



Nov 2021

M I C R O ∞ D I V E

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Introduction

- This is the fifth issue of Microdive, which aims to support the micro-credit industry in understanding critical industry issues through deeper and granular examination of industry data. This is an occasional series, focusing on topical and relevant issues for the industry.
- This issue, studies the following:
 - › High-level numbers across states in terms of outreach (disbursements, customers, loan amount outstanding, avg loan outstanding per customer and potential households access to micro-credit)
 - › Customer profiling on the basis multiple lending (count of loan accounts, count of lenders) and indebtedness (loan amount outstanding, monthly debt obligation) as also the relationship between multiple-lending and over-lending
 - › Portfolio quality across states and its relationship to customer leverage
- This report uses complete micro-credit data (from all lenders) available in micro-finance segment of the credit bureau as of Mar 2021.
- We sincerely thank our colleagues in Equifax for their support with data.
- Report has been prepared diligently to give accurate data and analysis. However, if any data/analysis contained in this report, seems to be at odd with your conventional wisdom, field-level knowledge or alternate data/evidence that you may have, please do reach out to us. This will help us to study the issue further and improve the quality of this report.

Notes

- Data used in this report is pulled from Equifax Credit Information Pvt Ltd, a credit bureau. Data and analysis presented in the report includes data for all micro-credit lending submitted to micro-finance segment of the credit bureau. Therefore, analysis is for the entire universes i.e. all customers getting micro-credit from all lenders (Banks, NBFC-MFIs, NBFCs, SFBs and others). Customer's credit records on consumer segment of the credit bureau, however, are not accounted for.
- Data for disbursement includes disbursements in FY 20-21 (Apr 2020 – Mar 2021). For customer level data (unique customers, loan accounts per customer, distinct providers per customer, indebtedness, monthly debt obligations) the active customer (having an open account) view was taken as of Mar 2021.
- To estimate potential household (low-income-household) access to micro-credit in states, customer count is analysed with potential household count (calculated for Mar 2021 based on 2011 census and assuming 70% of households being potential households. It is assumed that every unique customer belongs to a single household.
- A customer's delinquency status has been taken from her worst dpd for all her open loan accounts. So if a customer has indebtedness of Rs 10,000 and she has 3 open loan accounts with dpd =30, dpd=60, dpd=90, then her account status is tagged on the basis of her worst dpd account i.e. dpd=90. This means that delinquency levels in this report are on higher side compared to industry data available.
- Top states are presented on the basis of annual disbursement, FY 20-21, in value terms.

A note on customer's addresses mapped to more than one state

We normally see 1%-3% customers their having addresses mapped to more than one state across various tradelines (closed as well as open). In the analysis we did earlier (for Sep 2019 and Feb 2020), we saw that this set of customers (> more than one state) have slightly higher leverage and worse portfolio quality. In Mar 2021, we saw a spike in percentage of such customers (who have addresses reported in more than one states) crossing 11% of the customer base i.e. 65.5 Lakh customers. Like before, we still see this set of customers have a higher leverage and worse portfolio quality.

Data, however, does not tell us the underlying reason for this increase. We can only see a pattern, that combination of states converge towards migration-corridors. For example, more common combination of states are Maharashtra and Bihar or Maharashtra and Karnataka or Maharashtra and Madhya Pradesh, Assam and West Bengal and so on. It is possible that reverse migration due to covid/lockdown was responsible to this change, but we need further research to understand the patterns of change.

Highlights

- **Outreach:** In Mar 2021, 6 Cr customers had 9 Cr loans, with loan amount outstanding of Rs 2.55 Lakh Cr. Avg Loan outstanding per customer being 41,973.
- **Households (HH) access to micro-credit:** At a pan India level, we estimate that nearly 30% of the potential households (low-income HH presumed to be 70% of total HH in Mar 2021) have access to micro-credit.
- **Disbursements:** Last financial year, 10 Cr loans were disbursed totalling Rs 2 Lakh Cr with an avg ticket size of Rs 36,149. Disbursements were lower due to covid related challenges.
- **Leverage:** At an all-India level,
 - > 9% customers (26% in value terms) have > 3 loan accounts
 - > 4% customer (14% in value terms) have > 3 distinct lenders
 - > 8% customers (29% in value terms) have loan outstanding > Rs 100k, 5% customers (21% in value terms) have loans outstanding .> Rs 125k
 - > 22% customers (50% in value terms) have monthly debt obligation > Rs 5k
 - > Customers who have > 3 lenders have higher loan outstanding, loan amount disbursed, monthly debt obligations
- **Portfolio quality**
 - > At an all India-level, in value terms, for portfolio dpd upto 179, PAR > 1 is at 18%, PAR > 30 at 12%, PAR > 90 at 5%. PAR > 180 (0-180+) is 11%. These are customer level worst dpd (wdpd, refer notes for definition). Data shows that portfolio quality deteriorates with increasing leverage of the customers.

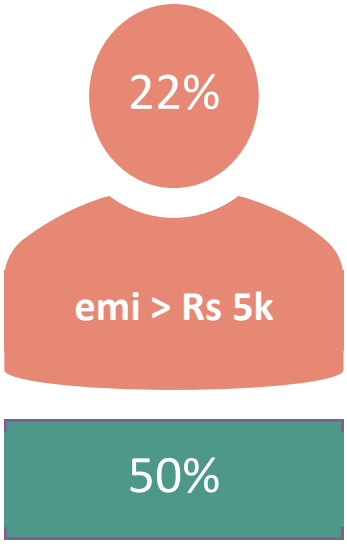
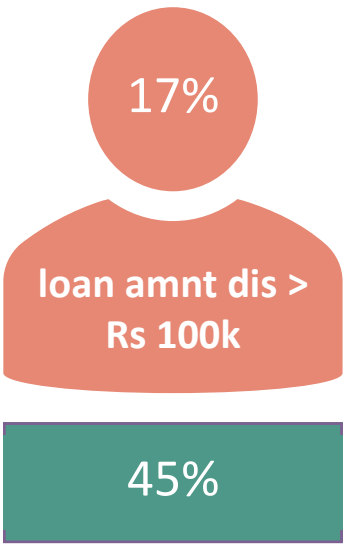
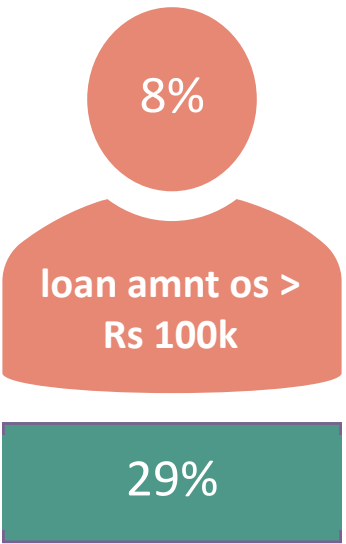
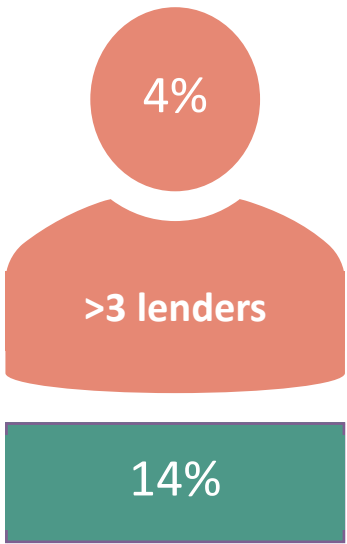
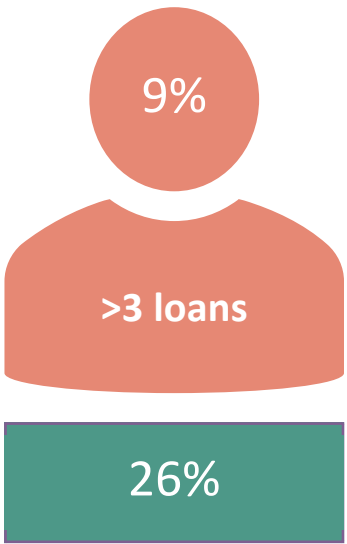
6 Cr
customers

Rs 2.55 lakh
Cr loan o/s

Rs 41,973
avg loan os/
customer

Rs 66,106
avg loan
amnt
disbursed/
customer

30% HH
access to
micro-credit



● volume ■ value

Trends across leverage and portfolio quality

leverage



portfolio quality



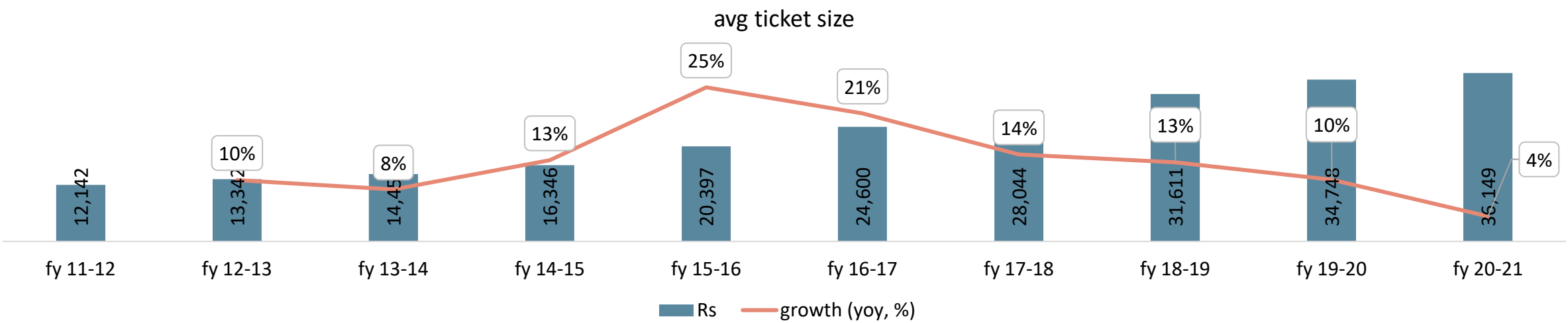
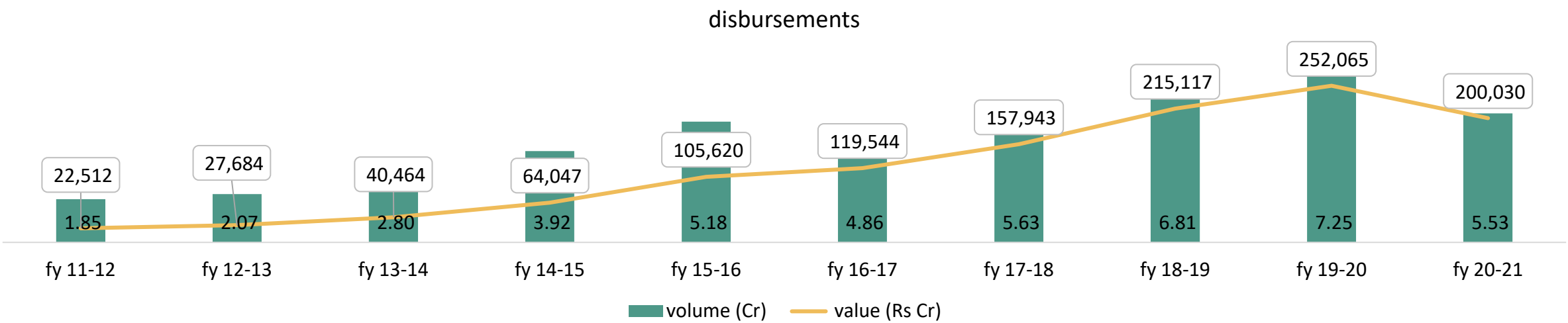
Trends across leverage and portfolio quality

	lender count	1	2	3	>3	
Mar-21	volume	70%	19%	7%	4%	
	value	45%	26%	15%	14%	
Feb-20	volume	70%	19%	7%	4%	
	value	45%	26%	15%	14%	
Sep-19	volume	66%	21%	9%	4%	
	value	42%	26%	17%	15%	
	loan os Rs	<50k	50k-100k	>100k		
Mar-21	volume	74%	19%	8%		
	value	39%	31%	29%		
Feb-20	volume	74%	19%	8%		
	value	39%	31%	29%		
Sep-19	volume	78%	17%	4%		
	value	49%	33%	18%		
	monthly debt obligation Rs	<2.5k	2.5k-5k	5k-10k	>10k	
Mar-21	volume	37%	41%	16%	6%	
	Value	16%	35%	29%	21%	
Feb-20	Volume	51%	28%	17%	4%	
	Value	26%	28%	31%	15%	
Sep-19	Volume	49%	28%	17%	5%	
	Value	25%	28%	30%	17%	
	wdpd	1-29	30-89	90-179	>180	> 1-179
Mar-21	volume	6.4%	6.8%	5.5%	11.1%	18.7%
	value	8.0%	9.4%	8.5%	12.5%	25.9%
Feb-20	volume	2.2%	1.5%	1.4%	7.0%	5.1%
	value	2.7%	1.7%	1.7%	6.4%	6.2%
Sep-19	volume	2.2%	1.2%	0.9%	7.6%	4.3%
	value	2.9%	1.4%	1.0%	6.8%	5.4%

Disbursements

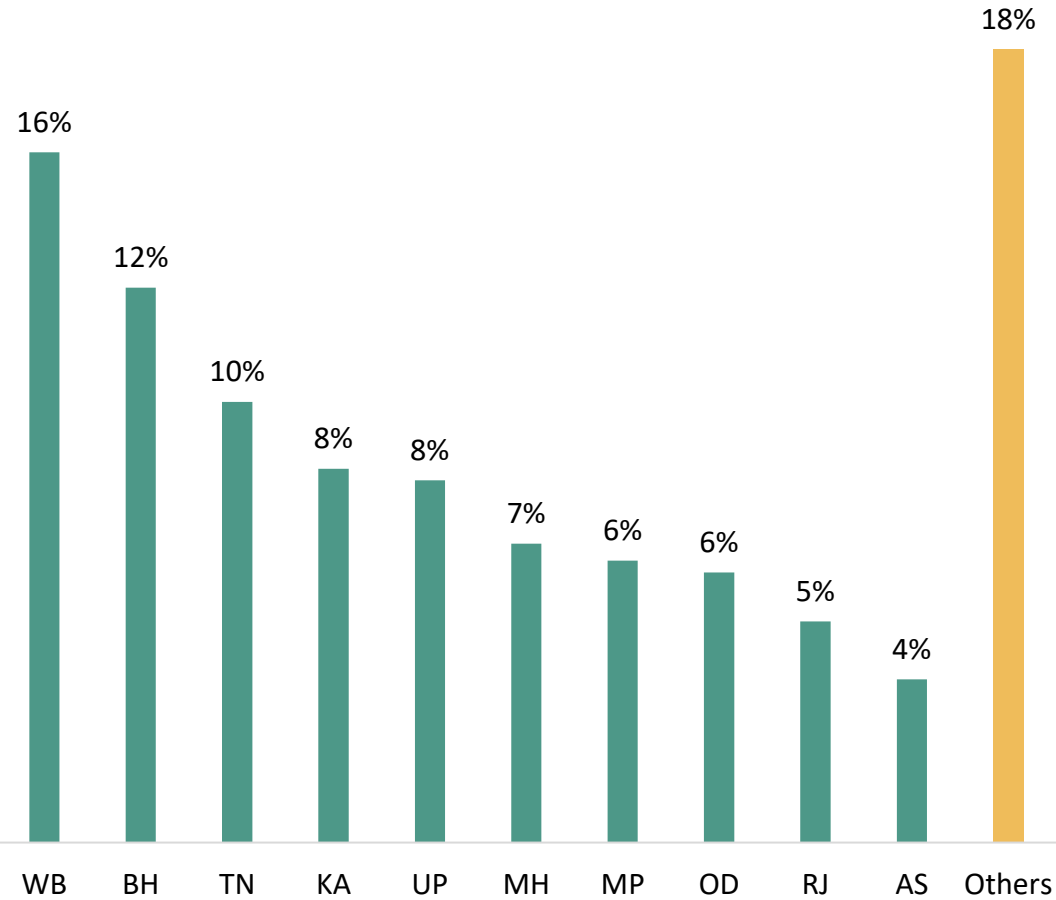
Here we capture the trends on the basis of disbursements in FY 20-21

For the first time ever in a decade disbursements decreased due to covid. Avg ticket size also saw slowest growth rate

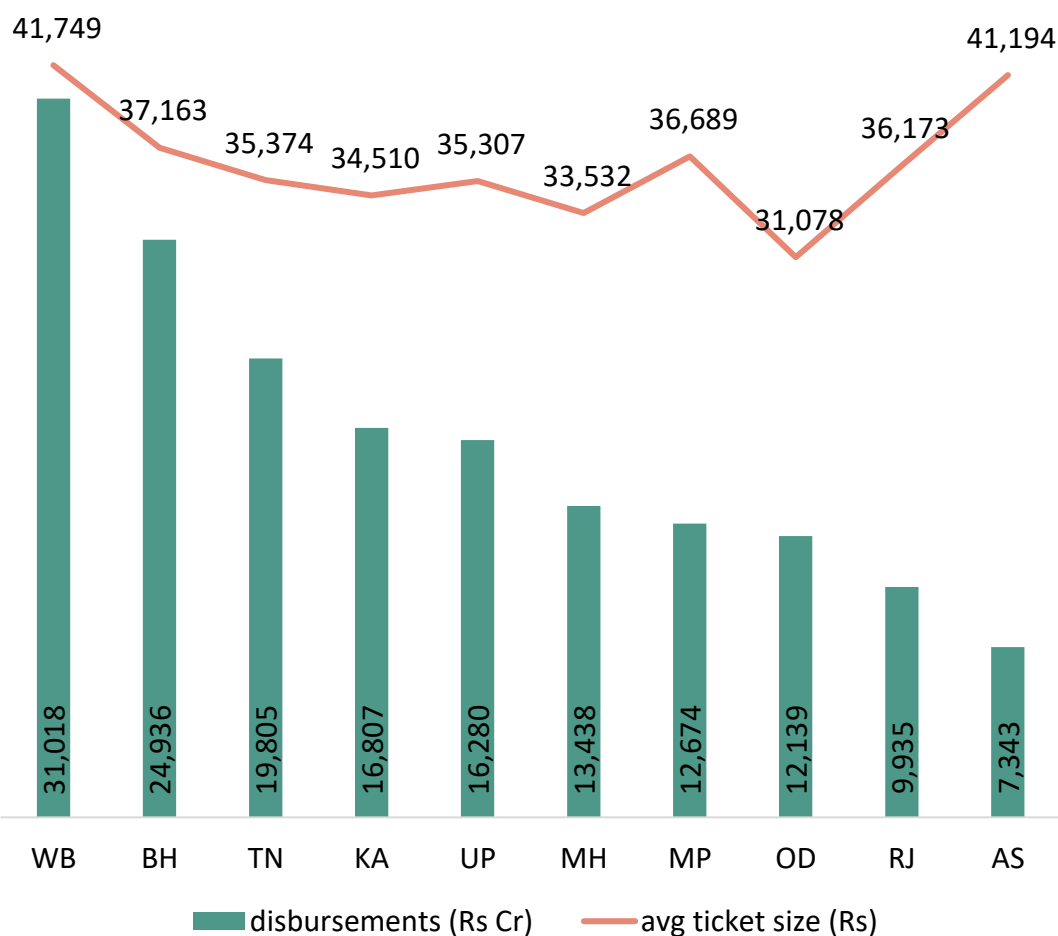


Top 10 states continue to hold over 80% of business. West Bengal has highest avg ticket size of Rs 41,749, 13% higher than India average

disbursements across states (value, %)

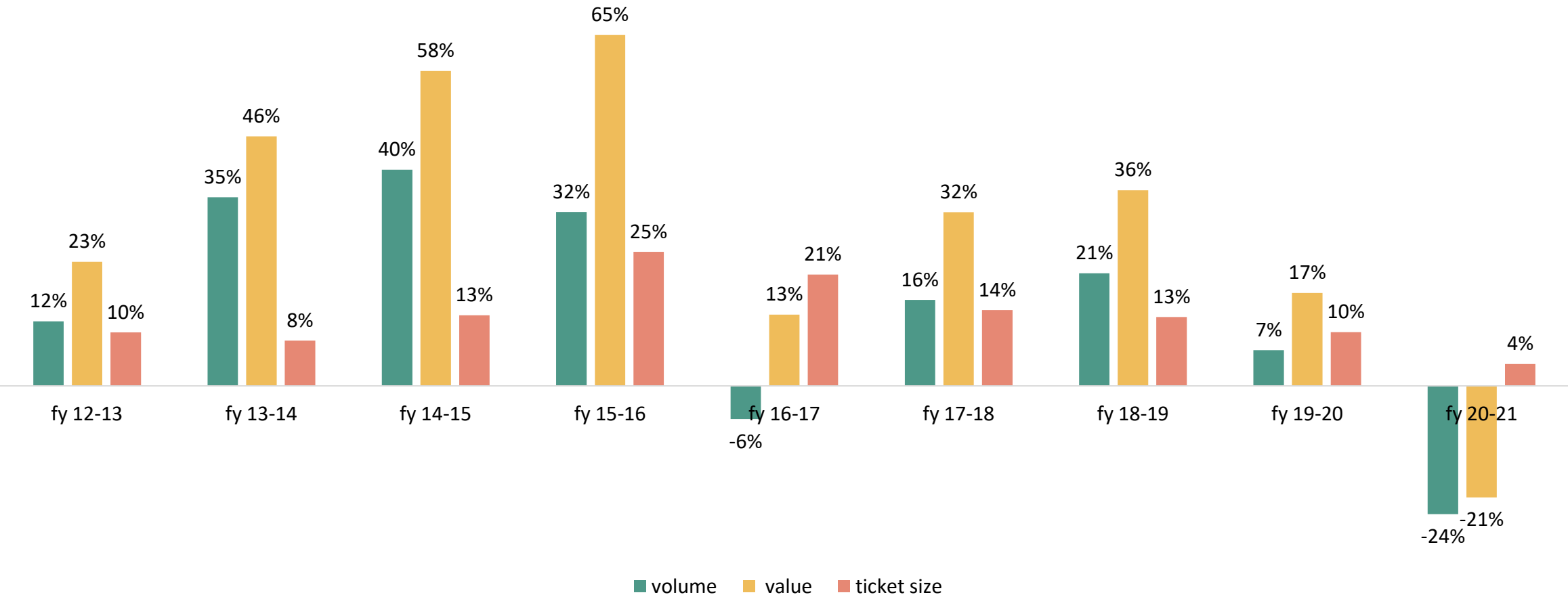


disbursements across top 10 states



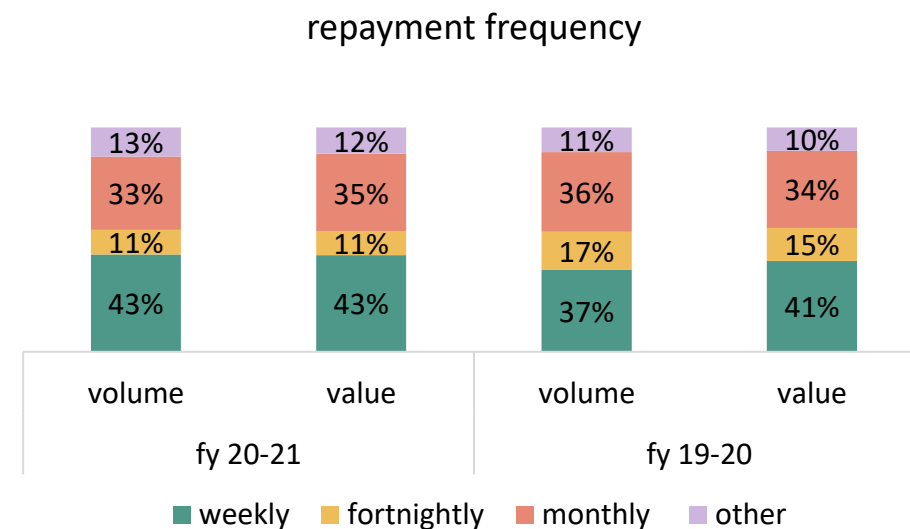
Last year saw disbursements de-grow by nearly a quarter

growth in disbursements

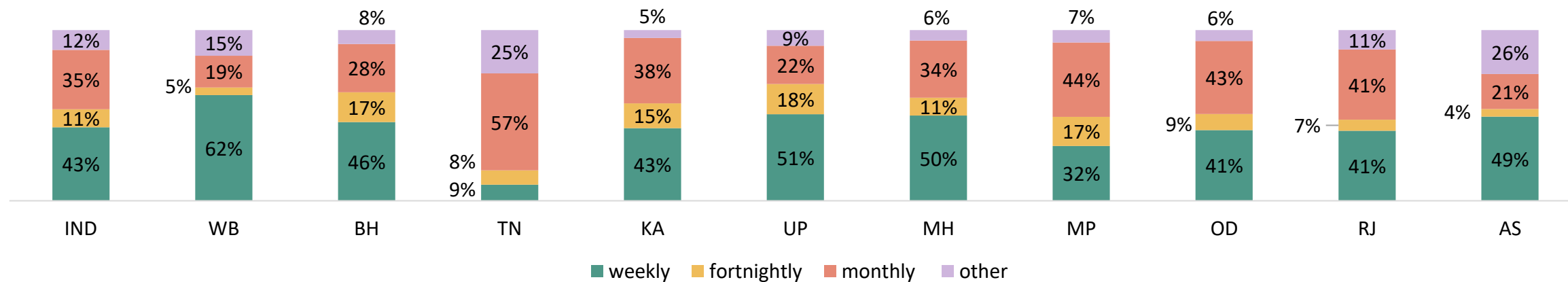


Weekly repayment frequency remains most-common

Based on disbursement data for FY 20-21 (Apr 2020 – Mar 2021), in value terms, weekly is still the most-common repayment frequency accounting for 43% of disbursement (this was 37% in FY 19-20), monthly repayment account for 35% and fortnightly for 11%. Distribution of products based on repayment frequency is shown for top 10 states in the chart below. Variation across states in repayment frequency is attributed to preference of the dominant lender in that state for a certain repayment frequency but also demands of the market and customers.



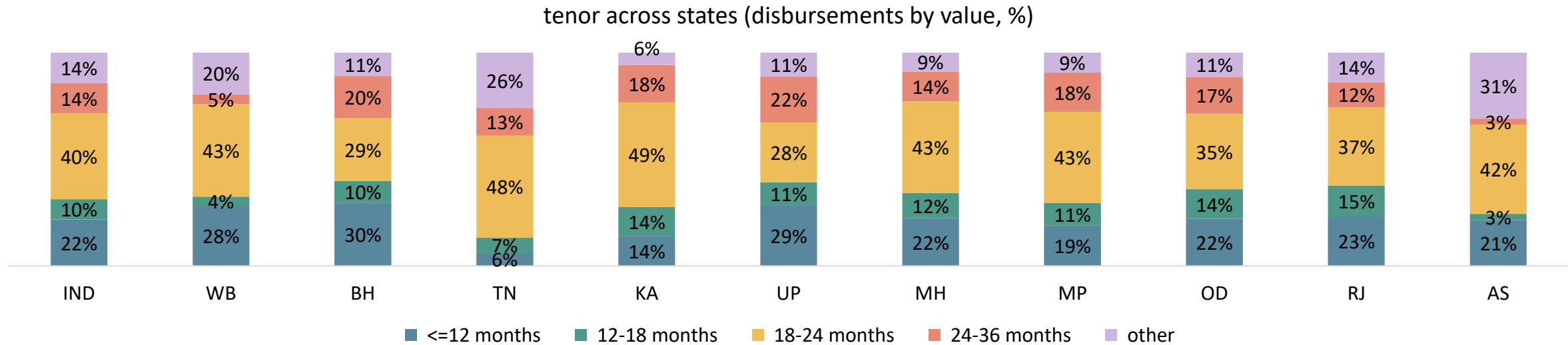
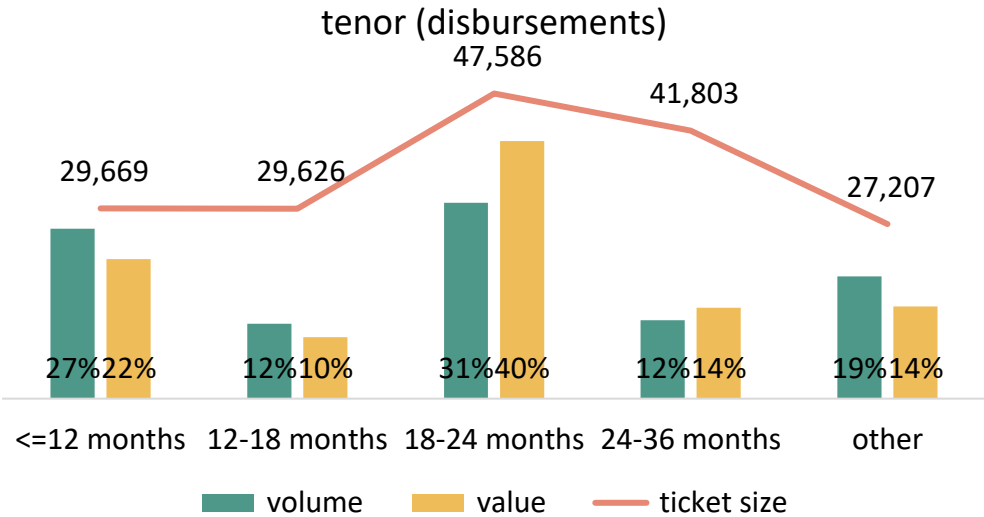
repayment frequency (disbursements by value, %)



Other include junk/no-value submitted for repayment frequency in loans submitted to CICs. Repayment frequency for 4 weeks (28 days) is also reported as other

More than two-third loans have tenors less than 2 years

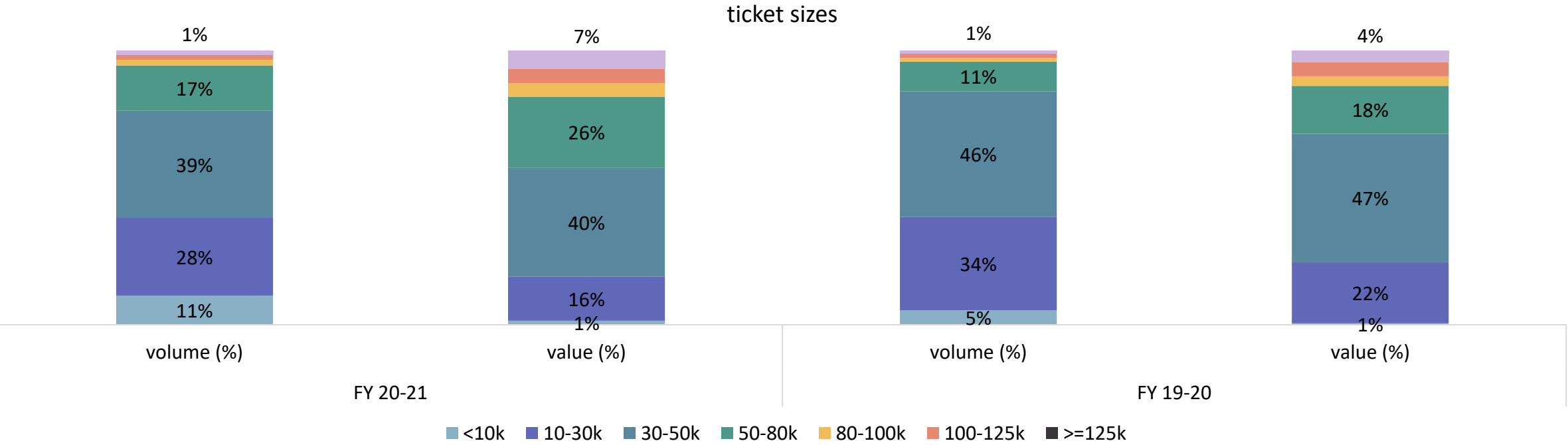
Disbursement data for FY 20-21 (Apr 2020 – Mar 2021) shows 18-24 months tenure is most prevalent accounting for 40% of disbursements in value terms (not much different from the last year). Distribution of products based on tenor is shown for top 15 states in chart below. There is a clear variation across states which is mostly, driven by preference of dominant lender for a particular tenure in that state as well as demand of the market and customers.



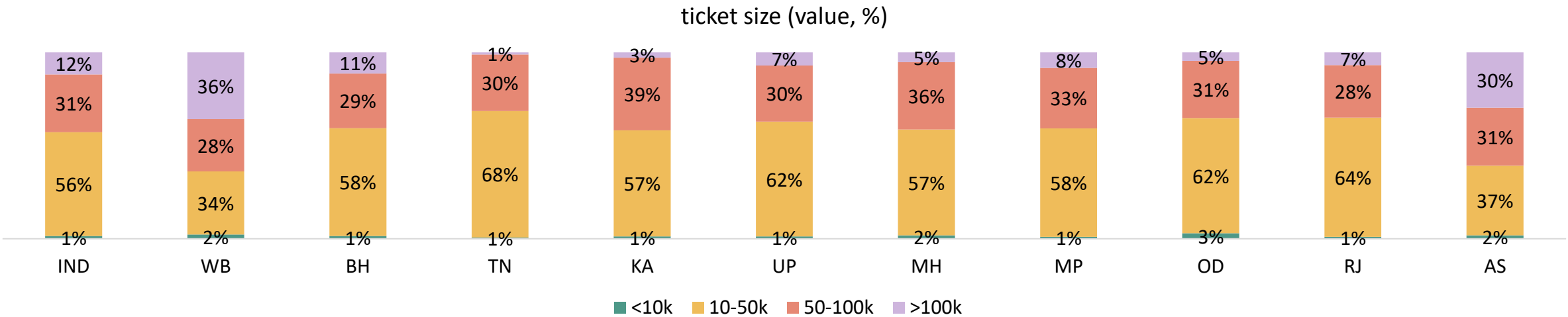
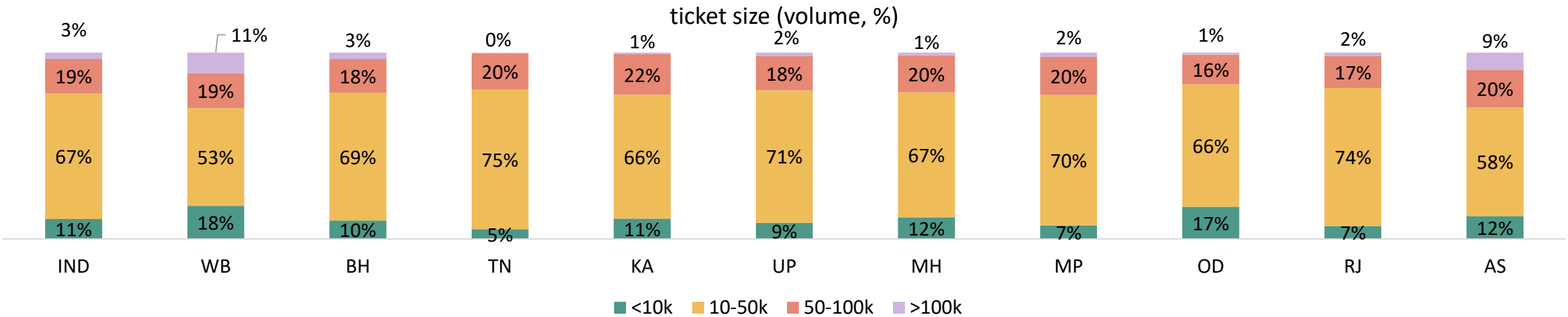
other include junk/no-value submitted for repayment frequency in loans

More than three-fourth loans disbursed have ticket size less than Rs 50k

In terms of ticket size (loan disbursed per account for FY 20-21), ticket size of Rs 30k-50k remains most prevalent (accounting for 40% in value terms). Last year also saw uptick in volume of loans under Rs 10k as well as loans in range of Rs 50-80k. 1% loans are crossing Rs 125k accounting for 7% of disbursement in value terms. West Bengal (11%) and Assam (9%) have much higher share of > Rs 100k ticket size loan. West Bengal and Assam, together account for 63% of high-ticket loans (> Rs 125k) in the country. West Bengal also accounts for 22% of small ticket loans (<Rs 10k) in the country.



Ticket size varies across states, West Bengal continues to have much higher ticket sizes even this year



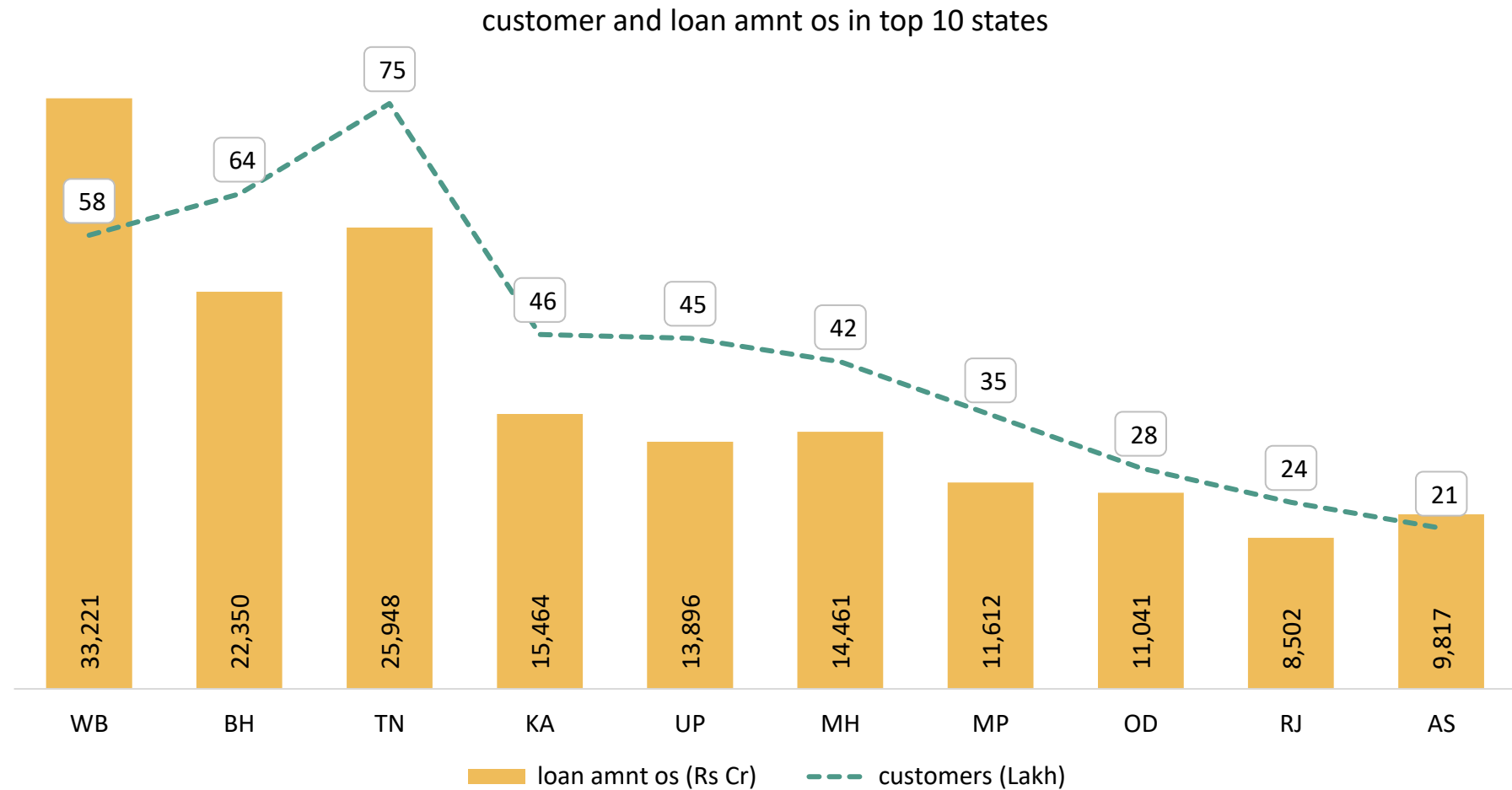
Outreach

Here we capture the trends on the basis of active customers (at-least one open account) as of Mar 2021

More than 6 Cr customers had micro-credit loans with loan amount outstanding of Rs 2.55 Lakh Cr by Mar 2021

In Mar 21, 6 Cr customers had 10.8 Cr loans with total loan outstanding of Rs 2.55 Lakh Cr.

Top 10 states account for 65% of industry loan amount outstanding.

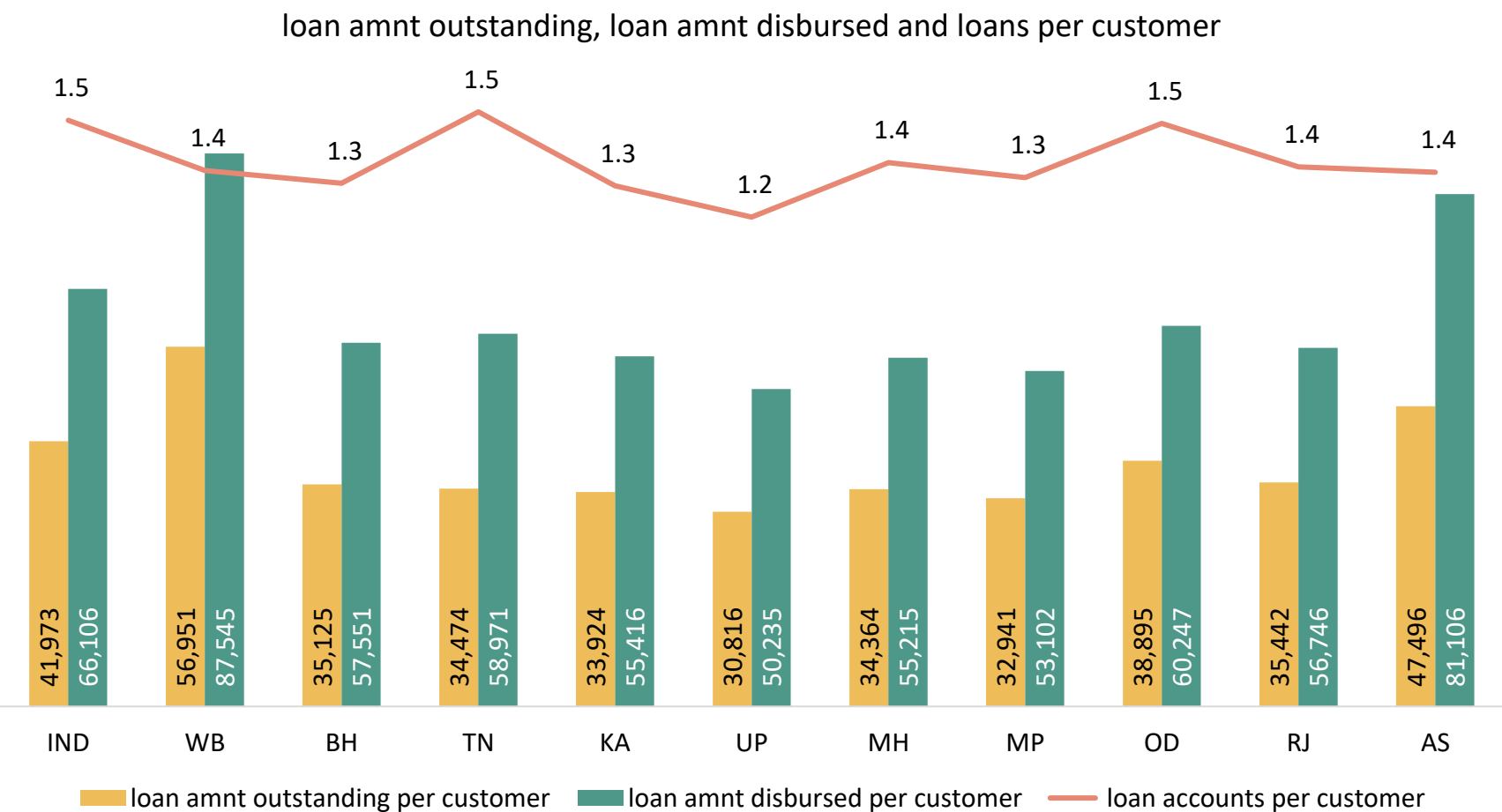


An avg customer has more than one active loan and nearly Rs 42k outstanding, with a disbursed value in excess of Rs 66k

- At an India level,
- avg loan outstanding per customer is Rs 41,973
 - avg loan amount disbursed per customer is Rs 66,106
 - avg 1.5 loans per customer

West Bengal and Assam have avg loan amount disbursed per customer > Rs 80k (disbursed value of active loans in Mar 2021)

Amongst the top 10 states, Uttar Pradesh has the lowest avg loan amount disbursed per customer at Rs 50,235 and loans per customer at 1.2



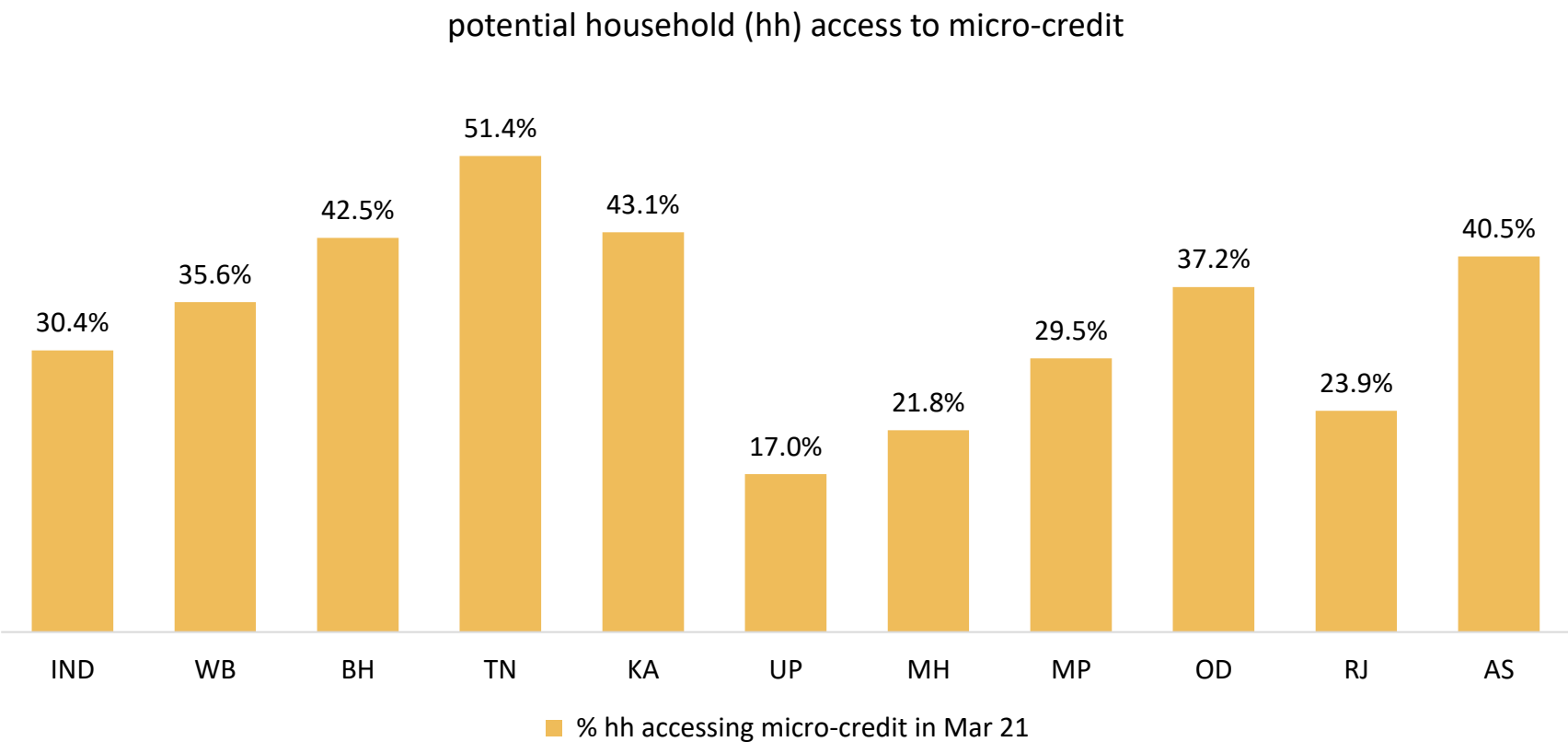
Loan amt disbursed per customer is the total value of disbursed amt for her open tradelines

A little over 30% potential households access micro-credit

At an India level, about 30% low-income households (6 Cr) were accessing micro-credit in Mar 2021.

Four in every ten households Tamil Nadu, Karnataka, Bihar and Assam have access to micro-credit.

Amongst the top 10 states, Uttar Pradesh and Maharashtra have the lowest share of households accessing micro-credit



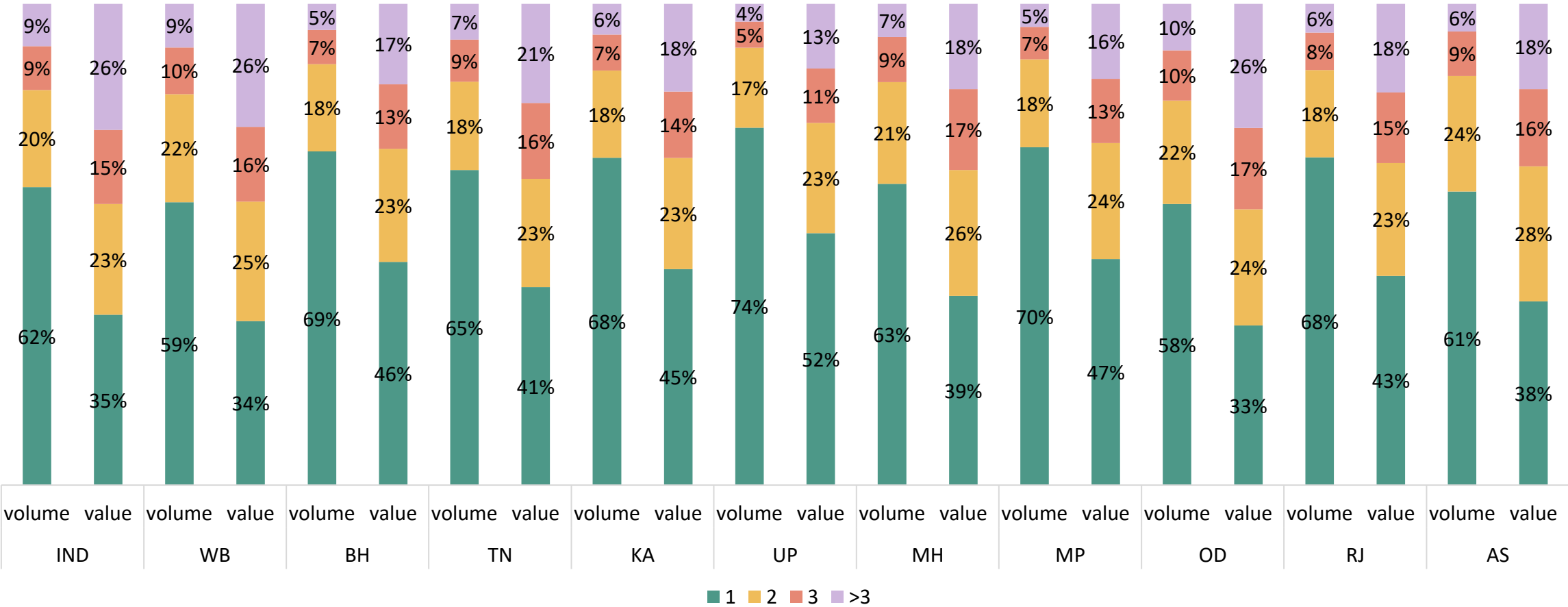
Low-income HHs are estimated as 70% of total HHs in Mar 21. Data for Mar 2021 is arrived based on 2011 census data

Customer profile

Here we capture the customer level trends on the basis of leverage as of Mar 2021

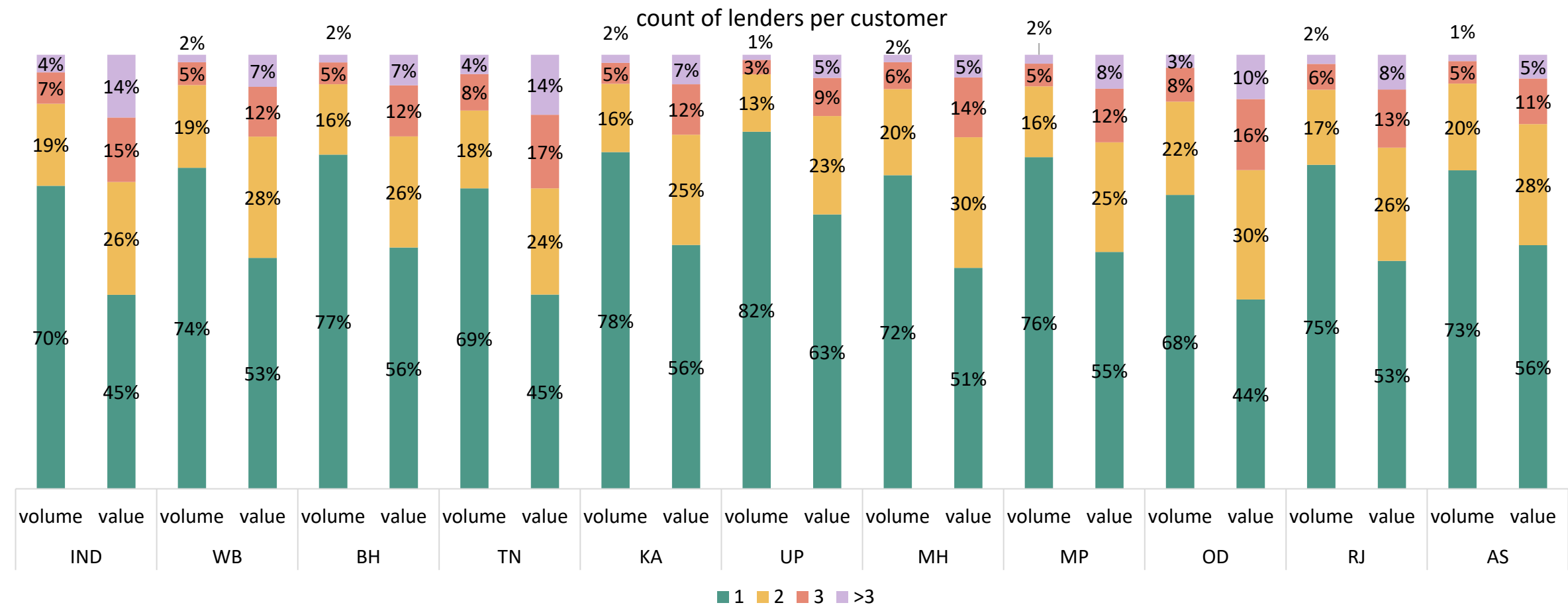
About 9% of the customers, accounting for 26% of industry outstanding have more than 3 loans. 62% customers only have one loan

count of loans per customer



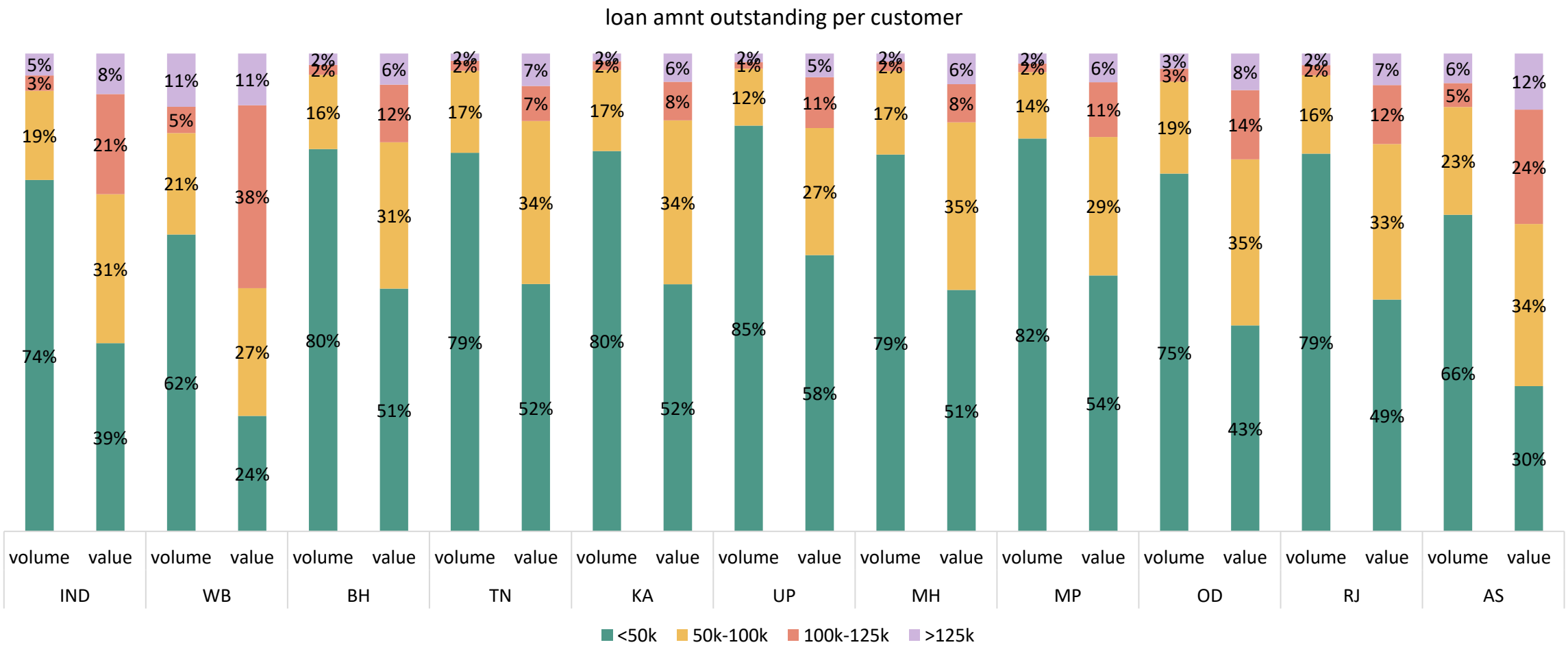
Loan count here is for open loans i.e. active loans. Please note that there is no regulatory or industry standard on count of loans to customers

At pan-India level, 70% customers have single lender relationship and 4% customers accounting for 14% of loan outstanding have more than 3 lenders



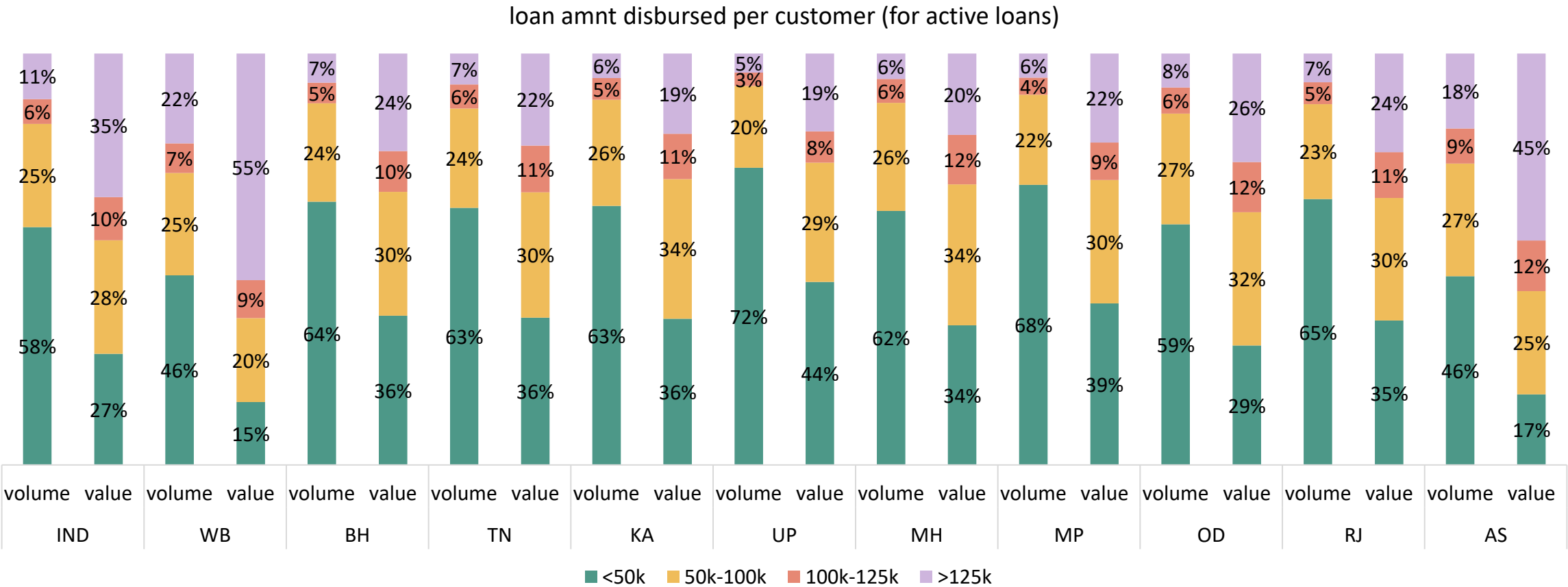
Lender count here is for open loans i.e. active loans from distinct lenders. As per industry Code of Conduct and Code for Responsible Lending, customer should not have > 3 lenders

Nearly three-fourth customers have loans os < Rs 50k. However, 8% high-leverage customers with loan os > Rs 100k account for 29% of industry outstanding.



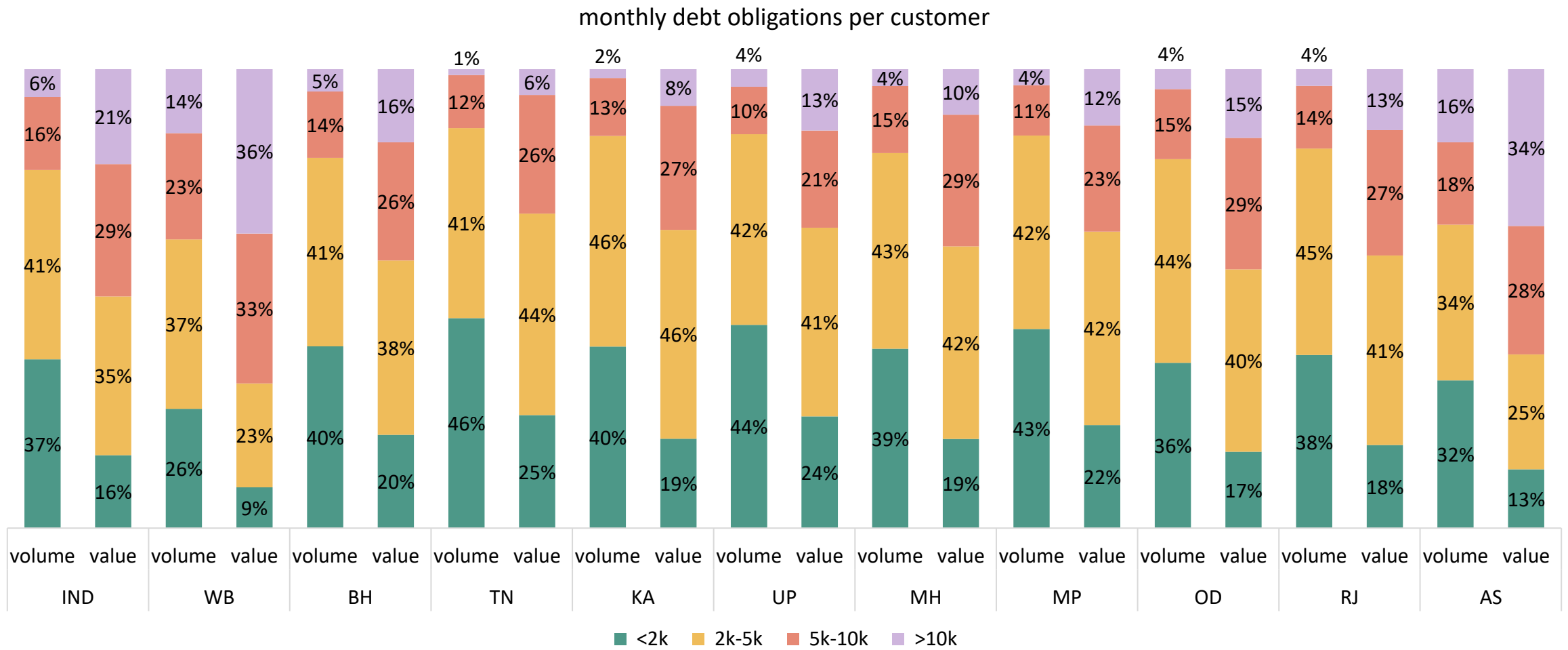
Loan amount outstanding per customer is total value of outstanding loans to customer from all her open loans. As per regulatory norms and industry standards, customer loan outstanding should not exceed Rs 125k

17% customers have loan disbursed value > Rs 1 Lakh and they account for 45% of total disbursed value of the industry (for active loans)



Loan amount disbursed per customer is total value of all disbursed loan to customer for all her open loans. There is no industry or regulatory standard on loan disbursed value per customer

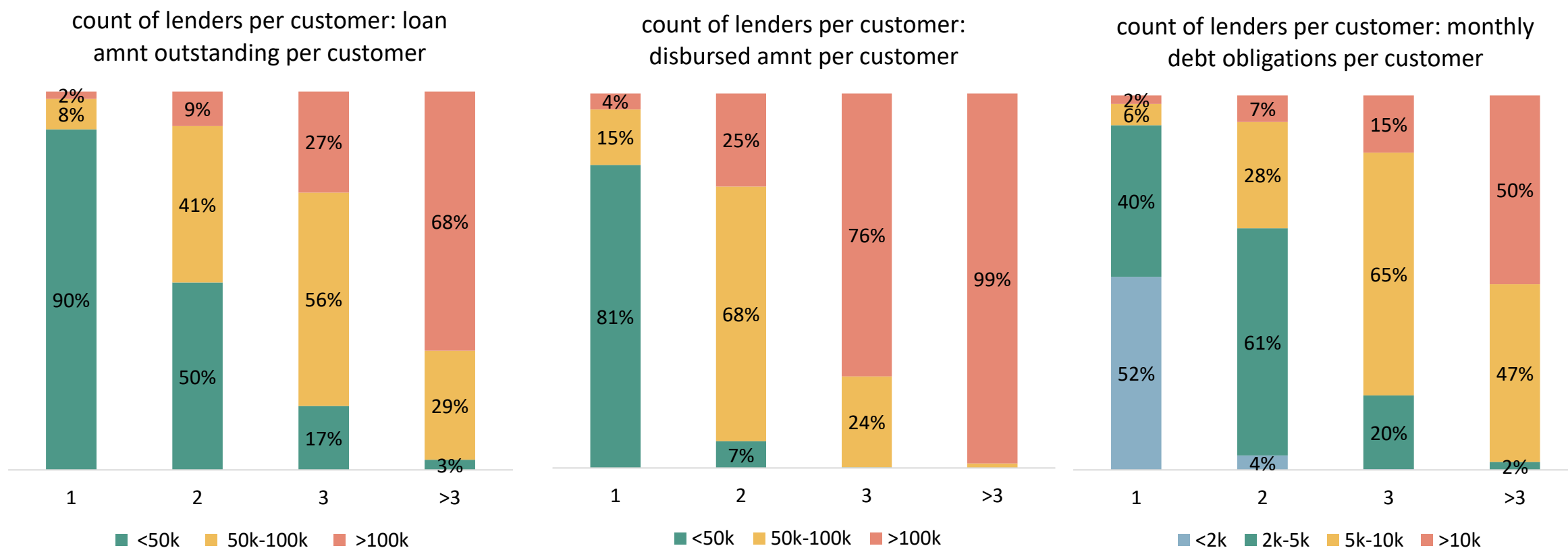
22% customers are serving monthly debt obligation in excess of Rs 5k with 50% industry outstanding amongst them



Monthly debt obligation is arrived using data on repayment frequency and repayment amount. Data quality is not always consistent leading to quality issues

Customers who have more lender relationship have much higher leverage

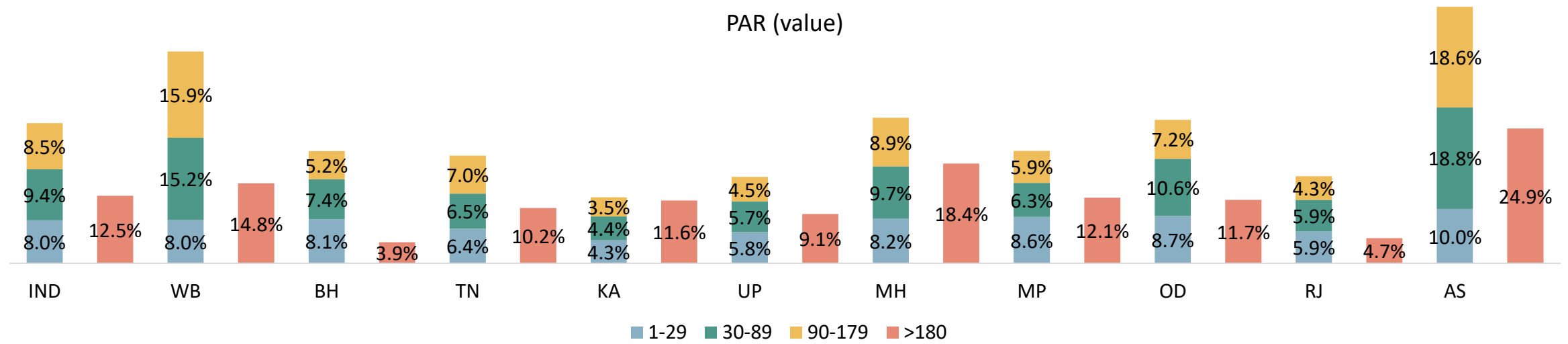
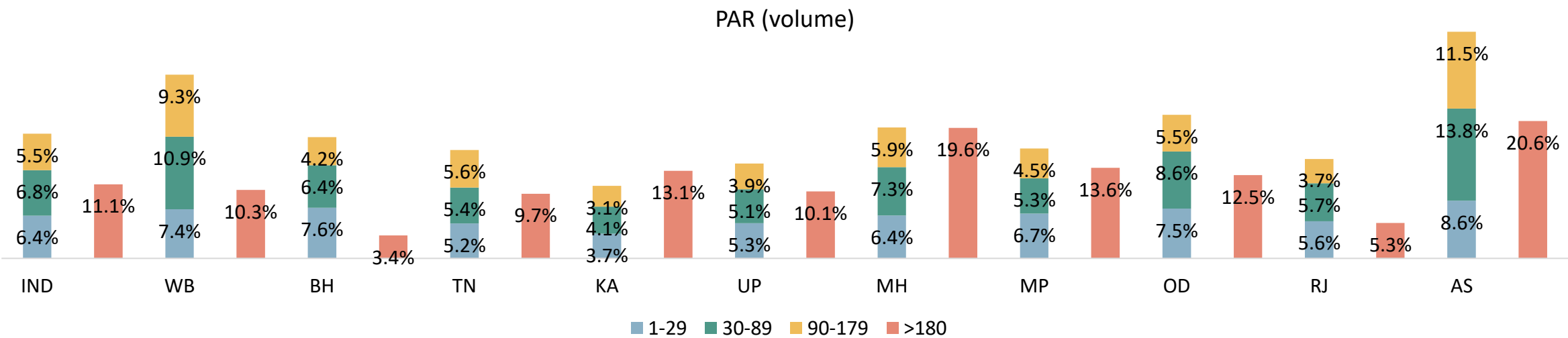
There is high correlation between multiple lending and leverage. Amongst the customers who have > 3 lenders, 68% have loans outstanding > Rs 1 Lakh and 99% have loans amount disbursed > Rs 1 Lakh and 50% have monthly debt obligation in excess of Rs 10k.



Portfolio quality

Here we look at portfolio quality on the basis of customer level wdpd in Mar 2021

In volume terms 6% customers have wdpd between 1-29 days and 7% have wdpd greater than 30 days

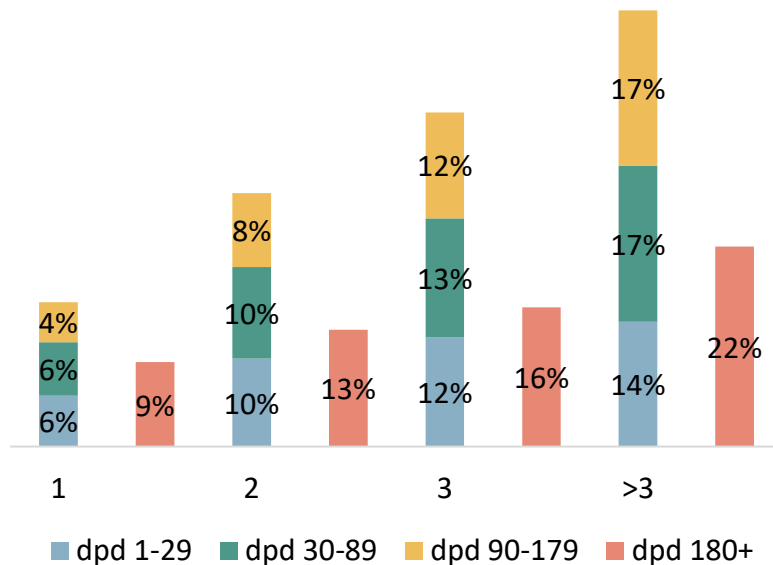


A customer's delinquency status has been taken from her worst dpd for all her open loan accounts. So if a customer has indebtedness of Rs 10,000 and she has 3 open loan accounts with dpd =30, dpd=60, dpd=90, then her account status is tagged on the basis of her worst dpd account i.e. dpd =90. Hence PAR number here are higher compared to account-level PAR reports in other reports.

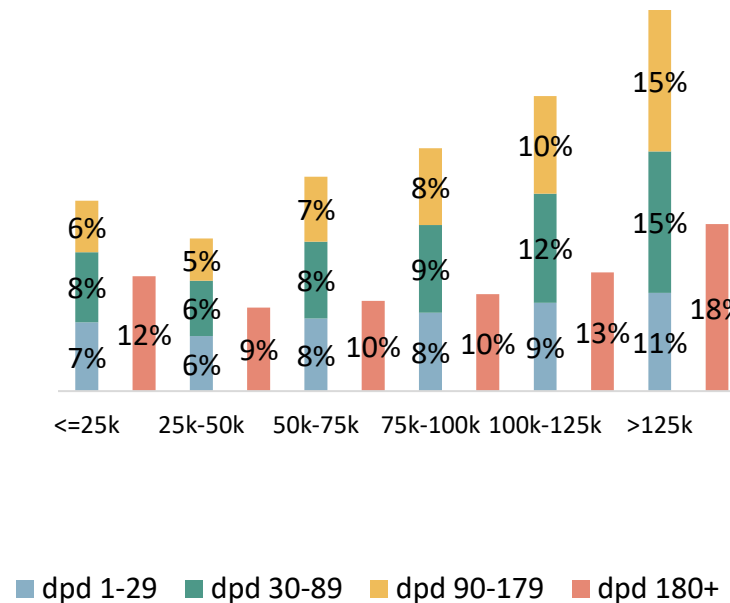
Portfolio quality deteriorates with high leverage

Data shows that portfolio quality deteriorates with increasing count of lenders, loan amount outstanding and monthly debt obligations. PAR > 1 (1-179) is 48% for group of customers with more than 3 lenders vis-a-vis with customers having 1 lender (16%). PAR > 1 (1-179) is 41% for a group of customers with loan outstanding > Rs 125k vis-a-vis with customer having loan outstanding between Rs 25k-50k (17%). Similarly the portfolio quality deteriorates with increasing monthly debt obligations.

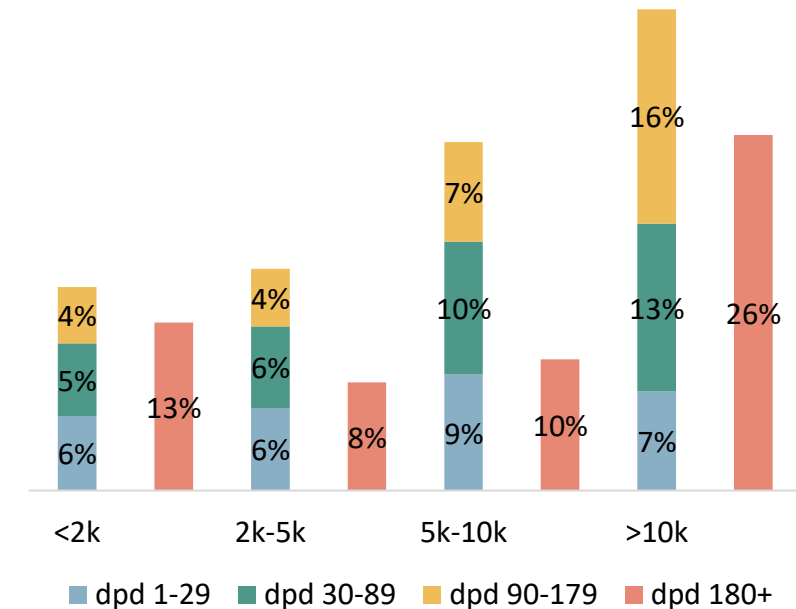
portfolio quality and count of lenders per customer



portfolio quality and loan outstanding per customer



portfolio quality and monthly debt obligation per customer (volume)



Annexures

Key numbers

Sl no	State	Customer lakhs, Mar 21	Loan outstanding Rs Cr, Mar 21	% HH accessing micro-credit, Mar 21	Loan amnt disbursed in fy 20-21, Rs Cr	Avg ticket size (for loans disbursed in fy 20-21, Rs	% of customers (volume, Mar 21)						
							>3 lenders	Loan os/customer (Rs)		Disbursed amnt/customer (Rs)		Monthly debt obligation/customer (Rs)	
								50k-100k	>100k	50k-100k	>100k	5k-10k	>10k
1	India	607.9	2,55,152	30%	2,00,030	36,149	4%	19%	8%	25%	17%	16%	6%
2	Andaman & Nicobar Islands	0.0	4	2%	5	30,685	0%	3%	0%	9%	1%	2%	0%
3	Andhra Pradesh	3.3	1,197	3%	1,248	38,974	0%	16%	2%	32%	5%	7%	2%
4	Arunachal Pradesh	0.1	15	3%	15	44,631	0%	10%	0%	35%	1%	2%	1%
5	Assam	20.7	9,817	41%	7,343	41,194	1%	23%	11%	27%	27%	18%	16%
6	Bihar	63.6	22,350	43%	24,936	37,163	2%	16%	4%	24%	12%	14%	5%
7	Chandigarh	0.1	21	4%	27	31,663	1%	13%	1%	22%	7%	11%	3%
8	Chattisgarh	10.9	3,706	24%	3,978	33,584	3%	15%	4%	24%	12%	12%	3%
9	Dadra & Nagar Haveli	0.0	17	7%	20	47,748	0%	22%	6%	29%	18%	24%	9%
10	Daman & Diu	0.0	5	3%	5	38,599	1%	14%	2%	26%	7%	14%	3%
11	Delhi	1.7	519	6%	498	43,938	0%	12%	3%	22%	9%	11%	9%
12	Goa	0.3	106	10%	105	44,387	2%	17%	6%	26%	17%	17%	5%

Key numbers

Sl no	State	Customer lakhs, Mar 21	Loan outstanding Rs Cr, Mar 21	% HH accessing micro-credit, Mar 21	Loan amnt disbursed in fy 20-21, Rs Cr	Avg ticket size (for loans disbursed in fy 20-21, Rs	% of customers (volume, Mar 21)						
							>3 lenders	Loan os/customer (Rs)		Disbursed amnt/customer (Rs)		Monthly debt obligation/customer (Rs)	
								50k-100k	>100k	50k-100k	>100k	5k-10k	>10k
13	Gujarat	19.2	5,673	19%	5,128	36,563	1%	13%	2%	22%	7%	10%	2%
14	Haryana	10.2	3,332	27%	3,446	35,926	2%	15%	3%	22%	10%	12%	3%
15	Himachal Pradesh	0.2	60	2%	72	31,913	1%	11%	1%	17%	5%	6%	1%
16	Jammu & Kashmir	0.0	14	0%	16	36,810	0%	13%	1%	20%	4%	5%	0%
17	Jharkhand	13.6	4,776	27%	6,181	32,918	2%	17%	4%	24%	12%	14%	4%
18	Karnataka	45.6	15,464	43%	16,807	34,510	2%	17%	3%	26%	11%	13%	2%
19	Kerala	20.9	8,574	34%	6,285	30,318	4%	24%	6%	30%	19%	17%	2%
20	Lakshadweep	0.0	0	0%	0	17,921	0%	0%	0%	0%	0%	0%	0%
21	Madhya Pradesh	35.3	11,612	30%	12,674	36,689	2%	14%	4%	22%	10%	11%	4%
22	Maharashtra	42.1	14,461	22%	13,438	33,532	2%	17%	4%	26%	12%	15%	4%
23	Manipur	0.5	138	11%	106	37,537	0%	11%	3%	21%	7%	9%	2%
24	Meghalaya	0.3	124	7%	128	41,593	0%	17%	7%	25%	21%	22%	11%

Key numbers

Sl no	State	Customer lakhs, Mar 21	Loan outstanding Rs Cr, Mar 21	% HH accessing micro-credit, Mar 21	Loan amnt disbursed in fy 20-21, Rs Cr	Avg ticket size (for loans disbursed in fy 20-21, Rs	% of customers (volume, Mar 21)						
							>3 lenders	Loan os/customer (Rs)		Disbursed amnt/customer (Rs)		Monthly debt obligation/customer (Rs)	
								50k-100k	>100k	50k-100k	>100k	5k-10k	>10k
25	Mizoram	0.2	55	12%	58	45,621	0%	10%	4%	16%	9%	8%	4%
26	Nagaland	0.1	59	5%	67	53,188	0%	26%	5%	46%	13%	24%	15%
27	Odisha	28.4	11,041	37%	12,139	31,078	3%	19%	6%	27%	15%	15%	4%
28	Pondicherry	1.0	317	41%	304	36,499	2%	15%	3%	27%	10%	12%	1%
29	Punjab	11.5	3,623	25%	3,156	31,503	2%	13%	3%	20%	8%	10%	2%
30	Rajasthan	24.0	8,502	24%	9,935	36,173	2%	16%	5%	23%	12%	14%	4%
31	Sikkim	0.2	123	24%	116	56,834	1%	16%	14%	24%	27%	16%	15%
32	Tamil Nadu	75.3	25,948	51%	19,805	35,374	4%	17%	4%	24%	13%	12%	1%
33	Telangana	2.2	625	3%	699	33,384	0%	8%	1%	18%	2%	3%	1%
34	Tripura	3.9	2,445	58%	2,581	52,398	1%	22%	20%	24%	37%	29%	15%
35	Uttar Pradesh	45.1	13,896	17%	16,280	35,307	1%	12%	3%	20%	8%	10%	4%
36	Uttarakhand	2.7	980	17%	1,135	44,707	1%	14%	6%	19%	13%	13%	6%
37	West Bengal	58.3	33,221	36%	31,018	41,749	2%	21%	17%	25%	29%	23%	14%

Abbreviations

Andaman and Nicobar Islands	AN	Meghalaya	ML
Andhra Pradesh	AP	Mizoram	MZ
Arunachal Pradesh	AR	Nagaland	NL
Assam	AS	Odisha	OR
Bihar	BR	Puducherry	PY
Chandigarh	CH	Punjab	PB
Chhattisgarh	CG	Rajasthan	RJ
Dadra and Nagar Haveli	DN	Sikkim	SK
Daman and Diu	DD	Tamil Nadu	TN
Delhi	DL	Tripura	TR
Goa	GA	Uttar Pradesh	UP
Gujarat	GJ	Uttarakhand	UK
Haryana	HR	West Bengal	WB
Himachal Pradesh	HP	Average	Avg
Jammu and Kashmir	JK	wdpd	Worst days past due
Jharkhand	JH	o/s	outstanding
Karnataka	KA	HH	household
Kerala	KL	Avg	average
Lakshadweep	LD	Rs	rupee
Madhya Pradesh	MP	amnt	amount
Maharashtra	MH		
Manipur	MN		

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