



## SYNOPSIS

Issue 35

# MICROMETER

Data as on 30 September 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 **35<sup>th</sup>** issue of the Micrometer and it provides an overview of the microfinance industry as on **30 September 2020 (Q2 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 September 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 29<sup>th</sup> 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 30<sup>th</sup> 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 (Q2 FY 2019-20) and previous quarter (Q1 FY 2020-21). Analysis on NBFC-MFIs is based on data collected from **54 members** that are registered with the Reserve Bank of India (RBI).

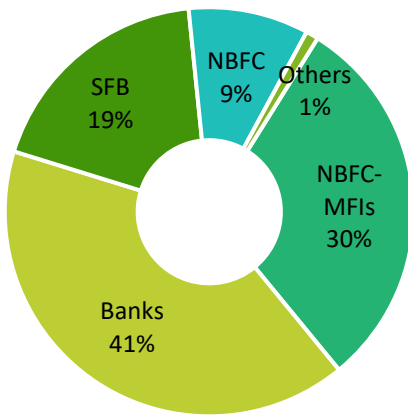
**Section III** of the report analyses the microfinance operations of **MFIN Associates** that include **NBFCs** and MFIs that operate as Corporate Business Correspondents (**CBCs**) for Banks. This section is based on the data collected from 3 NBFCs and 4 CBCs for Q2 FY 2020-21 and compares it with Q1 FY 2020-21 and Q2 FY 2019-20.

# Section I : The Universe

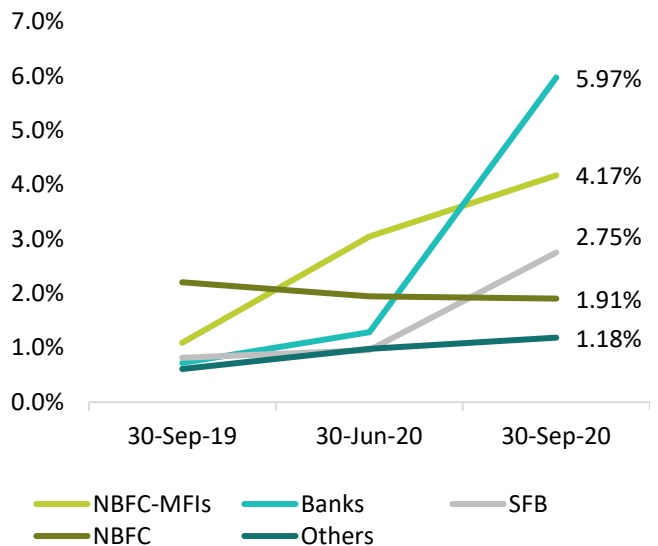
The pie-chart shows share of each peer group in the universe for loan amount outstanding as percentages.

Compared with Q2 FY 19-20, NBFC-MFIs portfolio has increased by 11%, Banks have increased by 17%, SFBs by 24%, NBFCs by 3% and Other MFIs have grown by 15% (Based on loans originated after February 2017). As compared to Q1 FY 19-20 (shown in PAR trend in the previous slide), PAR >30 has shown a sharp increase, as the moratorium period ended on 31<sup>st</sup> August 2020. For PAR analysis, delinquencies >180 days have been removed to reflect a true picture of the portfolio quality.

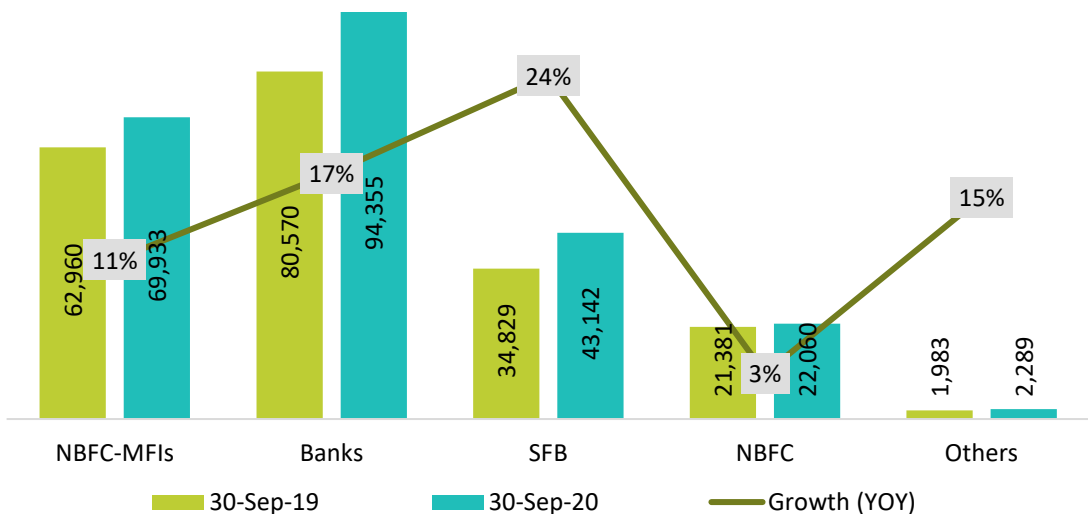
Micro-credit loan outstanding across lenders  
30 September 2020



PAR>30 of the various entities

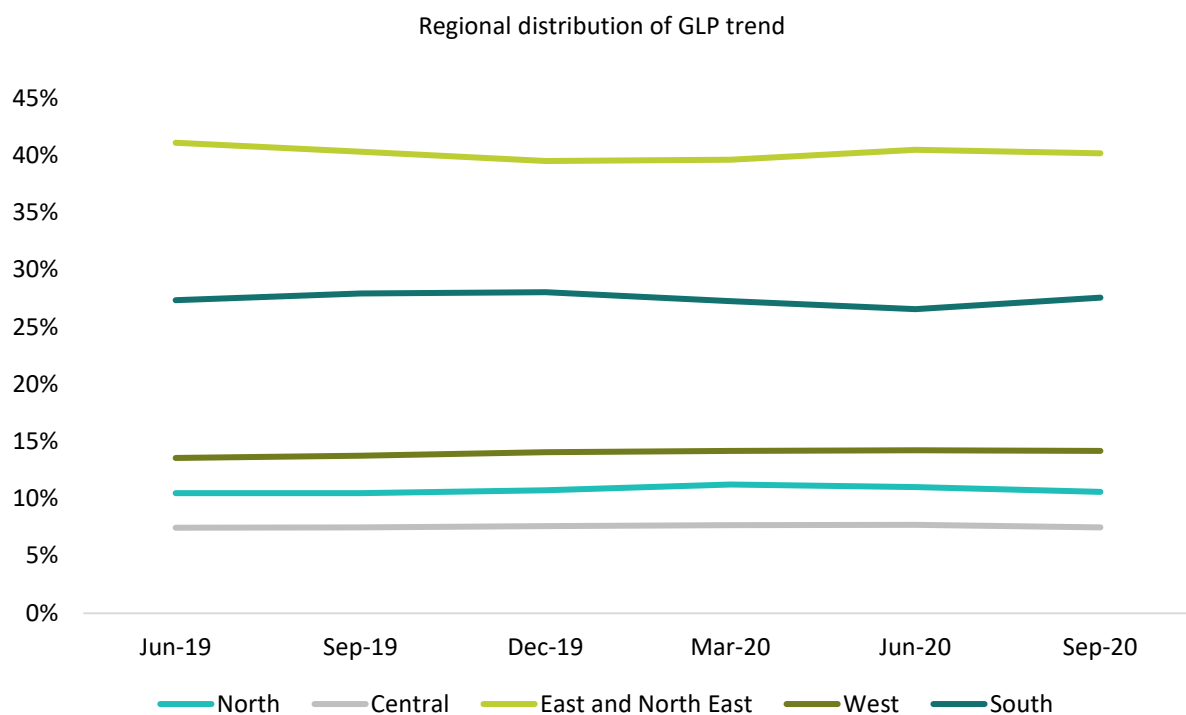
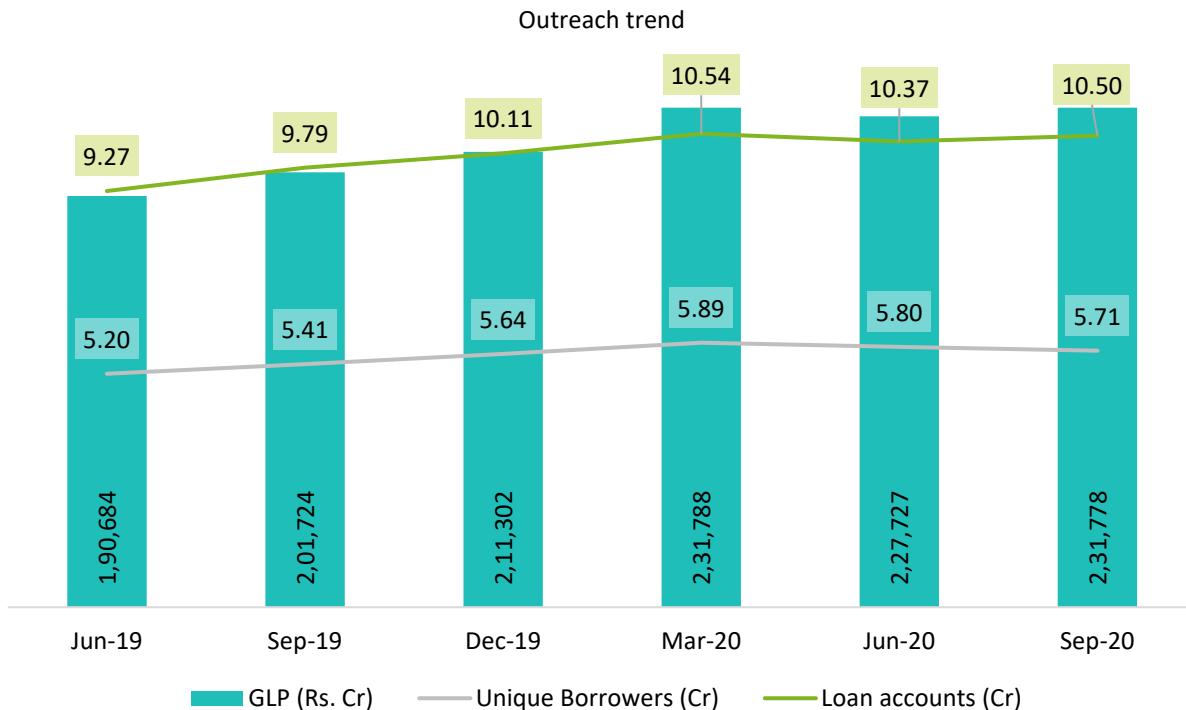


Portfolio outstanding of the microfinance industry (Rs Cr)



# Industry trends

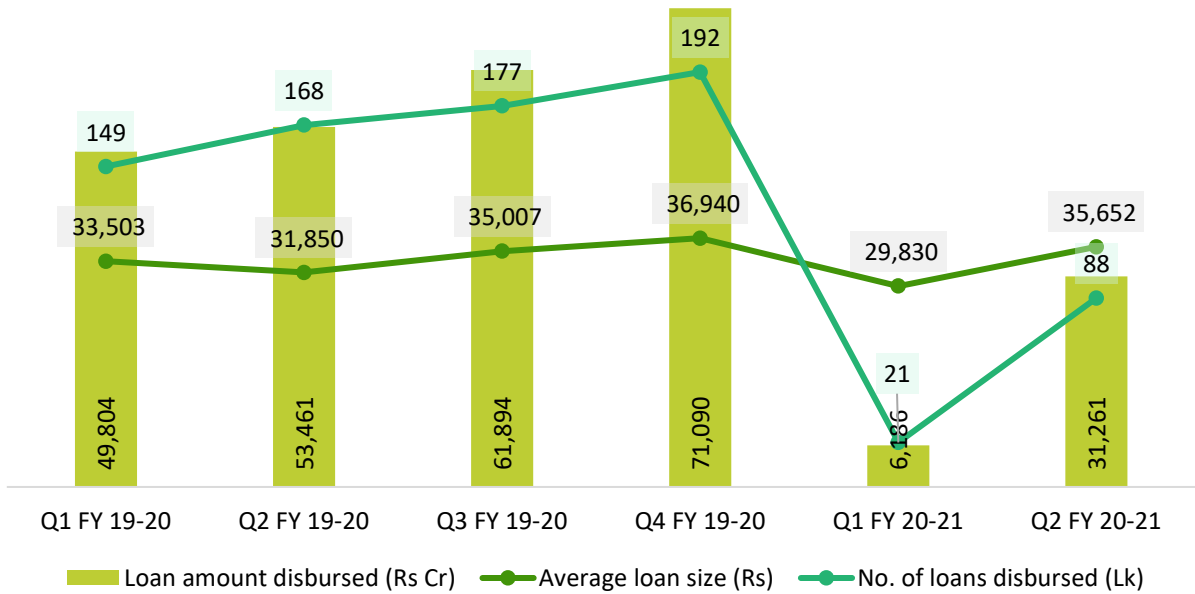
## Q1 FY 19-20 to Q2 FY 20-21



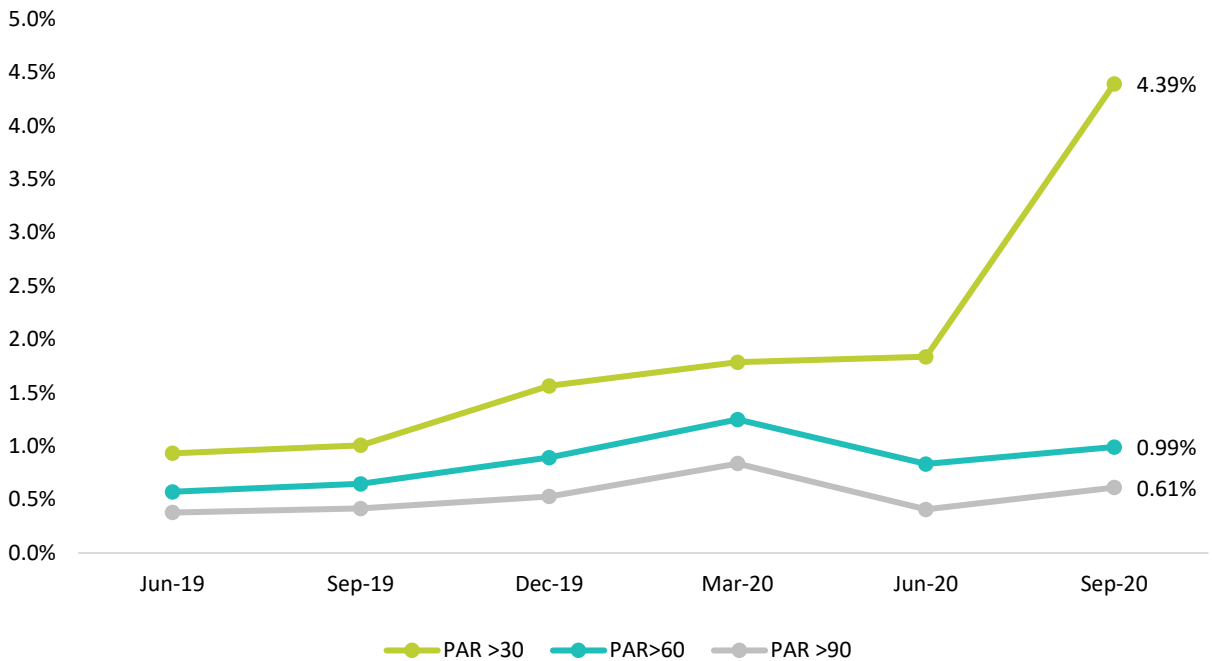
# Industry trends

## Q1 FY 19-20 to Q2 FY 20-21

Disbursement trend



PAR trend

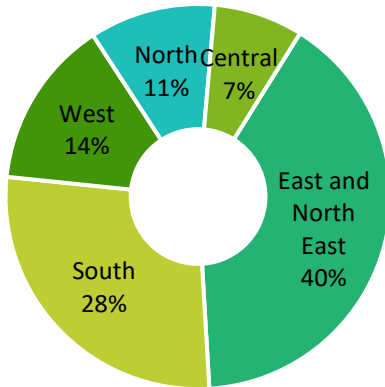


**Note:** For PAR analysis, delinquencies above 180 days have been removed to reflect a true picture of the portfolio quality.

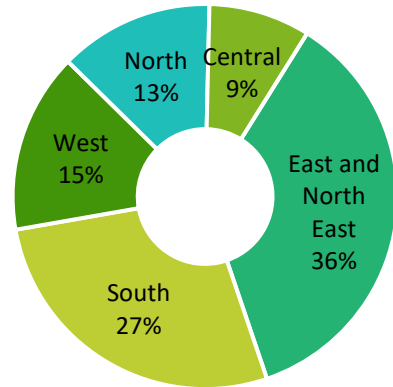
# Regional distribution

Since September 2019 about 0.30 Cr unique borrowers have been added. As on 30 September 20, the industry serves 5.71 Cr unique borrowers through 10.50 Cr loan accounts. The regional spread is depicted in the pie-chart below, shows little more than 2/3<sup>rd</sup> of concentration in East & North East and South regions.

Regional distribution of portfolio  
30 September 2020

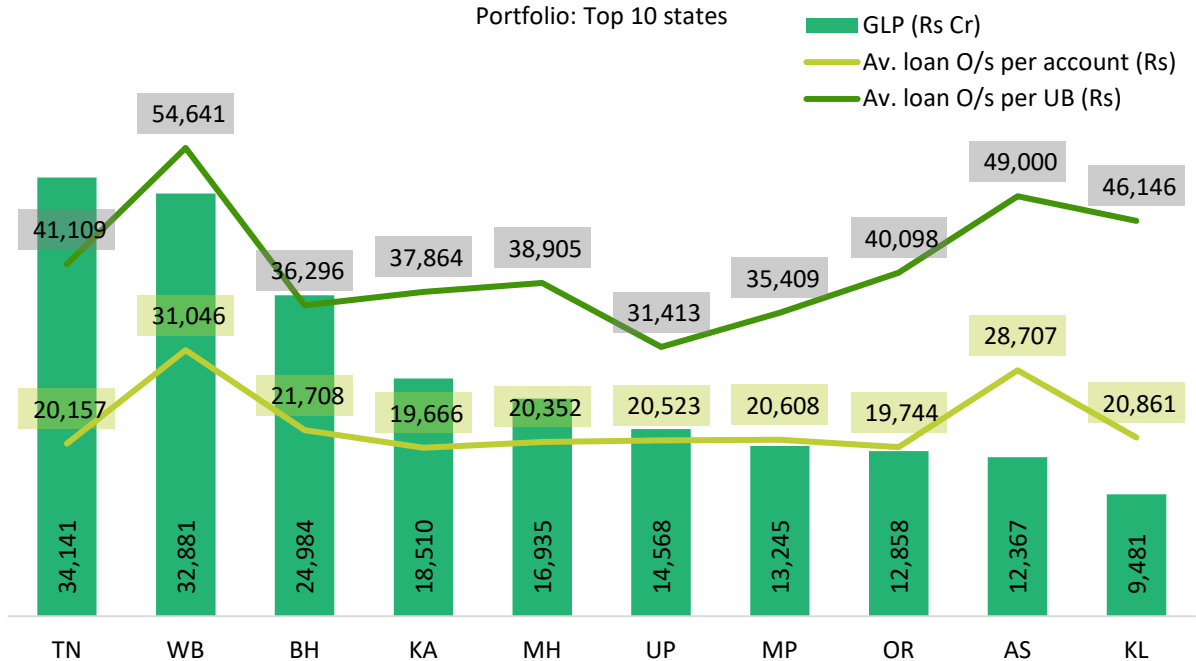


Regional distribution of unique borrowers  
30 September 2020



The Top 10 states (based on universe data) constitute 81.96% in terms of GLP. Tamil Nadu is now the top state followed by West Bengal and Bihar. Among Top 10 states, West Bengal has the highest average loan outstanding per unique borrower of Rs 54,641 followed by Assam at Rs 49,000.

Portfolio: Top 10 states





# Section II : NBFC-MFI Highlights

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

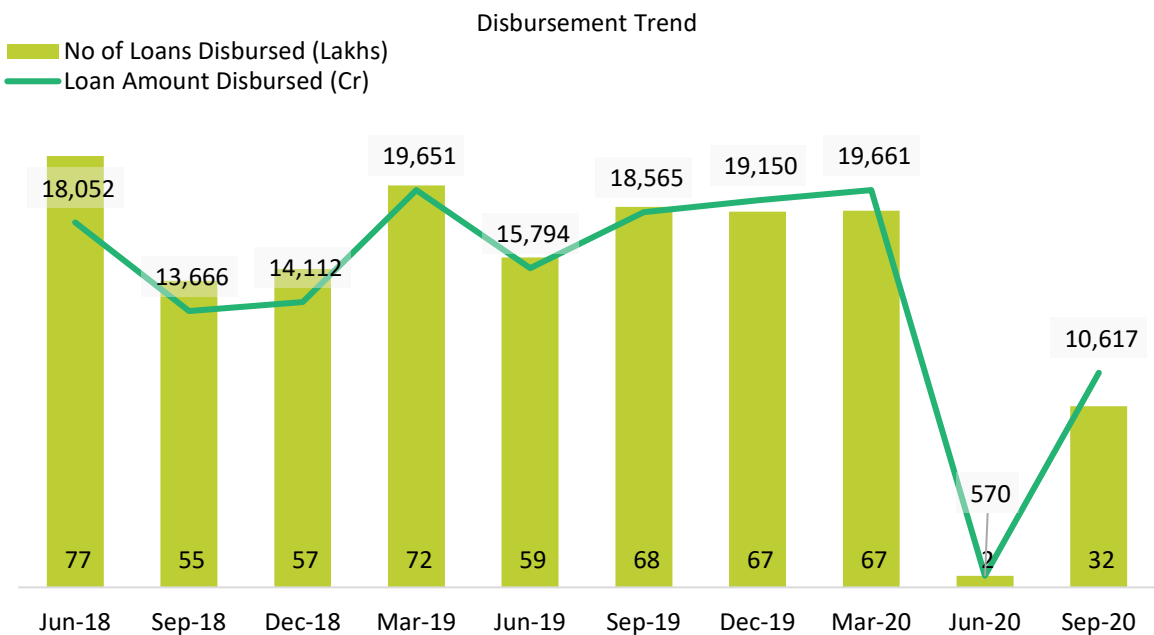
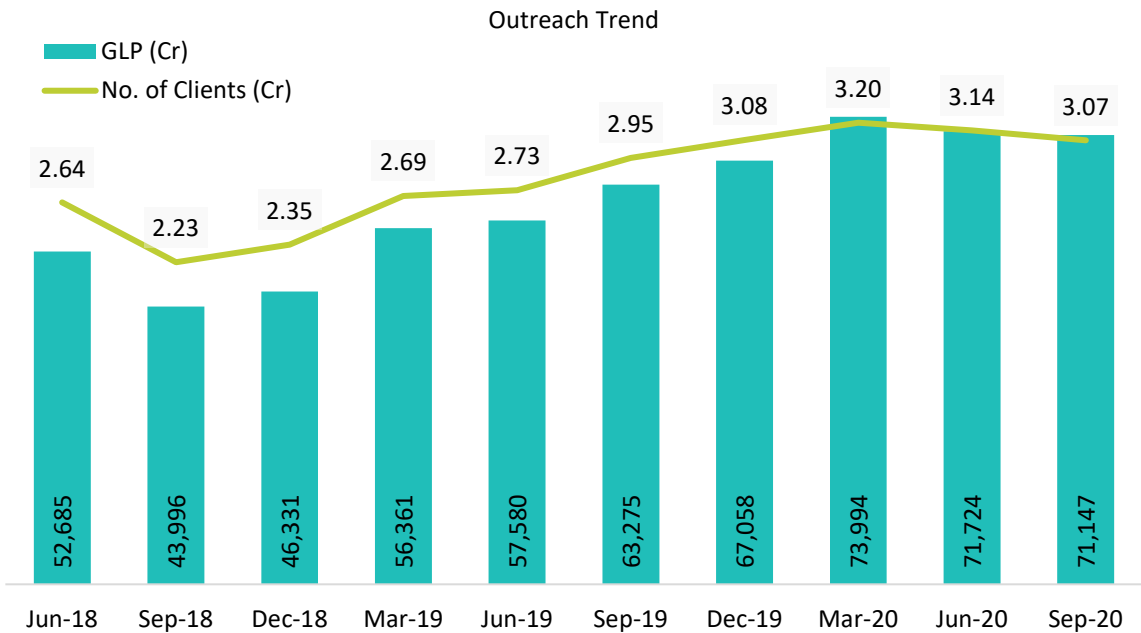
- As of 30 September 2020, **3.07 Cr clients\*** have loan outstanding from NBFC-MFIs, which is an increase of 4% over number of clients as on 30 September 2019.
- The aggregate **GLP** of MFIs is **Rs 71,147 Cr** as on 30 September 2020, including owned portfolio Rs 57,270 Cr and managed portfolio of Rs 13,878 cr. The owned portfolio of MFIN members is about 82% of the NBFC-MFI universe portfolio of 69,933 Cr.
- On a YoY basis GLP has increased by 12% as compared to 30 September 2019 but contracted by **1%** in comparison to 30 June 2020.
- Loan amount of **Rs 10,617 Cr** was disbursed in Q2 FY 20-21 through **32.26 Lakhs** accounts. This is about 43% lower than the disbursements made in Q2 FY 19-20 but significantly higher than Q1 FY 20-21.
- Average loan amount disbursed per account during Q2 FY 20-21 was **Rs 32,912** which is an increase of around 20% in comparison to corresponding quarter of the last financial year.
- As on 30 September 2020, the borrowings O/s were **Rs 56,630 Cr**. Other Banks contributed 40.2% of borrowings O/s followed by 22.3% from Non-Banks entities, 17.7% from AIFIs, 16.1% from Top 5 Banks, 2.5% from External Commercial Borrowings (ECB) and 1.2% from other sources.
- During Q2 FY 20-21, NBFC-MFIs received a total of **Rs 9,854 Cr** in debt funding, which is 4% higher than Q2 FY 19-20 and 65% more as compared to Q1 FY 20-21. Other Banks contributed to 48.8% of the borrowings received during Q2 FY 20-21, followed by 19.5% from non-bank entities, 15.0% from Top 5 Banks, 14.3% from AIFIs, ECB and Other sources contributed remaining 2.4%.
- Total equity grew by 20% as compared to Q2 FY 19-20 and is at **Rs 17,178 Cr** as on 30 September 2020.
- Portfolio at Risk (PAR)>30 days as on 30 September 2020 is 2.51%. PAR>30 has weakened from 2.02% in the corresponding quarter of last financial year, mainly due to the effect of COVID related operational challenges.
- 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 27%, North 13%, West 16% & Central contributes 10%.

Indicator	Q2 FY 20-21	Q2 FY 19-20	YoY change (%) Q2 FY 20-21 over Q2 FY 19-20	Q1 FY 20-21
	30-Sep-20	30-Sep-19		30-June-20
Branches	14,080	13,179	7%	14,067
Employees	1,09,521	1,04,649	5%	1,08,406
Clients~ (Cr)	3.07	2.95	4%	3.14
Loan accounts (Cr)	3.63	3.48	4%	3.62
Gross Loan Portfolio (Rs Cr)	71,141	63,275	12%	71,724
Balance sheet portfolio	57,263	48,257	19%	54,917
Loans disbursed (during the quarter, Cr)	0.32	0.68	-52%	0.02
Loan amount disbursed (during the quarter, Rs Cr)	10,617	18,565	-43%	570

*\*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

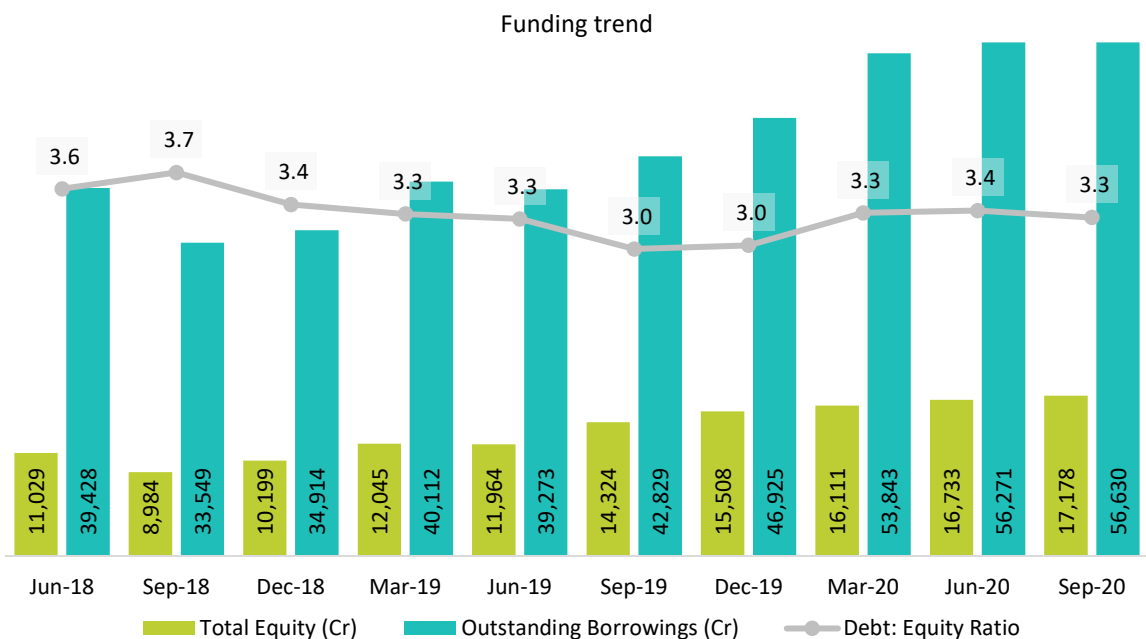
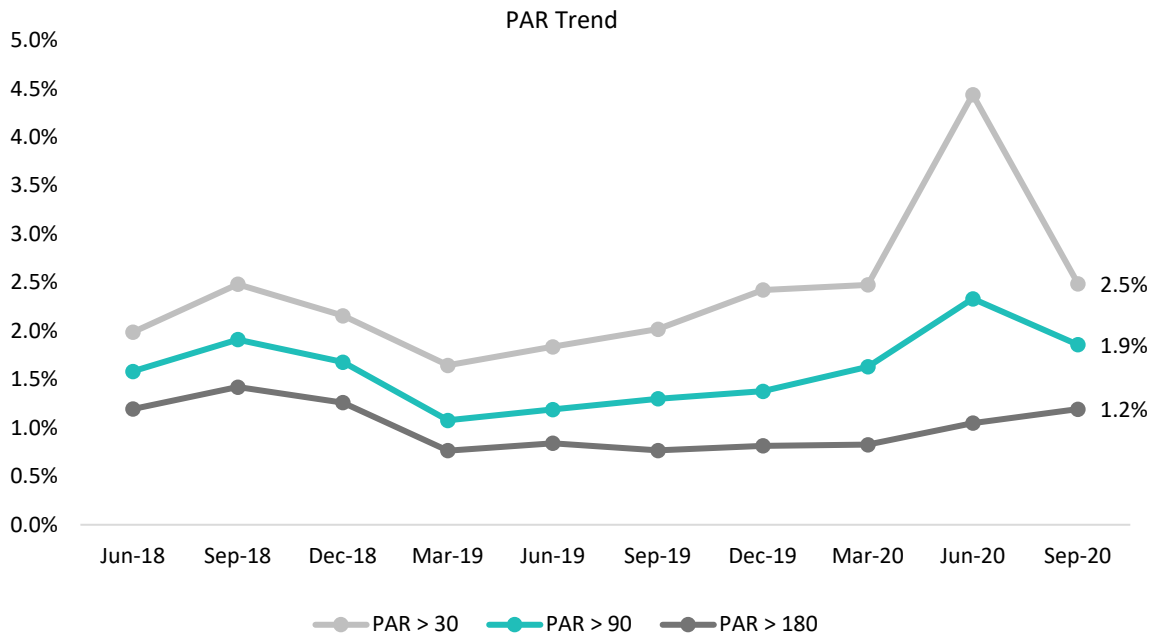
## Q1 FY 18-19 to Q2 FY 20-21



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

# NBFC-MFI trends

## Q1 FY 18-19 to Q2 FY 20-21

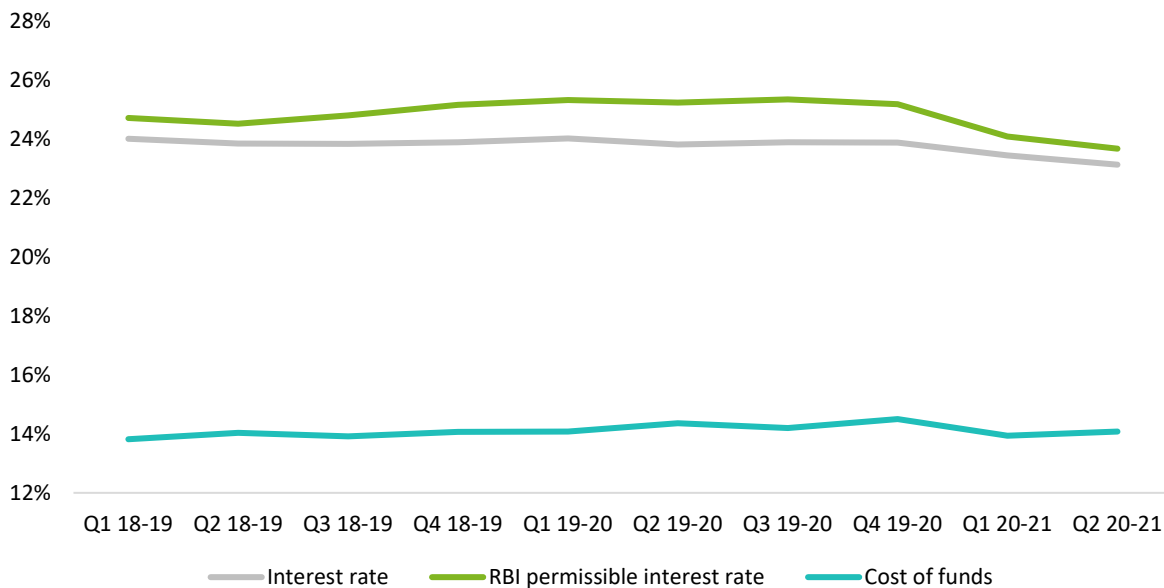


\*Analysis is based on the data of panel of MFIs in the current quarter

# NBFC-MFI trends

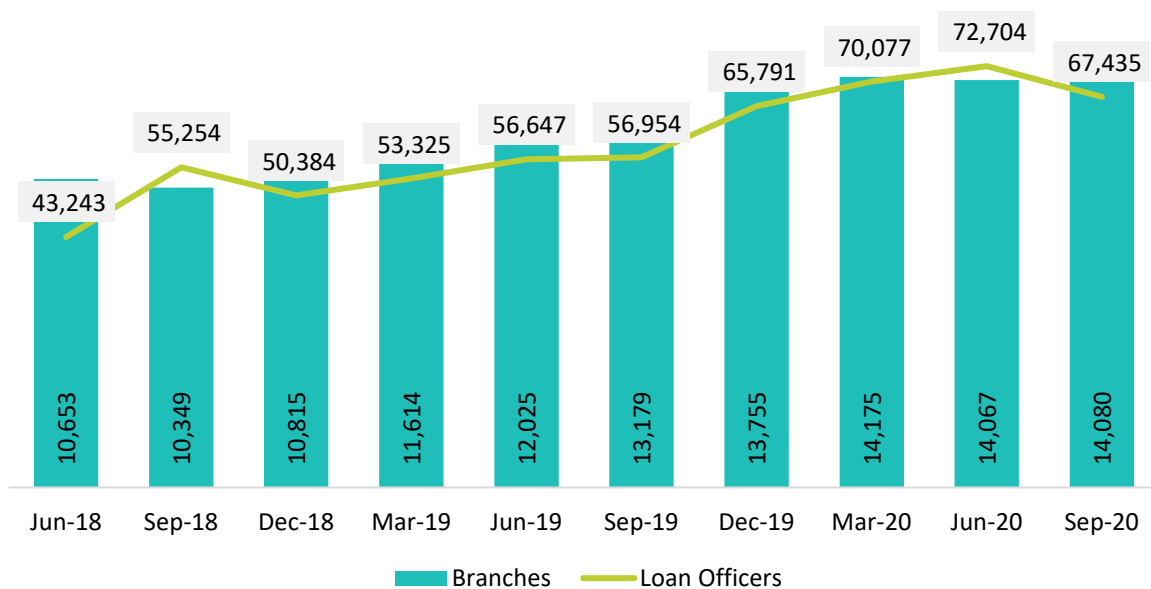
## Q1 FY 18-19 to Q2 FY 20-21

Comparison of Interest rates and cost of funds trend



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

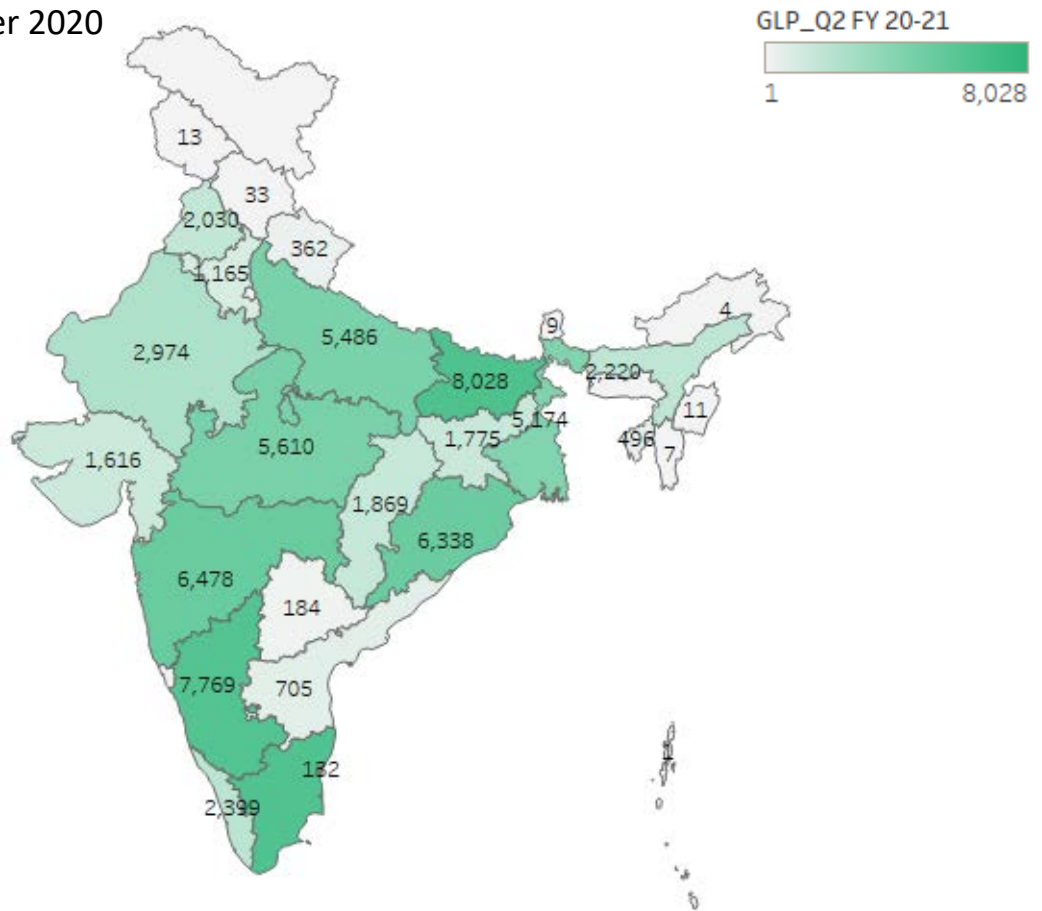
Branch Network



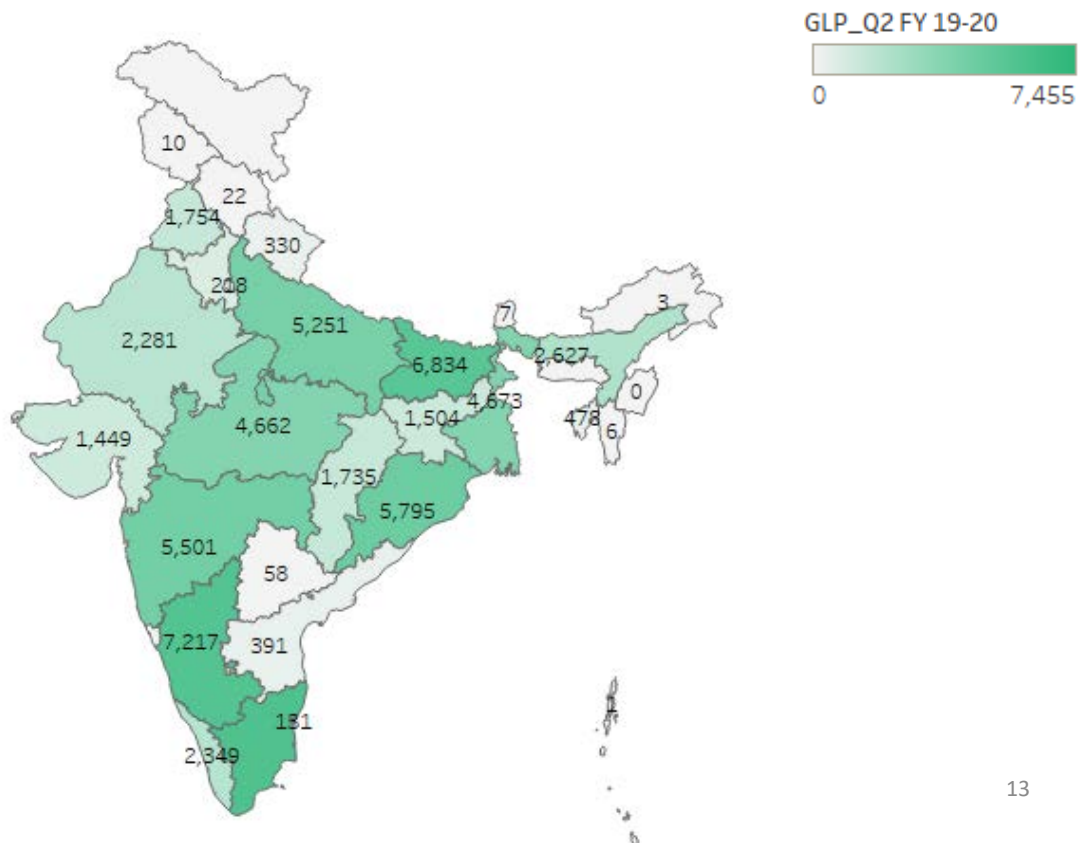
\*Analysis is based on the data of panel of MFIs in the current quarter

# State wise GLP of MFIN Members

30 September 2020



30 Jun 2020





# Section III : Associate Highlights

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 (**NOCP**) 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 September 2020, the MFIN Associates were managing **Rs 0.19 Cr** loan accounts with aggregate loan portfolio of **Rs 3,961 Cr** and an **average loan outstanding** per account of **Rs 20,451**. This represents a YoY growth of 20% in portfolio and 14% in loan accounts. As compared to Q1 FY 20-21 the number have remained almost stagnant.
- The contribution of the CBCs to the Associates' GLP as on 30 September 2020 was around 76% (Rs 2,999 Cr).
- The Associates have been able to achieve this outreach through 8,042 employees across 1,097 branches (customer service centres for the CBCs) with operations in **17 states**.
- The **average loan disbursed** per account during Q2 FY 2020-21 was **Rs 32,944**. Overall, the Associates disbursed Rs 457 Cr to 1.4 lakh accounts during this quarter. On a YoY basis this is about half of the previous year's disbursement numbers but compared to previous quarter this number shows slow resumption of business.
- Portfolio at Risk (PAR) > 30 as on 30 September 2020 is **2.42%**, an increase from **1.56%** as on 30 June 2020.
- In terms of **regional distribution** of Associates, South accounts for 72% followed by West 12%, Central 5%, East and North East 7% and North 4%.

Indicator	Q2 FY 20-21	Q1 FY 20-21	QoQ change (%)	Q2 FY 19-20	YoY change (%)
	Sep-20	June-20		Sep-19	
Branches	1,097	1,096	0%	926	18%
Employees	8,042	7,909	2%	7,185	12%
Loan accounts (Cr)	0.19	0.19	1%	0.17	14%
Gross Loan Portfolio (Rs Cr)	3,961	3,978	0%	3,315	20%
Loans disbursed (during the quarter, Lk)	1.4	0.1	2433%	2.8	-50%
Loan amount disbursed (during the quarter, Rs Cr)	457	20	2189%	881	-48%



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