

India's Small Business Credit Landscape Evolving Rapidly: CRIF High Mark–SIDBI Report

Category: Business

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CRIF High Mark and **SIDBI** have unveiled the second edition of **CRIF–SIDBI Small Business Spotlight Report (Dec 2025)**, offering interesting credit insights into small businesses with credit exposure upto Rs. 5 crores, which remain central to financial inclusion, employment generation, and balanced economic growth.

The report points to a resilient small business credit environment marked by sustained portfolio expansion, gradual formalisation, wider lender participation and healthy asset quality.

Key Findings

Strong Credit Growth: Aggregate small business credit exposure reached ₹46 lakh crore, up 16.2% YoY, with active loan accounts rising 11.8% YoY to 7.3 crores. Comprehensive policy initiatives for the MSME sector including implementation of several Government credit schemes have played a pivotal role in sustaining strong credit growth.

Increased Formalization: Sole proprietors form ~80% of credit and ~90% of borrowers. The fastest-growing cohort is “sole proprietors with entity presence,” up 20% YoY, led by LAP. As of Sep’25, 23.3% were new-to-credit and 12% new-to-enterprise,

signaling increased formalization.

NBFCs Expanding Market: Private banks lead enterprise lending, closely followed by PSBs while NBFCs gain share among sole proprietors with more than 41% share.

Unsecured Loan Growth: For enterprises, working capital dominates (~57% POS), while term loans fund capex. For sole proprietors, LAP leads, followed by business and CV loans. Unsecured loans grew 31% YoY despite stress concerns.

Credit Momentum in Smaller States & Services: MH, TN, UP, GJ lead by portfolio size, but TS, AP, WB show high growth. Beyond-Top-100 locations now hold a rising share, especially in UP, MP, KA, TN. Manufacturing leads in absolute credit, while services grew 19.6% YoY.

Improved Portfolio Quality: PAR 91–180 fell to ~1.4% (Sep'25) from 1.7% (Sep'23). Enterprises show better risk, but sole proprietors also improved. Very Low/Low Risk borrower share rose between Sep'23–Sep'25, aided by better underwriting and digital data.

Odisha – State in Focus

- Small Business Credit portfolio grew from ₹0.67 lakh crore (Sep'23) to ₹0.96 lakh crore (Sep'25), up 17.2% YoY vs. national 16.2%.
- Aspirational districts' credit grew >22% YoY, outperforming state and national averages with better

delinquency.

- Public Sector Banks dominate (>40% share), while NBFCs rapidly expand in under-penetrated areas.
- Risk profile improving: Very Low Risk share rose from 40.1% (Sep'23) to 47.1% (Sep'25) for small enterprises, creating more lending opportunities for banks.

Sachin Seth, Chairman, CRIF High Mark and Regional Managing Director – CRIF India and South Asia said, *“Sole proprietors continue to anchor India’s small business credit ecosystem, accounting for close to 80 percent of the borrower base as of September 2025. At the same time, borrowers with both individual and enterprise credit presence are contributing a steadily rising share of overall credit exposure, and this segment has recorded the strongest growth in exposure over the year. Together, these trends indicate that credit deepening and gradual formalisation are progressing in parallel as small businesses scale.”*

About CRIF High Mark

CRIF High Mark is an RBI licensed credit bureau in India that commenced its bureau operations in March 2011. CRIF High Mark offers Credit Bureau Information and Identification and fraud prevention services. It is India’s first full-service credit information company which provides comprehensive credit information for all borrower segments, namely Commercial, Consumer, and Microfinance borrowers. With the databases of individuals and businesses from over 5,000 financial institutions CRIF High Mark provides credit information services and supports millions of lending decisions every month.

CRIF High Mark is part of CRIF S.p.A. a global company headquartered in Bologna, Italy. CRIF is a global company specializing in credit & business information systems, analytics, outsourcing and processing services, as well as advanced digital solutions for business development and open banking. Globally, CRIF operates in 37 countries with more than 10,500 financial institutions and over 600 insurance companies. CRIF's services are used by over 90,000 companies and more than 1,000,000+ consumers.

About SIDBI

Since its formation in 1990, SIDBI has been touching the lives of citizens across various strata of society through its integrated, innovative and inclusive approach for all round development of MSMEs. SIDBI has directly or indirectly through various credit and developmental measures impacted the myriad Micro, Small and Medium Enterprises (MSMEs) in the country, whether they are traditional, domestic small entrepreneurs, bottom-of-the-pyramid entrepreneurs, or high-end knowledge-based entrepreneurs.

Link to the report:
www.crifhighmark.com/media/5971/small-business-spotlight-report_digital.pdf

For more information, please visit: <https://www.sidbi.in/>.

