

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO-230

ANSWERED ON TUESDAY, JULY 22, 2025/31 ASHADHA, 1947 (SAKA)

INCREASE IN UNSECURED LENDING

230. SHRI RANDEEP SINGH SURJEWALA

Will the Minister of FINANCE be pleased to state:-

(a) whether Government is aware of the increasing stress in the unsecured retail loan segment, particularly in personal loans and credit cards, its total current amount and potential implications for the asset quality of Indian banks;

(b) whether guidelines or advisories have been issued to banks and Non-Banking Financial Companies (NBFCs) in extending unsecured retail credit, if so, the details thereof; and

(c) the steps being taken to ensure ease of credit for the common man, while simultaneously putting in place the appropriate financial stability measures?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a): As per the Reserve Bank of India's (RBI) Financial Stability Report published in June 2025, the asset quality of unsecured retail lending has relatively weakened compared to the overall retail portfolio. As per RBI data, the gross non-performing assets (GNPA) ratio for unsecured retail loans has increased from 1.56% in March 2024 to 1.82% in March 2025. GNPA ratio in case of personal loans has increased from 1.03% in March 2024 to 1.18% in March 2025 and for credit cards, it has increased from 1.84% in March 2024 to 2.30% in March 2025. As on 31.3.2025, the outstanding amount of unsecured retail loans for Scheduled Commercial Banks was Rs. 15,08,586 crore; personal loans was Rs. 10,30,730 crore and credit cards was Rs. 2,95,084 crore. However, the share of unsecured retail loans is relatively low as it forms 25.0 per cent of retail loans and 8.3 per cent of gross advances, which is not of systemic concern with regard to the asset quality of Indian banks.

(b): On 16.11.2023, RBI has issued regulatory measures to curb excessive credit growth in consumer lending and bank credit to NBFCs. Risk weights were increased to 125% on certain unsecured personal loans and credit card receivables, excluding housing, education, vehicle, gold loans, and microfinance/self help group loans. Further, the regulated entities (REs) were also advised by RBI to review sectoral exposure limits and

treat top-up loans on depreciating movable assets as unsecured for prudential purposes. These proactive counter-cyclical steps are aimed at preserving financial stability of REs. Some of these measures have since been partially withdrawn by RBI.

(c): RBI has apprised that in order to enhance ease of credit for the common man while ensuring financial stability, several steps have been taken which, *inter alia*, include the following:

- (i) The expansion of delivery channels such as Business Correspondent model and digital platforms (including UPI, mobile apps, and account aggregators) has facilitated last-mile access to formal credit, especially in underserved areas.
- (ii) The introduction of the Unified Lending Interface, currently under pilot by Reserve Bank Innovation Hub, aims to create a seamless digital credit infrastructure by integrating financial and non-financial data, and to enable the frictionless delivery of credit for a billion Indians.
- (iii) To facilitate availability of need based credit facilities to the borrowers, RBI *vide* Pre-payment Charges on Loans Directions, 2025, prohibited pre-payment charges on floating-rate loans to individuals and micro and small enterprises.
- (iv) Further, collateral-free lending has been significantly promoted through enhanced limits under the Kisan Credit Card scheme and revised microfinance guidelines that allow unsecured loans to low-income households, with appropriate caps on repayment obligations.

The aforesaid measures together with RBI's prudential guidelines to the lending institutions and ongoing monitoring through calibrated supervisory approach aim to promote inclusive access to credit while maintaining the overall health and stability of the financial system.
