

**Microfinance industry serves an estimated 5.64 Cr unique borrowers, around 30% of the potential market, across 619 districts in India: MFIN Micrometer**

**Performance Overview:**

- Microfinance industry serves estimated 5.64 Cr unique borrowers through 10.11 Cr loan accounts
- Gross loan portfolio (GLP) for Q3 FY 2019-20 at Rs. 2,11,302 Cr – an increase of 24.22 % YoY for loans originated after February 2017.
- NBFC MFI loan portfolio at Rs. 66,159 Cr for Q3 FY 19-20
- NBFC-MFIs received a total of Rs 10,960 Cr in debt funding, which is an increase of 16.12% from Q2 FY 2019-20
- The total number of microfinance loan accounts stood at 10.11 Cr in Q3 FY 2019-20 an increase of 16.66% over Q3 FY 2018-19

**New Delhi, February 26, 2020:** Microfinance Institutions Network (MFIN), an RBI recognized self-regulatory organization and industry association of the microfinance industry in India, today released its 32nd issue of its Micrometer report for October-December 2019 i.e. Q3 FY 2019-20.

In less than 2 years, beginning March 2018, an estimated 2.11 Cr unique borrowers have been added. As on December 31, 2019, the microfinance industry serves 5.64 Cr unique borrowers through 10.11 Cr loan accounts with operations in 619 districts in 36 states and union territories.

**Speaking on this Harsh Shrivastava, MFIN CEO said,** *“The industry has reached 30% of the potential households in the country that need microfinance. There is hence immense scope for growth and expansion. With credit now reaching almost every part of the country, microfinance is well positioned to make a long lasting impact in the quality of lives of the low-income households by supporting their livelihoods, promoting entrepreneurship among women and thereby contributing to the overall economy of the country.”*

The highlights of the Micrometer report for December 31, 2019 shows that the entire microfinance industry has had a tempered growth of 24.22% in Q3 FY 2019-20 over Q3 FY 2018-19 with the total loan portfolio (GLP) at Rs. 2,11,302 Cr as on 31st December 2019. This is based on loans originated after February 2017. The total number of microfinance loan accounts stood at 10.11 Cr in Q3 FY 2019-20 as compared to 8.67 Cr account in Q3 FY 2018-19.

Banks hold the largest share of portfolio in micro-credit with total loan outstanding of Rs. 83,876 Cr, of the total micro-credit universe mainly due to merger of BFIL with IndusInd Bank during Q1 2019-20. Non-Banking Financial Company - Microfinance Institutions (NBFC-MFIs) are the second largest provider of micro-credit with a loan amount outstanding of Rs. 66,159 Cr. Small Finance Banks (SFBs) have a total loan amount outstanding of Rs. 37,282 Cr, NBFCs with total loan outstanding of Rs. 21,591 and other MFIs account for Rs. 2,395 Cr 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 8%. The Top 10 states (based on universe data) constitute 82.5% in terms of GLP. Tamil Nadu continues to hold the largest share followed by West Bengal and Bihar.

With respect to NBFC-MFIs members of MFIN, as of 31 December 2019, 3.1 Cr clients have loan outstanding from NBFC-MFIs, which is an increase of 31% over Q3 FY 2018-19. The aggregate loan portfolio (GLP) of these members stands at Rs. 67,320 crores as on 31st December 2019. This represents a YoY growth of 44% as compared to 31st December 2018 and 6% in comparison to 30th September 2019. Further, loan amount of Rs. 19,275 crores was disbursed in Q3 FY 2019-20 through 0.67 crore accounts.

During Q3 FY 2019-20, NBFC-MFIs received a total of Rs 10,960 Cr in debt funding, which is an increase of 16% from Q2 FY 2019-20. Total equity grew by 8% during the same period and is at Rs 15,567 Cr.

As on 31 December 2019, NBFC-MFIs on aggregated basis have a network of 13,844 branches and employee base of 1,12,616. Average loan outstanding per account as of 31 December 2019 is Rs 18,162 which is 10% higher as compared to 31 December 2018. As of 31 December 2018, the average loan outstanding per account was Rs 16,536.

Based on Q3 FY 2019-20 data available for 48 NBFC MFI Members, loan amount disbursed via cashless mode is 90% and 80% 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 December 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.