



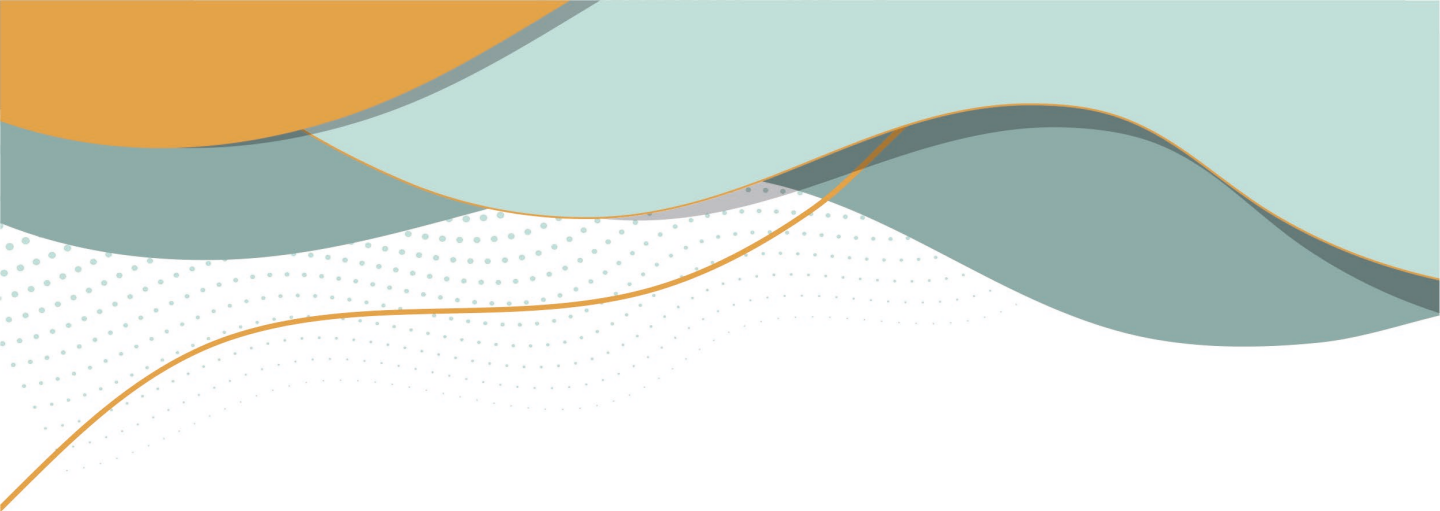
SYNOPSIS

Issue 39

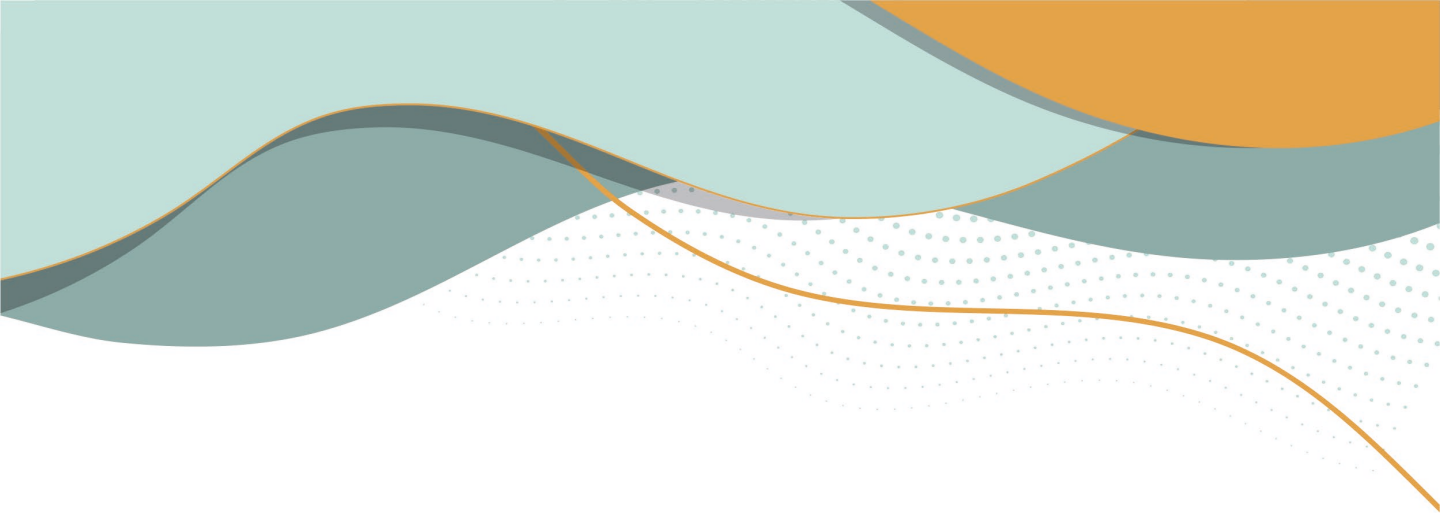
MICROMETER

Data as on 30 September 2021





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Acknowledgments

We are thankful to all our members, associates and other institutions who have contributed data for this issue.

Introduction

This is the **39th issue** of the Micrometer and it provides an overview of the microfinance industry as on **30 September 2021 (Q2 FY 2021-22)**. Micrometer has three broad sections as under:

Section I on “**Microfinance Universe**” gives an overview of the portfolio and outreach of microfinance (i.e., micro-credit) industry as on 30 September 2021. This section analyses the Industry wide data sourced from **Equifax**, of various categories of financial institutions engaged in the microfinance space in India. These are NBFC-MFIs, Banks, Small Finance Banks (SFBs), NBFCs and Others (including Non-profit MFIs). Till the 29th issue of Micrometer, ‘**Ever MFI data**’, based on loans originated after January 2014, was being used for analysis. The portfolio originated after February 2017 now constitutes nearly 98% of the Ever MFI data. Therefore, to provide a more realistic and current picture of the progress of Microfinance Universe, from 30th issue onwards, data after February 2017 (which is after the demonetization period) has been used for analysis.

Section II of the micrometer provides detailed analysis of **self reported data** of **NBFC-MFIs (MFIN Primary Members)** up to state level. This includes a comparative analysis with the corresponding quarter of previous fiscal year (Q2 FY 2020-21) and previous quarter (Q1 FY 2021-22). Analysis on NBFC-MFIs is based on data collected from **55 members** that are registered with the Reserve Bank of India (RBI).

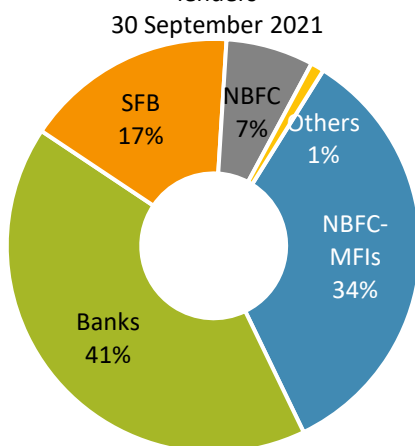
Section III of the report analyses the microfinance operations of **MFIN Associates** that include **NBFCs** and MFIs that operate as Corporate Business Correspondents (**CBCs**) for Banks. This section is based on the data collected from 3 NBFCs and 2 CBCs for Q2 FY 2021-22 and compares it with Q2 FY 2020-21 and Q1 FY 2021-22.

Section I : The Universe

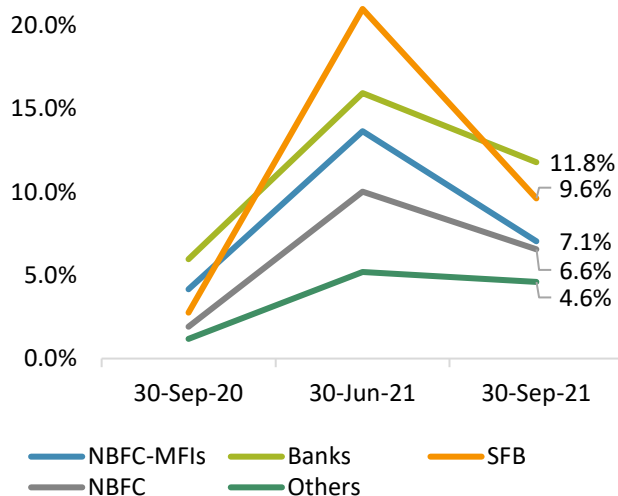
The pie-chart shows the share of each peer group in the universe for loan amount outstanding as percentages. The portfolio of NBFC-MFIs portfolio has increased by 18.3% and banks by 7.3%, SFBs portfolio has decreased by 6.0%, NBFCs portfolio has decreased by 24.3% and Other MFIs have increased by 11.5% (Based on loans originated after February 2017).

As shown in PAR trend graph, PAR>30 has shown a decreasing trend for all entities signifying recovery of portfolio health. For PAR analysis, delinquencies >180 days have been removed to reflect a true picture of the portfolio quality.

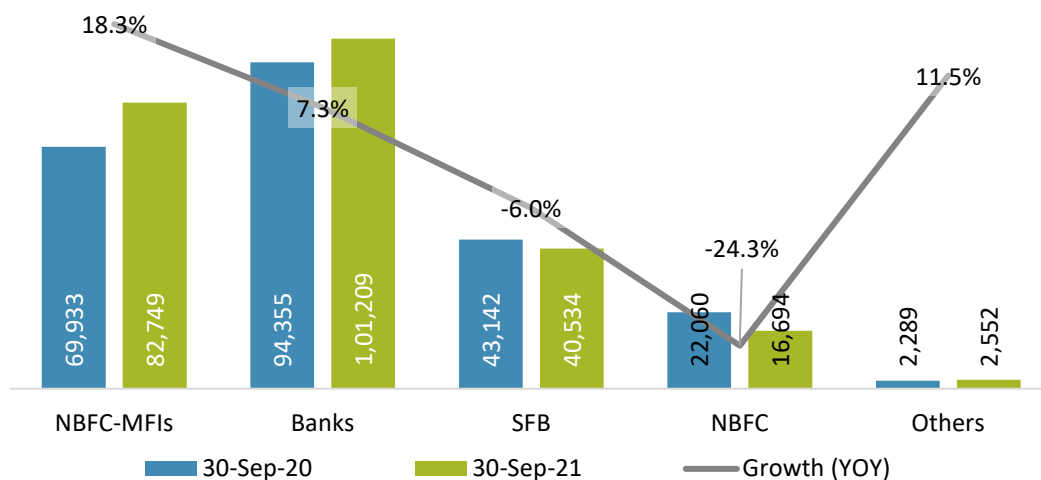
Micro-credit loan outstanding across lenders



PAR>30 of the various entities

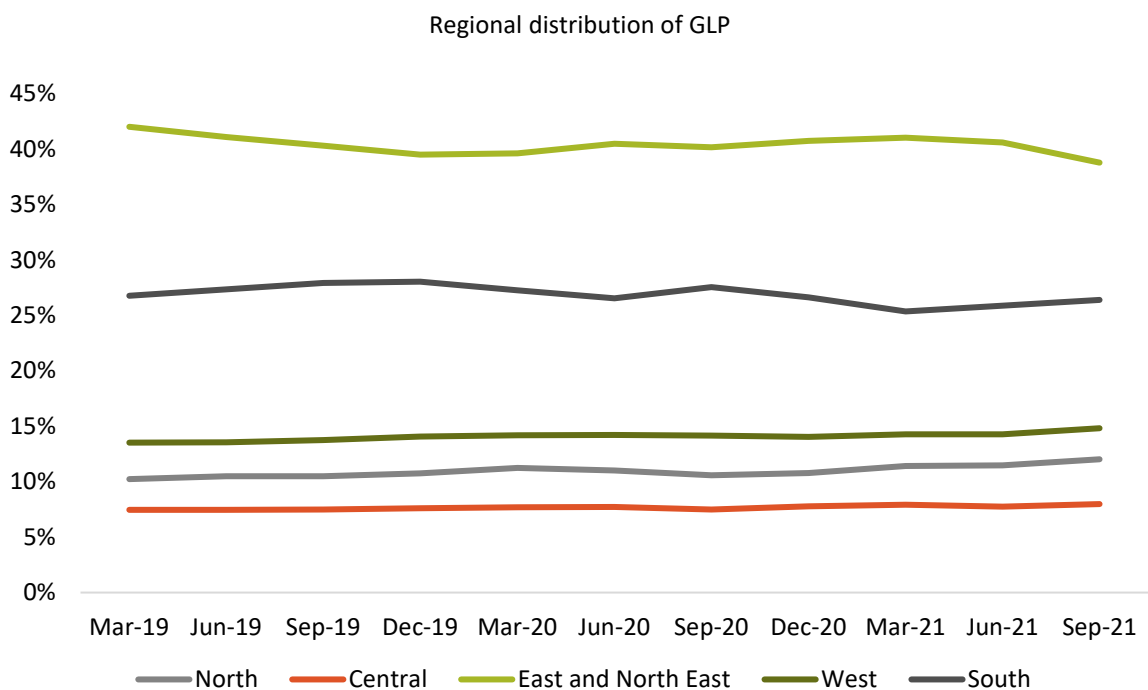
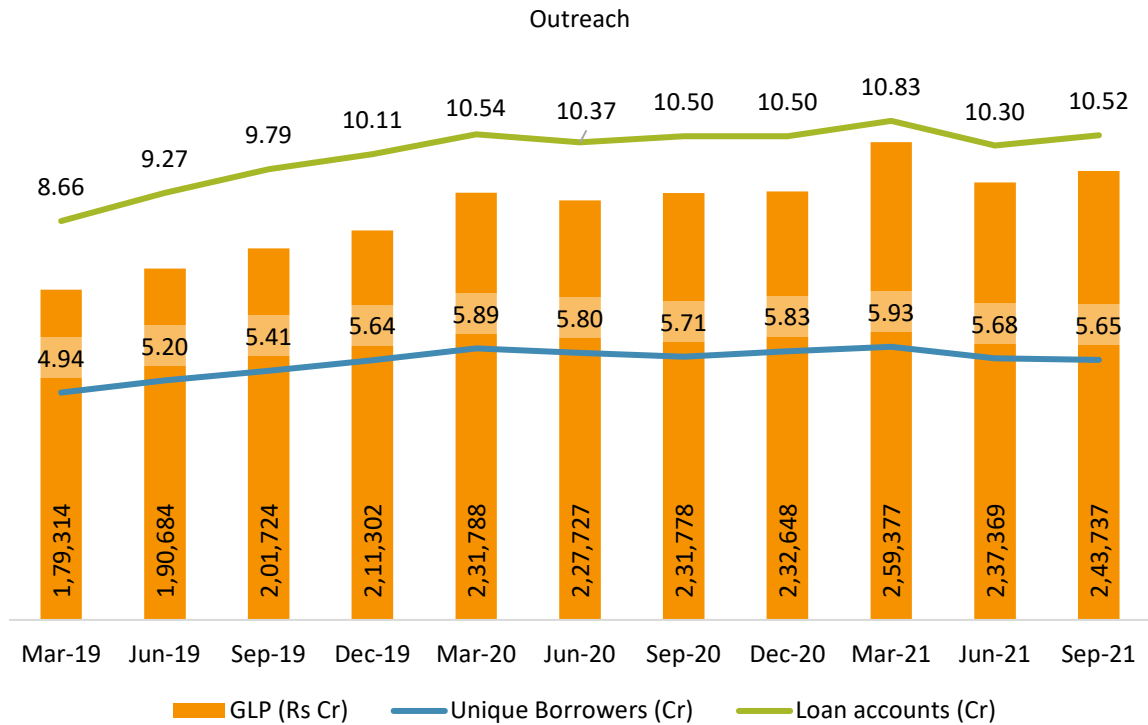


Portfolio outstanding of the microfinance industry (Rs Cr)



Industry trends

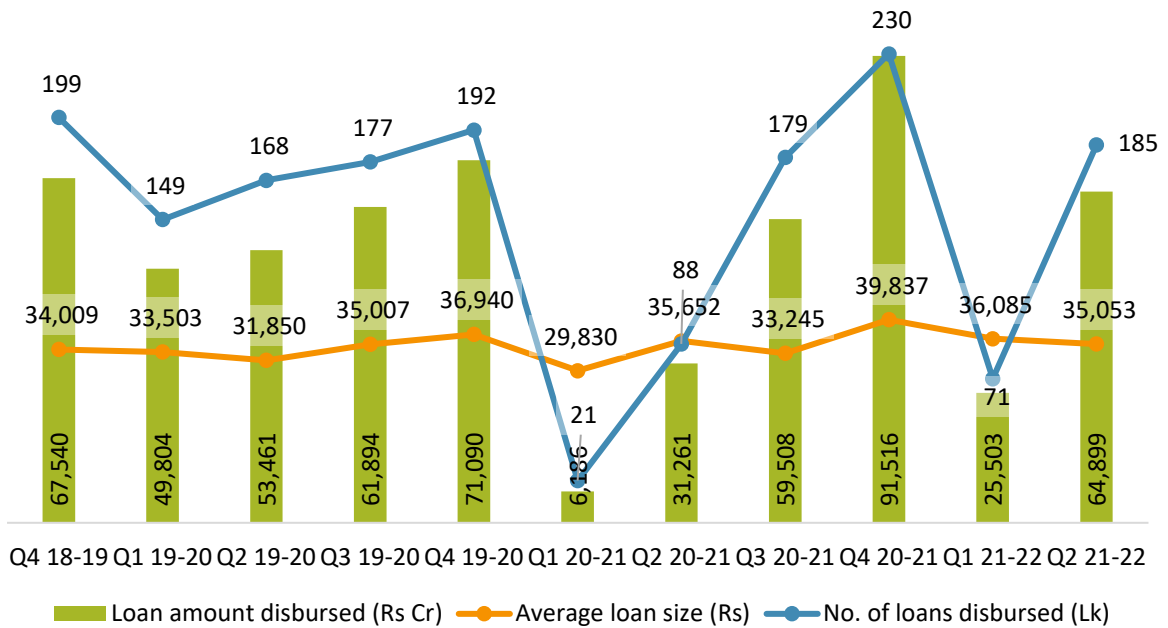
Q4 FY 18-19 to Q2 FY 21-22



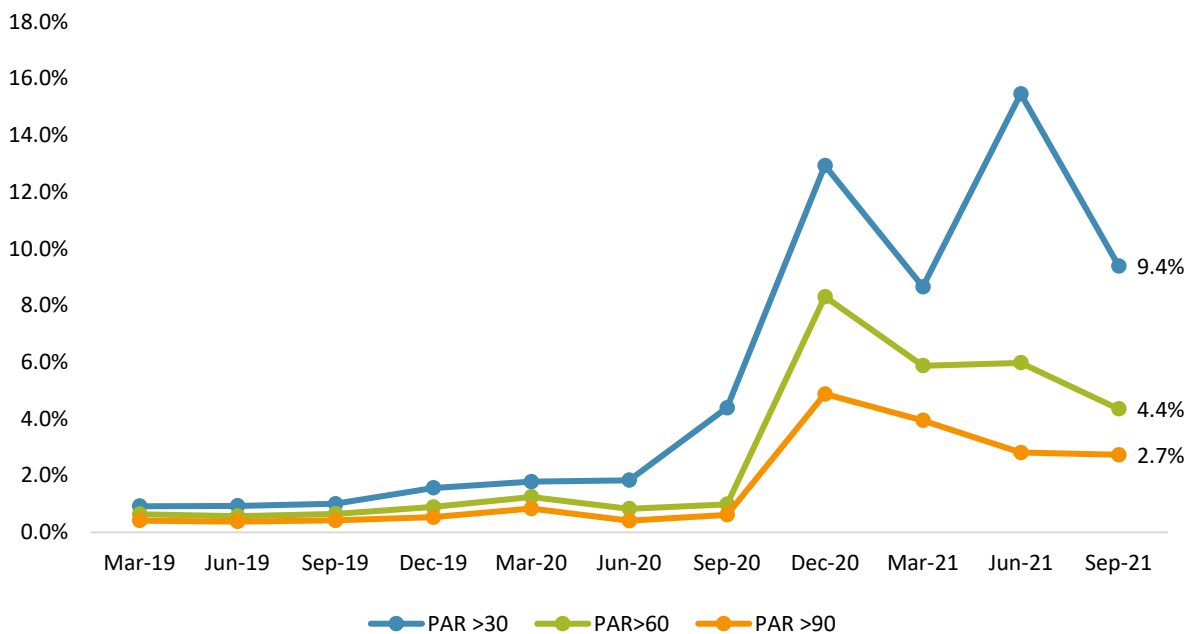
Industry trends

Q4 FY 18-19 to Q2 FY 21-22

Disbursement



PAR

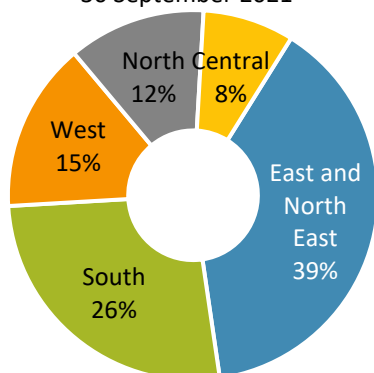


Note: For PAR analysis, delinquencies above 180 days have been removed to reflect a true picture of the portfolio quality.

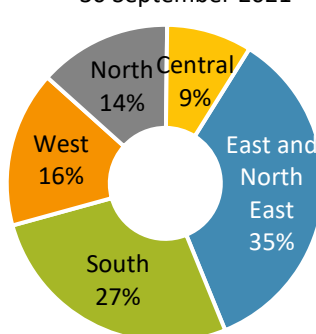
Regional distribution

As on 30 September 2021, the industry serves 5.65 Cr unique borrowers through 10.52 Cr loan accounts. The regional spread is depicted in the pie-chart below which shows around 65% portfolio is concentrated in East & Northeast and South regions.

Regional distribution of portfolio
30 September 2021

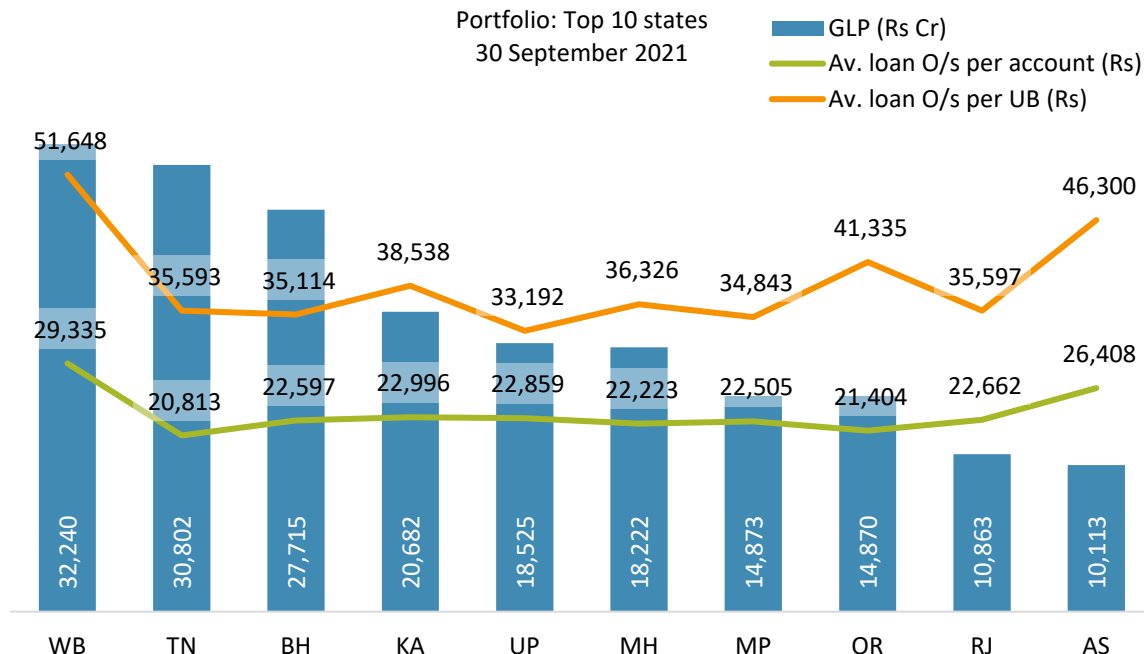


Regional distribution of unique borrowers
30 September 2021



The Top 10 states (based on universe data) constitute 81.6% in terms of GLP. West Bengal has retained its spot as the largest state in terms of portfolio outstanding followed by Tamil Nadu and Bihar. Among Top 10 states, West Bengal has the highest average loan outstanding per unique borrower of Rs 51,648 followed by Assam at Rs 46,300.

Portfolio: Top 10 states
30 September 2021



Section II : NBFC-MFI Highlights

Some highlights of this quarter/ financial year are as under:

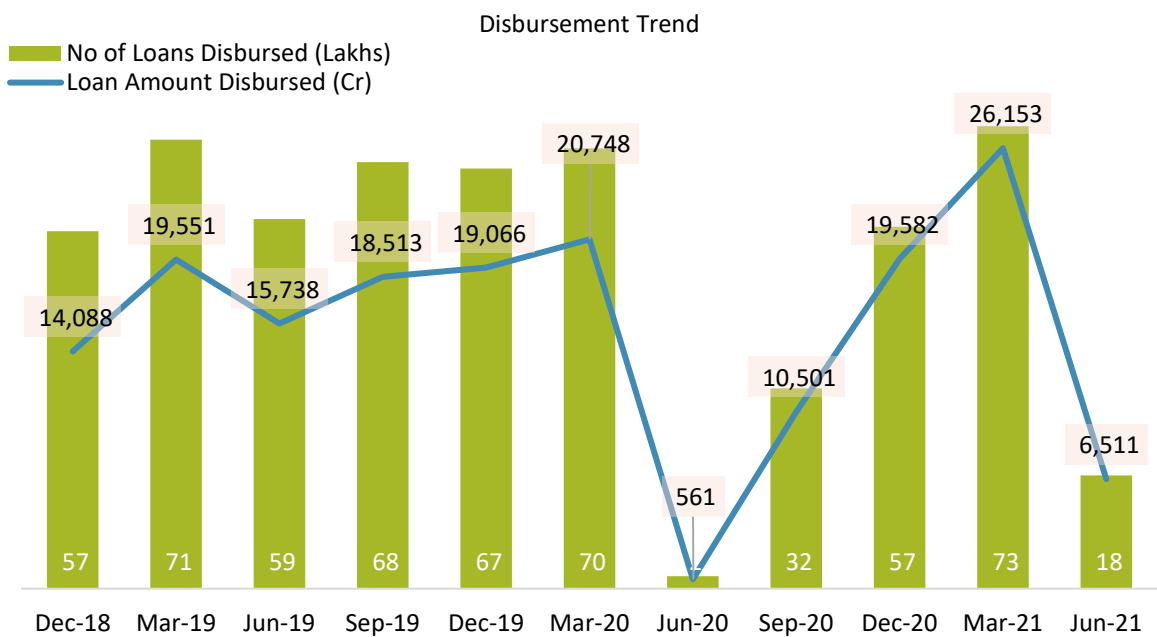
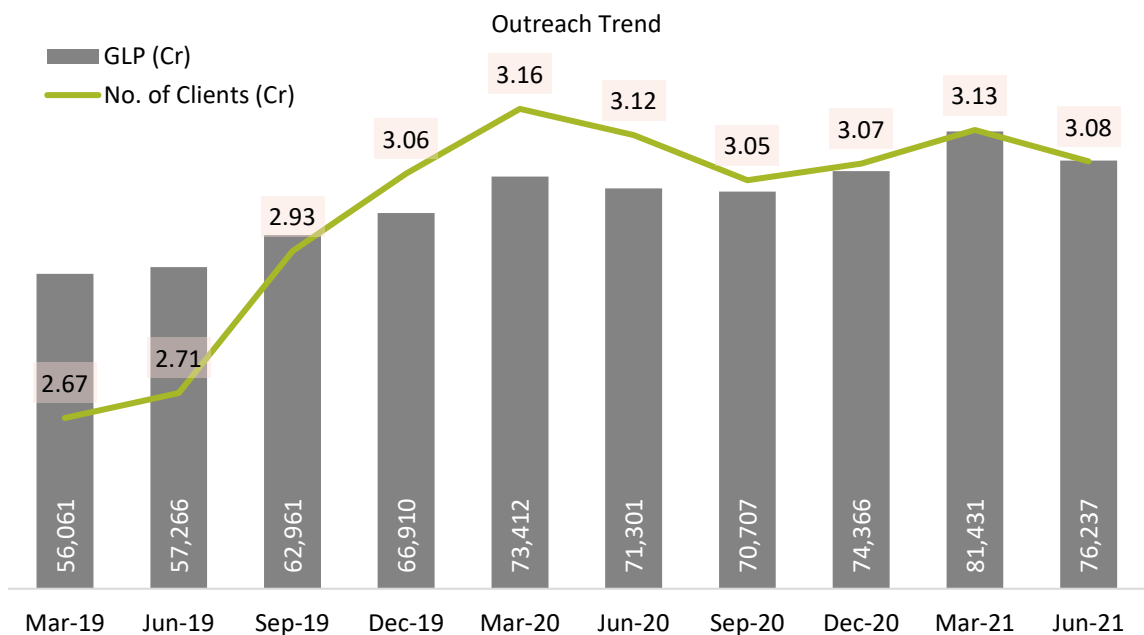
- As on 30 September 2021, **3.1 Cr clients*** have loan outstanding from NBFC-MFIs, which is **3.2%** higher than clients as on 30 September 2020.
- The aggregate **GLP** of MFIs is **Rs 81,408 Cr** as on 30 September 2021, including owned portfolio **Rs 71,010 Cr** and managed portfolio (off BS) of **Rs 10,398 Cr**. The owned portfolio of MFIN members is about **85.8%** of the NBFC-MFI universe portfolio of **82,749 Cr**.
- On a YoY basis GLP has increased by **15.5%** as compared to 30 September 2020 and by **7.0%** in comparison to 30 June 2021.
- Loan amount of **Rs 19,672 Cr** was disbursed in Q2 FY 21-22 through 54.3 Lk accounts, including disbursement of Owned as well as Managed portfolio. This is 141.2% higher than the disbursements of **Rs 8,155 Cr** made in Q2 FY 20-21.
- Average loan amount disbursed per account during Q2 FY 21-22 was **Rs 36,251** which is an increase of around **15.5%** in comparison to same quarter of last financial year.
- As on 30 September 2021, the borrowings O/s were **Rs 65,522 Cr**. Other Banks (apart from Top 5 banks) contributed 40.0% of borrowings O/s followed by 19.5% from Non-bank entities, 19.2% from Top 5 Banks, 12.8% from AIFIs, 4.7% from other sources and 3.8% from External Commercial Borrowings (ECB).
- During Q2 FY 21-22, NBFC-MFIs received a total of **Rs 14,389 Cr** in debt funding, which is **46.9%** higher than Q2 FY 20-21. Other Banks contributed 48.9% of the total Borrowing received followed by Top 5 Banks 23.3%, Non Bank entities 17.6% and AIFIs 9.1% and ECB 1.2%.
- Total equity increased by **12.2%** as compared to end of Q2 FY 20-21 and is at **Rs 19,139 Cr** as on 30 September 2021.
- Portfolio at Risk (PAR)>30 days as on 30 September 2021 has increased to **12.1%** as compared to **2.5%** as on 30 September 2020, due to the effect of moratorium during Q2 FY 20-21.
- MFIs now have presence in 27 states and 5 union territories.
- In terms of regional distribution of portfolio (GLP), East and North-East accounts for 32% of the total

NBFC-MFI portfolio, South 28%, West 15%, North 14% and Central contributes 11%				
Indicator	Q2 FY 21-22	Q2 FY 20-21	YoY change (%)	Q1 FY 20-21
	30-Sep-21	30-Sep-20	Q2 FY 21-22 over Q2 FY 20-21	30-June-21
Branches	15,789	13,906	13.5%	15,033
Employees	1,31,009	1,08,519	20.7%	1,21,802
Clients~ (Cr)	3.1	3.0	3.2%	3.1
Loan accounts (Cr)	3.6	3.6	0.8%	3.6
Gross Loan Portfolio (Rs Cr)	81,408	70,512	15.5%	76,075
Balance sheet portfolio	71,010	56,732	25.2%	65,044
Loans disbursed (during the quarter, Lk)	54.3	26.0	108.8%	17.4
Loan amount disbursed (during the quarter, Rs Cr)	19,672	8,155	141.2%	6,296

*The client's number here is the aggregate of clients of member MFIs. Given some degree of overlaps, it does not reflect the number of 'unique' clients

NBFC-MFI trends

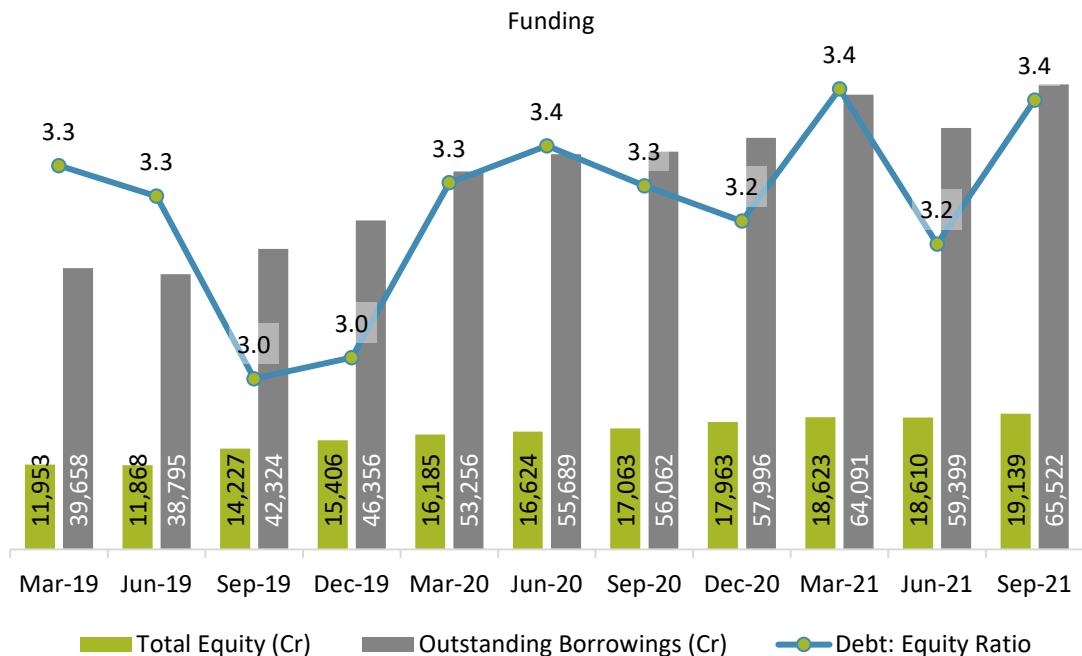
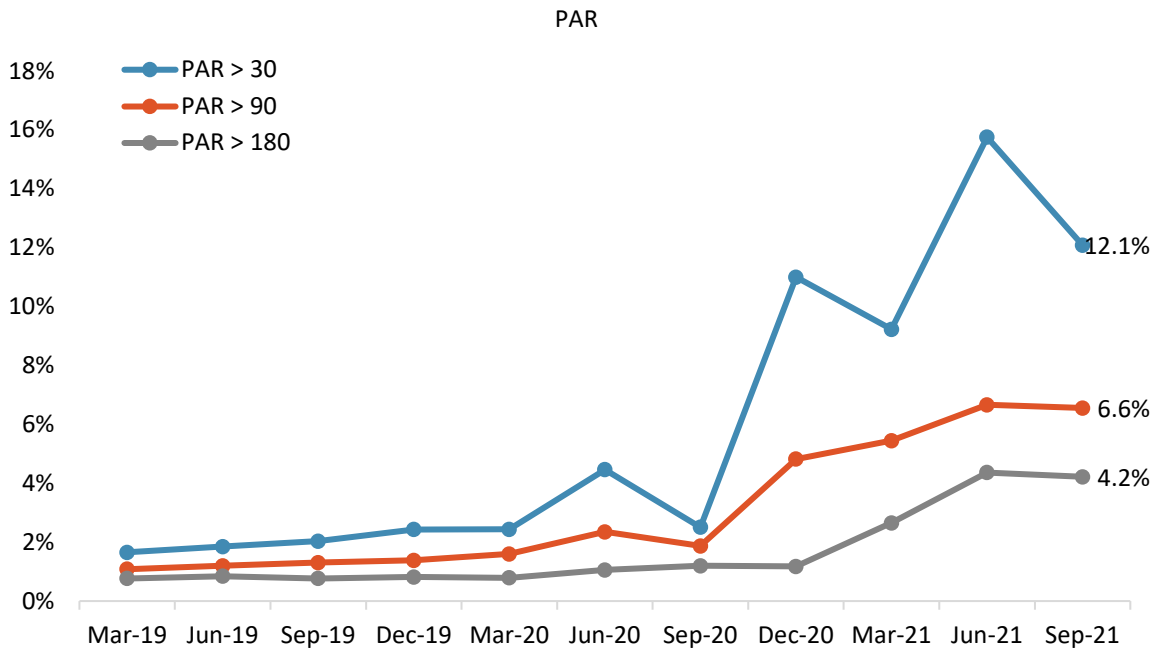
Q4 FY 18-19 to Q1 FY 21-22



*Analysis is based on the data of panel of MFIs in the current quarter

NBFC-MFI trends

Q4 FY 18-19 to Q2 FY 21-22

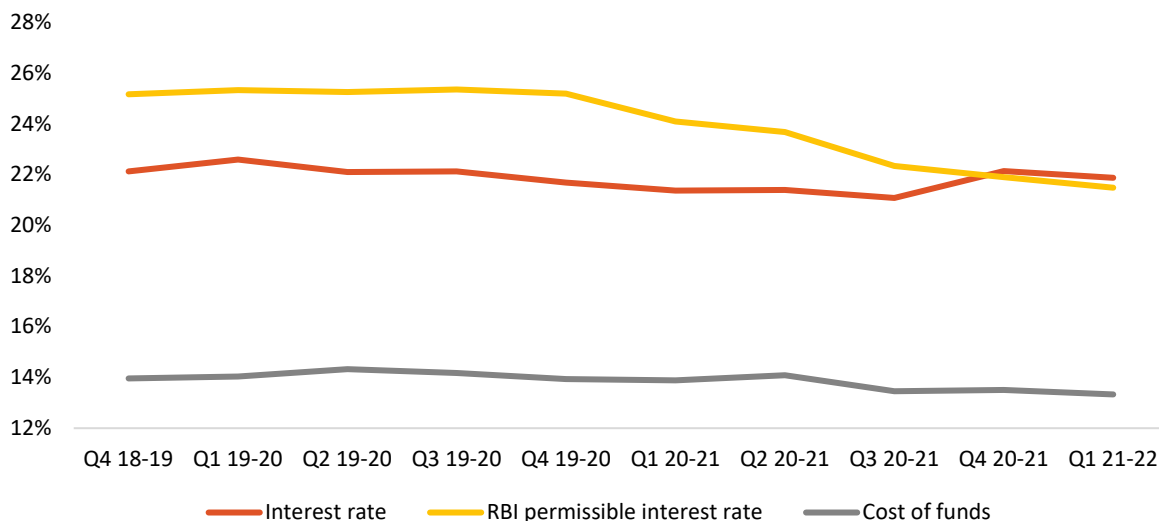


*Analysis is based on the data of panel of MFIs in the current quarter

NBFC-MFI trends

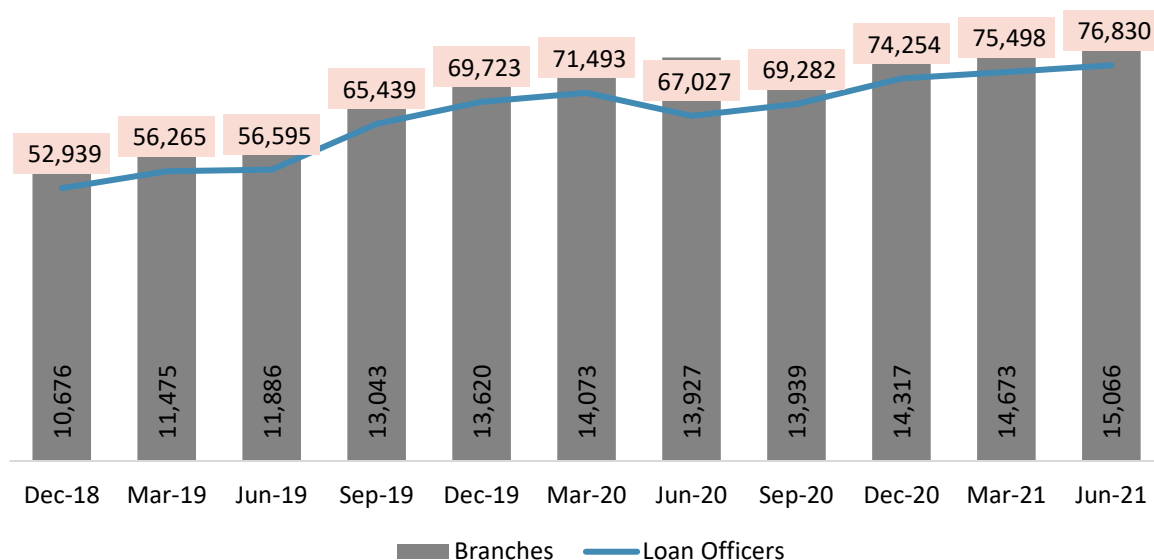
Q4 FY 18-19 to Q1 FY 21-22

Comparison of Interest rates and cost of funds trend



Note: Interest rate depicted in the above graph is the weighted average rate of interest charged by Member institutions on existing qualifying loan portfolio outstanding.

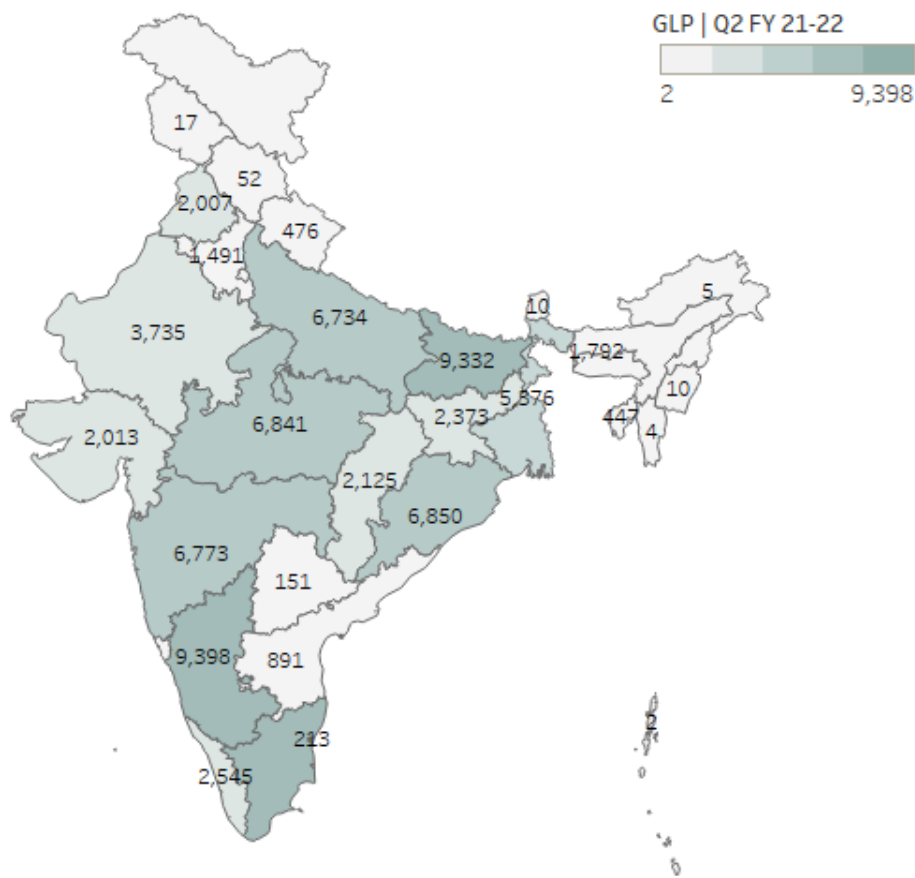
Branch Network



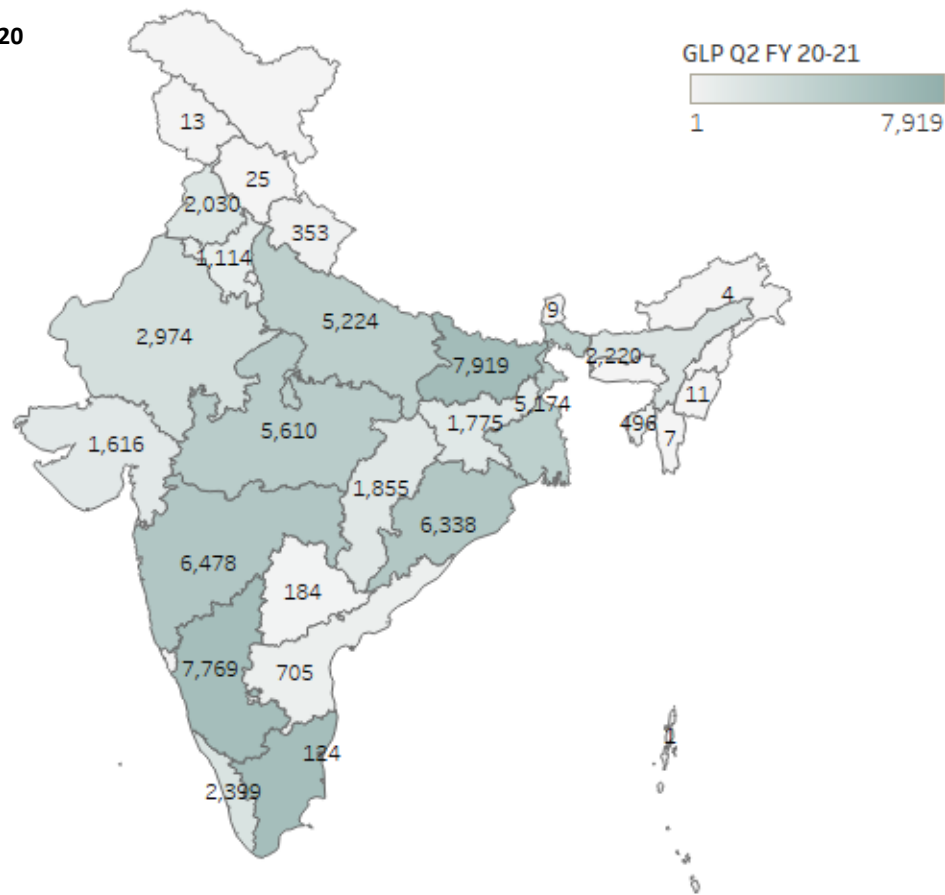
*Analysis is based on the data of panel of MFIs in the current quarter

State wise GLP of MFIN Members

30 September 2021:

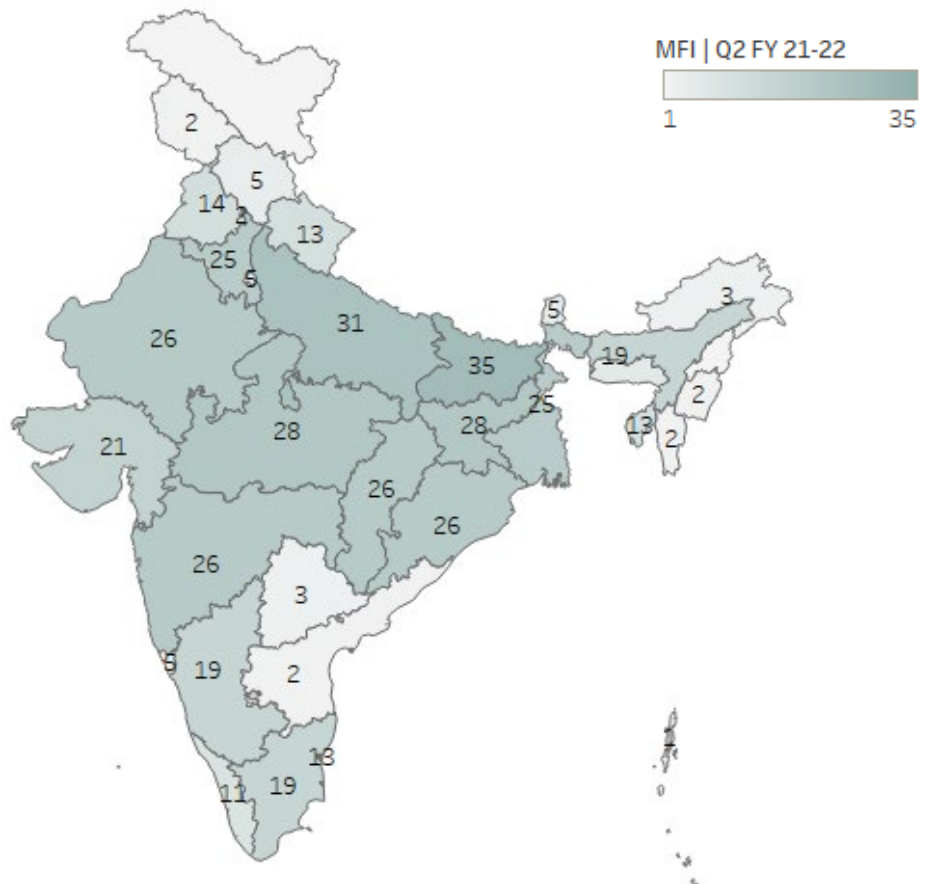


30 September 2020

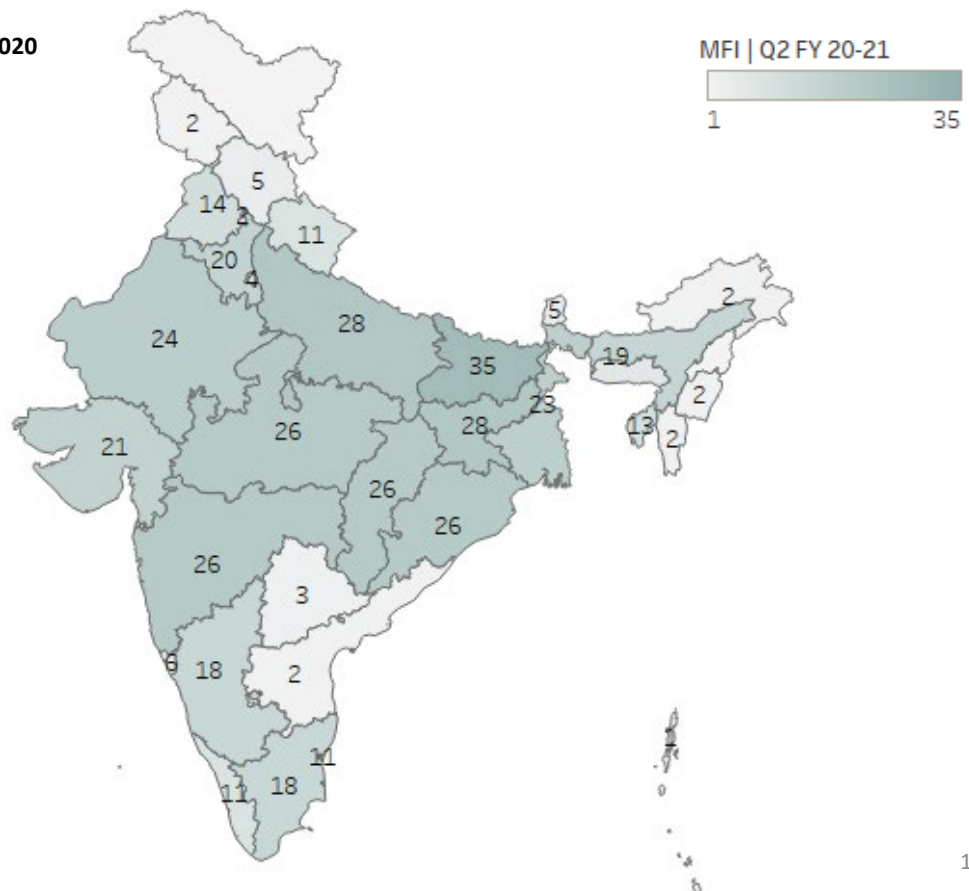


State wise presence of MFIN Members

30 September 2021



30 September 2020



Section III : Associate Highlights

This section presents highlights of self reported data provided by Five 'Other Lenders' that are MFIN associates including Four Corporate Business Correspondents (CBCs) and One NBFCs. The CBCs include Buldana Urban Management Services Pvt Ltd (**Buldana**), Kamal Fincap Pvt Ltd (**Kamal**), SaGgraha Management Services Pvt Ltd (**SaGgraha**), New Opportunity Consultancy Pvt Ltd (**NOCPL**) while the NBFCs is **Dvara KGFS** (Dvara). Dvara also has an off-balance sheet portfolio. Some highlights for the first quarter of Q2 FY 2021-22 are as under:

- As of 30 September 2021, the MFIN Associates were managing **Rs 0.22 Cr** loan accounts with aggregate loan portfolio of **Rs 4,111 Cr** and an **average loan outstanding** per account of **Rs 18,953**. This represents a YoY growth of 4% in portfolio and 14% in loan accounts.
- The contribution of the CBCs to the Associates' GLP as on 30 September 2021 was around 75.46% (Rs 3,102 Cr).
- The Associates have been able to achieve this outreach through 9,188 employees across 1,171 branches (customer service centres for the CBCs) with operations in **17 states**.
- The **average loan disbursed** per account during Q2 FY 2021-22 was **Rs 34,162**. Overall, the Associates disbursed Rs 927 Cr to 2.7 lakh accounts during this quarter.
- Portfolio at Risk (PAR) > 30 as on 30 September 2021 is **19.30%**, as improvement from **21.85%** as on 30 June 2021.
- In terms of **regional distribution** of Associates, South accounts for 66% followed by West 12%, East and Northeast 10%, North 6 % and Central 6%.

Indicator	Q2 FY 21-22	Q1 FY 21-22	QoQ change (%)	Q2 FY 20-21	YoY change (%)
	Sep-21	Jun-21		Sep-20	
Branches	1,171	1,182	-1%	1,070	9%
Employees	9,188	9,110	1%	7,750	19%
Loan accounts (Cr)	0.22	0.21	2%	0.19	14%
Gross Loan Portfolio (Rs Cr)	4,111	4,101	0%	3,946	4%
Loans disbursed (during the quarter, Lk)	2.7	0.8	249%	0.1	4,858%
Loan amount disbursed (during the quarter, Rs Cr)	927	277	235%	20	4,547%

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