

SYNOPSIS



Issue 37

MICROMETER

Data as on 31 March 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 **37th** issue of the Micrometer and it provides an overview of the microfinance industry as on **31 March 2021 (Q4 FY 2020-21)**. 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 31 March 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 two previous financial years (FY 2018-19 and FY 2019-20) and previous quarter (Q3 FY 2020-21). Analysis on NBFC-MFIs is based on data collected from **56 members** that are registered with the Reserve Bank of India (RBI).

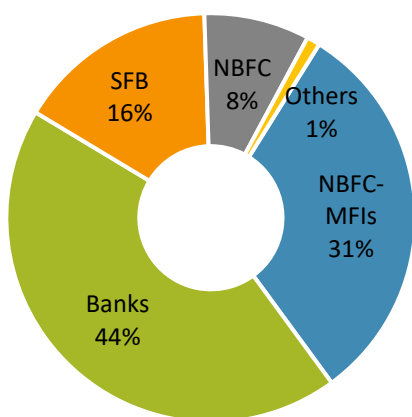
Section III of the report analyses the microfinance operations of **MFIN Associates** that include **NBFCs** and MFIs that operate as Corporate Business Correspondents (**CBCs**) for Banks. This section is based on the data collected from 3 NBFCs and 3 CBCs for Q4 FY 2020-21 and compares it with Q3 FY 2020-21 and Q4 FY 2019-20.

Section I : The Universe

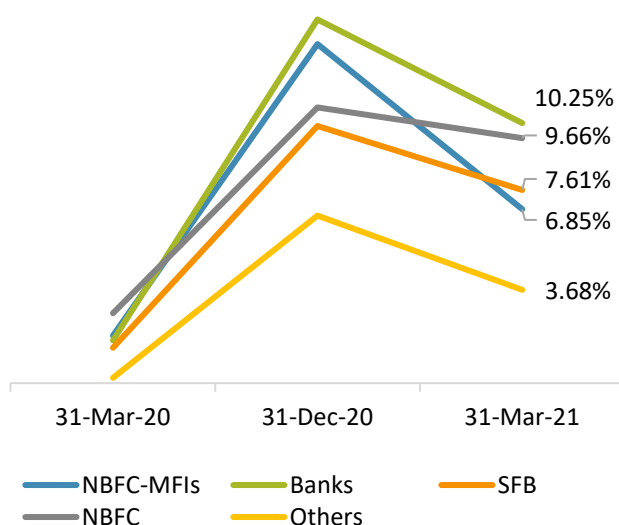
The pie-chart shows share of each peer group in the universe for loan amount outstanding as percentages. Compared with 31 March 2020, NBFC-MFIs portfolio has increased by 9.2%, Banks have increased by 22.7%, SFBs by 1.5%, NBFCs have decreased by 4.5% and Other MFIs have increased by 10.5% (Based on loans originated after February 2017).

As shown in PAR trend graph, PAR>30 has shown an increasing trend for all entities since March 2020 due to the pandemic. However, the improvement in comparison to PAR>30 as of December 2020 is mainly due to write-offs and restructuring of loans under RBI resolution framework. For PAR analysis, delinquencies >180 days have been removed to reflect a true picture of the portfolio quality.

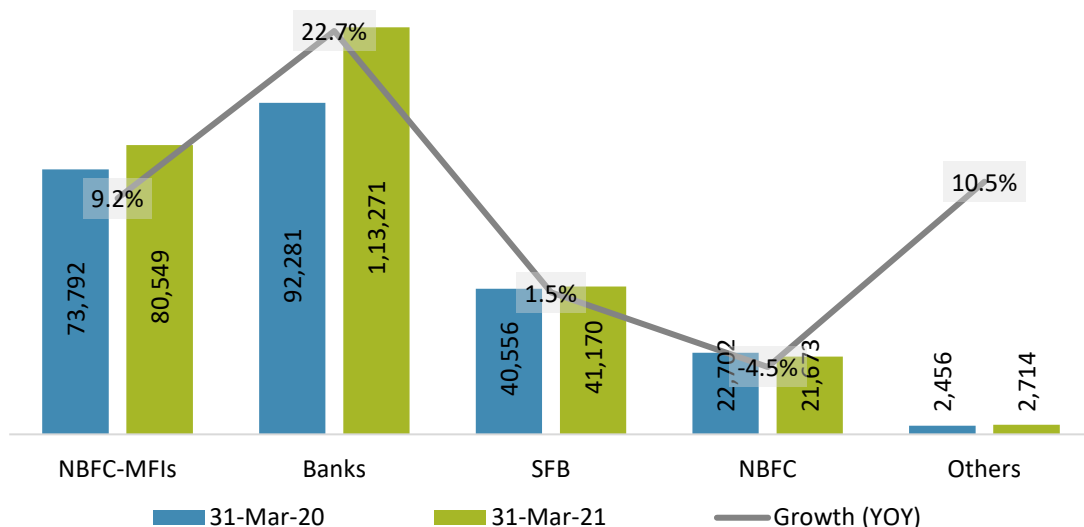
Micro-credit loan outstanding across lenders
31 March 2021



PAR>30 of the various entities



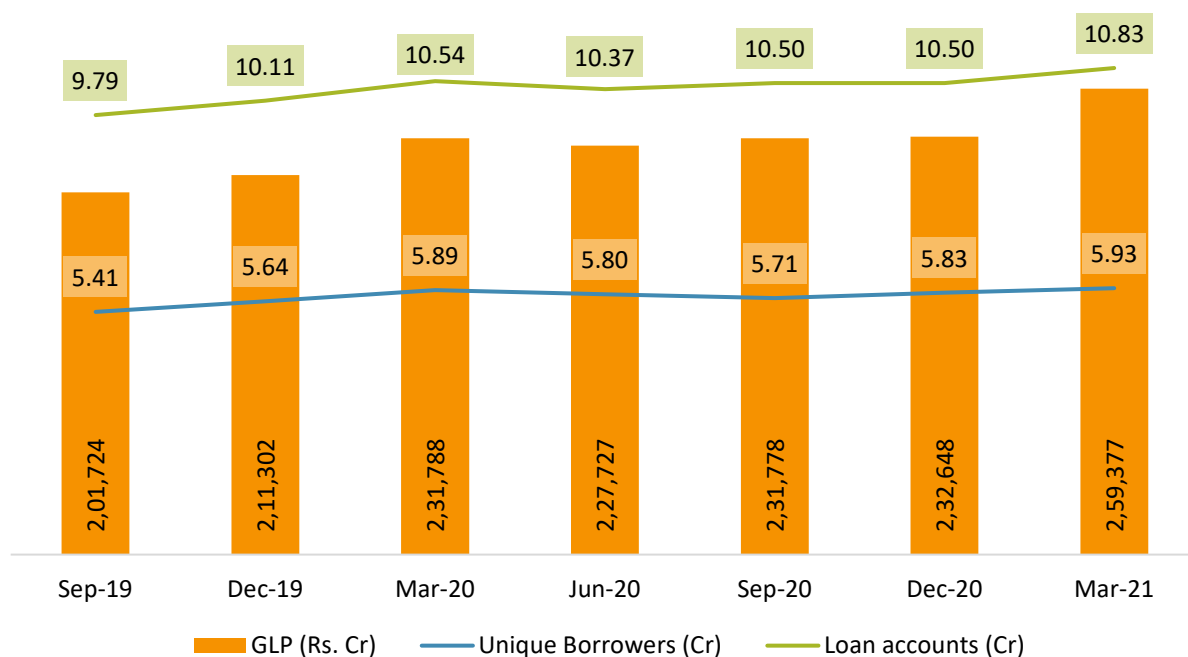
Portfolio outstanding of the microfinance industry (Rs Cr)



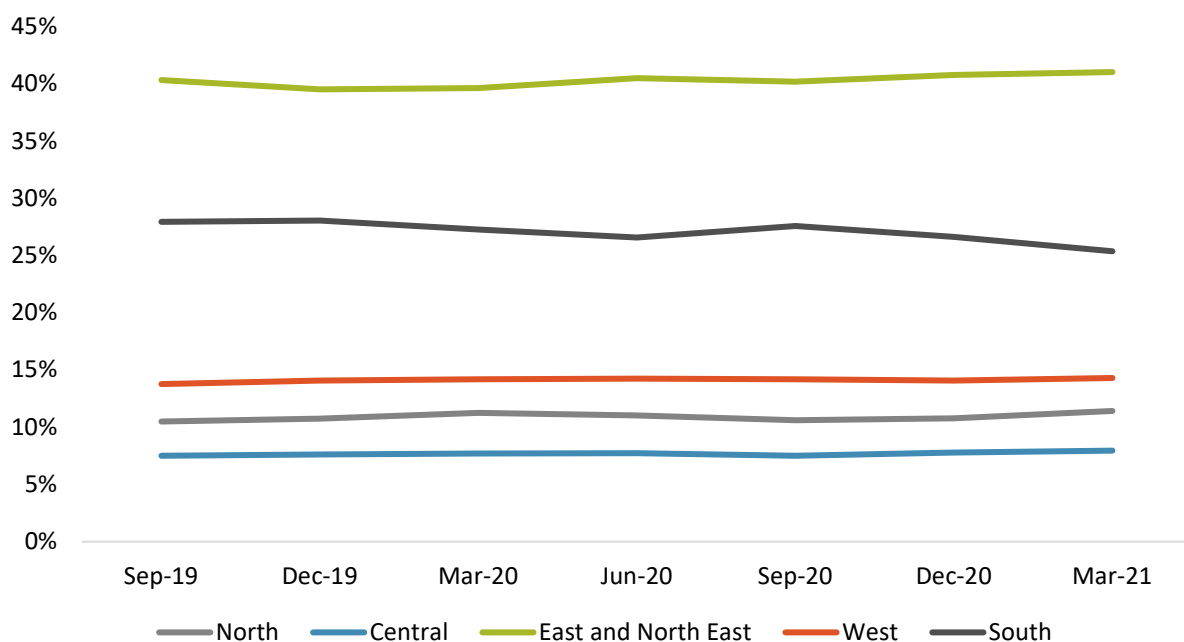
Industry trends

Q3 FY 19-20 to Q4 FY 20-21

Outreach trend



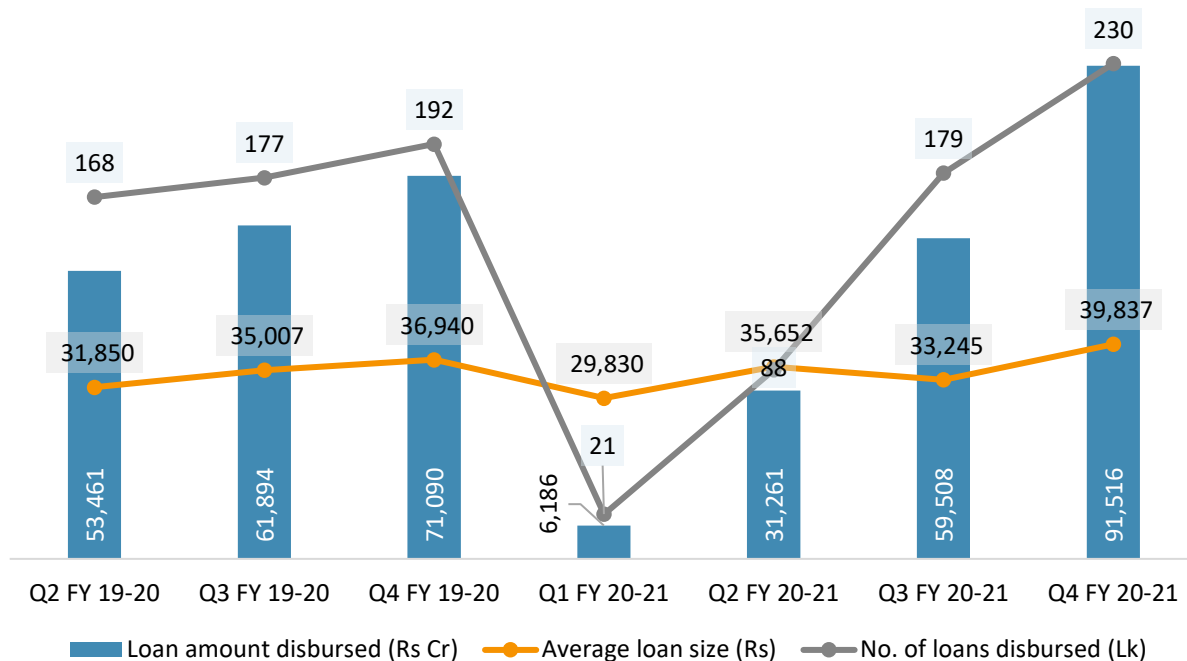
Regional distribution of GLP trend



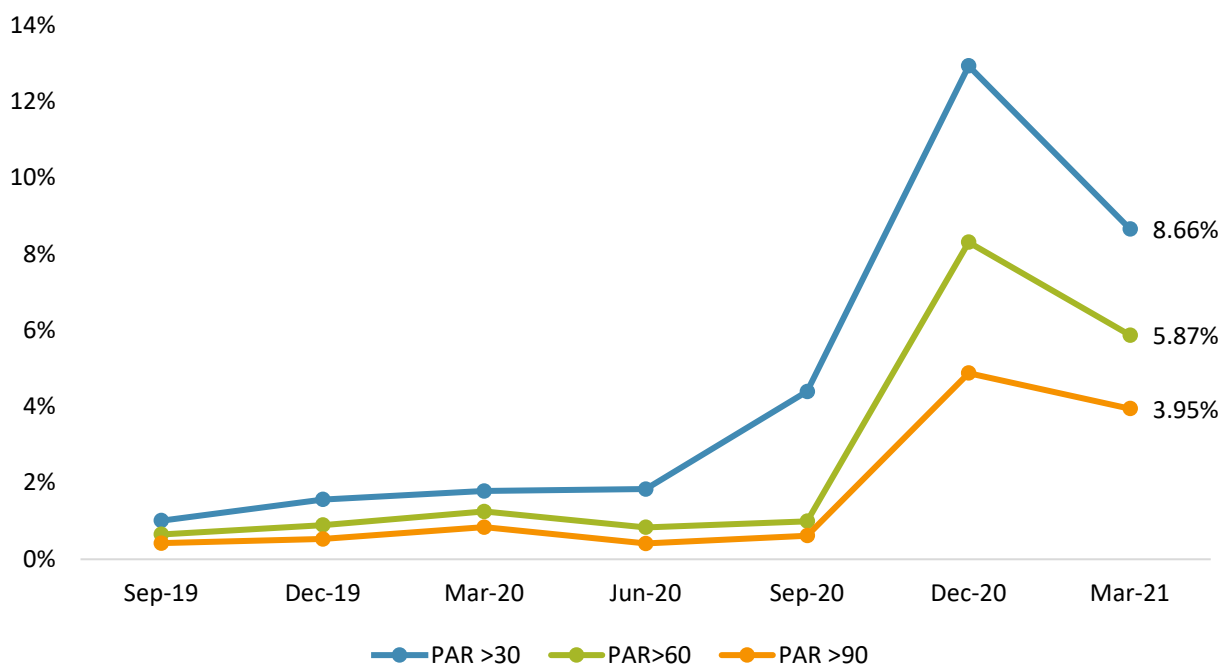
Industry trends

Q3 FY 19-20 to Q4 FY 20-21

Disbursement trend



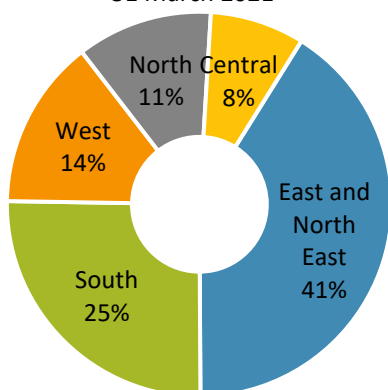
PAR trend



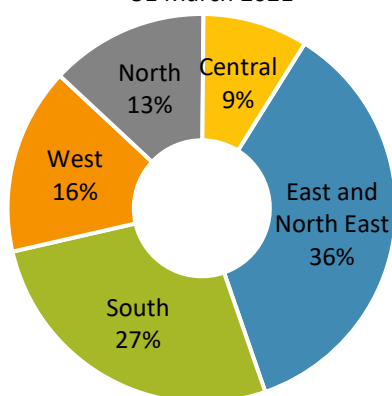
Regional distribution

Since March 2020 about 4 Lk unique borrowers have been added. As on 31 March 2021, the industry serves 5.93 Cr unique borrowers through 10.83 Cr loan accounts. The regional spread is depicted in the pie-chart below which shows around 66% concentration in East & North East and South regions.

Regional distribution of portfolio
31 March 2021

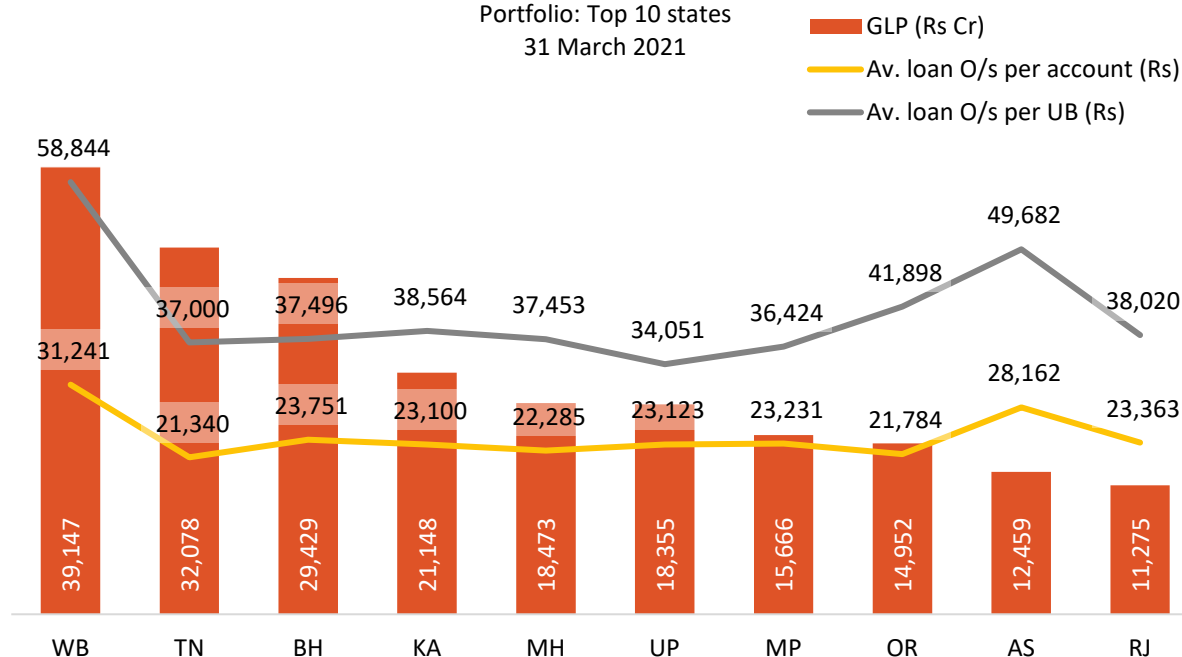


Regional distribution of unique borrowers
31 March 2021



The Top 10 states (based on universe data) constitute 82.11% 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 55,585 followed by Assam at Rs 48,578.

Portfolio: Top 10 states
31 March 2021



Section II : NBFC-MFI Highlights

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

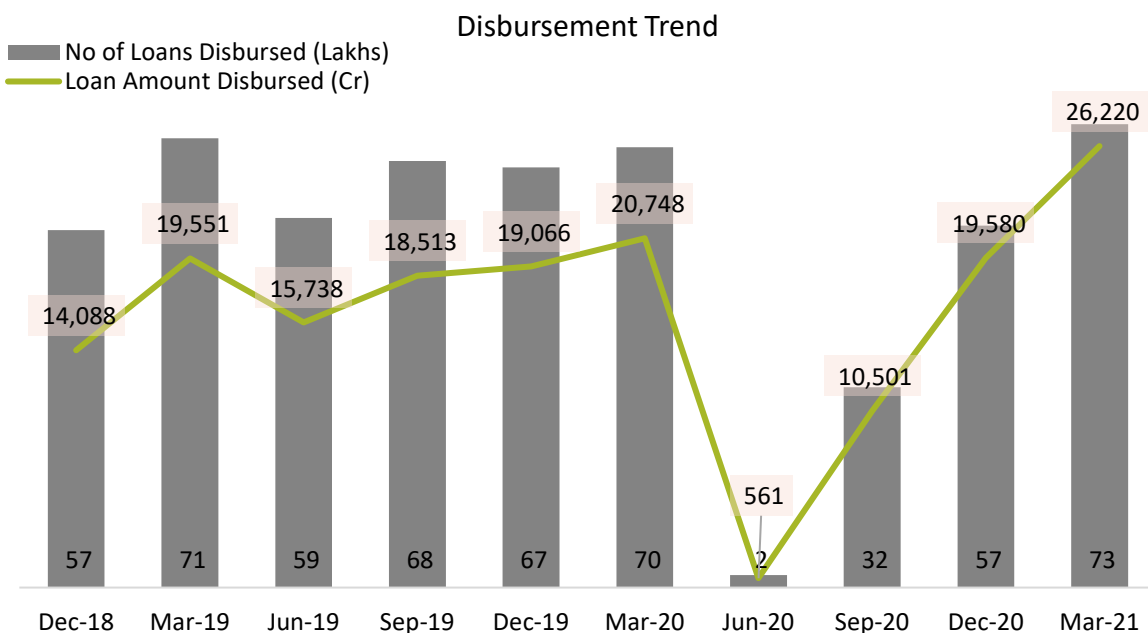
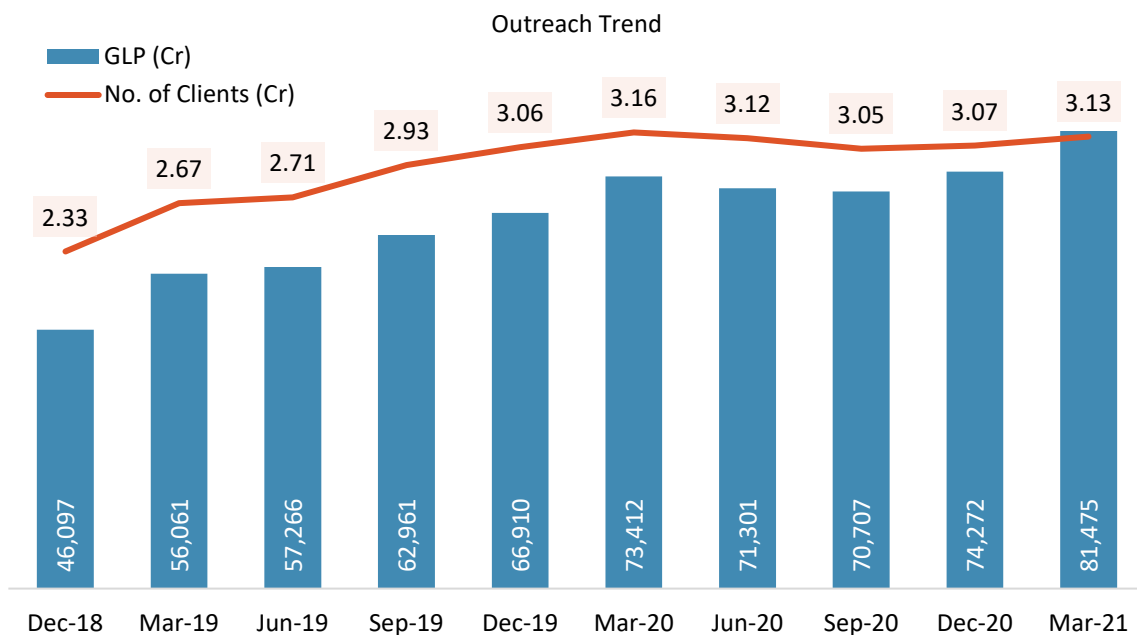
- As on 31 March 2021, **3.13 Cr clients*** have loan outstanding from NBFC-MFIs, which is **0.9%** lesser than clients as on 31 March 2020.
- The aggregate **GLP** of MFIs is **Rs 81,475 Cr** as on 31 March 2021, including owned portfolio Rs **68,894 Cr** and managed portfolio (off BS) of Rs **12,581 cr**. The owned portfolio of MFIN members is about **85.5%** of the NBFC-MFI universe portfolio of **80,549 Cr**.
- On a YoY basis GLP has increased by **11.0%** as compared to 31 March 2020 and by **9.7%** in comparison to 31 December 2020.
- Loan amount of **Rs 57,891 Cr** was disbursed in FY 20-21 through **1.70 Cr** accounts, including disbursement of Owned as well as Managed portfolio. This is about **24.8%** lesser than the disbursements made in FY 19-20.
- Average loan amount disbursed per account during FY 20-21 was **Rs 35,726** which is an increase of around **20.0%** in comparison to last financial year.
- As on 31 March 2021, the borrowings o/s were **Rs 64,078 Cr**. Other Banks contributed 36.6% of borrowings O/s followed by 24.0% from Non-Bank entities, 19.9% from Top 5 Banks, 14.8% from AIFs, 2.9% from External Commercial Borrowings (ECB) and 1.7% from other sources.
- During FY 20-21, NBFC-MFIs received a total of **Rs 40,797 Cr** in debt funding, which is **9.2%** higher than FY 19-20. Other Banks contributed 42.5% of borrowings received during FY 20-21 followed by 20.5% from Top 5 Banks, 17.6% from Non-Bank entities and AIFs, 1.1% from External Commercial Borrowings (ECB) and 0.6% from other sources.
- Total equity grew by **15.0%** as compared to FY 19-20 and is at **Rs 18,663 Cr** as on 31 March 2021.
- Portfolio at Risk (PAR)>30 days as on 31 March 2021 has increased to **9.2%** as compared to **2.4%** as on 31 March 2020, due to the effect of the pandemic.
- 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 33% of the total NBFC-MFI portfolio, South 28%, West 15%, North 13% & Central contributes 11%.

Indicator	Q4 FY 20-21	Q4 FY 19-20	YoY change (%) Q4 FY 20-21 over Q4 FY 19-20	Q3 FY 20-21
	31-Mar-21	31-Mar-20		31-Dec-20
Branches	14,673	14,073	4.3%	14,296
Employees	1,19,634	1,15,320	3.7%	1,13,969
Clients~ (Cr)	3.13	3.16	-0.9%	3.07
Loan accounts (Cr)	3.77	4.02	-6.1%	3.58
Gross Loan Portfolio (Rs Cr)	81,475	73,412	11.0%	74,272
Balance sheet portfolio	68,894	57,441	19.9%	63,369
Loans disbursed (during the year, Cr)	1.70	2.78	-39.0%	
Loan amount disbursed (during the year, Rs Cr)	57,891	76,956	-24.8%	

**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

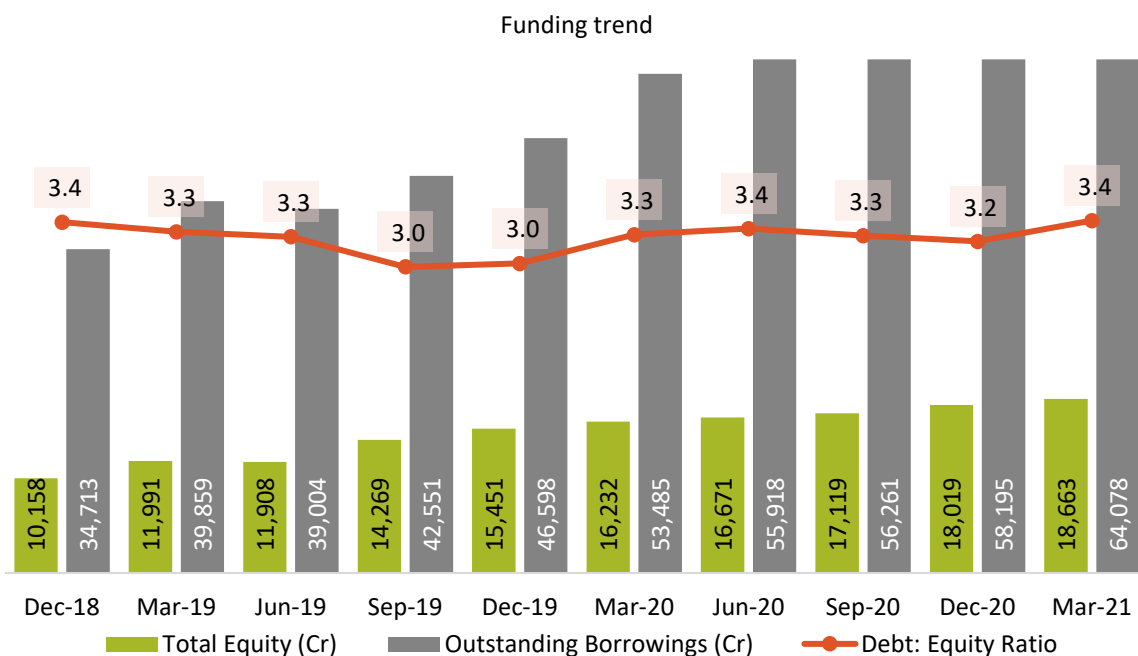
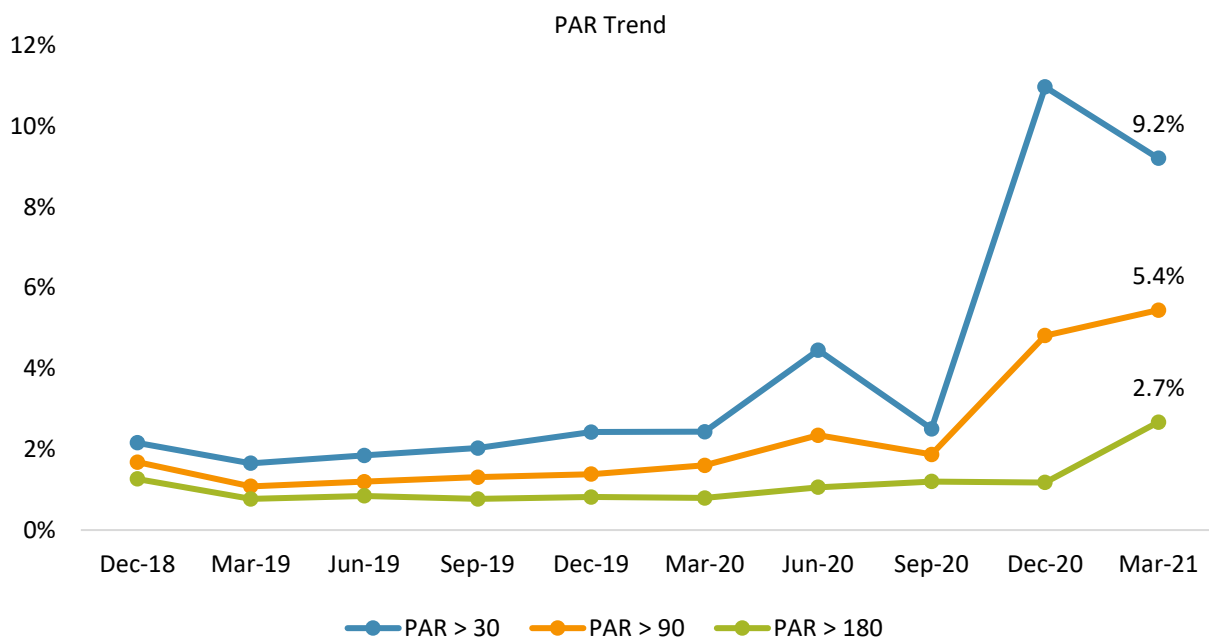
Q3 FY 18-19 to Q4 FY 20-21



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

NBFC-MFI trends

Q3 FY 18-19 to Q4 FY 20-21

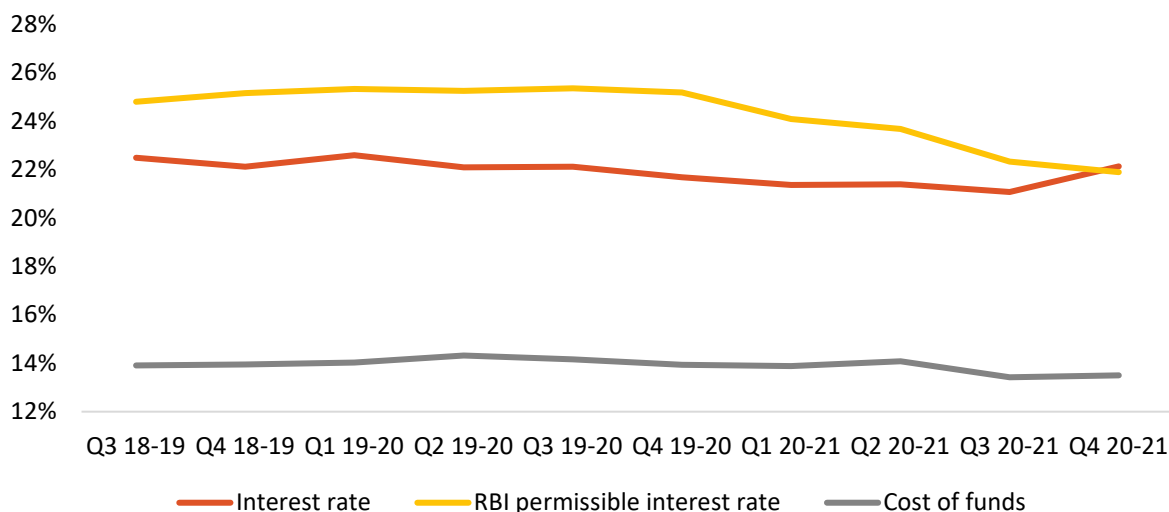


*Analysis is based on the data of panel of MFIs in the current quarter

NBFC-MFI trends

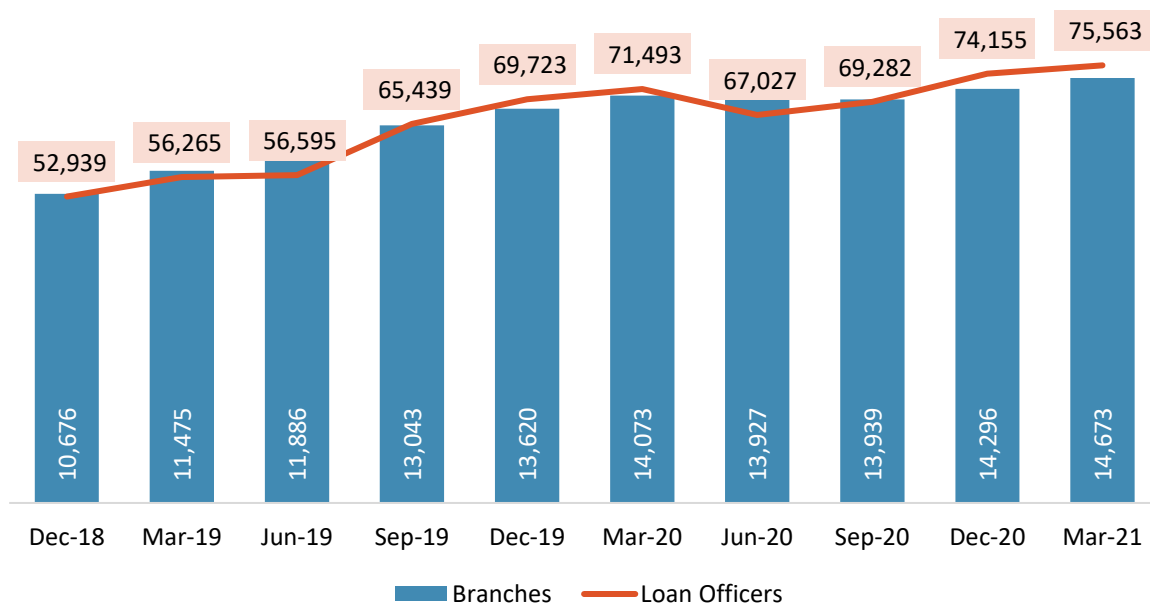
Q3 FY 18-19 to Q4 FY 20-21

Comparison of Interest rates and cost of funds trend



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

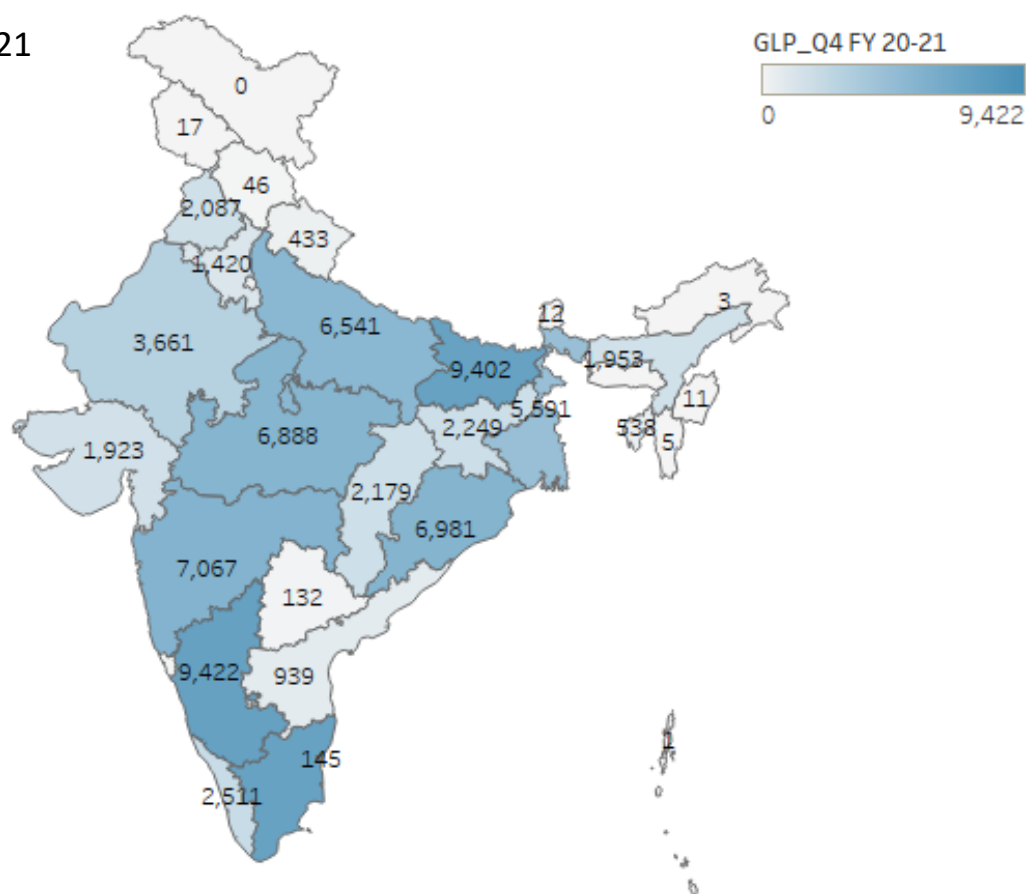
Branch Network



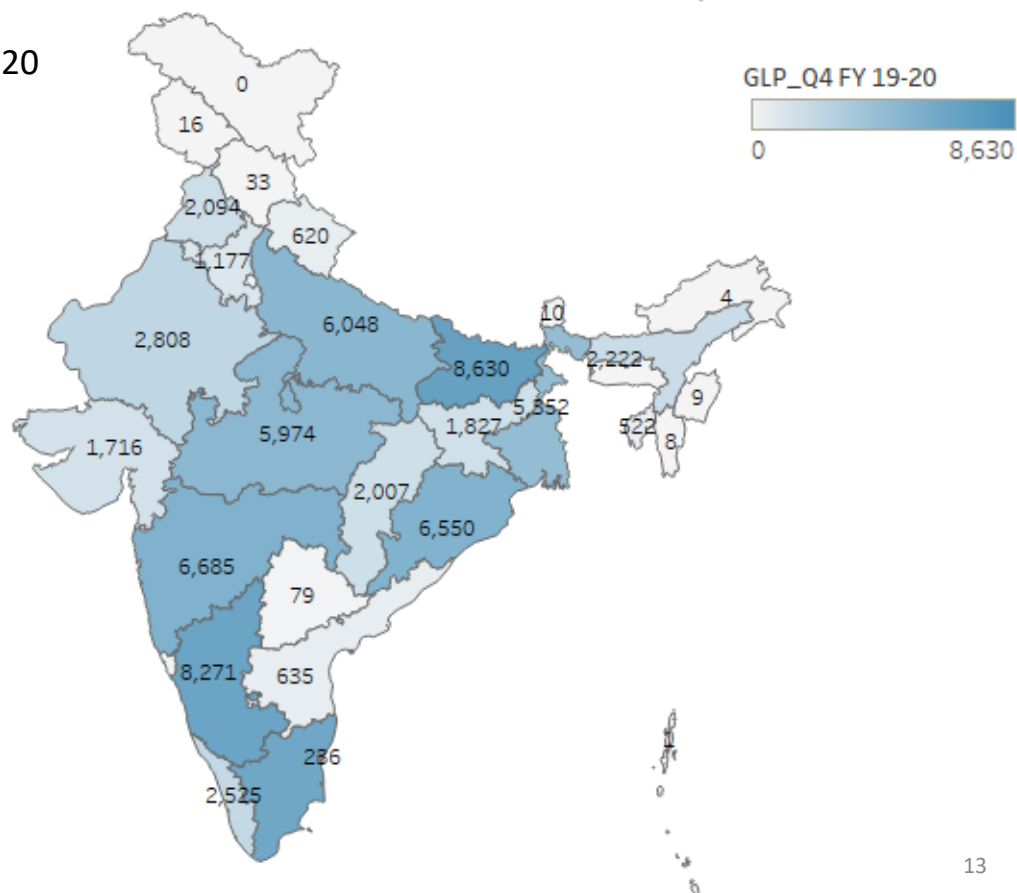
*Analysis is based on the data of panel of MFIs in the current quarter

State wise GLP of MFIN Members

31 March 2021

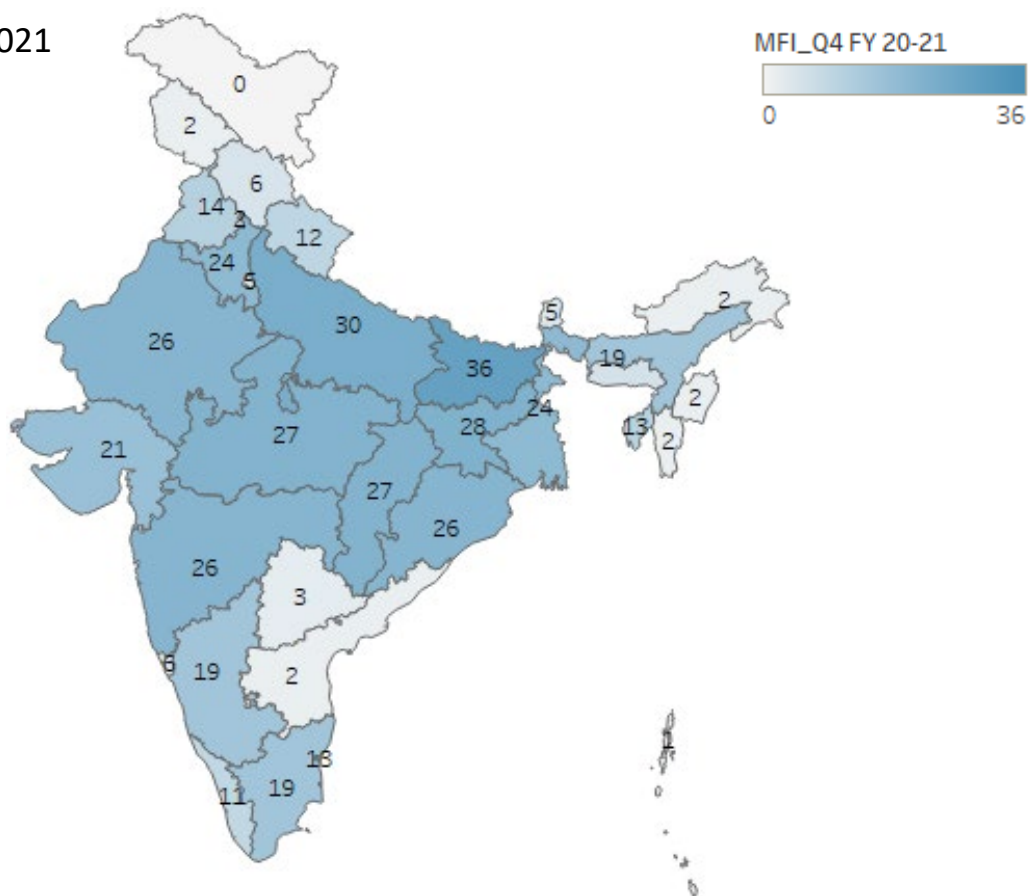


31 March 2020

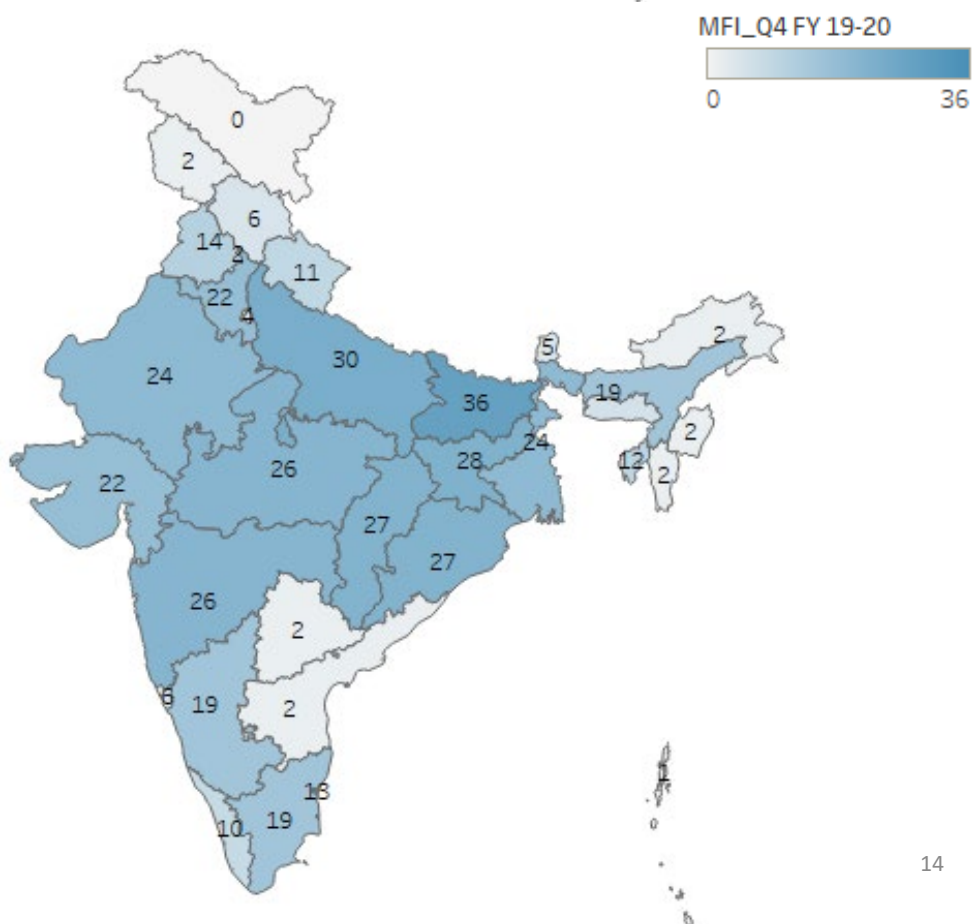


State wise presence of MFIN Members

31 March 2021



31 March 2020



Section III : Associate Highlights

This section presents highlights of self reported data provided by six 'Other Lenders' that are MFIN associates including four Corporate Business Correspondents (CBCs) and two 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 include **Dvara KGFS** (Dvara), and Sampark Fin. Services Private Limited (**Sampark**). Of the NBFCs, Dvara also has an off-balance sheet portfolio. Some highlights for the third quarter of FY 2020-21 are as under:

- As of 31 March 2021, the MFIN Associates were managing **Rs 0.22 Cr** loan accounts with aggregate loan portfolio of **Rs 4,596 Cr** and an **average loan outstanding** per account of **Rs 20,853**. This represents a YoY growth of 11% in portfolio and 12% in loan accounts.
- The contribution of the CBCs to the Associates' GLP as on 31 March 2021 was around 75% (Rs 3,463 Cr).
- The Associates have been able to achieve this outreach through 9,369 employees across 1,227 branches (customer service centres for the CBCs) with operations in **18 states**.
- The **average loan disbursed** per account during Q4 FY 2020-21 was **Rs 32,571**. Overall, the Associates disbursed Rs 2,754 Cr to 8.3 lakh accounts during this FY.
- Portfolio at Risk (PAR) > 30 as on 31 March 2021 is **8.27%**, which was **9.54%** as on 31 December 2020.
- In terms of **regional distribution** of Associates, South accounts for 69% followed by West 11%, East and Northeast 9%, North 6 % and Central 5%.

Indicator	Q4 FY 20-21	Q3 FY 20-21	QoQ change	Q4 FY 19-20	YoY change
	Mar-21	Dec-20	(%)	Mar-20	(%)
Branches	1,227	1,193	3%	1,090	13%
Employees	9,369	8,886	5%	8,316	13%
Loan accounts (Cr)	0.22	0.20	10%	0.20	12%
Gross Loan Portfolio (Rs Cr)	4,596	4,112	12%	4,141	11%
Loans disbursed (during the quarter, Lk)	4.2	2.7	56%	3.6	14%
Loan amount disbursed (during the quarter, Rs Cr)	1,360	910	49%	1,213	12%



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