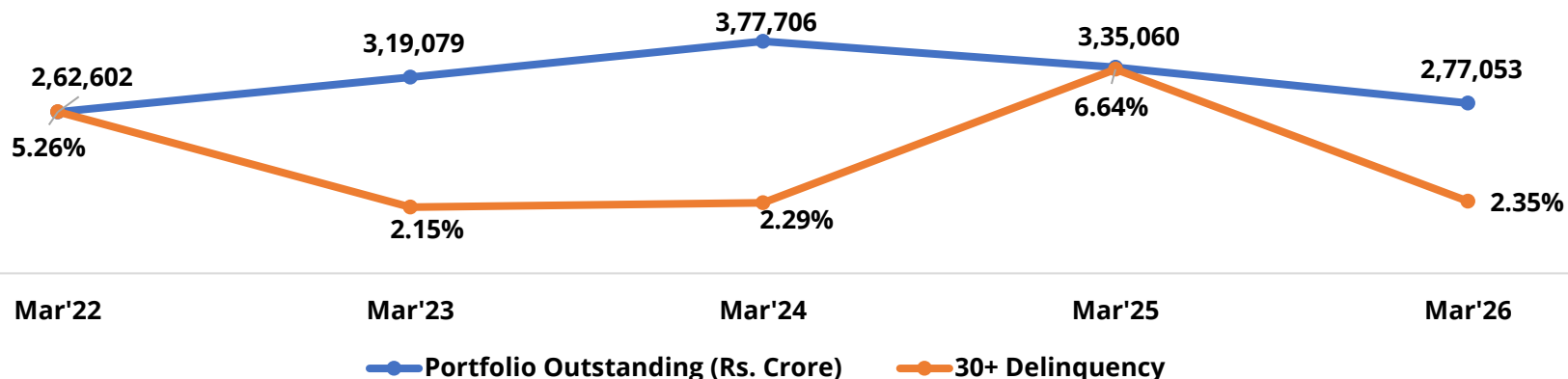


# Year on Year Disbursement & Portfolio Trends

## Disbursement & ATS Trends



## Portfolio Outstanding & 30+ Delinquency Trends



1

FY21–FY24 marked a post-pandemic expansion phase characterized by robust growth in MFI disbursements, followed by a moderation in FY24–FY25 driven by tighter policy guardrails. Early indicators now point to the onset of a recovery cycle.

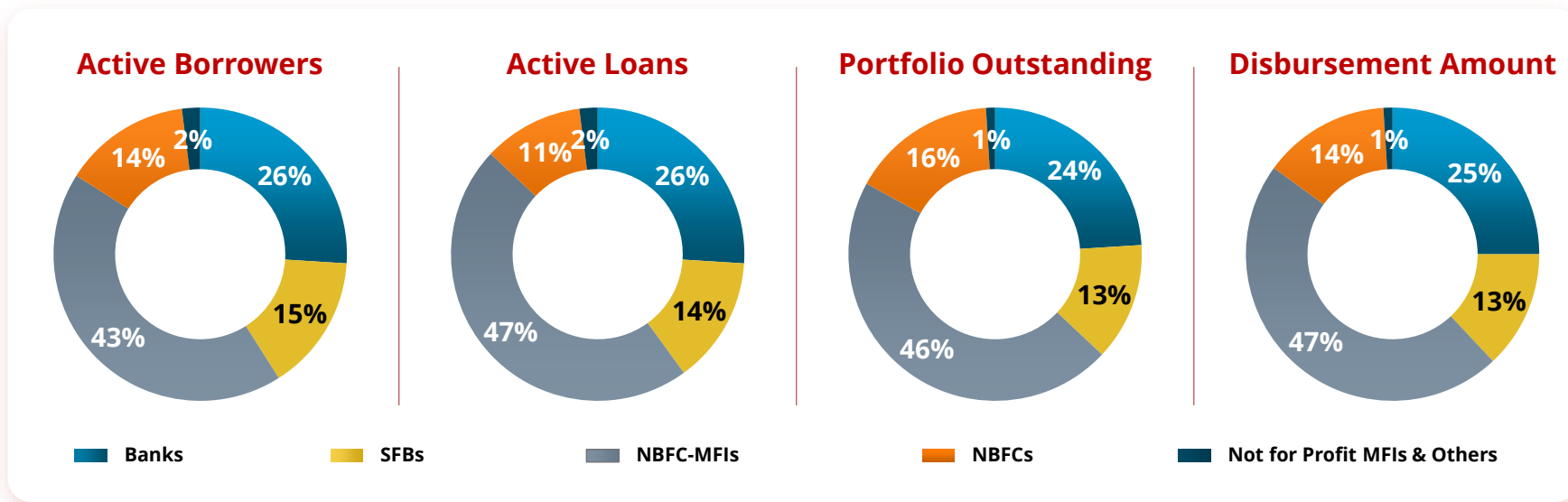
2

Over the last two years the clear shift has been visible from volume acquisition to risk management and portfolio consolidation

3

The industry showed resilience and proactive risk management with leaner portfolio and higher average ticket sizes and delinquencies under control

# Microfinance Industry Snapshot – as on 31st March 2026



1

Overall microfinance portfolio outstanding stood at Rs.2,77,053 crore comprising 7.6 crore active loans as of 31st March 2026

2

Industry disbursed loans worth Rs.78,938 crore during JFM'26

3

NBFC-MFIs are leading the market, commanding nearly half the market across active loans, portfolio outstanding and disbursement amount

4

NBFCs are focusing on higher value loans. Their ATS is higher than then the industry ATS.

Snapshot as on 31 <sup>st</sup> March 2026	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs & Others	Total Industry
Active Live Borrowers('000)	15,932	9,242	25,764	8,389	1,235	60,562
Active Loans ('000)	19,861	10,400	35,733	8,830	1,261	76,085
Portfolio Outstanding (Rs. crore)	65,123	36,956	1,26,905	43,775	4,294	2,77,053
Disbursed Amount (Rs. crore) – JFM'26	19,480	10,254	37,197	10,931	1,076	78,938
Average Ticket Size (Rs.) – JFM'26	60,883	63,596	58,937	82,377	60,561	62,945
30+ Delinquency (POS)	2.97%	2.46%	2.13%	1.69%	4.90%	2.35%
90+ Delinquency (POS)	1.88%	1.54%	1.33%	0.91%	2.96%	1.45%

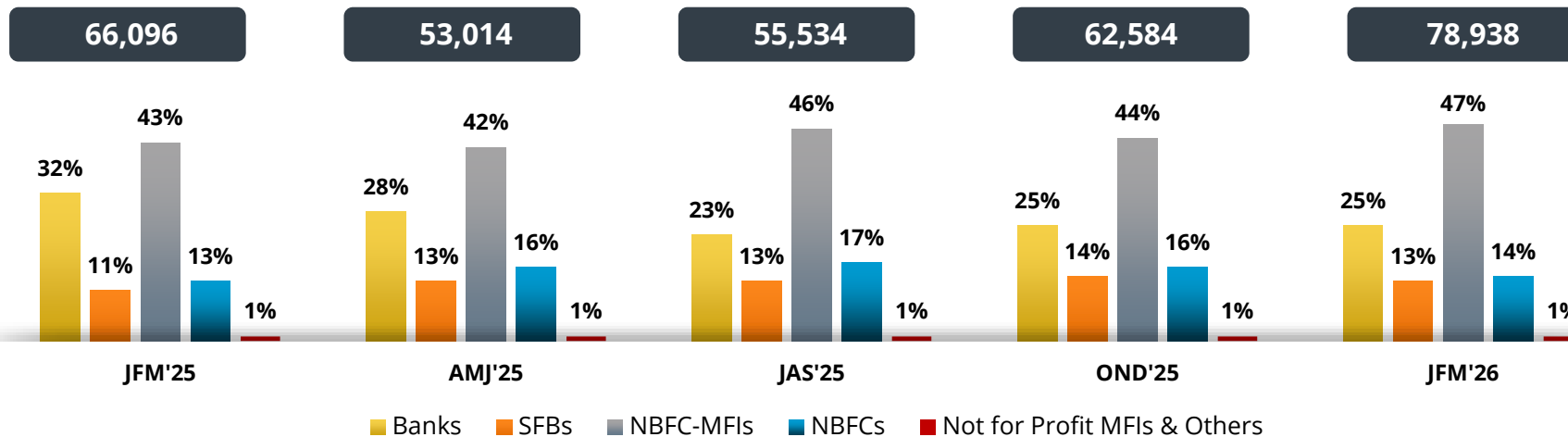
Note : In MFI segment there are ~5.5 crore unique live borrowers across lenders. Difference in the unique number of customers is due to the customers having multiple relationships with SFBs, Banks, NBFC-MFIs, NBFCs and Not for Profit MFIs & Others.

# Disbursement Trends



# Disbursement Trends – Institution wise

## Disbursement Amount (Rs. crore)



① Disbursement in JFM'26 stood at Rs. 78,938 crore, marking the highest level observed in the past JFM'23. This marks a milestone in the industry's recovery, signaling a sustained return to growth mode.

② NBFC-MFIs have acquired almost 50% of the industry's origination volume and value. They are capitalizing on the market vacuum left by Banks.

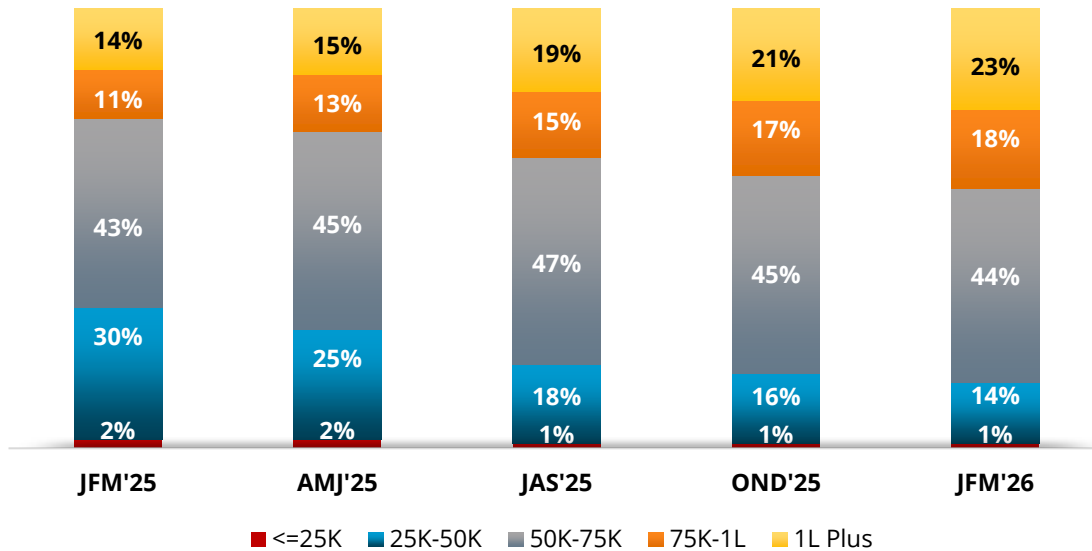
## No. of Loans Disbursed (in lakh)

Lender Type	JFM'25	AMJ'25	JAS'25	OND'25	JFM'26
Banks	41	30	22	27	32
SFBs	14	12	12	13	16
NBFC-MFIs	56	42	46	49	63
NBFCs	13	12	12	12	13
Not for Profit MFIs & Others	1	1	1	1	2
<b>Total Industry</b>	<b>125</b>	<b>97</b>	<b>93</b>	<b>102</b>	<b>126</b>

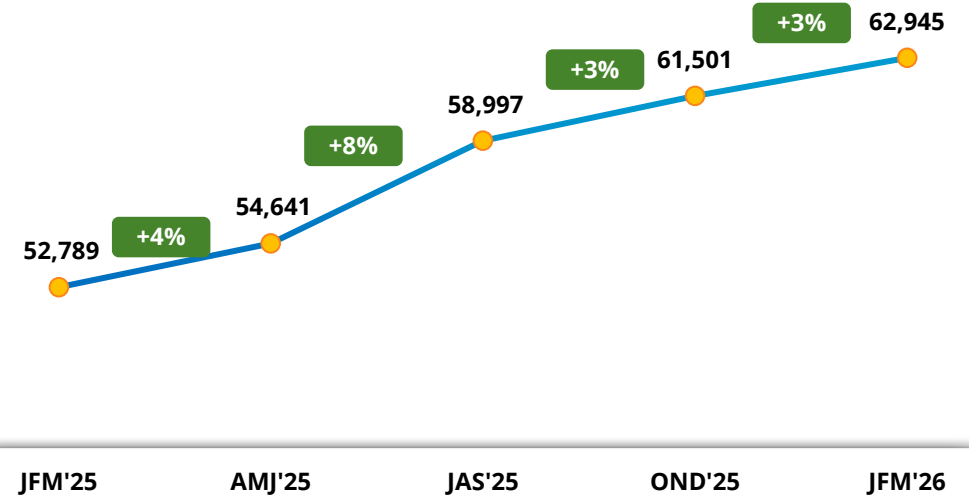
Disclaimer : Sourcing data of all the previous quarters have been updated based on the updates received from the members.

# Industry Ticket Size Trends

Disbursement Amount (share % by ticket size)



Industry Average Ticket Size Trends



1

The industry is shifting away from traditional small ticket size loans to higher value disbursements

2

<50k segment is shrinking rapidly

3

As the bottom shrinks the top expands. The combined share of loans over >75k has surged from 26% in JFM'25 to 41% in JFM'26.

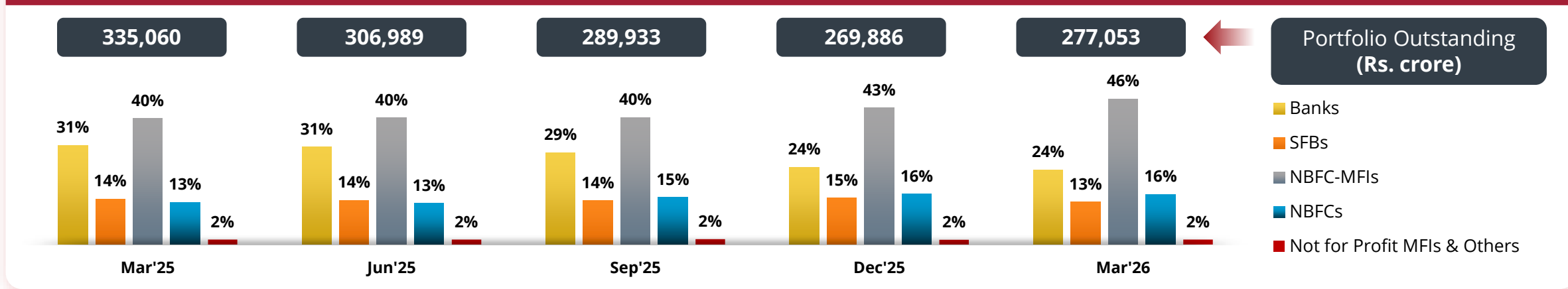
4

Continuous growth in ATS is showcasing that lenders are focusing on existing borrowers with established credit history who can absorb larger amount loans

# Portfolio Trends



## Market % Share Trends By Lender Type



## Portfolio Outstanding (Rs. crore)

Particulars	Mar25	Jun'25	Sep'25	Dec'25	Mar'26	Y-o-Y Growth %
Banks	1,04,491	94,330	83,758	65,687	65,123	-38%
SFBs	47,970	42,846	40,147	39,605	36,956	-23%
NBFC-MFIs	1,32,918	1,22,567	1,18,005	1,17,512	1,26,905	-5%
NBFCs	44,478	42,562	43,156	42,982	43,775	-2%
Not for Profit MFIs & Others	5,203	4,684	4,867	4,100	4,294	-17%
<b>Total Industry</b>	<b>3,35,060</b>	<b>3,06,989</b>	<b>2,89,933</b>	<b>2,69,886</b>	<b>2,77,053</b>	<b>-17%</b>
Q-o-Q growth rate %		-8%	-6%	-7%	3%	

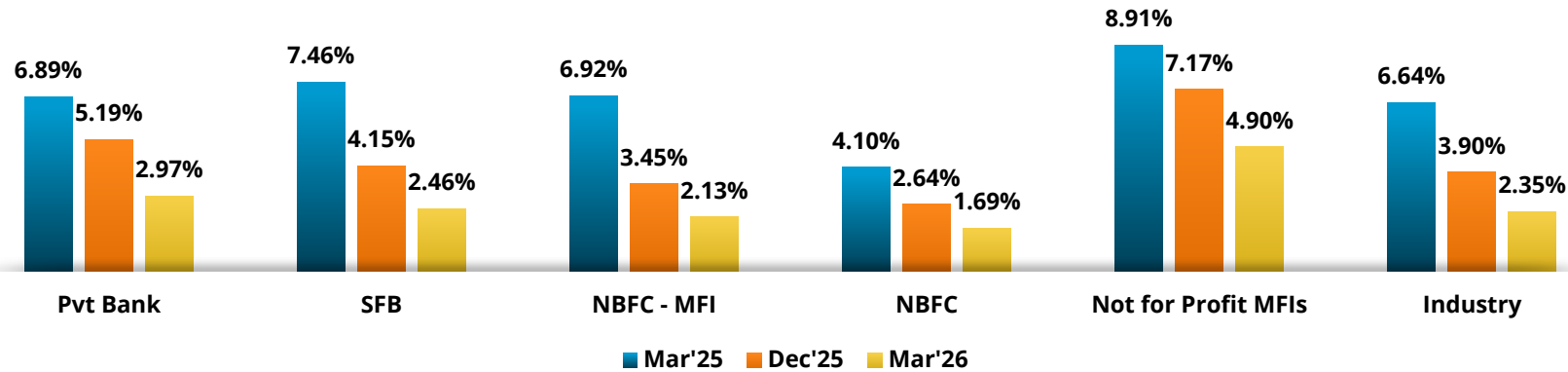
1

The microfinance industry has shown encouraging signs of recovery. While the portfolio outstanding declined by 17% on a y-o-y basis, March 2026 marked a turnaround with a 3% sequential growth over the previous quarter, the first time since June 2024 quarter. This reversal signals that lenders are gradually returning to a growth trajectory following a period of consolidation.

# Industry Risk Profile



## 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
Mar'25	2.49%	1.36%	1.35%	3.93%	10.68%
Jun'25	2.30%	1.10%	1.34%	3.65%	13.02%
Sep'25	2.14%	0.99%	1.01%	3.27%	15.26%
Dec'25	1.50%	0.73%	0.75%	2.43%	16.07%
Mar'26	1.21% ▼	0.43% ▼	0.46% ▼	1.45% ▼	17.11% ▲

①

Industry 30+ delinquency has declined from 6.64% in March 2025 to 2.35% in March 2026 but long-term stress remains the challenge. Over the same period 180+ DPD has increased.

②

NBFCs continued to report the lowest delinquency across all the lenders

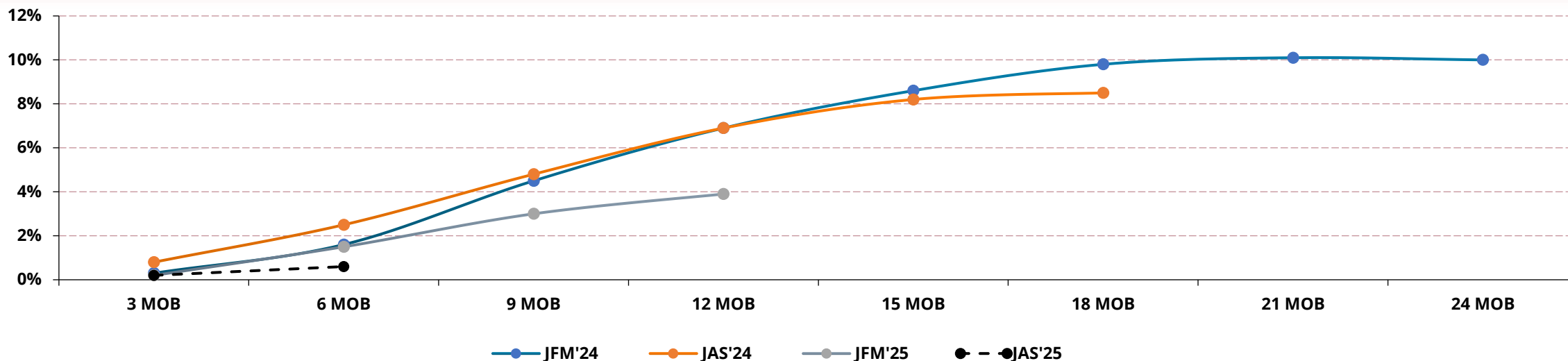
③

SFBs witnessed the highest annual decline of 500 bps in March 2026

# Vintage Analysis



Vintage analysis helps in tracking the performance and repayment health of loans over time based on the period in which they were originally disbursed, enabling like-for-like comparison of credit quality across Months-on-Book (MOB) and early identification of stress in new cohorts. This analysis confirms that while the microfinance industry continues to manage the fallout from riskier loans disbursed in 2024, more recent disbursements are exhibiting significantly lower delinquency levels, indicating improving underwriting standards and stronger borrower selection.



① Loans disbursed in JFM'25 and JAS'25 are performing better than the loans disbursed in JAS'24

② Loans disbursed in JFM'24 and JAS'24 experienced steep increase in delinquency between 6MOB and 15MOB

60+ % = 60+ DPD(excl closed)/ Disbursement Amount

# Y-o-Y Performance of Top 10 States



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

Industry Top 10 States	POS as of March 2026 (Rs crore)	Market Share %	POS Growth % (from Mar'25 to Mar'26)	30+ Delinquency as of Mar'25	30+ Delinquency as of Mar'26
Bihar	45,341	16%	-14%	7.41%	2.21%
Uttar Pradesh	33,897	12%	-10%	7.08%	2.35%
Tamil Nadu	33,368	12%	-20%	6.90%	1.88%
West Bengal	24,701	9%	-25%	3.51%	2.65%
Karnataka	23,570	9%	-28%	10.81%	2.29%
Maharashtra	20,016	7%	-20%	4.43%	2.60%
Madhya Pradesh	16,183	6%	-13%	6.09%	2.89%
Odisha	13,295	5%	-22%	9.67%	2.17%
Rajasthan	11,263	4%	-16%	6.23%	2.82%
Jharkhand	8,891	3%	-8%	7.62%	1.96%

1

All the top 10 states witnessed contraction in portfolio outstanding and a drop in 30+ delinquency as well

2

Bihar holds 16% of the overall market share and have managed the delinquency at 2.21%

3

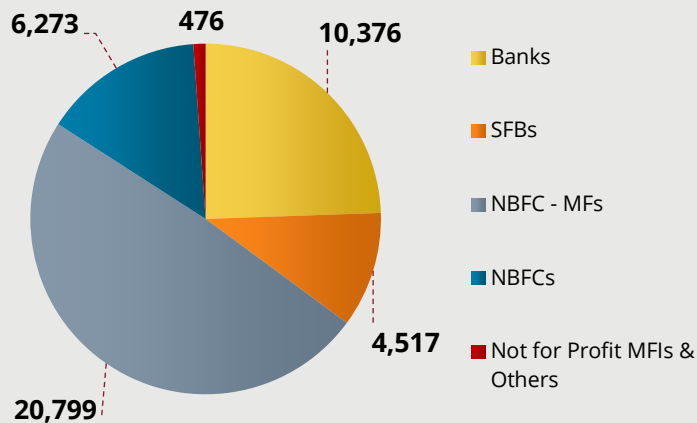
Tamil Nadu reported the lowest 30+ delinquency in March 2026 across top 10 states

# Aspirational Districts

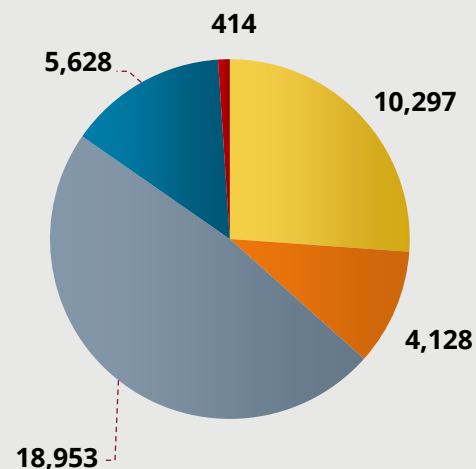


# Aspirational Districts – March 2026 Overview

## Portfolio Outstanding (Rs. Crore)

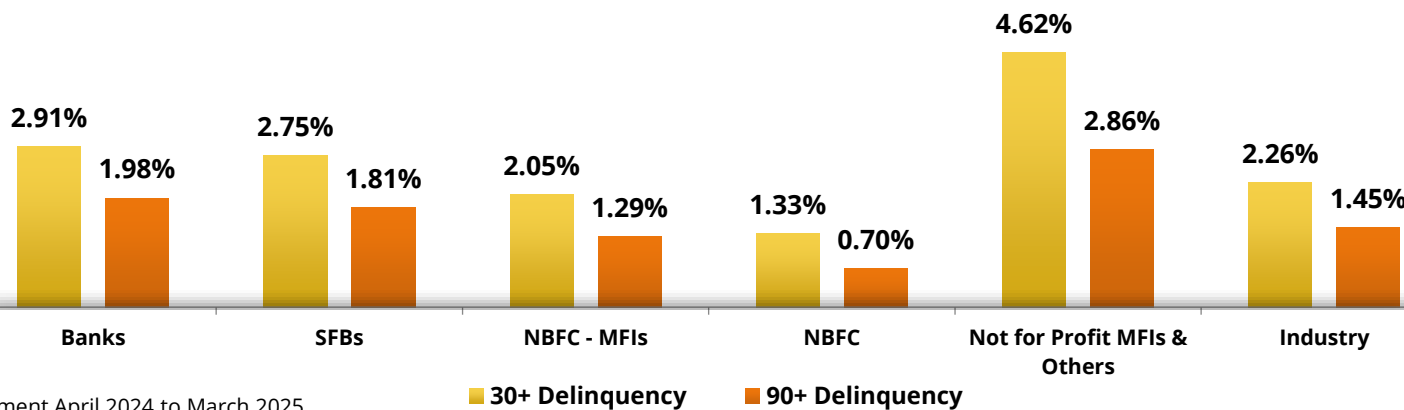


## Amount Disbursed (Rs. crore) – Apr'25 to Mar'26



- Portfolio outstanding for aspirational districts as on 31st March 2026 is Rs. 42,441 crore
- Aspirational districts contribute 15% towards the total microfinance portfolio outstanding
- 30+ and 90+ delinquencies of aspirational districts have declined in March 2026 compared to March 2025

## 30+ and 90+ Delinquency by Lender Type



Aspirational Districts Growth Particulars	31 <sup>st</sup> March 2025	31 <sup>st</sup> March 2026	Growth %
Disbursement Amount (Rs. crore)	*41,647	**39,420	-5%
Active Loans ('000)	16,855	11,840	-30%
Portfolio Outstanding (Rs. crore)	49,256	42,441	-14%
***30+ Delinquency	8.53%	2.26%	
***90+ Delinquency	5.58%	1.45%	

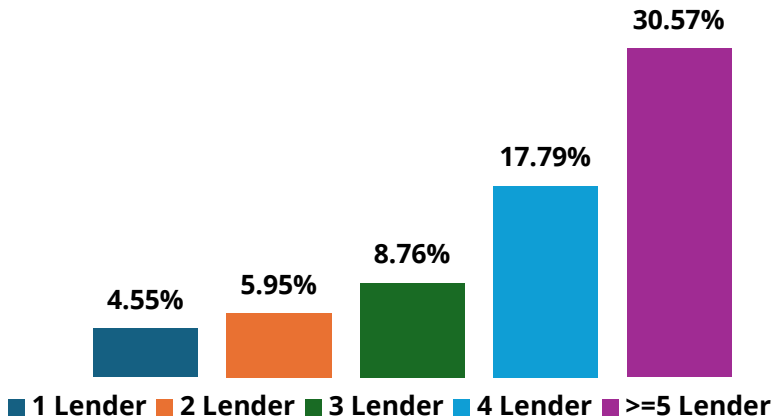
\*Disbursement April 2024 to March 2025  
 \*\*Disbursement April 2025 to March 2026  
 \*\*\*Delinquencies are calculated basis POS

# Active Lender Association

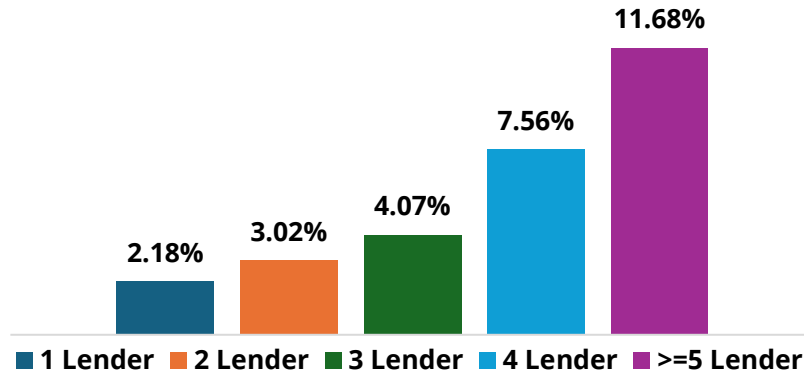


Lender	1 Lender	2 Lender	3 Lender	4 Lender	5 Lender
Borrower Penetration - Sep'25	73%	18%	7%	1.7%	0.3%
Borrower Penetration - Mar'26	74%	18%	7%	0.8%	0.2%

30+ Delinquency as of Sep'25



30+ Delinquency as of Mar'26

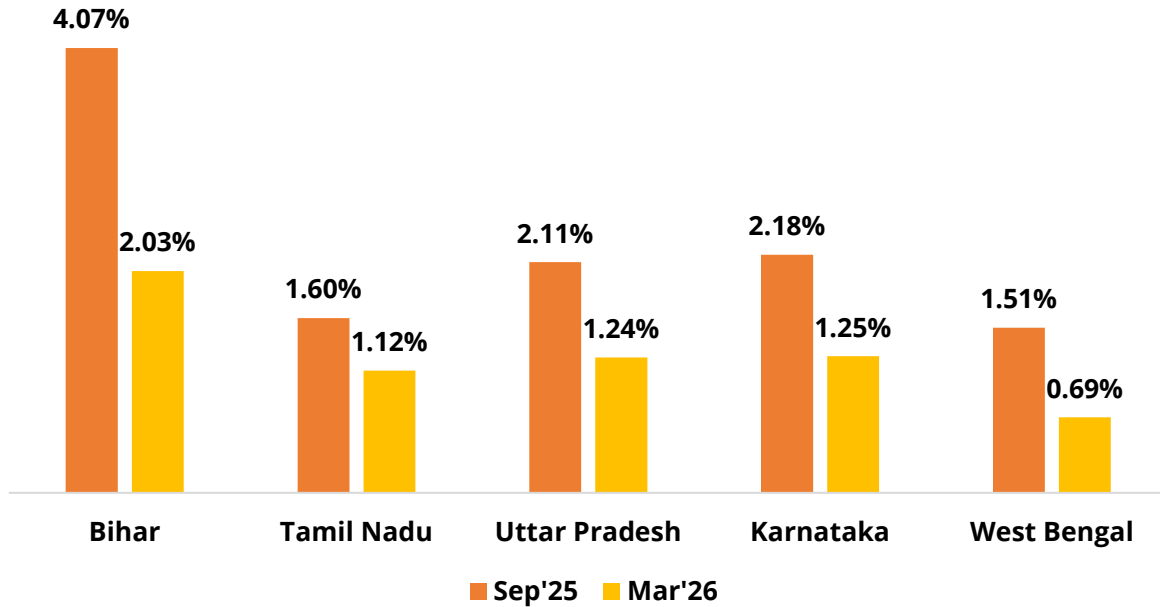


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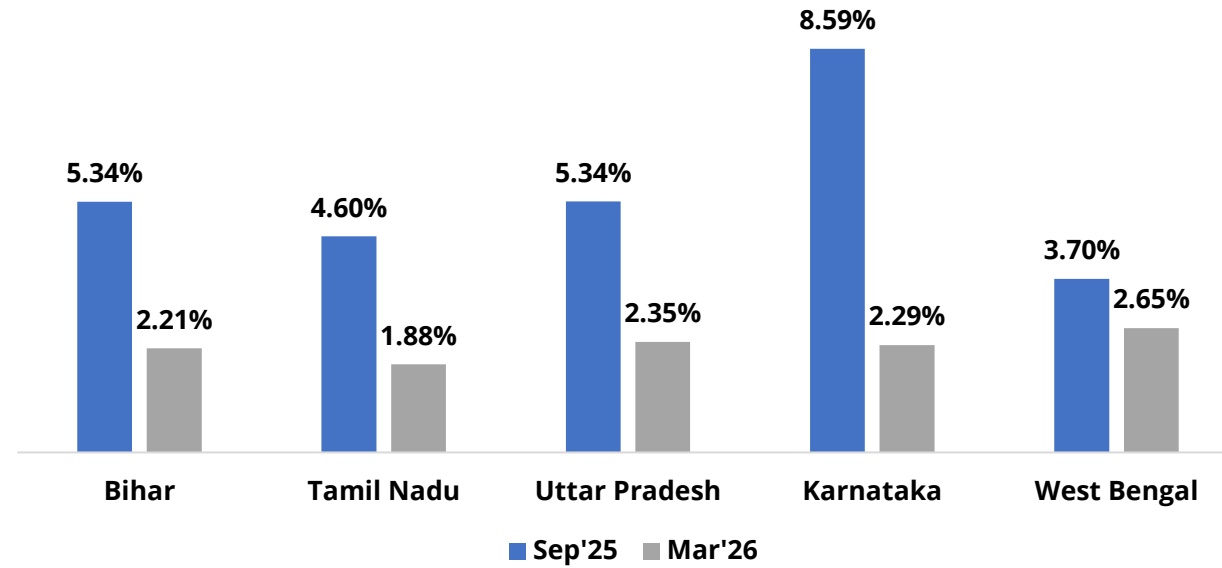
The reduction in multi-lender exposure and decline in delinquency is a clear case of the impact of regulatory guardrails

# Borrowers with 4+ Lenders

Top 5 States - % of Borrowers with 4+ Lenders



Top 5 States - 30+ Delinquency



① The percentage of borrowers with 4 or more active lenders dropped between Sep'25 to Mar'26

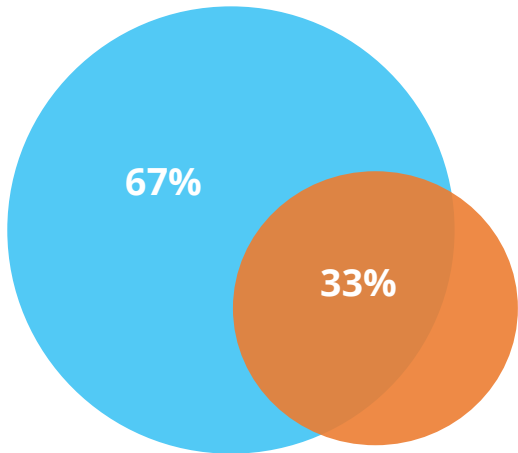
② West Bengal has the lowest borrower leverage, with under 1% holding 4+ loans for March 2026

# ETC/ NTC Analysis



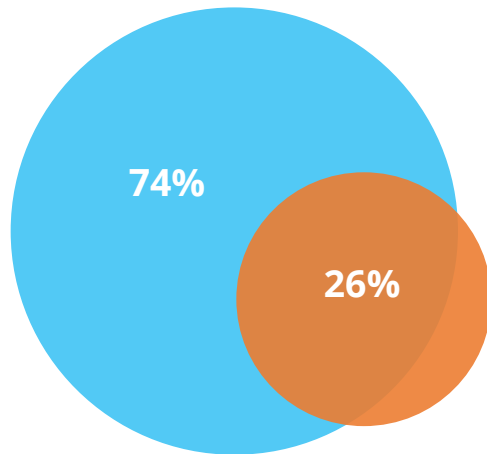
The ETC-NTC mix highlights a structural shift in India's credit landscape, with a steady move from new-to-credit (NTC) to existing-to-credit (ETC) borrowers over 2023-2026. This reflects tightening lender risk preferences with a focus on existing borrowers.

### ETC/ NTC as of JFM'23



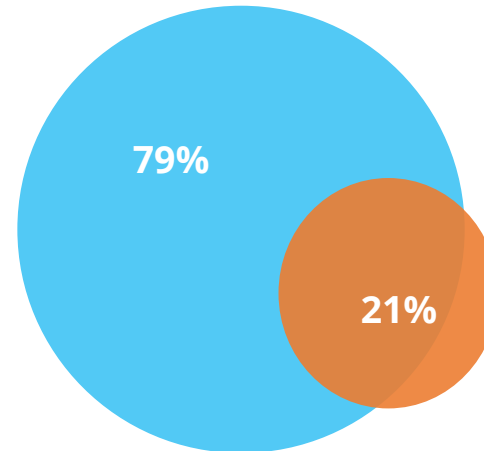
 ETC  NTC

### ETC/ NTC as of JFM'24



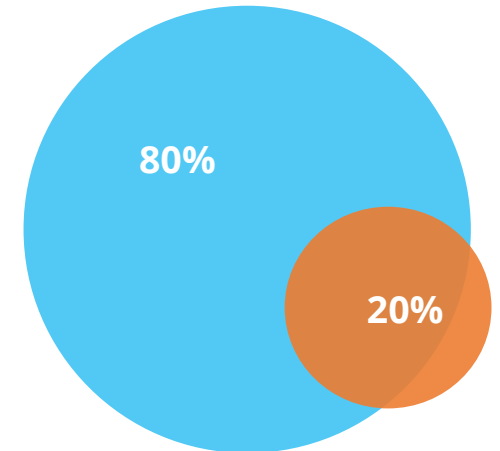
 ETC  NTC

### ETC/ NTC as of JFM'25



 ETC  NTC

### ETC/ NTC as of JFM'26



 ETC  NTC

- 1 Over the 4 year period NTC share has declined. From 33% in 2023 it has declined to 20% in 2026
- 2 Decline in the NTC share is due to the lenders who are focusing on existing borrowers with established credit history who can absorb larger amount loans
- 3 The declining NTC share and rising ETC mix indicates a transition from credit expansion to credit deepening story of India

# MFI Borrowers Graduating to Retail



In this analysis we are exploring the crossover between microfinance and retail banking. We are tracking the journey of the borrowers who started with small micro finance loans and now have successfully graduated to the retail banking, breaking down exactly what kind of individual loans they are taking.

Particulars	Count
MFI Industry Sample	20L
No. of Customers with Retail Products	9.6L
MFI (industry sample) - Retail Overlap %	48%
Retail Active Loans (in lakh)	12.22
Retail Portfolio Outstanding (Rs. Crore)	14,639

- 1 A significant 48% of the sampled microfinance borrowers have successfully transitioned into the retail banking sector. Out of an industry sample of 20 lakh customers 9.6 lakh are now using the retail banking products. These graduated customers hold 12.22 lakh active retail loans. The total retail portfolio outstanding for these customers is Rs.14,639 crore.
- 2 The borrowing pattern shows a healthy mix of both secured and unsecured credit. **Top 5 retail products availed by these customers are : Gold Loan, Property Loan, Housing Loan, Business Loan Unsecured and Personal Loans**

## 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 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.

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