



# MSME PULSE

SEPTEMBER 2025



## TRANSUNION CIBIL

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# FOREWORD

The MSME Pulse Report for the quarter ending September provides a consolidated view of lending activity, combining data from both commercial enterprises and individuals who have taken business-oriented loans in their personal capacity. These individual loans are reported in the consumer bureau, making this approach a significant departure from previous editions that focused exclusively on commercial bureau data. The shift reflects an understanding of the need for a more holistic perspective on credit flows. By including business-oriented loans captured in the consumer bureau, the report now offers a broader and more accurate representation of lending patterns. This integration ensures that the analysis covers all relevant segments contributing to the MSME credit ecosystem. It acknowledges that individuals often borrow for business purposes under personal profiles, which was previously overlooked. The inclusion of such data enhances transparency and depth in assessing credit supply. Ultimately, this comprehensive approach provides stakeholders with a unified view of MSME financing trends.

Further, the credit exposure limit for the portfolio has been increased to ₹100 crores from ₹50 crores. This change aligns with the revised MSME classification guidelines introduced in April 2025. Previously, the classification defined Micro, Small, and Medium enterprises based on credit exposure limits of up to ₹1 crore, ₹1 crore to ₹10 crores, and ₹10 crores to ₹50 crores respectively. Under the new guidelines, these thresholds have been significantly expanded. Micro enterprises are now classified as those with exposure up to ₹2 crores. Small enterprises fall within the range of ₹2 crores to ₹20 crores. Medium enterprises are defined as those with exposure between ₹20 crores and ₹100 crores. This revision reflects the evolving scale and financial requirements of businesses in the MSME sector. By adopting these updated limits, the report ensures consistency with official standards. It also provides a more accurate representation of credit distribution across the MSME landscape.

Through detailed data and insights, the MSME Pulse Report aims to inform stakeholders and policymakers about the critical trends and developments shaping the MSME lending landscape. This edition specifically highlights following points

- Combined view of Commercial lending to MSMEs and business loan to Individuals reported in personal capacity
- SME Cluster study focusses on large and high growth districts within Manufacturing sector with a granular analysis

# EXECUTIVE SUMMARY

## Asset quality remained strong with robust portfolio growth:

As of September 2025, the combined portfolio outstanding for commercial loans stood at ₹65.2 lakh crore, a 17% YoY growth. Furthermore, the growth came with an improvement in the overall balance-level serious delinquencies (measured as 90 to 720 DPD and classified as 'sub-standard'), which is at its lowest levels in the last 5 years at 1.92% as of September 2025 (improving by 17 BPS YoY)

Combined MSME credit sector (Commercial Entities & Individual Borrowers with Commercial Loans)		
<b>Demand (Credit Inquiry Volumes) Indexed to: Apr-Sept '23 = 100</b>		
Apr-Sept '24	Apr-Sept '25	YoY Growth (%)
117	123	5%
<b>Supply (Disbursement Amounts - In ₹ Lakh Crore)</b>		
Apr-Sept '24	Apr-Sept '25	YoY Growth (%)
10.8	11.3	4%
<b>Growth (Credit Exposure - In ₹ Lakh Crore)</b>		
Sept '24	Sept '25	YoY Growth (%)
56.0	65.2	17%
<b>Performance (Delinquency Rates) 90-720 DPD (including Sub-standard)*</b>		
Sept '24	Sept '25	YoY Change (bps)
2.09%	1.92%	-17%

\* Definition for 90+ DPD excludes accounts with DPD beyond 720 days or reported as doubtful/loss. Exposure up to 100 Cr.

## Strong commercial portfolio growth despite a moderate rise in credit supply in Q2 & Q3

Measured by the number of enquiries, the demand for commercial loans witnessed a 5% YoY growth in Apr-Sept '25. Overall, commercial lending has witnessed a moderate increase in credit supply in April to September 2025, with 4% YoY growth as compared

to April to September 2024. However, the overall credit portfolio has continued to witness a robust pace of growth at 17.0% YoY. Despite a reduction in the share of New-to-Credit (NTC) borrowers from 46% in Apr-Sept '24 to 42% in Apr-Sept '25 & 29% in Apr-Sept '24 to 28% in Apr-Sept '25 in commercial loans taken by individual borrowers, they still represent a significant portion of new credit originations and reflect a steady progress in the formalization initiatives taken in the MSME sector.

## Manufacturing sector accounts for highest share in commercial credit

According to reporting on commercial bureau, Maharashtra, Gujarat, Tamil Nadu, Uttar Pradesh and Delhi are the top 5 states contributing to 49% of the commercial bureau reported originations by value. While Manufacturing dominates in 4 out of the top 5 states i.e. Maharashtra, Gujarat, Tamil Nadu and Delhi, whereas it is the trading sector for Uttar Pradesh. Manufacturing includes Textiles, Food Processing, Engineering, Basic Metals and Chemical as top 5 sub-sector within manufacturing which contribute to nearly 60% of total manufacturing sector.

## SME cluster view for top 5 sub-segment within Manufacturing sector in India

The manufacturing sector accounts for over one-third of the total commercial enterprise portfolio. SME Cluster mapping, which is based on official government clusters listed on ministry of micro, small and medium enterprises, is available for the top five manufacturing sub-sectors, which together represent nearly half of the overall manufacturing portfolio. Our assessment examines portfolio growth, delinquency trends within these clusters and their geographical presence, to better understand shifts in commercial lending to MSMEs. The review highlights districts with larger outstanding portfolios, along with insights into their growth and delinquency patterns. It also identifies additional key districts showing higher growth rates, helping to pinpoint emerging locations.

## Potential to expand and deepen the MSME lending space

A combined view of commercial enterprises and individual borrowers with commercial exposure when measured against the Udyam registered businesses (7.1 crores in September 2025) as a reference point shows 45% i.e. ~3.3 crores being credit active. This highlights significant potential for growth in commercial lending and financial inclusion in MSME space.



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## MSME CREDIT OVERVIEW

### CREDIT GROWTH MOMENTUM REMAINS HEALTHY WITHIN INDIA'S MSME CREDIT MARKET

Demand for Commercial loans grew by 5% in the Apr-Sept '25 quarter compared to the same period the previous year. During this period, Private banks, which accounted for 43% of credit demand, experienced a degrowth of 1% YoY in demand. Public sector banks, which represent 37% of the total credit demand, grew by 19% YoY.

Credit supply (by value) grew modestly by 4% year-over-year in half yearly period i.e. Apr-Sep 2025 period. This moderation is primarily due to a drop in new credit extended to commercial entities which fell by 5% YoY in Apr-Sept '25 by value which was more than offset by growth of 19% YoY in loans extended to individual in personal capacity. Among lender groups, Private banks and NBFCs witnessed a rise in credit supply by 7.3% & 3.0% YoY, whereas PSU Banks witnessed a rise of 1% YoY in credit supply in half yearly period i.e. Apr-Sep 2025 period.

#### Commercial Credit Originations Distribution (Jul-Sept '25)

Lender Category	Share by Value	Share by Volume
Private Banks	45%	40%
Public Sector Banks	26%	28%
NBFC	20%	25%
Others*	9%	7%

\*Other includes SFBs, COOP and others

#### \*IB with Commercial Loan Credit Originations Distribution (Jul-Sept '25)

Lender Category	Share by Value	Share by Volume
Private Banks	41%	39%
Public Sector Banks	11%	4%
NBFC	31%	44%
Others	17%	13%

\*IB means individual borrowers

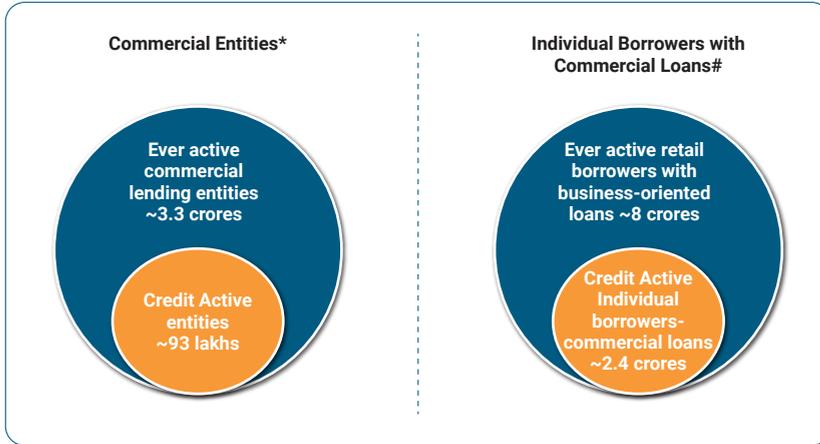
New business enterprises and individuals continue to spearhead the next wave of MSME credit expansion. By having access to timely and tailored credit products, innovative delivery methods to meet their specific needs, these entities can effectively manage cash flows and ensure smooth business operations. Enhancing credit access for NTC MSMEs as well as sole proprietors and entrepreneurs taking business loans in personal capacity will promote financial inclusion, boost economic growth by contributing to GDP and further create substantial employment opportunities.

According to the Ministry of MSME, there are a total 7.1 crore Udyam registered MSMEs (including Udyam Assist (UAP) entities) out of which as a reference nearly 3.3 crores customers/entities have ever accessed credit as of September 2025 account which account for 45% of Udyam registered MSMEs (while direct information on URN is not submitted to CIBIL, we have taken active commercial borrowers as benchmark against the Udyam registered). This presents a considerable opportunity for lenders to continue to tap into the NTC segment as well as credit expansion to business individuals to grow and expand the MSME portfolio.

The total number of newly originated NTC borrowers in the commercial segment stood at approximately 5 lakhs during the six months ended September 2025, accounting for 42% of overall originations—a decline of 4 percentage points compared with the same period in September 2024. For individual borrowers availing commercial loans, around 2.7 lakh NTC borrowers were newly onboarded in the six months ended September 2025, contributing 28% to total individual borrowers with commercial loan originations. This reflects a marginal decline of 1 percentage point compared to the same period in 2024.

Performance of new originations or vintage delinquency, measured as percentage of trades deteriorating to 90+ days past due within first 12 months from origination, are improving steadily which is majorly driven by small ticket size commercial loans and higher ticket size Individual Borrowers with Commercial Loans.

# MSME CREDIT OVERVIEW



Source: TransUnion CIBIL commercial & consumer credit database

# Comprises for reporting on individuals with loans reported in product type - BL, CV, CE & LAP (deduped for anyone reported on Commercial bureau)  
\* is Commercial Credit active Borrowers

~28% OF THE BORROWERS ARE ACTIVE ON COMMERCIAL LOANS  
~12 CRORE BORROWERS HAVE EVER TAKEN COMMERCIAL LOAN IN INDIVIDUAL OR ENTITY CAPACITY



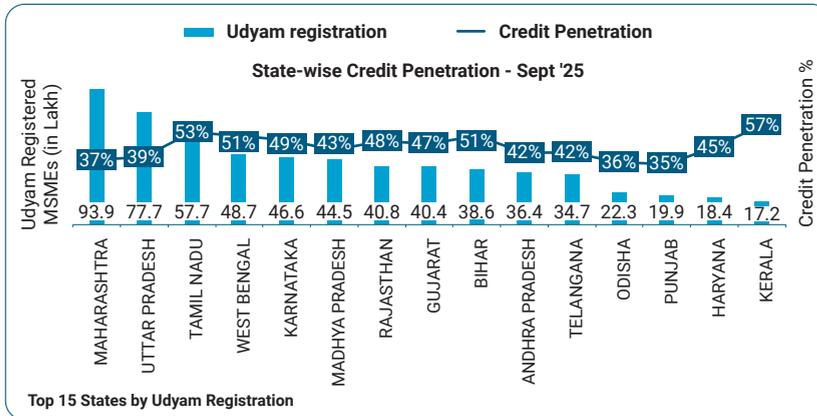
# MSME CREDIT OVERVIEW

0.93 Crs\*

2.4 Crs#

7.1 Crs Udyam Registered (Nov '25)

45% Credit Active



Source: TransUnion CIBIL commercial & consumer credit database

Credit Penetration: (Number of credit active borrowers including consumer reported borrowers / Total number of Udyam registration in states)

# is Individual with commercial value Credit active borrowers (BL, CV, CE & LAP)

\* is Commercial Credit active Borrowers.

~45% OF UDYAM REGISTERED ENTITIES/INDIVIDUALS ESTIMATED TO BE ACTIVE CREDIT OUTSTANDING AS OF SEPT '25

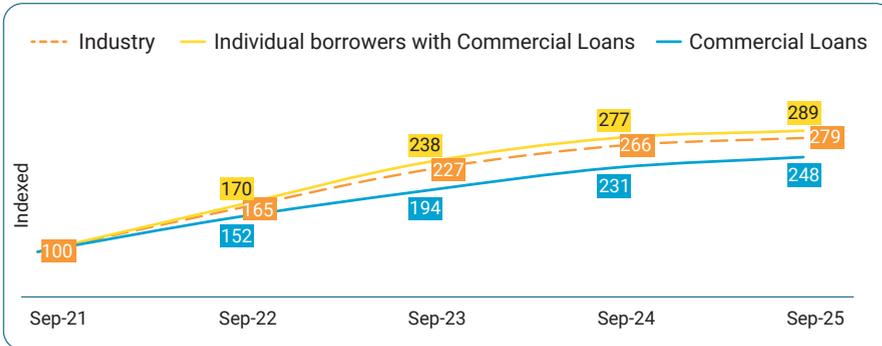




# CREDIT DEMAND AND SUPPLY

## DEMAND

### Combined Indexed Demand for Commercial Loans and Individual Borrowers with Commercial Loans (6M Ended Period)



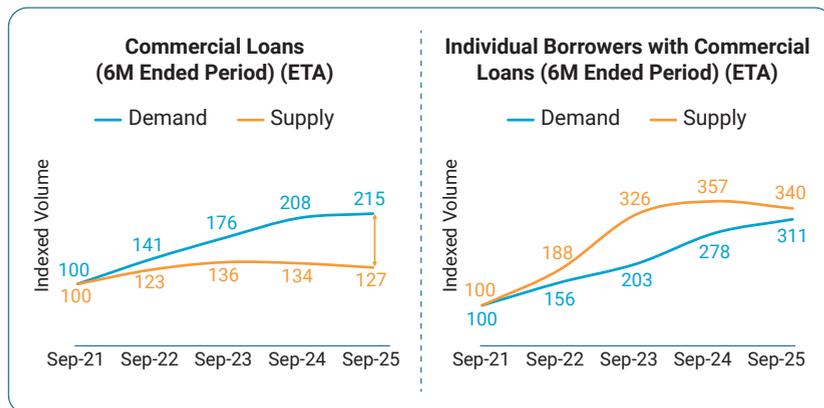
Source: TransUnion CIBIL commercial & consumer credit database

All Commercial fund-based loans (WC-TL), Business Loan, Commercial Vehicle, Commercial Equipment and Property loan considered under Consumer whereas Common accounts within both bureau are only considered under commercial. Exposure up to 100 Cr New-to-credit (NTC) Commercial Borrowers defined as those who seek first ever commercial credit facility. Exposure above 100 Cr excluded from both bureau; Indexed on Sep-21 = 100

COMMERCIAL CREDIT DEMAND TO ENTITIES AND INDIVIDUALS HAVE SHOWN POSITIVE TREND OVER THE LAST 5 YEARS



## INDEXED DEMAND AND SUPPLY - ETA

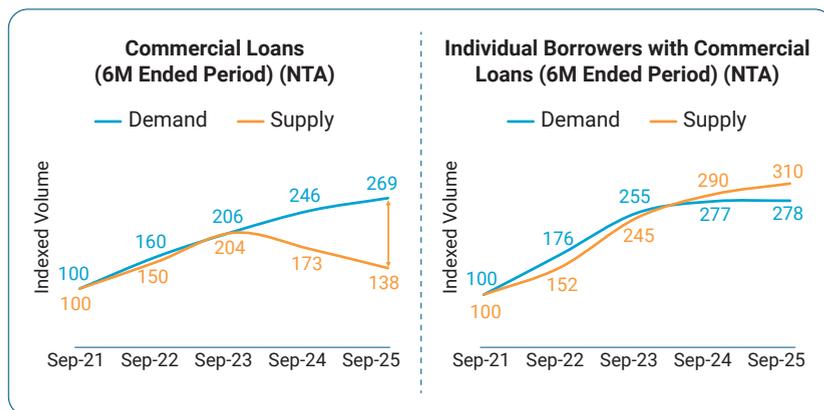


Source: TransUnion CIBIL commercial & consumer credit database

FOR COMMERCIAL ENTITIES THE DEMAND GROWTH HAS BEEN HIGHER THAN SUPPLY AND FOR INDIVIDUALS THE CONVERSION RATES HAVE IMPROVED HENCE INDEXED SUPPLY > INDEXED DEMAND GROWTH

All Commercial fund-based loans (WC-TL), considered in originations. Renewals are excluded in commercial. Business Loan, Commercial Vehicle, Commercial Equipment and Property loan considered under Consumer whereas Common accounts within both bureau are only considered under commercial. Exposure up to 100 Cr  
Exposure above 100Cr excluded from both bureau; Indexed on Sep-21 = 100  
ETA – Existing to Asset at lender institution level borrowers over the last 2 years

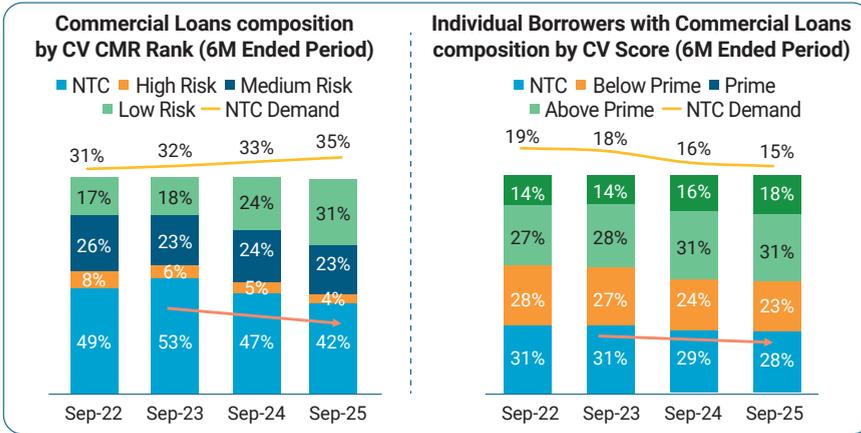
## INDEXED DEMAND AND SUPPLY - NTA



Source: TransUnion CIBIL commercial & consumer credit database

COMMERCIAL CREDIT SUPPLY FOR NTA BORROWERS HAVE SHOWN SLOWER GROWTH WITH INCREASE IN DEMAND FOR COMMERCIAL ENTITIES; FOR INDIVIDUALS THE CONVERSION RATES HAVE IMPROVED FOR NTA BORROWERS AS WELL

All Commercial fund-based loans (WC-TL), considered in originations. Renewals are excluded in commercial. Business Loan, Commercial Vehicle, Commercial Equipment and Property loan considered under Consumer whereas Common accounts within both bureau are only considered under commercial. Exposure up to 100 Cr  
Exposure above 100Cr excluded from both bureau; Indexed on Sep-21 = 100;  
NTA – New to Asset with the lender institution; NTA includes NTC borrowers



Source: TransUnion CIBIL commercial & consumer credit database

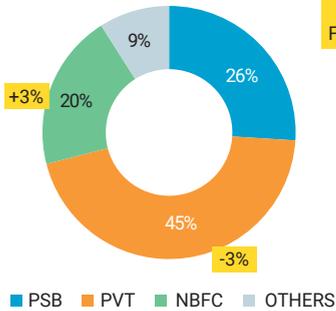
All Commercial fund-based loans (WC-TL), considered in originations. Renewals are excluded; Exposure up to 100 Cr  
 New-to-credit (NTC) Commercial Borrowers defined as those who seek first ever commercial credit facility.  
 CV CMR Rank - Low Risk is CMR 1-3, Medium Risk is CMR 4-7, High Risk is CMR 8-10  
 CreditVision (CV) score ranges are: Below prime = 300-730; Prime = 731-770; Above Prime = 771-900

NTC BORROWER DEMAND IS INCREASING ON COMMERCIAL ENTITIES WHEREIN THE COMPOSITION OF SUPPLY HAS REDUCED, ON CONSUMER BUREAU BOTH DEMAND AND SUPPLY SHOW REDUCING TREND

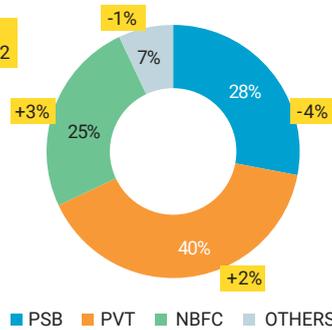


# SUPPLY

**Commercial Loans Share by Value  
(6M Ended Sept'25)**



**Commercial Loans Share by Volume  
(6M Ended Sept'25)**



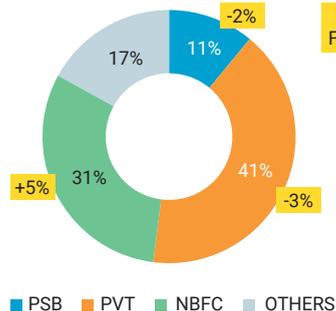
Source: TransUnion CIBIL commercial & consumer credit database

NBFCs HAVE GAINED SHARE BOTH IN VALUE AND VOLUME FOR COMMERCIAL LENDING FOR 6 MONTHS ENDED PERIOD SEPT 25 AS COMPARED TO SEPT 22

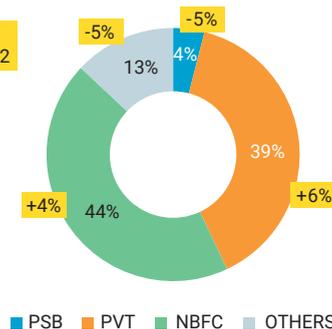
All Commercial fund-based loans (WC-TL), considered in originations. Renewals are excluded in commercial. Others Includes Co-Operative Banks, SFB,FB; NBFC includes NBFC and NBFC-FINTECH. Business Loan, Commercial Vehicle, Commercial Equipment and Property loan considered under Consumer whereas common accounts within both bureau are only considered under commercial. Exposure up to 100 Cr

# SUPPLY

**IB\* with Commercial Share by Value  
(6M Ended Sept'25)**



**IB\* with Commercial Share by Volume  
(6M Ended Sept'25)**



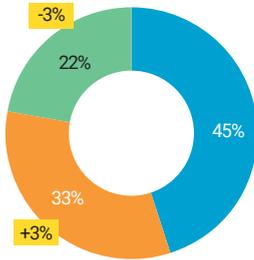
Source: TransUnion CIBIL commercial & consumer credit database

NBFCs HAVE GAINED SHARE BOTH IN VALUE AND VOLUME FOR IB WITH COMMERCIAL LENDING FOR 6 MONTHS ENDED PERIOD SEPT 25 AS COMPARED TO SEPT 22

All Commercial fund-based loans (WC-TL), considered in originations. Renewals are excluded in commercial. Others Includes Co-Operative Banks, SFB,FB; NBFC includes NBFC and NBFC-FINTECH. Business Loan, Commercial Vehicle, Commercial Equipment and Property loan considered under Consumer whereas common accounts within both bureau are only considered under commercial. Exposure up to 100 Cr; \*IB means Individual Borrowers

\*IB means Individual Borrowers

**Combined Share by Value  
(6M Ended Sept'25)**



■ Up to 2Cr ■ 2Cr to 20Cr ■ 20Cr to 100Cr

**Origination by Value  
(6M ended Sept-25)**

*IB with Commercial Loans	Share
Up to 2 Cr	70%
2 Cr to 20 Cr	20%
20 Cr to 100 Cr	10%
Commercial Entities	Share
Up to 2 Cr	28%
2 Cr to 20 Cr	42%
20 Cr to 100 Cr	30%

Source: TransUnion CIBIL commercial & consumer credit database

BORROWERS WITH CREDIT EXPOSURE UP TO 2 CR HOLDS THE HIGHEST SHARE BY VALUE IN INDIVIDUAL BORROWERS WITH COMMERCIAL LOANS WHEREAS IN COMMERCIAL ENTITIES OF 2 CR TO 20 CR IS MOST DOMINANT SEGMENT

All Commercial fund-based loans (WC-TL), considered in originations. Renewals are excluded

The entity segment are denoted basis borrower level loan outstanding at the time of originations; **\*IB means Individual Borrowers**

Business Loan, Commercial Vehicle, Commercial Equipment and Property loan considered under Consumer whereas common accounts within both bureau are only considered under commercial. Exposure up to 100 Cr



## VINTAGE DELINQUENCY

### Commercial Ever 90+DPD in 12 MOB (3M Ended Period)



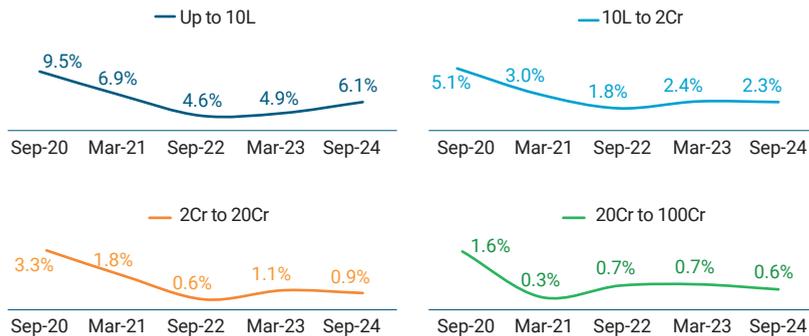
Source: TransUnion CIBIL commercial & consumer credit database

All Commercial fund based (WC-TL) New Originations with Industry exposure up to INR 100 Crore  
Vintage Delinquencies (measured as accounts ever in 90+ DPD in 12 Months since originations).

VINTAGE DELINQUENCY MEASURED AS EVER 90+ IN 12 MOB HAS SEEN IMPROVEMENT IN RECENT SOURCING FOR 3 MONTHS ENDED SEPT '24 BARRING 10L TO 20 CR SEGMENT

## VINTAGE DELINQUENCY

### \*IB with Commercial Loan Ever 90+DPD in 12 MOB (3M Ended Period)



Source: TransUnion CIBIL commercial & consumer credit database

Vintage Delinquencies (measured as accounts ever in 90+ DPD in 12 Months since originations).  
Business Loan, Commercial Vehicle, Commercial Equipment and Property loan considered under individual holding commercial value whereas common accounts within both bureau are only considered under commercial. Exposure up to 100 Cr

\*IB means Individual Borrowers

VINTAGE DELINQUENCY MEASURED AS EVER 90+ IN 12 MOB HAS SEEN IMPROVEMENT IN RECENT SOURCING FOR 3 MONTHS ENDED SEPT '24 EXCEPT UP TO 10L SEGMENT



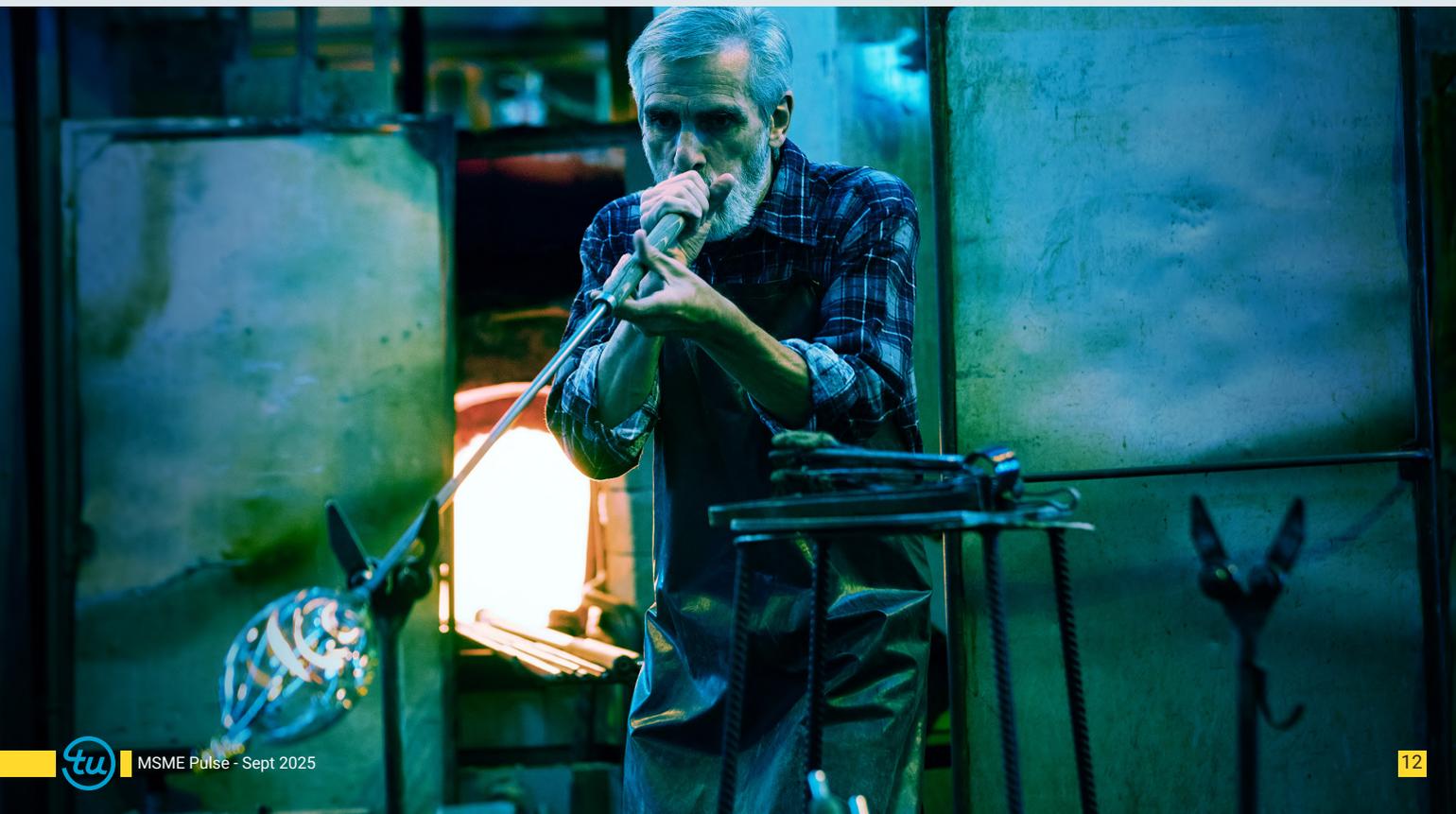
# PORTFOLIO AND PERFORMANCE

## Stable growth in outstanding balances and continued improvement in credit performance

Consistent credit supply has driven a 17% YoY portfolio growth, reaching ₹65.2 lakh crore as of September 2025. Within commercial lending, property loans recorded the highest year-on-year growth at 43%, while among Individual Borrowers with Commercial Loans, business loans-both secured and unsecured-registered the strongest growth at 46% YoY.

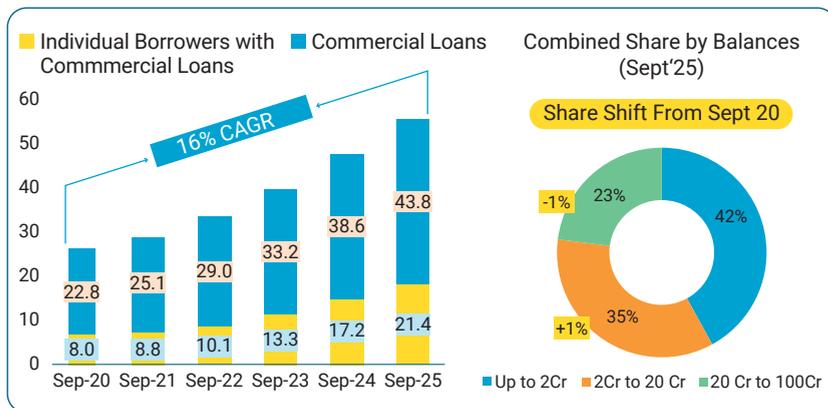
Overall balance-level delinquencies (90-720 DPD, classified as 'Sub-standard') improved to 1.92% in September 2025 - a 17 BPS improvement from September 2024 albeit with a marginal uptick from 1.8% from March 2025. This improvement is largely led by PSUs, which recorded a 50 BPS gain in asset quality, while private banks continue to maintain the best-performing portfolio at 1.1% delinquency.

Within commercial lending to entities, Professional services and other sectors grew 17% YoY, followed by trade at 15%, while manufacturing - the largest contributor to the commercial portfolio-expanded by 11%. A 20 BPS drop in overall commercial delinquency was observed across most sectors, except trade, which saw a 10 BPS increase since September 2024.



## PORTFOLIO

### Outstanding Balance (Lakh Cr.)



Source: TransUnion CIBIL commercial credit database

All Commercial Fund based loans (WC-TL). Exposure up to 100 Cr considered Business Loan, Commercial Vehicle, Commercial Equipment and Property loan considered under Consumer whereas common accounts within both bureau are only considered under commercial

BOTH COMMERCIAL AND INDIVIDUAL HAVING COMMERCIAL LOANS PORTFOLIO BALANCES HAVE WITNESSED A DOUBLE-DIGIT GROWTH IN LAST FIVE YEARS

## PORTFOLIO

### Commercial Products (Sept-25)

Products	YoY	% Share
Long/Mid Short TL	14%	26%
Overdraft	10%	23%
Cash Credit	14%	22%
Property Loan	43%	9%
UBL	13%	4%
Commercial Vehicles Loan	10%	3%
Others	6%	13%

### \*IB with Commercial Products (Sept-25)

Products	YoY	% Share
Property Loan	21%	46%
Commercial Vehicles Loan	8%	21%
BL – Unsecured	47%	20%
BL – Secured	45%	10%
Commercial Equipment Loan	22%	3%

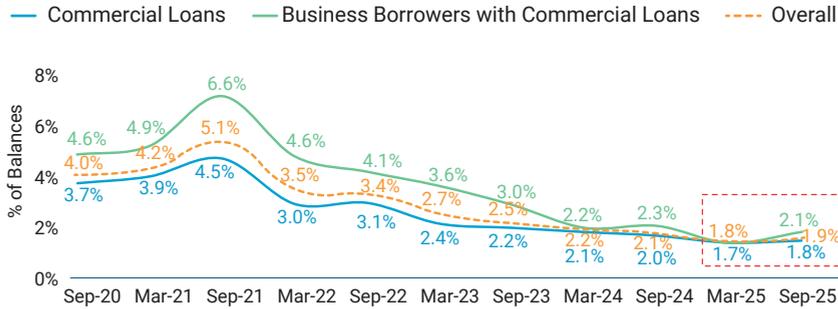
ALL PRODUCTS HAVE SHOWN A DOUBLE-DIGIT GROWTH BOTH IN COMMERCIAL AND IB WITH COMMERCIAL LOAN BARING CVL IN INDIVIDUAL CAPACITY

All Commercial fund-based loans (WC-TL); Exposure up to 100 Cr \*IB means Individual Borrowers

Source: TransUnion CIBIL commercial & consumer credit database

# PORTFOLIO

## Balance-Level Delinquencies – 90+ and Sub-STD



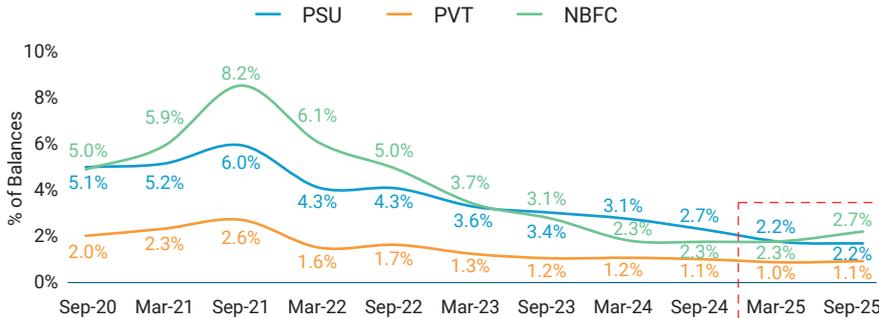
Source: TransUnion CIBIL commercial & consumer credit database

All Commercial Fund based loans (WC-TL); Exposure up to 100 Cr considered  
Business Loan, Commercial Vehicle, Commercial Equipment and Property loan considered under Consumer  
whereas common accounts within both bureau are only considered under commercial

CREDIT PERFORMANCE HAS SHOWN SLIGHT UPTICK IN SEPT-25, WITH BALANCE-LEVEL DELINQUENCIES AT ALL TIME LOW IN MAR-25

# PORTFOLIO

## Balance-Level Delinquencies – 90+ and Sub-STD

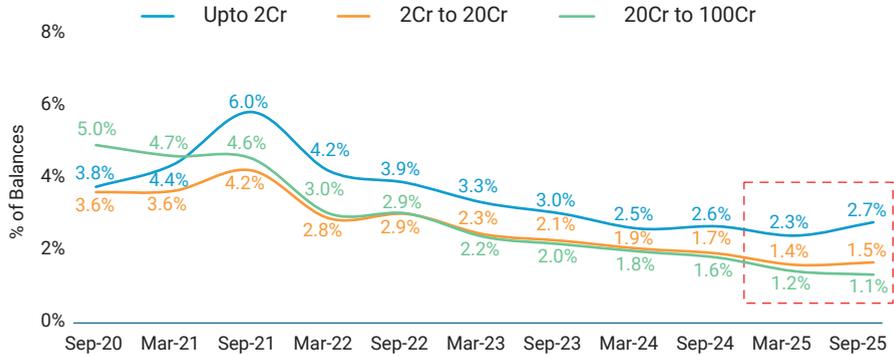


Source: TransUnion CIBIL commercial & consumer credit database

NBFC includes NBFC & NBFC Fintech  
All Commercial Fund based loans (WC-TL); Exposure up to 100 Cr considered  
Business Loan, Commercial Vehicle, Commercial Equipment and Property loan considered under Consumer  
whereas common accounts within both bureau are only considered under commercial

WHILE OVERALL ASSET QUALITY HAS BEEN IMPROVING ACROSS LENDER CATEGORIES, AN UPTICK IN DELINQUENCIES IS NOTED IN SEPT' 25 FOR NBFCs

Balance-Level Delinquencies – 90+ and Sub-STD



Source: TransUnion CIBIL commercial & consumer credit database

All Commercial Fund based loans (WC-TL); Exposure up to 100Cr considered Business Loan, Commercial Vehicle, Commercial Equipment and Property loan considered under Consumer whereas common accounts within both bureau are only considered under commercial.

OVERALL ASSET QUALITY HAS SEEN SOME INCREASE IN STRESS IN UPTO 20CR BORROWER SEGMENTS





## FOCUSED AREA

### Commercial sectors

In this section of the report, we will deep dive into sectors dominated by MSMEs to understand the growth drivers of each sector and decode the borrower profiles. The section shall provide insights to lenders through which sectoral lending implications can be derived.

For this report, we have further clubbed the sectors into four broad categories.

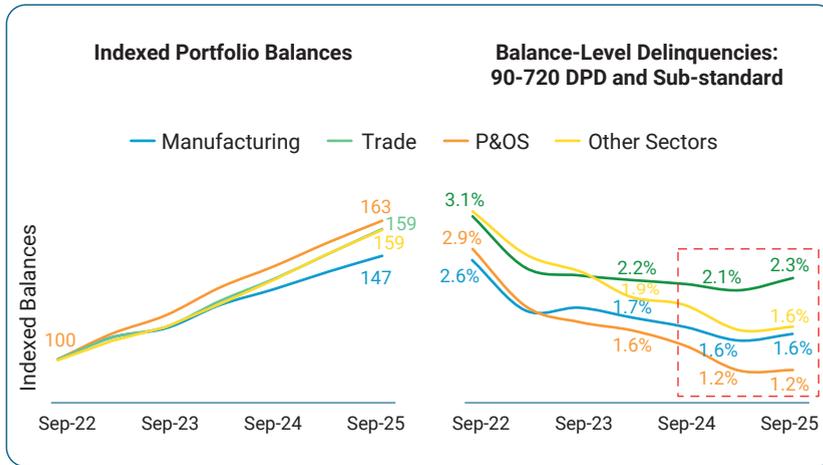
**Manufacturing** which includes Textiles, Food Processing, Basic Metals, Vehicles, Gems & Jewellery etc.

**Trade** which includes Retail trade and Wholesale trade.

**Professional and Other Services** includes Professional Services, Hotel Tourism etc.

**Other Sectors** includes Transport, Construction, Agriculture and allied activities.

# SECTORAL VIEW – COMMERCIAL PORTFOLIO



Source: TransUnion CIBIL commercial & consumer credit database

SLIGHT UPTICK IS SEEN IN PORTFOLIO DELINQUENCY IN SEPT-25 ACROSS SECTORS SINCE THE LOWEST IN MAR-25

All Commercial Fund based loans (WC-TL); Exposure up to 100Cr considered



A man in a white shirt is working on a lathe in a factory. The scene is bathed in a blue light, and the background shows other workers and machinery in a large industrial setting. A yellow rectangular box is overlaid on the right side of the image, containing the title text.

# A DEEP DIVE INTO COMMERCIAL SECTORAL VIEW

## Sectoral Commercial Credit Review shows continued domination by 5 states

Maharashtra, Gujarat, Tamil Nadu, Uttar Pradesh and Delhi continue to dominate commercial bureau lending, contributing to 49% of share by value in originations in Jul-Sept '25. While the manufacturing sector has the highest share in Maharashtra, Gujarat, Tamil Nadu and Delhi, the state of Uttar Pradesh has the maximum originations given to the trade sector.

Trade sector contributes to highest proportion of NTC borrowers at 53% majorly driven by various government-initiated scheme, followed by Manufacturing which is 18%.

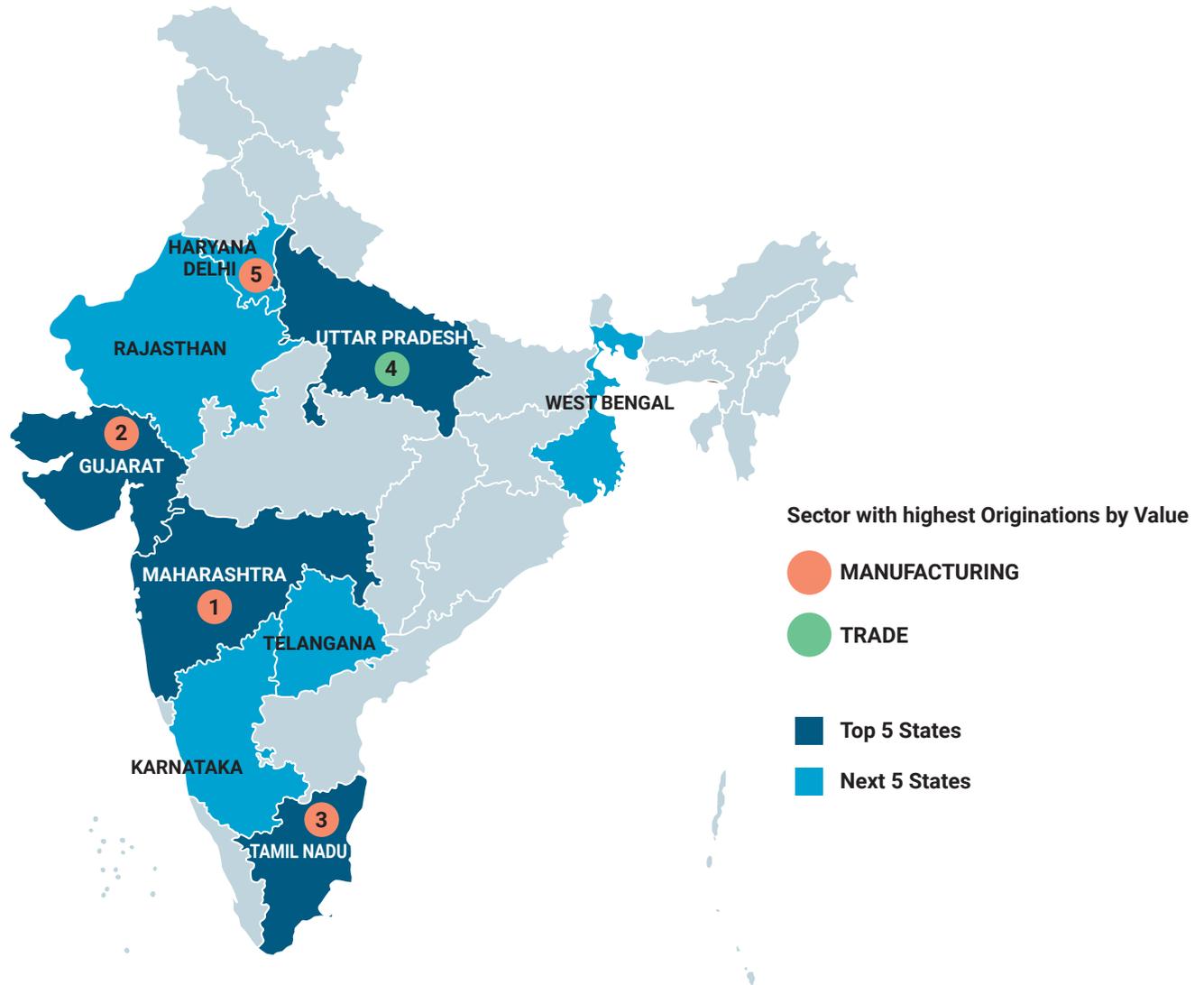
Proportion of NTC in Jul-Sept '25 Commercial Bureau Originations		Sector wise
Sector	Share NTC (by count of borrowers)	
Manufacturing	18%	
Trade	53%	
Professional and Other Services	15%	
Other Sectors	14%	

Manufacturing sector continues to get majority share (34%) of the origination value, despite contributing to only 18% of all new loans (count) disbursed in Jul-Sept '25. However, share of originations to Manufacturing sector has declined steadily in last two years. The share has shifted in favour of other sectors which now contributes to 37% of all loans disbursed (value), up by 5% points in last 4 years. By value, share of originations to trade sector also grew by 2%.

In commercial lending portfolio to the entities, Lending balances have shown consistent growth across all sectors, with other sectors expanding more rapidly than others. At the same time, balance-level delinquencies (90-720 DPD, classified as 'Sub-standard') have generally declined across sectors, reflecting improved credit quality and risk management over the past 3 years however, recent period have show slight increases in delinquency as of September 2025.

Manufacturing holds a highest share with 37% which has dropped by 2% in last 4 years which is gained by the Trade sector. Within manufacturing, credit exposures of 2 Cr to 20 Cr have the majority of manufacturing across all sub sectors with top five sub-segments i.e. contributing to over 60% of the manufacturing sector's portfolio which are Textile, Food Processing, All Engineering, Basic Metal products & Chemical and Chemical products.

## TOP 10 STATES IN INDIA BY CREDIT SUPPLY (VALUE)

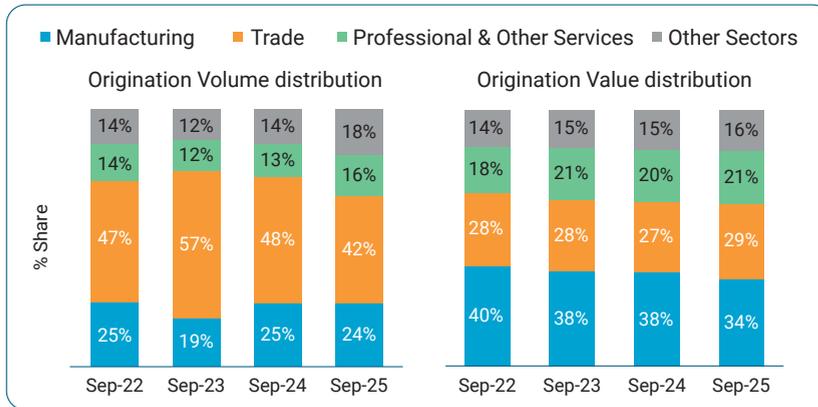


All Commercial fund-based loans (WC-TL), considered in originations. Renewals are excluded  
 Trades include Retail and Wholesale trades; Sectors by Value; Exposure up to 100 Cr considered

Map to the scale  
 Source: TransUnion CIBIL commercial credit database

## SECTORAL ANALYSIS - SUPPLY

Origination Distribution by Sectors (3M ended period)



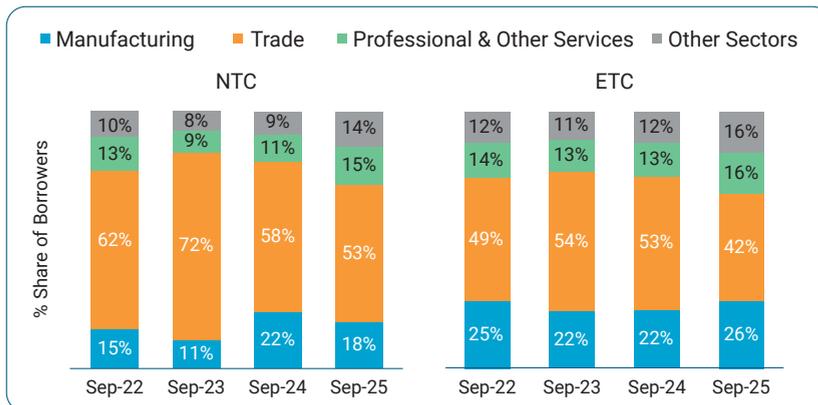
Source: TransUnion CIBIL commercial credit database

All Commercial fund-based loans (WC-TL), considered in originations. Renewals are excluded;  
Other includes Transport Operators, Agriculture and allied activities and construction  
NAs in sectors have been excluded which is 34% in volume and 15% in value; Exposure up to 100Cr considered

MANUFACTURING AND TRADES SECTORS ARE DRIVING THE GROWTH IN ORIGINATIONS; OTHER SECTORS SLOWLY GROWING THEIR SHARE OVER THE YEARS IN VALUE

## SECTORAL ANALYSIS - SUPPLY

Origination entities distribution across sector by NTC vs ETC (3M ended period)



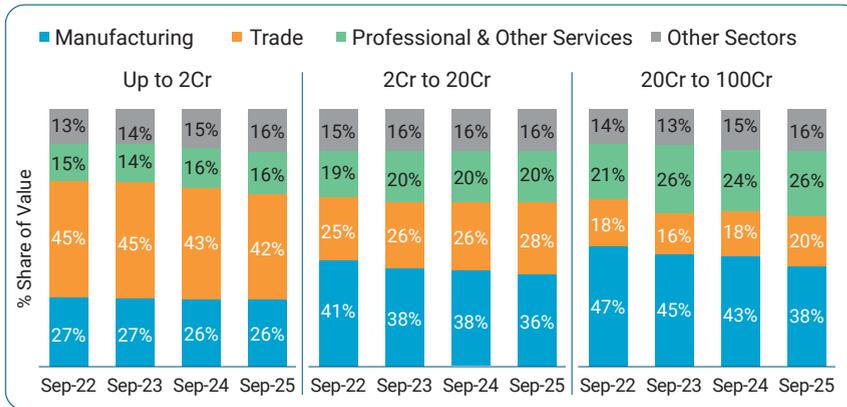
Source: TransUnion CIBIL commercial credit database

All Commercial fund-based loans (WC-TL), considered in originations. Renewals are excluded;  
Other includes Transport Operators, Agriculture and allied activities and construction  
NAs in sectors have been excluded which is 44% in NTC and 21% in ETC; Exposure up to 100 Cr considered

SHARE OF OTHER SECTORS HAS GRADUALLY INCREASED IN BOTH NTC AND ETC ORIGINATIONS, REFLECTING LENDERS' IMPROVING COMFORT WITH NEWER SECTORS

## SECTORAL ANALYSIS - SUPPLY

Origination distribution by Borrowers Segment and Sectors (3M ended period)



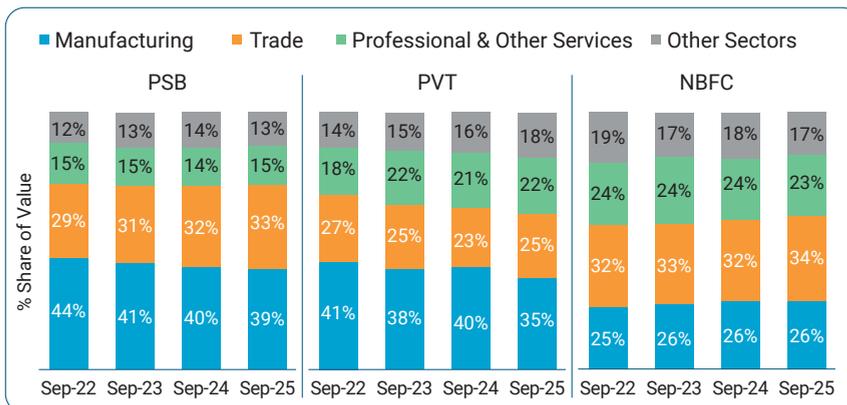
Source: TransUnion CIBIL commercial credit database

All Commercial fund-based loans (WC-TL), considered in originations. Renewals are excluded  
Other includes Transport Operators, Agriculture and allied activities and construction  
NAs in sectors have been excluded which is 15% in value; Exposure up to 100Cr considered

TRADE SECTOR IS SLOWLY GROWING ITS SHARE IN CREDIT EXPOSURE ACROSS BORROWER SEGMENTS

## SECTORAL ANALYSIS - SUPPLY

Origination distribution by Lendor category and Sectors (3M ended period)



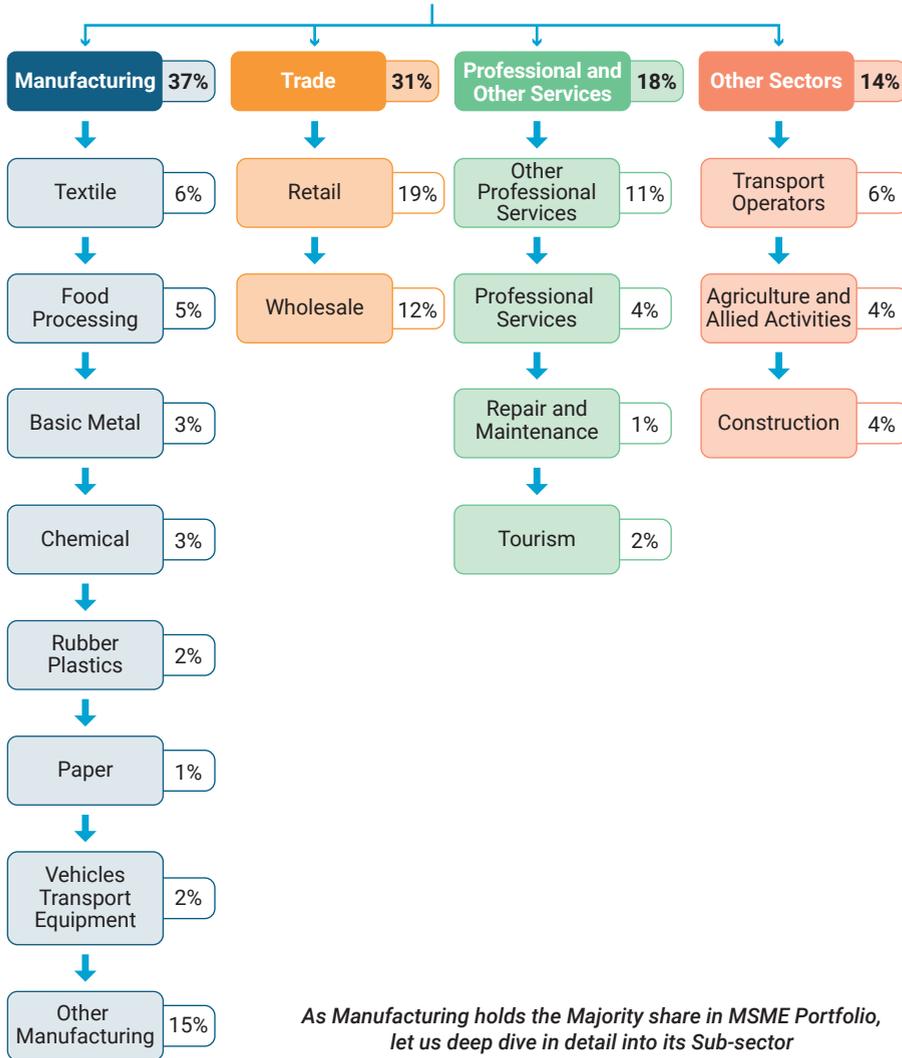
Source: TransUnion CIBIL commercial credit database

All Commercial fund-based loans (WC-TL), considered in originations. Renewals are excluded  
Other includes Transport Operators, Agriculture and allied activities and construction  
NAs in sectors have been excluded which is 15% in value; Exposure up to 100 Cr considered

WHILE PSBs CONTINUES TO HAVE HIGHER SHARE IN MANUFACTURING AND TRADE SECTORS, PVT BANKS HAVE GROWN ITS SHARE IN PROFESSIONAL SERVICES

# SECTORAL ANALYSIS - PORTFOLIO

## All Sectors – Portfolio Balance Share – Sept'25



*As Manufacturing holds the Majority share in MSME Portfolio, let us deep dive in detail into its Sub-sector*

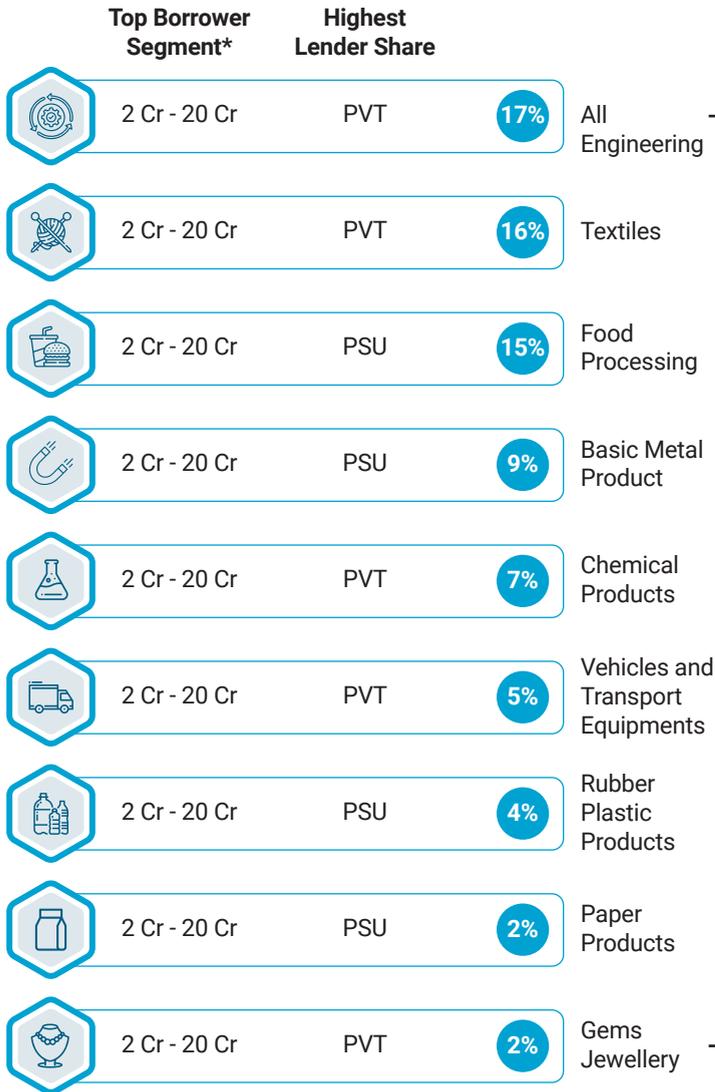
RETAIL TRADES HAVE HIGHEST SHARE IN OUTSTANDING BALANCES AS OF SEPT '25 FOLLOWED BY WHOLESALE TRADES AND OTHER PROFESSIONAL SERVICES

Source: TransUnion CIBIL commercial credit database

All commercial fund based (WC-TL) outstanding balance. | Exclusions: Financial Intermediation and Loan Activities.  
 Other Manufacturing sectors includes All Engineering, Gems and Jewelry, Wood products, Leather products, Cement products, Printing, publishing activities, Glassware, Other Manufacturing.  
 NA excluded which is 15% of the data; Exposure up to 100 Cr considered.

# SECTORAL ANALYSIS - PORTFOLIO

## Sub-Sector View: Manufacturing | Share of Outstanding Balance | Sept '25



**78% share**

TOP 10 SUB-SECTORS HOLD 78% OF MANUFACTURING IN WHICH PRIVATE BANKS HAVE THE HIGHEST LENDER SHARE ACROSS MOST MANUFACTURING SUB-SECTORS

Source: TransUnion CIBIL commercial credit database

All commercial fund based (WC-TL) outstanding balance. Exposure up to 100 Cr considered

A woman in a purple and gold saree is operating a textile machine in a factory. She is looking down at the machine with a focused expression. In the background, other women are working at similar machines, and the factory environment is visible with overhead pipes and lights. A yellow semi-transparent box is overlaid on the right side of the image, containing the text 'MSME CLUSTER VIEW'.

# MSME CLUSTER VIEW



## 47% of MSME manufacturing sector is contributed by SME Clusters for top 5 Sub-sectors

An MSME cluster is a geographically concentrated group of MSMEs producing similar or related products or services, sharing infrastructure, technology, and resources for collaboration and cost efficiency. According to [dcmsme.gov.in](http://dcmsme.gov.in), India has over 1,500 clusters. Integrated with TU CIBIL data, clusters in the top five manufacturing sub-sectors account for 47% of the manufacturing portfolio. Districts such as Ahmedabad, Bengaluru, Mumbai, and Chennai have the highest concentration, with more than three clusters each, followed by Kolkata, Pune, Delhi, and Coimbatore.

Tiruppur, one of India's largest textile hubs, recorded a 6% YoY credit growth, while Surat recorded 32%. Similarly, districts like Jaipur (garments), Gurugram (apparel), and Panipat (carpets) show strong growth potential, with textile MSME clusters expanding by 11%. This is encouraging to note given the concerns around the potential impact of the 50% tariff on the Indian textile and particularly the garments sector.

Similarly for Metal and Metal product sub-sector within manufacturing sector, Kolkata and Ahmedabad are the top 2 districts whereas Faridabad and Kolhapur have shown higher growth potential to expand with improved balance level delinquency in the sub-sector.



### **An introduction to MSME clusters**

An **MSME cluster** refers to a geographically concentrated group of MSMEs that produce similar or related products or services. They share common infrastructure, technology, and resources, enabling collaboration and cost efficiency.

### **Major purpose of MSME Clusters in India is**

#### **Cost Efficiency & Economies of Scale**

Shared facilities reduce individual costs and promotes scale.

#### **Technology Upgradation**

Easier adoption of modern machinery and digital tools.

#### **Improved Competitiveness**

Collective marketing helps MSMEs compete globally.

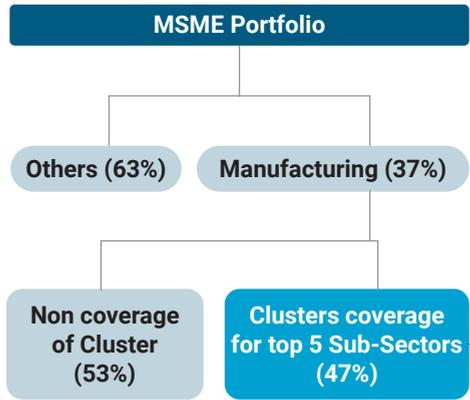
#### **Employment Generation**

Helps creating jobs in rural and semi-urban areas.

In this section, we have identified official government clusters listed on [dcmsme.gov.in](http://dcmsme.gov.in) and integrated them with TU CIBIL data to determine potential sub-sectors based on mapped clusters, highlight top-performing districts, and highlight clusters for those districts.

# CLUSTER ANALYSIS

Top 5\* Sub-Sectors contribute to ~60% of overall Manufacturing Portfolio



DISTRICT VIEW WITH 3 OR MORE THAN 3 CLUSTERS ACROSS INDIA WITH CREDIT OUTSTANDING

All commercial fund based (WC-TL) outstanding balance.  
 NA excluded which is 15% of Portfolio  
 \*Top 5 Sub Sector includes **Textile, Food Processing, All Engineering, Basic Metal products & Chemical.**

📍 Top Districts with = 3 Clusters  
 📍 Top Districts with >= 4 Clusters

Map to the scale

Source: TransUnion CIBIL commercial credit database



## ALL ENGINEERING - CLUSTER REVIEW

### Top 5 Leading Districts

DISTRICTS	YoY Growth by value	90+ %	Delq BPS Chng w.r.t Mar'25	Major Cluster Type
PUNE	11%	1.3%	66	Engineering
AHMEDABAD	16%	0.7%	-10	Electronics
BENGALURU	16%	1.1%	-1	Electronics
MUMBAI (SUB-U)	14%	1.6%	39	Electronics
CHENNAI	3%	1.0%	45	Engineering

### Top 5 High Growth Potential Districts

DISTRICTS	YoY Growth by value	90+ %	Delq BPS Chng w.r.t Mar'25	Major Cluster Type
NEW DELHI	19%	0.3%	22	Engineering
RAJKOT	14%	0.4%	5	Hardware
JAIPUR	21%	0.6%	2	Electronics
SURAT	20%	0.6%	-13	Power loom
GURUGRAM	25%	0.5%	-12	Engineering



Map to the scale

Source: TransUnion CIBIL commercial credit database

STRONG GROWTH NOTED IN ENGINEERING CLUSTERS OF NORTH WHEREAS WEST AND SOUTH CONTINUE TO HAVE HIGHER CONCENTRATION OF THESE CLUSTERS

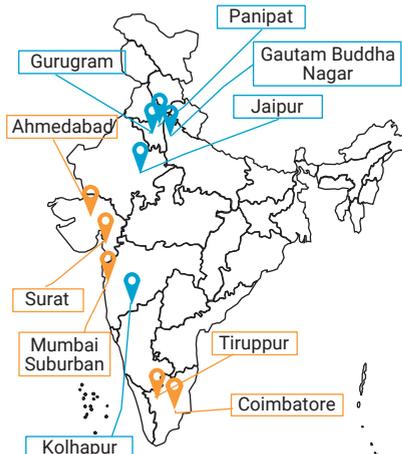
## TEXTILE - CLUSTER REVIEW

### Top 5 Leading Districts

DISTRICTS	YoY Growth by value	90+ %	Delq BPS Chng w.r.t Mar'25	Major Cluster Type
SURAT	32%	0.6%	-4	Garments
TIRUPPUR	6%	1.8%	5	Textiles
AHMEDABAD	7%	2.5%	9	Handicrafts
MUMBAI S-Urban	20%	1.3%	33	Apparels
COIMBATORE	-5%	1.5%	-58	Khadi

### Top 5 High Growth Potential Districts

DISTRICTS	YoY Growth by value	90+ %	Delq BPS Chng w.r.t Mar'25	Major Cluster Type
PANIPAT	21%	0.6%	5	Carpets
JAIPUR	19%	1.0%	11	Garments
KOLHAPUR	16%	1.4%	70	Footwear
GURUGRAM	50%	1.6%	47	Apparels
GBN*	27%	0.6%	-24	Garments



Map to the scale

\*GBN is Gautam Buddha Nagar

Source: TransUnion CIBIL commercial credit database

DIVERSIFIED CLUSTERS IN DIFFERENT REGIONS AND STRONG GROWTH SEEN IN GARMENTS AND APPARELS CLUSTERS

## FOOD PROCESSING – CLUSTER REVIEW

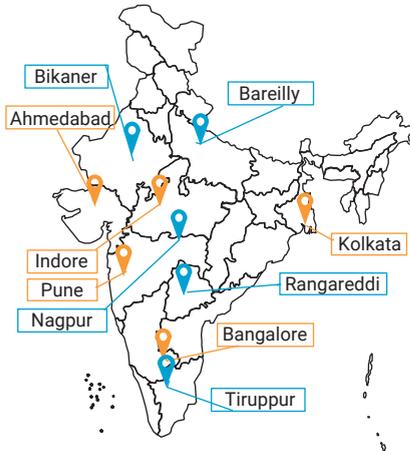
### Top 5 Leading Districts

DISTRICTS	YoY Growth by value	90+ %	Delq BPS Chng w.r.t Mar'25	Major Cluster Type
PUNE	11%	2.7%	11	FOOD PROCESSING
AHMEDABAD	0%	2.4%	160	
BENGALURU	17%	2.8%	-8	
INDORE	9%	0.7%	-244	
KOLKATA	1%	1%	-125	
				MARINE

### Top 5 High Growth Potential Districts

DISTRICTS	YoY Growth by value	90+ %	Delq BPS Chng w.r.t Mar'25	Major Cluster Type
NAGPUR	12%	1.0%	-144	FOOD PROCESSING
TIRUPPUR	21%	0.2%	-23	
RANGAREDDI	12%	0.6%	59	
BIKANER	20%	1.1%	-180	
BAREILLY	49%	0.1%	-4	

Source: TransUnion CIBIL commercial credit database



Map to the scale

DIVERSIFIED CLUSTERS IN DIFFERENT REGIONS AND STRONG GROWTH SEEN IN BAREILLY AND TIRUPPUR

## BASIC METAL PRODUCTS – CLUSTER REVIEW

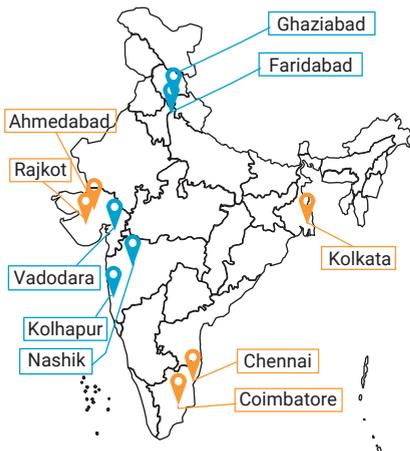
### Top 5 Leading Districts

DISTRICTS	YoY Growth by value	90+ %	Delq BPS Chng w.r.t Mar'25	Major Cluster Type
KOLKATA	-12%	0.8%	22	METALS & METAL PRODUCTS
AHMEDABAD	9%	1.3%	42	
CHENNAI	3%	0.8%	8	
RAJKOT	21%	0.3%	4	
COIMBATORE	11%	1.8%	-43	

### Top 5 High Growth Potential Districts

DISTRICTS	YoY Growth by value	90+ %	Delq BPS Chng w.r.t Mar'25	Major Cluster Type
FARIDABAD	23%	0.6%	-20	METALS & METAL PRODUCTS
GHAZIABAD	17%	0.8%	11	
VADODARA	11%	1.0%	27	
KOLHAPUR	20%	3.5%	-50	
NASHIK	21%	1.4%	15	

Source: TransUnion CIBIL commercial credit database



Map to the scale

STRONG GROWTH SEEN FOR METAL SECTOR AND CLUSTERS ACROSS THE COUNTRY IN DIFFERENT REGIONS

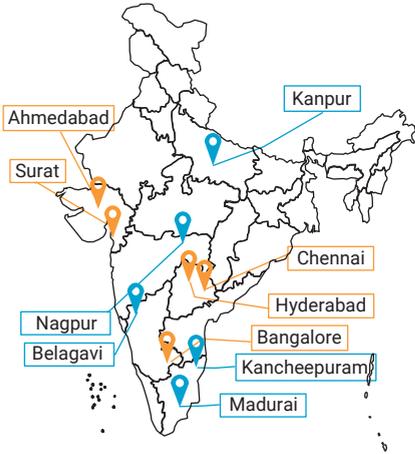
# CHEMICAL PRODUCTS – CLUSTER REVIEW

## Top 5 Leading Districts

DISTRICTS	YoY Growth by value	90+ %	Delq BPS Chng w.r.t Mar'25	Major Cluster Type
AHMEDABAD	13%	1.7%	135	CHEMICALS
BENGALURU	16%	1.4%	-29	
HYDERABAD	1%	3.9%	36	
CHENNAI	7%	0.3%	-67	
SURAT	19%	0.2%	-6	

## Top 5 High Growth Potential Districts

DISTRICTS	YoY Growth by value	90+ %	Delq BPS Chng w.r.t Mar'25	Major Cluster Type
NAGPUR	22%	0.5%	-12	CHEMICALS
KANPUR	36%	1.1%	-57	
MADURAI	13%	0.3%	18	
BELAGAVI	12%	2.4%	122	
KANCHEEPURAM	25%	0.4%	18	



Map to the scale

Source: TransUnion CIBIL commercial credit database

STRONG GROWTH SEEN FOR CHEMICALS SECTOR AND CLUSTERS ACROSS THE COUNTRY IN DIFFERENT REGIONS





In summary, continued growth in credit demand for both commercial and individual with business purpose loans at 5% indicates a growing opportunity for lenders to cater to the needs of MSMEs. With only 45% credit active commercial entities or individuals with commercial exposure when measured as a metric against the Udyam registered MSMEs, there is a strong potential for expansion and bringing unserved segment into credit landscape.

Portfolio growth remained steady with a 17% YoY increase, reaching ₹67.2 lakh crore by September 2025, and balance-level delinquencies improved to 1.92%, an all-time low in last 5 years, indicating improved risk assessment and portfolio management practices.

SME clusters, the backbone of India's MSME growth, continue to show strong performance across districts and sub-sectors, with focus on large and high growth districts. Furthermore, tariff impact has been seen only in terms of slightly reduced supply, but demand continues to remain higher from these sectors. The portfolio quality in the affected sectors have not shown any signs of stress as of Sept '25 end.

The MSME sector is crucial for India's economic transformation and a significant contributor to India's goal of becoming a developed economy by 2047 through innovation, employment generation and global competitiveness. To help MSMEs thrive and scale, the financial sector must continue to explore and offer tailored solutions and support. Effective engagement with MSMEs including the business loans being taken in individual capacity remains critical to assess borrowers with data and attributes, ensuring deeper and continued engagement through borrower lifecycle. Understanding their challenges and committing to their success are key to expanding credit access. Financial institutions can adopt advanced information analytics and technology-based solutions to target sustainable credit growth.

## Notes:

- 1 Commercial loans classified based on credit exposure aggregated at entity level, Micro: exposure up to ₹ 2 crore Very Small: < ₹ 10 Lakh; Micro 1: Exposure between ₹ 10 Lakh and ₹ 2 crore; Micro 2: Exposure between ₹ 2 crore and ₹ 20 crore.
- 2 SME Clusters are identified based on cluster information available on official government clusters listed on dcmsme.gov.in and integrated them with TU CIBIL data. The list of clusters is extracted from the following link  
[https://www.dcmsme.gov.in/CLCS\\_TUS\\_Scheme/Cluster-Development-Programme/Circular\\_Order.aspx](https://www.dcmsme.gov.in/CLCS_TUS_Scheme/Cluster-Development-Programme/Circular_Order.aspx)
- 3 All MSME Fund based (TL-WC); BL, CV, CE & LAP consider for Individual holding commercial value.
- 4 Originations considered excluding Renewals
- 5 Low Risk is CVCMR 1-3, Medium Risk is CVCMR 4-7, High Risk is CMR 7-10
- 6 New-to-credit (NTC) MSME Borrowers defined as those who seek first ever MSME credit facility
- 7 Vintage Delinquency defined as accounts ever 90+ days past due in 12months from origination
- 8 All numbers mentioned in this MSME pulse report are in ₹ (Indian National Rupee)

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