

Microfinance Pulse Report

Vol XXIV – September 2025



Equifax

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This is the 24th edition of the MFI Pulse, a quarterly report published jointly by Equifax and SIDBI, which provides key insights into the Indian microfinance sector, with data up to June 30, 2025.

The microfinance sector continued to be in a consolidation mode in the first quarter of the fiscal year, i.e. April-June 2025. Loan disbursements saw a significant decline in the AMJ'25 quarter compared to the same period in 2024, with a 37% contraction in volume and a 28% decrease in value. Sequentially, the decline is 23% and 19% in volume and value terms respectively. However, the **industry average ticket size has increased by 15% in AMJ'25 over AMJ'24, highlighting the current focus of the industry players to enhance their exposure to better quality borrowers instead of taking fresh exposure to new borrowers.**

The microfinance industry's total portfolio outstanding as of end-June 2025 stands at ₹3.07 lakh crore, supporting 10 crore active loans and 6 crore unique borrowers. The portfolio experienced a contraction of 22% YoY and 8% QoQ which indicates that the industry is still in a phase of slowdown. NBFC-MFIs continue to be the dominant contributor to the portfolio by contributing almost 40%. While the share of SFBs has dropped by 3% in the last one year, it has increased for NBFCs (non-MFIs) by the same percentage.

The industry remains fairly concentrated in geographical terms, with the top 10 states accounting for nearly 85% of the total portfolio. Bihar continues to be the largest state in terms of microfinance exposure, followed by Tamil Nadu, Uttar Pradesh, West Bengal and Karnataka. All the top 10 states have seen a portfolio contraction on a YoY basis.

While the delinquencies (30-179 dpd) have recorded a significant rise from 2.9% as of June 2024 to 6.1% as of June 2025, it is encouraging to note that there is a sequential decline in the figure from 6.6% as of March 2025. The industry 180+ dpd levels, nevertheless, stood at a high level of 13.0% as of June 2025 which includes loans that may have been written off by lenders.

The portfolio in the Aspirational Districts comprise around 15% of the aggregate microfinance where the delinquency trends are in line with that of the overall industry. The loan disbursements in these districts have also seen a 32% drop YoY.

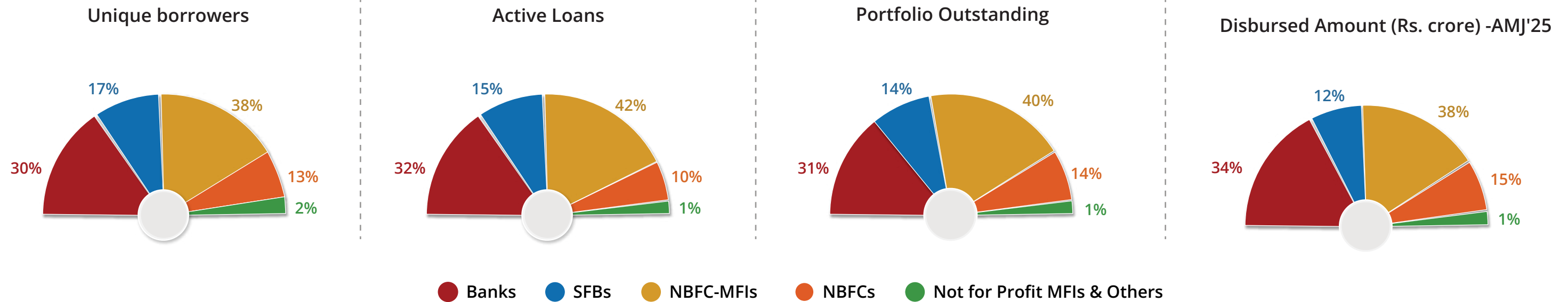
The report has initiated a new overlap analysis which reveal a significant overlap between MFI and retail borrowers. The data which is based on a representative sample shows that **39% of microfinance borrowers also have availed various kinds of retail loans, namely gold, housing, business and personal loans (secured or unsecured).** Clearly, a substantial portion of MFI borrowers are also availing formal retail credit products, a crucial insight for the lenders' risk assessment and market strategy.

- **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**
 - **180+ Delinquency = 180+ DPD/ 0 to 180+ DPD POS**
 - **AMJ'24 = April 2024 to June 2024**
 - **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**

The background is a solid dark red color. It is decorated with numerous 3D-style triangles of varying sizes and orientations, some pointing upwards and some downwards. In the corners, there are faint, concentric dotted circles in a lighter shade of red.

Microfinance Industry Overview

Microfinance Industry Snapshot – as on 30th June 2025



Snapshot as on 30 th June 2025	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs & Others	Total Industry
Active Live Borrowers('000)	23,239	13,215	28,996	9,856	1,566	76,872
Active Loans ('000)	31,960	14,907	42,036	10,544	1,617	1,01,064
Portfolio (₹ crore)	94,330	42,846	1,22,578	42,562	4,684	3,07,000
Disbursed Amount (₹ crore) – AMJ'25	19,670	7,049	22,307	8,468	646	58,140
Average Ticket Size (₹) – AMJ'25	55,032	57,232	53,697	72,857	52,735	56,750
30+ Delinquency (POS)	6.09%	6.88%	6.27%	3.98%	12.73%	6.08%
90+ Delinquency (POS)	3.64%	4.20%	3.78%	2.21%	8.36%	3.64%

- Book size of microfinance industry as on 30th June 2025 is ₹3.07 lakh crore
- NBFCs have the highest average ticket size
- With the exception of NBFCs, 30+ and 90+ delinquencies of all other lender types viz., Banks, SFBs, NBFC-MFIs, Not for Profit MFIs & Others trended at par or above the industry average. 30+ and 90+ delinquency for SFBs are higher than the industry

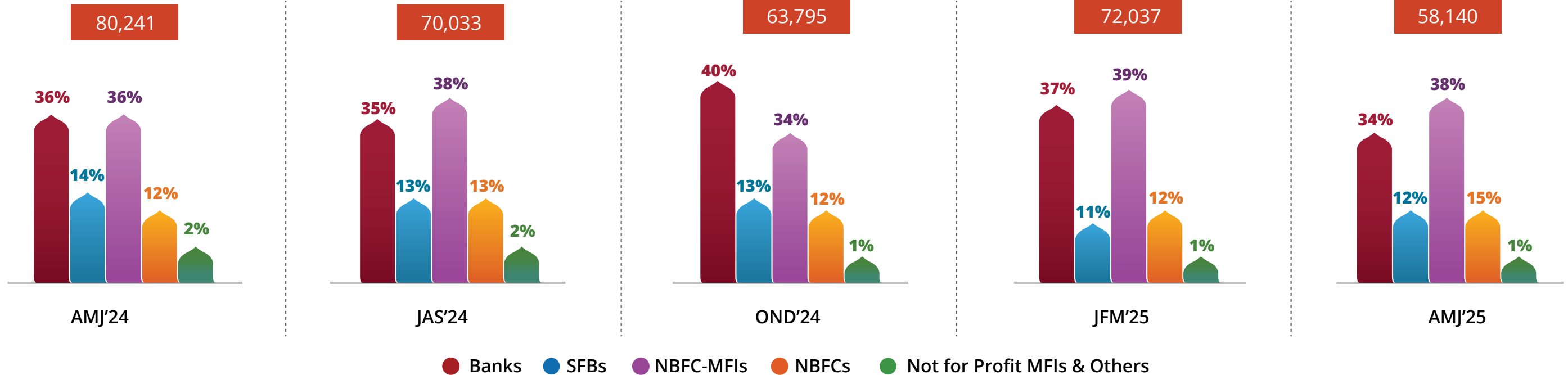
Note : In MFI segment there are ~6 crore unique live borrowers across lenders. Difference in the unique number of customers is due to the customers having multiple relationships with SFBs, Banks, NBFC-MFIs, NBFCs and Not for Profit MFIs & Others.

Disbursement Trends

The background is a solid dark red color. It features several large, semi-transparent, 3D-style triangles in various shades of red, some pointing upwards and others downwards. In the corners, there are faint, concentric dotted circles in a lighter shade of red, creating a subtle pattern.

Disbursement Trends – Institution wise

Disbursement Amount (₹ crore)



Lender Type	AMJ'24	JAS'24	OND'24	JFM'25	AMJ'25
Banks	60	49	47	48	36
SFBs	23	18	15	15	12
NBFC-MFIs	63	53	43	55	42
NBFCs	15	15	12	13	12
Not for Profit MFIs & Others	2	3	2	2	1
Total Industry	163	138	119	133	103

No. of Loans Disbursed (in lakh)

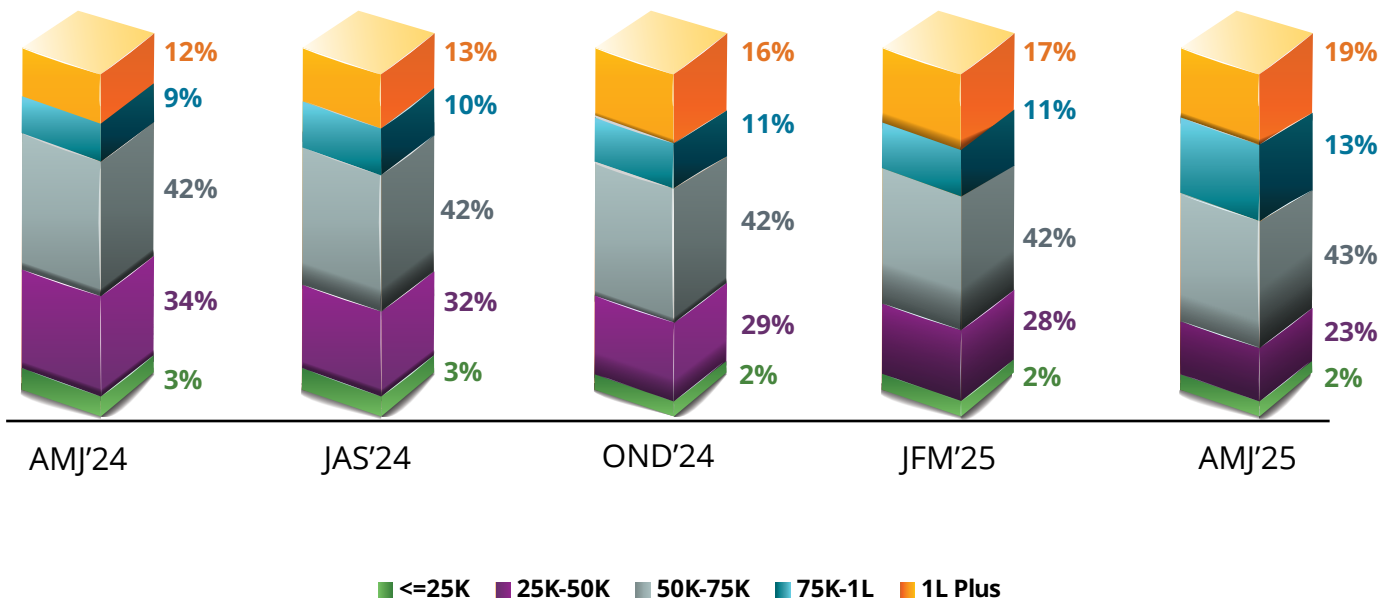
- Loan disbursal in terms of volume declined by 37% and in terms of value by 28% in AMJ'25 from AMJ'24

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

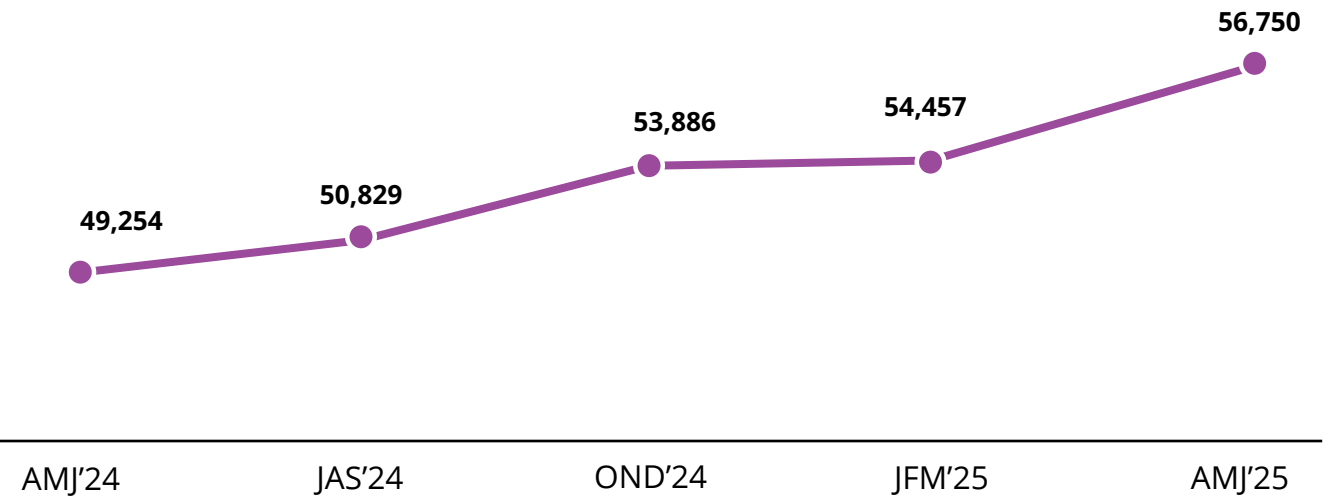
Industry Ticket Size Trends



Disbursement Amount (share % by ticket size)



Industry Average Ticket Size Trends



- Industry is witnessing a shift towards the higher ticket size
- There has been a consistent increase in the industry average ticket size. It has increased by 15% in AMJ'25 from AMJ'24.

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

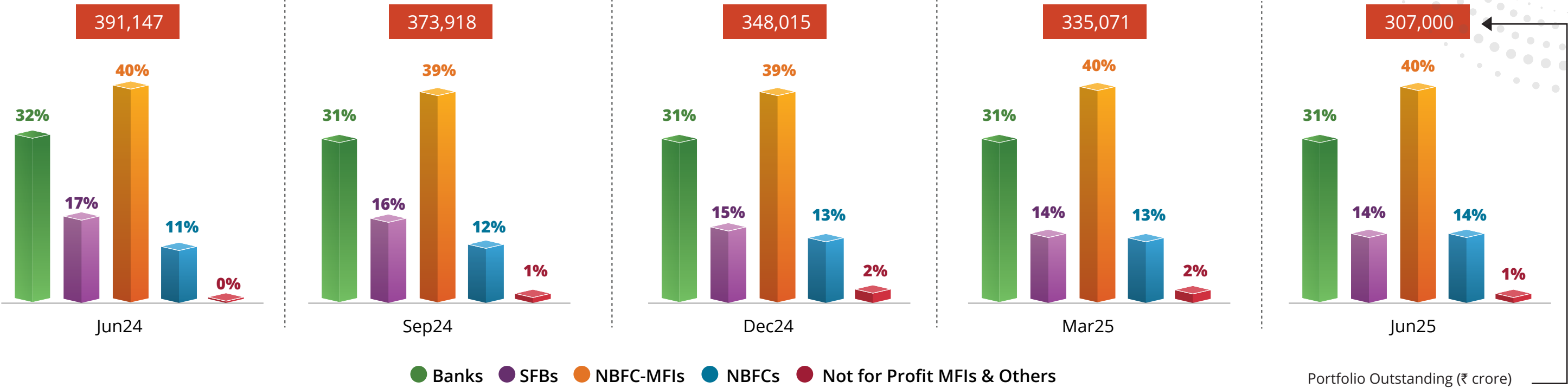
Portfolio Trends

The background is a solid dark red color. It is decorated with several abstract elements: numerous 3D-style triangles of varying sizes and orientations, some pointing upwards and some downwards, creating a sense of depth. In the corners, there are faint, concentric dotted circles, resembling a halftone or dot-matrix pattern.

Microfinance Industry Overview



Market % Share Trends By Lender Type



Particulars	Jun24	Sep24	Dec24	Mar25	Jun25	Y-o-Y Growth %
Banks	1,23,475	1,15,981	1,08,947	1,04,491	94,330	-24%
SFBs	65,154	60,838	52,620	47,970	42,846	-34%
NBFC-MFIs	1,56,841	1,47,187	1,36,676	1,32,929	1,22,578	-22%
NBFCs	44,581	44,907	44,542	44,478	42,562	-5%
Not for Profit MFIs & Others	1,096	5,005	5,230	5,203	4,684	327%
Total Industry	3,91,147	3,73,918	3,48,015	3,35,071	3,07,000	-22%
Q-o-Q Growth rate %		-4%	-7%	-4%	-8%	

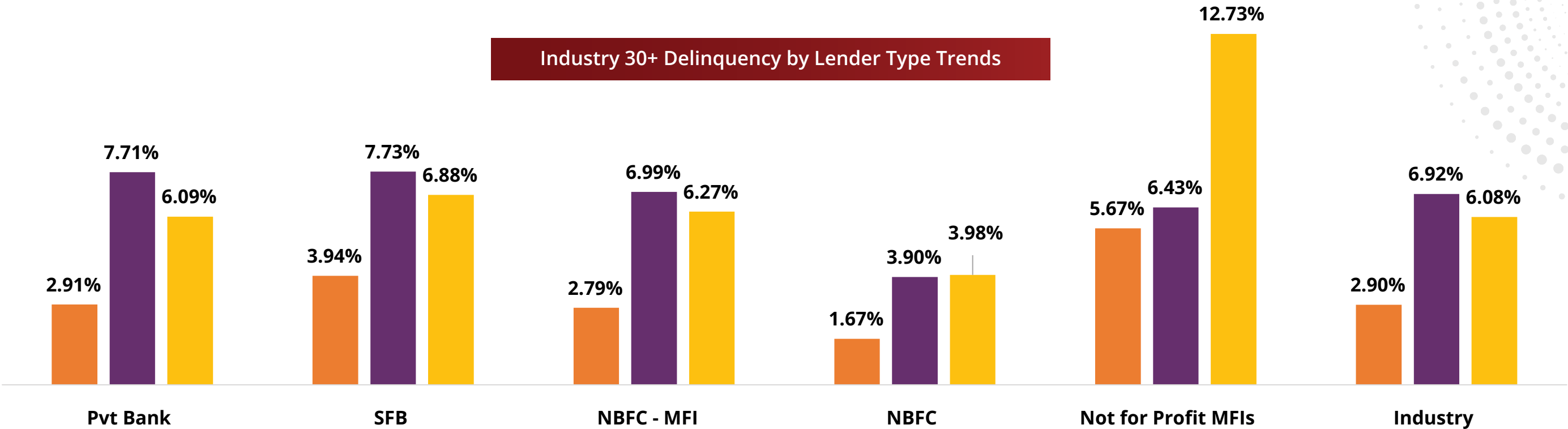
Portfolio Outstanding (₹ crore)

- Microfinance industry experienced a contraction of 22% in June 2025 from June 2024
- All the lenders except Not for Profit MFI & Others witnessed a contraction in June 2025 from June 2024

Industry Risk Profile

The background is a solid dark red color. It is decorated with several abstract geometric elements. In the corners, there are concentric dotted circles in a lighter shade of red. Scattered across the entire surface are numerous triangles of various sizes and orientations, all in different shades of red, creating a complex, layered, and dynamic visual effect.

Industry 30+ Delinquency by Lender Type Trends



Delinquency by Days Past Due

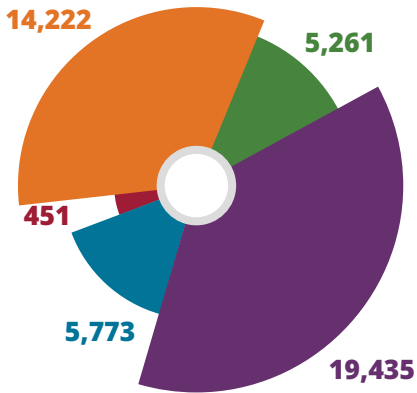
Jun24 Dec24 Jun25

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
Jun24	2.05%	0.81%	0.74%	1.34%	8.31%
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% ↑

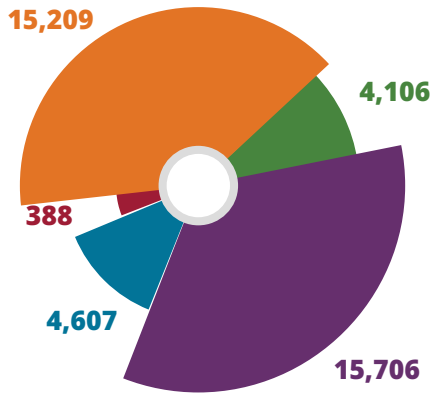
- 30+ delinquency have increased for all the lenders in June 2025 from June 2024
 - Except for NBFCs and Not for Profit MFIs 30+ delinquency for all the lenders and industry has declined in June 2025 from December 2024
- 180+ days past due category shows a considerable increase in June 2025 from June 2024
 - 30 to 59 days past due and 60 to 89 days past due delinquencies have shown upward trends till December 2024
 - 60 to 89 days past due remained stable in March 2025 and June 2025

Aspirational Districts

Portfolio (₹ crore)

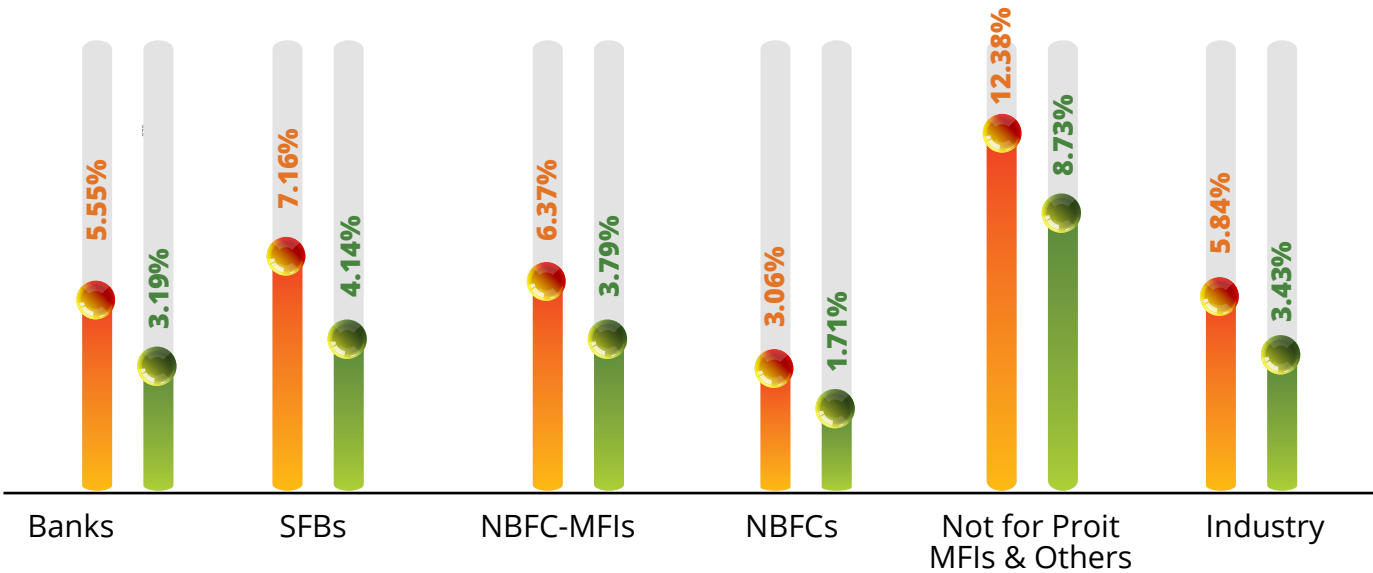


Amount Disbursed (₹ crore)
– Jul'24 to Jun'25



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

30+ and 90+ Delinquency by Lender Type



● 30+ Delinquency ● 90+ Delinquency

Aspirational Districts Growth Particulars	30 th June 2024	30 th June 2025	Growth%
Disbursement Amount (₹ Crore)	*59,274	**40,016	-32%
Active Loans ('000)	19,097	15,352	-20%
Portfolio Outstanding (₹ Crore)	55,416	45,142	-19%
***30+ Delinquency	2.69%	5.84%	
***90+ Delinquency	1.22%	3.43%	

- Portfolio outstanding for aspirational districts as on 30th June 2025 is ₹45,142 crore
- Aspirational districts contribute 15% towards the total microfinance portfolio outstanding
- 30+ and 90+ delinquencies of aspirational districts have increased in June 2025 to June 2024

*Disbursement July 2023 to June 2024
**Disbursement July 2024 to June 2025
***Delinquencies are calculated basis POS

Top 10 States

The background is a solid dark red color. It is decorated with several abstract elements: numerous 3D-style triangles of varying sizes and orientations, some pointing towards the center and others away from it, creating a sense of depth. In the corners, there are faint, concentric dotted circles in a slightly lighter shade of red, resembling a ripple effect or a stylized sun/moon.

Year-on-Year Portfolio Growth & 30+ Delinquency

Industry Top 10 States	POS as of June 2025 (Rs. Crore)	Market share %	POS Growth % (from Jun'24 to Jun'25)	30+ Delinquency as of Jun'24	30+ Delinquency as of Jun'25
Bihar	48,583	16%	-22%	1.91%	5.62%
Tamil Nadu	37,780	12%	-27%	3.10%	5.96%
Uttar Pradesh	34,339	11%	-20%	3.10%	5.82%
West Bengal	31,610	10%	-9%	1.53%	3.62%
Karnataka	28,194	9%	-28%	1.18%	13.66%
Maharashtra	22,793	7%	-20%	2.74%	4.48%
Madhya Pradesh	17,236	6%	-21%	4.25%	5.88%
Odisha	14,811	5%	-33%	3.26%	7.02%
Rajasthan	11,926	4%	-25%	4.76%	5.84%
Jharkhand	8,939	3%	-26%	3.55%	5.40%

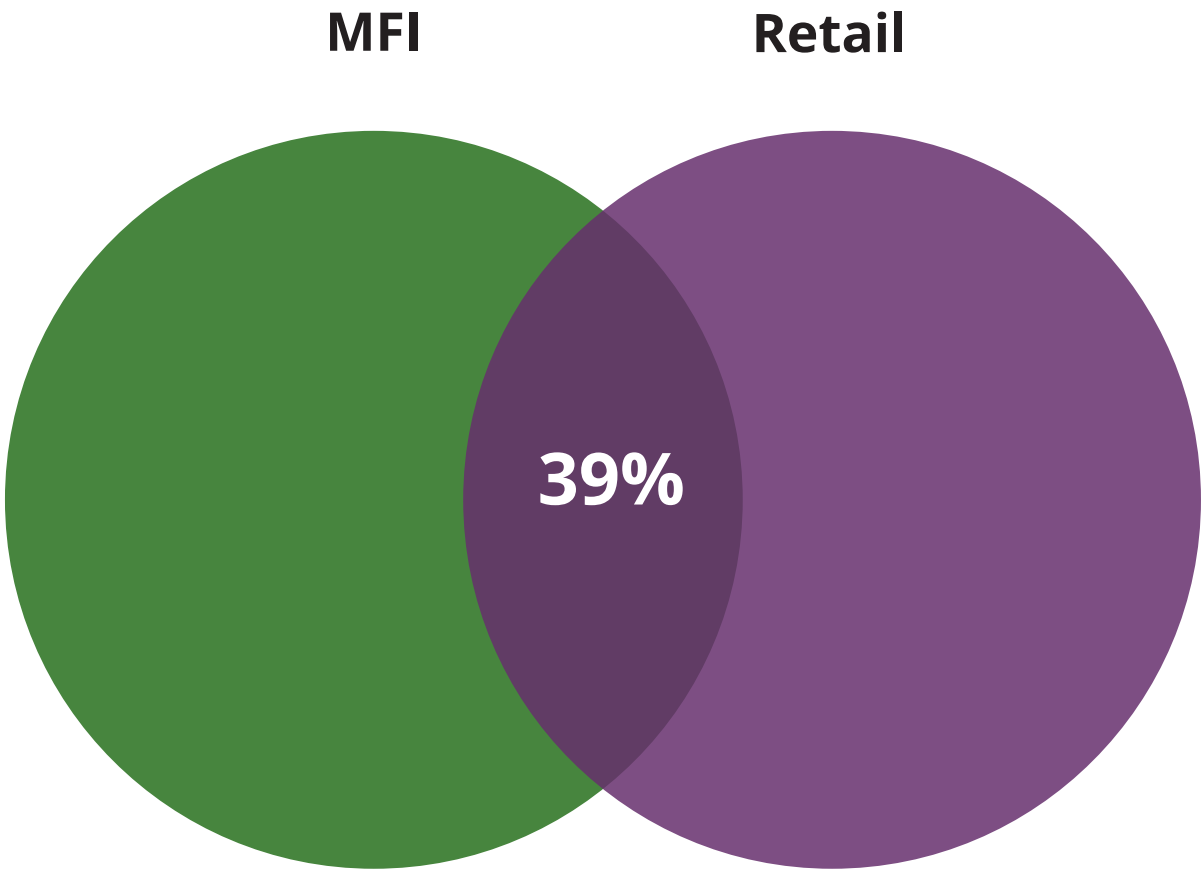
- Top 10 states contribute ~85% to the total industry portfolio
- The microfinance industry's top 10 states experienced a portfolio outstanding contraction and an increase in 30+ day delinquencies in June 2025, relative to June 2024



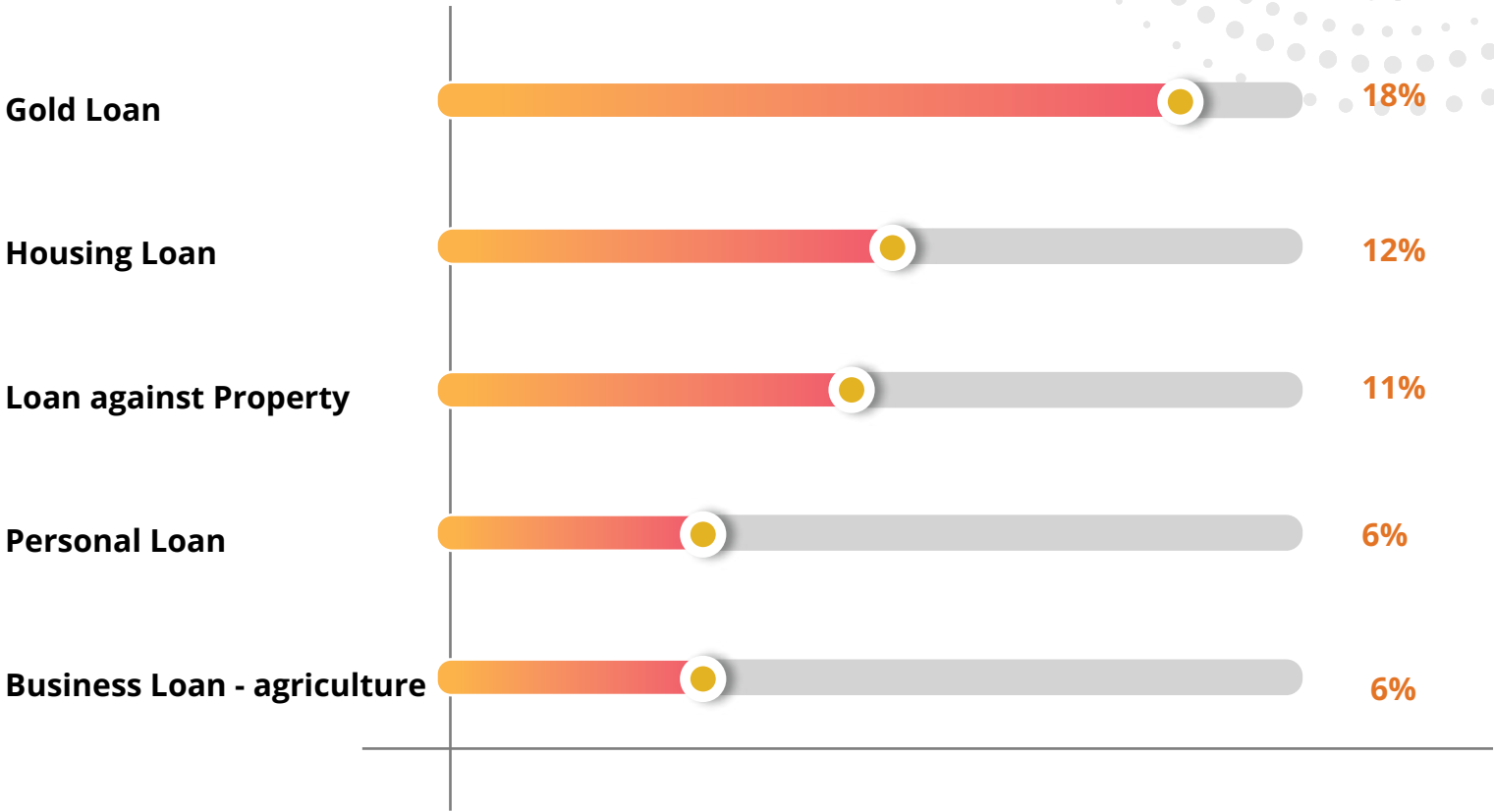
Borrower Overlap in MFI and Retail Segment

MFI Customers Experiencing Retail Exposure

This analysis is done to understand the overlap between MFI and Retail bureau and the kind of loans taken by MFI customers on Retail side.



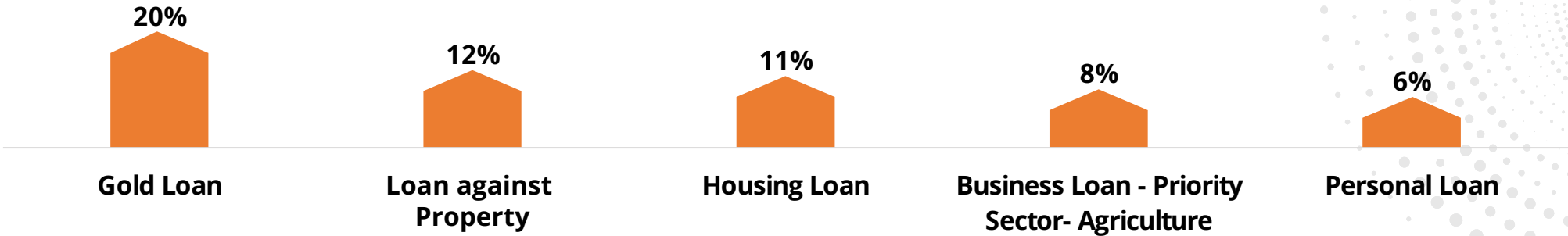
Market Share of Top Products (by POS)



- 39% of the MFI customers have presence on the Retail bureau.
- ~53% of the customers take Gold Loan, Housing Loan, Loan against Property, personal Loan and Business-Agri Loan on the Retail side.
- The significant overlap between microfinance (MFI) and retail borrowers highlights the critical need for a combined credit report (CCR)

Note: This analysis is done on the industry sample. Top products mentioned here are on the basis of POS.

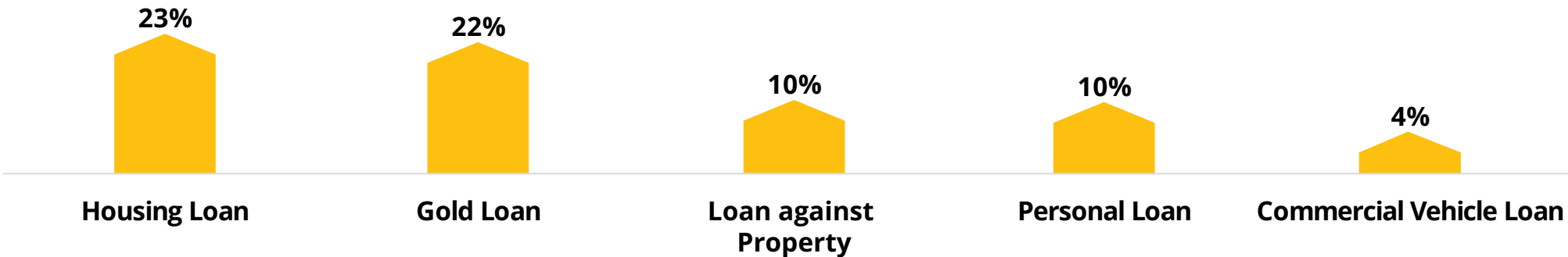
Rural



Semi Urban



Urban



- In Rural areas, gold loans are the most prevalent type of loan, accounting for significant 20% of the portfolio.
- The lending landscape in semi-urban areas is slightly different. The demand for Housing loan is higher compared to Rural areas.
- Urban areas shows a distinct shift in loan priorities. Housing loan is most dominant type of loan, making up 23% of the portfolio.

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.

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