NBFC-MFIs witnesses 26% YoY growth in Q1 FY18: MFIN Report

**Banks’ share in microfinance industry portfolio increases to 36%**

**New Delhi, 22 August, 2017:** According to the recently released report by Microfinance Institutions Network, the first RBI appointed Self-Regulatory Organisation (SRO) and an industry association, Non-Banking Finance Company-Microfinance Institutions (NBFC-MFIs) have registered 8% growth over last quarter and 26% growth YoY in Q1 FY18.

The size of the microfinance industry stood at Rs 106,823 crore in Q1 FY18 basis the total outstanding loan portfolio. Banks have become the largest provider of micro-credit with a loan outstanding of Rs. 38,486 crore and 36% share in the micro credit business. This includes both direct lending as well as indirect lending through business correspondent partnerships. NBFC-MFIs share stands at 31% with loan portfolio of Rs. 32,820 crores. There has been a decline of debt funding by 20% on a YOY basis.

Other key lenders such as Small Finance Banks, NBFCs and Non-profit MFIs account for rest of the business. Speaking on the report **Ms. Ratna Vishwanathan, CEO, MFIN** said, “The microfinance business has been stable over the past quarter. The latest data also shows that there was a minor increase in the total number of loans disbursed by NBFC-MFIs over the last year which stands at 55.82 lakh but the increase in loan amount disbursed registered 21% growth YoY. Portfolio at risk numbers have also seen improvement which shows that NBFC-MFI business is slowly returning to normalcy. However, we will have to wait for another few quarters as we expect it to come back to pre-demonetization level of under 1% by that period. We are optimistic about the industry growth in the coming months.”

NBFC-MFIs witnessed the growth of 19% in number of clients which stands at 2.08 crore towards the end of Q1 FY18. The loan amount disbursed in Q1 FY 17-18 by NBFC-MFIs increased by 21% compared to Q1 FY 16-17 reaching to Rs. 11,959 crore. The latest data also shows that there was a minor increase in the total number of loans disbursed by NBFC-MFIs over the last year which stands at 55.82 lakh but the increase in loan amount disbursed registered 21% growth YoY. Post demonetization due to delay in
repayments, there was a sudden deterioration in portfolio quality. However, PAR >30 (Portfolio at risk) has decreased from 10.80% in Q4FY17 to 7.46% in Q1FY17-18 which exhibits improvement in loan repayments.

The distribution of GLP is the highest in South India at 31%, followed by North India at 26%, West India at 22% and East India at 21%. Over half of the total disbursements (which accounts for 58%) during the concerned quarter came from five states, namely - Karnataka, Odisha, Bihar, Maharashtra, and West Bengal.

**About Microfinance Institutions Network**

Microfinance Institutions Network (MFIN) is the premier industry association and Self-Regulatory Organisation (SRO) for the microfinance industry in India and its current membership/associates consists of 48 leading NBFC (Non-banking Financial Company) Microfinance Institutions (MFIs) in the country. MFIN seeks to work closely with regulators and other key stakeholders to achieve larger financial inclusions goals through microfinance.

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