SYNOPSIS

Issue 34

MICROMETER

Data as on 30 June 2020
Acknowledgments

We are thankful to all our members, associates and other institutions who have contributed data for this issue.
This is the 34th issue of the Micrometer and it provides an overview of the microfinance industry as on 30 June 2020 (Q1 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 30 June 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 nearly 99% 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 (Q1 FY 19-20) and previous quarter (Q4 FY 19-20). Analysis on NBFC-MFIs is based on data collected from 54 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 Q1 FY 2020-21 and compares it with Q4 FY 2019-20 and Q1 FY 2019-20.
The pie-chart shows share of each peer group in the universe for loan amount outstanding as percentages. Compared with Q1 FY 19-20, NBFC-MFIs portfolio has increased by 23%, Banks have increased by 19%, SFBs by 22%, NBFCs by 8% and Other MFIs have grown by 19% (Based on loans originated after February 2017). As compared to Q4 FY 19-20 (shown in PAR trend in the previous slide), there is a drop in PAR >60 and PAR >90 in Q1 FY 20-21. This is mainly due to the combined effect of moratorium provided to loans outstanding as on 1st March 2020 thereby freezing their asset classification, and portfolio contraction during Q1 FY 20-21. For PAR analysis, delinquencies >180 days have been removed to reflect a true picture of the portfolio quality.
Industry trends
Q4 FY 18-19 to Q1 FY 20-21

Outreach trend

Mar-19: 8.66
Jun-19: 9.27
Sep-19: 9.79
Dec-19: 10.11
Mar-20: 10.54
Jun-20: 10.37

GLP (Rs. Cr)
Unique Borrowers (Cr)
Loan accounts (Cr)

Mar-19: 1,79,314
Jun-19: 1,90,684
Sep-19: 2,01,724
Dec-19: 2,11,302
Mar-20: 2,31,788
Jun-20: 2,27,727

Regional distribution of GLP trend

Mar-19: 40%
Jun-19: 37%
Sep-19: 35%
Dec-19: 33%
Mar-20: 31%
Jun-20: 30%

North
Central
East and North East
West
South

Note: Analysis based on loans originated after Feb'17
Industry trends
Q4 FY 18-19 to Q1 FY 20-21

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

Note: Analysis based on loans originated after Feb’17
Regional distribution

Since June 2019 about 0.60 Cr unique borrowers have been added. As on 30 June 2020, the industry serves 5.80 Cr unique borrowers through 10.37 Cr loan accounts. The regional spread is depicted in the pie-chart below, shows 2/3rd of concentration in East & North East and South regions.

The Top 10 states (based on universe data) constitute 82.4% in terms of GLP. West Bengal is now the top state followed by Tamil Nadu and Bihar. Among Top 10 states, West Bengal has the highest average loan outstanding per unique borrower of Rs 53,980 followed by Assam at Rs 47,263.
Section II : NBFC-MFI Highlights

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

- As of 30 June 2020, **3.17 Cr clients** have loan outstanding from NBFC-MFIs, which is an increase of 15% over number of clients as on 30 June 2019.
- The aggregate **GLP** of MFIs is **Rs 72,170 Cr** as on 30 June 2020, including owned portfolio Rs 55,296 and managed portfolio of Rs 16,874. The owned portfolio of MFIN members is about 78% of the NBFC-MFI universe portfolio of 70,819 Cr.
- The YoY growth of GLP was **25%** as compared to 30 June 2019 and contraction of **-3%** in comparison to 31 March 2020.
- Loan amount of **Rs 570 Cr** was disbursed in Q1 FY 20-21 through **2.04 Lakhs** accounts.
- Average loan amount disbursed per account during Q1 FY 20-21 was **Rs 27,996** which is an increase of around 4% in comparison to corresponding quarter of the last financial year.
- As on 30 June 2020, the borrowings O/s were **Rs 56,656 Cr**. Top 5 banks contributed 30.9% followed by 29.7% from other banks, 19.9% from non-bank entities, 19.1% from AIFIs & 0.4% from other sources.
- During Q1 FY 20-21, NBFC-MFIs received a total of **Rs 5,973 Cr** in debt funding, which is almost same as Q1 FY 19-20 and 52% less as compared to Q4 FY 19-20. AIFIs contributed to 49.9% followed by 22.7% from Top 5 banks, 21.3% from Other banks and 6.1% from non-bank entities.
- Total equity grew by 40% as compared to Q1 FY 19-20 and is at **Rs 16,807 Cr** as on 30 June 2020.
- Portfolio at Risk (PAR)>30 days as on 30 June 2020 is 4.42%. PAR>30 has weakened from 1.83% in the corresponding quarter of last financial year, mainly due to the effect of moratorium and contraction of portfolio.
- MFIs now have presence in 28 states and 4 union territories.
- In terms of regional distribution of portfolio (GLP), East and North East accounts for 34% of the total NBFC-MFI portfolio, South 25%, North 15%, West 15% & Central contributes 11%.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Q1 FY 20-21</th>
<th>Q1 FY 19-20</th>
<th>YoY change (%)</th>
<th>Q4 FY 19-20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30-Jun-20</td>
<td>30-Jun-19</td>
<td>Q1 FY 20-21 over Q1 FY 19-20</td>
<td>31-Mar-20</td>
</tr>
<tr>
<td>Branches</td>
<td>14,167</td>
<td>12,091</td>
<td>17%</td>
<td>14,275</td>
</tr>
<tr>
<td>Employees</td>
<td>1,09,239</td>
<td>94,600</td>
<td>15%</td>
<td>1,16,738</td>
</tr>
<tr>
<td>Clients~ (Cr)</td>
<td>3.17</td>
<td>2.75</td>
<td>15%</td>
<td>3.22</td>
</tr>
<tr>
<td>Loan accounts (Cr)</td>
<td>3.65</td>
<td>3.20</td>
<td>14%</td>
<td>3.91</td>
</tr>
<tr>
<td>Gross Loan Portfolio (Rs Cr)</td>
<td>72,170</td>
<td>57,901</td>
<td>25%</td>
<td>74,371</td>
</tr>
<tr>
<td>Balance sheet portfolio</td>
<td>55,296</td>
<td>44,531</td>
<td>24%</td>
<td>56,584</td>
</tr>
<tr>
<td>Loans disbursed (during the quarter, Cr)</td>
<td>0.02</td>
<td>0.59</td>
<td>-97%</td>
<td>0.69</td>
</tr>
<tr>
<td>Loan amount disbursed (during the quarter, Rs Cr)</td>
<td>570</td>
<td>15,865</td>
<td>-96%</td>
<td>20,239</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 17-18 to Q1 FY 20-21

Outreach Trend

Disbursement Trend

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

**NBFC-MFI trends**

**Q4 FY 17-18 to Q1 FY 20-21**

**PAR Trend**

- **PAR > 30**
  - Jun-18: 4.4%
  - Sep-18: 2.3%
  - Dec-18: 1.0%
  - Mar-19: 0.0%
  - Jun-19: 0.5%
  - Sep-19: 1.0%
  - Dec-19: 1.5%
  - Mar-20: 2.0%
  - Jun-20: 4.5%

**Funding trend**

- **Total Equity (Cr)**
  - Mar-18: 7,206
  - Jun-18: 11,056
  - Sep-18: 9,020
  - Dec-18: 10,238
  - Mar-19: 12,096
  - Jun-19: 12,019
  - Sep-19: 14,379
  - Dec-19: 15,567
  - Mar-20: 16,147
  - Jun-20: 16,807

- **Outstanding Borrowings (Cr)**
  - Mar-18: 27,821
  - Jun-18: 39,638
  - Sep-18: 33,775
  - Dec-18: 35,159
  - Mar-19: 40,425
  - Jun-19: 42,972
  - Sep-19: 47,277
  - Dec-19: 53,133
  - Mar-20: 56,656
  - Jun-20: 55,856

- **Debt: Equity Ratio**
  - Mar-18: 3.9
  - Jun-18: 3.6
  - Sep-18: 3.7
  - Dec-18: 3.4
  - Mar-19: 3.3
  - Jun-19: 3.3
  - Sep-19: 3.0
  - Dec-19: 3.0
  - Mar-20: 3.3
  - Jun-20: 3.4

*Analysis is based on the data of panel of MFIs in the current quarter*
NBFC-MFI trends
Q4 FY 17-18 to Q1 FY 20-21

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 presence of MFIN Members

30 June 2020

31 March 2020
Similar to previous editions of Micrometer, this section on the MFIN Associates, presents highlights of self reported data provided by seven ‘Other Lenders’ 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 first quarter of FY 2020-21 are as under:

- As of 30 June 2020, the MFIN Associates were managing Rs 0.19 Cr loan accounts with aggregate loan portfolio of Rs 3,978 Cr and an average loan outstanding per account of Rs 20,728. This represents a YoY growth of 31% in portfolio and 21% in loan accounts. As compared to Q4 FY 19-20 the number have slightly declined due to the lock down and prevailing pandemic situation.
- The contribution of the CBCs to the Associates’ GLP as on 30 June 2020 was around 75% (Rs 3,003 Cr).
- The Associates have been able to achieve this outreach through 7,909 employees across 1,096 branches (customer service centres for the CBCs) with operations in 17 states.
- The average loan disbursed per account during Q1 FY 2020-21 was Rs 36,449. Overall, the Associates disbursed Rs 20 Cr to 5,475 accounts during this quarter. The disbursement numbers are very low due to the prevailing situation of COVID-19.
- Portfolio at Risk (PAR) > 30 as on 30 June 2020 is 1.6%, which is a marginal increase from 1.5% as on 31 March 2020.
- In terms of regional distribution of Associates, South accounts for 71% followed by West 12%, Central 5%, East and North East 7% and North 5%.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Q1 FY 20-21 June-20</th>
<th>Q4 FY 19-20 Mar-20</th>
<th>QoQ change (%)</th>
<th>Q1 FY 19-20 June-19</th>
<th>YoY change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branches</td>
<td>1,096</td>
<td>1,097</td>
<td>0%</td>
<td>756</td>
<td>45%</td>
</tr>
<tr>
<td>Employees</td>
<td>7,909</td>
<td>8,364</td>
<td>-5%</td>
<td>6,131</td>
<td>29%</td>
</tr>
<tr>
<td>Loan accounts (Cr)</td>
<td>0.19</td>
<td>0.20</td>
<td>-3%</td>
<td>0.16</td>
<td>21%</td>
</tr>
<tr>
<td>Gross Loan Portfolio (Rs Cr)</td>
<td>3,978</td>
<td>4,152</td>
<td>-4%</td>
<td>3,048</td>
<td>31%</td>
</tr>
<tr>
<td>Loans disbursed (during the quarter, Lk)</td>
<td>0.1</td>
<td>3.7</td>
<td>-99%</td>
<td>2.2</td>
<td>-98%</td>
</tr>
<tr>
<td>Loan amount disbursed (during the quarter, Rs Cr)</td>
<td>20</td>
<td>1,218</td>
<td>-98%</td>
<td>718</td>
<td>-97%</td>
</tr>
</tbody>
</table>