



MICROFINANCE INDUSTRY NETWORK

Media Coverage Report

Consolidated Coverage

March 2026

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Dr Alok Misra On Whether Pure MFIs Can Survive Or Must Diversify To Sustain Growth

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Dr Alok Misra On Whether Pure MFIs Can Survive Or Must Diversify To Sustain Growth



Business Today

New Delhi, Mar 2, 2026, Updated Mar 2, 2026, 12:08 PM IST



At the BT Best Banking & Economy Summit, Dr Alok Misra, CEO & Director of Microfinance Institutions Network, shares a realistic outlook on the future of microfinance. Responding to questions on whether pure-play MFIs will survive till 2047 or evolve into diversified financial hubs, he says predicting that far ahead is speculative. Instead, he outlines a vision till 2030–32. While credit remains core, MFIs are expanding into insurance and lobbying to distribute pension products like Atal Pension Yojana through NBFCs. He stresses that scaling nano and micro enterprises — which form the bulk of India's MSMEs — is critical for inclusive growth. Policymakers, lenders and regulators must work together to ensure sustainable sector performance.

Microfinance Stress Not ‘Brutal’: MFIN CEO Pushes Back On 16% NPA Narrative

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Date: 02-03-2026

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URL- <https://www.besstoday.in/bt-tv/banking-and-economy-summit/video/microfinance-stress-not-brutal-mfin-ceo-pushes-back-on-16-npa-narrative-518556-2026-03-02>

Microfinance Stress Not 'Brutal': MFIN CEO Pushes Back On 16% NPA Narrative



Business Today

New Delhi, Mar 2, 2026, Updated Mar 2, 2026, 12:10 PM IST



At the BT Best Banking & Economy Summit, Dr. Alok Misra, CEO& Director of MFIN, strongly rejected the "brutal stress" narrative around India's microfinance sector. While headlines cite 16% NPAs and ₹55,000 crore in stressed assets, Misra clarified that Portfolio At Risk stands at 4.7%. He attributed the spike to external disruptions — heatwaves, state-level agitations and policy uncertainty — not structural underwriting failures. With 96.4% of loans compliant with RBI norms and MFIN guardrails, and overleveraging reduced to 3%, the sector believes peak stress has already passed. The bigger challenge now is the funding winter — though Misra hinted that positive developments may emerge soon.

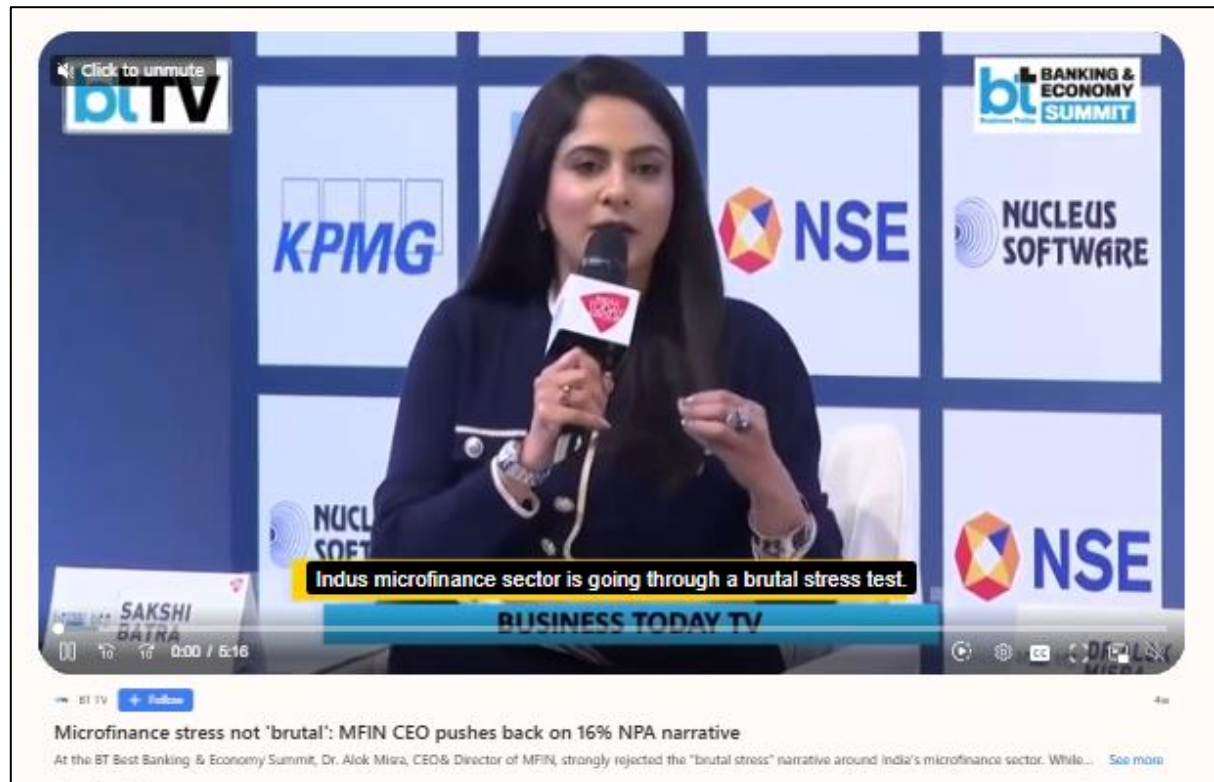
Publication: MSN

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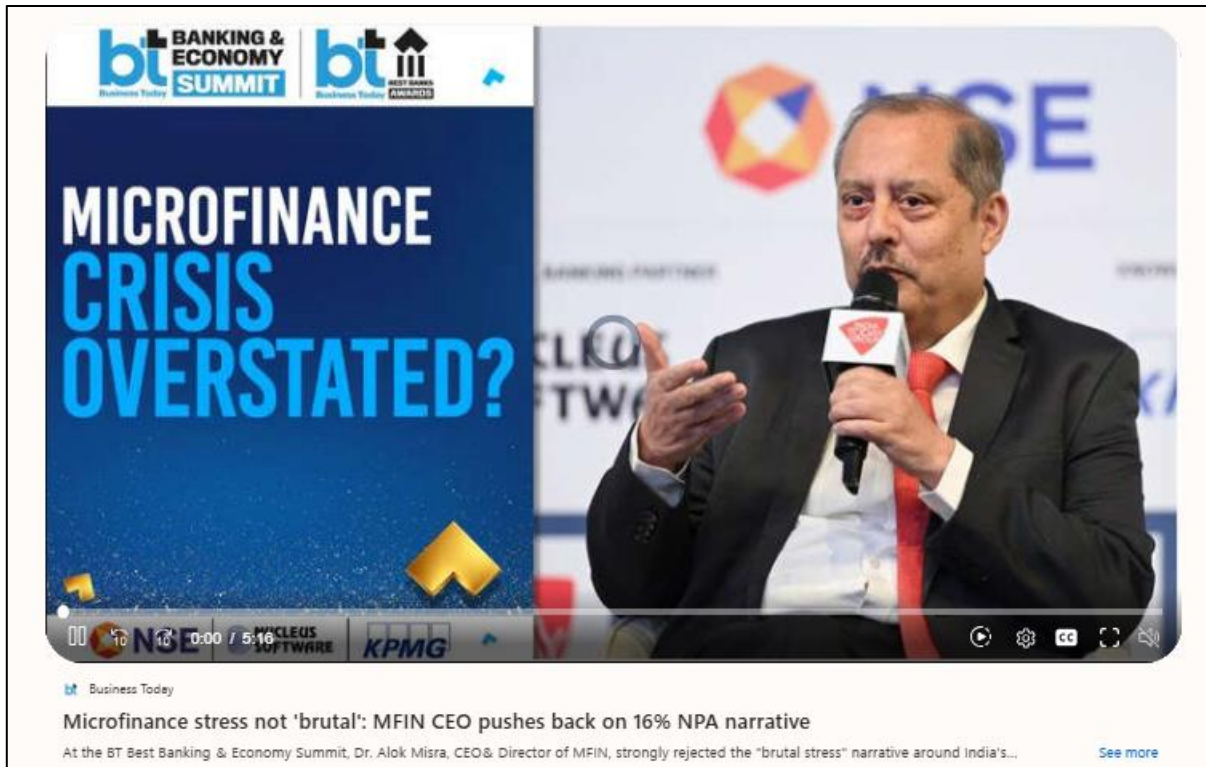
Publication: MSN

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URL- <https://www.msn.com/en-in/video/money/microfinance-stress-not-brutal-mfin-ceo-pushes-back-on-16-npa-narrative/vi-AA1XlbDA>



Bihar MFI Bill Unlikely to Impact RBI-Regulated Lenders, Say Industry Representatives

Publication: The Kanal

Edition: Online

Date: 03-03-2026

Page No: NA

URL- <https://thekanal.in/en-IN/details/bihar-mfi-bill-unlikely-to-impact-rbi-regulated-lenders-say-industry-representatives-71878>

Bihar MFI Bill Unlikely to Impact RBI-Regulated Lenders, Say Industry Representatives

Bihar's new Microfinance Bill seeks to curb coercive lending practices, but RBI-regulated lenders are unlikely to be affected. Industry bodies state that licensed institutions will continue under existing central regulations.



Microfinance Under State Scrutiny

Micro Finance Industry Network (MFIN) releases the 56th edition of Micrometer for Q3 FY 25-26 based on the industry position as on December 31, 2025.

Publication : Business Standard

Edition- Online

Date : 06-03-2026

Page No: NA

URL- https://www.business-standard.com/industry/banking/microfinance-portfolio-drops-7-3-per-cent-sequentially-to-rs-3-14-trn-126030601156_1.html



URL- <https://hindi.business-standard.com/companies/industrial/microfinance-sector-shows-early-signs-of-recovery-but-bihar-bill-and-upcoming-elections-pose-risks-antique-report-id-512240>

माइक्रोफाइनेंस सेक्टर में सुधार के संकेत, लेकिन बिहार बिल और चुनाव बढ़ा सकते हैं चिंता

डिस्बर्समेंट और एसेट कालिटी में सुधार के संकेत, लेकिन बिहार का प्रस्तावित बिल और 2026 के चुनाव सेक्टर के लिए नई चुनौती बन सकते हैं

देवव्रत वाजपेयी

Last Updated- March 16, 2026 | 11:49 AM IST



लंबे समय से दबाव झेल रहे माइक्रोफाइनेंस सेक्टर के लिए अब धीरे-धीरे राहत के संकेत दिखाई देने लगे हैं। ब्रोकरेज फर्म एटीक स्टॉक ब्रोकिंग की रिपोर्ट के मुताबिक NBFC-MFI कंपनियों के कारोबार से जुड़े आंकड़े अब धीरे-धीरे बेहतर होते दिख रहे हैं। माइक्रोफाइनेंस इंडस्ट्री नेटवर्क (MFIN) के आंकड़ों के अनुसार वित्त वर्ष 2026 की तीसरी तिमाही में लोन डिस्बर्समेंट सालाना आधार पर 33 प्रतिशत और तिमाही आधार पर 11 प्रतिशत बढ़ा। इसके चलते सेक्टर का कुल एसेट अंडर मैनेजमेंट (AUM) तिमाही आधार पर 2 प्रतिशत बढ़कर लगभग 1.34 लाख करोड़ रुपये तक पहुंच गया। खास बात यह है कि लगातार छह तिमाहियों की गिरावट के बाद पहली बार बढ़ोतरी दर्ज की गई है, जिससे यह संकेत मिलता है कि सेक्टर धीरे-धीरे कमजोरी के दौर से बाहर निकल सकता है।

बैड लोन में भी दिखने लगा सुधार

रिपोर्ट के मुताबिक कर्ज चुकाने में होने वाली शुरुआती देरी के मामलों में भी कुछ सुधार देखने को मिलता है। PAR 31-60 और PAR 61-90 जैसे शुरुआती डिफॉल्ट संकेतक तिमाही आधार पर करीब 30 बेसिस पॉइंट घटे हैं, जबकि PAR 91-180 में करीब 110 बेसिस पॉइंट का सुधार हुआ है। इससे संकेत मिलता है कि लंबे समय से दबाव झेल रही माइक्रोफाइनेंस कंपनियों की वित्तीय स्थिति अब धीरे-धीरे स्थिर होने लगी है।

ग्राहक कम, लेकिन लोन साइज बढ़ा

हालांकि सेक्टर की स्थिति अभी पूरी तरह बेहतर नहीं हुई है। रिपोर्ट के अनुसार माइक्रोफाइनेंस कंपनियों के ग्राहकों की संख्या अभी भी घट रही है। तीसरी तिमाही में ग्राहकों की संख्या तिमाही आधार पर 3 प्रतिशत और सालाना आधार पर 19 प्रतिशत कम हो गई। इसका मतलब है कि AUM में जो बढ़ोतरी हुई है, वह नए ग्राहक बढ़ने की वजह से नहीं, बल्कि हर ग्राहक को दिए जाने वाले लोन की औसत राशि बढ़ने से हुई है।

चुनाव आते ही बढ़ सकती है Microfinance Sector की परेशानी

रिपोर्ट में एक और बड़े जोखिम की ओर ध्यान दिलाया गया है। पहले भी देखा गया है कि राज्य चुनावों के समय माइक्रोफाइनेंस लोन की वसूली पर असर पड़ता है। 2021 के विधानसभा चुनाव से पहले पश्चिम बंगाल, तमिलनाडु और केरल में माइक्रोफाइनेंस लोन की स्थिति काफी बिगड़ गई थी। अब 2026 में इन तीनों राज्यों में फिर चुनाव होने हैं, इसलिए इन इलाकों में कर्ज चुकाने के रुझान पर खास नजर रखी जाएगी।

Microfinance portfolio continues to contract: MFIN

FE BUREAU

Mumbai, March 6

THE LOAN PORTFOLIO of the microfinance industry continued to shrink as it is yet to fully recover from the asset quality stress. The industry's assets under management declined by 7.3% quarter-on-quarter to ₹3.14 lakh crore as of December 2025, a report released by the Micro Finance Industry Network (MFIN) on Friday showed.

However, total disbursements grew marginally to ₹60,350 crore in the third quarter, compared with ₹56,677 crore in Q1.

The report has highlighted improvements in the asset quality. Portfolio at risk (PAR) 31-90 days declined to 1.6% as on December 2025, compared to 3.2% a year ago, while PAR 91-180 days was at 2%, against 3.3% last year.

"The moot point as of now is that despite normalisation of credit quality and strict implementation of MFIN guardrails to check any overindebtedness, the sector continues to face liquidity issues. Hopefully, the earnest advocacy by MFIN will bear fruit in Q4 with the likely launch of the guarantee scheme for wholesale lending, and the sector will enter the growth phase," said Alok Misra, chief executive and director of MFIN.

DATA BANK.

Dip in microfinance lending and borrowing

The microfinance industry's total loan portfolio (loan amount outstanding) has reduced year-on-year (y-o-y) by 18.3 per cent, or ₹70,620 crore, to ₹3,14,728 crore as on December-end 2025, even as the number of unique borrowers and active loan accounts declined, and the proportion of loans overdue by 180-plus days increased, according to Microfinance Industry Network's (MFIN) report.

The number of unique borrowers declined y-o-y by about 16 per cent (or 1.3 crore in absolute terms) to 6.6 crore, as on December 31, 2025, as per the report, which is based on data from CRIF High Mark (CRIF).

The number of active loan accounts was down by about 24 per cent y-o-y (or 3.4 crore in absolute terms) to 10.5 crore, as on December 31, 2025.

However, the average loan size during Q3 FY26, at ₹60,853, increased by around 20.5 per cent from ₹50,487 during the same quarter a year ago.

Loan overdue in the 180-plus day PAR (portfolio at risk) bucket rose to 17 per cent as at December-end 2025, against 9.7 per cent as at December-end 2024. PAR greater than 180 days means the total principal value outstanding of loans that have at least one payment that is overdue by more than 180 days.

The microfinance industry has various categories of lenders, including non-banking finance company-microfinance institutions (NBFC-MFIs), banks, small finance banks (SFBs), and NBFCs and other MFIs (including non-profits).

As on December 31, 2025, NBFC-MFIs were the largest provider of micro-credit, with loan outstanding of ₹1,32,418 crore, accounting for 42.1 per cent of total industry portfolio.

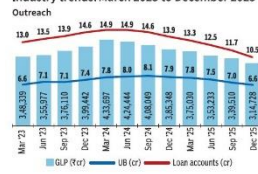
Banks hold the second largest share of micro-credit portfolio, with total loan outstanding of ₹83,905 crore, which is 26.7 per cent of total micro-credit universe.

SFBs have a loan outstanding of ₹55,187 crore, or 17.5 per cent. NBFCs account for 12.5 per cent and other MFIs account for 1.2 per cent of the universe.

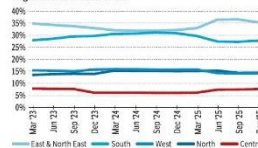
Overall status of portfolio, unique borrowers and loan accounts

Type of entity		December 31, 2024				December 31, 2025			
		No. of entities	Unique borrowers (cr)	Active loan accounts (cr)	Portfolio outstanding (₹cr)	No. of entities	Unique borrowers (cr)	Active loan accounts (cr)	Portfolio outstanding (₹cr)
NBFC-MFIs	52	3.8	5.5	1,50,282	85	3.2	4.3	1,32,418	
Banks	15	3.3	4.8	1,26,437	17	2.4	3.3	83,905	
SFB	10	1.9	2.2	62,686	10	1.6	1.8	55,187	
NBFC	91	1.2	1.3	43,675	95	1.0	1.0	39,466	
Others		0.1	0.1	2,769	0.1	0.1	3,761		
Total	208	7.9	13.9	3,85,348	207	6.6	18.5	3,14,728	
QPD 9+179	208	11.9	3,47,880	287	8.8	2,61,177	8.8	2,61,177	

Industry trends: March 2023 to December 2025



Regional distribution of GLP



Disbursement



Publication : CNBC TV18

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Date : 17-03-2026

Page No: NA

URL- <https://www.cnbctv18.com/business/finance/microfinance-portfolio-falls-over-7-pc-q3-asset-quality-recovery-mfin-wsj-el-19869725.htm>

Microfinance portfolio falls over 7% in Q3 FY26, but asset quality signals recovery: MFIN

MFIN reported a 7.3% decline in the microfinance sector's loan portfolio in Q3 2025, totaling ₹3.15 lakh crore. NBFC-MFIs held 42.1%. Asset quality improved despite funding issues.



By Anshul

March 17, 2026, 8:51:12 AM IST (Published)

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The Micro Finance Industry Network (MFIN) reported that the decline in the microfinance sector's loan portfolio moderated in the December quarter even as credit quality improved, according to its 56th Micrometer report.

Microfinance operations remained widespread, covering 36 states and Union Territories and 714 districts as of December 31, 2025. The total portfolio stood at ₹3.15 lakh crore at the end of the quarter, marking a 7.3% decline from September 30, 2025.

Publication : The New Indian Express

Edition- Online

Date : 06-03-2026

Page No: NA

URL- <https://www.newindianexpress.com/business/2026/Mar/06/banks-cut-microfinance-book-dramatically-loan-share-plunges-336-in-q3>

THE NEW INDIAN EXPRESS

NATION WORLD STATES OPINION CITIES BUSINESS SPORT GOOD NEWS MOVIES LIFESTYLE VIDEOS

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Business

Banks cut microfinance book drastically, loan share plunges 33.6% in Q3

The decline in portfolio has also led to a substantial fall in the number of around 50 lakh clients having lost access to formal finance.

MICRO FINANCE

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ఎంఎఫ్ఐఎన్ సూక్ష్మ రుణ రంగంలో మార్పులు



మైక్రో ఫైనాన్స్ ఇండస్ట్రీ నెట్వర్క్ విడుదల చేసిన తాజా నివేదిక ప్రకారం సూక్ష్మ రుణ సంస్థల రంగం ప్రస్తుతం నిధుల లభ్యత సమస్యలను ఎదుర్కొంటున్నప్పటికీ, రుణ నాణ్యత క్రమంగా మెరుగుపడుతోంది. 2025 డిసెంబర్ చివరికి సుమారు 3.4 కోట్ల ఖాతాదారులకు రుణ బకాయిలు ఉండగా, గత ఏడాదితో పోలిస్తే ఖాతాదారుల సంఖ్య తగ్గింది. మొత్తం నిర్వహణలో ఉన్న ఆస్తులు సుమారు 1.33 లక్షల కోట్ల రూపాయలుగా నమోదయ్యాయి. ఇదే సమయంలో కొత్తగా రుణాల పంపిణీ గణనీయంగా పెరిగి గ్రామీణ ప్రాంతాల్లో డిమాండ్ పెరుగుతున్నట్లు సూచిస్తోంది. మంచి వర్షాల ప్రభావంతో గ్రామీణ ఆర్థిక కార్యకలాపాలు పెరుగుతుండగా, తగిన నిధులు అందితే సూక్ష్మ రుణ రంగం మళ్లీ వృద్ధి దశలోకి ప్రవేశించే అవకాశం ఉందని నివేదిక తెలిపింది.

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MFIN ने 31 दिसंबर, 2025 तक की उद्योग स्थिति के आधार पर वित्त वर्ष 25-26 की तीसरी तिमाही (Q3) के लिए 'माइक्रोमीटर' का 56वां संस्करण जारी किया

📅 Mar 13, 2026 👤 By Business Desk



- MFIN बैंकों, NBFC-MFIs, SFBs और NBFCs का एक उद्योग संघ है और RBI द्वारा मान्यता प्राप्त एक स्व-नियामक संगठन (SRO) है।
- रिपोर्ट के मुख्य निष्कर्ष: पोर्टफोलियो में गिरावट रुकी और ऋण गुणवत्ता (Credit Quality) में सुधार हुआ।

31 दिसंबर 2025 तक, माइक्रोफाइनेंस परिचालन देश के 36 राज्यों/केंद्र शासित प्रदेशों और 714 जिलों में फैला हुआ है। NBFC-MFIs को मिलने वाले थोक वित्तपोषण (Wholesale Funding) में सुस्ती को देखते हुए, 31

URL- <https://avsnews.com/news.php?id=micro-finance-industry-network-releases-the-56th-edition-of-micrometer-for-q3-fy-25-26-based-on-the-industry-position-as-on-december-31-2025-609489>

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Updated on 13 Mar, 2026 07:16 PM IST BY AVSNEWS.COM



- MFIN बैंको, NBFC-MFIs, SFBs और NBFCs का एक उद्योग संघ है और RBI द्वारा मान्यता प्राप्त एक स्व-नियामक संगठन (SRO) है।
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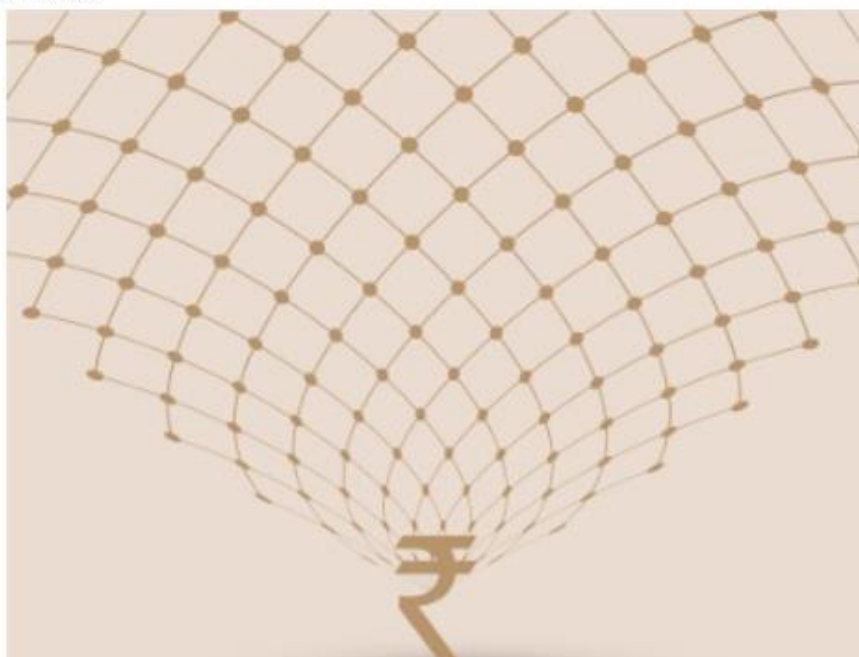
हालांकि, पोर्टफोलियो के आंकड़े दो महत्वपूर्ण बातें नहीं दर्शाते हैं; अ) गिरावट की दर को काफी हद तक नियंत्रित कर लिया गया है और ब) इस गिरावट का एक बड़ा कारण तीसरी तिमाही में MFI पोर्टफोलियो से रिटेल पोर्टफोलियो की ओर लगभग 5% का स्थानांतरण (Shift) है, जो मुख्य रूप से बैंकों द्वारा संचालित है। NBFC-MFIs 42.1% हिस्सेदारी के साथ माइक्रोफाइनेंस क्षेत्र में सबसे बड़े ऋणदाता बने हुए हैं, इसके बाद बैंकों की हिस्सेदारी 26.7% है। पोर्टफोलियो में गिरावट के कारण सेवा प्राप्त करने वाले ग्राहकों की संख्या में भी कमी आई है; MFIN का अनुमान है कि लगभग 50 लाख ग्राहकों ने औपचारिक वित्त तक पहुँच खो दी है, जो एक गंभीर नीतिगत मुद्दा है।

तीसरी तिमाही (Q3) में कुल सवितरण (Disbursement) मामूली बढ़त के साथ ₹80,350 करोड़ रहा, जो पहली तिमाही (Q1) के ₹56,677 करोड़ से थोड़ा अधिक है। यह सवितरण मुख्य रूप से बैंकों और बड़े NBFCs/NBFC-MFIs द्वारा किया गया है, क्योंकि 'फंडिंग विटर' के कारण छोटे और मध्यम आकार के MFIs की तरलता (Liquidity) स्थिति पर अत्यधिक दबाव पड़ा है।

URL- <https://bhopalpostnews.co.in/micro-finance-industry-network-releases-the-56th-edition-of-micrometer-for-q3-fy-25-26-based-on-the-industry-position-as-on-december-31-2025/>

MFİN ने 31 दिसंबर, 2025 तक की उद्योग स्थिति के आधार पर वित्त वर्ष 25-26 की तीसरी तिमाही (Q3) के लिए 'माइक्रोमीटर' का 56वां संस्करण जारी किया

March 13, 2026



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हालांकि, पोर्टफोलियो के आंकड़े दो महत्वपूर्ण बातें नहीं दर्शाते हैं: अ) गिरावट की दर को काफी हद तक नियंत्रित कर लिया गया है और ब) इस गिरावट का एक बड़ा कारण तीसरी तिमाही में MFİ पोर्टफोलियो से रिटेल पोर्टफोलियो की ओर लगभग 5% का स्थानांतरण (Shift) है, जो मुख्य रूप से बैंकों द्वारा संचालित है। NBFC-MFIs 42.1% हिस्सेदारी के साथ माइक्रोफाइनेंस क्षेत्र में सबसे बड़े ऋणदाता बने हुए हैं, इसके बाद बैंकों की हिस्सेदारी 26.7% है। पोर्टफोलियो में गिरावट के कारण सेवा प्राप्त करने वाले ग्राहकों की संख्या में भी कमी आई है; MFİN का अनुमान है कि लगभग 50 लाख ग्राहकों ने औपचारिक वित्त तक पहुँच खो दी है, जो एक गंभीर नीतिगत मुद्दा है।

तीसरी तिमाही (Q3) में कुल संचितरण (Disbursement) सामूली बढ़त के साथ ₹60,350 करोड़ रहा, जो पहली तिमाही (Q1) के ₹56,677 करोड़ से थोड़ा अधिक है। यह संचितरण मुख्य रूप से बैंकों और बड़े NBFCs/NBFC-MFIs द्वारा किया गया है, क्योंकि 'फंडिंग वीटर' के कारण छोटे और मध्यम आकार के MFIs की तरलता (Liquidity) स्थिति पर अत्यधिक दबाव पड़ा है।

इन चुनौतियों के बावजूद, सबसे उत्साहजनक बात यह है कि पोर्टफोलियो की गुणवत्ता सामान्य स्थिति की ओर लौट रही है। 31 दिसंबर 2025 तक, PAR 31-90 दिन 1.6% था (दिसंबर 2024 में 3.2% के मुकाबले) और PAR 91-180 दिन 2% रहा (पिछले साल 3.3% के मुकाबले)।

MFİN के सीईओ और निदेशक डॉ. आलोक मिश्रा ने कहा, "मुख्य बिंदु यह है कि ऋण गुणवत्ता में सुधार और ऋणप्रस्तता की जाँच के लिए MFİN के दिशा-निर्देशों के सख्त कार्यान्वयन के बावजूद, यह क्षेत्र अभी भी तरलता की समस्याओं का सामना कर रहा है। उम्मीद है कि MFİN के प्रयासों से चौथी तिमाही (Q4) में थोक ऋण के लिए गारंटी योजना शुरू होगी और यह क्षेत्र विकास के चरण में प्रवेश करेगा। माँग के मोर्चे पर, अच्छे मानसून से माँग बढ़ रही है और माइक्रोफाइनेंस इस माँग को पूरा करने के लिए पूरी तरह तैयार है, बशर्ते पर्याप्त तरलता उपलब्ध हो।"

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Micro Finance Industry Network (MFIN) releases the 56th edition of Micrometer for Q3 FY 25-26 based on the industry position as on December 31, 2025.

By Business Desk | Mar 13, 2026

Share



MFIN is an industry association of Banks, NBFC-MFIs, SFBs and NBFCs providing microfinance and an RBI-recognized self-regulatory organization. Report insights- portfolio decline arrested and credit quality improves As of 31 December 2025, microfinance operations are spread across 36 states/UTs and 714 districts. Considering the slowdown in wholesale funding to NBFC-MFIs, the microfinance portfolio for the sector dipped to Rs 3,14,728 Cr as on December 31, 2025 - a decline of 7.3% over September 30, 2025. However, the portfolio numbers do not show two things; a) the rate of decline has been arrested to a large extent and b) the fall is accentuated by an approximate 5% shift (as a share of September 30, 2025 POS) from MFI to retail portfolios in Q3 FY26, with the majority of this shift driven by banks. NBFC-MFIs contribute 42.1% share making them the largest lenders in microfinance sector, followed by banks at 26.7% while SFB and NBFCs make up the remaining share of portfolio.

Publication : MP18 News

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Date : 13-03-2026

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एमएफआईएन रिपोर्ट: एनबीएफसी-एमएफआई के फंडिंग में सुस्ती के बीच बैंकों ने रिटेल पोर्टफोलियो की ओर बढ़ाया कदम

Updated on 13 Mar, 2026 07:18 PM IST BY MP18NEWS.COM



31 दिसंबर 2025 तक, माइक्रोफाइनेंस परिचालन देश के 36 राज्यों/केंद्र शासित प्रदेशों और 714 जिलों में फैला हुआ है। NBFC-MFIs को मिलने वाले थोक वित्तपोषण (Wholesale Funding) में सुस्ती को देखते हुए, 31 दिसंबर 2025 तक इस क्षेत्र का माइक्रोफाइनेंस पोर्टफोलियो घटकर ₹3,14,728 करोड़ रह गया है, जो 30 सितंबर 2025 की तुलना में 7.3% की गिरावट दर्शाता है।

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विट्' के कारण छोटे और मध्यम आकार के MFIs की तरलता (Liquidity) स्थिति पर अत्यधिक दबाव पड़ा है।

We are targeting Rs. 20,000-crore AUM by 2030

Publication: The Financial Express

Edition: Ahmedabad, Bangalore, Chandigarh, Chennai, Hyderabad, Kochi, Kolkata, Lucknow, Mumbai, New Delhi, Pune

Date: 07-03-2026

Page No: 6

URL- <https://www.financialexpress.com/business/news/we-are-targeting-rs-20000-crore-aum-by-2030-manoj-kumar-nambiar-md-arohan-financial-services/4164466/>

● MANOJ KUMAR NAMBIAR, MANAGING DIRECTOR, AROHAN FINANCIAL SERVICES

'We are targeting ₹20,000-crore AUM by 2030'

Arohan Financial Services is aiming for a three-fold jump in assets under management (AUM) to ₹20,000 crore by 2030. Managing Director Manoj Kumar Nambiar tells Narayanan V about the NBFC-MFI's growth plans, the impact of the Bihar MFI Bill, and its fundraising plans through an initial public offering (IPO). Excerpts:

Impact of Bihar MFI Bill on your business?

We are closely studying the implications of the Bihar Micro Finance Institutions Bill, 2026. We are happy that the Reserve Bank of India-regulated entities are exempt, except for collection and recovery practices. Arohan is an RBI-regulated entity and remains fully committed to complying with all applicable regulatory requirements. We have been active in Bihar since 2008, and all our

employees remain committed to advancing financial inclusion in a transparent and customer-centric manner.

Do you see any slowdown in lending?

During Q3, the microfinance sector continued to show signs of stabilisation. We continued to pursue calibrated credit expansion, with our AUM reaching ₹6,308 crore, supported by a stable borrower base of close to 2 million across the country. Our asset quality remained resilient, with gross NPA of 1.69% and net NPA of 0.39%, among the lowest in the NBFC-MFI sector. We continue to maintain a strong liquidity position of over ₹700 crore and a comfortable capital adequacy ratio of 31.2%, providing adequate headroom to pursue calibrated growth.

Arohan's growth has been slower than peers.

Post-Covid, the MFI industry grew from ₹2 lakh crore to ₹4.25 lakh crore, covering about 82 million customers. That growth has also reflected several weaknesses in the system, including KYC issues, quality of credit bureau data, corporate governance issues in



individual companies, and credit underwriting policies.

We were the fifth-largest NBFC-MFI in the pre-Covid period. Now, we are ninth or tenth. While we are inching forward, and several companies that had grown to ₹10,000–12,000 crore in portfolios have now come down to ₹5,000–6,000 crore. A lot of these companies, including listed ones, are showing negative P&L, with provisions, write-offs and losses being declared quarter after quarter.

We did not have that sort of issue because corporate governance has been one of our core strengths. We are aspiring to close FY26 with a portfolio in excess of ₹7,000 crore. Under our Vision 2030 plan, we aim to impact 20

million lives and build a portfolio of ₹20,000 crore.

When will the MFI segment see a full recovery?

The sector has been seeing green shoots from September 2025. We are seeing slippages from regular to delinquent accounts improving on a month-on-month basis. Arohan is better than the market in terms of slippage retention and collection efficiency across 1–30 days, 30–60 days, 60–90 days and 90-plus-day buckets.

The industry's underwriting is far more disciplined after the Microfinance Institutions Network guardrails 1.0 introduced in July 2024 and guardrails 2.0 from April. In

the last 18 months, good companies have taken provisions, cleaned up portfolios, made changes to underwriting, and strengthened collection and recovery teams. I think when the December 2025 numbers come out, we will probably see about ₹3.5 lakh crore of outstanding with around 75 million customers being served, which is still lower than the peak of about ₹4.5 lakh crore with 82 million customers.

What about your IPO plans?

We are currently working on our draft red herring prospectus. We have a proven track record in terms of profitability and growth. It will give exit opportunities to some of the existing investors and bring in new ones. Our plan is to raise about ₹1,500 crore, but the final number will come out when you get the ticket, approach investors, and assess the market demand.

WE ARE
ASPIRING
TO CLOSE
FY26 WITH
A PORTFOLIO
OF MORE
THAN
₹7,000 CR

MFIs may have to grin and bear for some time amid rising credit costs

URL- https://www.business-standard.com/finance/news/mfis-may-have-to-grin-and-bear-for-some-time-amid-rising-credit-costs-126030800866_1.html



MFIs may have to grin and bear for some time

Experts are calling for a reimagination of microfinance as credit costs rise with higher risk provisions and writeoffs, reports Raghu Mohan

Tucked away in the Financial Stability Report of December 2025 is a line which states that the credit cost of microfinance institutions (MFIs) rose sharply to 15.5 per cent in September 2025 from 4.4 per cent in September 2023 owing to the higher risk provisions and writeoffs.

This has to be read in the larger context. The credit bureau CRIF High Mark's latest edition of its quarterly "MicroLend: December 2025" (Q3 FY26) has it that the gross microfinance portfolio at ₹3.21 trillion as of December 2025 and supporting 112 million active loans is a fall of 18 per cent and 23 per cent, respectively, on a year-on-year (Y-o-Y) basis.

This comes even as there is a shift to loans in the over ₹50,000 ticket size, reflecting a shift to safety (and adjustment for inflation).

A new worry is the "Bihar Micro Finance Institutions (Regulation of Money Lending and Prevention of Coercive Action) Bill, 2026." While Clause 2.2 makes it clear that it does not apply to Reserve Bank of India (RBI)-regulated entities (and only prohibit coercive practices), similar legislations passed by Karnataka and Tamil Nadu in 2025 to curb coercive recovery practices and usurious lending rates led to a fall in the MFI business.

India Ratings and Research (Ind-Ra) which had earlier revised its stance on the sector to neutral from deteriorating (while maintaining a "stable" rating Outlook for FY27) is now having a rethink.

It believes the Bihar legislation can delay the anticipated recovery, leading to slower loan disbursements, a tightening of short-term liquidity, and challenges to scaling operations.

"These could intensify and potentially delay recovery, as borrowers' credit discipline may experience temporary disruption, given the state's geographic significance," says Karan Gupta, head and director-financial institutions, Ind-Ra. "I think the larger question we should address is given that the microfinance portfolio has come down by over one trillion in the last 18 months, how do we ensure access to formal regulated credit at the bottom of the pyramid given the huge size of that segment our country," points out Manoj Kumar Nambiar, managing director (MD),

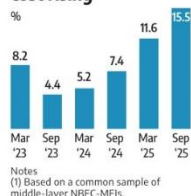
Portfolio, active loans decline; delinquencies slide

Metric	As of Dec '24	As of Sep '25	As of Dec '25	Y-o-Y (Dec '24 - Dec '25) In %	Q-o-Q (Sep '25 - Dec '25) In %
GLP (₹ trn)	3.92	3.46	3.21	-18.0	-7.2
Active loans (mn)	146	124	112	-23.0	-9.1
Amount disbursed in last 3 M (₹ cr)	58,679	56,536	61,716	5.2	9.2
Loans disbursed in last 3 M (mn)	11.28	9.6	10.25	-9.1	6.8
PAR 1-30 (%)	1.80	1.40	1.00	0.8	0.4
PAR 31-90 (%)	3.10	1.80	1.40	1.7	0.5
PAR 91-180 (%)	3.20	2.70	2.00	1.3	0.8
PAR 1-180 (%)	8.20	6.00	4.40	3.8	1.6
PAR 180+ (ind. W/O) (%)	7.10	15.30	17.30	10.2	2.0

PAR is portfolio at risk

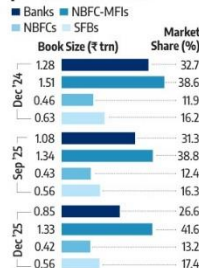
Source: MicroLend report 2025

NBFC-MFIs' credit cost rising



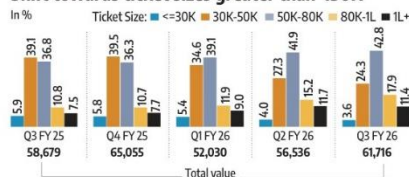
Notes: (1) Based on a common sample of middle-layer NBFC-MFIs. (2) Credit Cost = (Provision for Standard Assets and Non-Performing Assets + Annualised Write-offs)/Average gross advances. Source: RBI supervisory returns; and staff estimates.

NBFC-MFIs' share of portfolio at 41.6%



Source: MicroLend report 2025

Shift towards ticket sizes greater than ₹50K



Source: MicroLend report 2025

Arohan Financial Services; and director, Microfinance Industry Network, the self-regulatory organisation (SRO) for the trade. Are the issues deeper? "Microfi-

nance has to be reimagined. As on date, loans are given without underwriting the way bankers do it. It is based on the consequences that borrowers have to face in case

of default," says MS Sriram, Centre for Public Policy at the Indian Institute of Management, Bangalore. As he views it, at the borrower level, there is the issue of scale. "As long as the borrower is running the show using slack capacity and resources, it is fine. But the moment an investment has to be made to augment facilities, it needs greater scrutiny."

That "when the MFI model based on consequences reaches a saturation, you have a crisis. As long as the sector grows at 5-8 per cent, it is fine. Anything more, you have a problem."

The points raised by Sriram are echoed in RBI deputy governor Swaminathan J's observation (November 28, 2025) that MFIs have to serve the household, not just the applicant. Credit decisions work best when they read the full cash life cycle of the family. It is better to promote a savings habit, a basic insurance cover, and a short emergency line, as all these together can make credit quality predictable. And "product design needs to match how small businesses actually grow. A single working-capital loan is often the first step; but it should progressively graduate into inventory finance, capital asset financing, and basic payments support."

And, growth is going to be a headache. In its January note, Ind-Ra held on the concerns faced by small and mid-sized MFIs: funding availability, higher cost of funds, and elevated operating expense to assets under management ratios (compared to large peers) due to smaller scale of operations.

And, this inherent cost disadvantage necessitates adopting higher lending rates to sustain profitability and manage adverse customer selection risk. This creates a cycle of elevated pricing, riskier portfolio composition, higher credit costs, and pressure on return ratios, ultimately limiting financial flexibility and competitive positioning.

It brings us to the funding architecture: The need for a dedicated institution, more so for the smaller and mid segment MFIs. "In Bangladesh, you have the Palli Karma-Sahayak Foundation. It provides technical and financial support by way of bulk lending. We need a similar institution. Otherwise, the banking system will be reluctant to lend, especially in times of a crisis," feels Jiji Mammen, executive director and chief executive, Sa-Dhan, a self-regulatory organisation (SRO) for the sector. "The banking system can be encouraged to lend to MFIs by providing government guarantee support which will assure timely repayment from MFIs, as was done during Covid."

In October last year, there were hopes of an MFI funding lifeline: The number that was being banded then was around ₹6,000 crore though the demand was for a much higher sum.

Grapevine has it that a credit guarantee scheme may be announced soon. The bigger picture is with state polls around the corner — when political parties typically throw fiscal caution to the winds while promising freebies — MFIs fear its impact on credit discipline. They have raised the issue of loan waivers with the RBI and North Block. Assam, Kerala, Tamil Nadu and West Bengal go to polls this year. Also, you have the knockdown effects of the West Asia crisis to pencil in.



"WE NEED A DEDICATED INSTITUTION FOR MFI FUNDING. THE BANKING SYSTEM WILL BE RELUCTANT TO LEND IN TIMES OF CRISIS"

JIJJI MAMMEN
MD & CEO, Sa-Dhan



"THE LARGER QUESTION IS ACCESS TO FORMAL CREDIT AT THE BOTTOM OF THE PYRAMID"

MANOJ KUMAR NAMBIAR
MD, Arohan Financial Services



"WHEN THE MFI MODEL BASED ON CONSEQUENCES REACHES A SATURATION, YOU HAVE A CRISIS"

MS SRIRAM
Centre for Public Policy, Indian Institute of Management, Bangalore



"IT (BIHAR LEGISLATION) COULD DELAY MFI RECOVERY AS CREDIT DISCIPLINE MAY EXPERIENCE DISRUPTION"

KARAN GUPTA
Head & Director-financial institutions, Ind-Ra

In-Ra Warns Bihar's Microfinance Bill Could Delay Sector Recovery

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In-Ra Warns Bihar's Microfinance Bill Could Delay Sector Recovery

HW Online Bureau | Mar 09, 2026

#microfinance #bihar #regulation #NBFC-MFI #India Ratings and Research

India Ratings and Research says that the proposed regulation may disrupt collections and tighten lending in the key market



India's microfinance sector could face fresh disruptions if Bihar's proposed regulation governing microfinance institutions becomes law, potentially delaying the industry's fragile recovery and tightening lending in the country's largest microfinance market, according to a report by India Ratings and Research (Ind-Ra).

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URL- <https://www.bwhindi.com/business-news/bihars-microfinance-bill-could-pose-a-challenge-for-the-sector-recovery-could-be-delayed-india-ratings-68912.html>

बिहार का माइक्रोफाइनेंस बिल बन सकता है सेक्टर के लिए चुनौती, रिकवरी में हो सकती है देरी: इंडिया रेटिंग्स

इस विधेयक को कानून बनने के लिए अभी बिहार विधान परिषद की मंजूरी, राज्यपाल की सहमति और आधिकारिक राजपत्र में अधिसूचना जारी होना बाकी है. इसके बाद ही यह पूरी तरह लागू हो सकेगा.

BW
BUREAU WORLDWIDE

by बिजनेस वर्ल्ड ब्यूरो ।।

Published - Tuesday, 10 March, 2026

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भारत के माइक्रोफाइनेंस सेक्टर को बिहार सरकार के प्रस्तावित नए कानून से झटका लग सकता है. रेटिंग एजेंसी इंडिया रेटिंग्स एंड रिसर्च (Ind-Ra) की एक रिपोर्ट के मुताबिक अगर बिहार का माइक्रोफाइनेंस संस्थानों से जुड़ा नया विधेयक कानून बनता है, तो इससे सेक्टर की मौजूदा कमजोर रिकवरी प्रभावित हो सकती है और देश के सबसे बड़े माइक्रोफाइनेंस बाजार में कर्ज वितरण पर असर पड़ सकता है.

Bihar MFI Bill seen having limited impact on RBI-regulated lenders

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(Agency) Mumbai:

The recently passed Bihar Micro Finance Institutions (Regulation of Money Lending and Prevention of Coercive Actions) Bill, 2026, is unlikely to have any material impact on lenders regulated by the Reserve Bank of India (RBI), with industry executives asserting that such entities will not be required to register at the state level.

Microfinance Institutions Network (MFIN), the self-regulatory organisation (SRO) for microfinance lenders, said the legislation is not applicable to RBI-regulated entities and that licensed entities will not need to seek registration under the state law.

RBI-regulated institutions already operate under one of the most stringent borrower-protection frameworks in the financial sector, supported by detailed RBI responsible business conduct guidelines, MFIN's industry

Code of Conduct and MFIN guardrails, which together mandate fair conduct, transparent lending practices and responsible, non-coercive recovery mechanisms, the industry body said.

Bihar accounts for the largest share of the microfinance industry's exposure at around 15 per cent, followed by Karnataka and Tamil Nadu. Industry executives maintain that collection efficiency in the state has remained strong.

The Bill states that its provisions will apply to a wide range of entities engaged in advancing micro or small loans within Bihar, "irrespective of their place of incorporation, registration or domicile. These include individuals, partnership firms, limited liability partnerships (LLPs), companies, societies, trusts, digital lending platforms, mobile applications and other entities operating within the state's territorial limits.

Bihar MFI Bill seen having limited impact on RBI-regulated lenders

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DFS Secretary Holds Stakeholder Meeting with NBFCs to Address Sectoral Issues

Banking secy asks NBFC self-regulatory bodies to work on reforms

Informist

NEW DELHI

Department of Financial Services Secretary M Nagaraju on Thursday asked self-regulatory bodies of non-banking financial companies (NBFCs) to work out a framework on reforms to strengthen the sector. Nagaraju met senior officials of NBFCs and their self-regulatory bodies Finance Industry Development Council, Microfinance Institutions Network and Sa-Dhan.

The meeting was also attended by senior officials

from the Reserve Bank of India (RBI) and the Unique Identification Authority of India (UIDAI).

"The engagement with NBFCs was designed to foster an open exchange of ideas on targeted points," the Finance Ministry said in a release.

"The emphasis was on reaching a solution on issues being faced by NBFCs through stakeholder consultation. "Nagaraju said NBFCs should be more robust, vibrant and financially sound. NBFCs should cater to the needs of underserved and new-to-credit customers, he said.

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DFS Secretary Holds Stakeholder Meeting with NBFCs to Address Sectoral Issues

The engagement aimed to create an open platform for dialogue on issues affecting NBFCs, enabling participants to exchange ideas and explore solutions collaboratively.

Devdiscourse News Desk | New Delhi | Updated: 12-03-2026 22:36 IST | Created: 12-03-2026 22:36 IST



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DFS Secretary Chairs Meeting with NBFCs to Discuss Sectoral Issues and Reforms

Officials from the Department of Financial Services (DFS) held discussions with major NBFCs, regulators and industry bodies in New Delhi to address sectoral concerns, explore collaborative solutions, and strengthen the role of NBFCs in serving underserved and new to credit customers.



**Government, RBI and NBFCs
Discuss Sector Reforms**

Govt may cap lending rates to MFIs under guarantee scheme

URL- <https://economictimes.indiatimes.com/markets/stocks/news/govt-may-cap-lending-rates-to-mfis-under-guarantee-scheme/articleshow/129598249.cms>

EASING FLOW Norms, to be laid out soon, will help MFIs raise funds Govt may Cap Lending Rates to MFIs Under Guarantee Scheme

Atmadip Ray

Kolkata: The finance ministry is likely to direct banks to cap lending rate at 2% over their marginal cost of funds based lending rate (MCLR) on loans to microfinance companies under the much-awaited credit guarantee scheme, said people familiar with the matter.

Microfinance companies, in turn, will have to lend at a rate which will be 100 basis points lower than their six months' average pricing, they said. A basis point is a hundredth of a basis point.

The scheme, likely to be announced soon, is aimed at encouraging banks to lend to microfinance institutions (MFIs), especially the smaller ones, which have been struggling to get funding for on-lending due to the asset quality stress.

Banks slowed lending to small and medium sized microfinance institutions in the past two years following an increase in delinquency as overleveraged borrowers failed to service their debts. Bank lending under the credit guarantee scheme will transfer the credit risk to the guarantor.

The issue of implementation of the scheme was briefly discussed at last Thursday's meeting held at the Department of Financial Services with non-bank lenders, although the topic was not mentioned as part of the agenda.

According to people in the know, the scheme was ready before the budget but the announcement has been delayed owing to some technicalities.

Microfinance industry bodies Microfinance Industry Network and Sa-Dhan have sought a ₹20,000 crore credit guarantee fund for their members.

The National Credit Guarantee Trustee Company (NCGTC), a wholly owned trustee company of the government, will provide the guarantee cover.

In 2021, the government had launched a Credit Guarantee Scheme for Microfinance Institutions (CGSMFI) during the Covid-19 pandemic. At that time, the government had created a ₹7,500 crore guarantee fund to encourage banks to lend to micro-lenders. That scheme remained in operation between June 2021 and March 2022.

Under the scheme, the NCGTC provided a cover up to 75% of loan, in case of a default.

The need for a credit guarantee cover assumed greater urgency after some MFIs defaulted on bank loans due to cash-flow mismatches. Banks stopped funding to low rated MFIs as they faced severe asset quality stress, raising the possibility of higher default.

India's microfinance market contracted to ₹3.14 lakh crore at December-end 2025 from its peak level of ₹4.43 lakh crore as of March 31, 2024.



The need for a credit guarantee cover grew after some MFIs defaulted on bank loans due to cash-flow mismatches

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Govt may cap lending rates to MFIs under guarantee scheme

The finance ministry is set to direct banks to cap lending rates at 2% above MCLR for microfinance companies under a new credit guarantee scheme. This initiative aims to boost lending to smaller MFIs struggling with funding due to asset quality stress, with the NCGTC providing the guarantee cover.



Atmadip Ray • ET Bureau

Published On Mar 16, 2026 at 08:08 AM IST



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BUSINESS

Govt may cap lending rates to MFIs under guarantee scheme – News Air Insight

March 16, 2026 / joyybannerjii

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India Microfinance Sector: Big loans, shrinking portfolio! What is the real picture?

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India Microfinance Sector: बड़े कर्ज़, सिकुड़ता पोर्टफोलियो! क्या है असली तस्वीर?

BANKINGFINANCE



Author

Aditi Chauhan | Published at: 16th March 2026, 1:02 pm



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Whalesbook | News Report

INDIA MFIS: BIGGER LOANS HIDE SHRINKING SECTOR PORTFOLIO

OVERVIEW

भारत का माइक्रोफाइनेंस सेक्टर (Microfinance Sector) एक अनोखे दौर से गुज़र रहा है। जहां एक तरफ सेक्टर का कुल लोन पोर्टफोलियो (Loan Portfolio) सिकुड़ रहा है, वहीं दूसरी तरफ कंपनियां बड़े कर्ज़ बांट रही हैं और ग्राहकों से बकाया चुकाने में भी सुधार दिख रहा है। Q4 FY26 में डिस्बर्समेंट (Disbursement) **6%** बढ़कर **₹63,348 करोड़** हुआ, लेकिन 31 दिसंबर 2025 तक कुल पोर्टफोलियो **22%** घटकर **₹2.69 लाख करोड़** रह गया।

कर्ज़ का मूल्य बढ़ा, पर पोर्टफोलियो सिकुड़ा



ADFACTOR PR
Reputation & Critical Issues Advisory

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మైక్రోఫైనాన్స్ రంగంలో కీలక మలుపు!
లోన్ బుక్ తగ్గుతున్నా.. అధిక విలువైన
రుణాలు, మెరుగైన రీపేమెంట్లు!

BANKINGFINANCE



Author

Kritika Jain

Published at: 16th March 2026, 1:02 pm



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INDIA MFIS: BIGGER LOANS HIDE SHRINKING SECTOR PORTFOLIO

OVERVIEW

భారతదేశ మైక్రోఫైనాన్స్ రంగం ఇప్పుడు ఒక ఆసక్తికరమైన దశలో ఉంది. మొత్తం లోన్ పోర్ట్‌ఫోలియో తగ్గుముఖం పట్టినప్పటికీ, అప్పులు ఇచ్చేవారు మాత్రం అధిక విలువైన లోన్లను అందిస్తూ, రీపేమెంట్ల విషయంలో మెరుగైన ఫలితాలు చూపున్నారు. NBFC-MFIs ఈ మార్పులో కీలకంగా మారుతున్నాయి.

పోర్ట్‌ఫోలియో తగ్గుతున్నా.. రుణాల విలువ పెరుగుతోంది!

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India MFIs: Bigger Loans Hide Shrinking Sector Portfolio

BANKINGFINANCE



Author

Ananya Iyer | Published at: 16th March 2026, 1:02 pm



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INDIA MFIS: BIGGER LOANS HIDE SHRINKING SECTOR PORTFOLIO

OVERVIEW

India's microfinance sector is shifting strategies. While the total loan portfolio has shrunk, lenders are issuing higher-value loans and seeing better repayment. Disbursements rose 6% year-on-year to ₹63,348 crore in Q4 FY26, but the overall portfolio dropped 22% to ₹2.69 lakh crore by December 31, 2025. NBFC-MFIs are increasing their lending share as private banks cut back, signaling tighter lending and a focus on more creditworthy borrowers.

Growth in Loan Value Masks Portfolio Shrinkage



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मायक्रोफायनान्स क्षेत्राची नवी चाल! कर्ज मोठी, पण एकूण पोर्टफोलिओ मात्र घसरला

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Priya Kulkarni | Published at: 16th March 2026, 1:02 pm

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INDIA MFIS: BIGGER LOANS HIDE SHRINKING SECTOR PORTFOLIO

OVERVIEW

भारतातील मायक्रोफायनान्स क्षेत्र एका मोठ्या बदलातून जात आहे. एकूण कर्ज वाटपाचा पोर्टफोलिओ (loan portfolio) जरी कमी झाला असला, तरी कर्जदारांना मोठी कर्ज दिली जात आहेत आणि परतफेडीचे प्रमाणही सुधारले आहे. FY26 च्या चौथ्या तिमाहीत (Q4 FY26) कर्ज वाटप **6%** ने वाढून **₹63,348 कोटी** झाले, परंतु 31 डिसेंबर 2025 पर्यंत एकूण पोर्टफोलिओ **22%** ने घसरून **₹2.69 लाख कोटी** झाला.

कर्ज मूल्याची वाढ पोर्टफोलिओतील घट लपवते

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India Microfinance Sector: கடன் அளவு அதிகரிப்பு, போர்ட்ஃபோலியோ குறையுதா? வியக்கவைக்கும் மாற்றங்கள்!

BANKINGFINANCE



Author

Gaurav Bansal | Published at: 16th March 2026, 1:02 pm



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INDIA MFIS: BIGGER LOANS HIDE SHRINKING SECTOR PORTFOLIO

OVERVIEW

இந்தியாவின் மைக்ரோஃபைனான்ஸ் செக்டாரில் ஒரு புதிய உத்தி பின்பற்றப்படுகிறது. கடன்களின் எட்டுமொத்த அளவு குறைந்தாலும், தனிநபர்களுக்கு வழங்கப்படும் கடன்களின் மதிப்பு அதிகரித்துள்ளதுடன், பணம் திரும்ப வரும் விகிதமும் முன்னேறியுள்ளது. NBFC-MFIs இந்த மாற்றத்தில் முக்கிய பங்கு வகிக்கின்றன.

கடன்கள் அதிகரிப்பு, ஆனால் போர்ட்ஃபோலியோ சுருக்கம்!

**At bottom of the pyramid, 21 million small borrowers have
dropped out**

URL- <https://economictimes.indiatimes.com/industry/banking/finance/banking/at-bottom-of-the-pyramid-21-million-small-borrowers-have-dropped-out/articleshow/129618144.cms>

MFIs TURN CAUTIOUS Customer base shrinks by a quarter from March 2024 peak as lenders stop giving loans to delinquent borrowers At Bottom of the Pyramid, 21m Borrowers have Dropped Out

Atmadip Ray

Kolkata: About 21 million small borrowers have dropped out of the formal financial system over the past two years as lenders at the bottom of the pyramid stopped giving fresh loans to delinquent customers after the severe microfinance crisis.

This is about a quarter of the 87 million microfinance customers at the peak level seen at the end of March 2024. The number of unique microfinance borrowers across lenders fell to 66 million at the end of December 2025, showed credit bureau data from Crif High Mark.

A big chunk of those who had dropped out are now believed to have returned to private moneylenders to meet their cash needs, said people familiar with the matter. According to industry estimates, about 20-25% could possibly be borrowing from informal sources.

While the stoppage of institutional lending to delinquent customers is the primary reason behind the sharp fall in customer base, it also reflects re-classification of micro loans as retail loans by a private sector lender, people in the know said.

Under lending guardrails suggested by self-regulator Microfinance Industry Network, no lender is supposed to give loans to delinquent bor-



rowers who have outstanding loan of more than ₹3,000 and unpaid loans for more than 60 days.

The exit from institutional credit is in sync with the squeeze in the country's microfinance market, which stood at ₹3.22 lakh crore after the third quarter of this financial year, falling steadily from the peak of ₹3.43 lakh crore seen seven quarters ago.

Another credit information company, Equifax India, pegged the borrower count at 68 million. It said that 13 million customers out of the total count have unpaid dues which have not been serviced for more than 180 days.

These customers are facing the risk

of getting eliminated from the microfinance universe as lenders tend to write off loans after 180 days, a senior executive of a non-banking financial company-microfinance institution said on condition of anonymity. The number of dropouts is calculated on a net basis since lenders have also added new customers in the past two years. The gross dropout number would be more, said people with knowledge of the matter.

This trend coincides with lenders giving bigger loans to borrowers with a good track record.

The market contraction reflects tighter underwriting, moderated expansion strategies and the introduction of stricter guardrails to restrict the number of loans and leverage at borrower level, said a microfinance report published jointly by Equifax and Small Industries Development Bank of India.

Borrower leverage also turned stable, with the share of single-lender borrowers increasing to 73% in December 2025 from 72% three months earlier, suggesting improved credit discipline, the report said.

Overleveraging was at heart of the two-year long microfinance stress from which the market is slowly getting back on track. The sector saw a 6% year-on-year increase in loan disbursements during the October-December 2025 period to ₹63,348 crore.

At Bottom of the Pyramid, 21m Borrowers have Gone Missing

Atmadip Ray

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At bottom of the pyramid, 21 million small borrowers have dropped out – News Air Insight

March 17, 2026/joyybannerjii

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Kolkata: About 21 million **small borrowers** have dropped out of the formal financial system over the past two years as lenders at the bottom of the pyramid stopped giving fresh loans to **delinquent customers** after the severe **microfinance crisis**.

This is about a quarter of the 87 million microfinance customers at the peak level seen at the end of March 2024. The number of unique microfinance borrowers across lenders fell to 66 million at the end of December 2025, showed credit bureau data from Crif High Mark.

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Bihar MFI Bill impact limited; collections steady, sector outlook resilient: ICICI Securities

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Bihar MFI Bill impact limited; collections steady, sector outlook resilient: ICICI Securities

Subhojit Sarkar

March 17, 2026, 13:46 IST / 2 min read

Summarise

Share

The report said that adherence to Microfinance Institutions Network guardrails has helped sustain improvements in collection efficiency since October 2025.



Anticipating potential disruptions, lenders had put in place standard operating procedures to safeguard asset quality. (Credit: Getty Images)

The pan-Indian microfinance sector continues to show signs of recovery, with initial concerns around the Bihar MFI Bill easing as on-ground trends remain stable, according to a report by ICICI Securities.

While the introduction of the Bihar legislation in February 2026 had raised fears over near-term collection efficiency and growth, a recent field visit to Patna by the brokerage indicated resilience across key metrics. Interactions with customers, loan officers and management suggested that collections remained strong during the first 10 days of March, with no visible disruption.

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Arohan to file for Rs 1,500 crore IPO by month-end

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URL- <https://www.newindianexpress.com/business/2026/Mar/18/arohan-to-file-for-rs-1500-crore-ipo-by-month-end>

Arohan to file for Rs 1,500 crore IPO by month-end

Arohan will be the sixth publicly traded MFI in the country after CreditAccess Grameen, Spandana Sphoorty Financial, Satin Creditcare Network, Fusion Finance, and Muthoot Microfin.



Image used for representational purposes. Photo | IANS

MUMBAI: Despite the jittery markets, the Kolkata-based microfinance institution (MFI) Arohan Financial Services is set to hit the capital markets with a Rs 1,500-crore issue and will be filing the papers with the regulator Sebi by the end of the month.

Arohan will be the sixth publicly traded MFI in the country after CreditAccess Grameen, Spandana Sphoorty Financial, Satin Creditcare Network, Fusion Finance, and Muthoot Microfin.

Arohan, which is among the top 10 MFIs in terms of market reach and AUM, is looking to strengthen its capital base and support market expansion as the microfinance industry comes out of one of the worst periods in its history.

“We are in the process of preparing the DRHP. We hope to file the document by the end of this month. We hope to complete the listing process in the first quarter of next fiscal,” Manoj Kumar Nambiar, managing director of the company, told TNIE.

He further said the issue will comprise Rs 700-800 crore in fresh issue and the rest will be an offer-for-sale by the external investors. The main promoter Aavishkaar group, which is into impact investing and holds around 25%, will not participate in the OFS.

Ujjivan SFB: Acceleration in gold loans! Despite the Bihar Ordinance and global risks, analysts are

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Ujjivan SFB: ਗੋਲਡ ਲੋਨ 'ਚ ਤੇਜ਼ੀ! ਬਿਹਾਰ ਆਰਡੀਨੈਂਸ ਅਤੇ ਗਲੋਬਲ ਜੋਖਮਾਂ ਦੇ ਬਾਵਜੂਦ ਬੈਂਕ ਦੀ ਰਣਨੀਤੀ 'ਤੇ ਐਨਾਲਿਸਟਾਂ ਦਾ ਭਰੋਸਾ, ₹72 ਤੱਕ ਜਾਣਗੇ ਸ਼ੇਅਰ?

BANKINGFINANCE



Author

Jasleen Kaur | Published at: 19th March 2026, 5:43 pm



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UJJIVAN SFB NAVIGATES GROWTH AMIDST REGULATORY & GEOPOLITICAL WINDS

OVERVIEW

Ujjivan Small Finance Bank (SFB) ਆਪਣੇ ਸੈਕਿਓਰਡ ਲੈਂਡਿੰਗ (Secured Lending) ਕਾਰੋਬਾਰ, ਖਾਸ ਕਰਕੇ ਗੋਲਡ ਲੋਨ (Gold Loan) ਵਿੱਚ ਤੇਜ਼ੀ ਲਿਆ ਰਹੀ ਹੈ। ਹਾਲਾਂਕਿ ਬਿਹਾਰ MFI ਆਰਡੀਨੈਂਸ ਅਤੇ ਗਲੋਬਲ ਭੂ-ਰਾਜਨੀਤਿਕ ਤਣਾਅ ਵਰਗੀਆਂ ਚੁਣੌਤੀਆਂ ਵੀ ਸਾਹਮਣੇ ਹਨ। ਜ਼ਿਆਦਾਤਰ ਐਨਾਲਿਸਟ (Analysts) ਇਸ ਸਟਾਕ ਨੂੰ BUY ਰੇਟਿੰਗ ਦੇ ਰਹੇ ਹਨ ਅਤੇ ₹72 ਦਾ ਟਾਰਗੇਟ ਪ੍ਰਾਈਸ (Target Price) ਦੇਖ ਰਹੇ ਹਨ, ਪਰ ਵੈਲਿਊਏਸ਼ਨ (Valuation) ਨੂੰ ਲੈ ਕੇ ਕੁਝ ਚਿੰਤਾਵਾਂ ਬਰਕਰਾਰ ਹਨ।

ਸੈਕਿਓਰਡ ਲੈਂਡਿੰਗ ਨੂੰ ਮਿਲੀ ਹਫ਼ਤਾ



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Ujjivan SFB: શેર રોકાણકારો માટે શું છે ખાસ? સુરક્ષિત ધિરાણમાં તેજી, પણ નવા કાયદા અને વૈશ્વિક ચિંતાઓ યથાવત!

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Author
Nakul Reddy | Published at: 19th March 2026, 5:43 pm



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UJJIVAN SFB NAVIGATES GROWTH AMIDST REGULATORY & GEOPOLITICAL WINDS

OVERVIEW

Ujjivan Small Finance Bank (SFB) તેના સુરક્ષિત ધિરાણ ખાસ કરીને ગોલ્ડ લોન (Gold Loan) માં વૃદ્ધિને વેગ આપી રહ્યું છે. બેંક મેનેજમેન્ટ વૃદ્ધિ અને એસેટ ક્વોલિટી (Asset Quality) માં પ્રગતિ જોઈ રહ્યું છે, પરંતુ બિહાર MFI ઓર્ડિનન્સ (Bihar MFI Ordinance) અને વૈશ્વિક અનિશ્ચિતતા જેવા પડકારોનો સામનો કરી રહ્યું છે.

સુરક્ષિત ધિરાણ પર મજબૂત ફોકસ

Ujjivan SFB હાલમાં તેના સુરક્ષિત ધિરાણ (Secured Lending) પોર્ટફોલિયોને, ખાસ કરીને ગોલ્ડ લોન (Gold Loan) ને મજબૂત કરવા પર ધ્યાન કેન્દ્રિત કરી રહ્યું છે. આ રણનીતિ પ્રારંભિક સકારાત્મક પરિણામો પર



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Ujjivan SFB: बिहारच्या नियमानंतरही वाढीचा धडाका! गोल्ड लोनमध्ये मोठी तेजी, पण...

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Author

Arjun Bhat | Published at: 19th March 2026, 5:43 pm



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UJJIVAN SFB NAVIGATES GROWTH AMIDST REGULATORY & GEOPOLITICAL WINDS

OVERVIEW

Ujjivan Small Finance Bank (SFB) आपल्या सुरक्षित कर्ज (Secured Lending) व्यवसायाला, विशेषतः गोल्ड लोनला मोठी गती देत आहे. बिहारमधील नवीन नियमावली (Bihar Ordinance) आणि जागतिक बाजारातील अनिश्चितता असूनही, कंपनी वाढ आणि मालमत्तेच्या गुणवत्तेवर (Asset Quality) लक्ष केंद्रित करत आहे.

सुरक्षित कर्जांना (Secured Lending) नवी दिशा

Ujjivan SFB आता सुरक्षित कर्ज व्यवसायात, विशेषतः गोल्ड लोनमध्ये मोठी स्लेप घेण्याच्या तयारीत आहे. सुरुवातीला मिळालेल्या सकारात्मक प्रतिसादानंतर, बँकेने आपल्या मायक्रोफायनान्स (Microfinance)



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Ujjivan SFB Share Price: तूफानी तेजी की तैयारी! सिक्योर्ड लेंडिंग में बड़ा दांव, एनालिस्ट्स ने दिया ₹72 का टारगेट

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UJJIVAN SFB NAVIGATES GROWTH AMIDST REGULATORY & GEOPOLITICAL WINDS

OVERVIEW

*Ujjivan Small Finance Bank (SFB) अपने सिक्योर्ड लेंडिंग बिजनेस, खासकर गोल्ड लोन को तेजी से बढ़ा रहा है। कंपनी अपने माइक्रोफाइनेंस पोर्टफोलियो के **40%** ग्राहकों को नए लोन में भी शामिल कर रही है। मैनेजमेंट का कहना है कि ग्रोथ और एसेट क्वालिटी में सुधार दिख रहा है। हालांकि, बिहार MFI ऑर्डिनंस और ग्लोबल जियोपॉलिटिकल टेंशन जैसी चुनौतियाँ भी हैं। ज्यादातर एनालिस्ट्स ने इस स्टॉक पर **BUY** रेटिंग बरकरार रखी है और **₹72** का टारगेट प्राइस दिया है।*

सिक्योर्ड लेंडिंग को मिली रफ्तार

Brokers Call

Publication: The Hindu Business Line

Edition: Chennai, Hyderabad, Kolkata, Mumbai,
New Delhi

Date: 20-03-2026

Page No: 6

URL- <https://www.thehindubusinessline.com/markets/brokers-call-ujjivan-sfb-buy/article70761359.ece>

BROKER'S CALL.

Emkay Global

UJJIVAN SFB (BUY)

Target: ₹72

CMP: ₹52.48

We hosted a call with Vibhas Chandra, Head - MFI and Gold loans, Ujjivan SFB, along with the IR team, to discuss growth/asset-quality trends and potential impact of the proposed Bihar MFI Ordinance, upcoming multi-State elections, and business disruption due to the ongoing US-Iran conflict. The management indicated that growth and asset-quality recovery are on track for now across States, while it expects minimal impact from seasonal factors (heat wave) or the restricted movement around the elections, in Q1.

On the other hand, the impact of the MFIN guardrail is decelerating, with the three-plus lender portfolio set to become virtually zero over coming quarters. The impact of the recently-reported partial shutdown of restaurants and small businesses too is expected to be limited, assuming that the geo-political situation stabilises soon.

As part of its long-standing strategy, Ujjivan plans accelerating growth in secured lending (including gold loans) without diluting credit filters, building on its initial portfolio experience. The management indicated that the MFI and gold loan portfolios have about 40 per cent customer overlap, which it plans to gradually diversify. On the 'Universal Bank' licence, the management remains hopeful based on reduced RBI query intensity, though it has not committed to any timeline. We retain BUY on the stock with December 2026E TP of ₹72 (implying 1.6x FY28E ABV).

Elara Securities

LG ELECTRONICS INDIA (ACCUMULATE)

Target: ₹1,750

CMP: ₹1,526.80

LG Electronics India (LGEL) expects FY26 revenue to be flat or grow at a modest pace of 2-3 per cent (9MFY26 revenue down 2 per cent year on year), in-line with its guidance. Thus, expect Q4 revenue to grow by high single- to double-digits. The company expects low double-digit margin in FY26, implying Q4FY26 margin within 12.5-13.5 per cent range, with price hikes of 7-9 per cent in room air conditioners (RACs) in January, led by a premium mix and good sales of non-RAC categories. LGEL had hiked price by 2 per cent for washing machines and refrigerators in Q3FY26.

LGEL has sufficient LPG inventory until the first week of April for RACs and refrigerators. If LPG shortage persists, it would substitute a portion of manufacturing (about 30 per cent) with oxy acetylene brazing and PNG brazing. There is no impact on cost, as PNG is cheaper than LPG. The only drawback is longer brazing time and certain carbon and aluminium deposits left in the heat exchanger from acetylene brazing. LPG shortage will not impact washing machines and TV manufacturing at all.

We maintain Accumulate with a TP of ₹1,750 on 45x FY28 P/E on account of market leadership in most durable categories, industry-leading margins, higher premium contribution versus peers and growth plans of raising exports, B2B and AMC contribution, and foray into the economy segment.

businessline is not responsible for the recommendations sourced from third party brokerages. Reports may be sent to: blmarketwatch@gmail.com

**सरकार छोटी कंपनियों और अपना बिजनेस करने वालों के लिए लाई
₹20000 करोड़ का गारंटी फंड, नोटिफिकेश जल्द, आवाज़ Exclusive**

Publication: CNBC TV18 Live Blog

Edition: Online

Date: 20-03-2026

Page No: NA

URL- <https://hindi.cnbctv18.com/share-market/stock-market-live-update-nse-nifty-bse-sensex-crash-fiis-war-impact-fii-diis-gas-price-tata-group-stocks-it-share-liveblog-171722.htm>

Microfinance सेक्टर को बड़ी राहत! सरकार ला सकती है ₹20,000 करोड़ का गारंटी फंड

Microfinance कंपनियों के लिए बड़ी राहत की खबर सामने आ रही है. सूत्रों के मुताबिक सरकार जल्द ही ₹20,000 करोड़ के क्रेडिट गारंटी फंड का ऐलान कर सकती है, जिससे सेक्टर में फंडिंग का संकट काफी हद तक दूर हो सकता है. जानकारी के अनुसार, इस फंड के जरिए माइक्रोफाइनेंस कंपनियों को बैंकों से सस्ते दर पर कर्ज मिल सकेगा. सरकार इस पर भी नजर रखेगी कि ब्याज दरें ज्यादा न बढ़ें, इसके लिए बैंकों को निर्देश दिए जा सकते हैं. सूत्रों का कहना है कि नोटिफिकेशन में लेंडिंग रेट यानी MCLR पर करीब 2% का कैप लगाने की शर्त भी शामिल हो सकती है, ताकि कंपनियों को महंगा कर्ज न लेना पड़े. इस क्रेडिट गारंटी स्कीम के जरिए करीब ₹1.5 लाख करोड़ तक का लोन फ्लो माइक्रोफाइनेंस सेक्टर में संभव हो सकता है. यह कदम ऐसे समय में उठाया जा रहा है जब MFIN कंपनियां लंबे समय से महंगे कर्ज और फंड की कमी से जूझ रही हैं. बताया जा रहा है कि माइक्रोफाइनेंस कंपनियों ने इस मुद्दे को लेकर वित्त मंत्रालय में कई बार शिकायत भी की थी. अब सरकार का यह कदम सेक्टर के लिए गेमचेंजर साबित हो सकता है.

Mar 20, 2026 12:34 PM



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Page No: NA

URL- <https://hindi.cnbctv18.com/business/microfinance-credit-guarantee-fund-20000-crore-government-plan-2026-exclusive-171733.htm/amp>

सरकार छोटी कंपनियों और अपना बिजनेस करने वालों के लिए लाई ₹20000 करोड़ का गारंटी फंड, नोटिफिकेशन जल्द, आवाज़ Exclusive

सीएनबीसी आवाज़ को सूत्रों से मिली जानकारी के मुताबिक- 20,000 करोड़ रुपये के क्रेडिट गारंटी फंड को लेकर जल्द नोटिफिकेशन जारी किया जा सकता है. इस स्कीम का मकसद माइक्रोफाइनेंस कंपनियों के लिए फंडिंग आसान और सस्ती बनाना है.



By Alok Priyadarshi X

March 20, 2026, 12:39:17 PM (IST) (Updated)

माइक्रोफाइनेंस कंपनियों के लिए बड़ी राहत की खबर सामने आ रही है. सूत्रों के मुताबिक सरकार जल्द ही 20,000 करोड़ रुपये के क्रेडिट गारंटी फंड का ऐलान कर सकती है. जिससे इन कंपनियों को सस्ते दर पर कर्ज मिल सकेगा. तबे समय से महंगे कर्ज और फंडिंग की कमी से जूझ रही कंपनियों को इससे बड़ा सहारा मिलेगा. इस कदम का सीधा फायदा छोटे कर्ज लेने वालों और ग्रामीण अर्थव्यवस्था को भी मिल सकता है.

माइक्रोफाइनेंस (MFIN) सेक्टर के लिए सरकार बड़ा कदम उठाने की तैयारी में है. सूत्रों के मुताबिक, 20,000 करोड़ रुपये के क्रेडिट गारंटी फंड को लेकर जल्द नोटिफिकेशन जारी किया जा सकता है. इस स्कीम का मकसद माइक्रोफाइनेंस कंपनियों के लिए फंडिंग आसान और सस्ती बनाना है.

दरअसल, पिछले कुछ समय से माइक्रोफाइनेंस कंपनियां दो बड़ी समस्याओं से जूझ रही हैं—पहली, उन्हें कर्ज आसानी से नहीं मिल रहा

और दूसरी, जो कर्ज मिल रहा है उसकी ब्याज़ दर काफी ऊंची है. इसी वजह से सेक्टर की ग्रोथ पर असर पड़ रहा था.

सरकार का यह प्रस्ताव इन दोनों समस्याओं का समाधान करने की कोशिश है. इस गारंटी फंड के जरिए बैंकों को भरोसा मिलेगा.

अगर माइक्रोफाइनेंस कंपनियां कर्ज चुकाने में ढूंक करती हैं, तो सरकार एक हद तक गारंटी देगी. इससे बैंक ज्यादा आत्मविश्वास के साथ इन कंपनियों को लोन देंगे.

सूत्रों के मुताबिक, इस योजना के तहत करीब 1.5 लाख करोड़ रुपये तक का कर्ज माइक्रोफाइनेंस सेक्टर को मिल सकता है. यानी 20,000 करोड़ के गारंटी फंड से कई गुना बड़ा लोन पैदा किया जा सकता है.

**MFIN welcomes launch of Credit Guarantee Scheme for
Microfinance Institutions – 2.0
(CGSMFI-2.0)**

Publication: Reuters

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Date: 20-03-2026

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URL- <https://www.reuters.com/world/india/india-approves-214-billion-credit-guarantee-scheme-microfinance-firms-2026-03-20/>

India approves \$2.14 billion credit guarantee scheme for microfinance firms

By **Gopika Gopakumar** and **Ashwin Manikandan**

March 20, 2026 7:22 PM GMT+5:30 · Updated March 20, 2026



MUMBAI, March 20 (Reuters) - India's finance ministry has approved a 200 billion rupee (\$2.14 billion) credit guarantee scheme for microfinance firms to address mounting stress in the sector, a document issued by the National Credit Guarantee Trustee Company (NCGTC) showed on Friday.

The scheme, which went into effect on Friday and ends on June 30, aims to bolster credit flow to small- and medium-sized microfinance institutions (MFIs) and renew lenders' confidence in the sector.

Government-owned NCGTC will guarantee loans extended to MFIs under the scheme, with lenders required to cap interest at the external benchmark lending rate (EBLR), or 2% above the marginal cost of funds.

MFIs, in turn, will be required to lend at a rate 1% below the six-month average lending rate.

The loan guarantees will cover 70% of disbursements to large MFIs, 75% to medium-sized MFIs and 80% to smaller institutions. The maximum loan tenure has been set at three years, including a one-year moratorium and two years for repayment.

At least 5% of loans under the scheme are to be allocated to small MFIs and 10% to medium-sized MFIs.

Publication: PTI

Edition: Online

Date: 20-03-2026

Page No: NA

URL- <https://www.ptinews.com/story/business/govt-approves-rs-20-000-cr-credit-guarantee-scheme-for-fund-flow-to-mfis/3485432>

Govt approves Rs 20,000 cr credit guarantee scheme for fund flow to MFIs

MUMBAI: (Mar 20) The government on Friday approved a limited-period Rs 20,000-crore credit guarantee scheme to aid microfinance institutions (MFIs), which have been complaining about challenges in accessing funds.

The Credit Guarantee Scheme for Microfinance Institutions- 2.0 (CGSMFI-2.0) will cover loans disbursed by member lending institutions (MLIs), including banks and other lenders to non-banking finance company-MFIs and MFIs till end-June, the government-run National Credit Guarantee Trustee Company (NCGTC) said in a circular.

It can be noted that the MFIs, which serve people at the bottom of the pyramid, have been facing challenging times due to a surge in non-performing assets (NPAs), which has, in turn, made their lenders wary of extending further exposure.

₹20,000 CR CREDIT GUARANTEE SCHEME 2.0
Easing Liquidity Tightness And Increasing Credit Flow

Research Edge: **motilal oswal**

YOUR STOCKS

#AskCNBCTV18

DIVIDENDS VS BUYBACKS

Madhu Kela
Founder, MK Ventures

NIFTY BANK
51633.65
▼ 1793.40

77.00 | **ApTyr¹** 255.4k **401.85 ▼ 19.00** | **AsianP¹** 368.5k
Praj² 2.2m **309.50 ▼ 5.65** | **PrcPip¹⁰** 83.4k **228.10 ▼ 10.**

CNBC TV18
CNBCTV18.COM

₹20,000 CR CREDIT GUARANTEE SCHEME 2.0
Easing Liquidity Tightness And Increasing Credit Flow

TRADING HOUR

GOLD ETFs
MIRAE GOLD ETF 132.89 - 9.7%
LIC GOLD ETF 122.90 - 6.54%
BIRLA SUN LIFE GOLD ETF 120.11 - 6.59%

MFI STOCKS IN FOCUS
Govt's Credit Guarantee Scheme

- Guarantee fee at 0.50%;
- Lending capped at EBLR/MCLR + 2%

NORTHERN ARC
222.35 ▼ 5.08% 246,136

PROTECTING SMALL INVESTORS

Mohandas Pai
Chairman, Aarin Capital

Sensex Mar
72849.80
Prem 29.50

1394.90 ▲ 10.10 | **TEI xsi¹⁰** 142.1k **4142.00 ▼ 95.70**
41.35 | **Finlex²** 367.9k **169.87 ▼ 4.76** | **FiveSta**

CNBC TV18

Publication: CNBC TV18

Edition: YouTube

Date: 23-03-2026

Page No: NA

URL - <https://www.youtube.com/watch?v=hBxNkPtZrNA>

₹20,000 CR CREDIT GUARANTEE SCHEME 2.0
To Support MFIs With Guarantee Cover, Lending Norms

MFI STOCKS IN FOCUS
Govt's Credit Guarantee Scheme

- NCGTC to guarantee bank/FI lending to NBFC-MFIs/MFIs

CREDITACCESS
1115.00 ▼ 3.62% 113,490

SHOULD OPEN MKT BUYBACKS BE ALLOWED IN INDIA AGAIN?

CO-POWERED BY SBI

26 Years of TRACKING MARKET CYCLES
Every Day At 2 pm

With The Credit Guarantee Of ₹20,000 Cr, Banks Can Lend ₹25,000 Cr: MFIN CEO Alok Misra | CNBC TV18

CNBC-TV18 1

₹20,000 CR CREDIT GUARANTEE SCHEME 2.0
To Boost Microfinance Liquidity

MFI STOCKS IN FOCUS
Govt's Credit Guarantee Scheme

- Scheme to facilitate credit flow of up to ₹20,000 cr

L&T FINANCE
247.45 ▼ 5.26% 2.48 m

PROTECTING SMALL INVESTORS
Mohandas Pai
Chairman, Aarin Capital

TRADING HOUR
SENSEX LOSERS
ADANI PORTS
1302.00 - 4.62%
BAJAJ FIN
793.55 - 4.44%
TITAN
3931.15 - 4.31%

With The Credit Guarantee Of ₹20,000 Cr, Banks Can Lend ₹25,000 Cr: MFIN CEO Alok Misra | CNBC TV18

CNBC-TV18 4.71m subscribers 1

Last-Mile Push: MFIs Get ₹20k-cr Credit Guarantee

Lending Support

Banks to cap lending rate at 2% over 1-year MCLR or EBLR



MFIs to onlend 1% rate below the average of their lending rates in the past six months

At least 5% of the fund earmarked for small microfinance institutions

Minimum 10% earmarked for medium entities

THE ECONOMIC TIMES

Govt Plans Credit Guarantee Scheme to Ease MFI Stress

Finance ministry hopes to encourage banks to lend to MFIs

ET was the first to report on Dec 17 last year that the govt was working on a scheme to ease fund flows to the stressed sector

Our Bureau

Kolkata: The Centre Friday announced a ₹20,000-crore credit guarantee support for microfinance institutions (MFIs) to ensure that mainstream banks fund these last-mile financiers that serve an economically vulnerable—but a politically significant—borrower segment. “This initiative will definitely go a long way in strengthening lenders’ confidence to lend to MFIs, which have been reeling under some kind of stress in the recent past—initially due to recovery-related issues and later, liquidity concerns,” said Jiji Mammen, executive director, Sa-Dhan, a self-regulator for the industry.

ET was the first to report on December 17 last year that the Centre was working on the credit-guarantee scheme to ease fund flows to the stressed sector. Friday’s move should specifically support the small and medium non-banking financial companies-microfinance institutions, which have lately faced significant operational challenges in the absence of bank funding.

The guarantee programme comes into force immediately and would cover all sectoral loans sanctioned by banks until June 30 this year.

'SCARCE GROWTH CAPITAL'

“The launch comes at a critical juncture. While portfolio quality has improved..., constrained liquidity continues to impact growth and outreach,” said Alok Misra, chief executive, Microfinance Industry Network (MFIN), another self-regulator for the in-

dustry serving the bottom-of-the-pyramid borrowers.

Operational guidelines published Friday showed banks will have to cap lending rate under the scheme at 2% over one-year marginal cost of fund-based lending rate (MCLR) or over the external benchmark rate.

NBFC-MFIs or the non-profit MFIs, in turn, will have to lend 1% below the average of their lending rates in the past six months.

ET highlighted these scheme-related operational details in its report on March 16. “The scheme is expected to catalyse bank lending by restoring lender confidence, improving credit flow, and supporting sustainable sectoral growth, while upholding customer protection and responsible finance principles,” Misra said.

The size of the microfinance market contracted to ₹3.21 lakh crore by the end of December, reflecting a 28% squeeze from the peak level of ₹4.43 lakh crore seen on March 31, 2024. Lenders slowed loan disbursement during this period to the overleveraged bottom of the pyramid borrowers.

The government mandated that the maximum tenure of loan carrying credit guarantee will be for three years including one year of moratorium. Banks will have to ensure that at least 5% of their total loan amount under the scheme are sanctioned to small NBFC-MFIs having portfolio size below ₹500 crore, while at least 10% should reach to medium size NBFC-MFIs having portfolio between ₹500 crore and ₹2,000 crore.

BIG RELIEF FOR STRESSED SECTOR

Last-Mile Push: MFIs Get ₹20kcr Credit Guarantee

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'Catalyse Bank Lending' >> 8

'Scheme Expected to Catalyse Bank Lending'

>> From Page 1

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The government mandated that the maximum tenure of loan carrying credit guarantee will be for three years including one year of



moratorium. Banks will have to ensure that at least 5% of their total loan amount under the scheme are sanctioned to small NBFC-MFIs having portfolio size below 500 crore, while at least 10% should reach to medium size NBFC-MFIs having portfolio between 500 crore and ₹2000 crore.

The maximum amount of loan which can be sanctioned to NBFC-MFIs is capped at 20% of their respective assets under management, subject to a maximum of ₹100 crore for small entities, ₹200 crore for medium-sized lenders and ₹300 crore to large ones.

The funding provided by banks under the scheme will be partially guaranteed by National Credit Guarantee Trustee Company.

BIG RELIEF FOR STRESSED SECTOR

Last-Mile Push: MFIs Get ₹20,000cr Credit Guarantee

Scheme to boost bank confidence, easing funding; cover loans sanctioned till June 30

Our Bureau

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Lending Support

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'Scarce Growth Capital' >> 11

THE ECONOMIC TIMES Govt Plans Credit Guarantee Scheme to Ease MFI Stress

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'Scarce Growth Capital'

>> From Page 1

They have lately faced significant operational challenges in the absence of bank funding.

The guarantee programme comes into force immediately and would cover all sectoral loans sanctioned by banks until June 30 this year.

"The launch comes at a critical juncture. While portfolio quality has improved..., constrained liquidity continues to impact growth and outreach," said Alok Misra, chief executive, Microfinance Industry Network (MFIN), another self-regulator for the industry serving the bottom-of-the-pyramid borrowers.

Operational guidelines published Friday showed banks will have to cap lending rate under the scheme at 2% over one-year marginal cost of fund-based lending rate (MCLR) or over the external benchmark rate. NBFC-MFIs or the non-profit MFIs, in turn, will have to lend 1% below the average of their lending rates in the past six months.

ET highlighted these scheme-related operational details in its report on March 16.

"The scheme is expected to catalyse bank lending by restoring lender confidence, improving credit flow, and supporting sustainable sectoral growth, while upholding customer protection and responsible finance principles," Misra said.

FACING MKT SQUEEZE

The size of the microfinance market contracted to ₹3.21 lakh crore by the end of December, reflecting a 28% squeeze from the peak level of ₹4.43 lakh crore seen on March 31, 2024. Lenders slowed loan disbursement during this period to the overleveraged bottom of the pyramid borrowers.

The government mandated that the maximum tenure of loan carrying credit guarantee will be for three years including one year of moratorium. Banks will have to ensure that at least 5% of their total loan amount under the scheme are sanctioned to small NBFC-MFIs having portfolio size below ₹500 crore, while at least 10% should reach to medium size NBFC-MFIs having portfolio between ₹500 crore and ₹2000 crore.

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Govt launches ₹20,000 crore credit guarantee scheme for MFIs

AATHIRA VARIER

Mumbai, 20 March

With microfinance institutions (MFIs) facing higher risk provisions and writeoffs, the government on Friday launched for them a ₹20,000 crore credit-guarantee scheme, aimed at easing liquidity tightness and increasing credit flow.

The scheme will take effect on March 20 and remain active until June 30 or when cumulative-guarantee coverage reaches ₹20,000 crore, whichever is earlier.

The scheme's core objective is to provide

guarantee coverage to member lending institutions (MLIs), primarily scheduled commercial banks and all-India financial institutions, for loans given to MFIs.

"We are sure this step will increase credit to underserved communities, and support the continued growth and resilience of the microfinance ecosystem and financial inclusion. We appreciate this progressive move and look forward to its transformative impact across the sector," said Jiji Mammen, executive director and chief executive officer, Sa-Dhan, a self-regulatory organisation (SRO) for the sector.

This funding is strictly intended for incremental lending, which is fresh loans to small borrowers in accordance with the Reserve Bank of India's (RBI's) definitions of microfinance, and cannot be used to repay existing debts.

The guarantee structure is designed to favour smaller players, which often face the toughest hurdles in accessing bank credit. The National Credit Guarantee Trustee Company (NCGTC) will cover the "Amount in Default" (principal plus interest) based on the MFI's size.

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Govt launches ₹20K crore credit guarantee scheme for microfin firms

For small MFIs, with assets under management (AUM) of less than ₹500 crore, it provides 80 per cent guarantee cover.

Similarly, guarantee cover of 75 per cent will be provided for medium-sized MFIs with assets between ₹500 crore and ₹2,000 crore. And 70 per cent coverage will be given for large MFIs with AUM of ₹2,000 crore or more.

The Microfinance Industry Network (MFIN), the other of the two SROs, expects the scheme to catalyse bank lending by restoring lender confidence, improving credit flow, and supporting sustainable sectoral growth, particularly for small and medium MFIs, which saw a dip of about 70 per cent in bank funding between the fourth quarter (Q4) of 2023-24 and Q3 2025-26.

Despite an improvement in portfolio quality, the sector is affected by liquidity constraints. The MFIN estimates that nearly five million borrowers have lost access to formal credit.

To ensure the benefits of this government-backed safety net reach end-borrowers, strict caps in interest rates and allocation mandates have been imposed.

The interest rate on loans sanctioned by banks to MFIs has been capped at the external benchmark lending rate (EBLR) or the one-year marginal cost of lending rate plus 2 per cent per annum.

MFIs are required to pass on these benefits by ensuring

their lending rate to small borrowers is at least 1 per cent below their average lending rate over the past six months.

To prevent fund concentration, MLIs have been asked to ensure that at least 5 per cent of their loans under the scheme are sanctioned to small MFIs and 10 per cent to medium-sized ones.

Operational guidelines set a maximum loan tenure of three years, including a one-year moratorium on interest, followed by two years for repayment.

Lending limits have been pegged to the MFI's size. By this, loans are capped at 20 per cent of the institution's AUM, subject to a maximum of ₹100 crore for small MFIs, ₹200 crore for medium ones, and ₹300 crore for those that are large.

MLIs are required to pay the NCGTC a guarantee fee set at 0.5 per cent of the sanctioned amount in the first year and 0.5 per cent of the outstanding amount thereafter.

The guidelines lay emphasis on accountability and creating fresh assets. MFIs must utilise the financial assistance for fresh loan assets within three months of disbursement and maintain a separate account for credit facilities extended under the scheme.

If an MFI account is classified as a non-performing asset (NPA), the MLI can submit a claim for the defaulted amount annually.

माइक्रोफाइनेंस के लिए क्रेडिट गारंटी योजना

आतिरा वारियर
मुंबई, 20 मार्च

केंद्र सरकार ने आज माइक्रोफाइनेंस संस्थानों (एमएफआई) के लिए 20,000 करोड़ रुपये की क्रेडिट गारंटी योजना शुरू की। इस योजना का उद्देश्य एमएफआई क्षेत्र में नकदी की तंगी को दूर करना और ऋण प्रवाह को बढ़ाना है। यह योजना 20 मार्च से 30 जून, 2026 तक या कुल गारंटी कवरेज 20,000 करोड़ रुपये की सीमा तक पहुंचने तक (जो भी पहले हो) सक्रिय रहेगी।

इस योजना का मुख्य उद्देश्य सदस्य ऋणदाता संस्थानों, खास तौर पर वाणिज्यिक बैंकों और भारतीय वित्तीय संस्थानों को एमएफआई को दिए जाने वाले ऋण के लिए गारंटी कवरेज प्रदान करना है। यह फंडिंग विशेष रूप से नए ऋण के लिए है और इसका उपयोग मौजूदा ऋणों

को चुकाने के लिए नहीं किया जा सकता है। गारंटी की संरचना इस तरह से तैयार की गई है कि इससे छोटे माइक्रोफाइनेंस संस्थानों को लाभ हो, जिन्हें अक्सर बैंक ऋण प्राप्त करने में बड़ी बाधाओं का सामना करना पड़ता है।

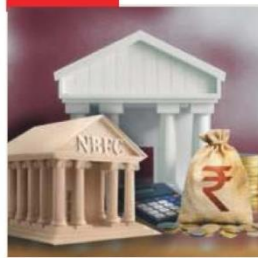
राष्ट्रीय क्रेडिट गारंटी ट्रस्टी कंपनी एमएफआई के आकार के आधार पर मूलधन और ब्याज (डिफॉल्ट राशि) को कवर करेगी। 500 करोड़ रुपये से कम की प्रबंधनाधीन संपत्ति (एयूएम) वाले छोटे माइक्रोफाइनेंस संस्थानों के लिए यह 80 फीसदी की गारंटी कवर प्रदान करती है। इसी तरह 500 करोड़ रुपये से 2,000 करोड़ रुपये के बीच संपत्ति वाले मध्यम आकार के एमएफआई के लिए 75 फीसदी और 2,000 करोड़ रुपये या उससे अधिक की एयूएम वाले बड़े एमएफआई के लिए 70 फीसदी गारंटी दी जाती है।

माइक्रोफाइनेंस क्षेत्र के लिए स्व-नियामक संगठन एमफिन को उम्मीद है कि यह योजना ऋणदाताओं के विश्वास को बहाल करके ऋण प्रवाह में सुधार लाएगी और विशेष रूप से छोटे और मध्यम एमएफआई को बैंक ऋण सुलभ कराएगी। वित्त वर्ष 2023-24 की चौथी तिमाही से वित्त वर्ष 2025-26 की तीसरी तिमाही के बीच एमएफआई को बैंकों से मिलने वाले ऋण में लगभग 70 फीसदी की कमी आई है। पोर्टफोलियो की गुणवत्ता में सुधार के बावजूद यह क्षेत्र नकदी की कमी से प्रभावित है। एमफिन का अनुमान है कि लगभग 50 लाख उधारकर्ताओं ने औपचारिक ऋण तक पहुंच खो दी है जो फंडिंग प्रवाह को बहाल करने की तत्काल आवश्यकता को दर्शाता है।

सरकार द्वारा समर्थित इस सुरक्षा गारंटी का लाभ जरूरतमंद उधारकर्ताओं तक पहुंचे इसके लिए ब्याज दरों पर सख्त सीमा और आवंटन के अनिवार्य नियम लागू किए गए हैं। बैंकों द्वारा एमएफआई को स्वीकृत ऋणों पर ब्याज दर की ऊपरी सीमा बाह्य बेंचमार्क उधार दर या 1-वर्षीय एमसीएलआर, जिसमें 2 फीसदी प्रतिवर्ष अतिरिक्त जोड़ा गया हो, तक निर्धारित की गई है।

इसके अलावा एमएफआई को यह सुनिश्चित करके इन लाभों को आगे बढ़ाना आवश्यक है कि छोटे उधारकर्ताओं के लिए उनकी ऋण दर पिछले 6 महीनों की उनकी औसत ऋण दर से कम से कम 1 फीसदी कम हो। सदस्य ऋण संस्थानों को यह सुनिश्चित करने के लिए भी कहा गया है कि योजना के तहत उनके कुल ऋणों का कम से कम 5 फीसदी छोटे एमएफआई को और 10 फीसदी मध्यम आकार के एमएफआई को स्वीकृत किया जाए।

दिशानिर्देश जवाबदेही और नई संपत्ति के निर्माण पर भी जोर देते हैं। एमएफआई को वित्तीय सहायता का उपयोग वितरण के तीन महीने के भीतर नए ऋण संपत्तियों के लिए करना होगा और योजना के तहत दी गई ऋण सुविधाओं के लिए एक अलग खाता रखना होगा।



कर्ज में आसानी

■ सरकार ने एमएफआई की ऋण उपलब्धता के लिए 20,000 करोड़ रुपये की क्रेडिट गारंटी योजना शुरू की

■ यह योजना 20 मार्च से 30 जून तक या कुल गारंटी कवरेज तक लागू रहेगी

■ सरकार की इस योजना से छोटे-मझोले एमएफआई को बैंकों से कर्ज मिलने में होगी सुविधा

₹20K-crore credit guarantee scheme for MFIs unveiled

FE BUREAU
Mumbai, March 20

THE GOVERNMENT HAS introduced the Credit Guarantee Scheme for Microfinance Institutions 2.0 (CGSMFI-2.0), a targeted initiative designed to strengthen the microfinance ecosystem and support small borrowers. Effective March 20, 2026, the scheme will remain in force until June 30, 2026, or until guarantees worth ₹20,000 crore are issued.

Under this framework, scheduled commercial banks and all-India financial institutions will provide fundings to NBFC-MFIs and MFIs, which, in turn, will on-lend to small borrowers defined within Reserve Bank of India's micro-finance regulations.

To ensure affordability, interest rates are capped. Member lending institutions (MLIs) can charge NBFC-MFIs/MFIs at external benchmark lending rates or one-year marginal cost of funds based lending rate + 2%, while MFIs must lend to borrowers at least 1% below their average lending rate for the past six months.

Alok Misra, chief executive and director, MFIN, said: "We welcome the launch of CGSMFI 2.0, which is timely to address the current challenges faced by the microfinance sector. The sector has demonstrated strong improvement in credit quality and adherence to responsible lending practices.

"The key constraint has been the availability of bank funding. This scheme will play

MUCH-NEEDED RELIEF



■ SCBs and all-India financial institutions will provide fundings to NBFC-MFIs and MFIs

■ MFIs will on-lend to small borrowers defined within RBI's microfinance regulations

■ Lenders must allocate at least **5%** of loans to small MFIs and **10%** to medium MFIs

■ Guarantee coverage is **80%** for small MFIs, **75%** for medium, and **70%** for large entities, based on default amount

a critical role in unlocking liquidity, particularly for small and medium MFIs, and ensuring that affordable credit continues to reach low-income households."

The scheme mandates that loans be disbursed within three months of sanction, with a maximum tenure of three years (one-year moratorium plus two years of repayment). MLIs must allocate at least 5% of loans to small MFIs and 10% to medium MFIs, with loan limits tied to the institution's assets under management — capped at ₹100 crore for small, ₹200 crore for medium, and ₹300 crore for large MFIs.

To safeguard lenders, the National Credit Guarantee Trustee Company will provide a guarantee coverage of 80% for small MFIs, 75% for medium, and 70% for large entities, based on the amount in default.

The scheme also empha-

sises strict monitoring and compliance. MLIs must ensure funds are used exclusively for fresh loan creation, maintain separate accounts, obtain statutory auditor certificates, and submit quarterly credit bureau reports.

Claims on defaults can be made annually, subject to a one-year lock-in period, with MLIs paying a guarantee fee of 0.5%. Even after guarantee claims are settled, MLIs remain responsible for recovery efforts, ensuring accountability and discipline in lending practices.

In essence, CGSMFI-2.0 is a carefully structured intervention, aimed at balancing financial inclusion with risk management. By supporting MFIs with partial guarantees and enforcing transparent lending practices, the government seeks to empower millions of small borrowers while stabilising the microfinance sector.

Govt's ₹20,000 cr scheme to ease MFIs' funds crunch

Our Bureau
Mumbai

The government has rolled out a ₹20,000 crore Credit Guarantee Scheme for Microfinance Institutions 2.0, a move the industry body Microfinance Industry Network (MFIN) said would help revive credit flow to underserved segments and ease funding constraints in the sector.

The scheme comes amid a sharp decline in bank funding to microfinance institutions (MFIs), particularly small players. According to MFIN, bank lending to the sector dropped nearly 70 per cent between the fourth quarter of FY24 and the third quarter of FY26, severely impacting liquidity.

LOAN PRICING

Loans under the scheme will be priced at a capped rate linked to the EBLR or 1-year MCLR plus 2 per cent. In turn, MFIs must lend at least 1 percentage point below their average rate over the past six months. Loans will have a maximum tenure of three years, including a one-year moratorium.

Exposure is capped at 20 per cent of an MFI's AUM, with absolute limits of ₹100 crore for small, ₹200 crore for medium and ₹300 crore for large MFIs. The scheme



The scheme comes amid a sharp decline in bank funding to microfinance institutions

also mandates that at least 5 per cent of the loans go to small MFIs and 10 per cent to mid-size players. Credit guarantee cover ranges from 70 per cent for large MFIs to 75 per cent for medium and 80 per cent for small MFIs.

The launch also coincides with improving asset quality metrics. Portfolio at Risk (PAR) for 31-90 days declined to 1.6 per cent from 3.2 per cent a year ago, indicating better repayment.

However, constrained liquidity has weighed on growth, with the industry's portfolio standing at ₹3.15 lakh crore as of December 31, 2025, a 7.3 per cent sequential decline.

The funding crunch has had a direct impact on borrowers, with MFIN estimating that nearly 50 lakh customers lost access to formal credit due to reduced lending activity.

एमएफआई के लिए 20 हजार करोड़ की क्रेडिट गारंटी योजना को मंजूरी

मुंबई, प्रेटर: केंद्र सरकार ने शुक्रवार को माइक्रोफाइनेंस संस्थानों (एमएफआई) को सहायता प्रदान करने के लिए 20,000 करोड़ रुपये की क्रेडिट गारंटी योजना को मंजूरी दी है। यह योजना उन संस्थानों के लिए है जो फंड तक पहुंचने में कठिनाइयों का सामना कर रहे हैं।

क्रेडिट गारंटी योजना फार माइक्रोफाइनेंस इंस्टीट्यूशंस 2.0 के तहत सदस्य संस्थानों की ओर से वितरित ऋणों को कवर किया जाएगा। सदस्य संस्थानों में बैंक और अन्य कर्जदाता शामिल हैं। यह ऋण 30 जून तक गैर-बैंकिंग वित्तीय कंपनियों और एमएफआई को दिए जाएंगे। एमएफआई समाज के निचले स्तर के लोगों को कर्ज उपलब्ध कराते हैं और वर्तमान में गैर-निष्पादित परिसंपत्तियों (एनपीए) में वृद्धि के कारण कठिन समय का सामना कर रहे हैं। उद्योग संस्था माइक्रोफाइनेंस इंस्टीट्यूशंस नेटवर्क (एमएफआईएन) ने इस कदम का स्वागत किया है और इसे क्षेत्र की चुनौतियों का समाधान करने के लिए एक समय पर हस्तक्षेप माना है।

एमएफआई के लिए 20 हजार करोड़ की क्रेडिट गारंटी योजना को मंजूरी

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एमएफआई के लिए 20 हजार करोड़ की क्रेडिट गारंटी योजना को मंजूरी

मुंबई प्रेस: केंद्र सरकार ने शुक्रवार को माइक्रोफाइनेंस संस्थानों (एमएफआई) को सहायता प्रदान करने के लिए 20,000 करोड़ रुपये की क्रेडिट गारंटी योजना को मंजूरी दी है। यह योजना उन संस्थानों के लिए है जो फंड तक पहुंचने में कठिनाइयों का सामना कर रहे हैं।

क्रेडिट गारंटी योजना फार माइक्रोफाइनेंस इंस्टीट्यूशंस 2.0 के तहत सदस्य संस्थानों की ओर से ख़तरित ऋणों को कवर किया जाएगा। सदस्य संस्थानों में बैंक और अन्य कर्जदाता शामिल हैं। यह ऋण 30 जून तक गैर-बैंकिंग वित्तीय कंपनियों और एमएफआई को दिए जाएंगे। एमएफआई समाज के निचले स्तर के लोगों को कर्ज उपलब्ध कराते हैं और वर्तमान में गैर-निष्पादित परिसंपत्तियों (एनपीए) में वृद्धि के कारण कठिन समय का सामना कर रहे हैं। उद्योग संस्था माइक्रोफाइनेंस इंस्टीट्यूशंस नेटवर्क (एमएफआईएन) ने इस कदम का स्वागत किया है और इसे क्षेत्र की चुनौतियों का समाधान करने के लिए एक समय पर हस्तक्षेप माना है।

एमएफआई के लिए 20 हजार करोड़ की क्रेडिट गारंटी योजना को मंजूरी

मुंबई, एजेंसी: केंद्र सरकार ने शुक्रवार को माइक्रोफाइनेंस संस्थानों (एमएफआई) को सहायता प्रदान करने के लिए 20,000 करोड़ रुपये की क्रेडिट गारंटी योजना को मंजूरी दी है। यह योजना उन संस्थानों के लिए है जो फंड तक पहुंचने में कठिनाइयों का सामना कर रहे हैं।

क्रेडिट गारंटी योजना फार माइक्रोफाइनेंस इंस्टीट्यूशंस 2.0 के तहत सदस्य संस्थानों की ओर से वितरित ऋणों को कवर किया जाएगा। सदस्य संस्थानों में बैंक और अन्य कर्जदाता शामिल हैं। यह ऋण 30 जून तक गैर-बैंकिंग वित्तीय कंपनियों और एमएफआई को दिए जाएंगे। एमएफआई समाज के निचले स्तर के लोगों को कर्ज उपलब्ध कराते हैं और वर्तमान में गैर-निष्पादित परिसंपत्तियों (एनपीए) में वृद्धि के कारण कठिन समय का सामना कर रहे हैं। उद्योग संस्था माइक्रोफाइनेंस इंस्टीट्यूशंस नेटवर्क (एमएफआईएन) ने इस कदम का स्वागत किया है और इसे क्षेत्र की चुनौतियों का समाधान करने के लिए एक समय पर हस्तक्षेप माना है।

Govt clears ₹20K crore credit guarantee scheme for fund flow to microfinance institutions

MUMBAI: The government on Friday approved a limited-period Rs 20,000-crore credit guarantee scheme to aid microfinance institutions (MFIs), which have been complaining about challenges in accessing funds.

The Credit Guarantee Scheme for Microfinance Institutions- 2.0 (CGSMFI-2.0) will cover loans disbursed by member lending institutions (MLIs), including banks and other lenders to non-banking finance company-MFIs and MFIs till end-June, the government-run National Credit Guarantee Trustee Company (NCGTC) said in a circular.

It can be noted that the MFIs, which serve people at



the bottom of the pyramid, have been facing challenging times due to a surge in non-performing assets (NPAs), which has, in turn, made their lenders wary of extending further exposure.

The NCGTC said MLIs shall provide funding to the MFIs or NBFC-MFIs, as per their assessment, for on-lending to eligible small borrowers and also put certain conditions on interest rates.

To qualify for the bene-

fits under the credit guarantee scheme, the interest rate on the loans sanctioned by MLIs to NBFC-MFIs/MFIs is capped at External Benchmark Lending Rate (EBLR) or 1-Year marginal cost of funding based lending rate plus two per cent, it said.

Additionally, the MFIs' lending to small borrowers has to be done at a cost of 1 per cent below the average rate of their lending in the last six months.

Other conditions include having a maximum loan tenure of three years, which includes a one year moratorium and two years for loan repayment. Also, the MLIs need to ensure that at least 5 per cent of their total loan amount under the scheme is sanctioned to MFIs classified

as small-sized with less than Rs 500 crore of assets under management, 10 per cent to mid-sized ones (Rs 500-2,000 crore of AUM).

"The maximum amount of loan which can be sanctioned by MLIs to NBFC-MFIs/MFIs shall be capped at 20 per cent of AUM of respective NBFC-MFI/MFI subject to a maximum of Rs 100 crore to small size, Rs 200 crore to medium size and Rs 300 crore to large size NBFC-MFIs/MFIs," the circular said.

Microfinance Institutions Network (MFIN), a self-regulatory body for the industry, welcomed the move as a timely intervention to address the challenges faced by the sector, which will help unlock liquidity. P11

Govt okays Rs 20k cr credit guarantee scheme for fund flow to MFIs

PRESS TRUST OF INDIA

MUMBAI, MARCH 21: The Union government on Friday approved a limited-period Rs 20,000-crore credit guarantee scheme to aid microfinance institutions (MFIs), which have been complaining about challenges in accessing funds.

The Credit Guarantee Scheme for Microfinance Institutions-2.0 (CGSMFI-2.0) will cover loans disbursed by member lending institutions (MLIs), including banks and other lenders to non-banking finance company-MFIs and MFIs till end-June, the government-run National Credit Guarantee Trustee Company (NCGTC) said in a circular. It can be noted that the MFIs, which serve people at the bottom of the pyramid, have been facing challenging times due to a surge in non-performing assets (NPAs), which has, in turn, made their lenders wary of extending further exposure. The NCGTC said MLIs shall provide funding to the MFIs or NBFC-MFIs, as per their assessment, for on-lending to eligible small borrowers and also put certain conditions on interest rates. To qualify for the benefits under the credit guarantee scheme, the interest rate on the loans sanctioned by MLIs to NBFC-MFIs/MFIs is capped at External Benchmark Lending Rate (EBLR) or 1-Year marginal cost of funding based lending rate plus two per

cent, it said.

Additionally, the MFIs' lending to small borrowers has to be done at a cost of one per cent below the average rate of their lending in the last six months. Other conditions include having a maximum loan tenure of three years, which includes a one year moratorium and two years for loan repayment. Also, the MLIs need to ensure that at least 5 per cent of their total loan amount under the scheme is sanctioned to MFIs classified as small-sized with less than Rs 500 crore of assets under management, 10 per cent to mid-sized ones (Rs 500-2,000 crore of AUM). "The maximum amount of loan which can be sanctioned by MLIs to NBFC-MFIs/MFIs shall be capped at 20 per cent of AUM of respective NBFC-MFI/MFI subject to a maximum of Rs 100 crore to small size, Rs 200 crore to medium size and Rs 300 crore to large size NBFC-MFIs/MFIs," the circular said.

Microfinance Institutions Network (MFIN), a self-regulatory body for the industry, welcomed the move as a timely intervention to address the challenges faced by the sector, which will help unlock liquidity. "The sector has demonstrated strong improvement in credit quality and adherence to responsible lending practices. The key constraint has been the availability of bank funding," MFIN's chief executive and director Alok Misra said.

₹20000 crore liquidity boost for microfinance

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Calcutta: The microfinance industry, grappling with persistent liquidity constraints and recovery challenges, is hopeful that the government's ₹20,000 crore Credit Guarantee Scheme for Microfinance Institutions (CGSMFI 2.0) will help revive fund flows.

Under the scheme, the National Credit Guarantee Trust Company will provide guarantee cover to banks against expected losses on loans extended to non-bank microfinance institutions (NBFC-MFIs), encouraging lenders to step up credit support.

The finance ministry estimates that nearly 36 lakh small borrowers will benefit from the initiative. NBFC-MFIs rely heavily on banks for funding, but lenders have turned increasingly cautious amid concerns over borrower overleveraging and tighter state-level regulations aimed at curbing coercive recovery practices.

Despite the introduction of sectoral guardrails, such as caps on the number of lenders per borrower and limits on overall indebtedness, and some improvement in asset quality, access to funding remains constrained. As of December 31, 2025, banks accounted for 61.7 per cent of NBFC-MFI borrowings, marginally lower than 62.5 per cent as of September 30, 2025.

The sector has also witnessed a contraction in scale. Assets under management of NBFC-MFIs declined to ₹1,32,418 crore in Q3FY26 from

NEW SCHEME

- ₹20,000 crore guarantee cover to boost bank lending to NBFC-MFIs
- Estimated 36 lakh small borrowers to benefit from improved liquidity

₹1,50,282 crore a year earlier, while active loan accounts fell to 4.3 crore from 5.5 crore.

"This initiative will strengthen lenders' confidence to extend credit to MFIs, which have been under stress due to recovery and liquidity issues," said Jiji Mammen, CEO and ED of Sa-Dhan.

Alok Misra, CEO and director at MFIN, said, "The launch of CGSMFI 2.0 is timely to address the current challenges faced by the microfinance sector. The key constraint has been the availability of bank funding. This scheme will play a crucial role in unlocking liquidity, particularly for small and medium MFIs."

MSME support

Separately, the finance ministry announced modifications to the Mutual Credit Guarantee Scheme for MSMEs, which provides 60 per cent guarantee coverage to lenders for credit facilities of up to ₹100 crore for the purchase of plant and machinery.

The revised framework is expected to enhance credit flow to MSMEs, including exporters, and support capacity expansion through easier financing of capital expenditure, the ministry said.

సూక్ష్మవిత్రానికి నూతన హామీ పథకం ఆహ్వానం

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చిన్న మధ్య స్థాయి
సంస్థలకు రుణ
ప్రవాహాన్ని పెంచే



ప్రయత్నం ప్రారంభమైంది. గత కాలంలో బ్యాంకుల నుంచి నిధుల తగ్గదల వల్ల
రంగం ఇబ్బందులు ఎదుర్కొన్నప్పటికీ, ప్రస్తుతం రుణాల నాణ్యత మెరుగుపడింది.
అయినప్పటికీ నిధుల కొరత కారణంగా అనేక మంది రుణగ్రహీతలు అధికారిక
రుణాల నుంచి దూరమయ్యారు. ఈ కొత్త పథకం ద్వారా రుణదాతల నమ్మకం
పెరిగి, నిధుల అందుబాటు మెరుగుపడి, తక్కువ ఆదాయం కలిగిన కుటుంబాలకు
సరసమైన రుణాలు అందేలా సహకారం లభిస్తుందని భావిస్తున్నారు.

Publication: The Times of India

Edition: Online

Date: 20-03-2026

Page No: NA

URL- <https://timesofindia.indiatimes.com/business/india-business/govt-clears-rs-20000-crore-credit-guarantee-scheme-for-mfis-funding-access-in-focus/articleshow/129705957.cms>

Govt clears Rs 20,000 crore credit guarantee scheme for MFIs; funding access in focus

TOI Business Desk / TIMESOFINDIA.COM / Mar 20, 2026, 23:02 IST

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The government has approved a limited-period Rs 20,000-crore credit guarantee scheme aimed at easing fund flow constraints faced by microfinance institutions (MFIs), according to a PTI report.

The Credit Guarantee Scheme for Microfinance Institutions-2.0 (CGSMFI-2.0) will cover loans disbursed by member lending institutions (MLIs), including banks and other lenders, to non-banking finance company-MFIs and MFIs till the end of June,

government-run National Credit Guarantee Trustee Company (NCGTC) said in a circular.

MFIs, which largely cater to borrowers at the bottom of the economic pyramid, have been facing challenging conditions due to a rise in non-performing assets (NPAs), making lenders cautious about extending fresh exposure.

Publication: The Economic Times

Edition: Online

Date: 20-03-2026

Page No: NA

URL- <https://m.economictimes.com/news/economy/finance/government-unveils-rs-20000-crore-credit-guarantee-plan-for-mfis/articleshow/129700478.cms>

ETPrime

Government unveils Rs 20000 crore credit guarantee plan for MFIs

By Atmadip Ray, ET Bureau • Last Updated: Mar 21, 2026, 01:11:00 AM IST

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Synopsis

The government has announced an ambitious Rs 20,000 crore credit guarantee scheme targeting microfinance institutions, a lifeline for those grappling with funding challenges. This program not only seeks to ease liquidity constraints but also aims to invigorate credit distribution within the sector, specifically helping small and medium NBFC-MFIs.



Publication: livemint.com

Edition: Online

Date: 20-03-2026

Page No: NA

URL- <https://www.livemint.com/industry/banking/govt-launches-20-000-crore-credit-guarantee-scheme-to-boost-microfinance-lending-amid-liquidity-crunch-11774020805696.html>

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Govt. launches ₹20,000 crore credit guarantee scheme to boost microfinance lending amid liquidity crunch

Harsh Kumar | 2 min read | 20 Mar 2026, 10:53 PM IST



The Credit Guarantee Scheme for Microfinance Institutions-2.0 (CGSMFI-2.0) will be effective from 20 March 2026

SUMMARY

The scheme offers 70-80% guarantee cover on loans to MFIs, aiming to restore lender confidence and improve credit access for underserved borrowers.

Publication: Business Standard

Edition: Online

Date: 20-03-2026

Page No: NA

URL- https://www.business-standard.com/amp/finance/news/govt-launches-rs-20000-crore-credit-guarantee-scheme-for-mfis-126032001121_1.html

Business Standard

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Home / Finance / News / Govt launches ₹20,000 crore credit guarantee scheme to boost MFIs

Govt launches ₹20,000 crore credit guarantee scheme to boost MFIs

Scheme aims to ease liquidity constraints, boost credit flow to small borrowers, and support microfinance institutions with graded guarantee cover and lending norms

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Home Markets Premium Decoded In brief

Publication: The Hindu Business Line

Edition: Online

Date: 20-03-2026

Page No: NA

URL- <https://www.thehindubusinessline.com/markets/government-launches-20000-crore-credit-guarantee-scheme-for-microfinance-institutions/article70766299.ece>

MONEY & BANKING

Government launches ₹20,000 crore credit guarantee scheme for microfinance institutions

The move comes after bank funding to MFIs dropped nearly 70% between FY24 and FY26, severely impacting smaller players

By B.L. Mumbai Bureau

Updated - March 20, 2026 at 10:05 PM.



The government has launched a ₹20,000-crore Credit Guarantee Scheme for Microfinance Institutions (MFI) 2.0 to revive credit flow and ease liquidity constraints in the sector.

Publication: CNBC TV18

Edition: Online

Date: 20-03-2026

Page No: NA

URL- <https://www.cnbcvtv18.com/business/finance/mfi-relief-in-sight-rs-20000-cr-fund-notification-expected-soon-report-ws-l-19872430.htm>

Govt unveils new ₹20,000 crore MFI credit guarantee scheme to ease funding stress

The government has launched a ₹20,000 crore credit guarantee scheme for MFIs, aiming to ease liquidity stress, revive bank lending and restore credit access for nearly 50 lakh borrowers.



By Sheersh Kapoor

March 20, 2026, 6:45:57 PM IST (Updated)

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The government has launched the Credit Guarantee Scheme for Microfinance Institutions – 2.0 (CGSMFI-2.0), aimed at reviving credit flow to the microfinance sector amid persistent liquidity constraints.

Publication: CNBC TV18

Edition: Online

Date: 23-03-2026

Page No: NA

URL- <https://www.cnbctv18.com/business/explained-indias-shrinking-microfinance-industry-has-forced-the-government-to-step-in-ws-l-19873084.htm>

ACCESS @

India's shrinking microfinance industry has forced the government to step in

Avoiding the risk of new borrowers has not reduced the risk of defaults. Yet, the goal of microfinance is to ensure more people get access to formal credit.



By Navneet Singh

March 23, 2026, 1:16:31 PM IST (Updated)



In the last year, Indian banks have scaled down microfinance lending, ceding market share to shadow banks. Those who are still lending prefer borrowers with a good track record. More money is going to those who already have access to credit than to those who

Publication: CNBC TV18

Edition: Online

Date: 28-03-2026

Page No: NA

URL- <https://www.cnbctv18.com/business/finance/credit-guarantee-push-may-revive-mfi-lending-mfin-alok-misra-19873426.htm>

Credit guarantee push may revive MFI lending: MFIN's Alok Misra

Alok Misra, CEO of MFIN says disciplined lending and better access to funds will aid sector recovery.



By Ritu Singh

March 28, 2026, 2:49:35 PM IST (Published)

🕒 6 Min Read

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Alok Misra, CEO of Microfinance Institutions Network (MFIN), says the microfinance sector could see a meaningful revival as improved liquidity helps bring borrowers back into the formal system. With asset quality stabilising and new lending cycles showing healthy trends, the outlook appears more constructive despite recent stress.

URL- <https://hindi.etnownews.com/personal-finance/credit-guarantee-scheme-govt-approves-rs-20000-cr-loan-for-fund-flow-to-mfis-article-153884676>

माइक्रोफाइनेंस कंपनियों को बड़ी राहत, क्रेडिट गारंटी स्कीम के लिए सरकार ने 20,000 करोड़ किए मंजूर

माइक्रोफाइनेंस संस्थान ज्यादातर उन लोगों को छोटे-छोटे लोन देते हैं, जो आर्थिक रूप से कमजोर वर्ग से आते हैं। लेकिन हाल के समय में इनके खराब कर्ज यानी NPA बढ़ गए हैं, जिसकी वजह से बैंक और लेंडर्स नए कर्ज देने में सतर्क हो गए हैं। इसी दिक्कत को दूर करने के लिए सरकार ने यह कदम उठाया है।



Authored by: Mithilesh Patel

Updated Mar 20, 2026 23:54 IST



As Preferred Source



सरकार ने क्रेडिट गारंटी स्कीम के लिए 20,000 करोड़ मंजूर किए।

सरकार ने माइक्रोफाइनेंस संस्थानों यानी MFI को राहत देने के लिए 20,000 करोड़ रुपये की एक सीमित समय वाली क्रेडिट गारंटी स्कीम को मंजूरी दी है। समाचार एजेंसी पीटीआई ने यह जानकारी शुक्रवार को दी। क्रेडिट गारंटी स्कीम का मकसद ऐसे संस्थानों को फंड की कमी से उबारना है। स्कीम का पूरा नाम क्रेडिट गारंटी स्कीम फॉर माइक्रोफाइनेंस इंस्टीट्यूशंस 2.0 है।

सरकारी संस्था नेशनल क्रेडिट गारंटी ट्रस्टी कंपनी यानी NCGTC ने बताया कि इसके तहत जून के आखिर तक बैंकों और दूसरे लेंडर्स द्वारा NBFC-MFI और MFI को दिए गए कर्ज को कवर किया जाएगा। दरअसल, माइक्रोफाइनेंस संस्थान ज्यादातर उन लोगों को छोटे-छोटे लोन देते हैं, जो आर्थिक रूप से कमजोर वर्ग से आते हैं। लेकिन हाल के समय में इनके खराब कर्ज यानी NPA बढ़ गए हैं, जिसकी वजह से बैंक और लेंडर्स नए कर्ज देने में सतर्क हो गए हैं। इसी दिक्कत को दूर करने के लिए सरकार ने यह कदम उठाया है।

Publication: NDTV Profit

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Date: 20-03-2026

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URL- <https://www.ndtvprofit.com/economy/govt-approves-rs-20-000-crore-credit-guarantee-scheme-for-fund-flow-to-mfis-11244830>

NDTV Profit

Home | Economy | Govt Approves Rs 20,000 Crore Credit Guarantee Scheme For Fund Flow To MFIs

Govt Approves Rs 20,000 Crore Credit Guarantee Scheme For Fund Flow To MFIs

The MFIs' lending to small borrowers has to be done at a cost of 1% below the average rate of their lending in the last six months.

Press Trust of India | Economy | Mar 20, 2026 22:17 pm IST

Read Time: 3 mins

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URL- <https://www.news18.com/agency-feeds/govt-approves-rs-20000-cr-credit-guarantee-scheme-for-fund-flow-to-mfis-9989097.html>

Govt approves Rs 20,000 cr credit guarantee scheme for fund flow to MFIs

Agency: PTI

Last Updated: March 20, 2026, 21:15 IST



Representational image (Image: News18)

Mumbai, Mar 20 (PTI) The government on Friday approved a limited-period Rs 20,000-crore credit guarantee scheme to aid microfinance institutions (MFIs), which have been complaining about challenges in accessing funds.

The Credit Guarantee Scheme for Microfinance Institutions- 2.0 (CGSMFI-2.0) will cover loans disbursed by member lending institutions (MLIs), including banks and other lenders to non-banking finance company-MFIs and MFIs till end-June, the government-run National Credit Guarantee Trustee Company (NCGTC) said in a circular.

Publication: Outlook Business

Edition: Online

Date: 21-03-2026

Page No: NA

URL- <https://www.outlookbusiness.com/amp/story/economy-and-policy/govt-approves-20000-cr-credit-guarantee-scheme-for-fund-flow-to-mfis>

Govt Approves ₹20,000 Cr Credit Guarantee Scheme for Fund Flow to MFIs



PTI

Published at: 21 March 2026 11:56 am

Additionally, the MFIs' lending to small borrowers has to be done at a cost of 1% below the average rate of their lending in the last six months



Govt Approves ₹20,000 Cr Credit Guarantee Scheme for Fund Flow to MFIs

The government on Friday approved a limited-period ₹20,000-crore credit guarantee scheme to aid microfinance institutions (MFIs), which have been complaining about challenges in accessing funds.

Publication: BW CFO world

Edition: Online

Date: 21-03-2026

Page No: NA

URL- <https://www.bwcfoworld.com/article/government-launches-rs-20-000-cr-credit-guarantee-scheme-for-mfis-598683>

Government Launches Rs 20,000 Cr Credit Guarantee Scheme For MFIs

By BW Online Bureau | Mar 21, 2026

CGSMFI 2.0 # credit guarantee scheme MFIs # microfinance India # NBFC MFI liquidity

CGSMFI-2.0 aims to revive bank lending and ease liquidity stress in microfinance sector



The Indian government launched the Credit Guarantee Scheme for Microfinance Institutions 2.0 (CGSMFI-2.0) on 20 March 2026, providing Rs 20,000 crore in guarantees to support lending to MFIs. The scheme will address a significant drop in bank financing to the sector, which fell by almost 70 per cent between Q4 FY24 and Q3 FY26, creating liquidity stress, especially for small and medium NBFC-MFIs.

The programme is administered by the National Credit Guarantee Trustee Company (NCGTC) and covers loans of member lending institutions (MLIs), such as banks, to MFIs up to 30 June 2026, or until the guarantee limit is reached. As per the Reserve Bank of India (RBI) microfinance norms, loans should finance new on-lending to underserved borrowers, with the proceeds utilised as new assets within three months.

Guarantee coverage depends on the size of the MFI: 80 per cent for small MFIs (AUM less than Rs 500 crore), 75 per cent for medium (Rs 500–2,000 crore) and 70 per cent for large (more than Rs 2,000 crore). Banks are required to allocate a minimum portion of scheme loans to small MFIs and 10 per cent to medium-sized MFIs. Maximum loans per individual borrower are capped at 20 per cent of MFI AUM, restricted to Rs 100 crore, Rs 200 crore and Rs 300 crore, respectively.

Interest rates charged on these loans are limited to the external benchmark lending rate (EBLR) or one-year marginal cost of funds-based lending rate (MCLR) plus 2 per cent. MFIs are required to pass on benefits to end-borrowers by setting a rate that is at least 1 per cent below their six-month average. The loans have a maximum tenure of three years with a one-year moratorium.

The Microfinance Industry Network (MFIN) observed that the scheme will reinstate investor trust among lenders and maintain credit flow to about 50 lakh low-income households facing funding deficits.

Publication: Telegraph India

Edition: Online

Date: 22-03-2026

Page No: NA

URL- <https://www.telegraphindia.com/business/credit-guarantee-scheme-2-0-to-boost-microfinance-liquidity-and-bank-lending-prnt/cid/2152539>

Credit guarantee scheme 2.0 to boost microfinance liquidity and revive lending

Banks expected to increase funding to NBFC MFIs as govt expands guarantee cover while MSME scheme tweaks aim to support capital investment and exporters

Our Special Correspondent

Published 22.03.26, 07:52 AM



Publication: Millennium Post

Edition: Online

Date: 20-03-2026

Page No: NA

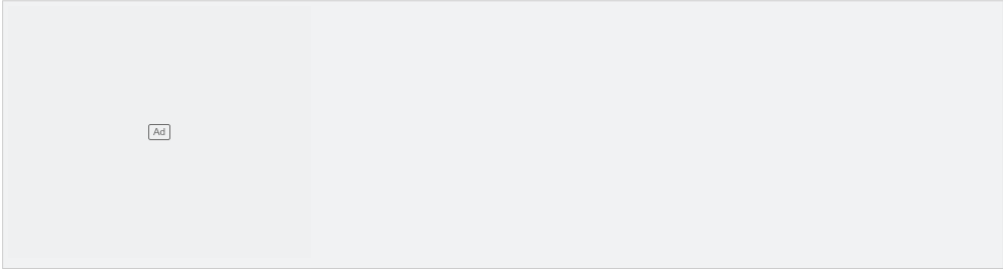
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Home > Business > Govt clears Rs 20K crore...

Govt clears Rs 20K crore credit guarantee scheme for fund flow to microfinance institutions



By - PTI

Update: 2026-03-20 19:01 GMT



Mumbai: The government on Friday approved a limited-period Rs 20,000-crore credit guarantee scheme to aid microfinance institutions (MFIs), which have been complaining about challenges in accessing funds.

The Credit Guarantee Scheme for Microfinance Institutions- 2.0 (CGSMFI-2.0) will cover loans disbursed by member lending institutions (MLIs), including banks and other lenders to non-banking finance company-MFIs and MFIs till end-June, the government-run National Credit Guarantee Trustee Company (NCGTC) said in a circular.

It can be noted that the MFIs, which serve people at the bottom of the pyramid, have been facing challenging times due to a surge in non-performing assets (NPAs), which has, in turn, made their lenders wary of extending further exposure.

The NCGTC said MLIs shall provide funding to the MFIs or NBFC-MFIs, as per their assessment, for on-lending to eligible small borrowers and

URL- <https://www.dainikinsights.com/business/bfsi/mfin-welcomes-launch-of-credit-guarantee-scheme-for-microfinance-institutions-20-cgsmfi-20>

MFIN ने माइक्रोफाइनेंस संस्थानों के लिए 'क्रेडिट गारंटी योजना – 2.0' (CGSMFI-2.0) के शुभारंभ का स्वागत किया

Mar 23, 2026 By Business Desk



माइक्रोफाइनेंस इंडस्ट्री नेटवर्क (MFIN) ने भारत सरकार द्वारा 'माइक्रोफाइनेंस संस्थानों के लिए क्रेडिट गारंटी योजना – 2.0' (CGSMFI-2.0) के शुभारंभ का स्वागत किया है। यह तरलता (liquidity) की बाधाओं को दूर करने और वित्त वगैरह तक संस्थागत ऋण के प्रवाह को मजबूत करने के लिए एक सम्योचित हस्तक्षेप है।

यह विकास सरकार और प्रमुख हितधारकों के साथ MFIN द्वारा किए गए निरंतर प्रयासों का परिणाम है, ताकि क्षेत्र द्वारा सामना की जा रही वित्तपोषण की कमी को दूर किया जा सके। इस योजना की शुरुआत ऋणदाताओं के भरोसे को बहाल करने और ऋण प्रवाह में सुधार की दिशा में एक महत्वपूर्ण कदम है, विशेष रूप से छोटे और मध्यम आकार के MFIs के लिए, जिन्होंने वित्त वर्ष 2023-24 की चौथी तिमाही और वित्त वर्ष 2025-26 की तीसरी तिमाही के बीच बैंक फंडिंग में लगभग 70% की गिरावट देखी है।

इस योजना का शुभारंभ एक महत्वपूर्ण मोड़ पर हुआ है। हालांकि पोर्टफोलियो की गुणवत्ता में सुधार हुआ है (जहाँ PAR 31-90 दिन एक साल पहले के 3.2% से घटकर 1.6% रह गया है), लेकिन सीमित तरलता का असर क्षेत्र की वृद्धि और पहुँच पर बना हुआ है। 31 दिसंबर 2025 तक इस क्षेत्र का पोर्टफोलियो ₹3,14,728 करोड़ था, जो 30 सितंबर 2025 से 7.3% की गिरावट दर्शाता है। यह ध्यान देने योग्य है कि तरलता की कमी के कारण, MFIN का अनुमान है कि लगभग 50 लाख उधारकर्ताओं की औपचारिक ऋण तक पहुँच खत्म हो गई है, जो फंडिंग प्रवाह को बहाल करने की तत्काल आवश्यकता को रेखांकित करता है।

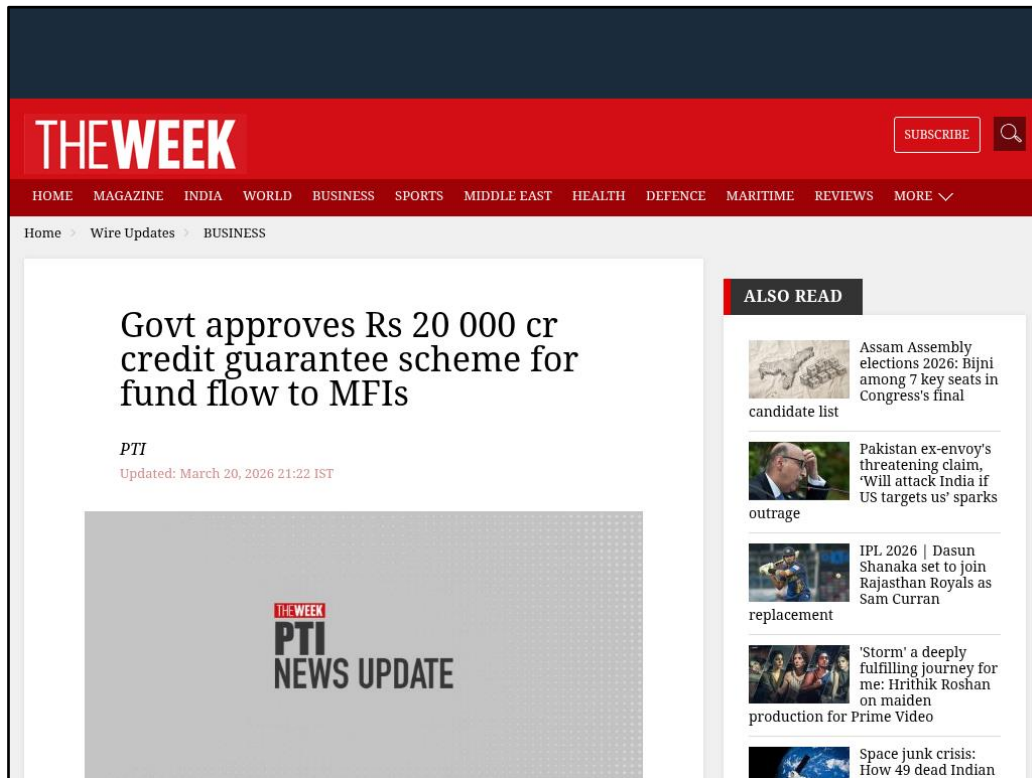
Publication: theweek.in

Edition: Online

Date: 20-03-2026

Page No: NA

URL- <https://www.theweek.in/wire-updates/business/2026/03/20/govt-approves-rs-20-000-cr-credit-guarantee-scheme-for-fund-flow-to-mfis.html>



Publication: Devdiscourse

Edition: Online

Date: 20-03-2026

Page No: NA

URL- <https://www.devdiscourse.com/article/headlines/3845289-government-unveils-rs-20000-crore-lifeline-for-struggling-microfinance-sector>



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Government Unveils Rs 20,000-Crore Lifeline for Struggling Microfinance Sector

The government has approved a Rs 20,000-crore credit guarantee scheme to support microfinance institutions (MFIs), which face funding challenges and rising non-performing assets. This scheme offers guarantees for loans provided by banks and other lenders to MFIs and is expected to improve liquidity and financial inclusion.

Devdiscourse News Desk | Mumbai | Updated: 20-03-2026 22:31 IST | Created: 20-03-2026 22:31 IST



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Publication: Newsdrum

Edition: Online

Date: 20-03-2026

Page No: NA

URL- <https://www.newsdrum.in/business/govt-approves-rs-20000-cr-credit-guarantee-scheme-for-fund-flow-to-mfis-11249142>

Govt approves Rs 20,000 cr credit guarantee scheme for fund flow to MFIs



PTI

20 Mar 2026 21:15 IST

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Mumbai, Mar 20 (PTI) The government on Friday approved a limited-period Rs 20,000-crore credit guarantee scheme to aid microfinance institutions (MFIs), which have been complaining about challenges in accessing funds.

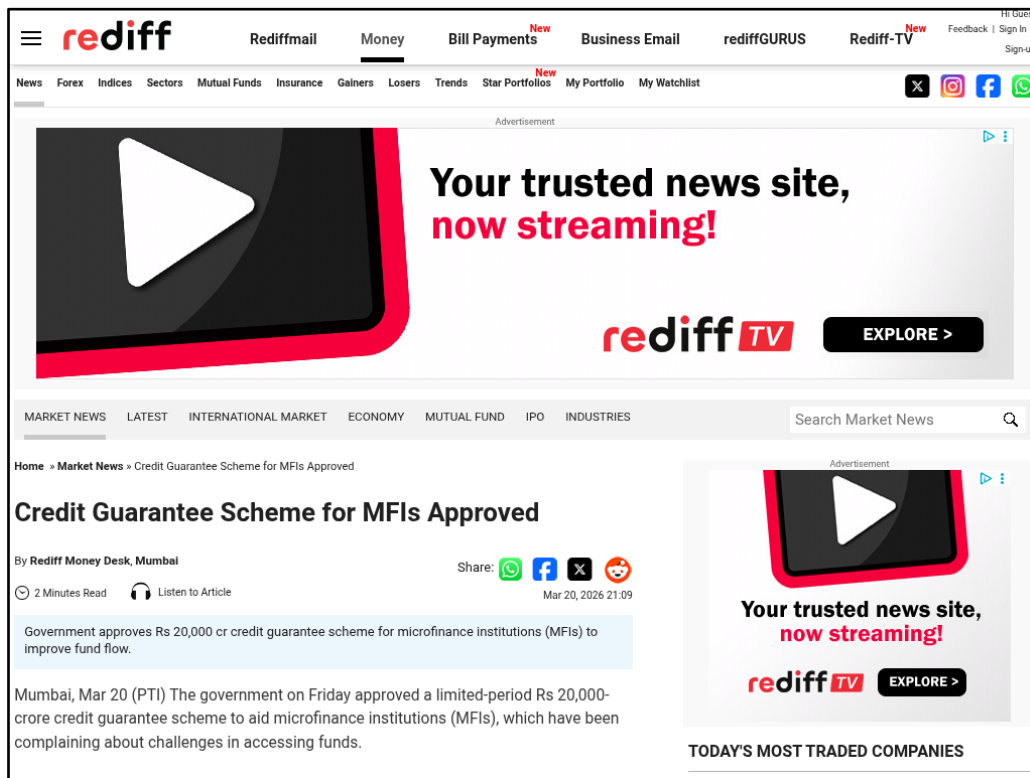
Publication: money.rediff.com

Edition: Online

Date: 20-03-2026

Page No: NA

URL- <https://money.rediff.com/news/market/credit-guarantee-scheme-for-mfis-approved/43943520260320>



The screenshot shows the Rediff website interface. At the top, there's a navigation bar with links for Rediffmail, Money, Bill Payments, Business Email, rediffGURUS, and Rediff-TV. Below this is a secondary navigation bar with links for News, Forex, Indices, Sectors, Mutual Funds, Insurance, Gainers, Losers, Trends, Star Portfolios, My Portfolio, and My Watchlist. A large advertisement banner for Rediff TV is prominently displayed, featuring a play button icon and the text 'Your trusted news site, now streaming!' with an 'EXPLORE >' button. Below the banner, there's a search bar and a list of categories: MARKET NEWS, LATEST, INTERNATIONAL MARKET, ECONOMY, MUTUAL FUND, IPO, and INDUSTRIES. The main content area displays a news article titled 'Credit Guarantee Scheme for MFIs Approved' by Rediff Money Desk, Mumbai. The article includes a sub-headline 'Government approves Rs 20,000 cr credit guarantee scheme for microfinance institutions (MFIs) to improve fund flow.' and a brief summary: 'Mumbai, Mar 20 (PTI) The government on Friday approved a limited-period Rs 20,000-crore credit guarantee scheme to aid microfinance institutions (MFIs), which have been complaining about challenges in accessing funds.' To the right of the article, there's another Rediff TV advertisement banner. At the bottom right, there's a link to 'TODAY'S MOST TRADED COMPANIES'.

Publication: MSN

Edition: Online

Date: 20-03-2026

Page No: NA

URL- <https://www.msn.com/en-in/money/news/govt-clears-rs-20-000-crore-credit-guarantee-scheme-for-mfis-funding-access-in-focus/ar-AA1Z475s?apiversion=v2&domshim=1&noservercache=1&noservertelemetry=1&batchservertelemetry=1&renderwebcomponents=1&wcseo=1>


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Story by TOI Business Desk • 3d • 2 min read

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Govt clears Rs 20,000 crore credit guarantee scheme for MFIs; funding access in focus

The government has approved a limited-period Rs 20,000-crore credit guarantee scheme aimed at easing fund flow constraints faced by microfinance institutions (MFIs), according to a PTI report.

The Credit Guarantee Scheme for Microfinance Institutions-2.0 (CGSMFI-2.0) will cover loans disbursed by member lending institutions (MLIs), including banks and other lenders, to non-banking finance company-MFIs and MFIs till the end of June, government-run National Credit Guarantee Trustee Company (NCGTC) said in a circular.

Publication: MSN

Edition: Online

Date: 20-03-2026

Page No: NA

URL- <https://www.msn.com/en-in/money/news/govt-approves-rs-20-000-crore-credit-guarantee-scheme-for-fund-flow-to-mfis/ar-AA1Z46Ky?apiversion=v2&domshim=1&noservercache=1&noservertelemetry=1&batchservertelemetry=1&renderwebcomponents=1&wcseo=1>


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Date: 21-03-2026

Page No: NA

URL- <https://knnindia.co.in/news/newsdetails/sectors/govt-launches-rs-20000-crore-credit-guarantee-scheme-for-microfinance-institutions>

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Govt Launches Rs 20,000-Crore Credit Guarantee Scheme For Microfinance Institutions

Updated: Mar 21, 2026 01:30:11 pm

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Home / News / Business News / Government launches ₹20,000cr guarantee scheme to revive microfinance sector



The initiative is aimed at reviving credit flow

Government launches ₹20,000cr guarantee scheme to revive microfinance sector

By Akash Pandey • Mar 21, 2026 • 12:47 pm

What's the story

The [Indian government](#) has launched a ₹20,000 crore Credit Guarantee Scheme for Microfinance Institutions (MFI) 2.0.

The initiative is aimed at reviving credit flow and easing liquidity constraints in the sector.

The move comes as bank funding to MFIs, especially smaller ones, has witnessed a sharp decline.

According to the Microfinance Industry Network (MFIN), bank lending to this

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Publication: whalesbook.com

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URL- <https://www.whalesbook.com/news/English/bankingfinance/Indias-Rs-20000-Cr-MFI-Guarantee-Liquidity-Help-But-NPA-Problems-Persist/69bd8c50a612dfeaac991168>

The screenshot displays the Whalesbook website interface. At the top, there's a navigation bar with 'Home', 'Stocks', 'News', and 'Premium' links, along with 'Login' and 'Sign Up' buttons. The main headline is 'India's Rs 20,000 Cr MFI Guarantee: Liquidity Help, But NPA Problems Persist', categorized under 'BANKINGFINANCE'. The author is Aarav Shah, and the article was published on 20th March 2026 at 11:35 pm. Below the headline is a large, vibrant graphic with the text 'INDIA MFIS GET RS 20K CR BOOST' and 'NPA' in a red, jagged font. To the right, there's a 'Stocks' section listing five companies: Axis Bank Ltd, Bharti Airtel Ltd, HDFC Bank Ltd, Infosys Ltd, and ICICI Bank Ltd, each with an 'Add to Watchlist' button. Below that is a 'LATEST NEWS' section with three recent articles, each with a thumbnail and a brief description.

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Author
Aarav Shah | Published at: 20th March 2026, 11:35 pm

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Author
Saarvi Reddy | Published at: 20th March 2026, 11:35 pm

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Author
Surbhi Gupta | Published at: 20th March 2026, 11:35 pm

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23rd March 2026, 12:31 am

Publication: whalesbook.com

Edition: Online

Date: 20-03-2026

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URL- <https://www.whalesbook.com/news/Hindi/bankingfinance/India-Launches-indian-rupee20000-Cr-MFI-Credit-Guarantee-to-Ease-Sector-Stress/69bd6ce1d7bee59418c4ffdb>

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Author
Karan Malhotra | Published at: 20th March 2026, 9:20 pm

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Publication: sg.news.yahoo.com

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REUTERS
India approves \$2.14 billion credit guarantee scheme for microfinance firms
By Gopika Gopakumar and Ashwin Manikandan
Fri, 20 March 2026 at 1:52 pm UTC
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Edition: Online

Date: 20-03-2026

Page No: NA

URL- <https://www.zonebourse.com/actualite-bourse/l-inde-approuve-un-programme-de-garantie-de-credit-de-2-14-milliards-de-dollars-pour-les-institution-ce7e5edfdc8ff621>

L'Inde approuve un programme de garantie de crédit de 2,14 milliards de dollars pour les institutions de microfinance

Publié le 20/03/2026 à 14:50 - Modifié le 20/03/2026 à 14:54
Reuters - Traduit par Zonebourse [🔗](#) - [Voir l'original](#)

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Le ministère indien des Finances a donné son feu vert à un mécanisme de garantie de crédit de 200 milliards de roupies (2,14 milliards de dollars) destiné aux sociétés de microfinance, afin de répondre aux tensions croissantes dans le secteur, selon un document publié vendredi par la National Credit Guarantee Trustee Company (NCGTC).

Le programme, entré en vigueur ce vendredi et prévu pour durer jusqu'au 30 juin, vise à soutenir le flux de crédit vers les institutions de microfinance (IMF) de petite et moyenne taille et à restaurer la confiance des prêteurs envers le secteur.

La NCGTC, entité publique, garantira les prêts accordés aux IMF dans le cadre de ce dispositif. Les prêteurs devront plafonner leurs taux d'intérêt au taux de référence externe (EBLR) ou à un niveau de 2% au-dessus du coût marginal des fonds.

En contrepartie, les IMF seront tenues de prêter à un taux inférieur de 1% à la moyenne des taux de prêt sur six mois.

Publication: in.marketscreener.com

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URL- <https://in.marketscreener.com/news/india-approves-2-14-billion-credit-guarantee-scheme-for-microfinance-firms-ce7e5edfdc8ff621>

The screenshot shows the MarketScreener website interface. At the top, there's a navigation bar with links like Markets, News, Analysis, Calendar, Stock Picks, Portfolios, Watchlists, Rankings, Screeners, Tools, and Our Services. A prominent banner advertises a 40% discount on all subscriptions, with a 'Subscribe Now!' button. Below the banner, the main content area features a news article titled 'India approves \$2.14 billion credit guarantee scheme for microfinance firms'. The article is published on 03/20/2026 at 07:20 pm IST and is sourced from Reuters. To the right of the article, there's a 'Top news' section with a thumbnail image of a building and a headline about the Middle East conflict. Below that, another headline mentions 'Transactional Diplomacy Serving Common Interests Between Japan and the United...'. The overall layout is clean and professional, typical of a financial news website.

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India approves \$2.14 billion credit guarantee scheme for microfinance firms

Published on 03/20/2026 at 07:20 pm IST - Modified on 03/20/2026 at 07:24 pm IST
Reuters [Share]

MUMBAI, March 20 (Reuters) - India's finance ministry has approved a 200 billion rupee (\$2.14 billion) credit guarantee scheme for microfinance firms to address mounting stress in the sector, a document issued by the National

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URL- <https://eflip.in/govt-clears-rs-20000-crore-credit-guarantee-scheme-for-mfis-funding-access-in-focus/>



Eflip > Category > Business > Govt clears Rs 20,000 crore credit guarantee scheme for MFIs; funding access in focus

BUSINESS

Govt clears Rs 20,000 crore credit guarantee scheme for MFIs; funding access in focus

 Last updated: March 21, 2026 1:44 am



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CGSMFI 2.0 Aims to Strengthen Microfinance Liquidity

Author: Cxquest | Source: Cxquest | 2026/03/21 10:53 | 7 min read | [🔄 Share](#)

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Strengthening Microfinance Liquidity: A CX Perspective on CGSMFI 2.0

The Government of India's launch of the Credit Guarantee Scheme for Microfinance Institutions 2.0 (CGSMFI-2.0) introduces a targeted intervention aimed at addressing persistent liquidity constraints in the microfinance sector. The initiative, acknowledged by the Microfinance Industry Network (MFIN), is designed to catalyze bank lending to microfinance institutions (MFIs) by reducing credit risk through a structured guarantee mechanism.

The timing of the scheme is notable. While the sector has shown measurable improvement in portfolio quality—reflected in declining delinquency ratios—access to institutional funding has tightened significantly over the past two years. This disconnect between improving asset quality and declining credit flow has had direct consequences on the availability of formal credit for underserved populations. Industry estimates suggest that millions of borrowers have lost access to credit due to constrained liquidity, underscoring the systemic nature of the issue.

Customer Experience in Microfinance: Beyond Interfaces

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URL- <https://visionias.in/current-affairs/upsc-daily-news-summary/article/2026-03-21/business-standard/economy/govt-launches-rs20000-crore-credit-guarantee-scheme-to-boost-mfis>

Govt launches ₹20,000 crore credit guarantee scheme to boost MFIs

Posted 21 Mar 2026 2 min read

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Government's Credit-Guarantee Scheme for Microfinance Institutions (MFIs)

The government has introduced a ₹20,000 crore credit-guarantee scheme to mitigate liquidity issues faced by MFIs. This initiative aims to enhance credit flow and support underserved communities, promoting financial inclusion.

Scheme Details

- The scheme will be operational from March 20 to June 30, or until the guarantee coverage reaches ₹20,000 crore.
- The primary focus is on providing guarantee coverage for loans extended to MFIs by scheduled commercial banks and all-India financial institutions.
- It encourages incremental lending, targeting fresh loans to small borrowers in line with RBI's definition of microfinance.

Guarantee Coverage Structure

- **Small MFIs:** Those with assets under management (AUM) of less than ₹500 crore receive 80% guarantee cover.
- **Medium MFIs:** With AUM between ₹500 crore and ₹2,000 crore, they receive 75% guarantee cover.
- **Large MFIs:** With AUM of ₹2,000 crore or more, they receive 70% guarantee cover.

Impact and Expectations

The Microfinance Industry Network (MFIN) expects the scheme to boost bank lending confidence, especially for small and medium MFIs. These institutions have seen a 70% decline in bank funding from Q4 2023-24 to Q3 2025-26, affecting nearly five million borrowers' access to formal credit.

URL- <https://cxquest.com/cgsmfi-2-0-aims-to-strengthen-microfinance-liquidity/>

CGSMFI 2.0 Aims to Strengthen Microfinance Liquidity

by Editor | March 21, 2026 | 0 | 73

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Strengthening Microfinance Liquidity: A CX Perspective on CGSMFI 2.0

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URL- <https://www.3am.news/business/bfsi/mfin-welcomes-launch-of-credit-guarantee-scheme-for-microfinance-institutions-2-0-cgsmfi-2-0>

MFIN welcomes launch of Credit Guarantee Scheme for Microfinance Institutions – 2.0 (CGSMFI-2.0)

By Business Desk | Mar 23, 2026

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The Microfinance Industry Network (MFIN) welcomes the Government of India's launch of the Credit Guarantee Scheme for Microfinance Institutions – 2.0 (CGSMFI-2.0), a timely intervention to ease liquidity constraints and strengthen the flow of institutional credit to underserved segments.

This development follows sustained advocacy by MFIN with the Government and key stakeholders to address the ongoing funding constraints faced by the sector. The introduction of the scheme marks an important step towards restoring lender confidence and improving credit flow, particularly for small and medium MFIs, which have seen a dip of ~70% in bank funding, between Q4 FY 2023-24 and Q3 FY 2025-26.

URL- <https://bhopalpostnews.co.in/mfin-welcomes-launch-of-credit-guarantee-scheme-for-microfinance-institutions-2-0-cgsmfi-2-0/>

BUSINESS

MFIN ने माइक्रोफाइनेंस संस्थानों के लिए 'क्रेडिट गारंटी योजना - 2.0' (CGSMFI-2.0) के शुभारंभ का स्वागत किया

March 23, 2026



माइक्रोफाइनेंस इंडस्ट्री नेटवर्क (MFIN) ने भारत सरकार द्वारा 'माइक्रोफाइनेंस संस्थानों के लिए क्रेडिट गारंटी योजना - 2.0' (CGSMFI-2.0) के शुभारंभ का स्वागत किया है। यह तरलता (Liquidity) की बाधाओं को दूर करने और वंचित वर्गों तक संस्थागत ऋण के प्रवाह को मजबूत करने के लिए एक सम्योचित हस्तक्षेप है।

यह विकास सरकार और प्रमुख हितधारकों के साथ MFIN द्वारा किए गए निरंतर प्रयासों का परिणाम है, ताकि क्षेत्र द्वारा सामना की जा रही वित्तपोषण की कमी को दूर किया जा सके। इस योजना की शुरुआत ऋणदाताओं के भरोसे को बहाल करने और ऋण प्रवाह में सुधार की दिशा में एक महत्वपूर्ण कदम है, विशेष रूप से छोटे और मध्यम आकार के MFIs के लिए, जिन्होंने वित्त वर्ष 2023-24 की चौथी तिमाही और वित्त वर्ष 2025-26 की तीसरी तिमाही के बीच बैंक फंडिंग में लगभग 70% की गिरावट देखी है।

इस योजना का शुभारंभ एक महत्वपूर्ण मोड़ पर हुआ है। हालांकि पोर्टफोलियो की गुणवत्ता में सुधार हुआ है (जहाँ PAR 31-90 दिन एक साल पहले के 3.2% से घटकर 1.6% रह गया है), लेकिन सीमित तरलता का असर क्षेत्र की वृद्धि और पहुँच पर बना हुआ है। 31 दिसंबर 2025 तक इस क्षेत्र का पोर्टफोलियो ₹3,14,728 करोड़ था, जो 30 सितंबर 2025 से 7.3% की गिरावट दर्शाता है। यह ध्यान देने योग्य है कि तरलता की कमी के कारण, MFIN का अनुमान है कि लगभग 50 लाख उधारकर्ताओं की औपचारिक ऋण तक पहुँच खत्म हो गई है, जो फंडिंग प्रवाह को बहाल करने की तत्काल आवश्यकता को रेखांकित करता है।

उम्मीद है कि यह योजना ऋणदाताओं के विश्वास को बहाल करके बैंक ऋण को बढ़ावा देगी, ऋण प्रवाह में सुधार करेगी और ग्राहकों की सुरक्षा एवं जिम्मेदार वित्त सिद्धांतों को बनाए रखते हुए क्षेत्र के सतत विकास में सहायता करेगी।

MFIN के सीईओ और निदेशक डॉ. आलोक मिश्रा ने कहा: "हम सरकार द्वारा CGSMFI 2.0 के शुभारंभ का स्वागत करते हैं, जो माइक्रोफाइनेंस क्षेत्र की वर्तमान चुनौतियों से निपटने के लिए बिल्कुल सही समय पर लिया गया निर्णय है। इस क्षेत्र ने ऋण गुणवत्ता में सुधार और जिम्मेदार ऋण प्रथाओं के पालन का शानदार प्रदर्शन किया है। मुख्य बाधा बैंकों से मिलने वाली फंडिंग की उपलब्धता रही है। यह योजना तरलता को अनलॉक करने में महत्वपूर्ण भूमिका निभाएगी, विशेष रूप से छोटे और मध्यम MFIs के लिए, और यह सुनिश्चित करेगी कि कम आय वाले परिवारों तक किफायती ऋण पहुँचता रहे।"

Credit guarantee scheme unlikely to benefit lower rated MFIs

URL- <https://economictimes.indiatimes.com/industry/banking/finance/banking/credit-guarantee-scheme-unlikely-to-benefit-lower-rated-mfis/articleshow/129734328.cms>

NO FREE FLOW The ₹20,000-crore scheme launched on Friday may benefit large microfinance firms, but lenders may not dilute their underwriting policies to fund weaker institutions

Credit Guarantee Scheme Unlikely to Ease Banks' Worries about MFIs

Atmadip Ray

Kolkata: The new credit guarantee scheme for microfinance companies, launched on Friday, may not translate into automatic access to bank loans for stressed micro lenders without strong promoter backing as banks remain cautious, having burnt their fingers before, people aware of the matter said.

The ₹20,000-crore scheme may benefit large microfinance institutions, but bankers indicated they won't dilute their underwriting policy to lend to financially weak companies despite the guarantee.

"Rating will be one of the key parameters for taking a call on financing," Indian Overseas Bank managing director Ajay Kumar Srivastava told ET. "It (MFI credit rating) has to be investment grade."

CSB Bank Managing Director Pralay Mondal said the same, adding any digression from the standard underwriting practices would need board approval.

"Our team is evaluating names where we may look at certain exceptions with respect to the bank's threshold policy (of lending only to investment

Ground Reality

Govt rolls out ₹20,000-cr credit guarantee scheme for MFIs

Guarantee cover
70% (large), 75% (mid), 80% (small MFIs)

Scheme routed via National Credit Guarantee Trustee Company (NCGTC)

Banks retain strict underwriting norms despite guarantee

Investment-grade rating (BBB- and above) key for loan approval

Guarantee does not fully cover default risk for lenders



grade companies) given the new guarantee scheme. We need to seek board inputs on this policy of redefining the threshold levels and we will seek urgent board guidance on the same," Mondal told ET.

A credit rating of 'BBB-' and above are considered investment grade.

Several smaller MFIs with less than ₹2,000 crore portfolio were downgraded to junk following the asset quality crisis in the last few years.

Head of a small finance bank said, "We will lend based on MFIs' financial ability as the guarantee will not cover 100% of the exposure."

Since the bank lending rate is capped

at 2% over marginal cost of fund-based lending rates, this "finer pricing" can be made available only to strong microfinance companies and not the marginal ones, he said.

The credit guarantee scheme is aimed at encouraging banks to lend to NBFC-MFIs and to boost credit flow to the bottom of the pyramid borrowers. Under the scheme, banks' lending to MFIs will be partially guaranteed by National Credit Guarantee Trustee Company. The partial guarantee will be 70% of the amount in default for large NBFC-MFIs, 75% for medium entities and 80% for small ones.

Data from Microfinance Industry

Network shows that large NBFC-MFIs, after a phase of contraction till September 2025, have exhibited signs of stabilisation and recovery, whereas medium and small NBFC-MFIs continue to register a sustained decline.

Assets under management (AUM) of large NBFC-MFIs rose to ₹1.26 lakh crore at the end of December, rising from ₹1.22 lakh crore three months prior to this. The AUM for medium MFIs fell to ₹5,363 crore from ₹5,504 crore during the same period while small firms as their cumulative AUM plunged to ₹1,939 crore from ₹3,535 crore. This indicates that while larger institutions are beginning to regain momentum, funding constraints continue to weigh heavily on small and medium MFIs.

"Despite the benefit of credit guarantee, a bank may not be inclined to lend to a microfinance company that does not fit in the credit filters," said Vinod Kothari, an independent financial consultant. "However, where there are cases which are fitting the filters, there is a strong reason for banks to lend, given the extent of protection."

However, microfinance companies, without strong promoter back-up may continue to see their pains prolong.

NO FREE FLOW The ₹20,000-crore scheme launched on Friday may benefit large microfinance firms, but lenders may not dilute their underwriting policies to fund weaker institutions Banks Unlikely to Cross the Threshold Despite MFI Credit Guarantee Scheme

Atmadip Ray

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However, MFIs without strong promoter back-up may continue to see their pains prolong.

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Credit guarantee scheme unlikely to benefit lower rated MFIs

A new credit guarantee scheme for microfinance companies has been launched. Banks remain cautious about lending to financially weak micro lenders. Strong promoter backing will be crucial for access to bank loans. The scheme aims to boost credit flow to the bottom of the pyramid borrowers. Larger microfinance institutions may benefit more from this initiative.



Atmadip Ray • ET Bureau

Published On Mar 23, 2026 at 08:22 AM IST



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India's MFI Credit Scheme: Stability Focus, Small Impact for Large Firms, Citi Reports

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URL- <https://www.whalesbook.com/news/English/bankingfinance/Indias-MFI-Credit-Scheme-Stability-Focus-Small-Impact-for-Large-Firms-Citi-Reports/69c0bd226f83ea9b7de973d0>

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India's MFI Credit Scheme: Stability Focus, Small Impact for Large Firms, Citi Reports

BANKINGFINANCE

Author: Riya Kapoor | Published at: 23rd March 2026, 9:40 am

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OVERVIEW

India's government launched a Rs 20,000 crore credit guarantee scheme for microfinance institutions (CGSMFI 2.0) to stabilize the sector amid rising loan defaults. Citi Research believes the scheme will boost funding sentiment rather than earnings for large MFI players. Borrowing limits for entities with over Rs 6,000 crore in assets suggest a focus on smaller institutions and systemic risk management.

India's New MFI Credit Scheme

The Indian government has launched the Rs 20,000 crore Credit Guarantee Scheme for Microfinance Institutions (CGSMFI 2.0) as a key step to restore confidence and liquidity in the sector. Effective March 20, 2026, the scheme offers a graded guarantee cover (70-80%) on loans to Microfinance Institutions (MFIs), aiming to reduce lender risk and encourage lending. This initiative comes as the sector faces stress, with 30-day overdue loans rising to 6.2% in March 2025 from 2.1% a year earlier. 90-day overdue loans also climbed to 4.8%.

India's Financial Inclusion Engine Is All Set for a Structural Change

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Edition: Online

Date: 23-03-2026

Page No: NA

URL- <https://insights.dsj.in/dsjarticledetail/indias-financial-inclusion-engine-is-all-set-for-a-structural-change-id004-56043>

India's Financial Inclusion Engine Is All Set for a Structural Change

Mandar DSJ / 23 Mar 2026 / Categories: Expert Speak, Others, Trending

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The article was written by Shweta Jha, Managing Director - Corporate Transformation, Alvarez & Marsal India.

India's microfinance sector currently serves over 75 million borrowers and disburses approximately Rs 2.8 lakh crore (FY24-25) annually, according to the 55th issue of Micro Finance Industry Network's Micrometer. This positions it as one of the largest financial inclusion architectures in the world.

Microfinance (MFI) continues to be the primary formal credit channel for women-led households, informal workers, and micro-enterprises across rural and semi-urban India. When credit flows are disrupted, these households often revert to informal sources with exploitative terms, eroding years of financial inclusion progress.

Structural Fault Lines Exposed by the Last Few Years

- **Group Liability Models No Longer Driving Repayment Behaviour**

The JLG (joint liability group model), while effective during earlier phases of financial inclusion, is increasingly misaligned with current borrower realities. Higher borrower mobility, overlapping credit exposure, and rising service expectations have weakened traditional group dynamics, increasing operating intensity without commensurate improvements in credit outcomes. Institutions that continue to underwrite as if group cohesion is intact are pricing risk on an assumption that no longer holds.

- **Traditional Risk Monitoring Not Enough**