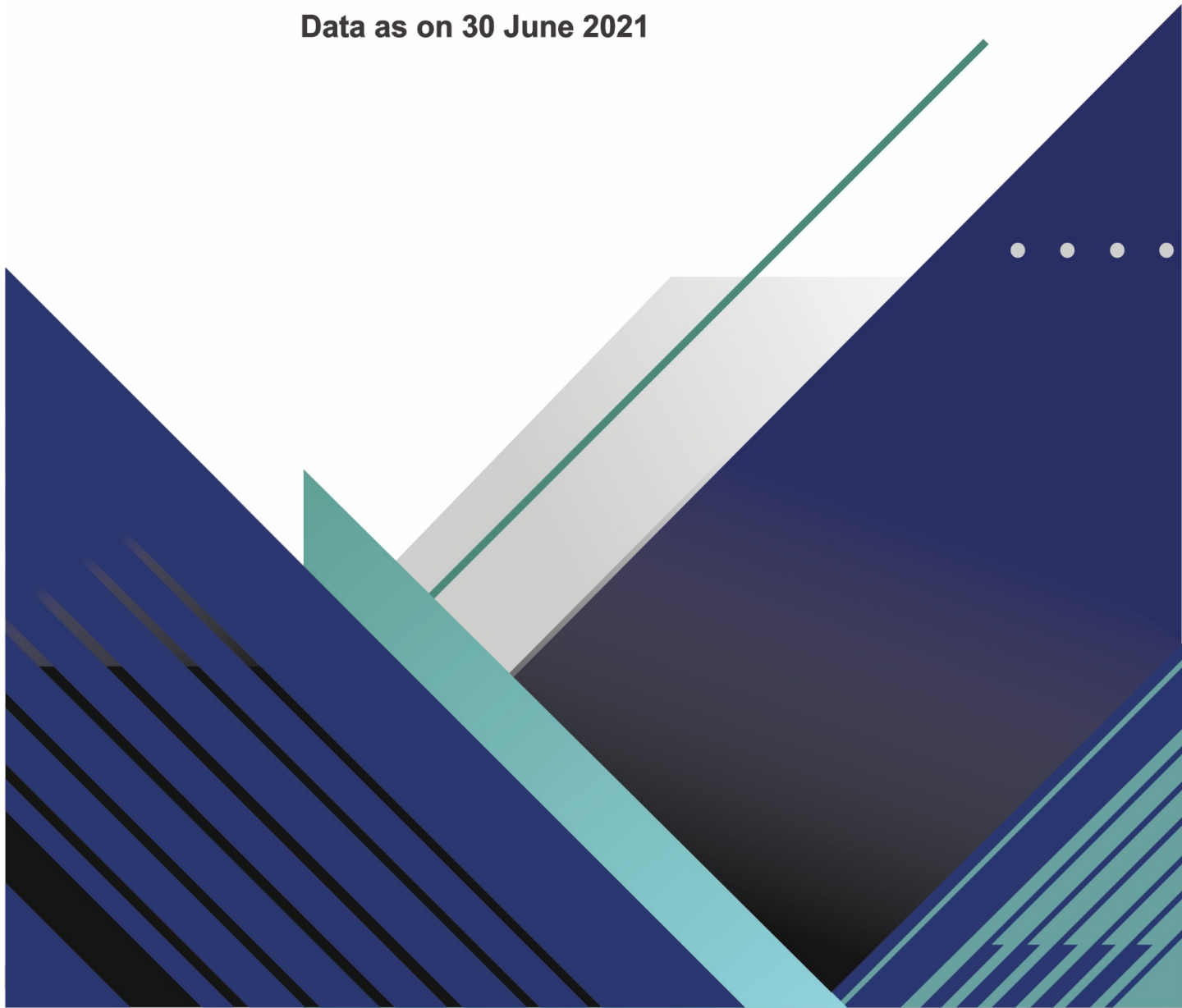


SYNOPSIS

Issue 38

MICROMETER

Data as on 30 June 2021



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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 **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).

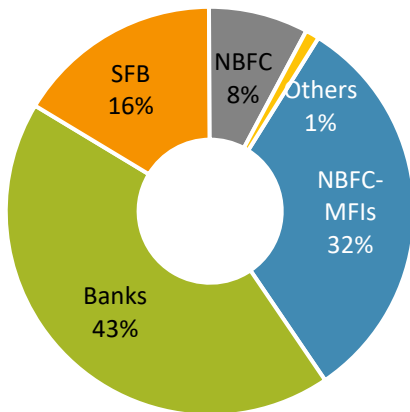
Section III of the report analyses the microfinance operations of **MFIN Associates** that include **NBFCs** and MFIs that operate as Corporate Business Correspondents (**CBCs**) for Banks. This section is based on the data collected from 3 NBFCs and 3 CBCs for Q1 FY 2021-22 and compares it with Q4 FY 2020-21 and Q1 FY 2020-21.

Section I : The Universe

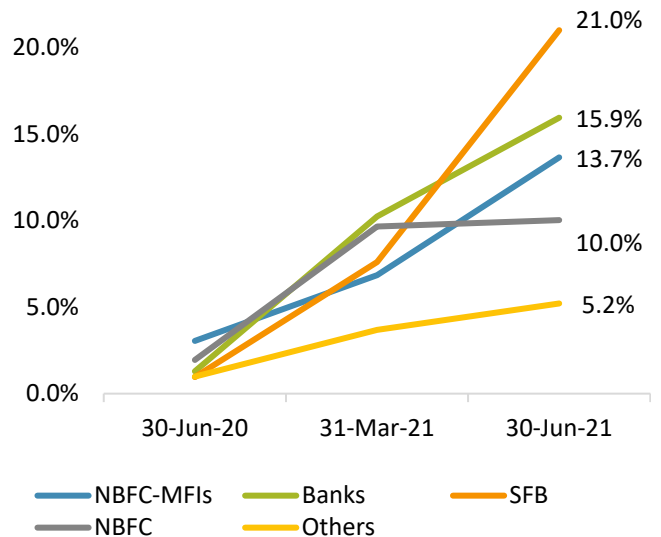
The pie-chart shows share of each peer group in the universe for loan amount outstanding as percentages. Compared with 30 June 2020, NBFC-MFIs portfolio has increased by 5.93%, Banks portfolio has increased by 10.50%, SFBs portfolio has decreased by 2.63%, NBFCs portfolio has decreased by 15.70% and 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.

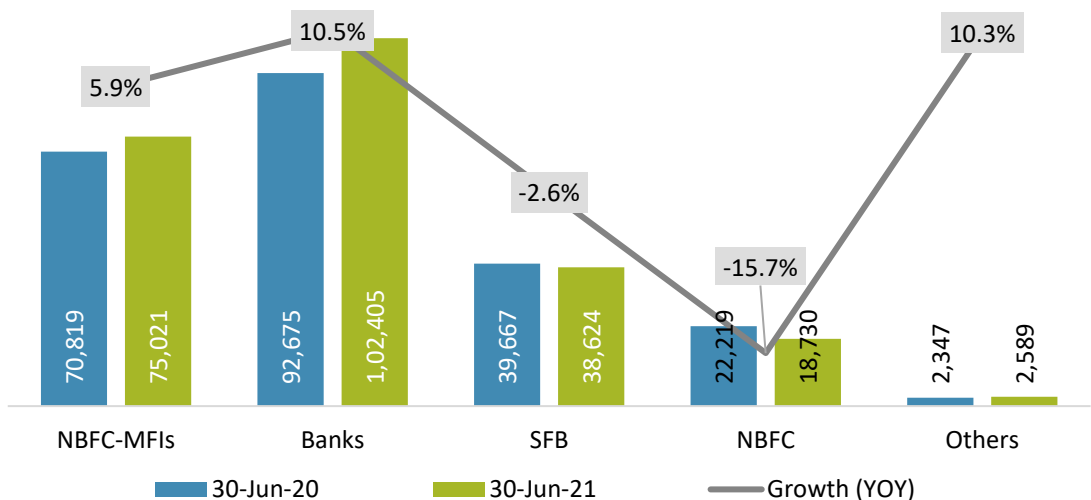
Micro-credit loan outstanding across lenders
30 June 2021



PAR>30 of the various entities

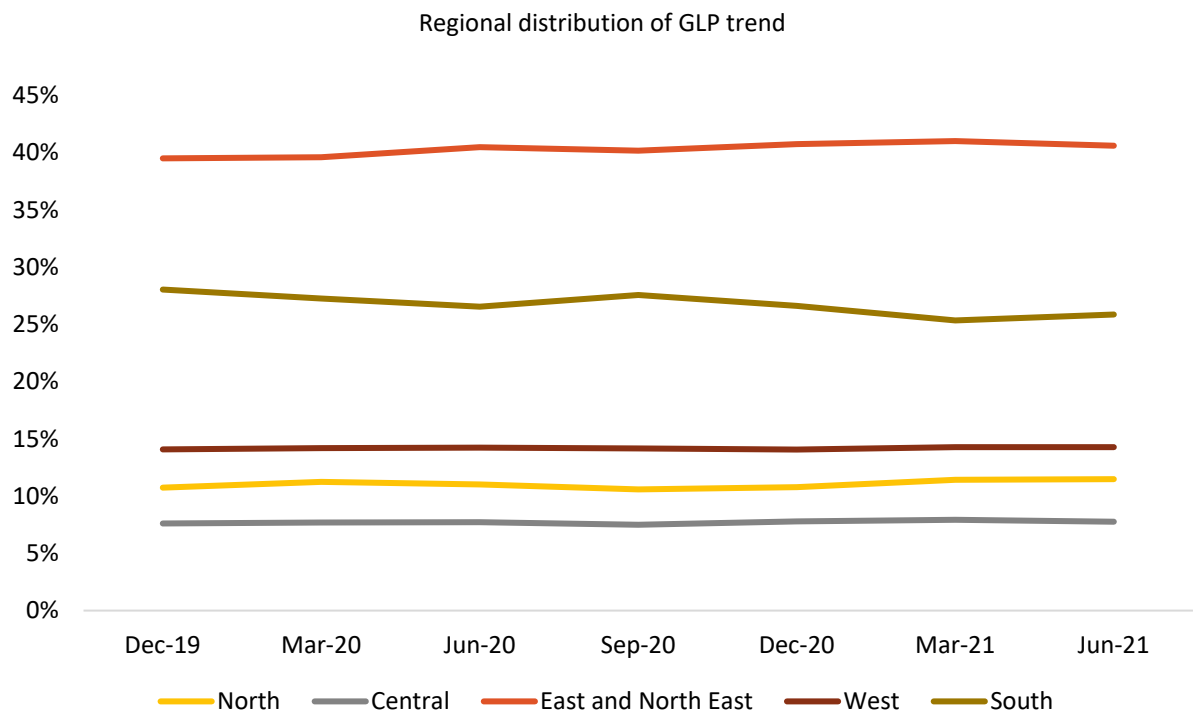
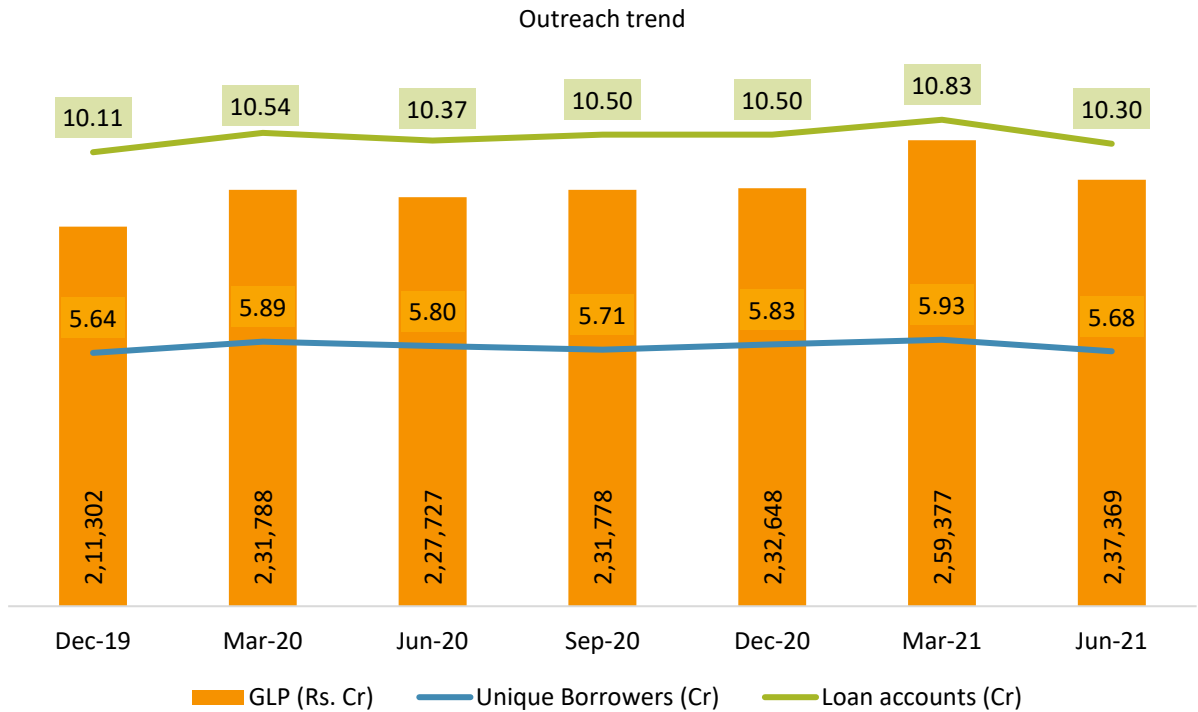


Portfolio outstanding of the microfinance industry (Rs Cr)



Industry trends

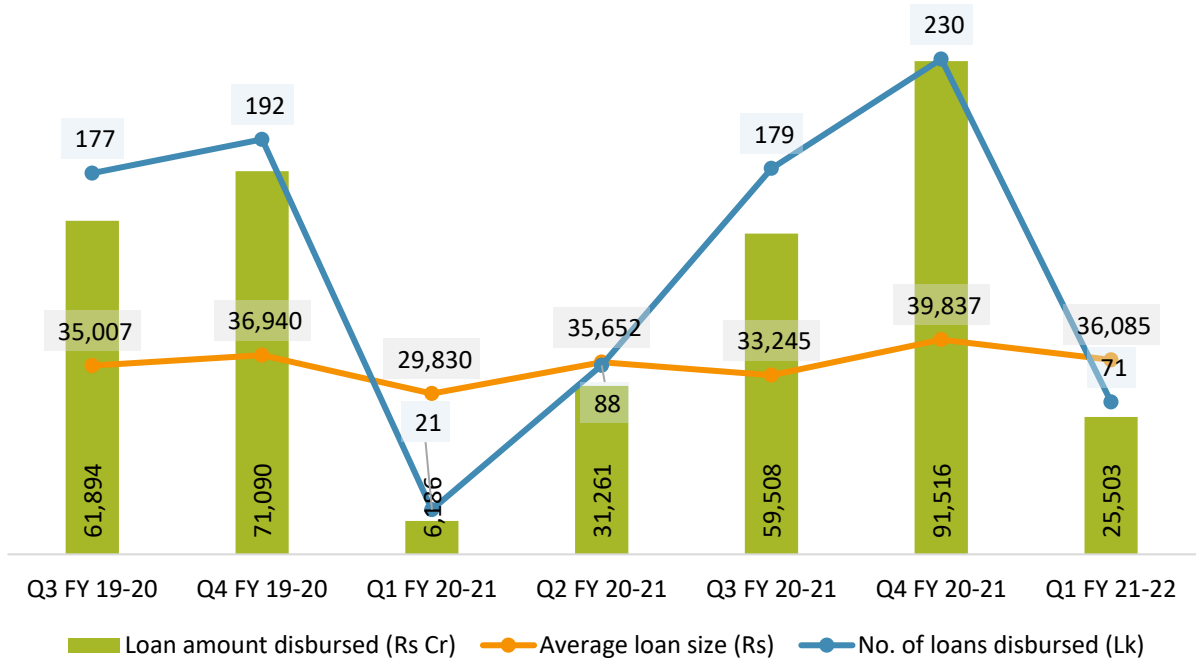
Q3 FY 19-20 to Q1 FY 21-22



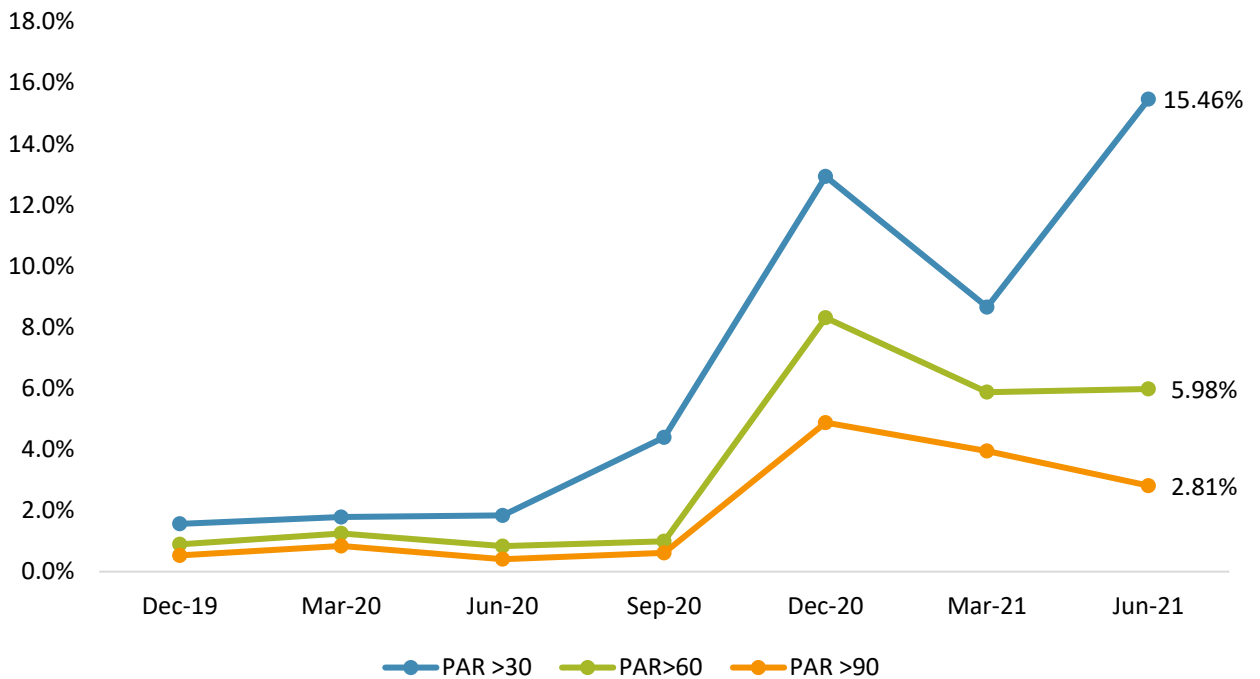
Industry trends

Q3 FY 19-20 to Q1 FY 21-22

Disbursement trend



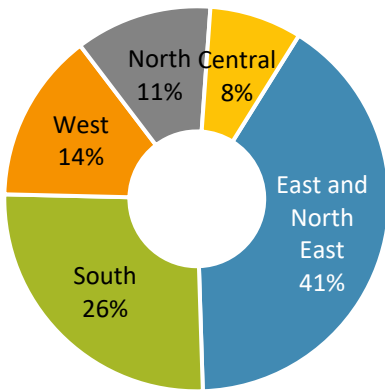
PAR trend



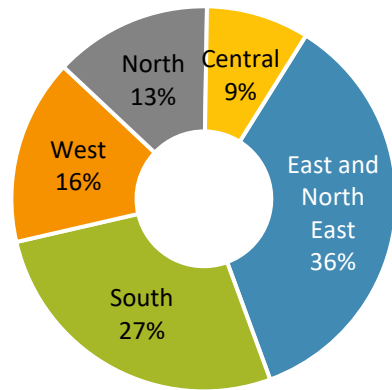
Regional distribution

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.

Regional distribution of portfolio
30 June 2021

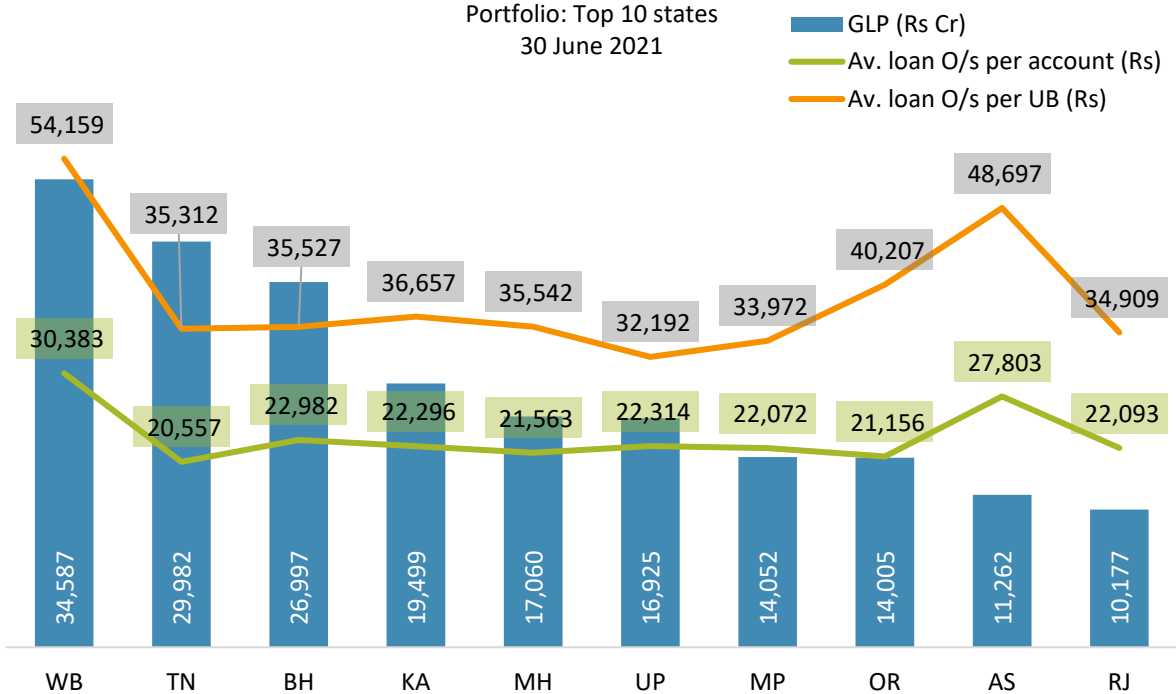


Regional distribution of unique borrowers
30 June 2021



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.

Portfolio: Top 10 states
30 June 2021



Section II : NBFC-MFI Highlights

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

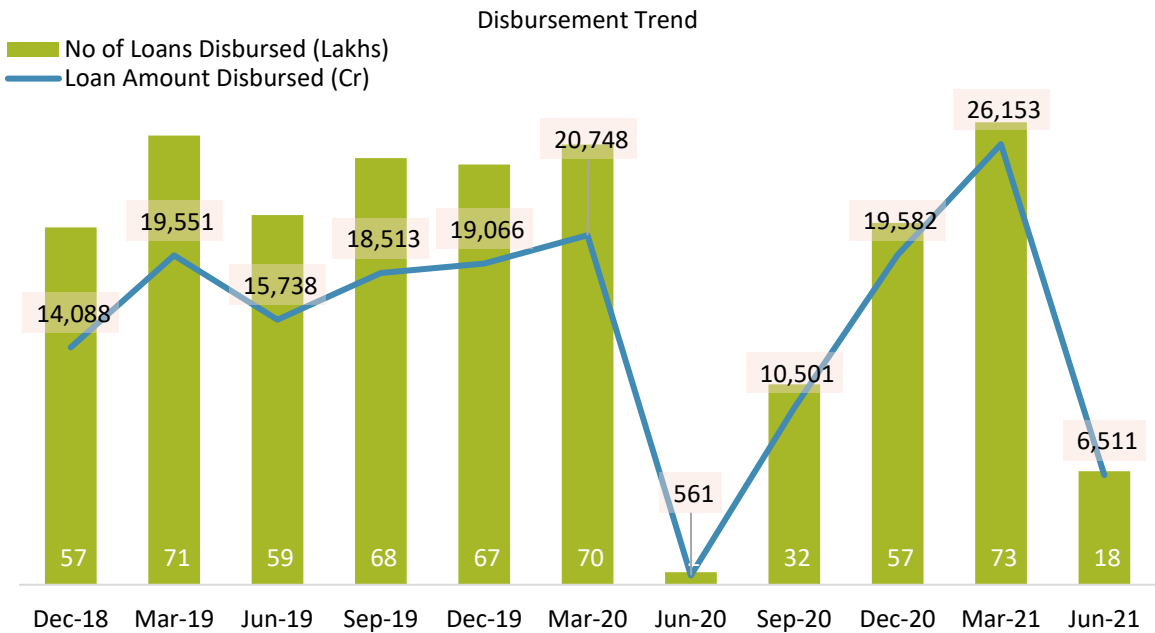
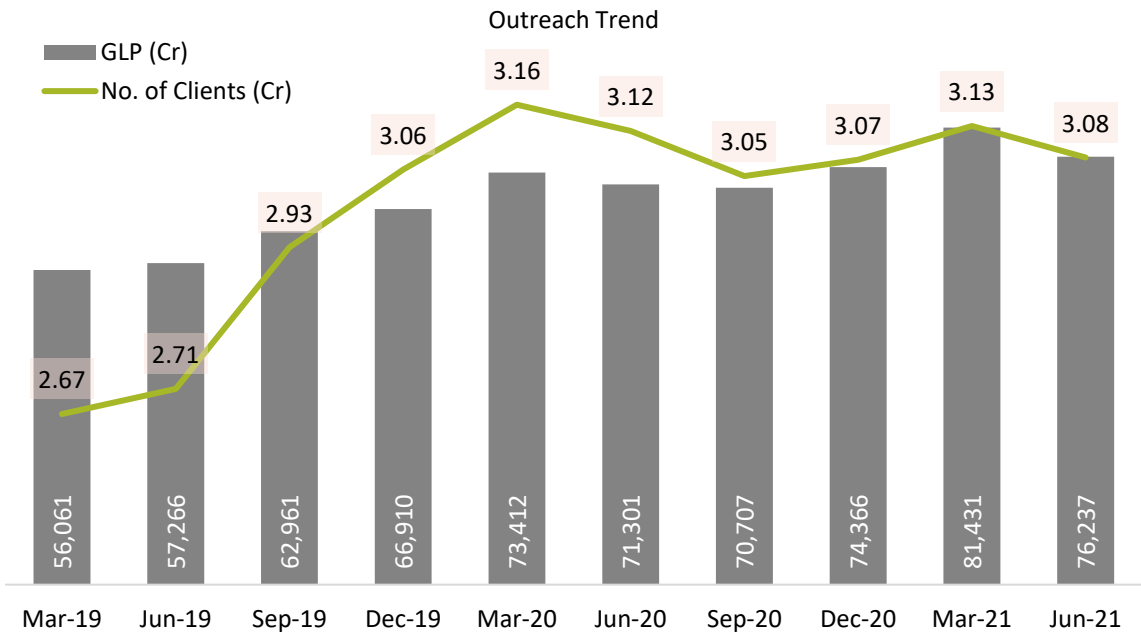
- As on 30 June 2021, **3.08 Cr clients*** have loan outstanding from NBFC-MFIs, which is **1.3%** lesser than clients as on 30 June 2020.
- The aggregate **GLP** of MFIs is **Rs 76,237 Cr** as on 30 June 2021, including owned portfolio **Rs 65,206 Cr** and managed portfolio (off BS) of **Rs 11,031 Cr**. 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 AIFs, 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 AIFs.
- 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%.

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

*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

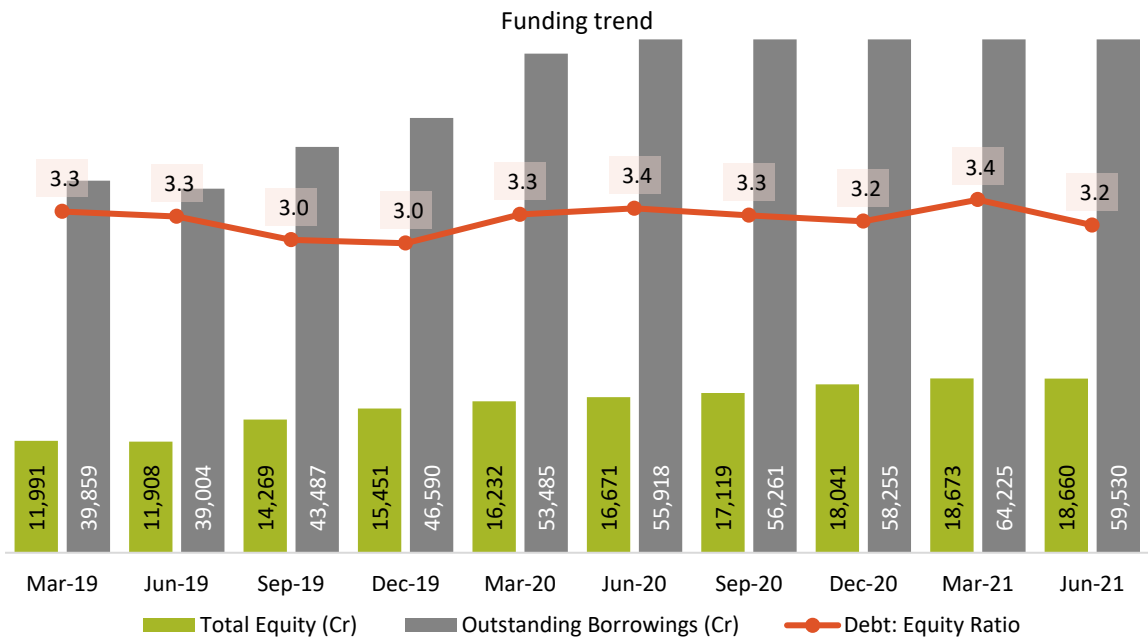
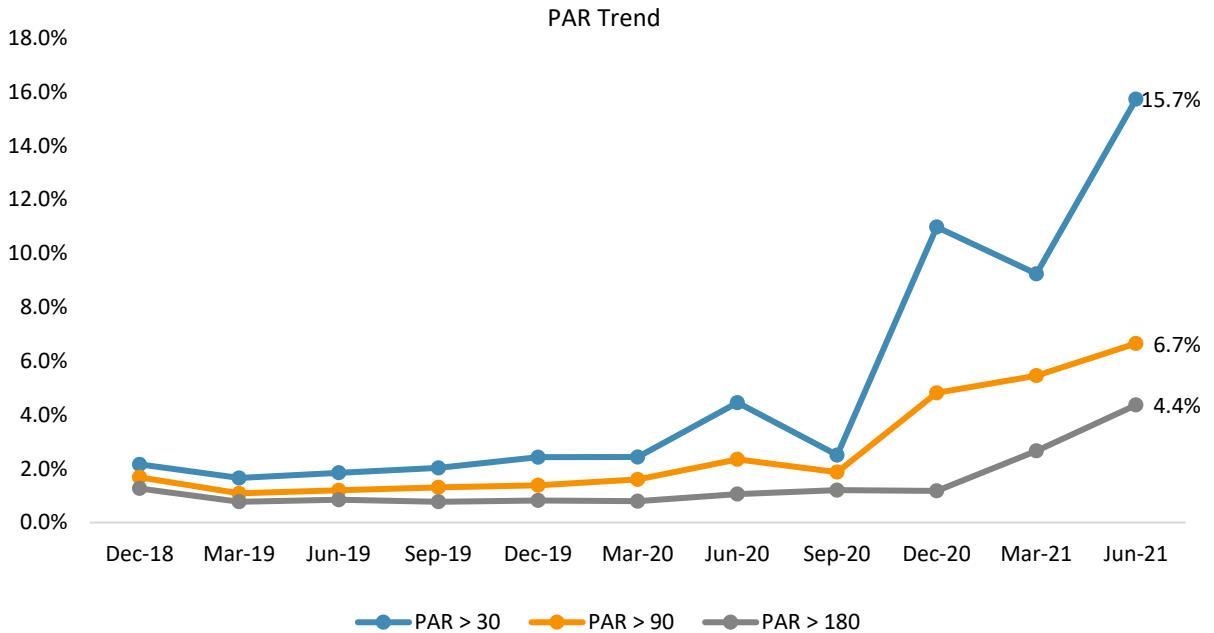
Q4 FY 18-19 to Q1 FY 21-22



*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

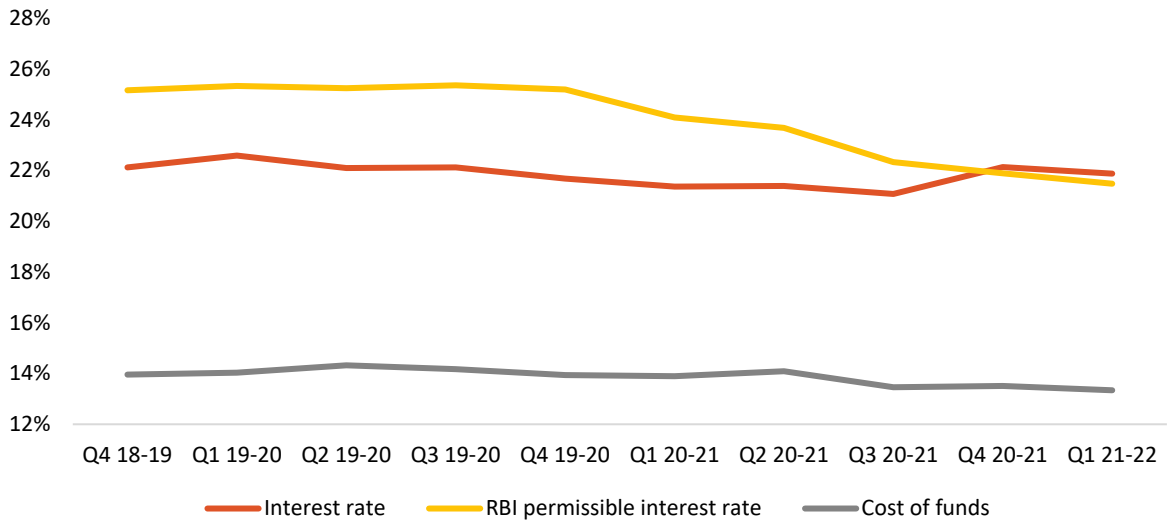


*Analysis is based on the data of panel of MFIs in the current quarter

NBFC-MFI trends

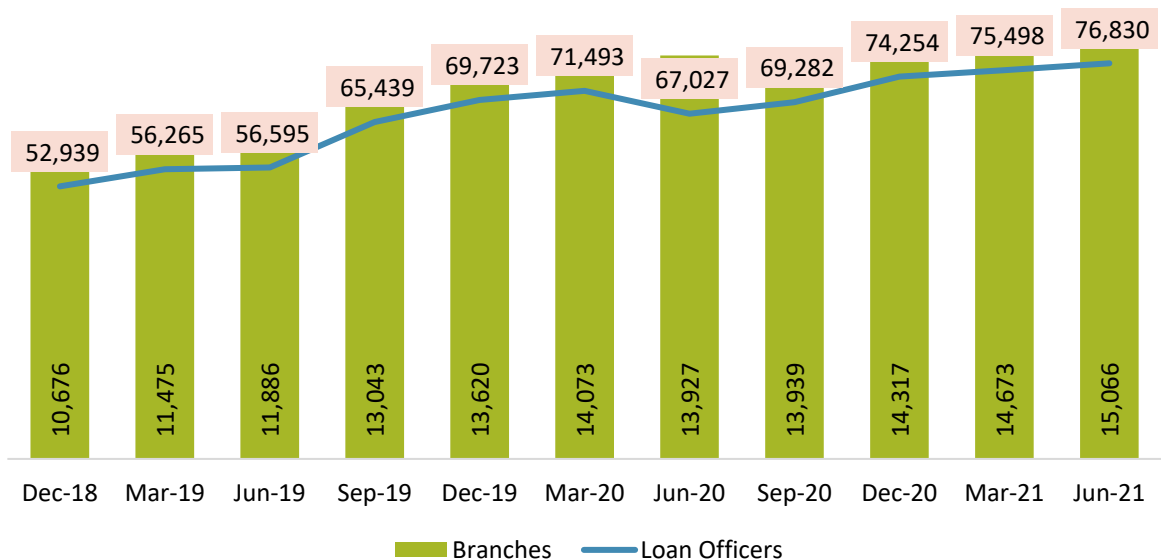
Q4 FY 18-19 to Q1 FY 21-22

Comparison of Interest rates and cost of funds trend



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.

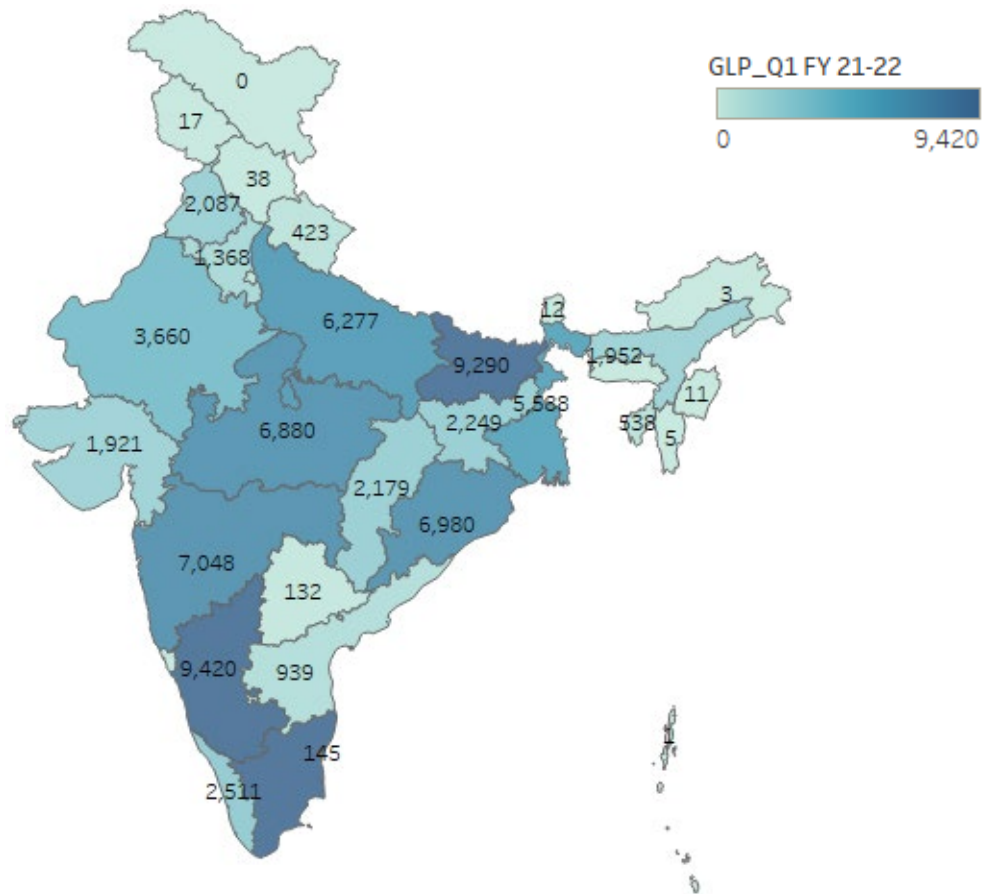
Branch Network



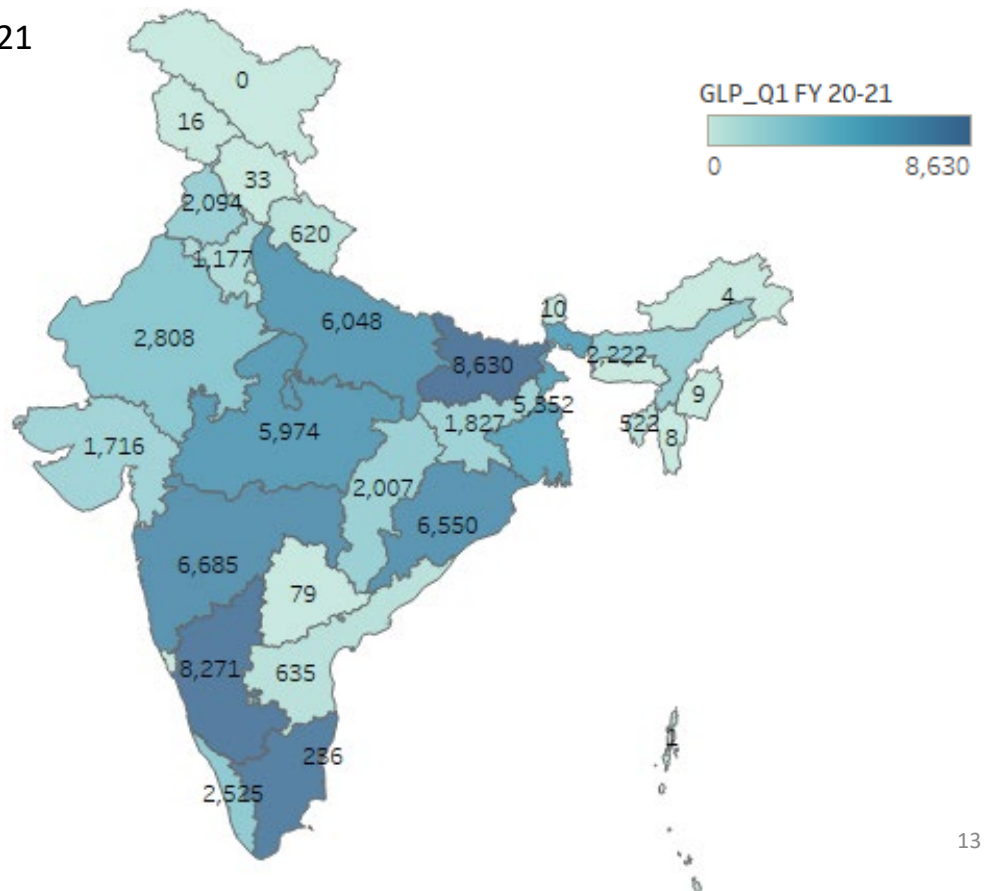
*Analysis is based on the data of panel of MFIs in the current quarter

State wise GLP of MFIN Members

30 Jun 2021



31 March 2021



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%.

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

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