

SYNOPSIS

Issue 30

MICROMETER

Data as on 30 June 2019



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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 **30th issue** of the Micrometer and it provides an overview of the microfinance industry as on **30 June 2019 (Q1 FY 2019-20)**. Micrometer has three 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 on 30 June 2019. 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 last (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 around 97% of the Ever MFI data. Therefore, to provide a more realistic and current picture of the progress of Microfinance Universe, from this issue onwards, data after February 2017 (which is after the demonetization period) will be used for analysis.

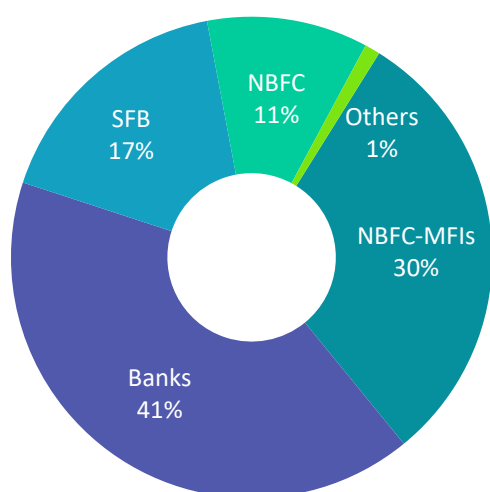
Section II of the micrometer provides detailed analysis of self reported data of **NBFC-MFIs (MFIN Primary Members)** up to state level. This includes a comparative analysis with the corresponding quarter of previous fiscal year (Q1 FY 18-19) and previous quarter (Q4 FY 18-19). Analysis on NBFC-MFIs is based on data collected from **54 members** that are registered with the Reserve Bank of India (RBI) as NBFC-MFIs.

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 4 NBFCs and 4 CBCs for Q1 FY 2019-20 and compares it with Q4 FY 2018-19.

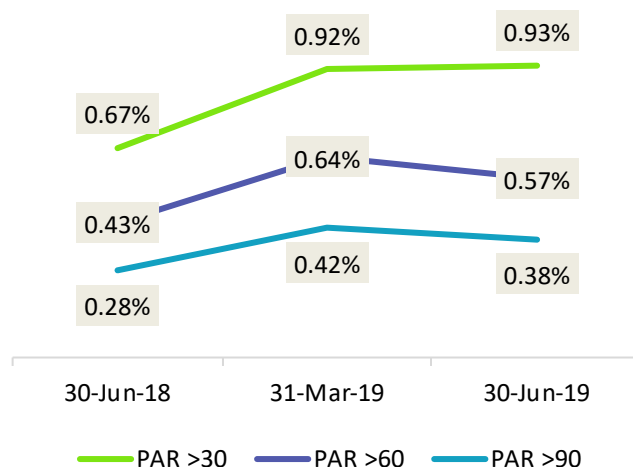
Section I : The Universe

The pie-chart shows loan amount outstanding in Rs Cr and share of each peer group in the universe as percentages. Compared with Q1 FY 18-19, NBFC-MFIs portfolio has grown by 16%, Banks by 74%, SFBs by 46%, NBFCs by 35% and Other MFIs by 28%. The higher growth of Banks' portfolio and lower growth for NBFC MFIs is mainly due to merger of BFIL with IndusInd Bank during Q1 2019-20. The portfolio quality of the industry remains good, though it has witnessed a fluctuating trend over the last one year. The PAR analysis has been done after removing delinquencies above 180 days to reflect a true picture of the portfolio quality.

Micro-credit Loan amount outstanding across lenders
30 June 2019

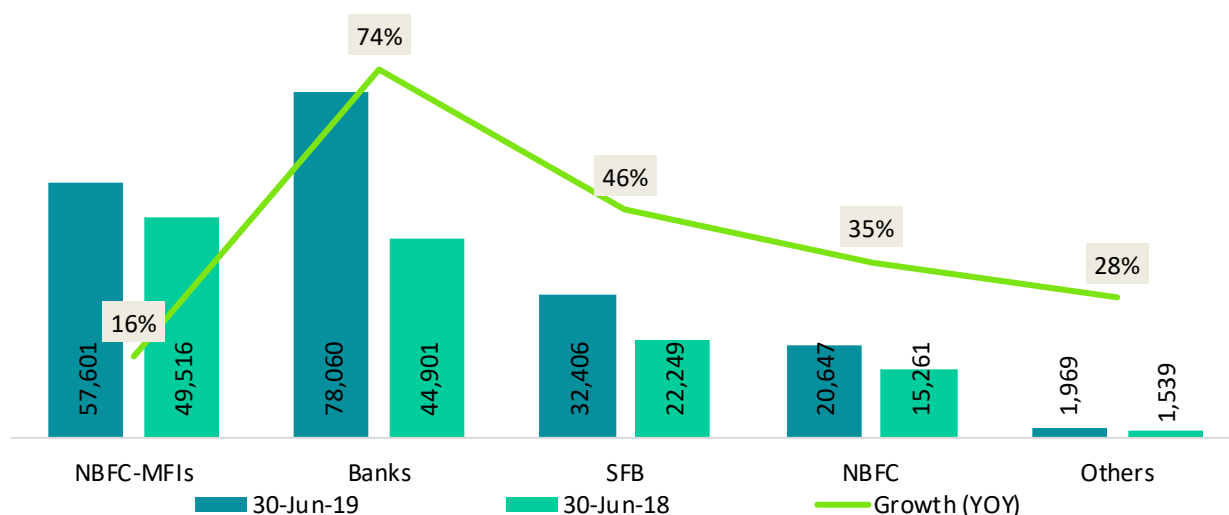


Portfolio quality of the microfinance industry



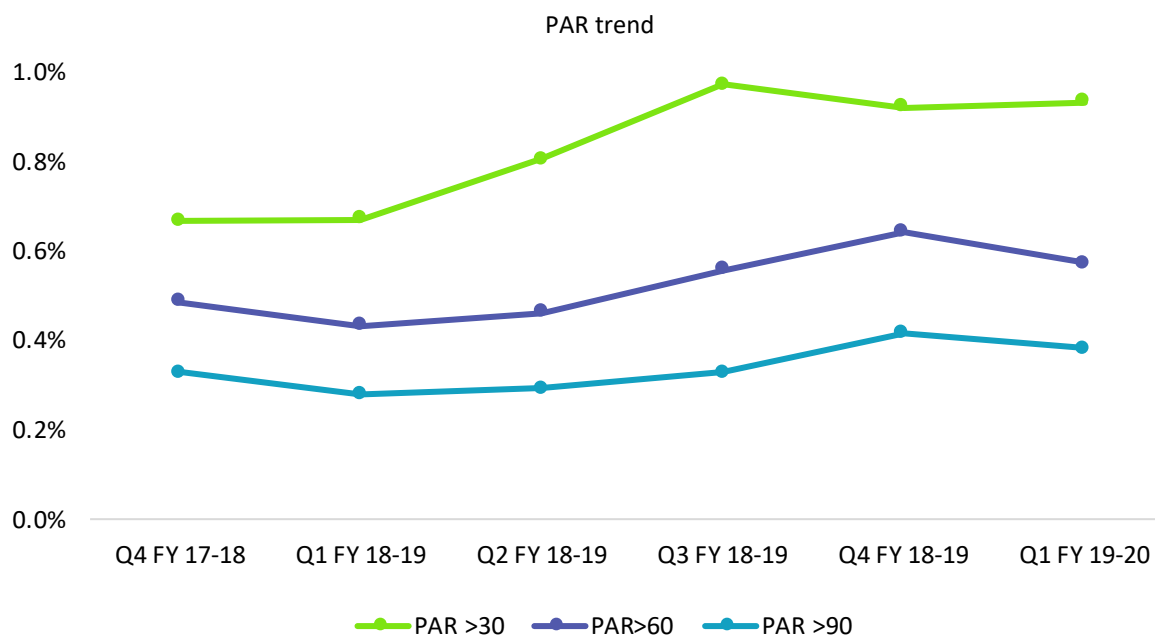
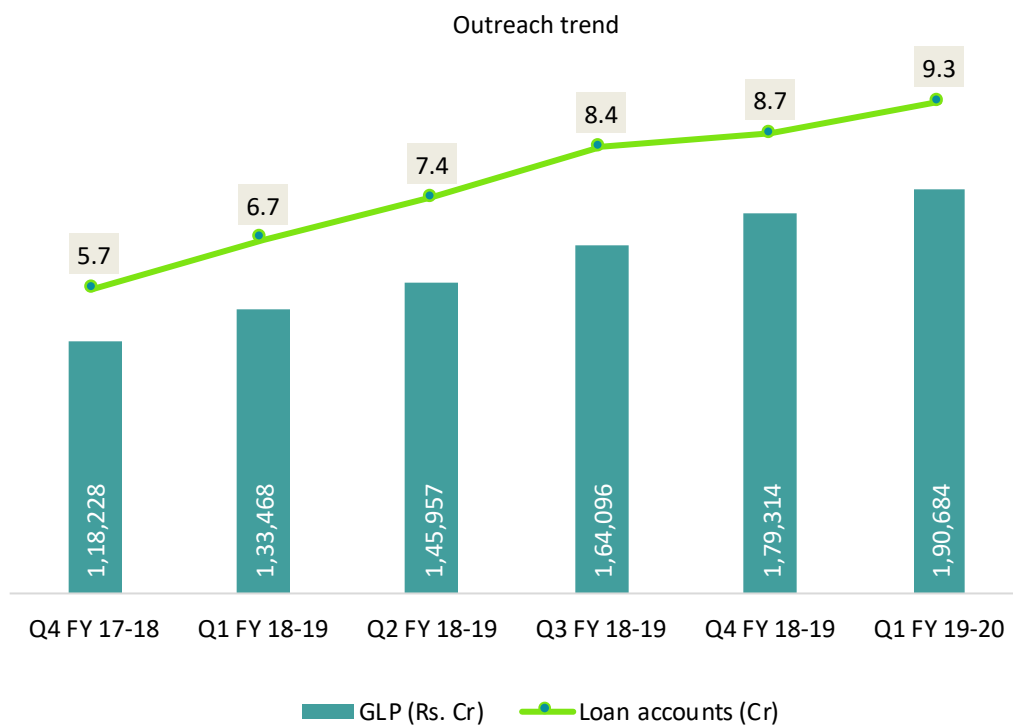
Note: For PAR analysis, delinquencies above 180 days have been removed to reflect a true picture of the portfolio quality.

Portfolio outstanding of the microfinance industry (Rs Cr)



Industry trends

Q4 FY 17-18 to Q1 FY 19-20



Section II : NBFC-MFI Highlights

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

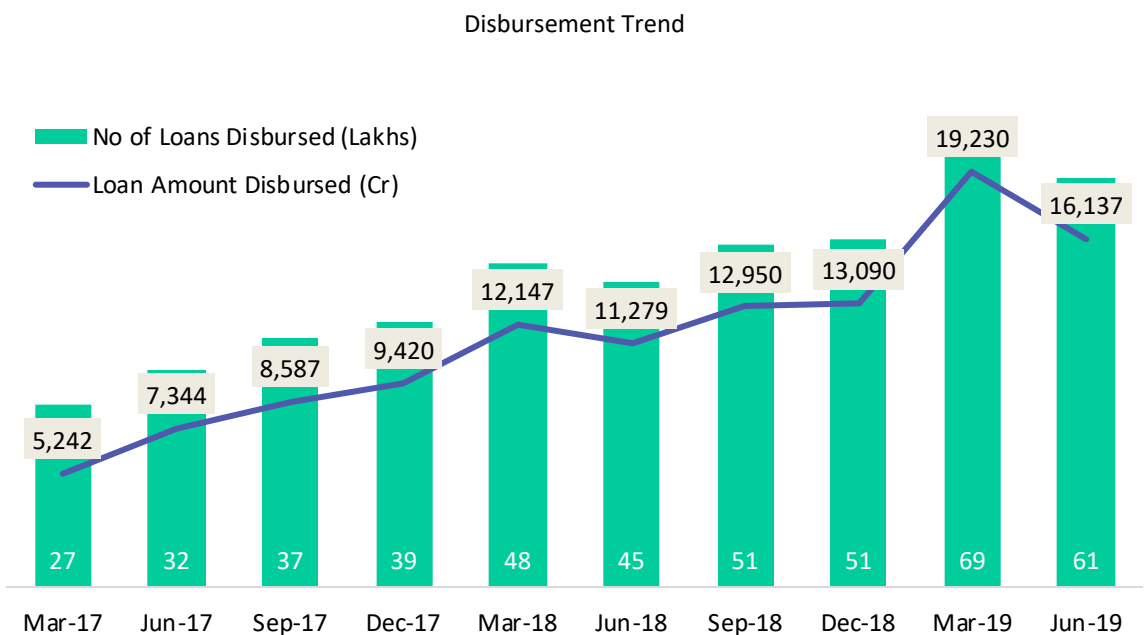
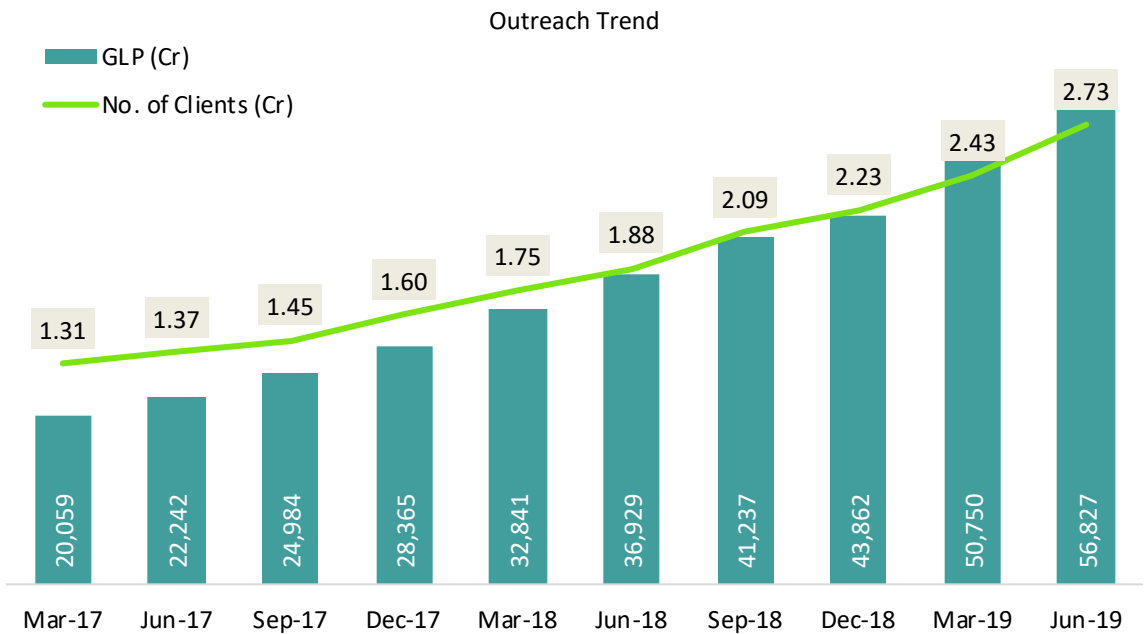
- As of 30 June 2019, **2.73 Cr** clients* have loan outstanding from NBFC-MFIs, which is an increase of 34% over Q1 FY 18-19.
- The aggregate gross loan portfolio (GLP) of MFIs is **Rs 56,827 Cr** as on 30 June 2019. This represents a YoY growth of **44%** as compared to 30 June 2018 and 4% in comparison to 31 March 2019.
- Loan amount of **Rs 16,137 Cr** was disbursed in Q1 FY 19-20 through **0.61 Cr** accounts.
- Average loan amount disbursed per account during Q1 FY 19-20 was **Rs 26,596** which is an increase of around 9% in comparison to loans disbursed during Q1 FY 18-19.
- During Q1 FY 19-20, NBFC-MFIs received a total of **Rs 6,252 Cr** in debt funding, which is a decrease of 12% from Q1 FY 18-19. Total equity grew by 68% during the same period and is at **Rs. 11,785 Cr**.
- Portfolio at Risk (PAR) > 30 as on 30 June 2019 is **1.76%**. PAR >30 has come down from 2.66% in the corresponding quarter of last financial year
- MFIs now have presence in 31 states/union territories.
- In terms of regional distribution of portfolio (GLP), East and North East accounts for 34% of the total NBFC MFI portfolio, South 27%, North 14%, West 15% & Central contributes 10%.

Indicator	Q1 FY 19-20	Q1 FY 18-19	YoY change (%) Q1 FY 19-20 over	Q4 FY 18-19
	30 June 19	30 June 18	Q1 FY 18-19	31 March 19
Branches	12,145	9,283	33%	11,475
Employees	94,325	71,854	34%	90,505
Clients* (Cr)	2.73	2.03	37%	2.61
Loan accounts (Cr)	3.20	2.38	39%	3.07
Gross Loan Portfolio (Rs Cr)	56,827	39,367	51%	54,586
Loans disbursed (during the quarter, Cr)	0.61	0.49	29%	0.76
Loan amount disbursed (during the quarter, Rs Cr)	16,137	11,949	40%	20,644

*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

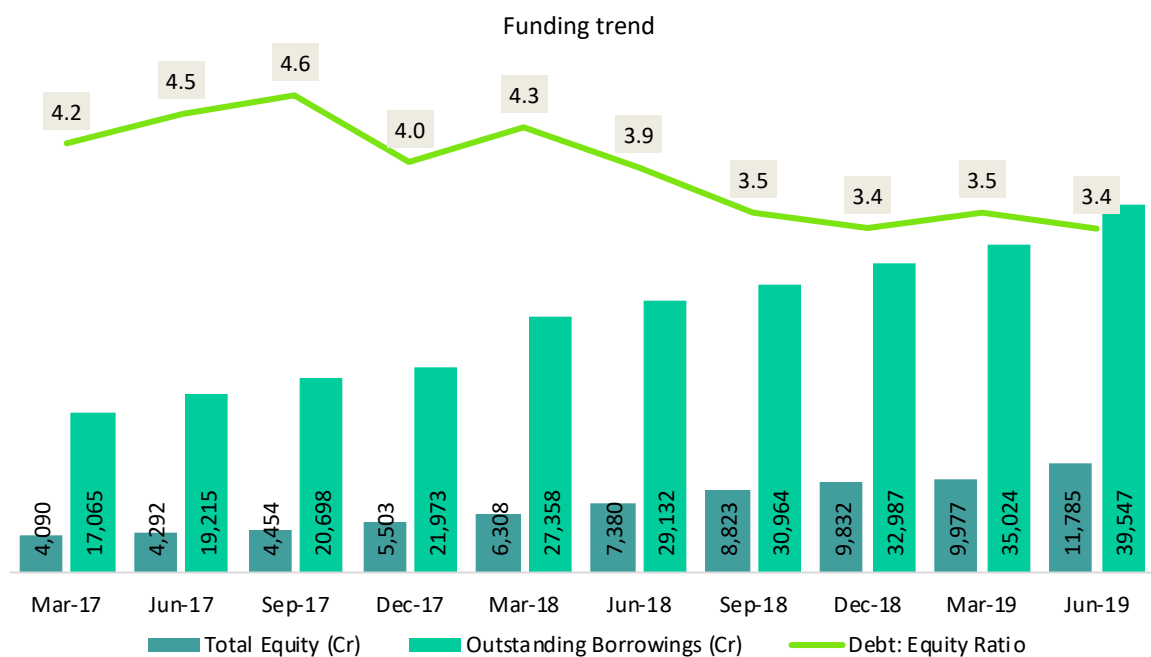
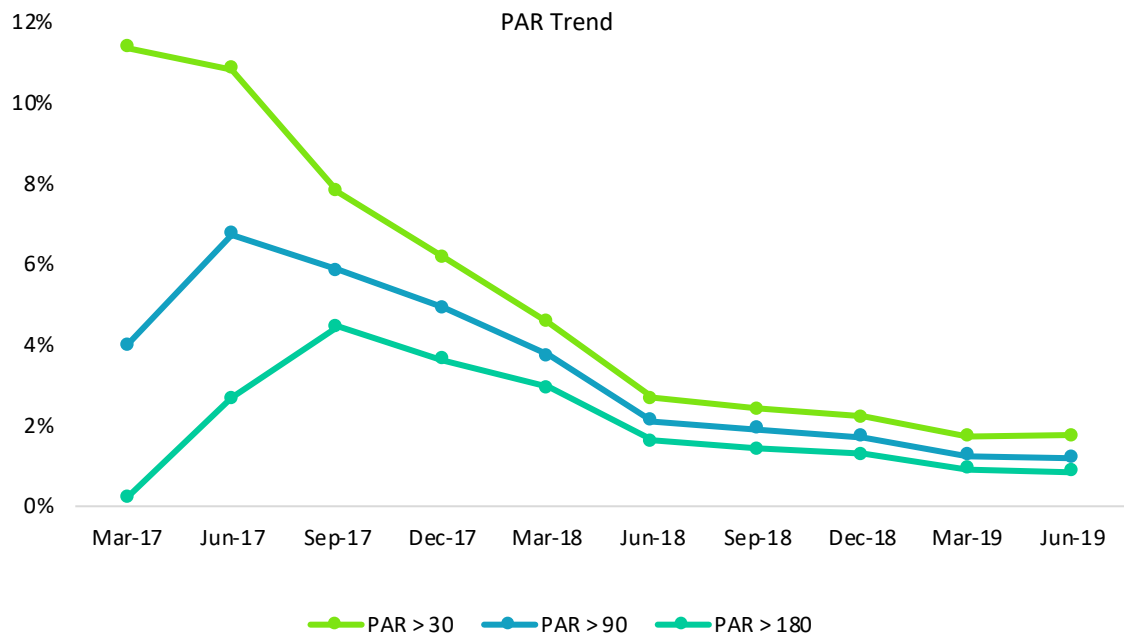
Q4 FY 16-17 to Q1 FY 19-20



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

NBFC-MFI trends

Q4 FY 16-17 to Q1 FY 19-20

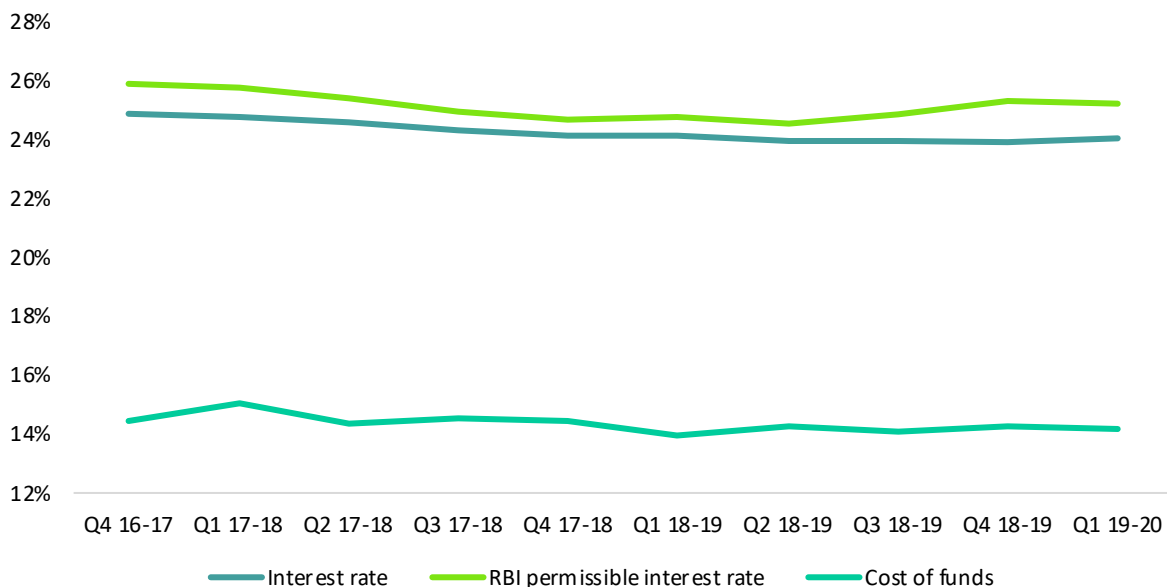


*Analysis is based on the data of panel of MFIs in the current quarter

NBFC-MFI trends

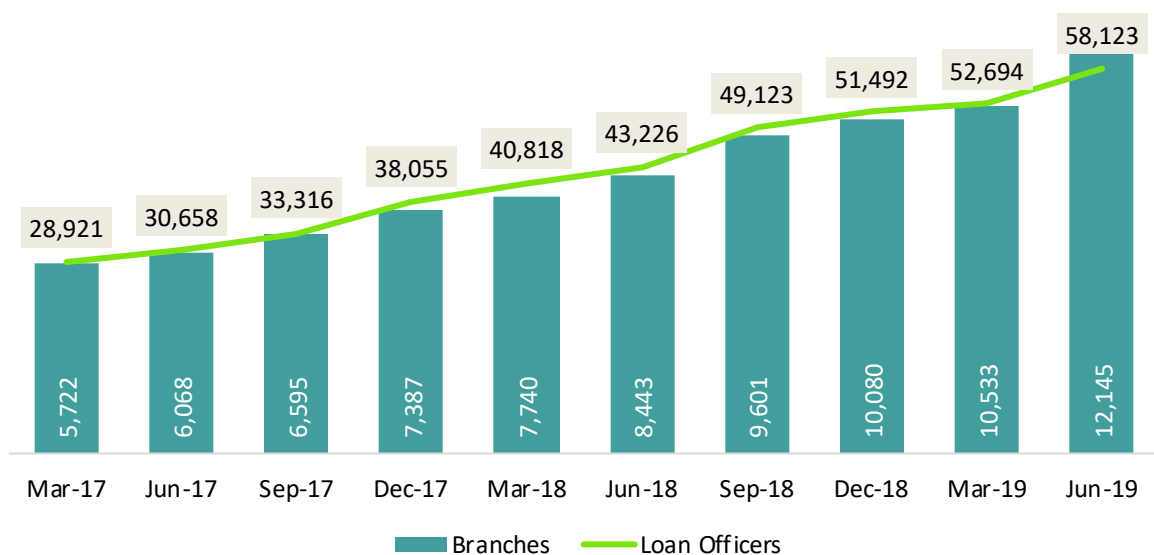
Q4 FY 16-17 to Q1 FY 19-20

Comparison of Interest rates and cost of funds trend



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

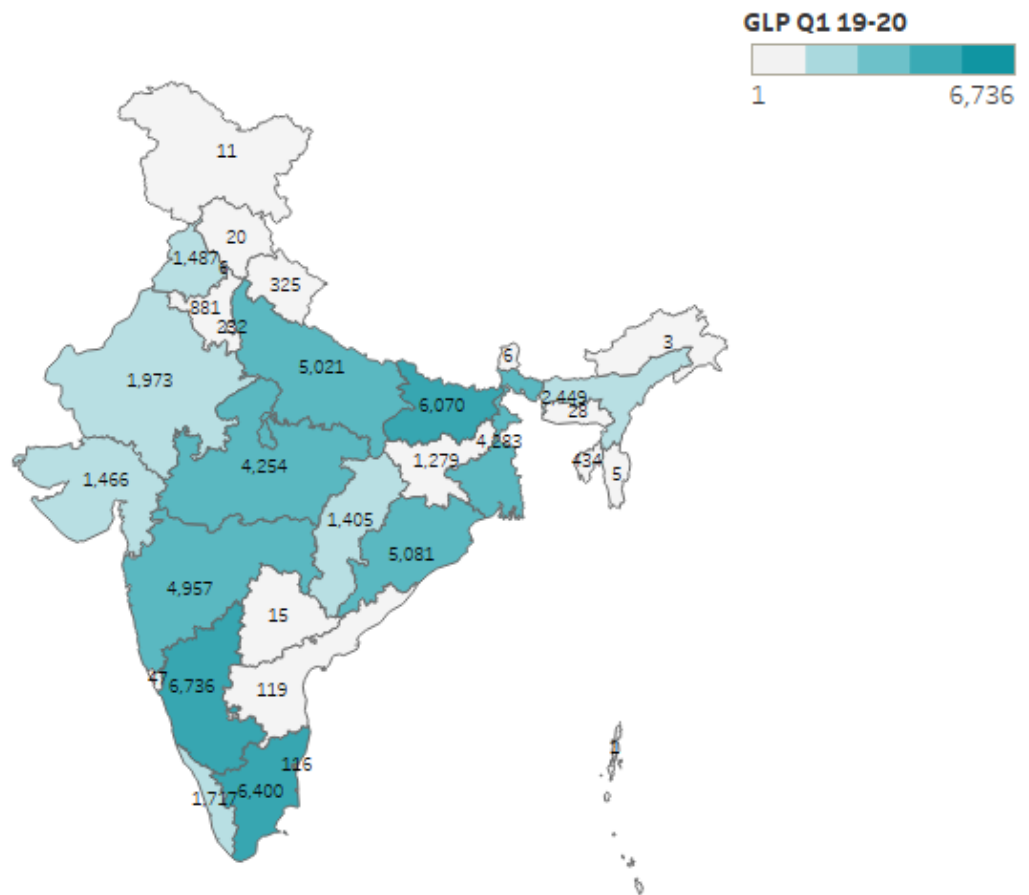
Branch Network



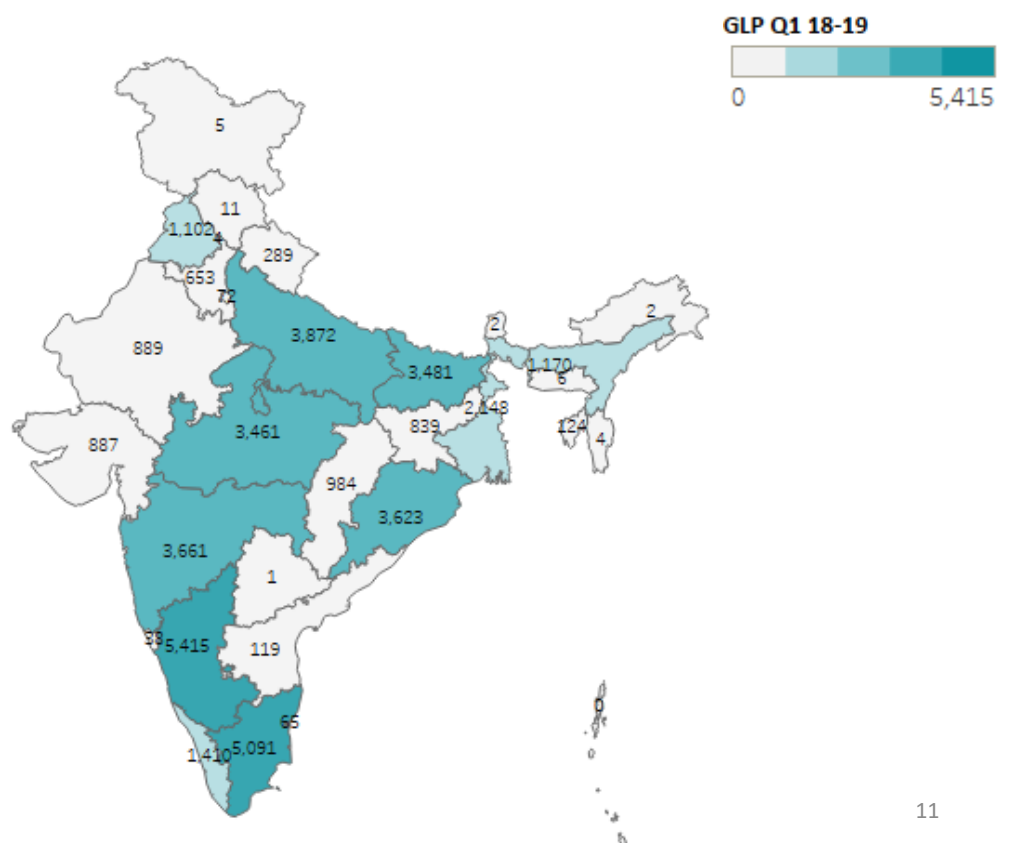
*Analysis is based on the data of panel of MFIs in the current quarter

State wise GLP of MFIN Members

30 June 2019

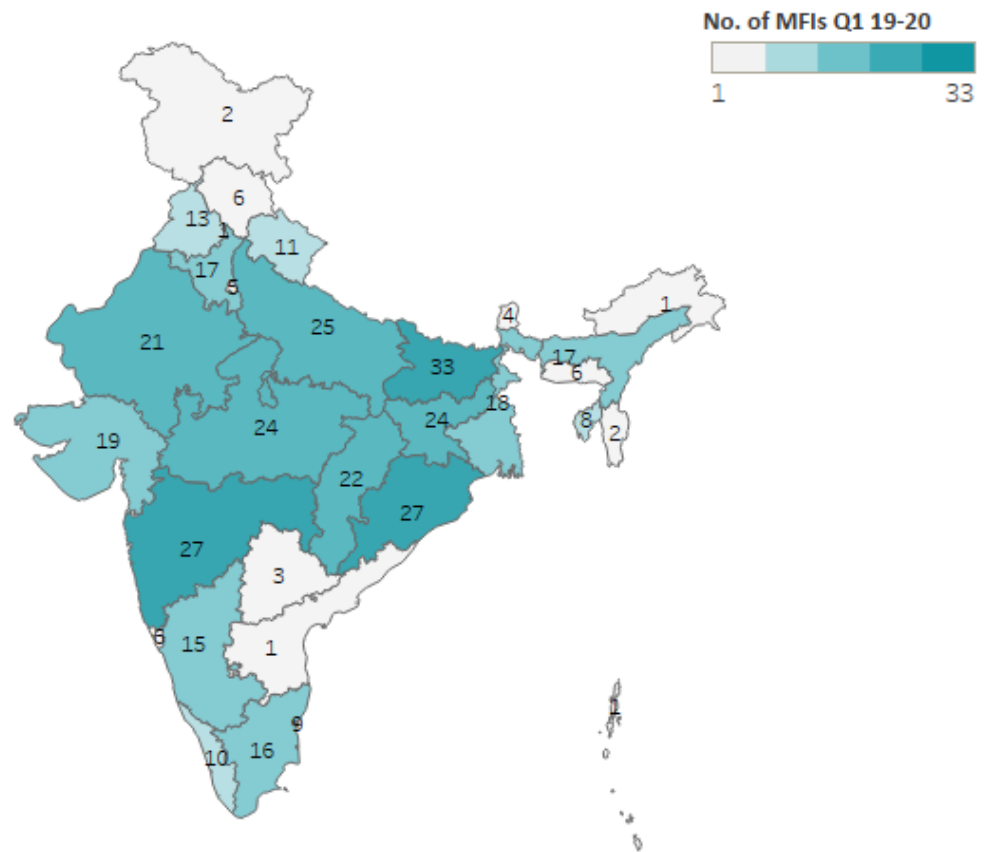


30 June 2018

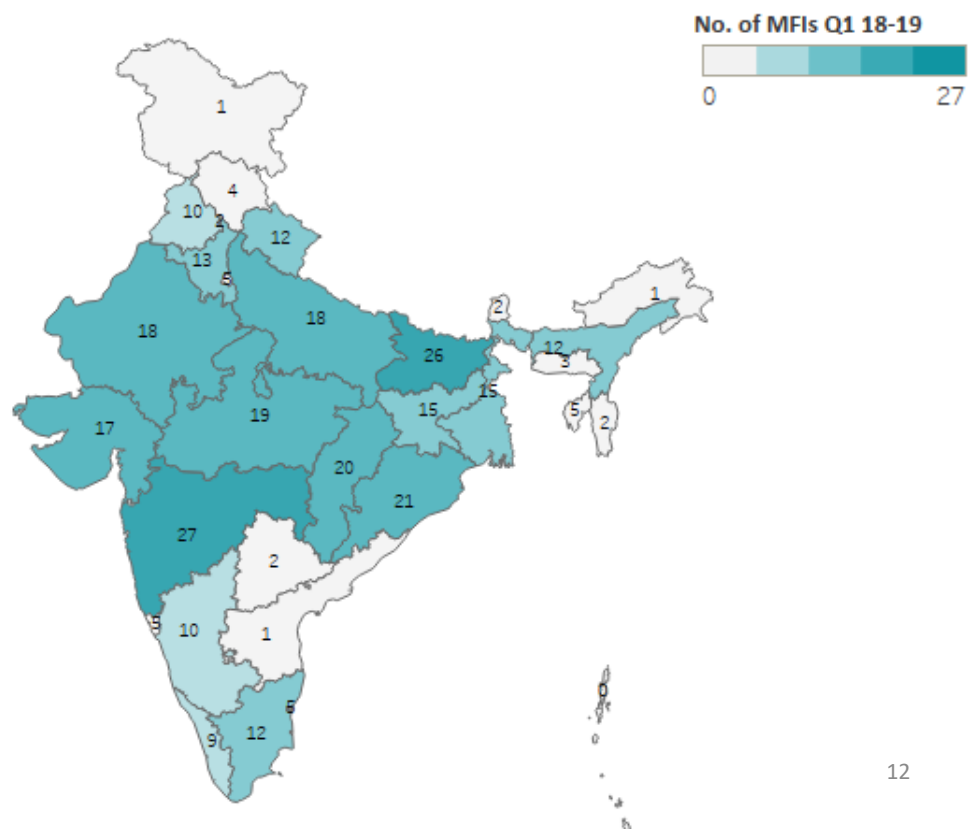


State wise presence of MFIN Members

31 June 2019



31 June 2018



Section III : Associate Highlights

This section on the MFIN Associates, is based on the analysis of self reported data provided by eight 'Other Lenders' including four Corporate Business Correspondents (CBCs) and four NBFCs. The CBCs include Basix Sub K iTransactions LTD (**Sub K**), Kamal Fincap Pvt Ltd (**Kamal**), SaGgraha Management Services Pvt Ltd (**SaGgraha**), New Opportunity Consultancy Pvt Ltd (**NOCPL**) while the NBFCs include **Dvara KGFS** (Dvara), Friends Capital Services Limited (**FCSL**), Fullerton India Credit Company Ltd. (**Fullerton**) 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 FY 2019-20 are as under:

- As of 30 June 2019, the MFIN Associates were managing **Rs 0.41 Cr** loan accounts with aggregate loan portfolio of **Rs 8,036 Cr** and an **average loan outstanding** per account of **Rs 19,667**. This represents a QoQ growth of 1% in portfolio and 4% in loan accounts.
- The contribution of the CBCs to the Associates' GLP as on 30 June 2019 was around 40% (Rs 3,234 Cr). Since CBCs manage the loan accounts and portfolio for their partner banks, this represents around **4.8% of the outreach** (loan accounts) and **4.1% of the portfolio** of banks as on 30 June 2019.
- The Associates have been able to achieve this outreach through 11,479 employees across 1,412 branches (customer service centres for the CBCs) with operations in **21 states**.
- The **average loan disbursed** per account during Q1 FY 2019-20 was **Rs 32,720**. Overall, the Associates disbursed Rs 1,828 Cr through 5.6 Lk accounts during this quarter.
- Portfolio at Risk (PAR) > 30 as on 30 June 2019 is **1.5%**, an improvement from 1.7% as on 31 March 2019.
- In terms of **regional distribution** of Associates, South accounts for 52% followed by West 29%, Central 10%, East and North East 6% and North 3%.

Indicator	Q1 FY 19-20	Q4 FY 18-19	QoQ change (%)
	30 June 19	31 Mar 19	
Branches	1,412	1,409	0%
Employees	11,479	10,818	6%
Loan accounts (Cr)	0.41	0.39	4%
Gross Loan Portfolio (Rs Cr)	8,036	7,988	1%
Loans disbursed (during the quarter, Lk)	5.6	7.6	-27%
Loan amount disbursed (during the quarter, Rs Cr)	1,828	2,482	-26%

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