SYNOPSIS

Issue 30

MICROMETER

Data as on 30 June 2019
We are thankful to all our members, associates and other institutions who have contributed data for this issue.
Introduction

This is the 30th issue of the Micrometer and it provides an overview of the microfinance industry as on 30 June 2019 (Q1 FY 2019-20). Micrometer has three broad sections as under:

Section I on “Microfinance Universe” gives an overview of the portfolio and outreach of the microfinance (i.e. micro-credit) industry as on 30 June 2019. 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 last (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 around 97% of the Ever MFI data. Therefore, to provide a more realistic and current picture of the progress of Microfinance Universe, from this issue onwards, data after February 2017 (which is after the demonetization period) will be 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 (Q1 FY 18-19) and previous quarter (Q4 FY 18-19). Analysis on NBFC-MFIs is based on data collected from 54 members that are registered with the Reserve Bank of India (RBI) as NBFC-MFIs.

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 4 NBFCs and 4 CBCs for Q1 FY 2019-20 and compares it with Q4 FY 2018-19.
The pie-chart shows loan amount outstanding in Rs Cr and share of each peer group in the universe as percentages. Compared with Q1 FY 18-19, NBFC-MFIs portfolio has grown by 16%, Banks by 74%, SFBs by 46%, NBFCs by 35% and Other MFIs by 28%. The higher growth of Banks' portfolio and lower growth for NBFC MFIs is mainly due to merger of BFIL with IndusInd Bank during Q1 2019-20. The portfolio quality of the industry remains good, though it has witnessed a fluctuating trend over the last one year. The PAR analysis has been done after removing delinquencies above 180 days to reflect a true picture of the portfolio quality.
Some highlights of this quarter/ financial year are as under:

- As of 30 June 2019, **2.73 Cr** clients* have loan outstanding from NBFC-MFIs, which is an increase of 34% over Q1 FY 18-19.
- The aggregate gross loan portfolio (GLP) of MFIs is **Rs 56,827 Cr** as on 30 June 2019. This represents a YoY growth of 44% as compared to 30 June 2018 and 4% in comparison to 31 March 2019.
- Loan amount of **Rs 16,137 Cr** was disbursed in Q1 FY 19-20 through **0.61 Cr** accounts.
- Average loan amount disbursed per account during Q1 FY 19-20 was **Rs 26,596** which is an increase of around 9% in comparison to loans disbursed during Q1 FY 18-19.
- During Q1 FY 19-20, NBFC-MFIs received a total of **Rs 6,252 Cr** in debt funding, which is a decrease of 12% from Q1 FY 18-19. Total equity grew by 68% during the same period and is at **Rs 11,785 Cr**.
- Portfolio at Risk (PAR) > 30 as on 30 June 2019 is **1.76%**. PAR >30 has come down from 2.66% in the corresponding quarter of last financial year.
- MFIs now have presence in 31 states/union territories.
- In terms of regional distribution of portfolio (GLP), East and North East accounts for 34% of the total NBFC MFI portfolio, South 27%, North 14%, West 15% & Central contributes 10%.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Q1 FY 19-20</th>
<th>Q1 FY 18-19</th>
<th>YoY change (%) Q1 FY 19-20 over 30 June 19</th>
<th>Q4 FY 18-19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 June 19</td>
<td>30 June 18</td>
<td>Q1 FY 18-19</td>
<td>31 March 19</td>
</tr>
<tr>
<td>Branches</td>
<td>12,145</td>
<td>9,283</td>
<td>33%</td>
<td>11,475</td>
</tr>
<tr>
<td>Employees</td>
<td>94,325</td>
<td>71,854</td>
<td>34%</td>
<td>90,505</td>
</tr>
<tr>
<td>Clients* (Cr)</td>
<td>2.73</td>
<td>2.03</td>
<td>37%</td>
<td>2.61</td>
</tr>
<tr>
<td>Loan accounts (Cr)</td>
<td>3.20</td>
<td>2.38</td>
<td>39%</td>
<td>3.07</td>
</tr>
<tr>
<td>Gross Loan Portfolio (Rs Cr)</td>
<td>56,827</td>
<td>39,367</td>
<td>51%</td>
<td>54,586</td>
</tr>
<tr>
<td>Loans disbursed (during the quarter, Cr)</td>
<td>0.61</td>
<td>0.49</td>
<td>29%</td>
<td>0.76</td>
</tr>
<tr>
<td>Loan amount disbursed (during the quarter, Rs Cr)</td>
<td>16,137</td>
<td>11,949</td>
<td>40%</td>
<td>20,644</td>
</tr>
</tbody>
</table>

*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 16-17 to Q1 FY 19-20

*Analysis is based on the data of panel of MFIs in the current quarter*
NBFC-MFI trends
Q4 FY 16-17 to Q1 FY 19-20

*Analysis is based on the data of panel of MFIs in the current quarter*
**NBFC-MFI trends**

**Q4 FY 16-17 to Q1 FY 19-20**

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**Comparison of Interest rates and cost of funds trend**

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

*Interest rate and Cost of funds shown above are simple averages*

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**Branch Network**

*Analysis is based on the data of panel of MFIs in the current quarter*
State wise GLP of MFIN Members

30 June 2019

30 June 2018
State wise presence of MFIN Members

31 June 2019

31 June 2018
Section III: Associate Highlights

This section on the MFIN Associates, is based on the analysis of self reported data provided by eight ‘Other Lenders’ including four Corporate Business Correspondents (CBCs) and four NBFCs. The CBCs include Basix Sub K iTransactions LTD (Sub K), Kamal Fincap Pvt Ltd (Kamal), SaGgraha Management Services Pvt Ltd (SaGgraha), New Opportunity Consultancy Pvt Ltd (NOCPL) while the NBFCs include Dvara KGFS (Dvara), Friends Capital Services Limited (FCSL), Fullerton India Credit Company Ltd. (Fullerton) and Sampark Fin. Services Private Limited (Sampark). Of the NBFCs, Dvara also has an off-balance sheet portfolio. Some highlights for the first quarter of FY 2019-20 are as under:

- As of 30 June 2019, the MFIN Associates were managing Rs 0.41 Cr loan accounts with aggregate loan portfolio of Rs 8,036 Cr and an average loan outstanding per account of Rs 19,667. This represents a QoQ growth of 1% in portfolio and 4% in loan accounts.
- The contribution of the CBCs to the Associates’ GLP as on 30 June 2019 was around 40% (Rs 3,234 Cr). Since CBCs manage the loan accounts and portfolio for their partner banks, this represents around 4.8% of the outreach (loan accounts) and 4.1% of the portfolio of banks as on 30 June 2019.
- The Associates have been able to achieve this outreach through 11,479 employees across 1,412 branches (customer service centres for the CBCs) with operations in 21 states.
- The average loan disbursed per account during Q1 FY 2019-20 was Rs 32,720. Overall, the Associates disbursed Rs 1,828 Cr through 5.6 Lk accounts during this quarter.
- Portfolio at Risk (PAR) > 30 as on 30 June 2019 is 1.5%, an improvement from 1.7% as on 31 March 2019.
- In terms of regional distribution of Associates, South accounts for 52% followed by West 29%, Central 10%, East and North East 6% and North 3%.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Q1 FY 19-20</th>
<th>Q4 FY 18-19</th>
<th>QoQ change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 June 19</td>
<td>31 Mar 19</td>
<td></td>
</tr>
<tr>
<td>Branches</td>
<td>1,412</td>
<td>1,409</td>
<td>0%</td>
</tr>
<tr>
<td>Employees</td>
<td>11,479</td>
<td>10,818</td>
<td>6%</td>
</tr>
<tr>
<td>Loan accounts (Cr)</td>
<td>0.41</td>
<td>0.39</td>
<td>4%</td>
</tr>
<tr>
<td>Gross Loan Portfolio (Rs Cr)</td>
<td>8,036</td>
<td>7,988</td>
<td>1%</td>
</tr>
<tr>
<td>Loans disbursed (during the</td>
<td>5.6</td>
<td>7.6</td>
<td>-27%</td>
</tr>
<tr>
<td>quarter, Lk)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan amount disbursed (during</td>
<td>1,828</td>
<td>2,482</td>
<td>-26%</td>
</tr>
<tr>
<td>the quarter, Rs Cr)</td>
<td></td>
<td></td>
<td></td>
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