

Synopsis

MICROMETER

Data as of 31 December 2018

Issue 28



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An abstract graphic in the top left corner consisting of overlapping green and teal geometric shapes, including triangles and polygons, creating a dynamic, layered effect.

Acknowledgments

We are thankful to all our members, associates and other institutions who have contributed data for this issue.

Introduction

This is the **28th issue** of the Micrometer and it provides an overview of the microfinance industry as of **31 December 2018 (Q3 2018-19)**. Micrometer has two broad sections as under:

Section I on “**Microfinance Universe**” gives an overview of the portfolio and outreach of the microfinance (i.e. micro-credit) industry as of 31 December 2018. This section analyses the Industry wide data sourced from **Equifax** on various categories of financial institutions engaged in the microfinance space in India. These include NBFC-MFIs, Banks, Small Finance Banks (SFBs), NBFCs and Others (including Non-profit MFIs). It may be noted that Equifax has recategorized the peer groups, therefore Q2 2018-19 figures of “NBFC-MFI” and “Others” peer groups presented in this report will not match with that in Micrometer 27th issue (Q2 2018-19).

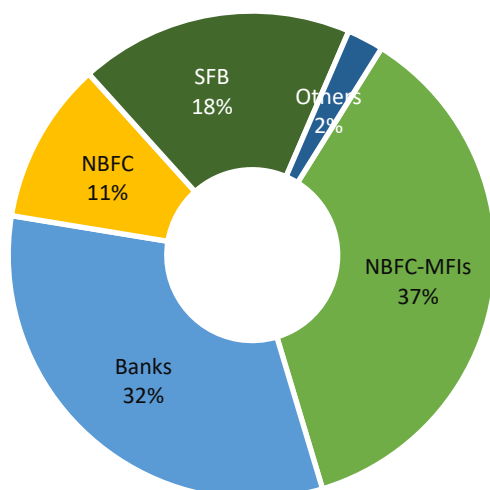
Section II of the micrometer provides detailed analysis of self reported data of **NBFC-MFIs (MFIN Primary Members)** up to state level. This includes a comparative analysis with the corresponding quarter of previous fiscal year (Q3 FY 17-18) and previous quarter (Q2 FY 18-19). Analysis on NBFC-MFIs is based on data collected from **50 members** who are registered with the Reserve Bank of India (RBI) as NBFC-MFIs.

Section III of the report is on MFIs that operate as Corporate Business Correspondents (CBCs) for Banks. This section is being introduced for the first time in Micrometer and analyses the data collected from **4 CBCs (MFIN Associates)** for Q3 2018-19.

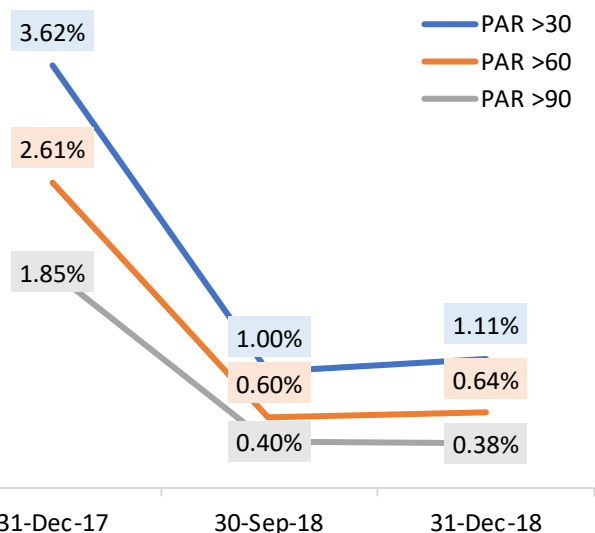
Section I: The Universe

The pie-chart shows loan amount outstanding in Rs Cr and share of each peer group in the universe as percentages. Compared with Q3 FY 17-18, NBFC-MFIs portfolio has grown by 44%, Banks by 50%, NBFC by 86%, SFBs by 17% and Other MFIs (including Non-profit) by 45%. The portfolio quality of the industry has also significantly improved during this period as depicted by PAR >30 of 1.11% as on 31 December 2018 in comparison to 3.62% as on 31 December 2017. The PAR analysis has been done after removing Andhra Pradesh & Telangana legacy portfolio and delinquencies above 180 days to reflect a true picture of the portfolio quality.

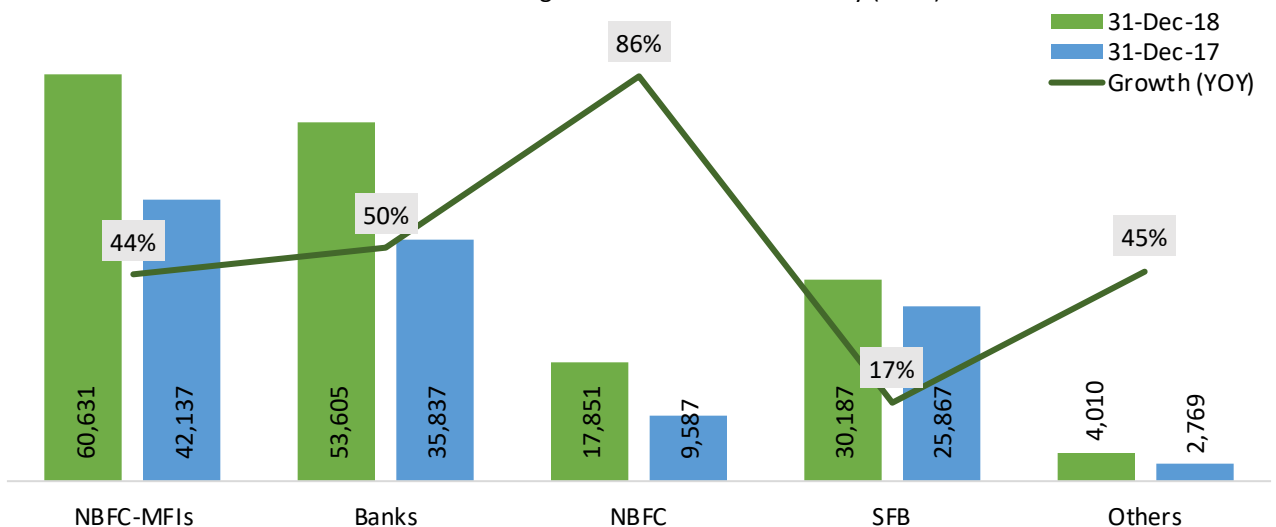
Micro-credit loan amount outstanding across lenders
(31 December 2018)



Portfolio quality of the microfinance industry



Portfolio outstanding of the microfinance industry (Rs Cr)



Section II: NBFC-MFI Highlights

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

- As of 31 December 2018, **2.94 Cr** clients* have loan outstanding from NBFC-MFIs, which is an increase of 6% over Q2 FY 18-19.
- The aggregate gross loan portfolio (GLP) of MFIs is **Rs 60,549 Cr** as on 31 December 2018. This represents a YoY growth of **52%** as compared to 31 December 2017 and 7% in comparison to 30 September 2018.
- Loan amount of **Rs 19,919 Cr** was disbursed in Q3 FY 18-19 through **77 lakh accounts**.
- Average loan amount disbursed per account during Q3 FY 18-19 was **Rs 25,806** an increase of 14% from Q3 FY 17-18.
- During Q3 FY 18-19, NBFC-MFIs received a total of **Rs 8,235 Cr** in debt funding, which is an increase of 11% from Q2 FY 18-19. Total equity grew by 10% during the same period and is at **Rs. 13,730 Cr**.
- Portfolio at Risk (PAR) > 30 as on 31 December 2018 is **2.2%**. This does not include BFIL data. PAR >30 has come down from 2.4% in the last quarter (Q2 18-19) and is significantly better from Q3 FY 17-18 when it was 6.2%.
- MFIs cover 30 states/union territories.
- In terms of regional distribution of portfolio (GLP), East and North East accounts for 37% of the total NBFC MFI portfolio, South 25%, North 14%, West 15% & Central contributes 9%.

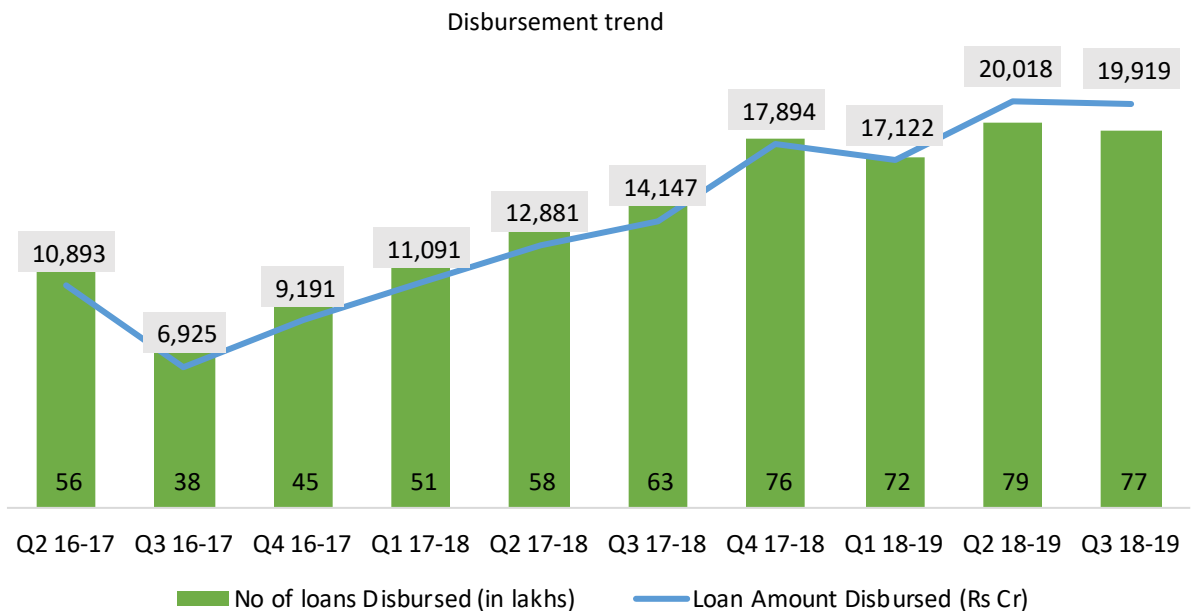
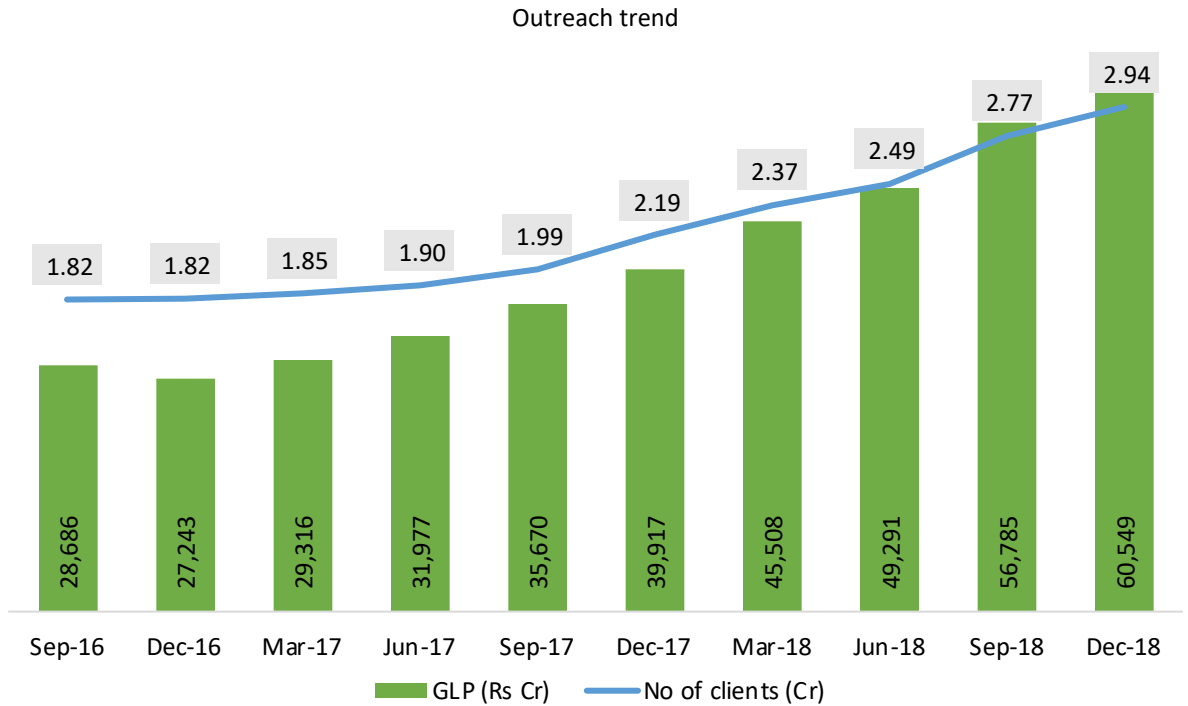
Indicator	Q3 FY 18-19	Q3 FY 17-18	YoY change (%) (FY 18-19 over FY 17-18)	Q2 FY 18-19
	Dec-18	Dec-17		Sep-18
Branches	11,747	8,792	34%	11,201
Employees	1,00,736	73,064	38%	94,599
Clients* (Cr)	2.94	2.2	34%	2.8
Loan accounts (Cr)	3.6	2.7	35%	3.4
Gross Loan Portfolio (Rs Cr)	60,549	39,917	52%	56,785
Loans disbursed (during the quarter, Cr)	0.77	0.63	23%	0.79
Loan amount disbursed (during the quarter, Rs Cr)	19,919	14,147	41%	20,018

*The clients number here is the aggregate of clients of member MFIs. Given some degree of overlaps, it does not reflect the number of 'unique' clients

The panel for Q3 2018-19 includes **50 NBFC MFI** members of MFIN grouped by their GLP. As of 31 December 2018, there are 12 Small NBFC-MFIs (GLP below Rs 100 Cr), 18 medium (GLP between Rs 100 Cr to 500 Cr) and 20 large (GLP > Rs 500 Cr).

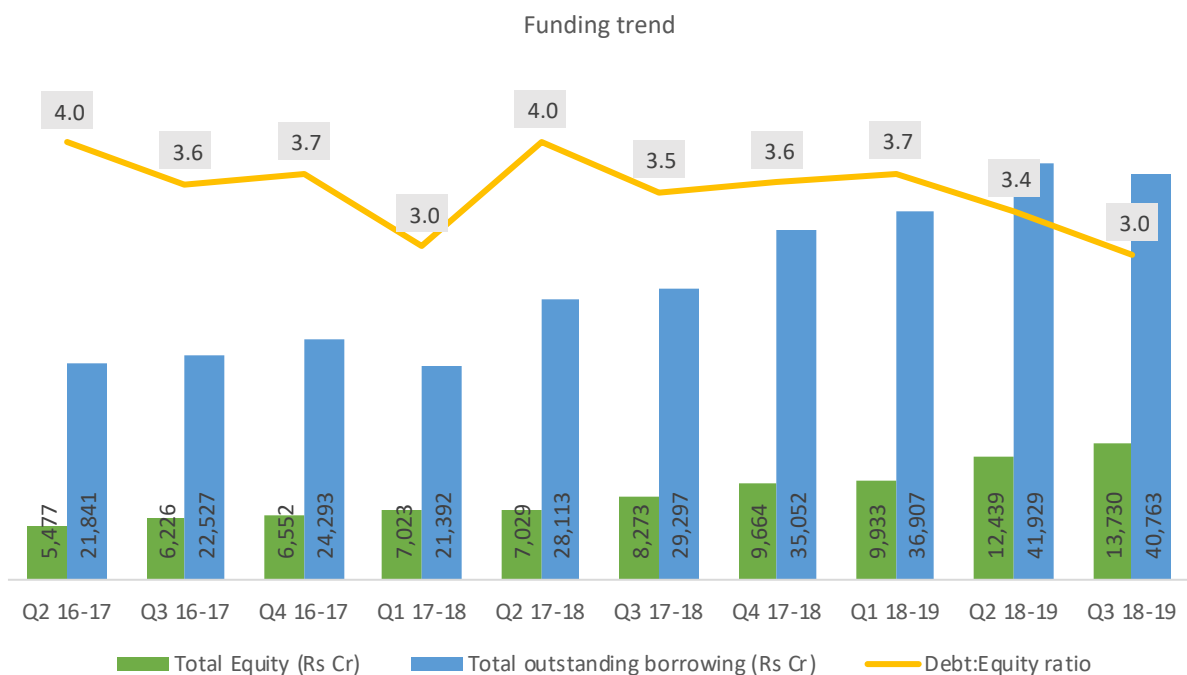
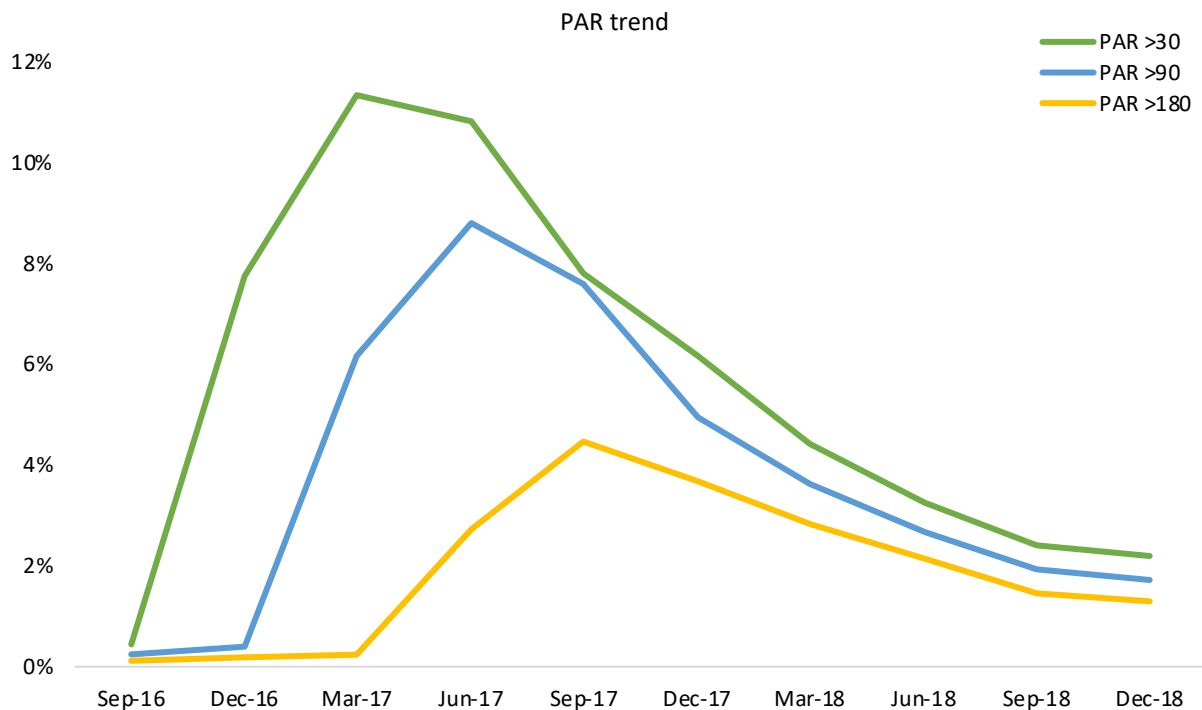
Industry trends

Q2 FY 16-17 to Q3 FY 18-19



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

Industry trends: Q2 FY 16-17 to Q3 FY 18-19

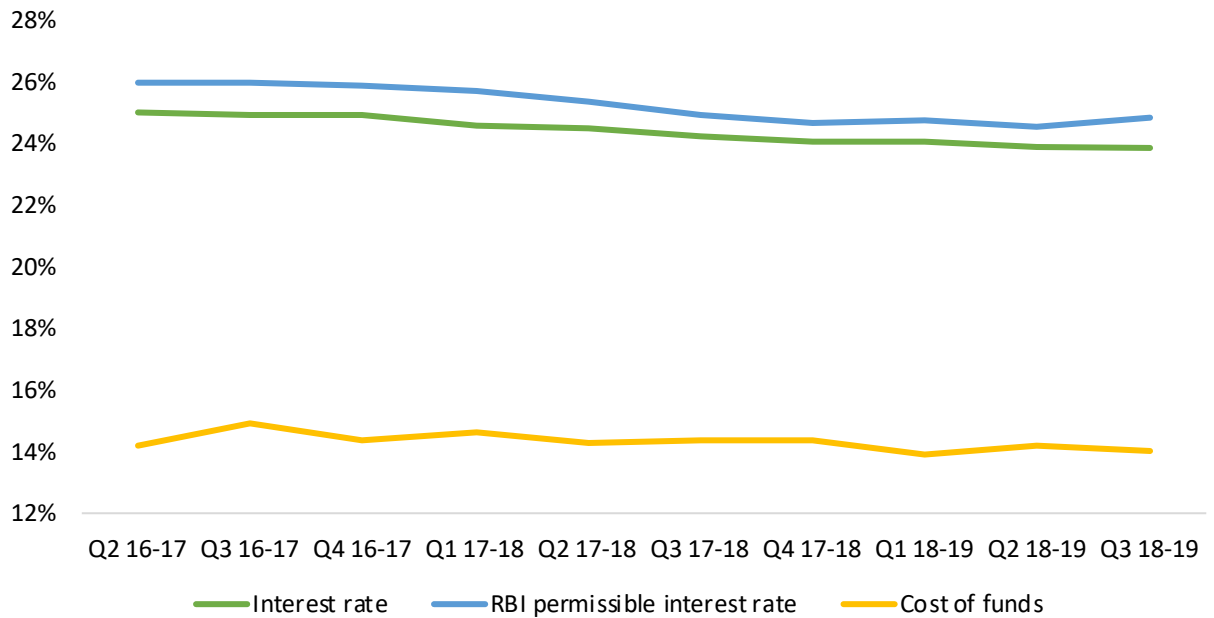


*Analysis is based on the data of panel of MFIs in the current quarter

Industry trends

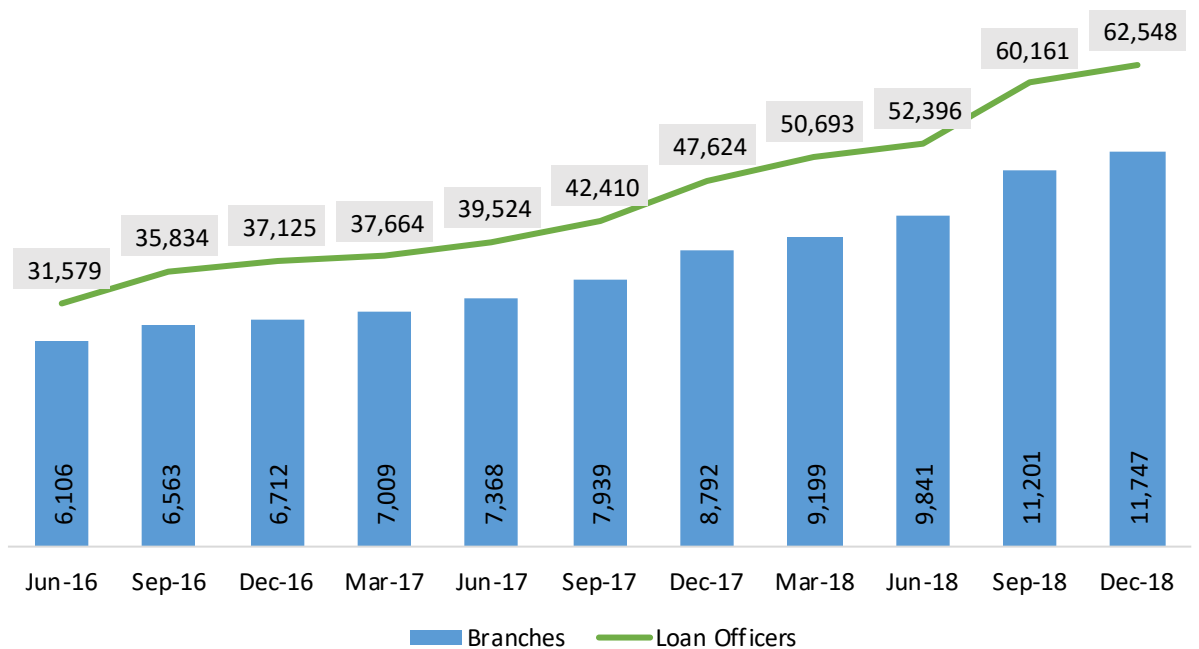
Q2 FY 16-17 to Q3 FY 18-19

Comparison of interest rate and cost of funds trend



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

Branch infrastructure trend



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

Section III: CBC Highlights

This section on the Corporate Business Correspondents (CBCs) has been introduced for the first time in Micrometer. The analysis presented is based on the self reported data provided by four CBCs who are associates of MFIN. These include Basix Subk iTransactions LTD (**Sub K**), Kamal Fincap Pvt Ltd (**Kamal**), SaGgraha Management Services Pvt Ltd (**SaGgraha**) and New Opportunity Consultancy Pvt Ltd (**NOCPL**). Some highlights of Q3 2018-19 are as under:

- As of 31 December 2018, the CBCs were managing **Rs 0.15 Cr** loan accounts with aggregate loan portfolio of **Rs 2,909 Cr** and an **average loan outstanding** per account of **Rs 19,213**.
- Since the CBCs manage the loan accounts and portfolio for their partner banks, this represents around **6.5% of the outreach** (loan accounts) and **5.4% of the portfolio** of banks as on 31 December 2019.
- The CBCs have been able to achieve this outreach through 5,119 employees across 750 branches (or customer service centres) with operations in **18 states**.
- The **average loan disbursed** per account during Q3 2018-19 was **Rs 32,448**. Overall, the CBCs disbursed Rs 784 Cr through 2.4 Lk accounts during this quarter.
- Portfolio at Risk (PAR) > 30 as on 31 December 2018 is **1.7%**.
- In terms of **regional distribution** of CBCs managed portfolio, South accounts for 57% followed by West 30%, East and North East 6%, Central 6% and North 2%.

Indicator	Q3 FY 18-19
	Dec-18
Branches	750
Employees	5,119
Loan accounts (Cr)	0.15
Gross Loan Portfolio (Rs Cr)	2,909
Loans disbursed (during the quarter, Lk)	2.4
Loan amount disbursed (during the quarter, Rs Cr)	784



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