

SYNOPSIS

Issue 40

MICROMETER

Data as on 31 December 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 **40th issue** of the Micrometer and it provides an overview of the microfinance industry as on **31 December 2021 (Q3 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 31 December 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 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 (Q3 FY 2020-21) and previous quarter (Q2 FY 2021-22). Analysis on NBFC-MFIs is based on data collected from **54 members** that are registered with the Reserve Bank of India (RBI).

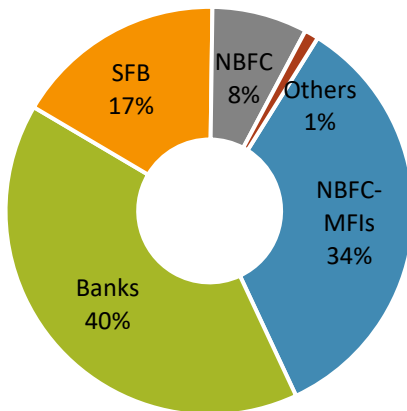
Section III of the report analyses the microfinance operations of **MFIN Associates** that include **NBFCs** and MFIs that operate as Corporate Business Correspondents (**CBCs**) for Banks. This section is based on the data collected from 3 NBFCs and 2 CBCs for Q3 FY 2021-22 and compares it with Q3 FY 2020-21 and Q2 FY 2021-22.

Section I : The Universe

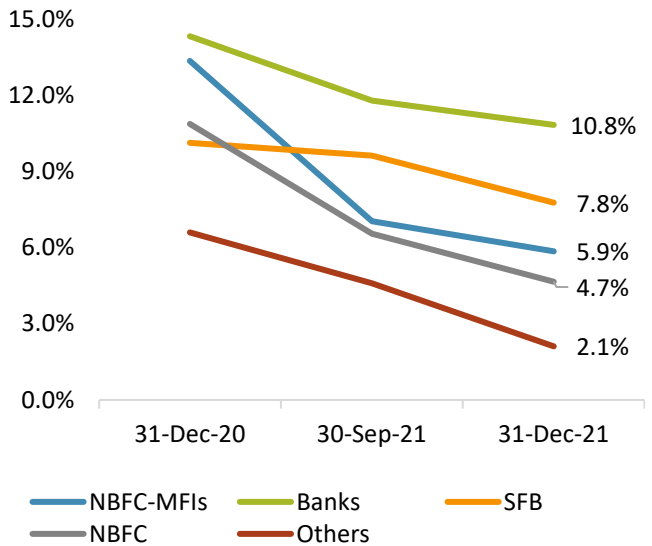
The pie-chart shows the share of each peer group in the universe for loan amount outstanding as percentages. The portfolio of NBFC-MFIs portfolio has increased by 21.2% and banks by 5.7%, SFBs portfolio by 9.7%, NBFCs portfolio has decreased by 8.2% and Other MFIs have increased by 17.6% (Based on loans originated after February 2017).

As shown in PAR trend graph, PAR>30 has shown a decreasing trend for all entities signifying recovery of portfolio health. For PAR analysis, delinquencies >180 days have been removed to reflect a true picture of the portfolio quality.

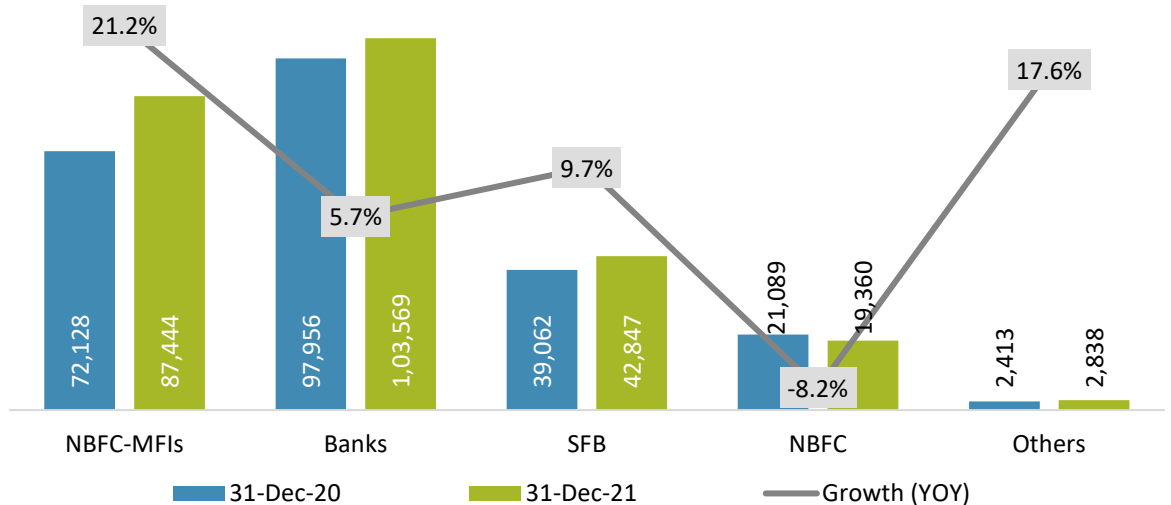
Micro-credit loan outstanding across lenders
31 December 2021



PAR>30 of the various entities

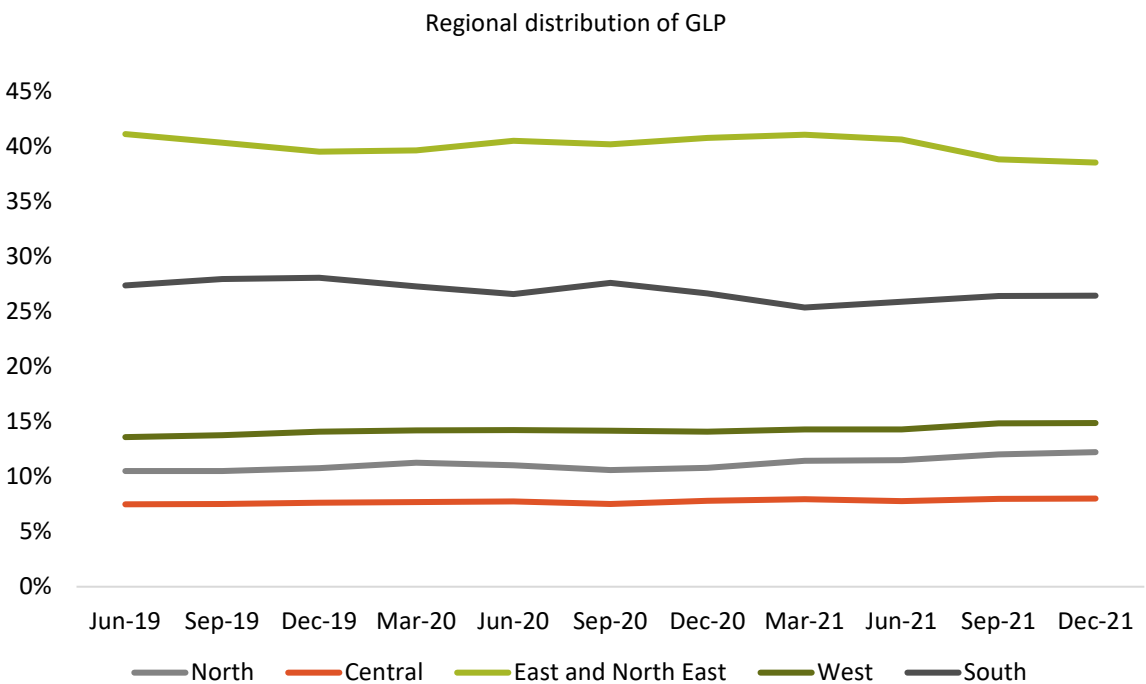
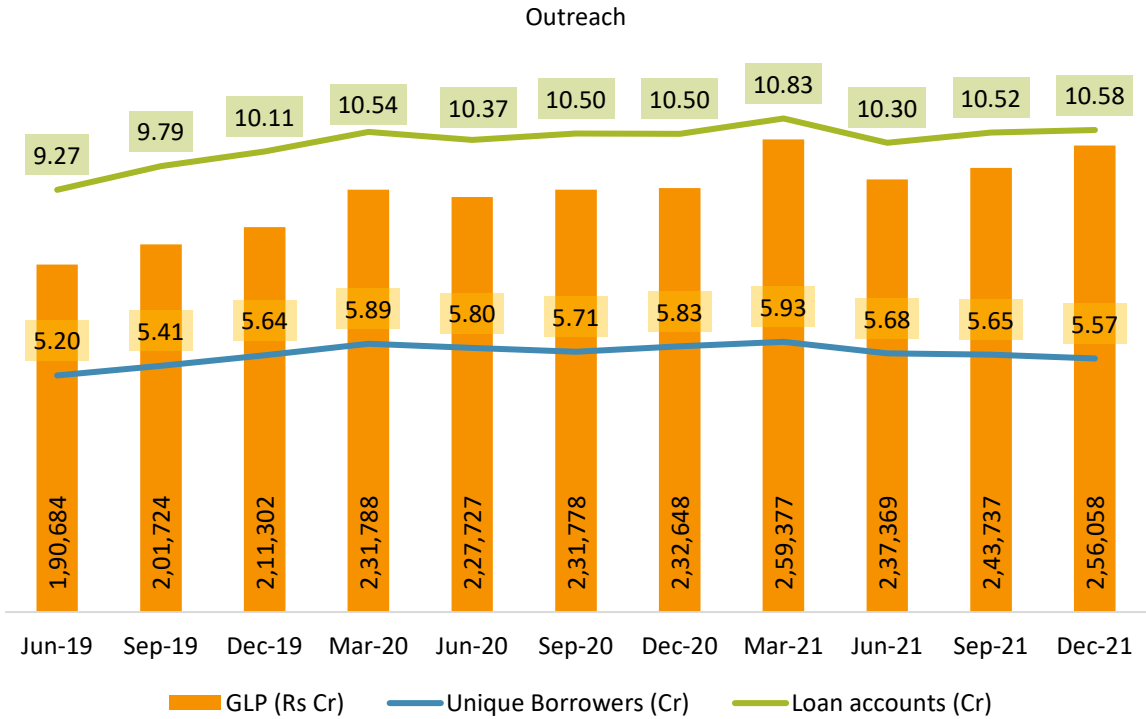


Portfolio outstanding of the microfinance industry (Rs Cr)



Industry trends

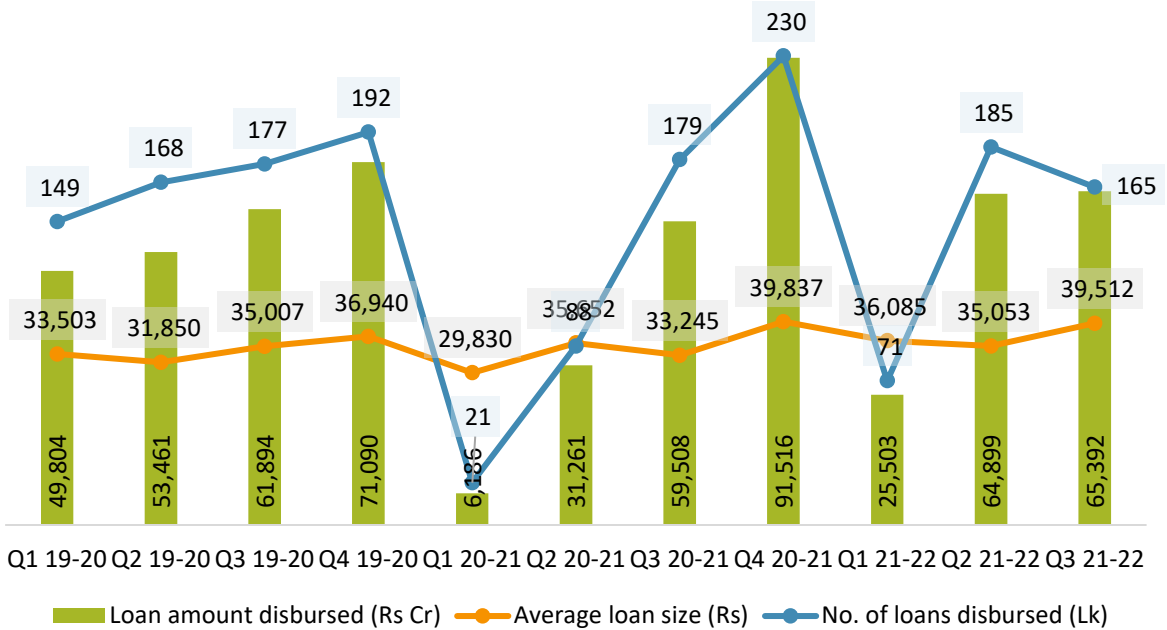
Q1 FY 19-20 to Q3 FY 21-22



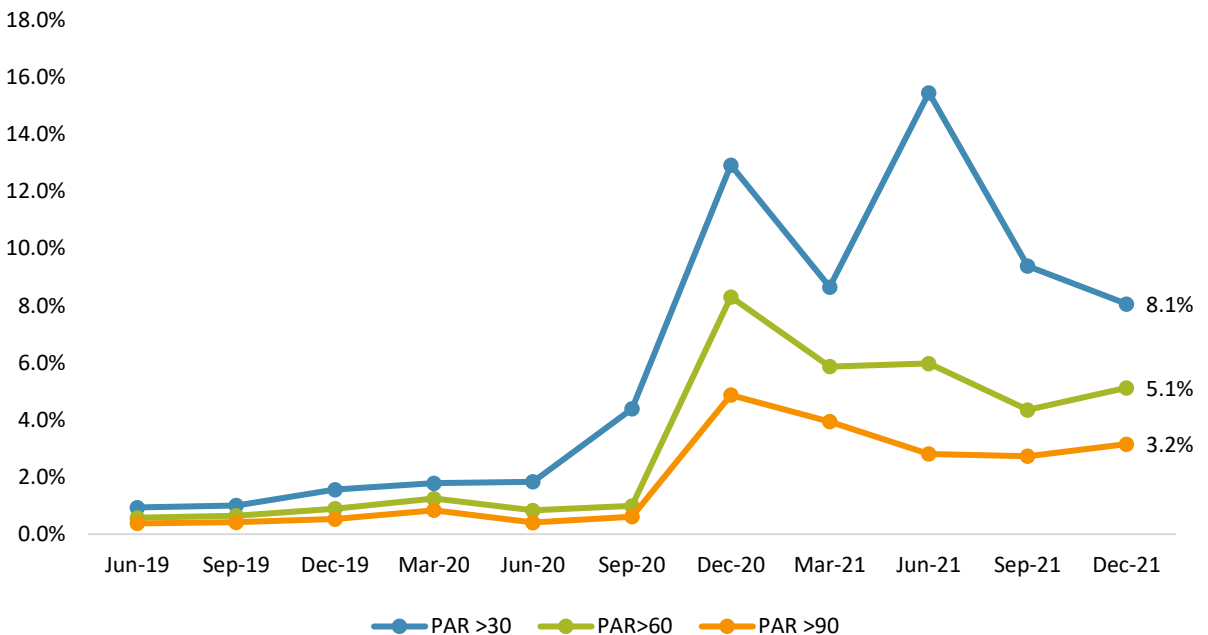
Industry trends

Q1 FY 19-20 to Q3 FY 21-22

Disbursement



PAR

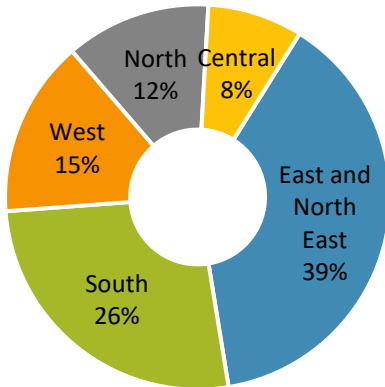


Note: For PAR analysis, delinquencies above 180 days have been removed to reflect a true picture of the portfolio quality.

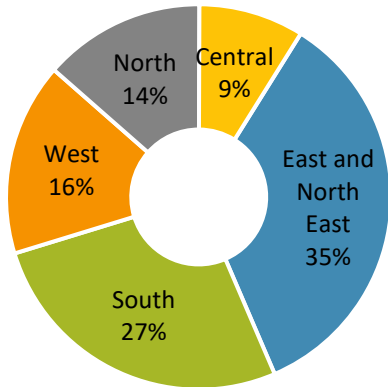
Regional distribution

As on 31 December 2021, the industry serves 5.57 Cr unique borrowers through 10.58 Cr loan accounts. The regional spread is depicted in the pie-chart below which shows around 65% portfolio is concentrated in East & Northeast and South regions.

Regional distribution of portfolio
31 December 2021

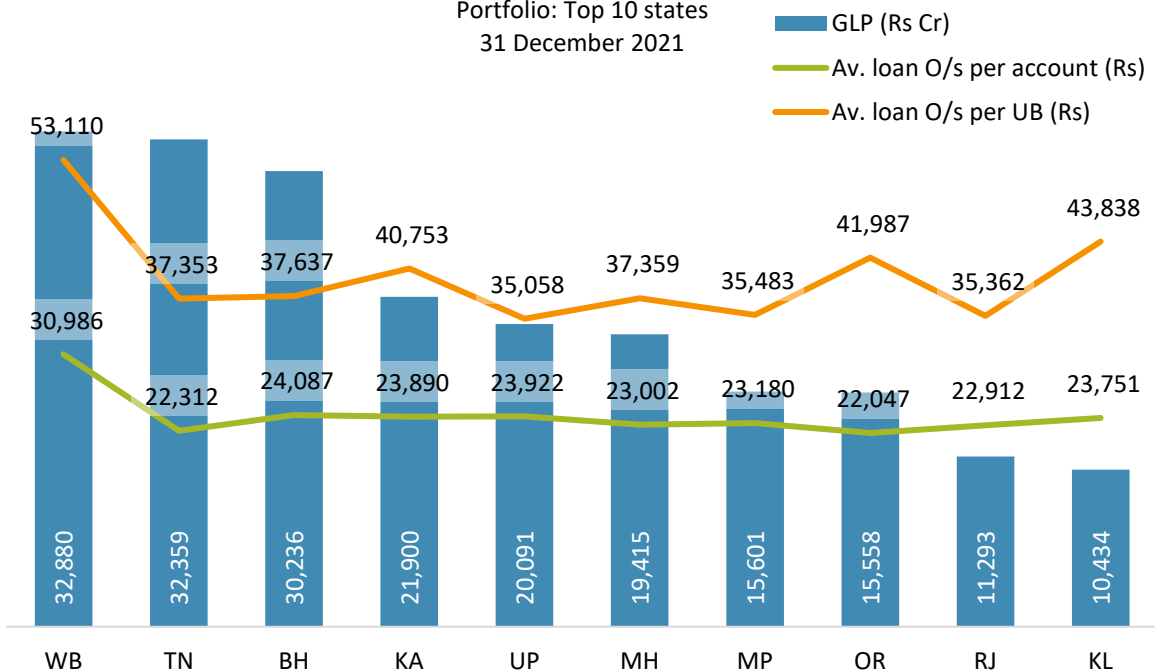


Regional distribution of unique borrowers
31 December 2021



The Top 10 states (based on universe data) constitute 81.9% 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 53,110 followed by Kerala at Rs 43,838.

Portfolio: Top 10 states
31 December 2021



Section II : NBFC-MFI Highlights

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

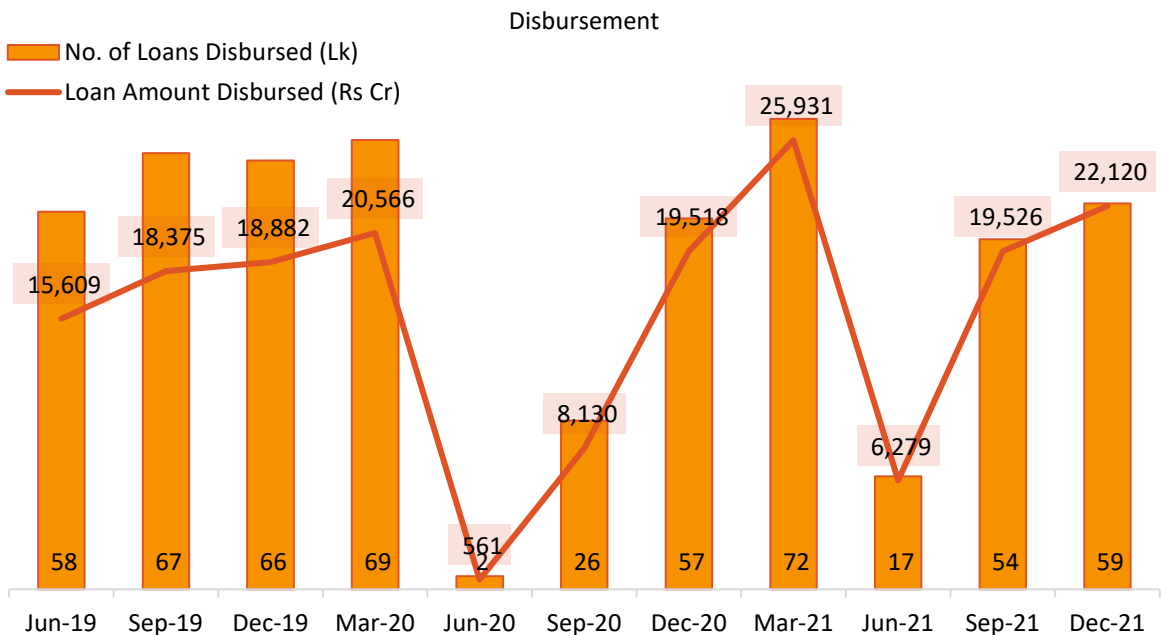
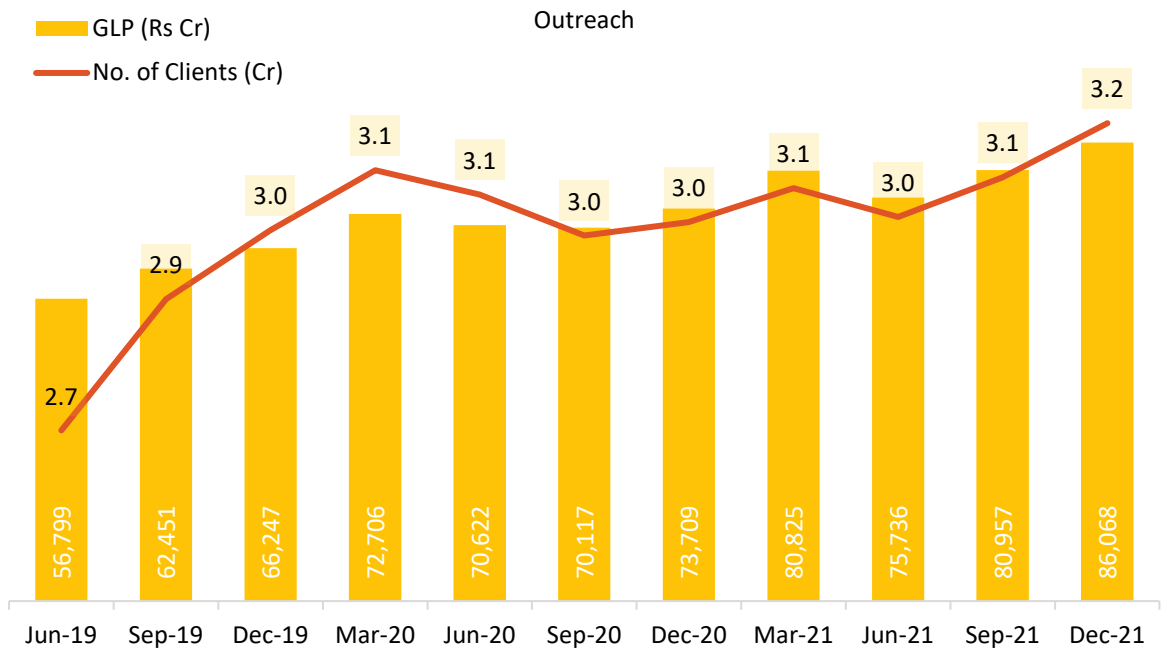
- As on 31 December 2021, **3.2 Cr clients*** have loan outstanding from NBFC-MFIs, which is **5.5%** higher than clients as on 31 December 2020.
- The aggregate **GLP** of MFIs is **Rs 86,068 Cr** as on 31 December 2021, including owned portfolio **Rs 76,212 Cr** and managed portfolio (off BS) of **Rs 9,856 Cr**. The owned portfolio of MFIN members is about 87.2% of the NNBFC-MFI universe portfolio of **Rs 87,444 Cr**.
- On a YoY basis GLP has increased by **16.8%** as compared to 31 December 2020 and by **6.3%** in comparison to 30 September 2021.
- Loan amount of **Rs 22,120 Cr** was disbursed in Q3 FY 21-22 through **59.4 Lk** accounts, including disbursement of Owned as well as Managed portfolio. This is 13.3% higher than the disbursements made in Q3 FY 20-21.
- Average loan amount disbursed per account during Q3 FY 21-22 was **Rs 37,228** which is an increase of around **9.0%** in comparison to same quarter of last financial year.
- As on 31 December 2021, the borrowings O/s were **Rs 67,435 Cr**. Other Banks (apart from Top 5 banks) contributed 41.7% of borrowings O/s followed by 20.4% from Non-Bank entities, 18.5% from Top 5 Banks, 11.8% from AIFIs, 5.0% from External Commercial Borrowings (ECB) and 2.7% from other sources.
- During Q3 FY 21-22, NBFC-MFIs received a total of **Rs 12,786 Cr** in debt funding, which is 19.5% higher than Q3 FY 20-21. Other Banks contributed 53.9% of the total Borrowing received followed by Top 5 Banks 25.6%, AIFIs 10.0%, Non-Bank entities 9.4%, and ECB 1.1%.
- Total equity increased by **8.5%** as compared to end of Q3 FY 20-21 and is at **Rs 19,402 Cr** as on 31 December 2021.
- Portfolio at Risk (PAR)>30 days as on 31 December 2021 has increased to **12.1%** as compared to **11.0%** as on 31 December 2020.
- MFIs have presence in 27 states and 5 union territories.
- In terms of regional distribution of portfolio (GLP), East and North-East accounts for 31% of the total NBFC-MFI portfolio, South 28%, West 16%, North 14% and Central contributes 11%.

Indicator	Q3 FY 21-22	Q3 FY 20-21	YoY change (%) Q3 FY 21-22 over Q3 FY 20-21	Q2 FY 20-21
	31-Dec-21	31-Dec-20		30-Sep-21
Branches	16,226	14,133	14.8%	15,658
Employees	1,36,464	1,12,887	20.9%	1,30,163
Clients~ (Cr)	3.2	3.0	5.5%	3.1
Loan accounts (Cr)	3.7	3.6	4.2%	3.6
Gross Loan Portfolio (Rs Cr)	86,068	73,709	16.8%	80,957
Balance sheet portfolio	76,212	62,864	21.2%	70,596
Loans disbursed (during the quarter, Lk)	59.4	57.1	4.0%	53.9
Loan amount disbursed (during the quarter, Rs Cr)	22,120	19,518	13.3%	19,526

*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

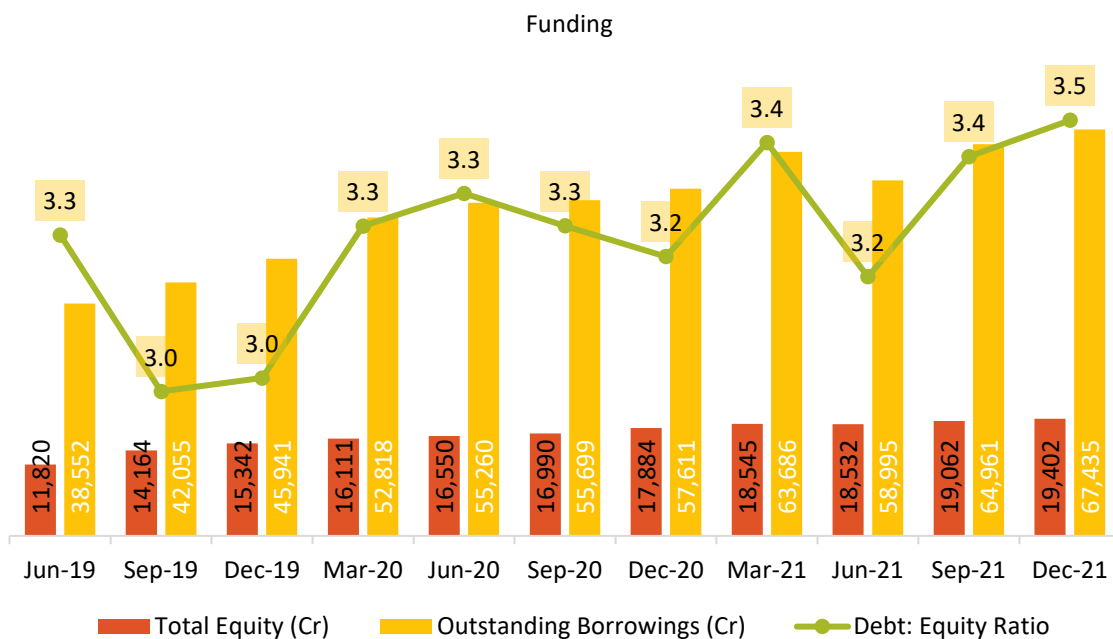
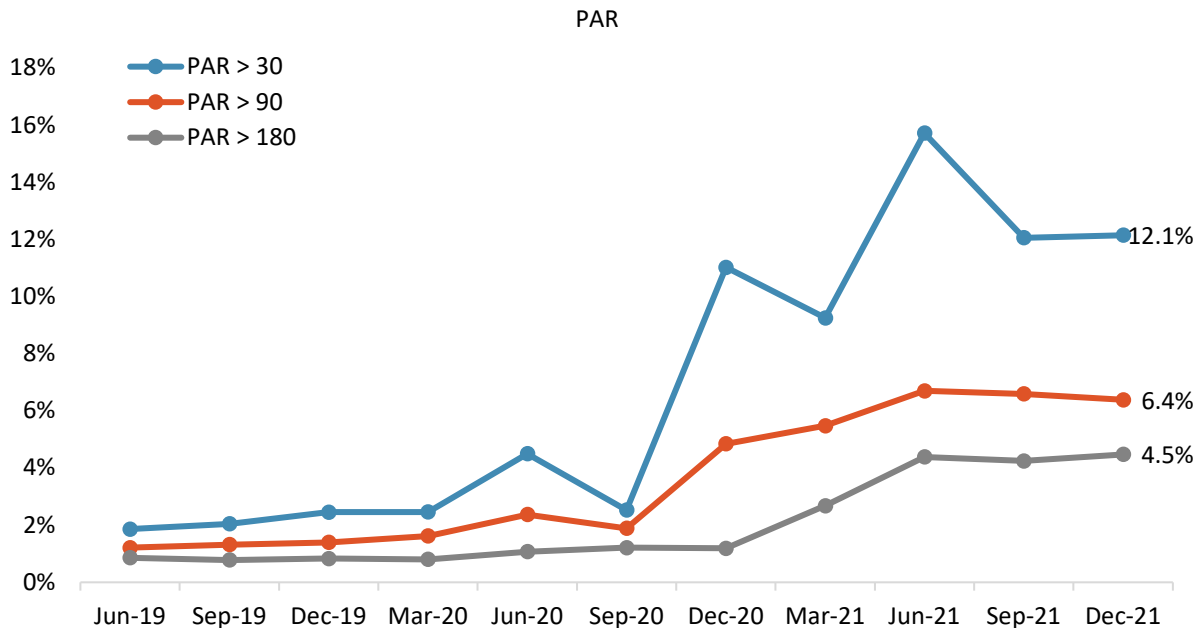
Q1 FY 19-20 to Q3 FY 21-22



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

NBFC-MFI trends

Q1 FY 19-20 to Q3 FY 21-22

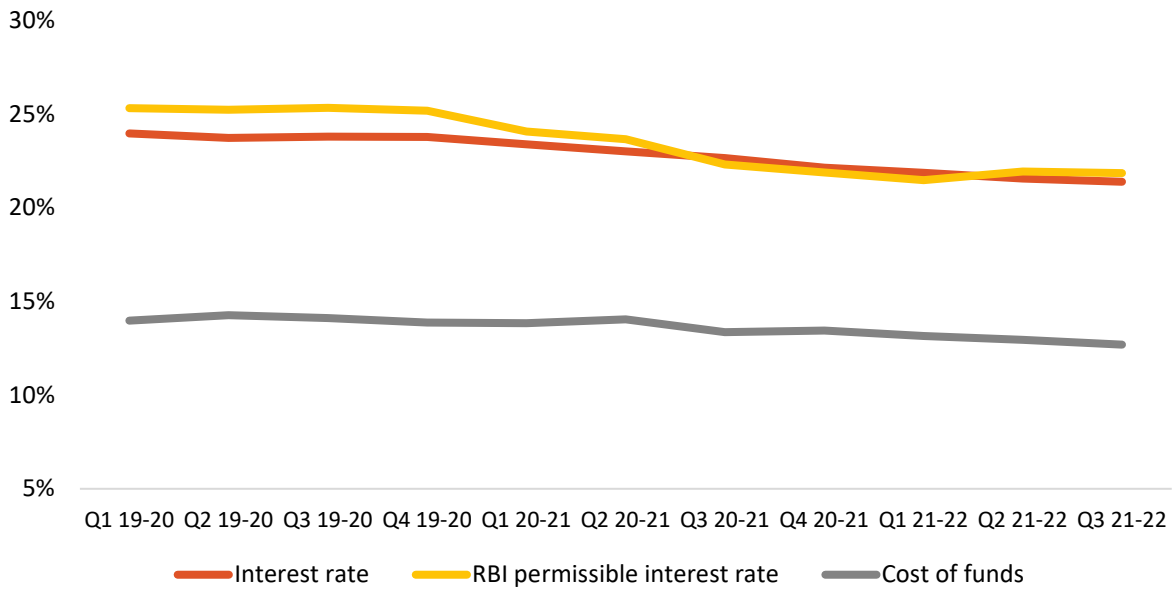


*Analysis is based on the data of panel of MFIs in the current quarter

NBFC-MFI trends

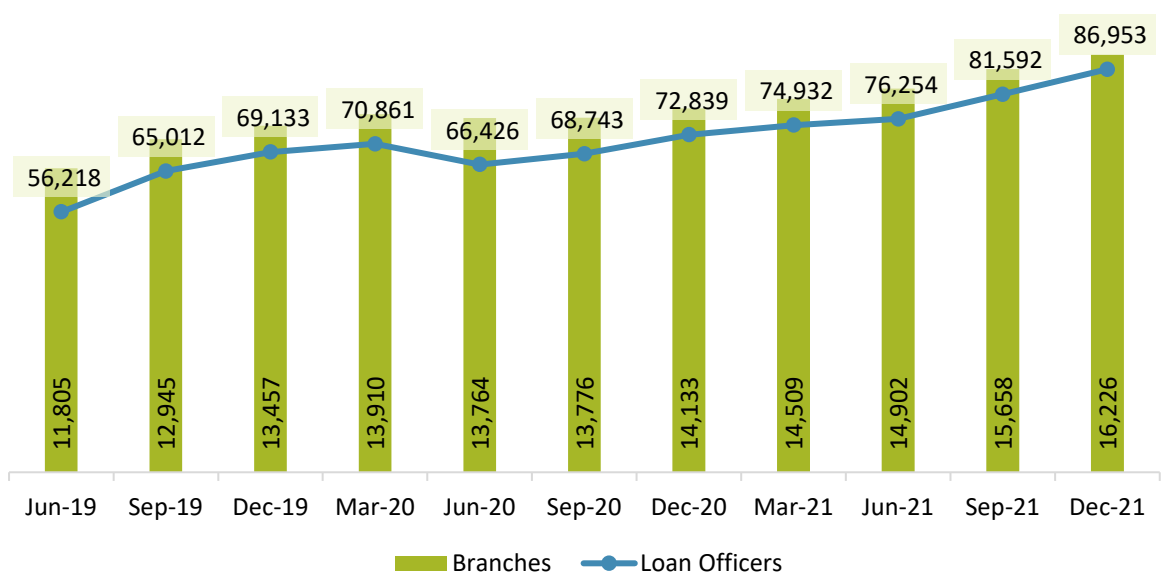
Q1 FY 19-20 to Q3 FY 21-22

Comparison of Interest rates and cost of funds



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.

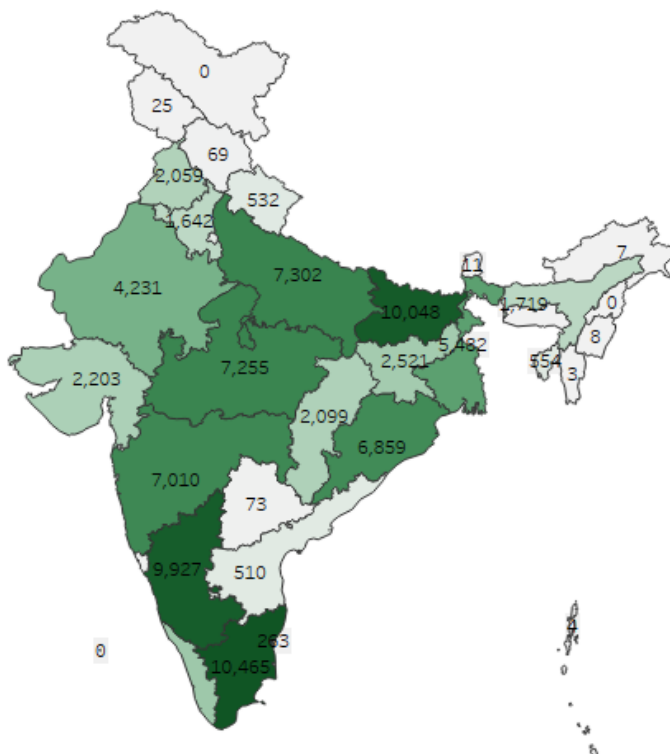
Branch network



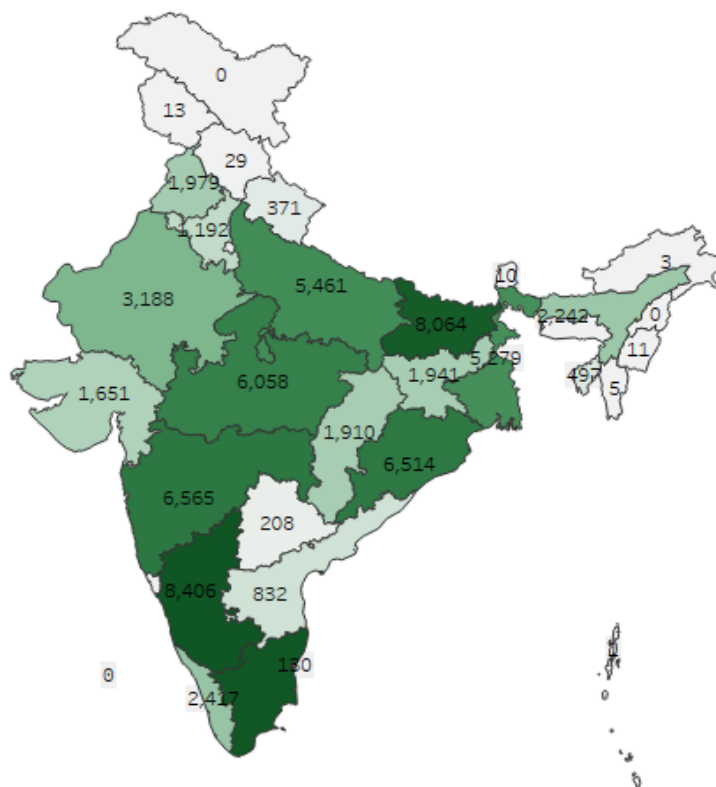
*Analysis is based on the data of panel of MFIs in the current quarter

State wise GLP of MFIN Members

31 December 2021

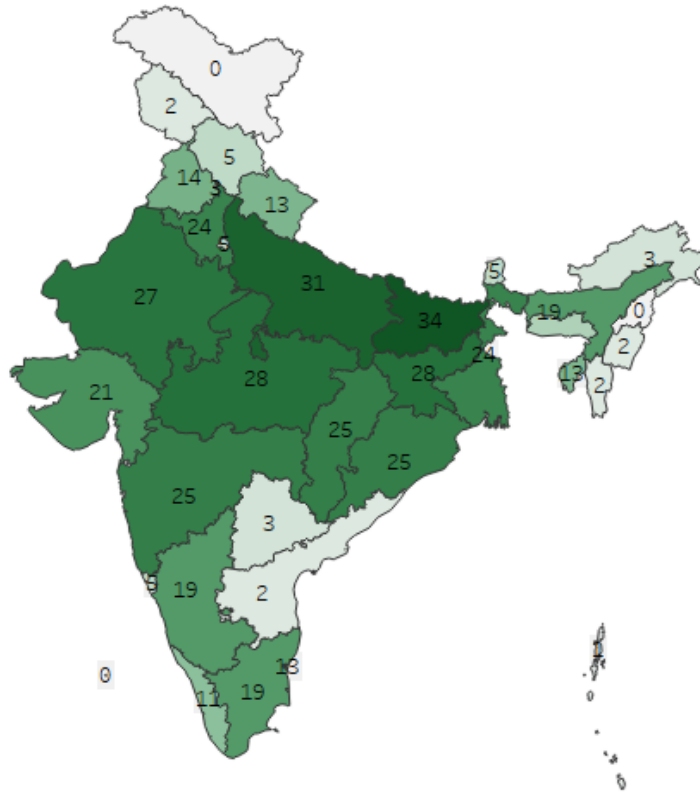


31 December 2020

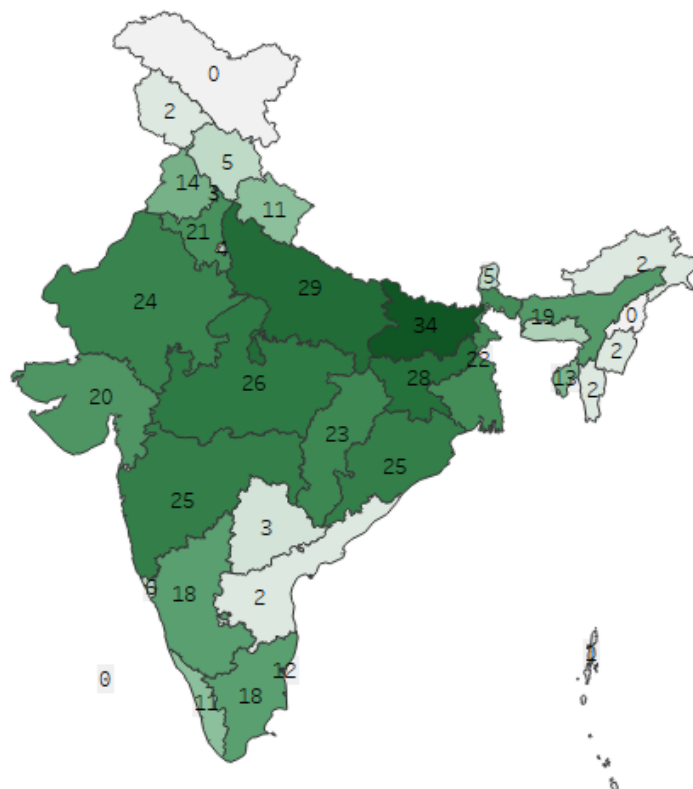


State wise presence of MFIN Members

31 December 2021



31 December 2020



Section III : Associate Highlights

This section presents highlights of self reported data provided by Five 'Other Lenders' that are MFIN associates including Four Corporate Business Correspondents (CBCs) and One 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 NBFC is **Dvara KGFS** (Dvara). Dvara also has an off-balance sheet portfolio. Some highlights for the first quarter of Q3 FY 2021-22 are as under:

- As of 31 December 2021, the MFIN Associates were managing **Rs 0.24 Cr** loan accounts with aggregate loan portfolio of **Rs 4,412 Cr** and an **average loan outstanding** per account of **Rs 18,754**. This represents a YoY growth of 7.9% in portfolio and 18.6% in loan accounts.
- The contribution of the CBCs to the Associates' GLP as on 31 December 2021 was around 75.5% (Rs 3,330 Cr).
- The Associates have been able to achieve this outreach through 9,293 employees across 1,178 branches (customer service centres for the CBCs) with operations in **17 states**.
- The **average loan disbursed** per account during Q3 FY 2021-22 was **Rs 36,240**. Overall, the Associates disbursed Rs 967 Cr to 2.7 lakh accounts during this quarter.
- Portfolio at Risk (PAR) > 30 as on 31 December 2021 is **16.6%**, an improvement from **19.3%** as on 30 September 2021.
- In terms of **regional distribution** of portfolio of MFIN Associates, South accounts for 63% followed by West 13%, East and Northeast 11%, North 7 % and Central 6%.

Indicator	Q3 FY 21-22	Q2 FY 21-22	QoQ change (%)	Q3 FY 20-21	YoY change (%)
	Dec-21	Sep-21		Dec-20	
Branches	1,178	1,171	0.6%	1,175	0.3%
Employees	9,293	9,188	1.1%	8,782	5.8%
Loan accounts (Cr)	0.24	0.22	8.5%	0.20	18.6%
Gross Loan Portfolio (Rs Cr)	4,412	4,111	7.3%	4,089	7.9%
Loans disbursed (during the quarter, Lk)	2.7	2.7	-1.7%	2.7	0.5%
Loan amount disbursed (during the quarter, Rs Cr)	967	927	4.3%	904	6.9%

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