strong, and therefore, an HFC's understanding of underwriting for this customer segment as well as micro market related dynamics are critical for success. Besides, banks also have a lower cost of funds than HFCs, allowing them to offer loans at more attractive rates to customers with good credit scores. Both banks and HFCs are exposed to general risks in the housing finance market such as delay in project approvals and construction, title and valuation related risks.

In lower ticket size loan segments of up to ₹ 0.75 million and ₹ 0.75-1.5 million, public sector banks ("**PSBs**") have seen strong competition from the HFCs. In terms of disbursement the market share of HFCs increased in the nine months ended December 31, 2023 from Fiscal 2023 in ticket size of up to ₹ 0.75 million and ₹ 0.75-1.5 million by 3% each, whereas market share of PSBs reduced by 4% in ticket size ₹ 0.75-1.5 million during the same period.

9MFY24	**Player group-wise ticket size-wise disbursement (₹ billion)**					**Player group-wise ticket size-wise disbursement mix**				
	₹ 0-0.75 million	**₹ 0.75-1.5 million**	**₹ 1.5-2.5 million**	**₹ 2.5-5.0 million**	**₹ 5 million +**	**₹ 0-0.75 million**	**₹ 0.75-1.5 million**	**₹ 1.5-2.5 million**	**₹ 2.5-5.0 million**	**₹ 5 million +**
Private Banks	25	108	279	725	1,662	13%	21%	29%	34%	46%
PSBs	64	131	332	835	1,345	33%	25%	34%	40%	37%
HFCs	74	192	256	435	419	38%	38%	27%	21%	12%
Others	22	46	62	86	142	11%	9%	6%	4%	4%
Non-banking financing companies ("NBFCs")	10	36	36	29	47	5%	7%	4%	1%	1%
Total	196	513	966	2109	3616	100%	100%	100%	100%	100%

*Note: NBFCs include Fintech NBFCs, Others includes multi-national corporations ("**MNCs**") and small finance banks*
The above classification of player groups is done based on data reported by respective entities to CIBIL.
Source: CIBIL, CRISIL MI&A

FY23	**Player group-wise ticket size-wise disbursement (₹ billion)**					**Player group-wise ticket size-wise disbursement mix**				
	₹ 0-0.75 million	**₹ 0.75-1.5 million**	**₹ 1.5-2.5 million**	**₹ 2.5-5.0 million**	**₹ 5 million +**	**₹ 0-0.75 million**	**₹ 0.75-1.5 million**	**₹ 1.5-2.5 million**	**₹ 2.5-5.0 million**	**₹ 5 million +**
Private Banks	38	157	405	1,016	2,045	14%	22%	30%	36%	48%
PSBs	89	201	488	1,123	1,510	33%	29%	36%	40%	35%
HFCs	96	247	336	566	490	35%	35%	25%	20%	11%
Others	37	64	85	105	188	14%	9%	6%	4%	4%
NBFCs	11	35	34	30	59	4%	5%	3%	1%	1%
Total	271	703	1348	2840	4293	100%	100%	100%	100%	100%

Note: NBFCs include Fintech NBFCs, Others includes MNCs and small finance banks
The above classification of player groups is done based on data reported by respective entities to CIBIL.
Source: CIBIL, CRISIL MI&A

4.3 Home loans have the lowest annual credit costs across major asset segments

Housing finance as an asset class has the lowest annual credit costs amongst all large financial asset classes mainly on account of the collateral and the secured nature of the funding. The gross non-performing assets ("GNPA") ratio for micro, small and medium enterprise ("MSME") loans has been in the range of 3-5% for NBFCs in the past two years and that for auto loans has been between 5-7% for NBFCs whereas, for housing loans it has been comparatively better at 1-2%. Thus, for HFCs the asset quality is better in comparison to other NBFCs operating in asset classes having higher GNPA levels.

Average credit costs as a % of average total assets for NBFCs/HFCs across major asset classes during FY19-FY23

Asset Class	**FY19-23 Average**
Housing Finance	0.5%
Auto Finance	1.5%-2.5%
Consumer finance	3%-4%
Micro Finance	2%-3%
MSME Finance (LAP)	1%-2%
MSME (unsecured loans)	5%-6%

Note: E – Estimated
Source: Company Reports, CRISIL MI&A

5. Housing finance market focusing on low-income housing segment in India

5.1 Overview of housing finance market focusing on low-income housing segment