

India Personal Loan Market By Provider (Bank, Non-Banking Financial Company (NBFC)), By Tenure (Less than 12 Months, 12-36 Months, More Than 36 Months), By Interest Rate (10%-15%; 16%-20%; Above 20%), By Region, Competition Forecast & Opportunities, 2021-2031F

Market Report | 2025-07-14 | 70 pages | TechSci Research

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Report description:

Market Overview

India's Personal Loan Market was valued at USD 689.5 Billion in 2025 and is projected to reach USD 1217.19 Billion by 2031, growing at a CAGR of 9.98% during the forecast period. The market has witnessed strong expansion, driven by rising aspirations, increased access to credit, and a growing middle-class population. With evolving consumer needs, personal loans are being widely used for purposes such as medical expenses, education, home renovations, weddings, and even small business funding. Financial institutions, including banks and NBFCs, are competing intensely, offering customized loan products, attractive rates, and flexible terms. The shift toward digital lending platforms has further accelerated growth by simplifying the loan application and approval process. Moreover, advancements in credit scoring and real-time analytics have enhanced lenders' ability to offer personalized solutions. As financial inclusion improves and digital adoption spreads across urban and semi-urban areas, the personal loan segment is poised to remain one of the most dynamic areas within India's retail finance landscape.

Key Market Drivers

Increasing Financial Inclusion and Digital Penetration

The expansion of financial services and digital infrastructure across India has played a vital role in boosting the personal loan market. Government programs such as Pradhan Mantri Jan Dhan Yojana (PMJDY), along with increased internet penetration and smartphone usage, have brought a large portion of the population into the formal financial system. As digital channels become mainstream, consumers are increasingly applying for personal loans through mobile apps and online platforms. This digital shift has simplified the borrowing experience by reducing paperwork, shortening approval times, and enhancing accessibility. Fintech lenders have also leveraged AI and alternate credit models to serve borrowers with limited credit history. According to the Fintech

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Association for Consumer Empowerment, fintech companies now account for 76% of the total number of personal loans disbursed, although their value share remains at 12% due to smaller ticket sizes. Banks continue to dominate in terms of loan value (61%), followed by traditional NBFCs (27%), highlighting the evolving and diverse lending ecosystem.

Key Market Challenges

High Default Rates and Credit Risk

A key challenge in the personal loan market is the elevated credit risk associated with unsecured lending. Since personal loans are typically not backed by collateral, lenders face higher exposure to defaults, particularly during economic downturns or personal financial crises. Borrowers who misjudge their repayment ability or experience income disruptions may struggle to meet obligations, leading to a rise in non-performing assets (NPAs). The risk is even more pronounced among fintech and NBFC lenders catering to underserved or subprime borrowers, often with limited or no formal credit history. The growing reliance on alternate data and automated underwriting tools, while improving access, can sometimes lead to credit decisions made with incomplete risk profiles. To manage these risks, lenders are adopting stricter credit assessments, enhancing fraud detection, and improving borrower education. Nonetheless, maintaining portfolio quality remains a significant concern, especially in a highly competitive and rapidly evolving lending environment.

Key Market Trends

Growth of Digital Lending Platforms

Digital lending platforms are transforming the personal loan landscape in India by offering seamless, fast, and convenient loan services. The increased use of mobile devices and internet connectivity has enabled app-based lending solutions that appeal to tech-savvy consumers and self-employed borrowers. Fintech companies are leveraging data analytics, machine learning, and e-KYC to assess borrower creditworthiness and disburse loans with minimal human intervention. Many platforms offer instant loan approvals, personalized product offerings, and user-friendly interfaces. The integration of UPI and digital repayment tools further enhances convenience. These innovations have made credit more accessible, especially to first-time borrowers and those in semi-urban and urban areas. As digital lending continues to gain traction, more partnerships are emerging between fintech players and traditional banks, aiming to combine technological efficiency with financial expertise, thereby expanding reach and improving customer experience.

Key Market Players

- IDFC FIRST Bank Limited
- HDFC Bank Limited
- ICICI Bank Limited
- Axis Bank Limited
- Kotak Mahindra Bank Limited
- Navi Technologies Limited
- Lendingkart Finance Limited
- Whizdm Innovations Private Limited (Moneyview)
- One97 Communications Limited (Paytm)
- Bajaj Finserv Ltd

Report Scope:

In this report, the India Personal Loan Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

- India Personal Loan Market, By Provider:
 - o Bank
 - o Non-Banking Financial Company (NBFC)
- India Personal Loan Market, By Tenure:
 - o Less than 12 Months
 - o 12-36 Months
 - o More Than 36 Months
- India Personal Loan Market, By Interest Rate:

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- o 10%-15%
- o 16%-20%
- o Above 20%

- India Personal Loan Market, By Region:

- o North
- o South
- o East
- o West

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the India Personal Loan Market.

Available Customizations:

India Personal Loan Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

- Detailed analysis and profiling of additional market players (up to five).

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