

Microfinance industry grows by 42.9% YoY: MFIN Micrometer

New Delhi, 29th August, 2019: Microfinance Institutions Network (MFIN), an RBI recognized self-regulatory organization and industry association of the microfinance industry in India, has released the 30th issue of its Micrometer report. The report shows that the entire microfinance industry has witnessed a growth of 42.9% in Q1 FY 2019-20 over Q1 FY 2018-19 with the total loan portfolio (GLP) at Rs 1, 90,684 crores as on 30th June 2019. As per Micrometer, the total number of microfinance loan accounts stood at 9.27 crores in Q1 FY 2019-20 (as on 30th June 2019), as compared to 6.68 crores account in Q1 FY 2018-19.

Banks hold the largest share of portfolio in micro-credit with total loan outstanding of Rs 78,060 crore, which is 40.9% of the total micro-credit universe. The larger share is primarily due to the merger of Bharat Financial Inclusion Limited (BFIL) with IndusInd Bank. Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) are the second largest provider of micro-credit with a loan amount outstanding of Rs 57,601 crores, accounting for 30.2% to total industry portfolio. Small Finance Banks (SFBs) have a total loan amount outstanding of Rs 32,406 crores with total share of 17.0%, NBFCs 10.8% and other MFIs account for 1% share in the microfinance universe.

According to Harsh Shrivastava, CEO, MFIN, *"The increase in the loan portfolio and the loan accounts is symbolic of the enhanced needs and growing aspirations of microfinance customers across the country. The fact that this growth is balanced by an equally good portfolio quality is important as it reflects the industry's commitment to grow responsibly."*

With respect to 54 NBFC-MFIs members of MFIN, the aggregate loan portfolio (GLP) of these members stands at Rs 56,827 crores as on 30th June 2019. This represents a YoY growth of 44% as compared to 30th June 2018 and 4% in comparison to 31st March 2019. Further, loan amount of Rs 16,137 crores was disbursed in Q1 FY2019-20 through 0.61 crore accounts. The total loan accounts as on 30th June 2019 stood at 3.20 crores with a 39% YoY growth as compared to last year.

For MFIN members, Portfolio at Risk (PAR) > 30 as on 30 June 2019 is 1.76% which has come down from 2.66% in the corresponding quarter of last financial year. This indicates a good overall health of the portfolio. In terms of regional distribution of portfolio (GLP), East and North East accounts for 34% of the total NBFC-MFI portfolio (MFIN members), South accounts for 27%, North holds 14%, West has a share of 15% and Central contributes 10%. In terms of geographic spread, 74% of the portfolio is rural and 26% is urban. Five top states in terms of loan amount outstanding include Karnataka, Tamil Nadu, Bihar, Odisha and Uttar Pradesh which account for 52% of GLP.

About Microfinance Institutions Network

MFIN is the premier industry association and Self-Regulatory Organization (SRO) for the microfinance industry in India and its current primary members consists of 54 NBFC-MFIs along with 38 Associates including Banks, Small Finance Banks (SFBs) and NBFCs. MFIN works



closely with regulators and other key stakeholders to achieve the larger financial inclusions goals through microfinance.

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