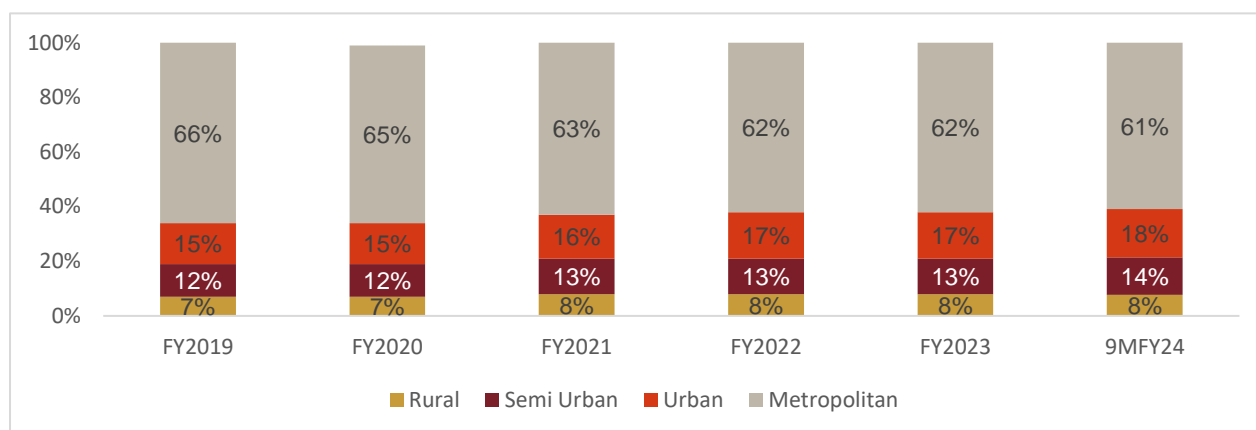


Share of rural and semi-urban credit has increased marginally between March 2019 and March 2023

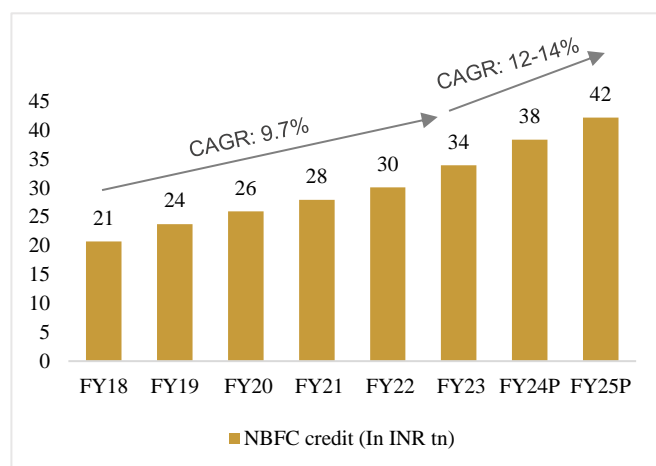


Note: As at the end of each Fiscal and as of December 2023 for 9MFY2024; Source: RBI, MOSPI, CRISIL MI&A

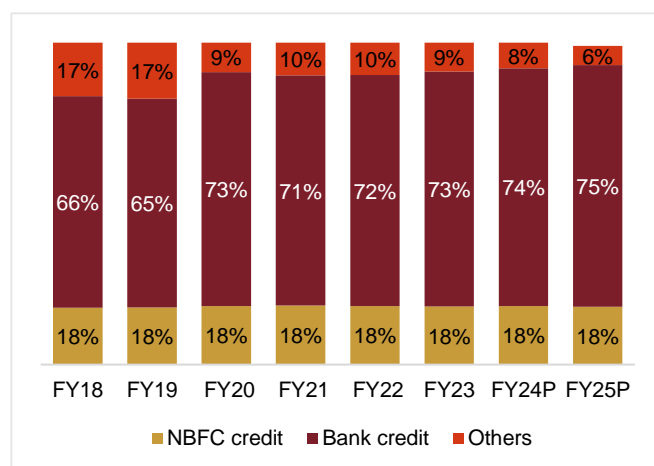
2.4 NBFC credit to grow faster than systemic credit between Fiscals 2023 and 2025

CRISIL MI&A projects NBFC credit to grow at 12%-14% between Fiscal 2023 and Fiscal 2025. The credit growth is expected to be driven by the retail vertical, including housing, auto, and microfinance segments. Rapid revival in the economy is expected to drive consumer demand in Fiscal 2024, leading to healthy growth of NBFCs. Moreover, organic consolidation is underway with larger NBFCs gaining share. Further, growth of the non-banking industry is expected to be driven mainly by NBFCs with strong parentage who have funding advantage over other NBFCs.

NBFC credit to grow at CAGR 16-18% between Fiscals 2023 and 2025



Share of NBFC Credit in Systemic Credit remained at 18% in Fiscal 2023



Note: P = Projected; Note: Others include Commercial papers, External borrowings, corporate bonds excluding those issued by Banks and NBFCs
Source: RBI, Company reports, CRISIL MI&A

CRISIL MI&A believes that NBFCs will remain a force to reckon within the Indian credit landscape, given their inherent strength of providing last-mile funding and catering to customer segments that are not catered by Banks.

2.5 Retail segment to support NBFCs overall credit growth

After a moderation in growth post pandemic, NBFCs are back on track with an estimated credit growth of 12-13% during Fiscal 2023. Going ahead CRISIL MI&A expects the growth trend to continue with credit growth at 13-14% during Fiscal 2024. The industry is expected to continue to witness the emergence of newer NBFCs catering to specific customer segments. The COVID-19 pandemic and consequent acceleration in both adoption of technology and change in consumer habits as well as increasing availability of data for credit decision-making has made it possible to build an NBFC lending business without investing large sums to have brick-and-mortar presence on the ground. Overall, between Fiscal 2023 to Fiscal 2025, CRISIL MI&A forecasts NBFC credit to grow at a CAGR of 12%-14%. Further, retail credit given out by NBFCs is forecast to grow at a pace of 13%-15% CAGR over the same time.