Microfinance Pulse Report

Vol XXVIII – SEP 2026

Analytical Contacts

EQUIFAX | sidbi

EQUIFAX

sidbi

Vandana Panchal

Manager
Insights & Analytics

vandana.panchal@equifax.com

Gifty Cheruvallimalayil

Manager
Data Scientist

gifty.cheruvallimalayil@equifax.com

Suman Chowdhury

Chief Economist
ERDAV

erdav@sidbi.in

Milounee Purohit

Economic Advisor
ERDAV

erdav@sidbi.in

Index

Executive Summary

Welcome to the 28th edition of Microfinance Pulse Report. Over the last five quarters (June 2025 – June 2026), India's microfinance industry has navigated a period of significant consolidation, followed by a cautious return to growth. As end of 1st half of calendar year 2026, the sector has 7.15 crore active loans, managing a total portfolio outstanding (POS) of Rs. 2.69 lakh crore.

A Return to Contraction Following Brief Recovery: The industry witnessed a 12% year-over-year contraction in total portfolio outstanding from June 2025 to June 2026. Between March 2026 and June 2026, the sector recorded a 3% quarter-over-quarter contraction, suggesting lenders are following a cautious path. Disbursements during the April–June 2026 (AMJ'26) quarter slipped to Rs. 62,302 crores from Rs.78,488 crore in JFM'26 alothough it recorded a 17% annual growth.

NBFC-MFIs Dominate Market Share : NBFC-MFIs continue as the dominant force in the current landscape, commanding nearly half of the industry's active loans, portfolio outstanding, and disbursement amounts. They have successfully captured close to 50% of the industry's origination volume and value, capitalizing on the market vacuum left by traditional Banks.

Strategic Shift Toward Higher Ticket Sizes : The data reveals a shift in lending strategy, moving away from traditional small-ticket loans toward higher-value disbursements. The segment for loans under Rs. 50,000 is rapidly shrinking. The market share of high-value loans (above Rs. 75,000) surged from 28% in AMJ'25 to 41% in AMJ'26. Continuous growth in Average Ticket Size (ATS) shows that lenders are focusing their capital on existing borrowers with established credit histories who can safely absorb larger loans.

Decline in Industry Risk Profile : One of the positive analytical trends over the last five quarters is the reduction in industry risk. Overall 30+ days past due (DPD) delinquency declined from 6.08% in June 2025 to just 1.89% by June 2026. NBFC-MFIs report the lowest delinquency rates across all lender categories. A vintage analysis shows that originations of calendar year 2025 exhibits healthier repayment behavior.

Geographic Stability and Controlled Borrower Leverage : The risk reduction is visible across major geographic segments. All top 10 microfinance states witnessed a drop in 30+ delinquency alongside their portfolio contraction, with Odisha achieving the lowest 30+ delinquency rate at 1.25%. Bihar remains the largest market, holding 17% of the overall market share. Financial inclusion efforts also continue to yield safe results in the nation's 112 Aspirational Districts, which now account for 16% of the total industry portfolio (Rs. 41,779 crore). 30+ delinquency in these districts fell sharply from 5.84% in June 2025 to just 1,76% in June 2026.

Abbreviations & Glossary

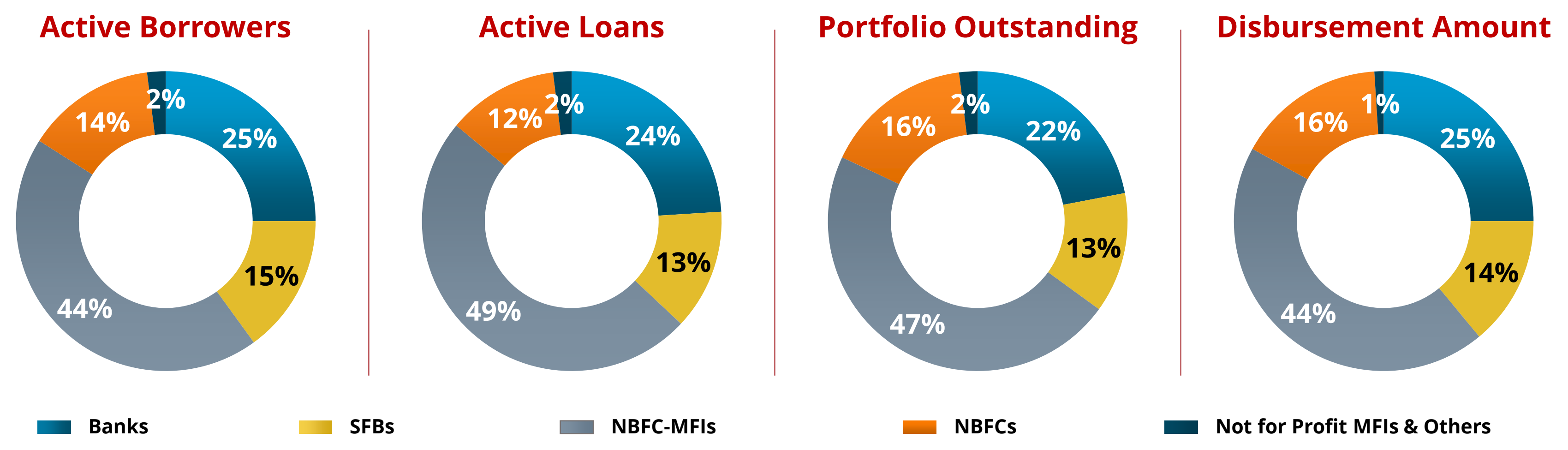
ATS (Average Ticket Size) = Disbursed Amount / Number of Loans	**DPD** = Days Past Due	**Live POS or Borrowers or Active loans** = 0 to 179 DPD + New Accounts + Current Accounts	**MFI** = Microfinance Institution	**POS** = Portfolio Outstanding
UT = Union Territory	**1-179** = 1 to 179 DPD/ Live POS	**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 to 179 DPD/ Live POS	**90+ Delinquency** = 90 to 179 DPD/ Live POS	**AMJ'25** =April 2025 to June 2025	**JAS'25** = July 2025 to September 2025
OND'25 = October 2025 to December 2025	**JFM'26** = January 2026 to March 2026	**AMJ'26** = April 2026 to June 2026		

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

Microfinance Industry Snapshot – as on 30th June 2026

EQUIFAX



Snapshot as on 30th June 2026	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs & Others	Total Industry
Active Live Borrowers('000)	13,868	8,395	24,480	8,138	1,215	56,096
Active Loans ('000)	17,374	9,488	34,708	8,727	1,247	71,544
Portfolio (Rs. crore)	59,030	35,804	125,661	44,407	4,372	2,69,274
Disbursed Amount (Rs. crore) –AMJ'26	15,711	8,365	27,387	10,205	634	62,302
Average Ticket Size (Rs.) – AMJ'26	63,455	63,572	57,772	81,320	58,699	62,962
30+ Delinquency (POS)	2.09%	1.98%	1.67%	1.79%	6.11%	1.89%
90+ Delinquency (POS)	1.07%	1.00%	0.98%	0.89%	4.54%	1.05%

Note 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.

1. Overall microfinance portfolio outstanding stood at Rs.2.69 lakh crore comprising 7.15 crore active loans as of 30th June 2026

2. Industry disbursed loans worth Rs.62,302 crore during AMJ'26

3. NBFC-MFIs have higher ratio of 1.42 loans per borrower. This signals higher density of cross borrowing and potential customer overlapping within this specific channel.

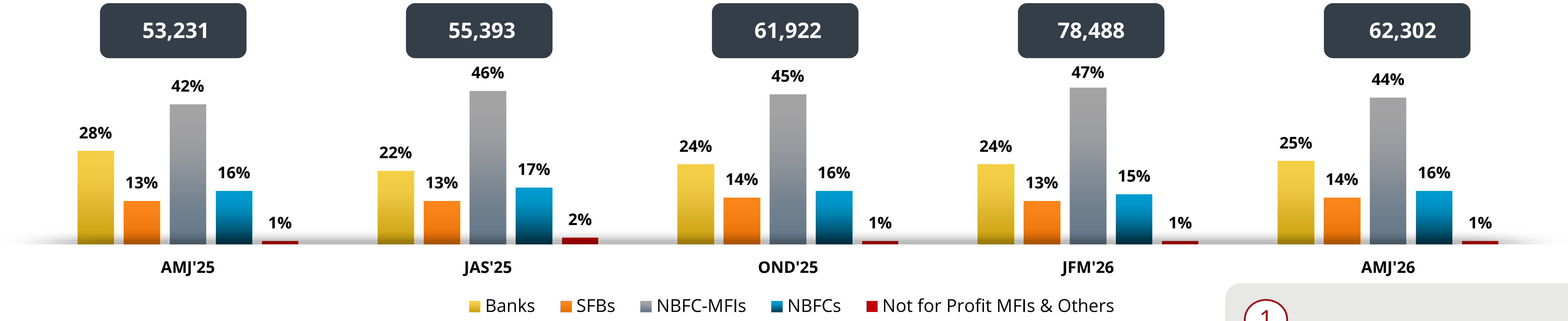
4. NBFC-MFIs have maintained the lowest average ticket size keeping closer to core micro-credit thresholds

Disbursement Trends

Healthy 17.0% YoY growth in disbursements reflect a sectoral resilience

EQUIFAX

Disbursement Amount (Rs. crore)



No. of Loans Disbursed (in lakh)

Lender Type	AMJ'25	JAS'25	OND'25	JFM'26	AMJ'26
Banks	30	21	26	30	25
SFBs	12	12	13	16	13
NBFC-MFIs	42	46	49	63	47
NBFCs	12	13	13	14	13
Not for Profit MFIs & Others	1	1	1	2	1
Total Industry	97	93	102	125	99

1

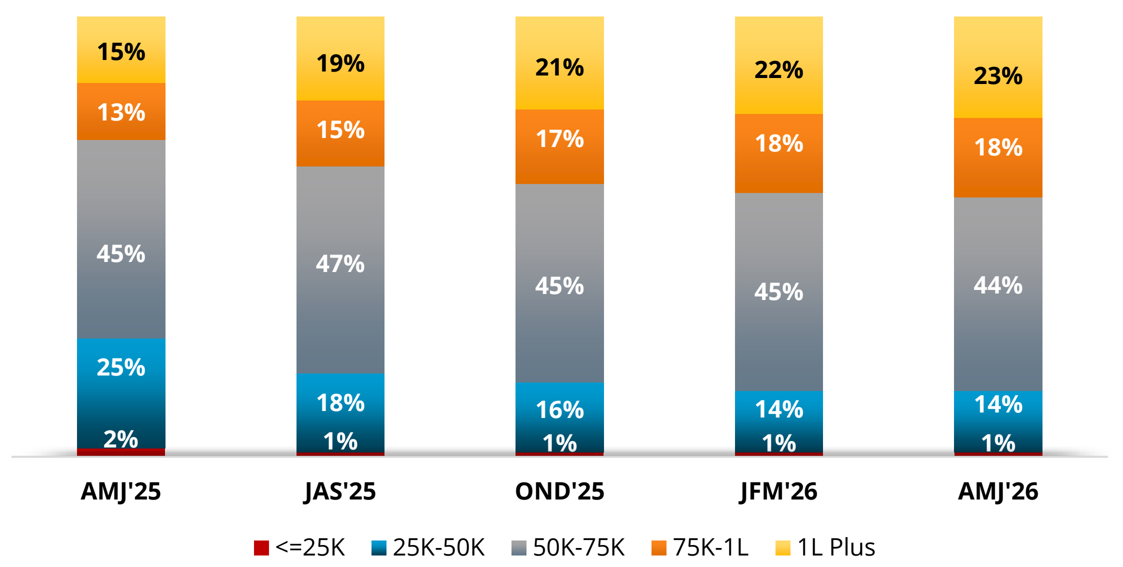
Despite the quarterly drop, total disbursement value grew by 17% in AMJ'26 from AMJ'25 confirming that market growth is primarily driven by the larger ticket sizes rather than net-new borrower acquisition

2

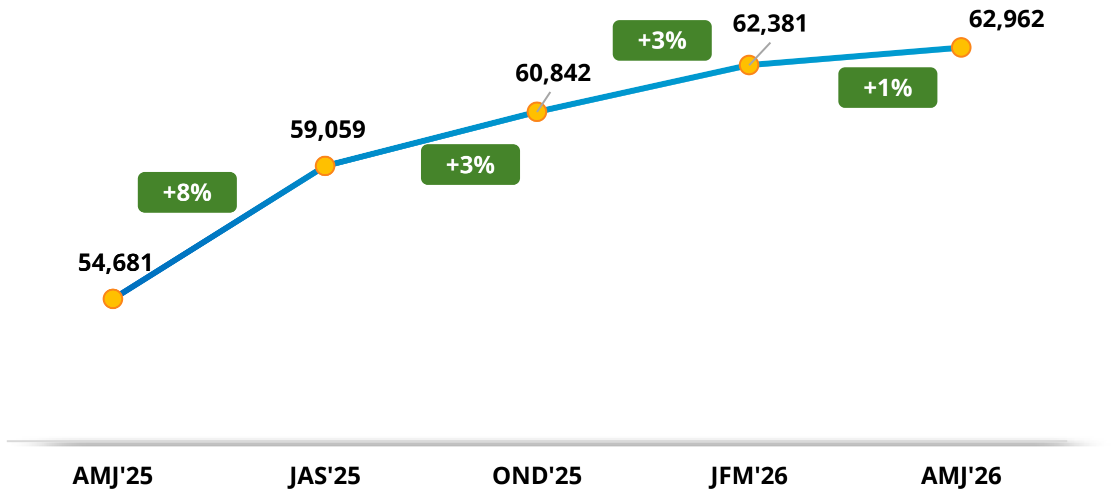
Banks have witnessed contraction in value share in AMJ'26 from AMJ'25. NBFC-MFIs have absorbed the demand left unserved by banking channels.

Lenders are shifting away from entry level loans (<50k)

Disbursement Amount (share % by ticket size)



Industry Average Ticket Size Trends



1. Over the last 5 quarters lenders have moved away from entry level micro loans (<50k) towards higher ticket size

2. Lenders are systematically exiting 25K to 50K ticket size category, this signals a risk-adjusted pivot where institutions favor expanding existing client exposure over acquiring thin or small ticket size borrower

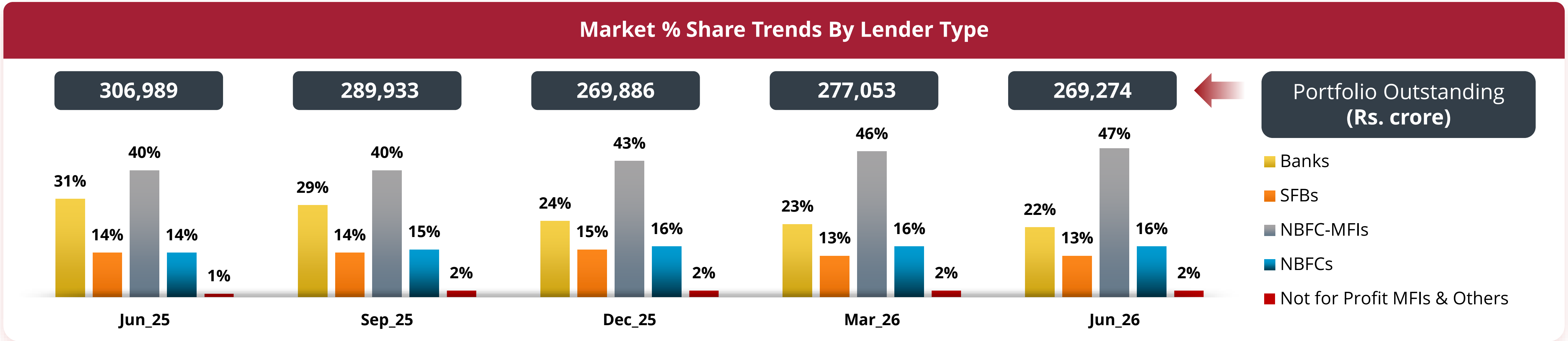
3. Share of disbursements in >1 lakh ticket size category is expanding continuously

4. Rapid expansion in average ticket size has hit a deceleration curve. Q-o-Q growth slowed from 8% in JAS'25 to 1% in AMJ'26. This indicates that lenders are holding back on loan size increase due to regulatory focus on over borrower leverage.

Portfolio Trends

NBFC-MFIs control more than 40% of the market, proving to be the most resilient lender type

EQUIFAX



Portfolio Outstanding (Rs. crore)

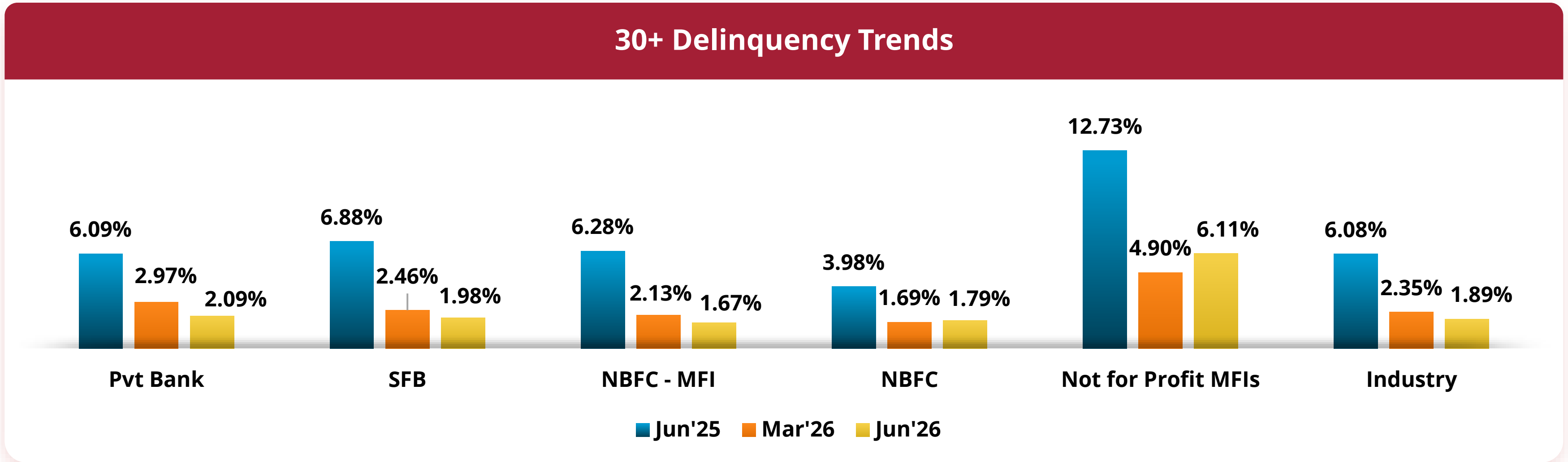
Particulars	Jun'25	Sep'25	Dec'25	Mar'26	Jun'26	Y-o-Y Growth %
Banks	94,330	83,758	65,687	65,123	59,030	-37%
SFBs	42,846	40,147	39,605	36,956	35,804	-16%
NBFC-MFIs	122,567	118,005	117,512	126,905	125,661	3%
NBFCs	42,562	43,156	42,982	43,775	44,407	4%
Not for Profit MFIs & Others	4,684	4,867	4,100	4,294	4,372	-7%
Total Industry	**306,989**	**289,933**	**269,886**	**277,053**	**269,274**	**-12%**
Q-o-Q growth rate %		-6%	-7%	3%	-3%	

1 Microfinance Industry witnessed a contraction of 12% on Y-o-Y in portfolio outstanding. In June 2026,the industry portfolio outstanding witnessed a contraction of 3% from the previous quarter. Lenders are prioritizing asset quality and sustainable growth, resulting in a more selective approach to borrower acquisition and credit expansion.

Industry Risk Profile

Asset quality of the book continues to improve for the industry

EQUIFAX



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
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%
Jun’26	2.34% ▲	0.44% ▲	0.40% ▼	1.05% ▼	17.41% ▲

1

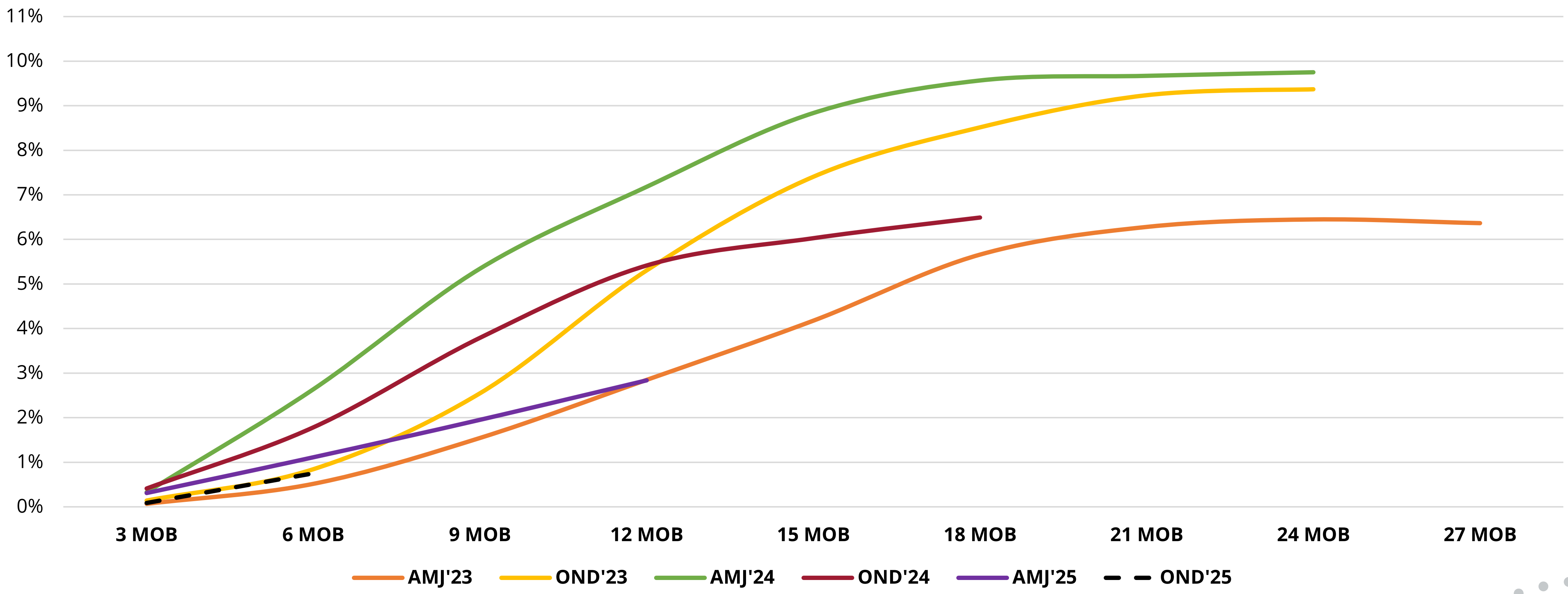
Industry-wide borrower-level guardrails, including limits on the number of lending relationships and aggregate indebtedness, have helped moderate overleveraging risks and strengthen credit discipline. At the same time, lenders have undertaken portfolio clean-up measures, including the resolution of legacy stressed accounts, while adopting more prudent underwriting standards.

2

Industry 30+ delinquency declined by 419 bps in Jun’26 from Jun’25

Vintage Analysis

Stress levels are easing out as seen in the vintage delinquency



1 Vintage analysis across consecutive disbursement cohorts reveals a distinct credit performance. High stress cohorts originated in calendar year 2023 and early calendar year 2024 have passed their peak delinquency curves, while originations of calendar year 2025 exhibits healthier repayment behavior.

60+ % = 60+ DPD/ Disbursement Amount

Roll Rate Analysis

Roll backward rate has shown good improvement in 1-29 dpd bucket

Roll Forward and Roll Backward Analysis

Account Status as of Dec'25	Account Status as of Mar'26				
Account Status	0 DPD	1-29 DPD	30-59 DPD	60-89 DPD	90-179 DPD
0 DPD	98.18%	1.15%	0.40%	0.27%	0.00%
1-29DPD	35.00%	28.69%	8.52%	10.34%	17.46%
30-59DPD	3.92%	2.89%	12.37%	16.39%	64.43%
60-89DPD	1.68%	1.05%	2.56%	11.02%	83.70%
90-179DPD	6.30%	1.85%	3.94%	5.82%	82.09%

Account Status as of Mar'26	Account Status as of Jun'26				
Account Status	0 DPD	1-29 DPD	30-59 DPD	60-89 DPD	90-179 DPD
0 DPD	94.09%	5.51%	0.20%	0.20%	0.00%
1-29DPD	64.32%	31.25%	1.21%	0.94%	2.28%
30-59DPD	5.23%	7.91%	27.61%	16.39%	42.86%
60-89DPD	3.11%	3.99%	3.37%	21.11%	68.42%
90-179DPD	0.98%	0.30%	0.51%	0.64%	97.56%

Traditional DPD snapshots show total delinquency at a single point in time, but the transition metrics (Roll Forward & Roll Backward) reveals the movement of portfolio between risk buckets from one quarter to the next.

State & District Performance

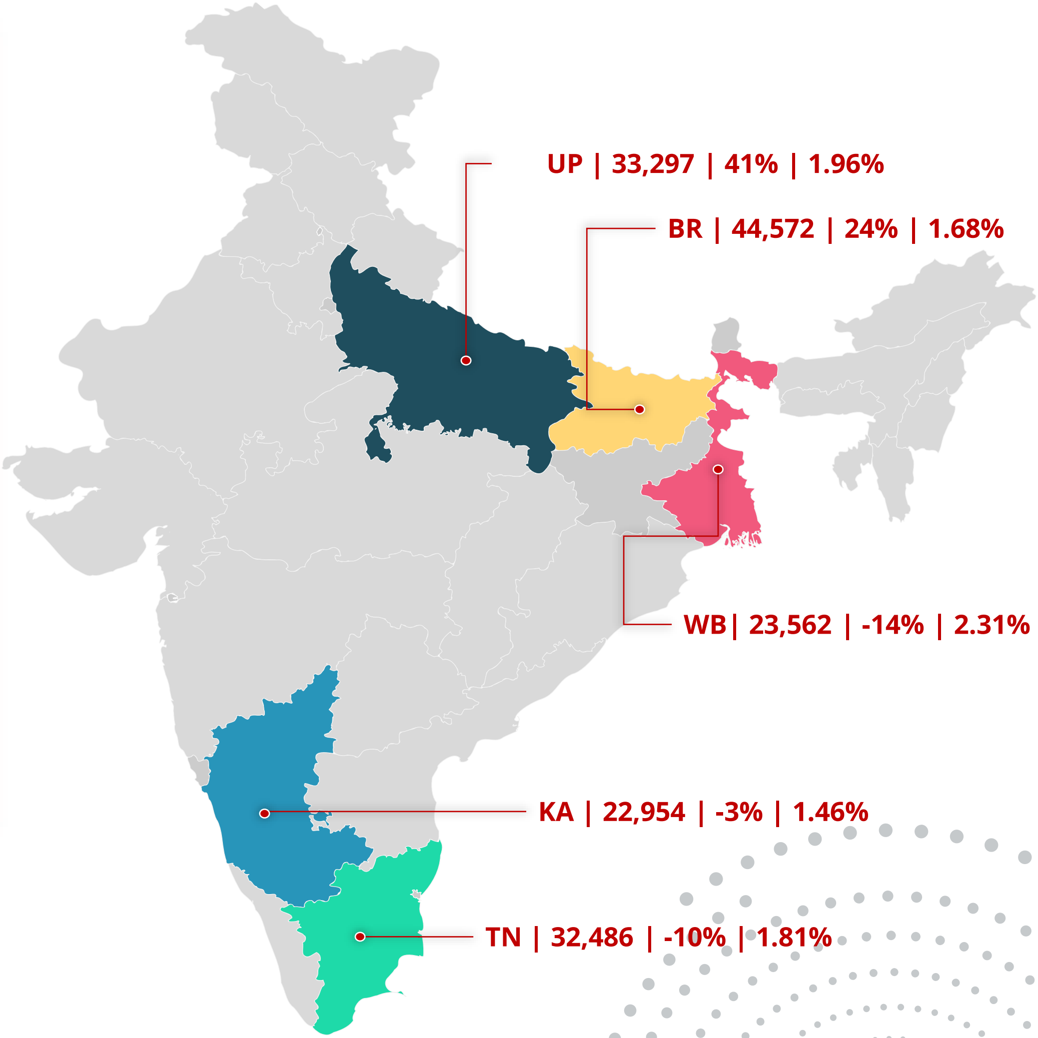
Bihar and Uttar Pradesh have emerged as the primary growth engines

EQUIFAX

Top 5 States by Portfolio Outstanding Share

1

Microfinance industry has undergone a structural shift from southern and eastern dominance toward high-density, credit starved markets in the North



This Map is a generalized illustration only and is not intended to be used for reference purpose.

State | POS as of Jun'26 | POS Growth% (Jun'22 vs Jun'26) | 30+ Delinquency as of Jun'26

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

All the top 10 states recoded a decline in 30+ delinquency

EQUIFAX

Year-on-Year Portfolio Growth & 30+ Delinquency

Industry Top 10 States	POS as of June 2026 (Rs crore)	Market Share %	POS Growth % (from Jun'25 to Jun'26)	30+ Delinquency as of Jun'25	30+ Delinquency as of Jun'26
Bihar	44,572	17%	-8%	5.62%	1.68%
Uttar Pradesh	33,297	12%	-3%	5.82%	1.96%
Tamil Nadu	32,486	12%	-14%	5.96%	1.81%
West Bengal	23,562	9%	-25%	3.62%	2.31%
Karnataka	22,954	9%	-19%	13.66%	1.46%
Maharashtra	19,185	7%	-16%	4.48%	1.76%
Madhya Pradesh	15,998	6%	-7%	5.88%	2.51%
Odisha	13,005	5%	-12%	7.02%	1.25%
Rajasthan	11,174	4%	-6%	5.84%	2.36%
Jharkhand	9,050	3%	1%	5.40%	1.64%

1

Out of top 10 only Jharkhand witnessed a positive Y-o-Y growth while maintaining the 30+ delinquency

2

Bihar holds 17% of the overall market share and have managed the delinquency at 1.68%

3

Odisha reported the lowest 30+ delinquency in June 2026 across top 10 states

Districts with higher share in portfolio have managed the delinquencies well

Top 10 Districts by Portfolio Outstanding

Top 10 District	State	POS (Rs. Crore)	Market Share %	30+ Delinquency
Purbi Champaran	Bihar	3,510	1.30%	1.40%
Muzaffarpur	Bihar	3,024	1.12%	1.72%
Murshidabad	West Bengal	2,930	1.09%	1.61%
Samastipur	Bihar	2,703	1.00%	1.47%
Darbhanga	Bihar	2,591	0.96%	1.44%
Pashchim Champaran	Bihar	2,401	0.89%	1.61%
Madhubani	Bihar	2,298	0.85%	1.83%
Cuddalore	Tamil Nadu	2,071	0.77%	1.67%
North 24 Parganas	West Bengal	1,881	0.70%	2.46%
Thanjavur	Tamil Nadu	1,757	0.65%	1.85%

Top 10 Districts by 30+ Delinquency

Top 10 District	State	POS (Rs. Crore)	Market Share %	30+ Delinquency
Hanumakonda	Telangana	133	0.05%	10.46%
Warangal	Telangana	51	0.02%	8.37%
Karimnagar	Telangana	79	0.03%	8.25%
Peddapalli	Telangana	98	0.04%	6.95%
Suryapet	Telangana	55	0.02%	6.92%
Kamrup Metro	Assam	86	0.03%	6.91%
Jayashankar Bhupalapally	Telangana	96	0.04%	6.52%
Jagitial	Telangana	123	0.05%	6.52%
Jangoan	Telangana	53	0.02%	6.34%
Niwari	Madhya Pradesh	89	0.03%	6.31%

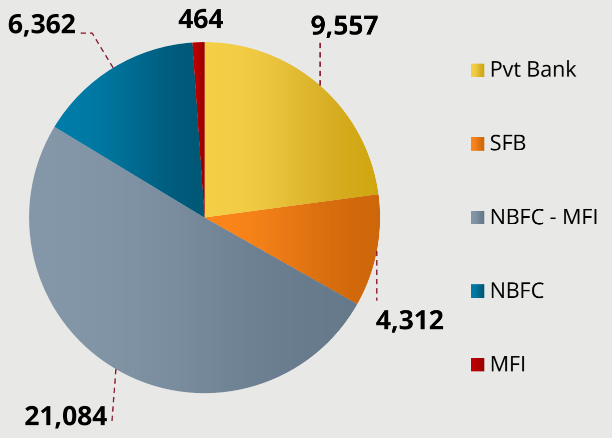
Note : Districts with POS <50 crore have been excluded from this analysis

Aspirational Districts

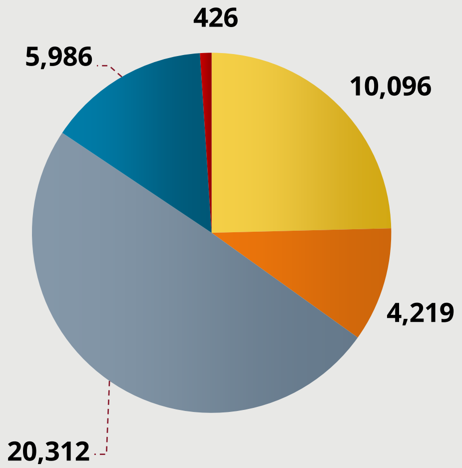
Aspirational districts anchor 16% of total industry portfolio outstanding

EQUIFAX

Portfolio Outstanding (Rs. crore)

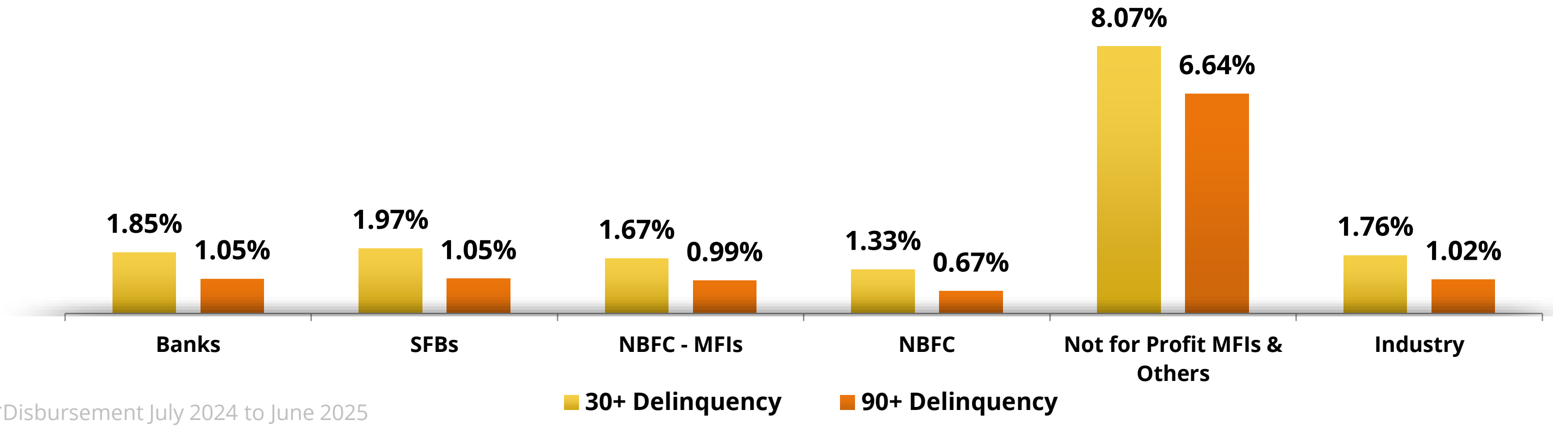


Amount Disbursed (Rs. crore) – Jul'25 to Jun'26



Aspirational Districts Growth Particulars	30th June 2025	30th June 2026	Growth %
Disbursement Amount (Rs. crore)	*40,016	**41,039	3%
Active Loans ('000)	15,352	11,166	-27%
Portfolio Outstanding (Rs. crore)	45,142	41,779	-7%
***30+ Delinquency	5.84%	1.76%	
***90+ Delinquency	3.43%	1.02%	

30+ and 90+ Delinquency by Lender Type



1. Portfolio outstanding for aspirational districts as on 30th June 2026 is Rs. 41,779 crore
2. 112 aspirational districts contribute 16% towards the total microfinance portfolio outstanding
3. 30+ and 90+ delinquencies of aspirational districts have declined in June 2026 compared to June 2025 and aligned with the overall industry averages.

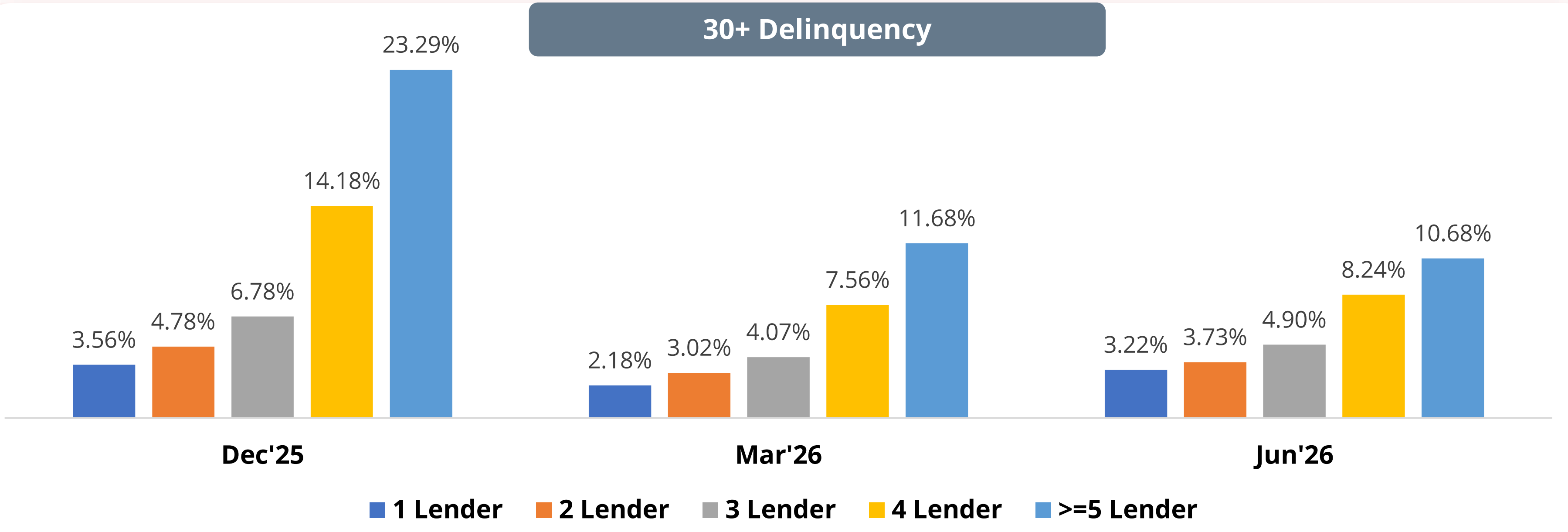
*Disbursement July 2024 to June 2025
**Disbursement July 2025 to June 2026
***Delinquencies are calculated basis POS

Active Lender Association

The rationale for capping number of lenders is very evident from the delinquency trend by number of lender exposure

EQUIFAX sidbi

Lender	1 Lender	2 Lender	3 Lender	4 Lender	>=5 Lender
Borrower Penetration - Dec'25	73%	19%	7%	0.99%	0.14%
Borrower Penetration - Mar'26	74%	18%	7%	0.80%	0.20%
Borrower Penetration - Jun'26	73%	20%	6%	0.56%	0.06%



1

Multi lender capping is showing positive effect. Borrowers with 4 & above lenders from 1.13% in Dec'25 have declined to 0.62% in Jun'26.

2

Multi lending remains a primary risk driver. As of June 2026, 30+ delinquency stood at 3.22% for single lender borrowers but got escalated to 10.68% for customers have loans with 5 or more lenders.

3

30+ delinquency for borrowers having loans with 5 and more lenders declined from 23.29% in Dec'25 to 10.68% in Jun'26 highlights the effective guardrails for over leveraged borrowers

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 Rs.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.

Disclaimer

The Microfinance Pulse (Report) is prepared by Equifax Credit Information Services Pvt Ltd (Equifax). By accessing and using the report, the user acknowledges and accepts that such use is subject to this disclaimer. This Report is based on collation of information substantially provided by Microfinance institutions as of June 2026 and who are members of Equifax. While Equifax takes reasonable care in preparing the Report, it shall not be responsible for accuracy, errors and/or omissions caused by inaccurate or inadequate information submitted by Microfinance institutions. Further, Equifax does not guarantee the adequacy or completeness of the information in the Report and/or its suitability for any specific purpose nor is Equifax responsible for any access or reliance on the Report and that Equifax expressly disclaims all such liability. This Report is not a recommendation for rejection/denial or acceptance of any application, product nor any recommendation by Equifax to (i) lend or not to lend and (ii) enter into or not to enter into any financial transaction with the concerned individual/entity. The information contained in the Report does not constitute advice and the user should carry out all necessary analysis that is prudent in its opinion before taking any decision based on the Information contained in this Report. The use of the Report is governed by the provisions of the Credit Information Companies (Regulation) Act 2005, the Credit Information Companies Regulations, 2006, Credit Information Companies Rules, 2006. No part of the Report should be copied, circulated, published without prior approvals

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

www.Equifax.co.in

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