SYNOPSIS

Issue 33

MICROMETER

Data as on 31 March 2020
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.
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.
Industry trends
Q3 FY 18-19 to Q4 FY 19-20

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

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.
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%.

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

31 March 2020

31 March 2019
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%.

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