

## **Microfinance Credit: Growing access to small loans across the country**

**1.83 CR unique microfinance borrowers added in 2.5 years**

### **Microfinance industry records a growth of 47.85% YoY in Gross Loan Portfolio (GLP): MFIN Micrometer**

#### **Performance Overview:**

- Microfinance industry serves estimated 5.46 CR unique borrowers through 9.79 CR loan accounts
- Gross loan portfolio (GLP) for Q2 FY19-20 at Rs. 2,01,724 CR – an increase of 47.85 % YoY
- NBFC-MFI loan portfolio at Rs. 62,960 Cr for Q2 FY19-20- an increase of 16.67% YoY
- 94% of disbursement of loans through cashless mode
- The total number of microfinance loan accounts stood at 9.79 CR in Q2 FY19-20 an increase of 31.76% over Q2 FY18-19
- Overall health portfolio remains good with PAR >90 days is 0.42% of GLP

**New Delhi, November 25, 2019:** Microfinance Institutions Network (MFIN), an RBI recognized self-regulatory organization and industry association of the microfinance industry in India, today released its 31st issue of its Micrometer report for July-September 2019 i.e.Q2 FY20.

MFIN Micrometer September 30, 2019 data reveals that the access to microfinance is rising at a healthy pace, nationally, and increasing number of small borrowers across the country are paying back their dues on time. This endorses the fact that Microfinance loans are increasingly seen by small borrowers as big economic facilitators, regulated and organized form of finance, over the unregulated forms of availing finance, as per Micrometer data.

Over the last 2.5 years, beginning March 2017, which also marked the end of demonetisation period, an estimated 1.83 CR unique borrowers have been added, which is an average of 0.73 CR per year (CAGR of 16.87%). As on

September 30, 2019, the microfinance industry serves 5.46 CR unique borrowers through 9.79 CR loan accounts.

**Harsh Srivastava, CEO, MFIN, said** “It is heartening that in the last thirty months, an additional 18.3 million women have taken microfinance loans. This growth in unique borrowers is an endorsement of the unstinted trust that small borrowers have reposed on all RBI-regulated microfinance institutions. This is also seen in the strong track record of repayment that microfinance continues to demonstrate”.

The highlights of the Micrometer report for September 30, 2019 shows that the entire microfinance industry has witnessed a growth of 47.85% in Q2 FY 2019-20 over Q2 FY 2018-19 with the total loan portfolio (GLP) at Rs. 2,01,724 CR as on 30th September 2019. As per Micrometer, the total number of microfinance loan accounts stood at 9.79 CR in Q2 FY 2019-20 (as on 30th September 2019), as compared to 7.43 CR account in Q2 FY 2018-19.

Banks hold the largest share of portfolio in micro-credit with total loan outstanding of Rs. 80,570 CR, which is 40% of the total micro-credit universe. Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) are the second largest provider of micro-credit with a loan amount outstanding of Rs. 62,960 CR, accounting for 31% to total industry portfolio. Small Finance Banks (SFBs) have a total loan amount outstanding of Rs. 34,829 CR with total share of 17%, NBFCs 11% with total loan outstanding of Rs. 21,381 and other MFIs account for 1.0% share in the microfinance universe.

In terms of regional distribution of portfolio (GLP), East and North East accounts for 40%, South accounts for 28%, North holds 10%, West has a share of 14% and Central contributes 7%. The Top 10 states (based on universe data) constitute 82.7% in terms of GLP. Tamil Nadu is the largest state followed by West Bengal and Bihar.

With respect to 56 NBFC-MFIs members of MFIN, the aggregate loan portfolio (GLP) of these members stands at Rs. 63,869 crores as on 30th September 2019. This represents a YoY growth of 46% as compared to 30th September 2018 and 13% in comparison to 30th June 2019. Further, loan amount of Rs. 18,694 crores was disbursed in Q2 FY2019-20 through 0.68 crore accounts. The total loan accounts as on 30th September 2019 stood at 3.50 crores with an

34% YoY growth as compared to last year.

The quality of the microfinance portfolio of NBFC MFIs which has remained quite healthy, has only further improved marginally over previous quarter as reflected by PAR >30 of 1.09% as on 30 September 2019, in comparison to 1.12% as on 30 June 2019.

This means rising number and volume of microfinance loans across the country are getting repaid, and on time. Only a miniscule 0.42 % of the overall loan portfolio is overdue by 90 days, i.e. where no payment has been made for 90 days.

The on-balance sheet portfolio of 85 NBFC-MFIs as on September 30, 2019 was Rs. 62,960 CR which is spread across 601 districts of 35 states and union territories grew around 17% over the last financial year. Of these 54 NBFC-MFIs members of MFIN received a debt funding of total Rs. 9,443 CR during Q2 FY 19-20, an increase of 55% in Q2 FY 18-19. As on 30th September 2019, NBFC-MFIs have total asset base of Rs. 61,855 CR.

During the last 12 months, 3 NBFC-MFIs got elevated from small to medium category and 5 moved from medium to large category. Additionally, around 9 new members have become a part of the NBFC—MFI cluster as MFIN Members.

Based on Q2 FY 19-20 data available for 46 NBFC MFI Members, loan amount disbursed via cashless mode is 94% and 82% MFI members have reported more than 90% through cashless mode.

The Asset Liability Management (ALM) analysis shows that all sizes of NBFC-MFIs are well placed in terms of ALM across various buckets. The borrowings of MFIs are of longer term while assets are of shorter-term and as a result, they have a comfortable gap as on 30th September 2019 to manage their obligations for the upcoming quarter and up to the next 12 months.

### **About Microfinance Institutions Network**

MFIN is a premier industry association comprising 56 NBFC-MFIs and 35 Associates including Banks, Small Finance Banks (SFBs) and NBFCs. It is also the Self-Regulatory Organization (SRO) for the regulated NBFC-MFI. By virtue of

bringing the NBFC-MFIs under one common umbrella, MFIN acts as a bridge between them and the regulators to build a dialogue for greater transparency, better policy frameworks and stronger client protection standards for responsible lending, thus enabling the microfinance industry to partake in meeting the larger financial inclusions goals.