SYNOPSIS

Issue 38

MICROMETER

Data as on 30 June 2021
We are thankful to all our members, associates and other institutions who have contributed data for this issue.
Introduction

This is the 38th issue of the Micrometer and it provides an overview of the microfinance industry as on 30 June 2021 (Q1 FY 2021-22). 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 2021. 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 98% 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 2020-21) and previous quarter (Q4 FY 2020-21). Analysis on NBFC-MFIs is based on data collected from 56 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 3 CBCs for Q1 FY 2021-22 and compares it with Q4 FY 2020-21 and Q1 FY 2020-21.
Section I: The Universe

The pie-chart shows share of each peer group in the universe for loan amount outstanding as percentages. Compared with 30 June 2020, NBFC-MFIs portfolio has increased by 5.93%, Banks portfolio has increased by 10.50%, SFBs portfolio has decreased by 2.63%, NBFCs portfolio has decreased by 15.70% and Other MFIs have increased by 10.31% (Based on loans originated after February 2017).

As shown in PAR trend graph, PAR>30 has shown an increasing trend for all entities since June 2020 due to successive waves of the pandemic. For PAR analysis, delinquencies >180 days have been removed to reflect a true picture of the portfolio quality.
Industry trends
Q3 FY 19-20 to Q1 FY 21-22

Outreach trend

Regional distribution of GLP trend
Industry trends
Q3 FY 19-20 to Q1 FY 21-22

Disbursement trend

PAR trend
Since June 2020 there is a decrease of 11.96 Lk unique borrowers at the universe level. As on 30 June 2021, the industry serves 5.68 Cr unique borrowers through 10.30 Cr loan accounts. The regional spread is depicted in the pie-chart below which shows around 67% portfolio is concentrated in East & Northeast and South regions.

The Top 10 states (based on universe data) constitute 81.96% in terms of GLP. West Bengal has retained its spot as the largest state in terms of portfolio outstanding followed by Tamil Nadu and Bihar. Among Top 10 states, West Bengal has the highest average loan outstanding per unique borrower of Rs 54,159 followed by Assam at Rs 48,697.
Some highlights of this quarter/financial year are as under:

- As on 30 June 2021, **3.08 Cr clients** have loan outstanding from NBFC-MFIs, which is **1.3%** lesser than clients as on 30 June 2020.
- The aggregate **GLP** of MFIs is **Rs 76,237 Cr** as on 30 June 2021, including owned portfolio **Rs 65,206 Cr** and managed portfolio (off BS) of **Rs 11,031 Cr**. The owned portfolio of MFIN members is about **86.9%** of the NBFC-MFI universe portfolio of **75,021 Cr**.
- On a YoY basis GLP has increased by **6.9%** as compared to 30 June 2020 and decreased by **6.4%** in comparison to 31 March 2021.
- Loan amount of **Rs 6,511 Cr** was disbursed in Q1 FY 21-22 through 17.97 Lk accounts, including disbursement of Owned as well as Managed portfolio. This is significantly greater than the disbursements of Rs 561 Cr made in Q1 FY 20-21.
- Average loan amount disbursed per account during Q1 FY 21-22 was **Rs 36,243** which is an increase of around **28.8%** in comparison to same quarter of last financial year.
- As on 30 June 2021, the borrowings O/s were **Rs 59,530 Cr**. Other Banks (apart from Top 5 banks) contributed 36.7% of borrowings O/s followed by 23.8% from Non-bank entities, 18.5% from Top 5 Banks, 14.6% from AIFIs, 3.8% from External Commercial Borrowings (ECB) and 2.7% from other sources.
- During Q1 FY 21-22, NBFC-MFIs received a total of **Rs 3,596 Cr** in debt funding, which is **39.6%** lesser than Q1 FY 20-21. Non-Bank entities contributed 42.0% of borrowings received during Q1 FY 21-22 followed by 28.0% from Other Banks, 19.2% from Top 5 Banks, 6.8% from External Commercial Borrowings (ECB), 2.2% from other sources and 1.7% from AIFIs.
- Total equity increased by **11.9%** as compared to Q1 FY 20-21 and is at **Rs 18,660 Cr** as on 30 June 2021.
- Portfolio at Risk (PAR)>30 days as on 30 June 2021 has increased to **15.7%** as compared to **4.5%** as on 30 June 2020, due to the effect of the pandemic.
- MFIs now have presence in 27 states and 5 union territories.
- In terms of regional distribution of portfolio (GLP), East and North-East accounts for 33% of the total NBFC-MFI portfolio, South 28%, West 15%, North 13% and Central contributes 11%.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Q1 FY 21-22</th>
<th>Q1 FY 20-21</th>
<th>YoY change (%)</th>
<th>Q4 FY 20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30-June-21</td>
<td>30-June-20</td>
<td>Q1 FY 21-22 over Q1 FY 20-21</td>
<td>31-Mar-21</td>
</tr>
<tr>
<td>Branches</td>
<td>15,066</td>
<td>13,927</td>
<td>8.2%</td>
<td>14,673</td>
</tr>
<tr>
<td>Employees</td>
<td>1,22,024</td>
<td>1,07,640</td>
<td>13.4%</td>
<td>1,19,546</td>
</tr>
<tr>
<td>Clients~ (Cr)</td>
<td>3.08</td>
<td>3.12</td>
<td>-1.3%</td>
<td>3.13</td>
</tr>
<tr>
<td>Loan accounts (Cr)</td>
<td>3.63</td>
<td>3.59</td>
<td>1.0%</td>
<td>3.77</td>
</tr>
<tr>
<td>Gross Loan Portfolio (Rs Cr)</td>
<td>76,237</td>
<td>71,301</td>
<td>6.9%</td>
<td>81,431</td>
</tr>
<tr>
<td>Balance sheet portfolio</td>
<td>65,206</td>
<td>54,596</td>
<td>19.4%</td>
<td>68,850</td>
</tr>
<tr>
<td>Loans disbursed (during the quarter, Lk)</td>
<td>17.97</td>
<td>1.99</td>
<td>801.6%</td>
<td>73.22</td>
</tr>
<tr>
<td>Loan amount disbursed (during the quarter, Rs Cr)</td>
<td>6,511</td>
<td>561</td>
<td>1061.7%</td>
<td>26,153</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 18-19 to Q1 FY 21-22

Outreach Trend

Disbursement Trend

*Analysis is based on the data of panel of MFIs in the current quarter
NBFC-MFI trends
Q4 FY 18-19 to Q1 FY 21-22

*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.

Note: Interest rate depicted in the above graph is the weighted average rate of interest charged by Member institutions on existing qualifying loan portfolio outstanding.

NBFC-MFI trends
Q4 FY 18-19 to Q1 FY 21-22

Comparison of Interest rates and cost of funds trend

Interest rate
RBI permissible interest rate
Cost of funds

Branch Network

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

30 Jun 2021

31 March 2021
State wise presence of MFIN Members

30 June 2021

31 March 2021
Section III: Associate Highlights

This section presents highlights of self reported data provided by six ‘Other Lenders’ that are MFIN associates including four Corporate Business Correspondents (CBCs) and two 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), 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 Q1 FY 2021-22 are as under:

- As of 30 June 2021, the MFIN Associates were managing Rs 0.21 Cr loan accounts with aggregate loan portfolio of Rs 4,124 Cr and an average loan outstanding per account of Rs 19,286. This represents a YoY growth of 4% in portfolio and 12% in loan accounts.
- The contribution of the CBCs to the Associates’ GLP as on 30 June 2021 was around 74.2% (Rs 3,060 Cr).
- The Associates have been able to achieve this outreach through 9,214 employees across 1,200 branches (customer service centres for the CBCs) with operations in 18 states.
- The average loan disbursed per account during Q1 FY 2021-22 was Rs 35,655. Overall, the Associates disbursed Rs 279 Cr to 0.8 lakh accounts during this quarter.
- Portfolio at Risk (PAR) > 30 as on 30 June 2021 is 21.85%, which was 8.27% as on 31 March 2021.
- In terms of regional distribution of Associates, South accounts for 70% followed by West 11%, East and Northeast 9%, North 5% and Central 5%.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Q1 FY 21-22</th>
<th>Q4 FY 20-20</th>
<th>QoQ change (%)</th>
<th>Q1 FY 20-21</th>
<th>YoY change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jun-21</td>
<td>Mar-21</td>
<td>QoQ change (%)</td>
<td>Jun-21</td>
<td>QoQ change (%)</td>
</tr>
<tr>
<td>Branches</td>
<td>1,200</td>
<td>1,227</td>
<td>-2%</td>
<td>1,089</td>
<td>10%</td>
</tr>
<tr>
<td>Employees</td>
<td>9,214</td>
<td>9,369</td>
<td>-2%</td>
<td>7,861</td>
<td>17%</td>
</tr>
<tr>
<td>Loan accounts (Cr)</td>
<td>0.21</td>
<td>0.22</td>
<td>-3%</td>
<td>0.19</td>
<td>12%</td>
</tr>
<tr>
<td>Gross Loan Portfolio (Rs Cr)</td>
<td>4,124</td>
<td>4,596</td>
<td>-10%</td>
<td>3,967</td>
<td>4%</td>
</tr>
<tr>
<td>Loans disbursed (during the quarter, Lk)</td>
<td>0.8</td>
<td>4.2</td>
<td>-81%</td>
<td>0.1</td>
<td>1,326%</td>
</tr>
<tr>
<td>Loan amount disbursed (during the quarter, Rs Cr)</td>
<td>279</td>
<td>1360</td>
<td>-80%</td>
<td>20</td>
<td>1,296%</td>
</tr>
</tbody>
</table>
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