

29 August 2024

### **Press Release**

Micro Finance Industry Network (MFIN) releases 50<sup>th</sup> edition of Micrometer for Q1 FY 24-25.

Micro Finance Industry Network (MFIN) is an industry association of Banks, NBFC-MFIs, SFBs and NBFCs providing microfinance and an RBI-recognized self-regulatory organization.

Micrometer is the flagship publication of MFIN which covers progress of Indian Microfinance industry on a quarterly frequency. MFIN has been publishing Micrometer every quarter since Q4 FY 11-12, and this is the 50<sup>th</sup> Issue.

**Speaking on the release of 50<sup>th</sup> Issue of Micrometer for Q1 FY 24-25, Dr Alok Misra - CEO & Director, MFIN said,** “It gives me great pleasure to release the 50<sup>th</sup> Issue of MFIN’s Micrometer for April-June 2024. Starting from modest data publication in June 2012, it has evolved into the most sought-after publication. No other sector publishes such granular data at this frequency. MFIN thanks its members for support in making Micrometer a flagship publication.”

### **Report insights**

As on 30<sup>th</sup> Jun’24, microfinance operations are spread across 36 states/UTs and 720 districts providing financial services to around 8 crore unique clients. The data for Q1 FY 24-25 shows that on a YoY basis the portfolio grew reasonably by 19.2%. On a YoY basis, disbursements have grown by 4.6% and the pace is likely to pick up in the coming quarters since the first quarter is generally sluggish. The number of new loans disbursed, however, has gone down by 7.3% on a YoY basis. The portfolio quality (PAR 30 to 180 days) has also shown deterioration from 1.80% as on 30<sup>th</sup> Jun’23 as compared to 2.69% as on 30<sup>th</sup> Jun’24. The deterioration of portfolio quality is for all types of regulated entities (REs). Prolonged heatwave and external factors like incitement to not repay are the factors and lower disbursements in Q1 FY 24-25 also has inflated the PAR.

The slightly muted disbursements in Q1 FY 24-25 can also be attributed to the fact that post MFIN’s Manthan (CEOs Conclave) held in Apr’24 in Hyderabad, wherein the sector taking stock of the situation has started taking corrective actions to strengthen field operations. Further, to ensure responsible and efficient growth of the sector, MFIN with support of its members instituted certain guardrails in July 2024 which are over and above those prescribed by the RBI guidelines and the Microfinance Industry Code of Conduct. Implementation of these guardrails will usher the next wave of responsible growth of the sector. It is important to mention that 11 member institutions have also reduced interest rates in the last four months.

Outlook for the coming quarters remain positive. With normal monsoon and festive season, the demand from microfinance borrowers will be higher and responsible lending by the sector will ensure that the portfolio grows at a healthy pace and its quality improves.