

SYNOPSIS

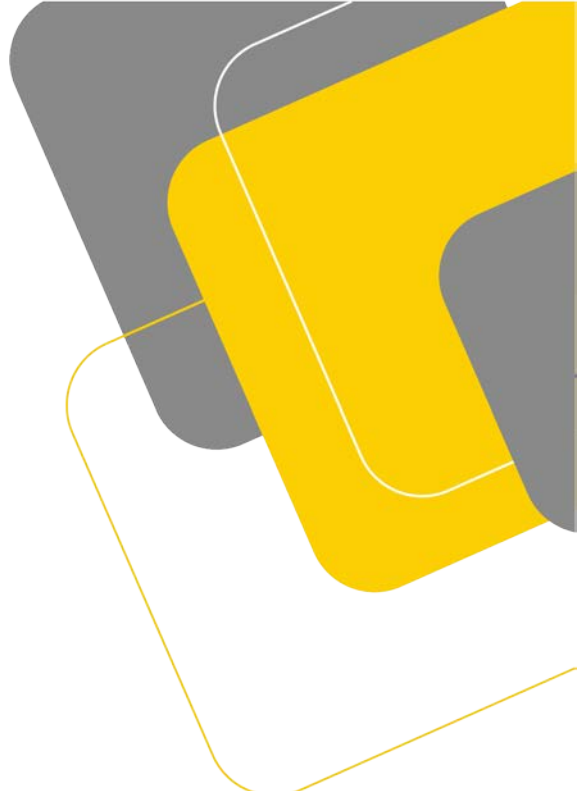
Issue 33

MICROMETER

Data as on 31 March 2020



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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 **33rd issue** of the Micrometer and it provides an overview of the microfinance industry as on **31 March 2020 (Q4 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 31 March 2020. 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 over 97.5% 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.

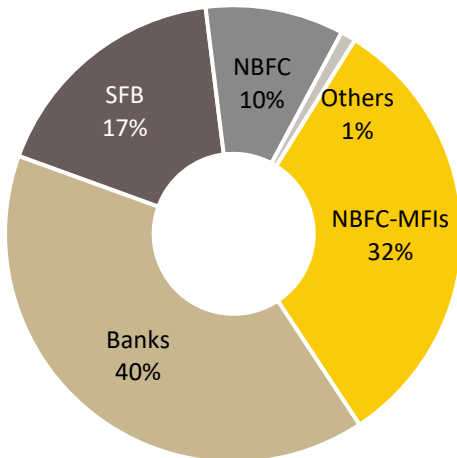
Section II of the micrometer provides detailed analysis of self reported data of **NBFC-MFIs (MFIN Primary Members)** up to state level. This includes a comparative analysis with the corresponding quarters of previous fiscal year (Q4 FY 18-19) and previous quarter (Q3 FY 19-20). Analysis on NBFC-MFIs is based on data collected from **53 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 4 CBCs for Q4 FY 2019-20 and compares it with Q4 FY 2018-19 and Q3 FY 2019-20.

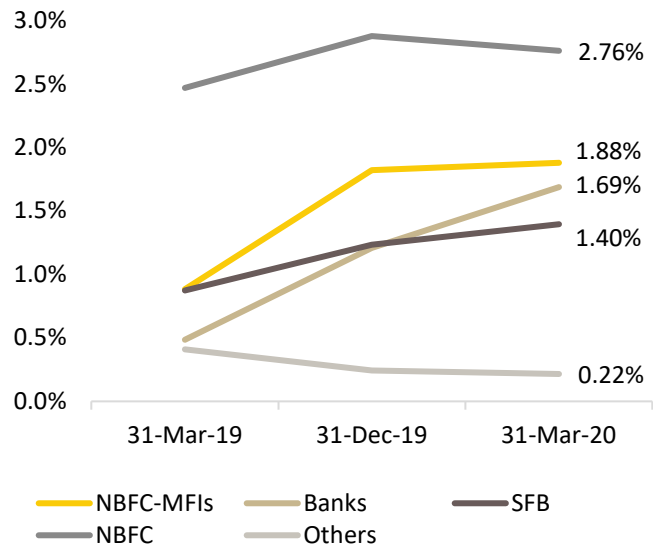
Section I – The Universe

The pie-chart shows share of each peer group in the universe for loan amount outstanding as percentages. As can be seen banks hold the largest share of portfolio at 40% followed by NBFC MFIs at 32%. The very high growth of Banks' portfolio and relatively slow growth for NBFC MFIs is mainly due to merger of BFIL with IndusInd Bank during Q1 2019-20. The PAR figures continue to show an increasing trend as compared to previous quarters, but the portfolio health is still within acceptable limits. For PAR analysis, delinquencies >180 days have been removed to reflect a true picture of the portfolio quality.

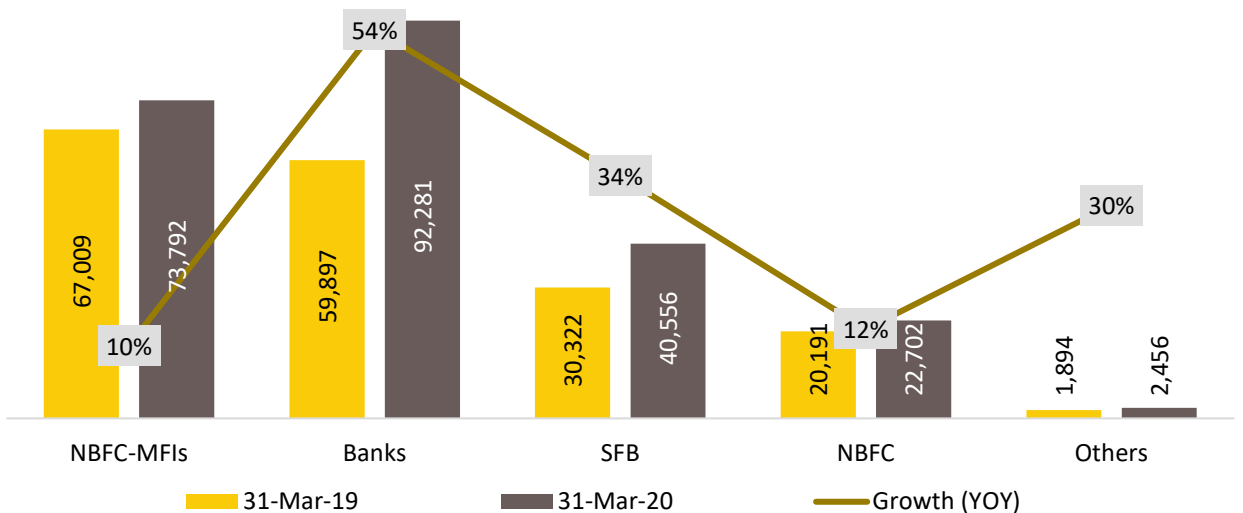
Micro-credit loan outstanding across lenders
31 March 2020



PAR>30 of the various entities



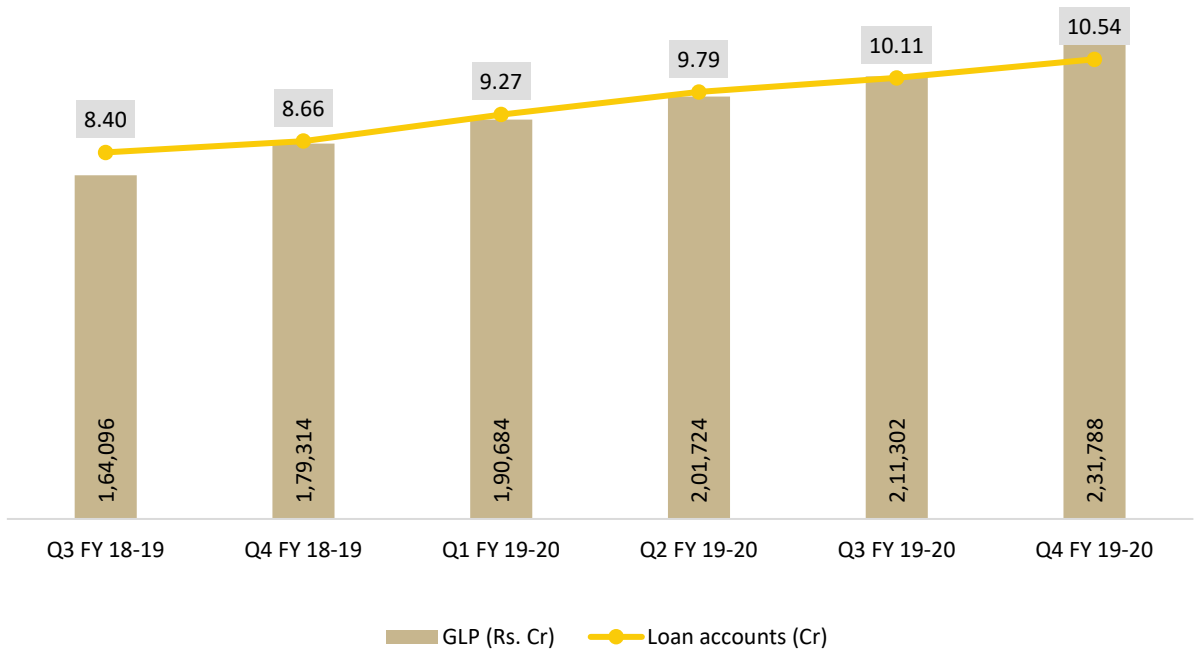
Portfolio outstanding of the microfinance industry (Rs Cr)



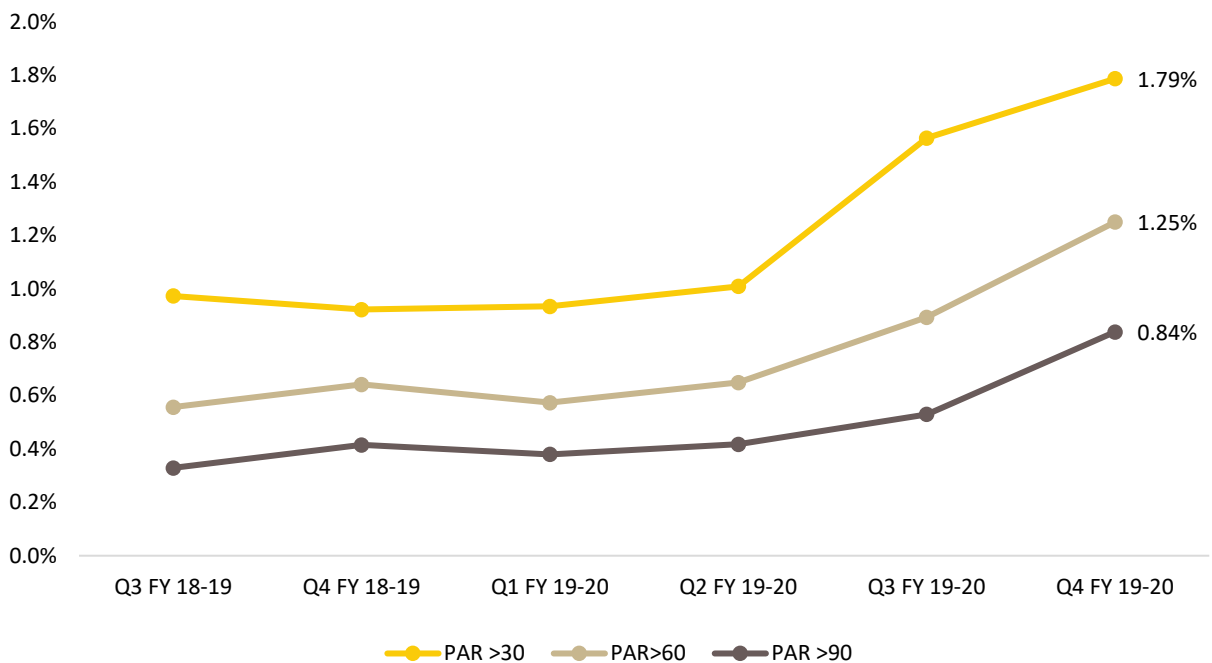
Industry trends

Q3 FY 18-19 to Q4 FY 19-20

Outreach trend



PAR trend

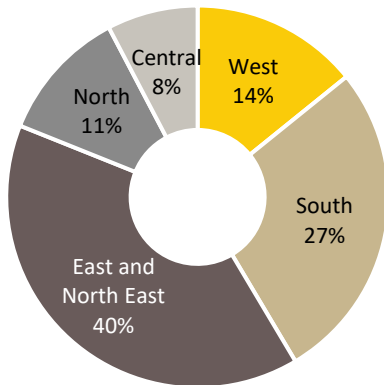


Note: For PAR analysis, delinquencies above 180 days have been removed to reflect a true picture of the portfolio quality.

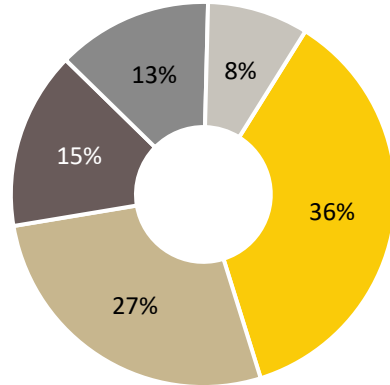
Regional distribution

As on 31 March 20, the industry serves 5.89 Cr unique borrowers through 10.54 Cr loan accounts. The regional spread depicted in the pie-charts below, shows that East & North East and South continue to contribute 2/3rd of Microfinance portfolio as well as unique borrowers.

Regional distribution of portfolio
31 March 2020

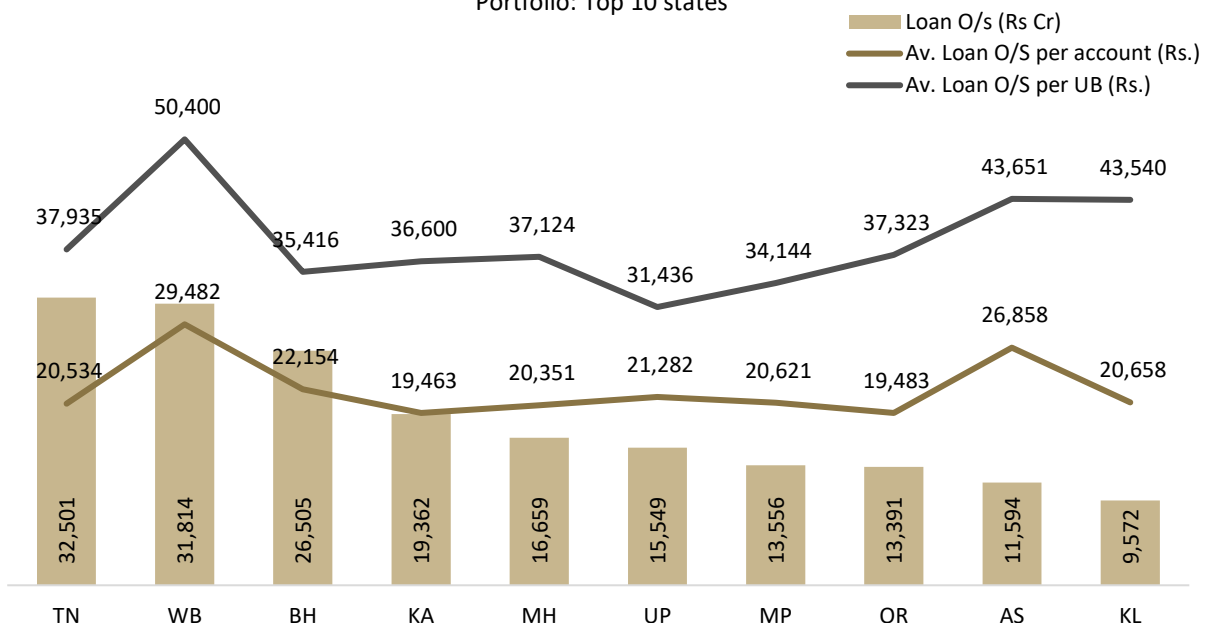


Regional distribution of unique borrowers
31 March 2020



The Top 10 states (based on universe data) constitute 82.2% in terms of GLP. Tamil Nadu remains the largest state followed by West Bengal and Bihar. West Bengal has the highest average loan outstanding per unique borrower of Rs 50,400 followed by Assam at Rs 43,947 and Kerala at Rs. 43,540.

Portfolio: Top 10 states



Section II – NBFC-MFI Highlights

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

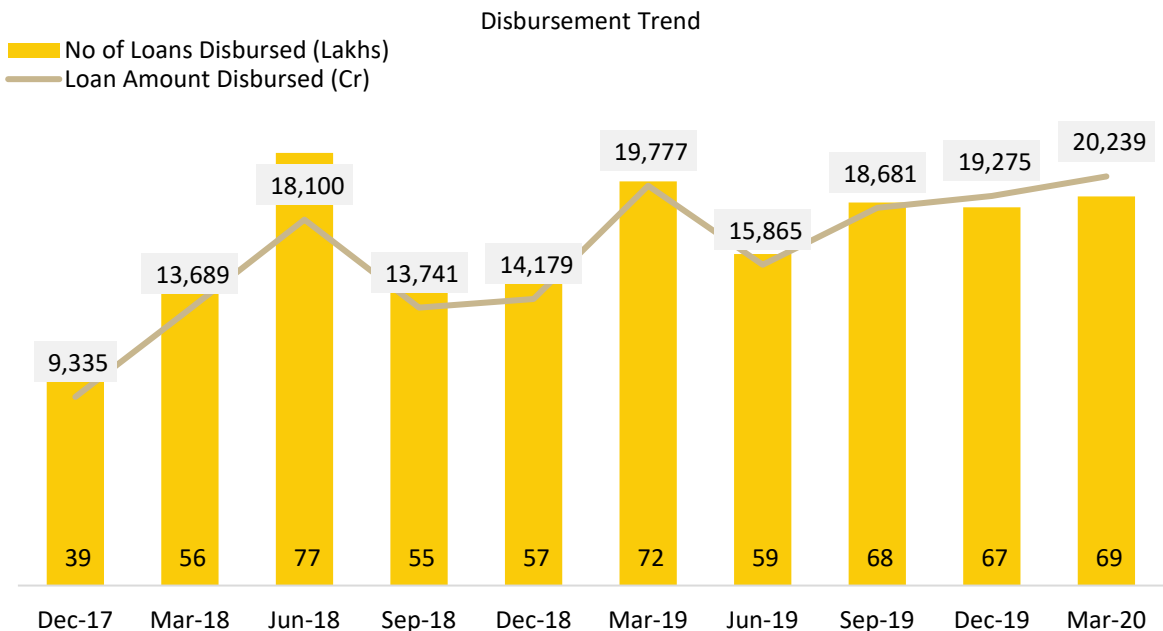
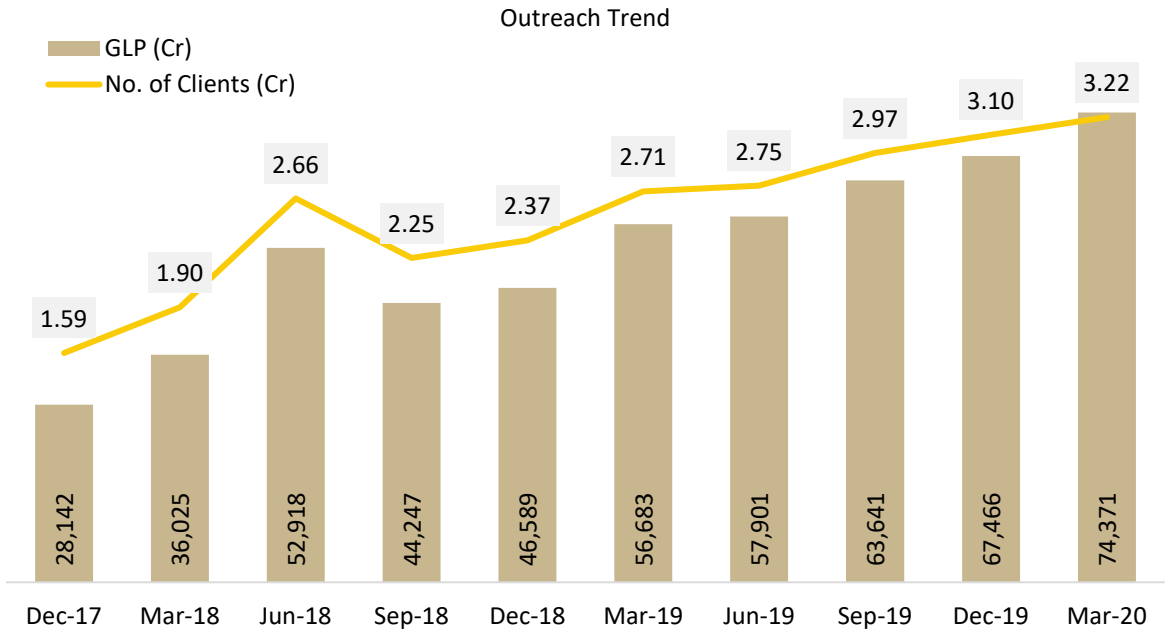
- As of 31 March 2020, **3.22 Cr** clients* have loan outstanding from NBFC-MFIs, which is an increase of 19% over 31 March 2019.
- The aggregate gross loan portfolio (GLP) of MFIs is **Rs 74,371 Cr** as on 31 March 2020. This represents a YoY growth of **31%** as compared to 31 March 2019 and 10% in comparison to 31 December 2019.
- Loan amount of **Rs 77,072 Cr** was disbursed in FY 19-20 through **2.78 Cr** accounts.
- Average loan amount disbursed per account during FY 19-20 was **Rs 27,754** which is an increase of around 6% in comparison to loans disbursed during FY 18-19.
- During FY 19-20, NBFC-MFIs received a total of **Rs 42,150 Cr** in debt funding, which is an increase of 33% from FY 18-19. Total equity grew by 33% during the same period and is at **Rs 16,140 Cr**.
- Portfolio at Risk (PAR)>30 days as on 31 March 2020 is **2.46%**. PAR>30 has weakened from 1.64% as on 31 March 2019.
- MFIs now have presence in all 28 states and 4 (out of 9) 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 13%, West 15% & Central contributes 11%.

Indicator	Q4 FY 19-20	Q4 FY 18-19	YoY change (%)	Q3 FY 19-20
	31-Mar-20	31-Mar-19	Q4 FY 19-20 over Q4 FY 18-19	31-Dec-19
Branches	14,275	11,676	22%	13,844
Employees	1,16,738	93,269	25%	1,12,616
Clients~ (Cr)	3.22	2.71	19%	3.10
Loan accounts (Cr)	3.91	3.16	24%	3.71
Gross Loan Portfolio (Rs Cr)	74,371	56,683	31%	67,466
Balance sheet portfolio	56,779	42,756	33%	51,339
Loans disbursed (during the year, Cr)	2.78	2.39	16%	0.67
Loan amount disbursed (during the year, Rs Cr)	77,072	62,521	23%	19,275

*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

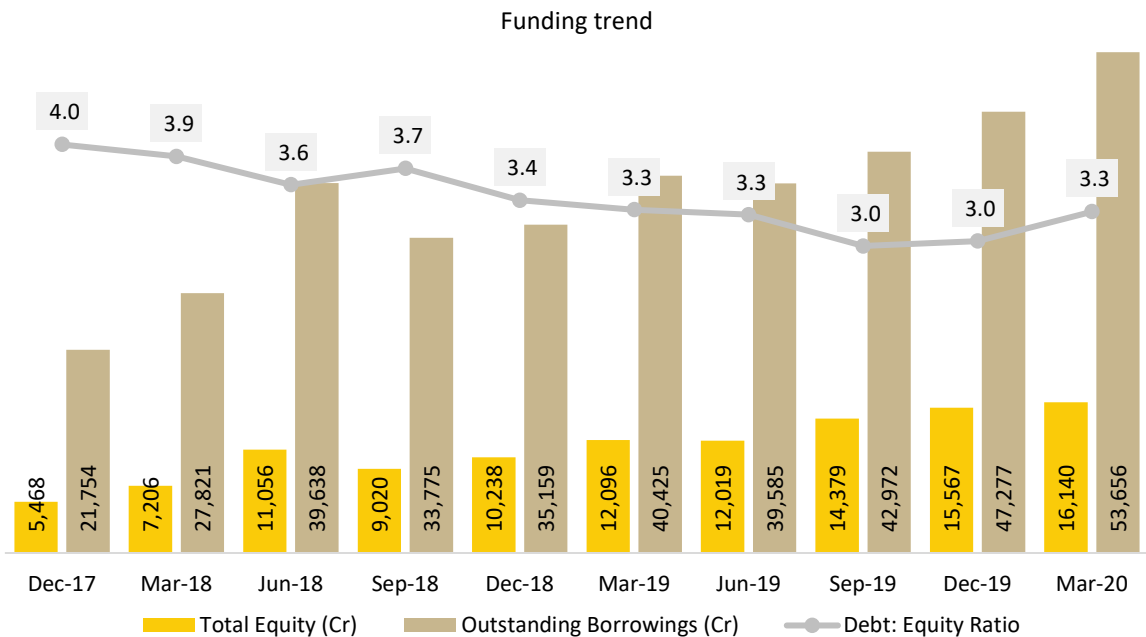
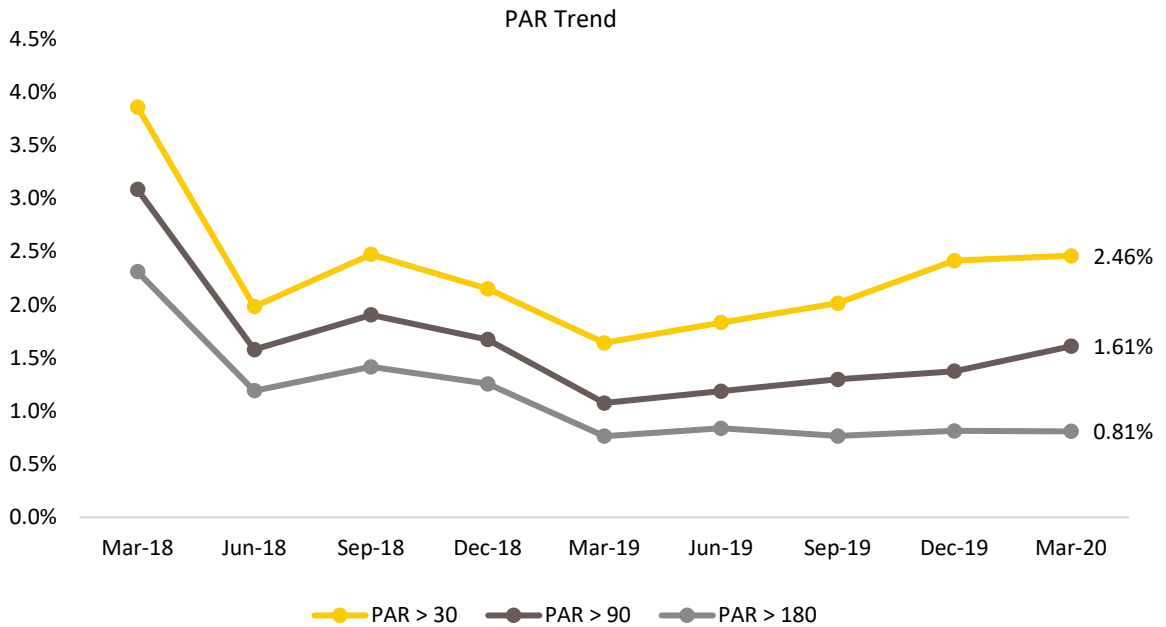
Q3 FY 17-18 to Q4 FY 19-20



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

NBFC-MFI trends

Q3 FY 17-18 to Q4 FY 19-20

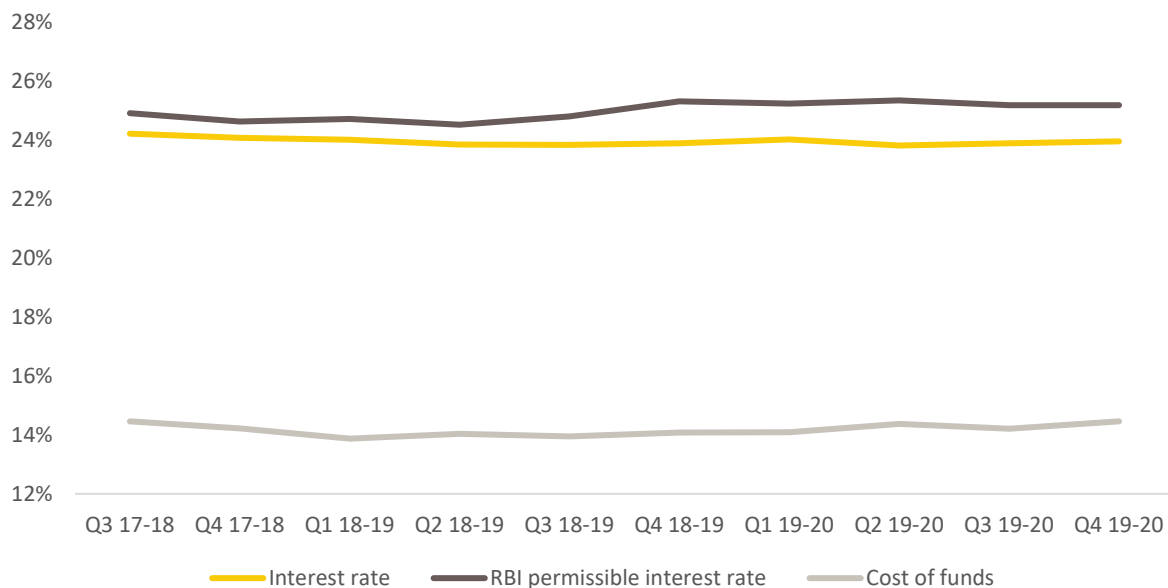


*Analysis is based on the data of panel of MFIs in the current quarter

NBFC-MFI trends

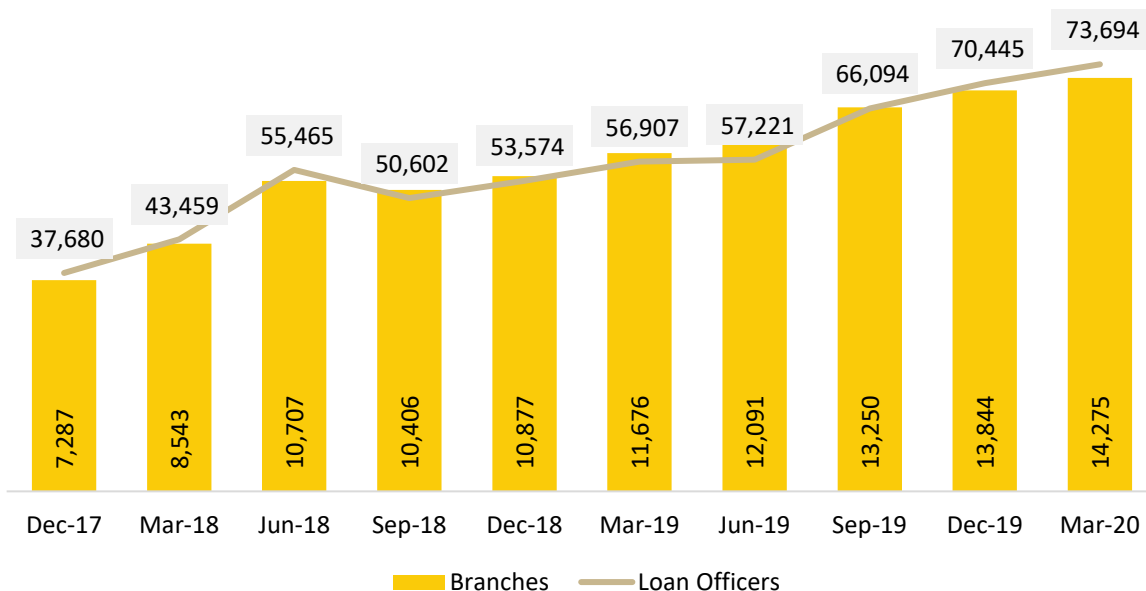
Q3 FY 17-18 to Q4 FY 19-20

Comparison of Interest rates and cost of funds trend



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

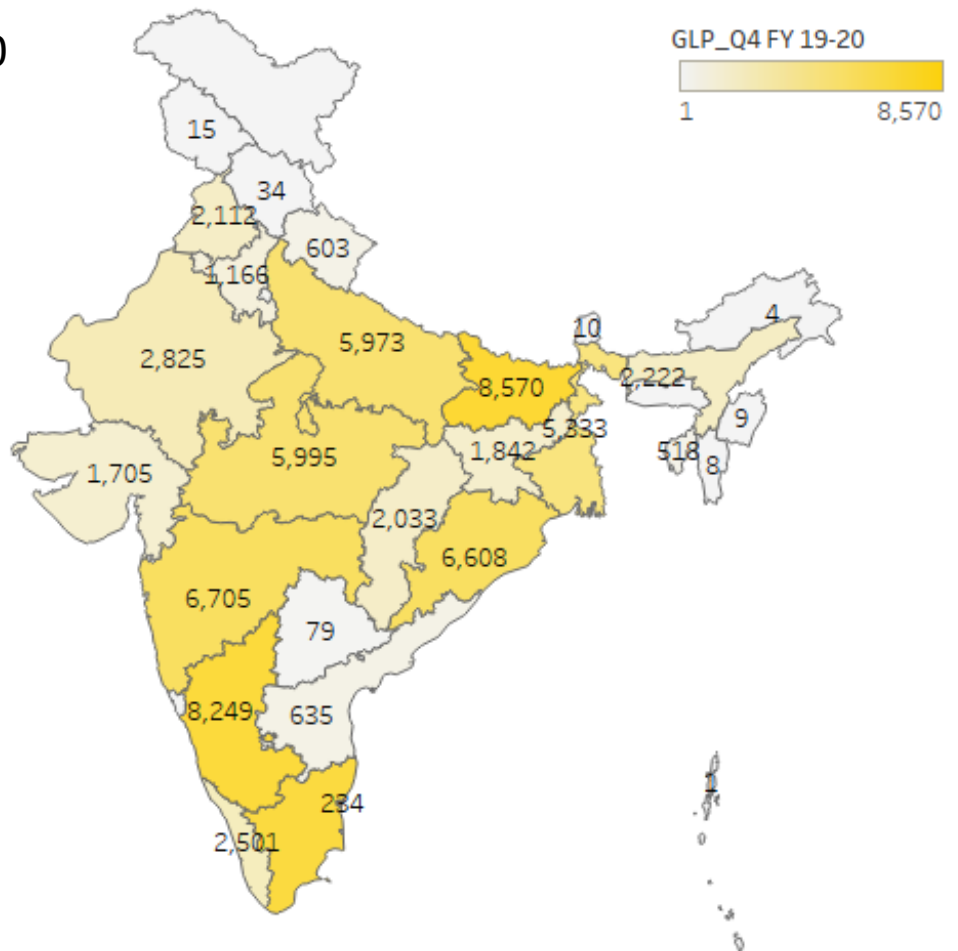
Branch Network



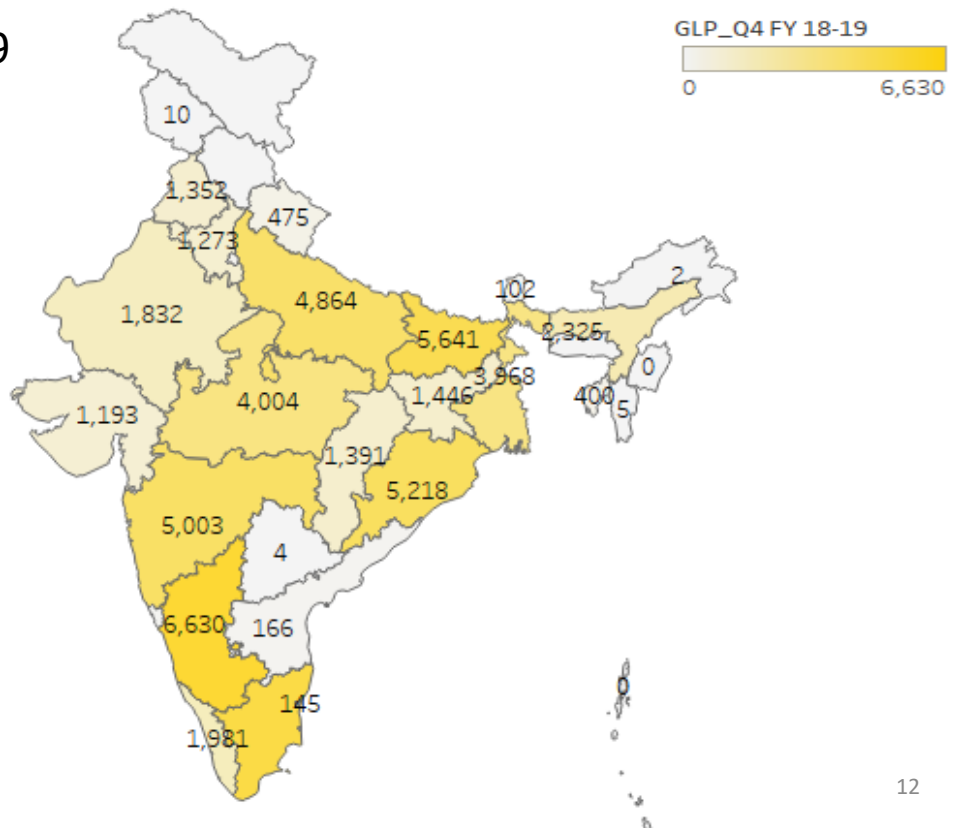
*Analysis is based on the data of panel of MFIs in the current quarter

State wise GLP of MFIN Members

31 March 2020



31 March 2019




Section III – Associates Highlights

This section presents analysis of the self reported data provided by seven MFIN Associates including four Corporate Business Correspondents (CBCs) and three 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), Friends Capital Services Limited (**FCSL**), and Sampark Fin. Services Private Limited (**Sampark**). Of the NBFCs, Dvara also has an off-balance sheet portfolio. Some highlights for the fourth quarter of FY 2019-20 are as under:

- As of 31 March 2020, the MFIN Associates were managing **Rs 0.20 Cr** loan accounts with aggregate loan portfolio of **Rs 4,152 Cr** and an **average loan outstanding** per account of **Rs 20,949**. This represents a YoY growth of 36% in portfolio and 24% in loan accounts.
- The contribution of the CBCs to the Associates' GLP as on 31 March 2020 was around 76% (Rs 3,135 Cr).
- The Associates have been able to achieve this outreach through 8,364 employees across 1,097 branches (customer service centres for the CBCs) with operations in **17 states**.
- The **average loan disbursed** per account during Q4 FY 2019-20 was **Rs 33,222**. Overall, the Associates disbursed Rs 1,218 Cr through 3.7 Lk accounts during this quarter.
- Portfolio at Risk (PAR) > 30 as on 31 March 2020 is **1.5%**, which has improved from **1.9%** as on 31 December 2019.
- In terms of **regional distribution** of Associates, South accounts for 71% followed by West 12%, East and North East 7%, Central 5%, and North 5%.

Indicator	Q4 FY 19-20	Q3 FY 19-20	QoQ change	Q4 FY 18-19	YoY change
	Mar-20	Dec-19	(%)	Mar-19	(%)
Branches	1,097	1,060	3%	740	48%
Employees	8,364	7,883	6%	5,664	48%
Loan accounts (Cr)	0.20	0.19	7%	0.16	24%
Gross Loan Portfolio (Rs Cr)	4,152	3,733	11%	3,056	36%
Loans disbursed (during the quarter, Lk)	3.7	3.5	4%	3.1	19%
Loan amount disbursed (during the quarter, Rs Cr)	1,218	1,174	4%	988	23%



Microfinance Institutions Network (MFIN)
4003-4004, 4th Floor, Emaar Palms Spring Plaza
Gurugram, Haryana, 122003, India.
www.mfinindia.org
+91 124 4212570

