

FY26 Retail Securitisation at Rs 2.53 Trillion, First Dip Post-Pandemic



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The retail asset securitisation market witnessed a decline of 6% in volumes for FY26 (April 2025 to March 2026 period), the first annual decline since the Covid Pandemic, with total issuances aggregating to approximately Rs 2,53,000 crore (CareEdge Ratings' estimates - refer Exhibit 1), compared to Rs 2,68,000 in FY 25. These figures cover Pass-Through Certificate (PTC) issuances and Direct Assignment (DA) transactions but exclude wholesale loan issuances of around Rs 21,000 crore in H1FY26. The overall securitisation volume, including wholesale loan securitisation, was about Rs 2,74,000 crore, registering a marginal 2% rise from FY25.

The slowdown in retail asset securitisation stemmed mainly from reduced issuances by larger originators, who held comfortable on-balance-sheet liquidity and faced less urgency to offload assets. PTCs edged out DAs, accounting for 52% of total volumes.

The transaction volumes picked up in Q4FY26, rising 4% year-on-year to Rs 72,000 crore from Rs 69,000 crore in Q4FY25, driven by a year-end surge in securitisation activity to meet Priority Sector Lending (PSL) requirements, improving microfinance volumes, and renewed investor interest in gold loan-backed securitisation.

ABS and MBS Trends in Retail Securitisation

In FY26, asset-backed securitisation (ABS) remained the main contributor to retail securitisation, accounting for around 60% of total market volumes. ABS-backed pools formed a large majority of PTC volumes (about 78%) and contributed around 40% of DA volumes.

Mortgage-backed securitisation (MBS) made up approximately 28% of overall securitisation volumes. While MBS activity through the PTC route remained limited at about 8%, it remained the largest asset class under the DA route, comprising nearly half (49%) of DA transactions. (Refer to Exhibits 3 and 4 for details.)

Shift in MFI and Gold Loan Activity

A notable shift was the rise in PTC volumes of microfinance institutions (MFIs), which climbed to 14% of total PTC issuances in FY26 (from 6% in FY25), while their DA share fell to 10% (from 12%). The investors favoured PTCs, which offer stronger risk protection than DAs, given the availability of credit enhancements for PTCs. The resurgence in gold loan-backed transactions was particularly evident in the latter part of the financial year, contributing to improved securitisation volumes in H2FY26, alongside microfinance assets. Gold loan securitisation volumes in H2 FY26 alone stood at approximately Rs 18,500 crore, significantly higher than the Rs 5,000 crore recorded for the whole of FY25.

ABS Pool Composition

Within ABS (refer to Exhibit 4), vehicle loans (which include loans backed by commercial vehicles, passenger cars, two-wheelers, construction equipment, and tractors) remained the largest contributor, making up 59% of PTC volumes in FY26. However, the share of PTCs backed by vehicle loans declined from the previous year (FY25), while the shares of unsecured loans (both personal and business) and gold loans increased.

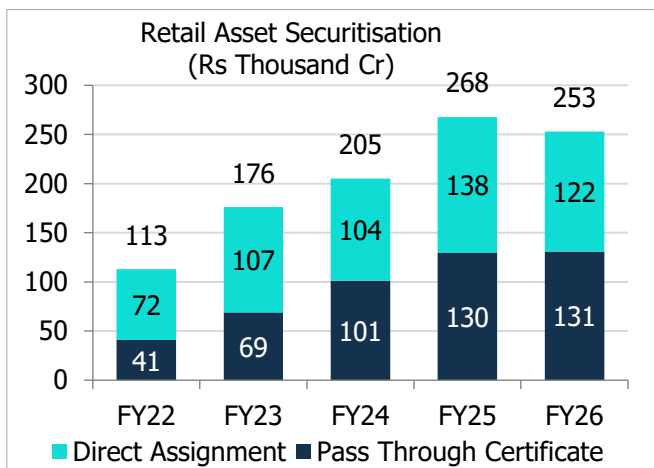
Outlook

The fundamentals of the securitisation market remain strong. In our earlier article ([Retail Securitisation: 9MFY26 Volumes decline 7% to Rs 1.80 lakh crore](#)), we projected securitisation volumes of Rs 2,40,000 crore for FY 26, a level which the market has surpassed, reflecting stronger-than-anticipated momentum. Investor confidence, supported by robust pool performance and growing interest in the product, could be the driving factors shaping the retail securitisation market in India in FY27 and beyond.

“Global headwinds in the form of geopolitical tensions, supply-chain disruptions, and rising protectionist sentiment are expected to weigh on the global economy. That said, India’s growth outlook remains resilient, supported by strong domestic demand, which is likely to continue driving economic momentum. This growth environment is expected to translate into sustained credit expansion and, in turn, provide a positive impetus to the securitisation market,” said Sriram Rajagopalan, Director, CareEdge Ratings.

“From a structural standpoint, PTC transactions are expected to remain the preferred route, as investors continue to favour credit-enhanced and transparent structures. While vehicle-backed ABS will continue to anchor the market, its dominance may moderate further as investor acceptance of diversified retail asset classes deepens. Asset classes such as microfinance, gold loans, and unsecured loans are likely to see steady demand, amid improving performance trends and granular pool characteristics,” said Chirag Gambhir, Associate Director, CareEdge Ratings.

Exhibit 1



Source: CareEdge Ratings

Exhibit 2

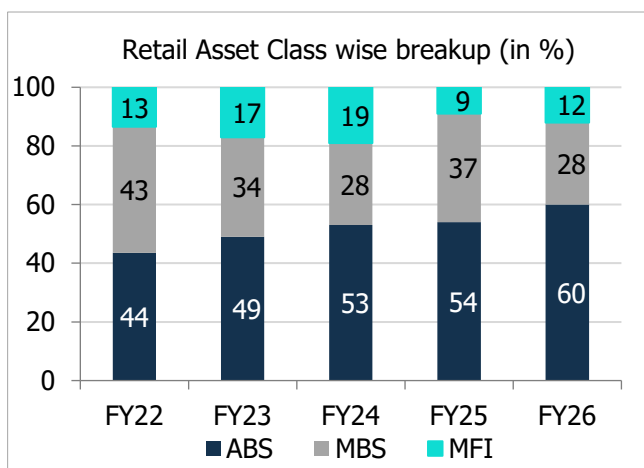
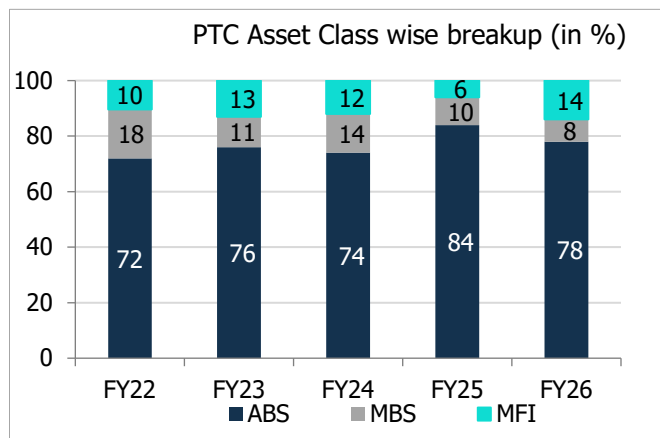
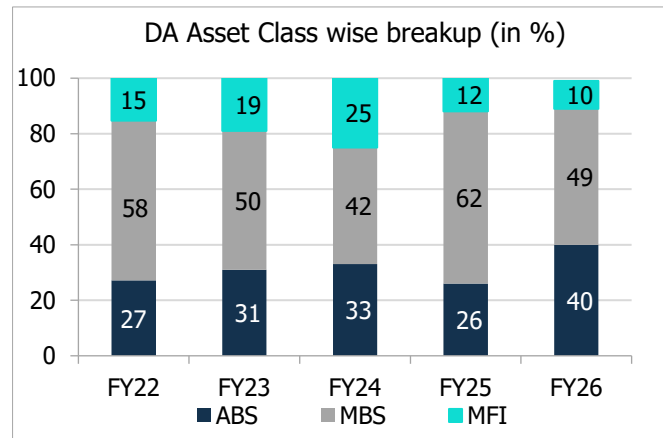


Exhibit 3



Source: CareEdge Ratings

Exhibit 4



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