

Issue 41

MICROMETER

Data as on 31 March 2022

SYNOPSIS

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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 **41st issue** of the Micrometer and it provides an overview of the microfinance industry as on **31 March 2022 (Q4 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 March 2022. 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 two previous financial years (FY 2019-20 and FY 2020-21) and previous quarter (Q3 FY 2021-22). Analysis on NBFC-MFIs is based on data collected from **55 members** that are registered with the Reserve Bank of India (RBI).

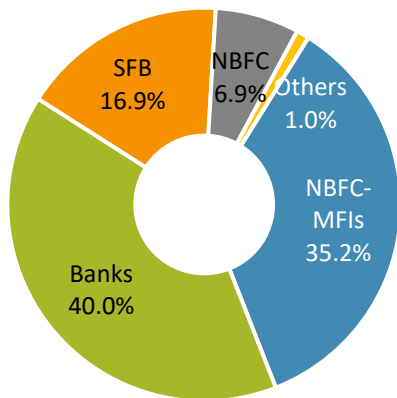
Section III of the report analyses the microfinance operations of **MFIN Associates** that include **NBFCs** and MFIs that operate as Corporate Business Correspondents (**CBCs**) for Banks. This section is based on the data collected from 3 NBFCs and 2 CBCs for Q4 FY 2021-22 and compares it with Q3 FY 2021-22 and Q4 FY 2020-21.

Section I : The Universe

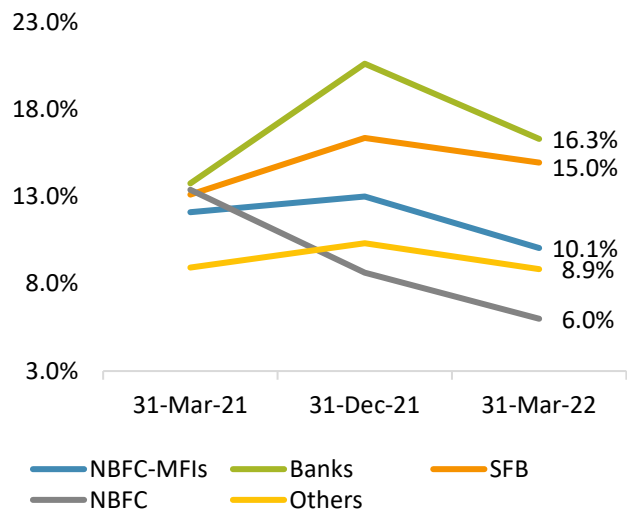
The pie-chart shows the share of each peer group in the universe for loan amount outstanding as percentages. The portfolio of NBFC-MFIs portfolio has increased by 24.7% and banks by 0.7%, SFBs portfolio by 17.4%, NBFCs portfolio has decreased by 9.1% and Other MFIs have increased by 9.5% (Based on loans originated after February 2017).

As shown in PAR trend graph, PAR>30 has shown a decreasing trend for NBFC-MFIs and NBFCs signifying recovery of portfolio health, whereas for Other MFIs it has stayed at the same level. For Banks and SFBs, the PAR levels have increased as compared to levels at the end of last FY.

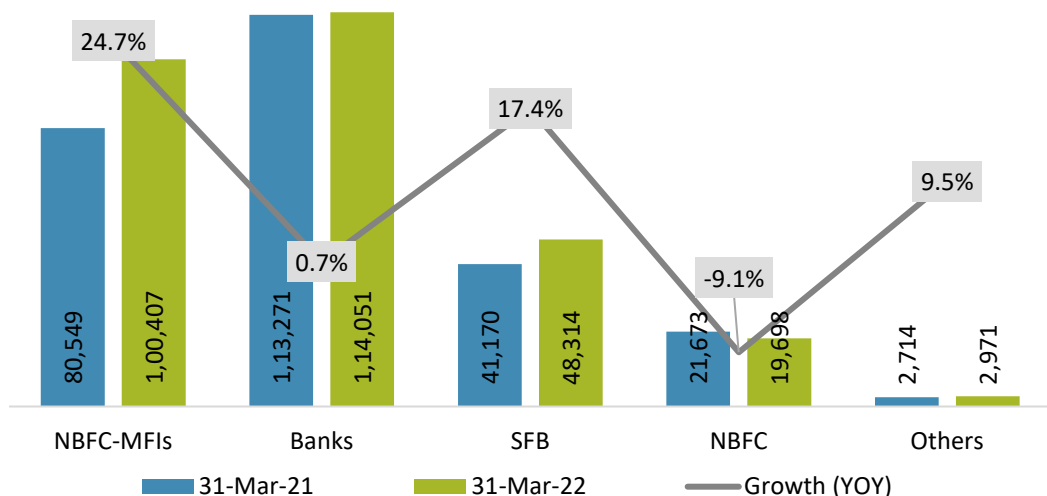
Micro-credit loan outstanding across lenders
31 March 2022



PAR>30 of the various entities

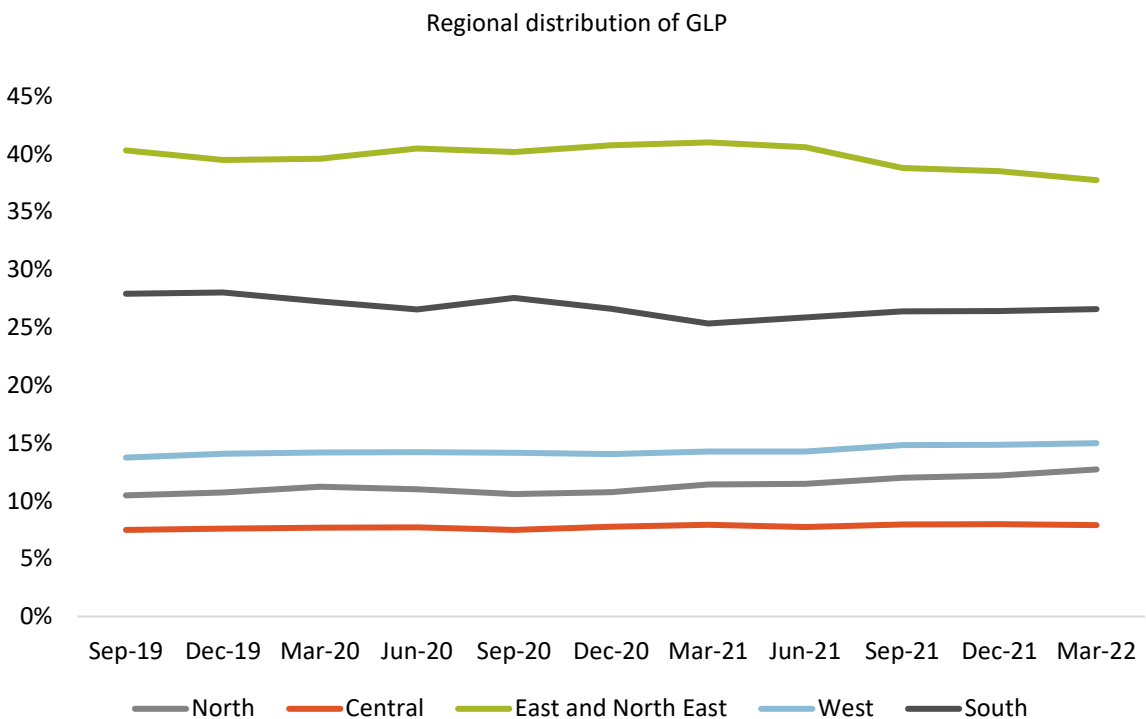
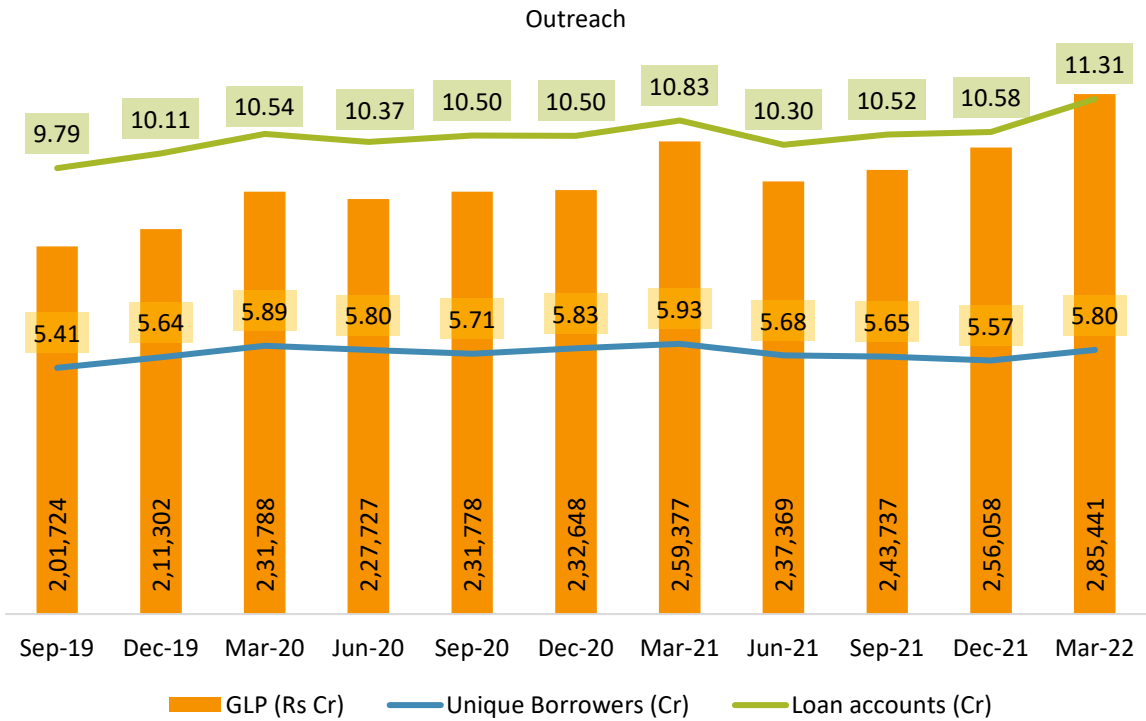


Portfolio outstanding of the microfinance industry (Rs Cr)



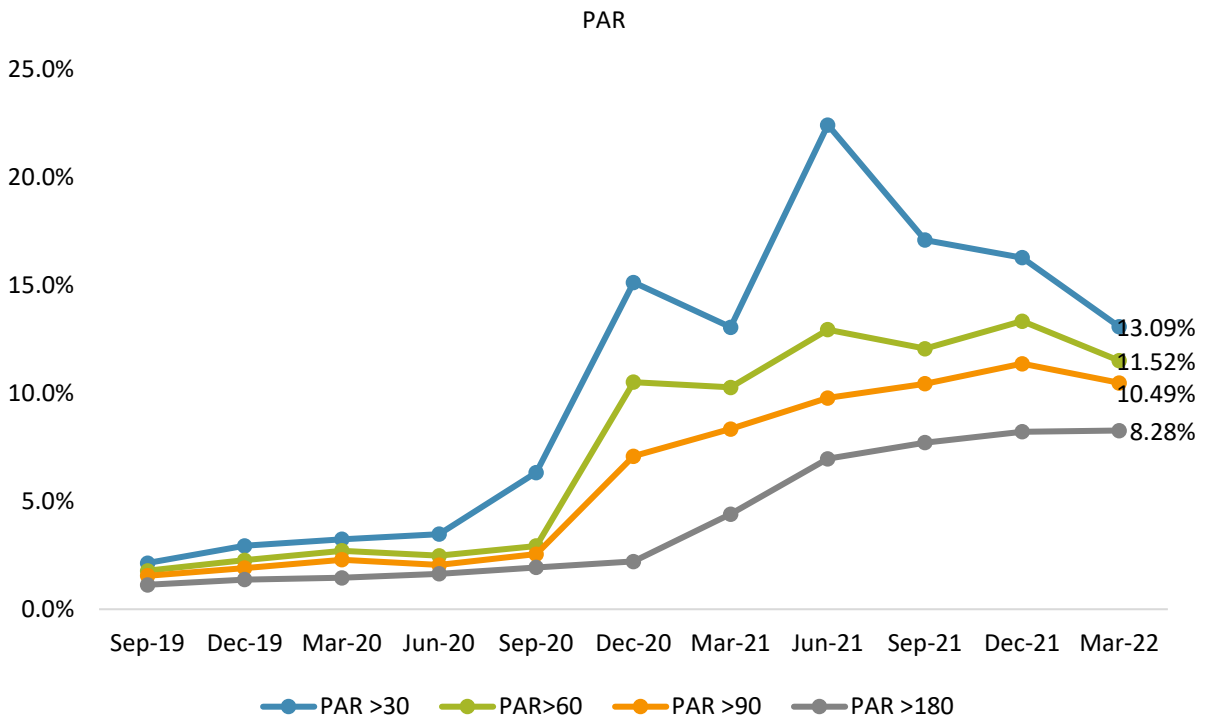
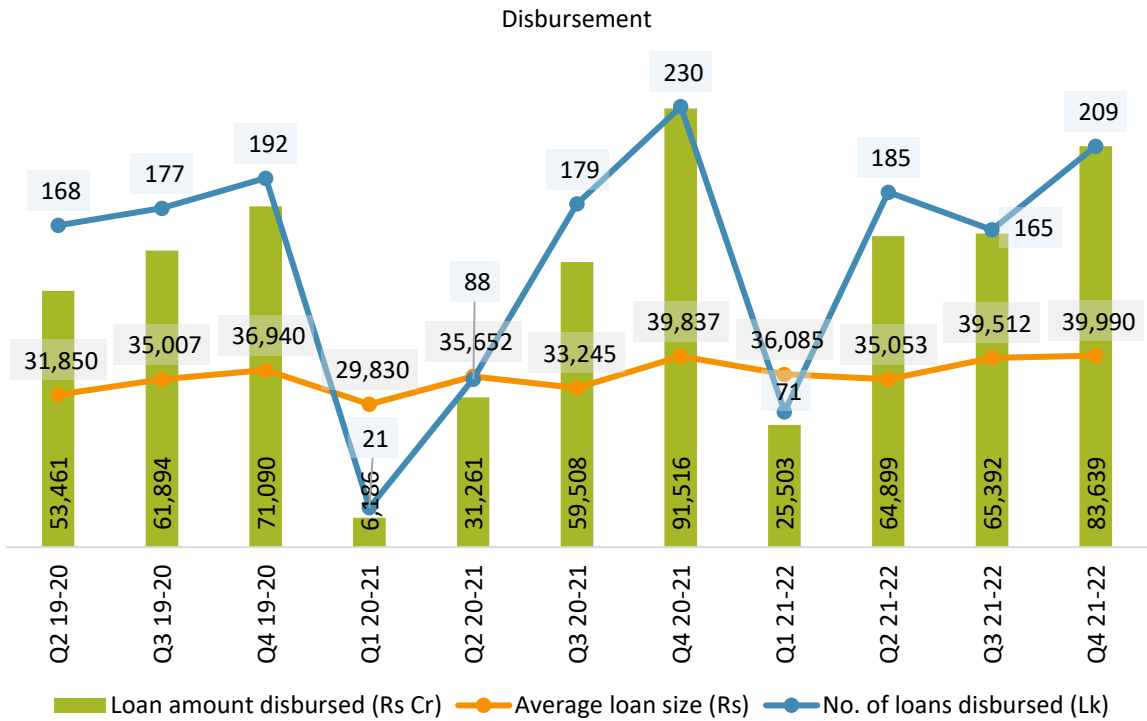
Industry trends

Q2 FY 19-20 to Q4 FY 21-22



Industry trends

Q2 FY 19-20 to Q4 FY 21-22

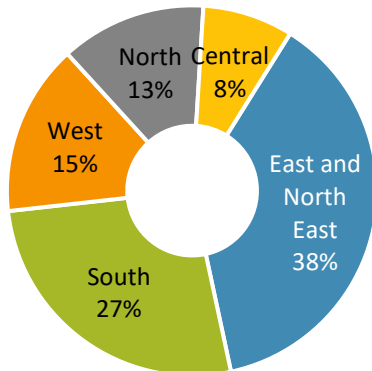


Regional distribution

As on 31 March 2022, the industry serves 5.8 Cr unique borrowers through 11.3 Cr loan accounts. The regional spread is depicted in the pie-chart below which shows around 64% portfolio is concentrated in East & Northeast and South regions.

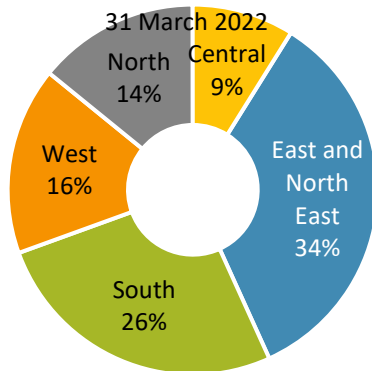
Regional distribution of portfolio

31 March 2022



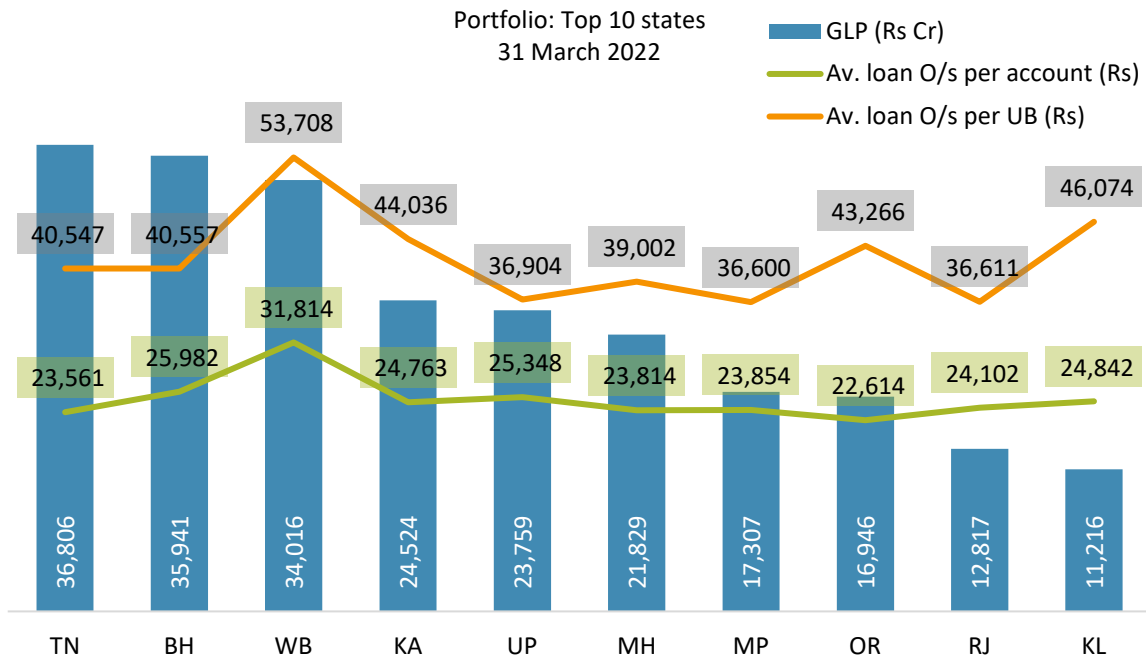
Regional distribution of unique borrowers

31 March 2022



The Top 10 states (based on universe data) constitute 82.4% in terms of GLP. Tamil Nadu has become the largest state in terms of portfolio outstanding followed by Bihar and West Bengal. Among Top 10 states, West Bengal has the highest average loan outstanding per unique borrower of Rs 53,708 followed by Kerala at Rs 46,074.

Portfolio: Top 10 states
31 March 2022



Section II : NBFC-MFI Highlights

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

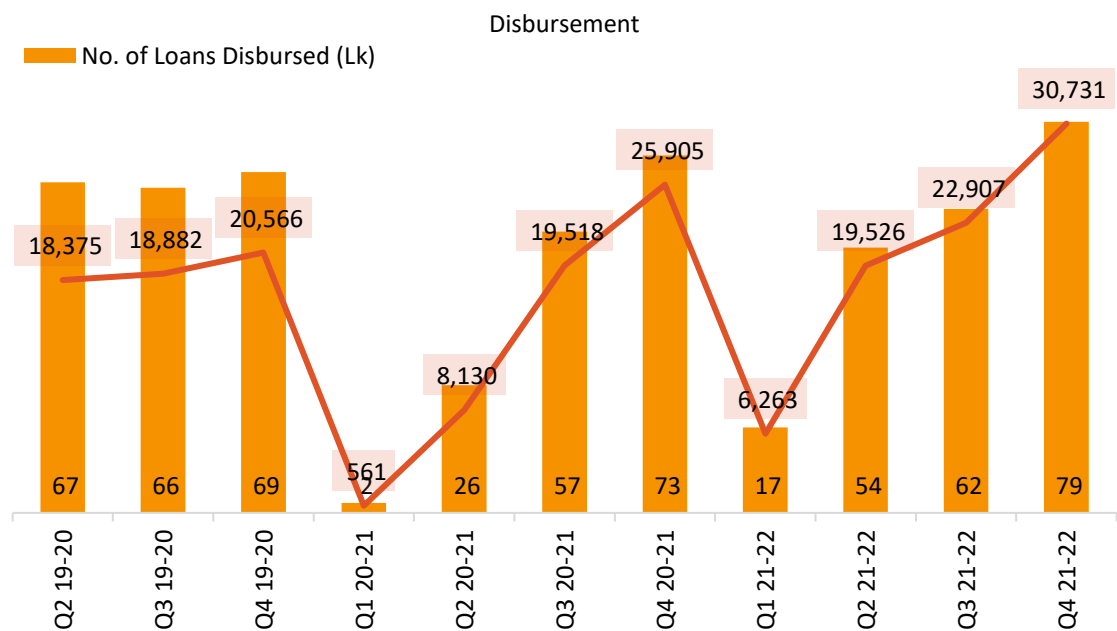
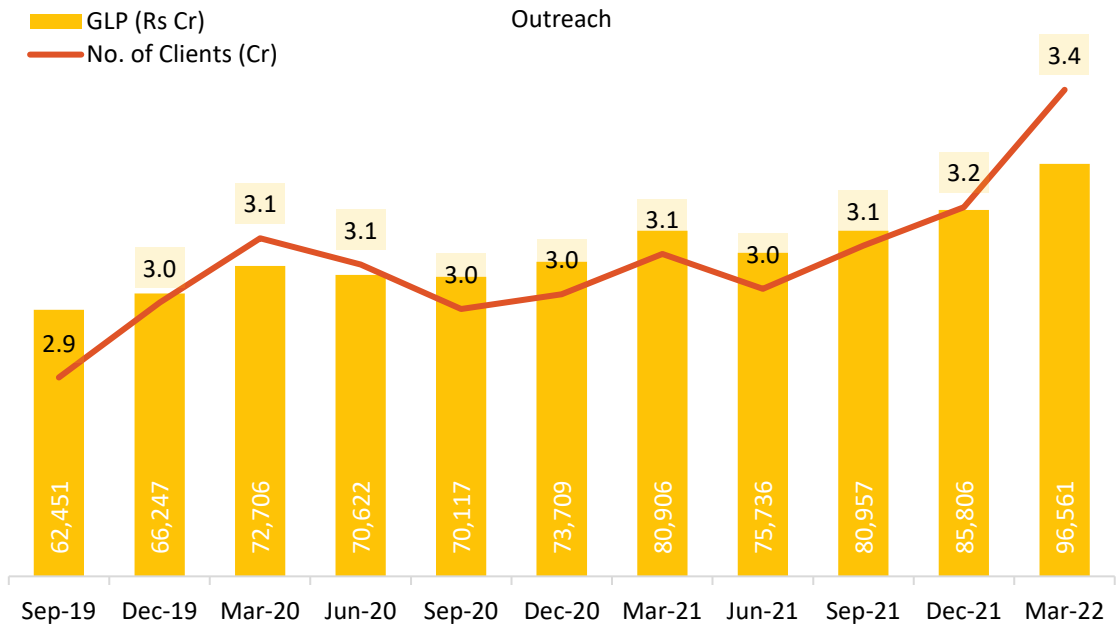
- As on 31 March 2022, **3.4 Cr clients*** have loan outstanding from NBFC-MFIs, which is **8.3%** higher than clients as on 31 March 2021.
- The aggregate **GLP** of MFIs is **Rs 96,561 Cr** as on 31 March 2022, including owned portfolio **Rs 82,458 Cr** and managed portfolio (off BS) of **Rs 14,104 Cr**. The owned portfolio of MFIN members is about 82.1% of the NBFC-MFI universe portfolio of **Rs 1,00,407 Cr**.
- On a YoY basis GLP has increased by **19.4%** as compared to 31 March 2021 and by **12.5%** in comparison to 31 December 2021.
- Loan amount of **Rs 83,354 Cr** was disbursed in FY 21-22 through **2.3 Cr** accounts, including disbursement of Owned as well as Managed portfolio. This is 44.9% higher than the disbursements made in FY 20-21.
- Average loan amount disbursed per account during FY 21-22 was **Rs 37,020** which is an increase of around **8.5%** in comparison to last financial year.
- As on 31 March 2022, the borrowings O/s were **Rs 76,325 Cr**. Other Banks (apart from Top 5 banks) contributed 40.1% of borrowings O/s followed by 21.2% from Non-Bank entity, 19.3% from Top 5 Banks, 12.6% from AIFIs, 3.9% from other sources and 3.0% from External Commercial Borrowings (ECB).
- During FY 21-22, NBFC-MFIs received a total of **Rs 47,931 Cr** in debt funding, which is 18.1% higher than FY 20-21. Other Banks contributed 44.2% of the total Borrowing received followed by Top 5 Banks 22.4%, Non-Bank entities 15.9%, AIFIs 11.2%, Others 4.9% and ECB 1.4%.
- Total equity increased by **15.2%** as compared to end of FY 20-21 and is at **Rs 21,419 Cr** as on 31 March 2022.
- Portfolio at Risk (PAR)>30 days as on 31 March 2022 has increased to **9.7%** as compared to **9.2%** as on 31 March 2021.
- 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 27%, West 16%, North 15% and Central contributes 11%.

Indicator	Q4 FY 21-22	Q4 FY 20-21	YoY change (%) Q4 FY 21-22 over Q4 FY 20-21	Q3 FY 21-22
	31-Mar-22	31-Mar-21		31-Dec-21
Branches	16,890	14,530	16.2%	16,234
Employees	1,42,811	1,18,653	20.4%	1,36,414
Clients~ (Cr)	3.4	3.1	8.3%	3.2
Loan accounts (Cr)	3.9	3.7	3.8%	3.7
Gross Loan Portfolio (Rs Cr)	96,561	80,906	19.4%	85,806
Balance sheet portfolio (Rs Cr)	82,458	68,344	20.7%	75,991
Loans disbursed (during the year, Cr)	2.3	1.7	33.5%	
Loan amount disbursed (during the year, Rs Cr)	83,354	57,524	44.9%	

**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

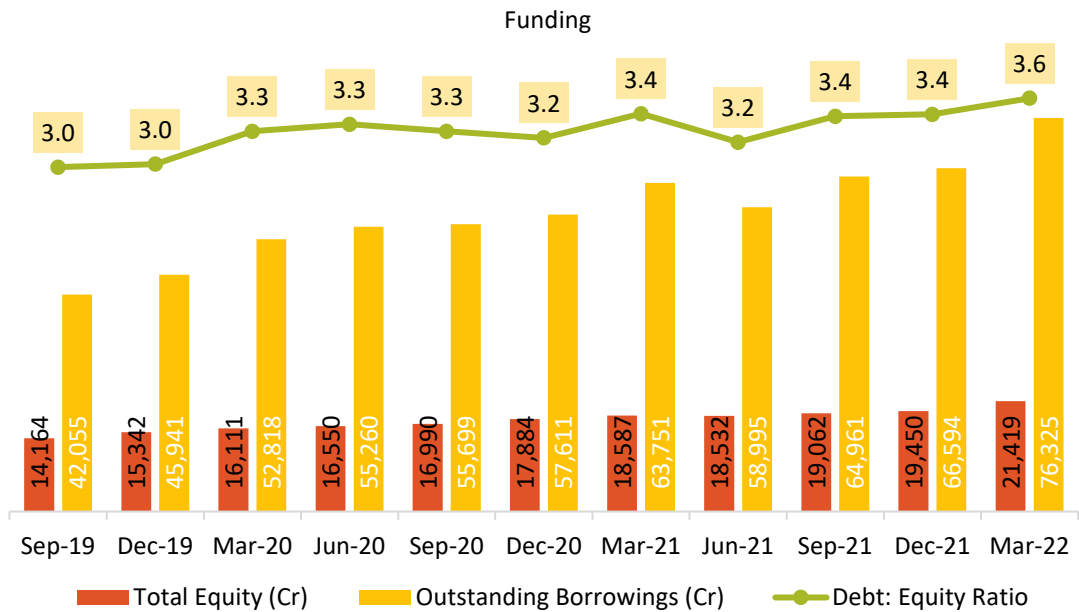
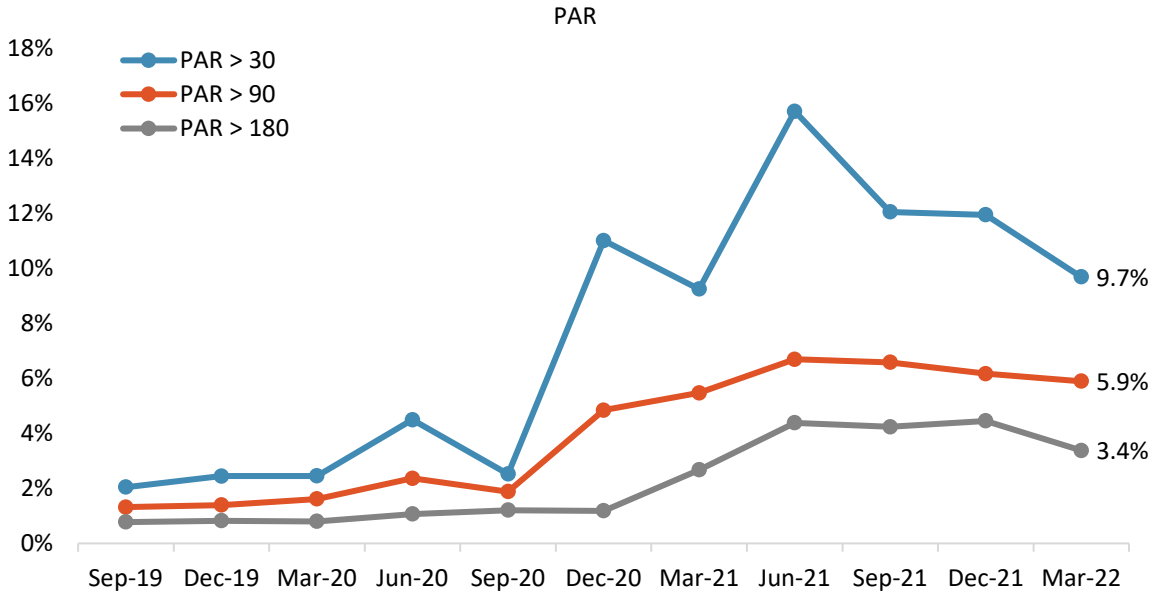
Q2 FY 19-20 to Q4 FY 21-22



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

NBFC-MFI trends

Q2 FY 19-20 to Q4 FY 21-22

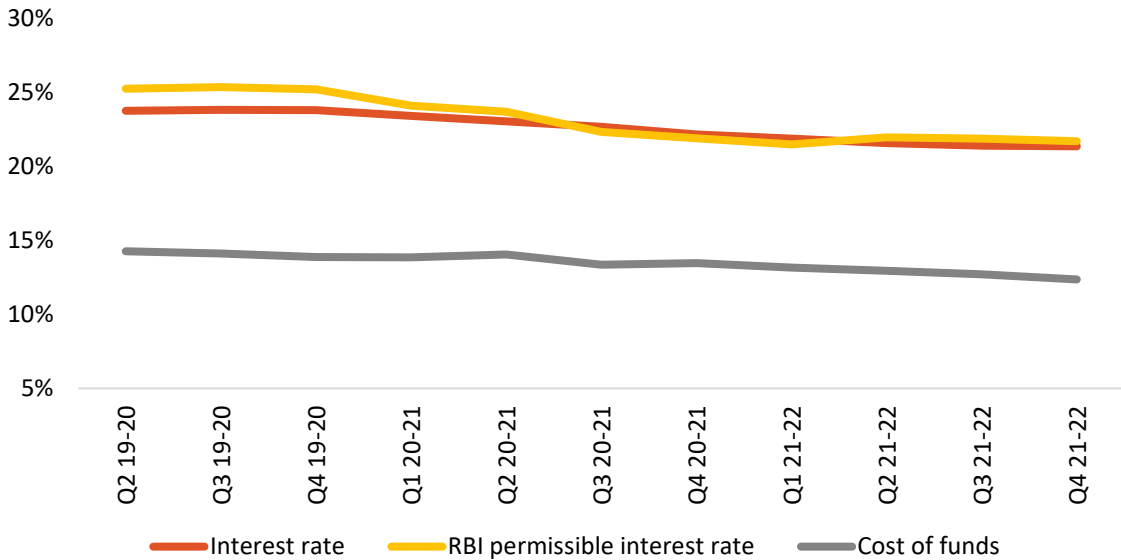


*Analysis is based on the data of panel of MFIs in the current quarter

NBFC-MFI trends

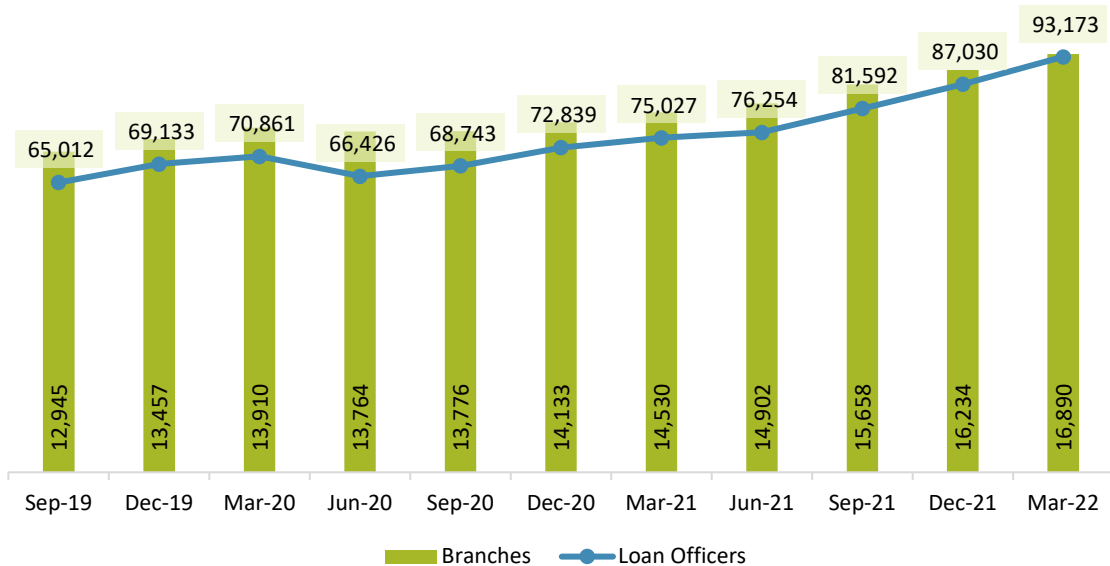
Q2 FY 19-20 to Q4 FY 21-22

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.

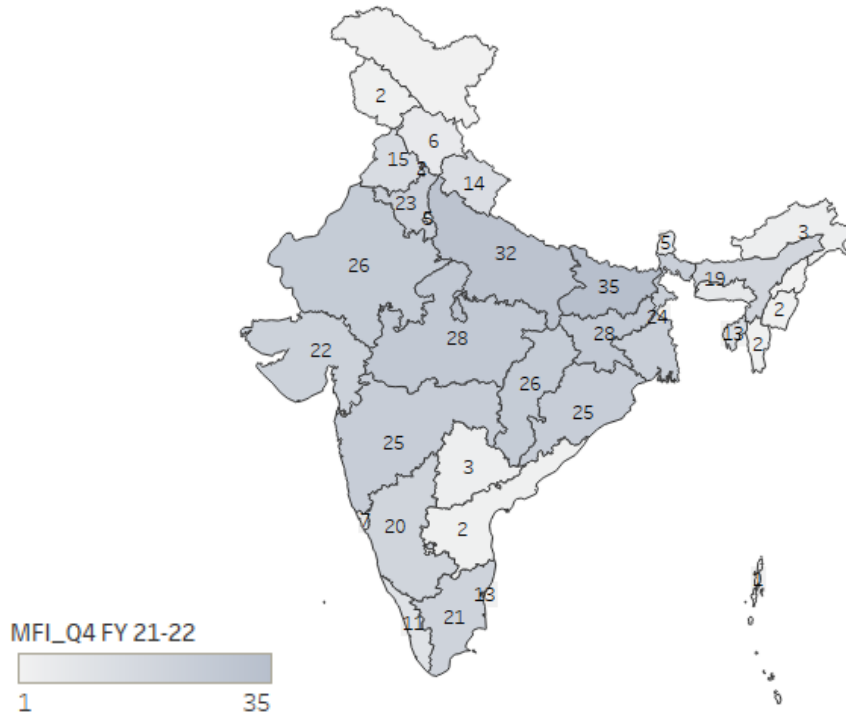
Branch network



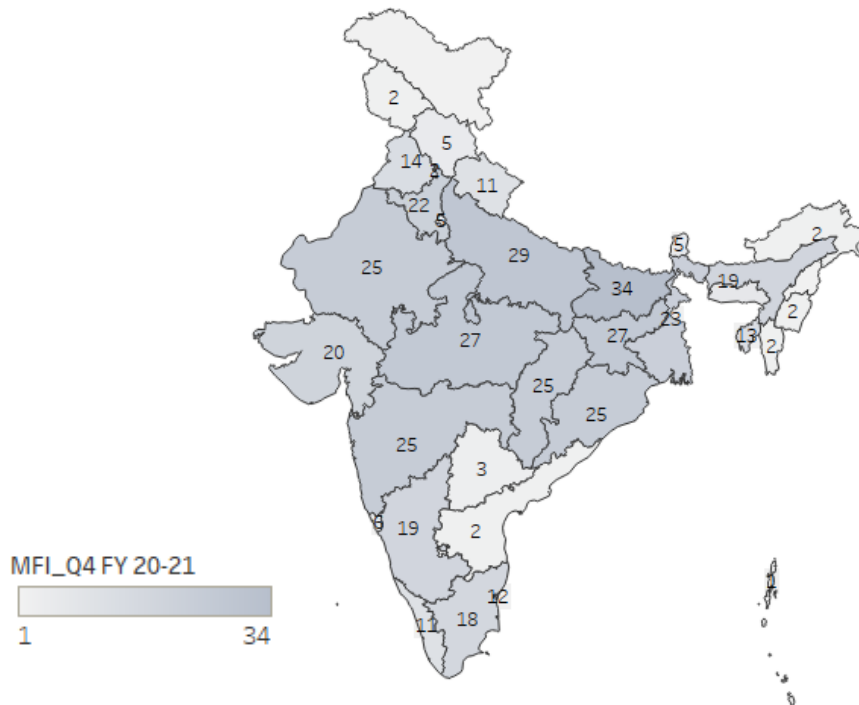
*Analysis is based on the data of panel of MFIs in the current quarter

State wise presence of MFIN Members

31 March 2022



31 March 2021



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 Q4 FY 2021-22 are as under:

- As on 31 March 2022, the MFIN Associates were managing **Rs 0.25 Cr** loan accounts with aggregate loan portfolio of **Rs 4,642 Cr** and an **average loan outstanding** per account of **Rs 18,945**. This represents a YoY growth of 1.6% in portfolio and 11.9% in loan accounts.
- The contribution of the CBCs to the Associates' GLP as on 31 March 2022 was around 75.7% (Rs 3,512 Cr).
- The Associates have been able to achieve this outreach through 9,426 employees across 1,220 branches (customer service centres for the CBCs) with operations in **17 states**.
- The **average loan disbursed** per account during Q4 FY 2021-22 was **Rs 36,568**. Overall, the Associates disbursed Rs 1,068 Cr to 2.9 lakh accounts during this quarter.
- Portfolio at Risk (PAR) > 30 as on 31 March 2022 is **13.9%**, an improvement from **16.6%** as on 31 December 2021.
- In terms of **regional distribution** of portfolio of MFIN Associates, South accounts for 60% followed by West 14%, East and Northeast 12%, North 8 % and Central 6%.

Indicator	Q4 FY 21-22	Q3 FY 21-22	QoQ change (%)	Q4 FY 20-21	YoY change (%)
	Mar-22	Dec-21		Mar-21	
Branches	1,220	1,178	3.6%	1,209	0.9%
Employees	9,426	9,293	1.4%	9,265	1.7%
Loan accounts (Cr)	0.25	0.24	4.1%	0.22	11.9%
Gross Loan Portfolio (Rs Cr)	4,642	4,412	5.2%	4,570	1.6%
Loans disbursed (during the quarter, Lk)	2.92	2.67	9.5%	4.15	-29.6%
Loan amount disbursed (during the quarter, Rs Cr)	1,068	967	10.5%	1353	-21.0%

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