

SYNOPSIS

Issue 31

MICROMETER

Data as on 30 September 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 **31st issue** of the Micrometer and it provides an overview of the microfinance industry as on **30 September 2019 (Q2 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 September 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 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 30th issue onwards, data after February 2017 (which is after the demonetization period) has been used for analysis.

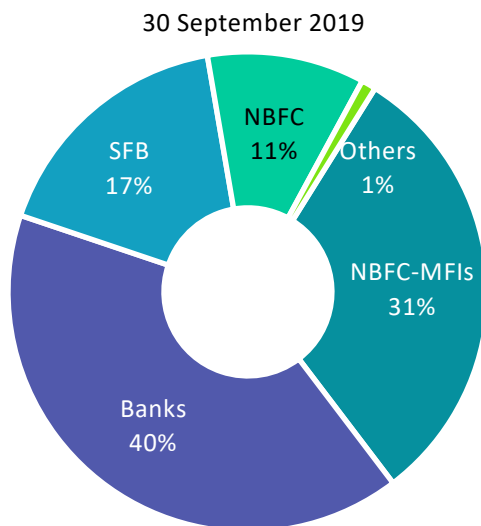
Section II of the micrometer provides detailed analysis of self reported data of **NBFC-MFIs (MFIN Primary Members)** up to state level. This includes a comparative analysis with the corresponding quarter of previous fiscal year (Q2 FY 18-19) and previous quarter (Q1 FY 19-20). Analysis on NBFC-MFIs 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 4 NBFCs and 4 CBCs for Q2 FY 2019-20 and compares it with Q1 FY 2019-20 and Q2 FY 2018-19.

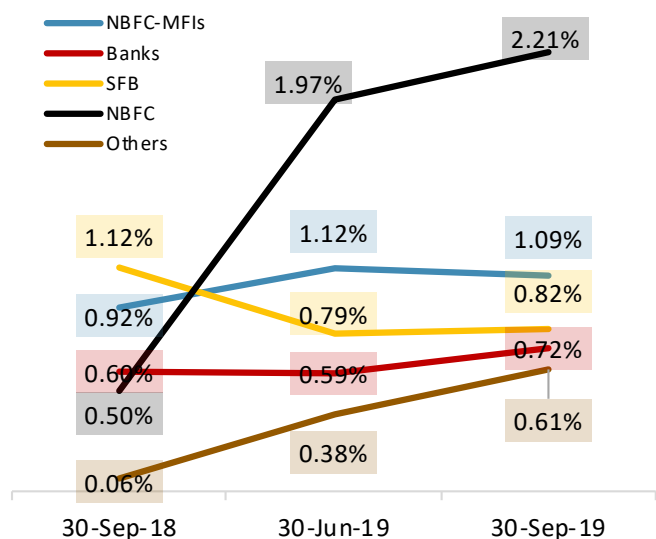
Section I: The Universe

The pie-chart shows loan amount outstanding in Rs Cr and share of each peer group in the universe as percentages. Compared with Q2 FY 18-19, NBFC-MFIs portfolio has grown by 17%, Banks by 104%, SFBs by 42%, NBFCs by 31% and Other MFIs have degrown by 5% (Based on loans originated after March 2017). 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. As compared to Q2 FY 18-19 there is an increasing trend in PAR figures however, the portfolio health remains good, as evident from PAR >90 of 0.42% of universe. The PAR analysis has been done after removing delinquencies above 180 days to reflect a true picture of the portfolio quality.

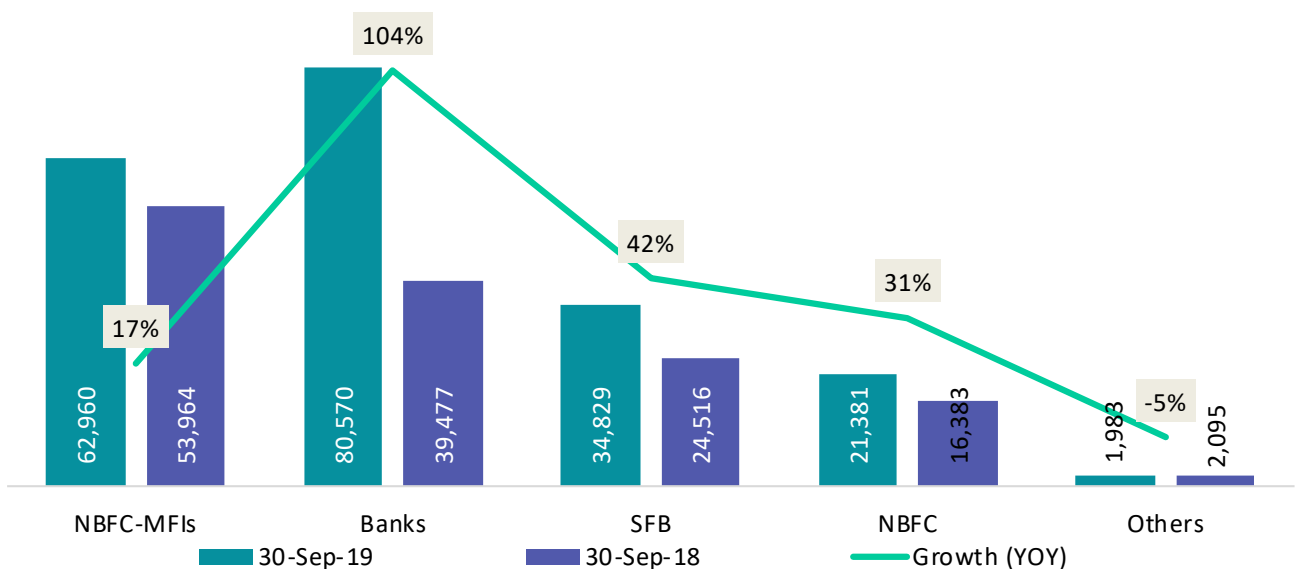
Micro-credit Loan amount outstanding across lenders



PAR>30 of the various entities

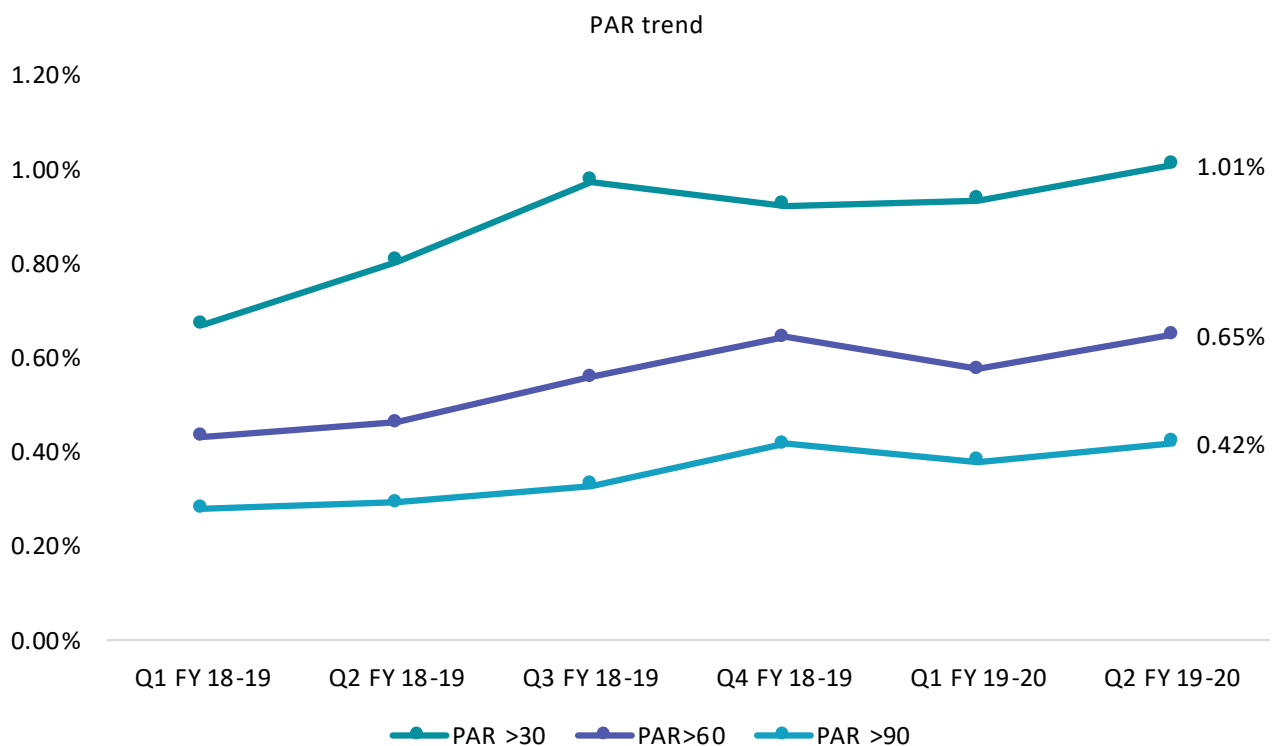
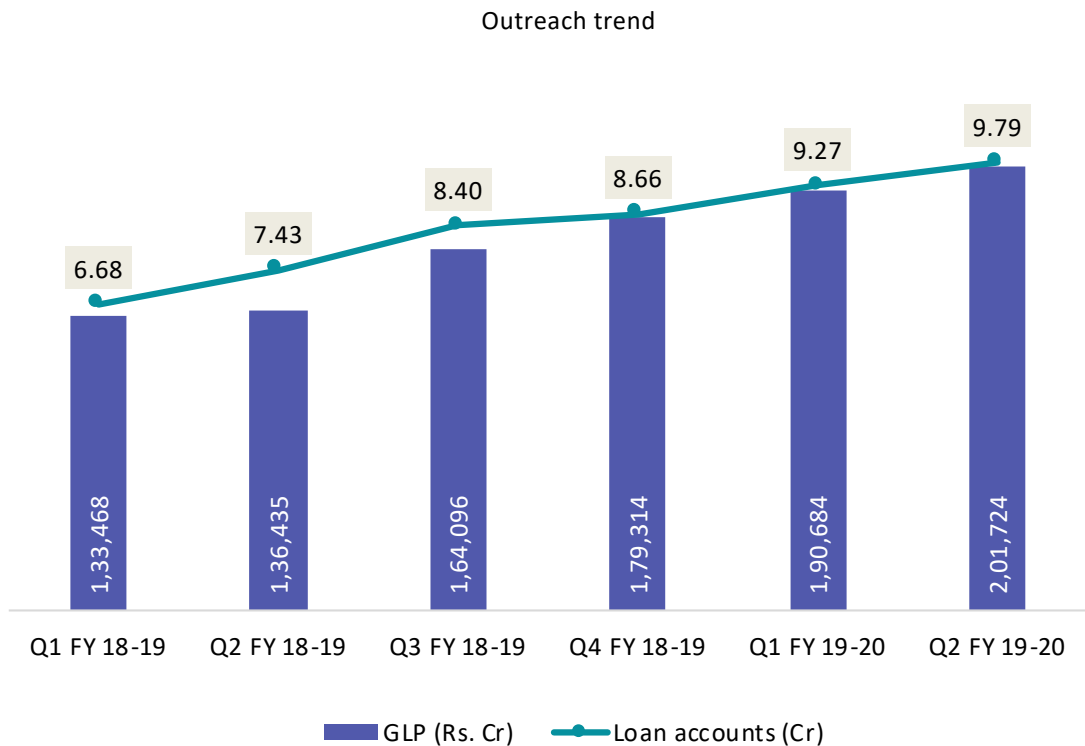


Portfolio outstanding of the microfinance industry (Rs Cr)



Industry trends

Q1 FY 18-19 to Q2 FY 19-20



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

Section II : NBFC-MFI Highlights

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

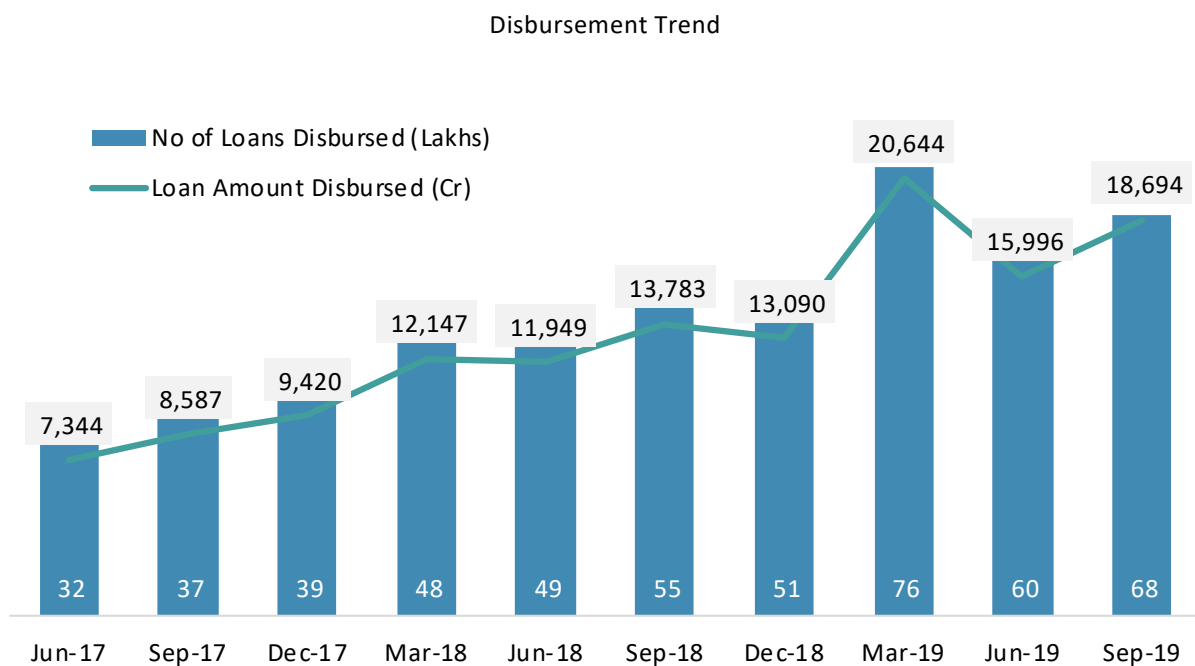
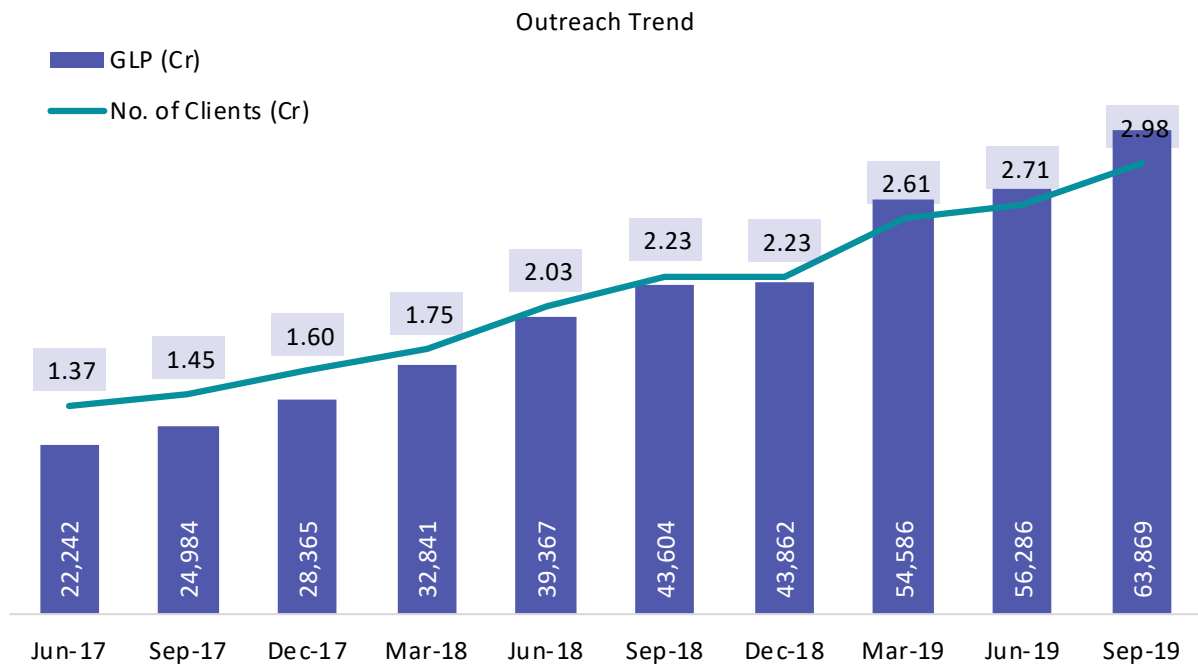
- As of 30 September 2019, **2.98 Cr** clients* have loan outstanding from NBFC-MFIs, which is an increase of 33% over Q2 FY 18-19.
- The aggregate gross loan portfolio (GLP) of MFIs is **Rs 63,869 Cr** as on 30 September 2019. This represents a YoY growth of **46%** as compared to 30 September 2018 and 13% in comparison to 30 June 2019.
- Loan amount of **Rs 18,694 Cr** was disbursed in Q2 FY 19-20 through **0.68 Cr** accounts.
- Average loan amount disbursed per account during Q2 FY 19-20 was **Rs 27,391** which is an increase of around 10% in comparison to loans disbursed during Q1 FY 19-20.
- During Q2 FY 19-20, NBFC-MFIs received a total of **Rs 9,443 Cr** in debt funding, which is an increase of 55% from Q1 FY 19-20. Total equity grew by 56% during the same period and is at **Rs. 14,406 Cr**.
- Portfolio at Risk (PAR)>30 days as on 30 September 2019 is **2.4%**. PAR>30 has deteriorated 2.01% in the corresponding quarter of last financial year.
- MFIs now have presence in 32 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 28%, North 13%, West 15% & Central contributes 10%.

Indicator	Q2 FY 19-20	Q2 FY 18-19	YoY change (%)	Q1 FY 19-20
	30-Sep-19	30-Sep-18	Q2 FY 19-20 over Q2 FY 18-19	30-Jun-19
Branches	12,915	10,404	24%	12,044
Employees	1,05,505	80,570	31%	93,487
Clients~ (Cr)	2.98	2.23	33%	2.71
Loan accounts (Cr)	3.50	2.62	34%	3.18
Gross Loan Portfolio (Rs Cr)	63,869	43,604	46%	56,286
Loans disbursed (during the quarter, Cr)	0.68	0.55	24%	0.60
Loan amount disbursed (during the quarter, Rs Cr)	18,694	13,783	36%	15,996

**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

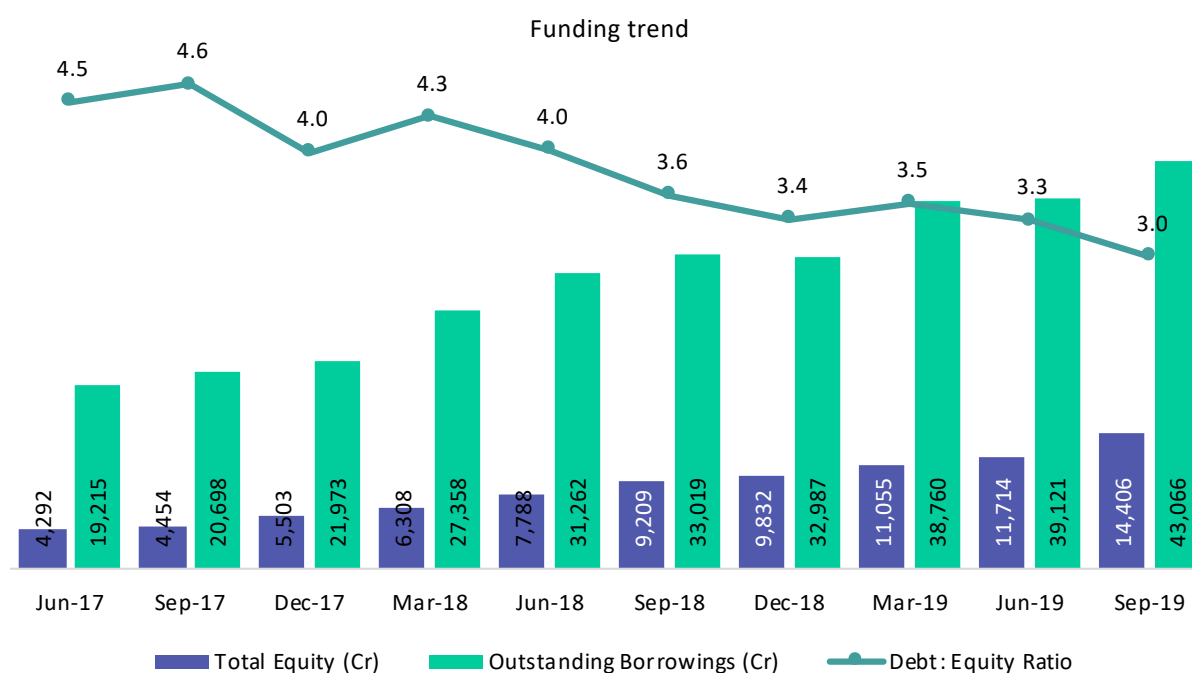
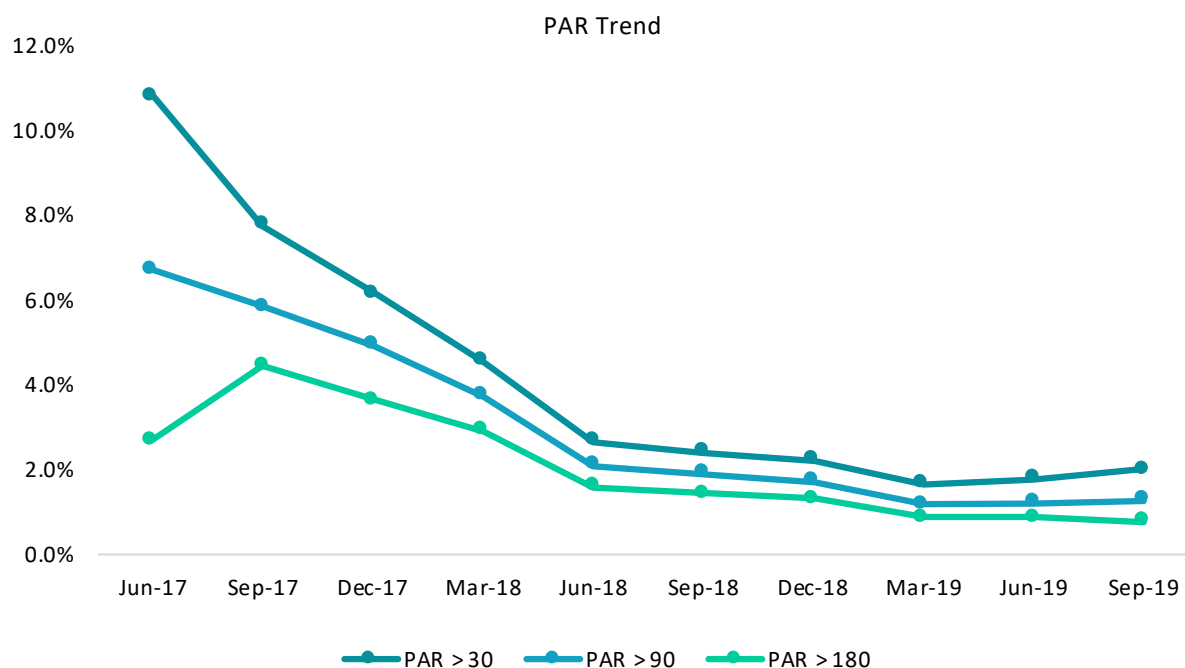
Q1 FY 17-18 to Q2 FY 19-20



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

NBFC-MFI trends

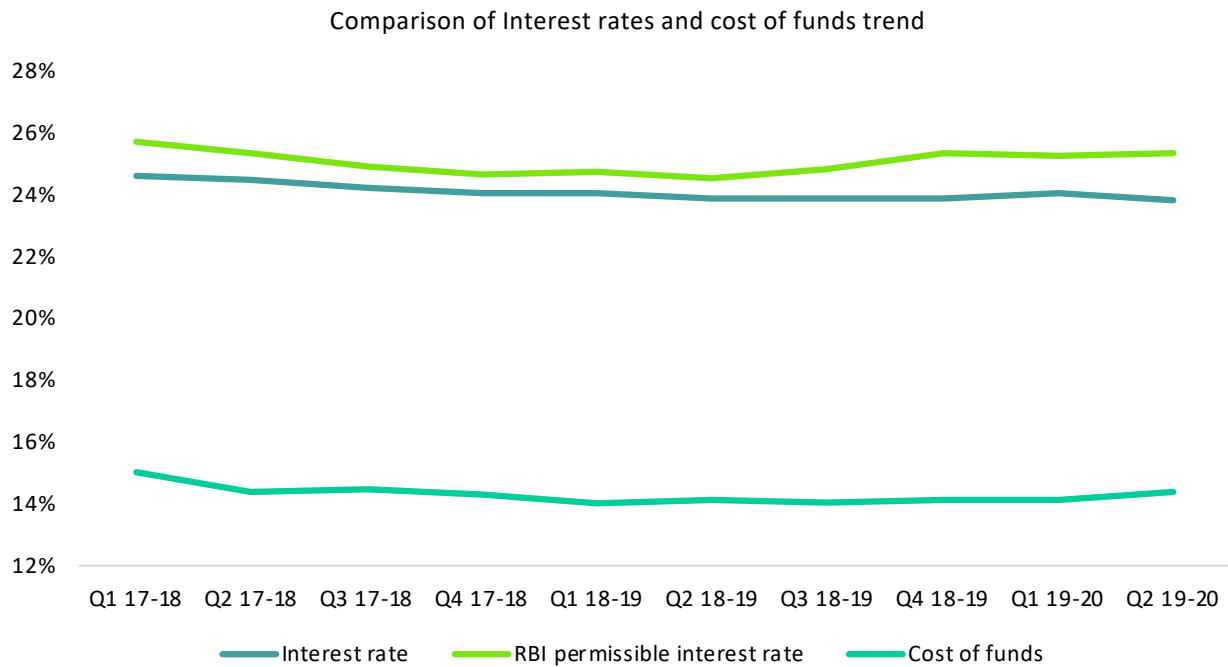
Q1 FY 17-18 to Q2 FY 19-20



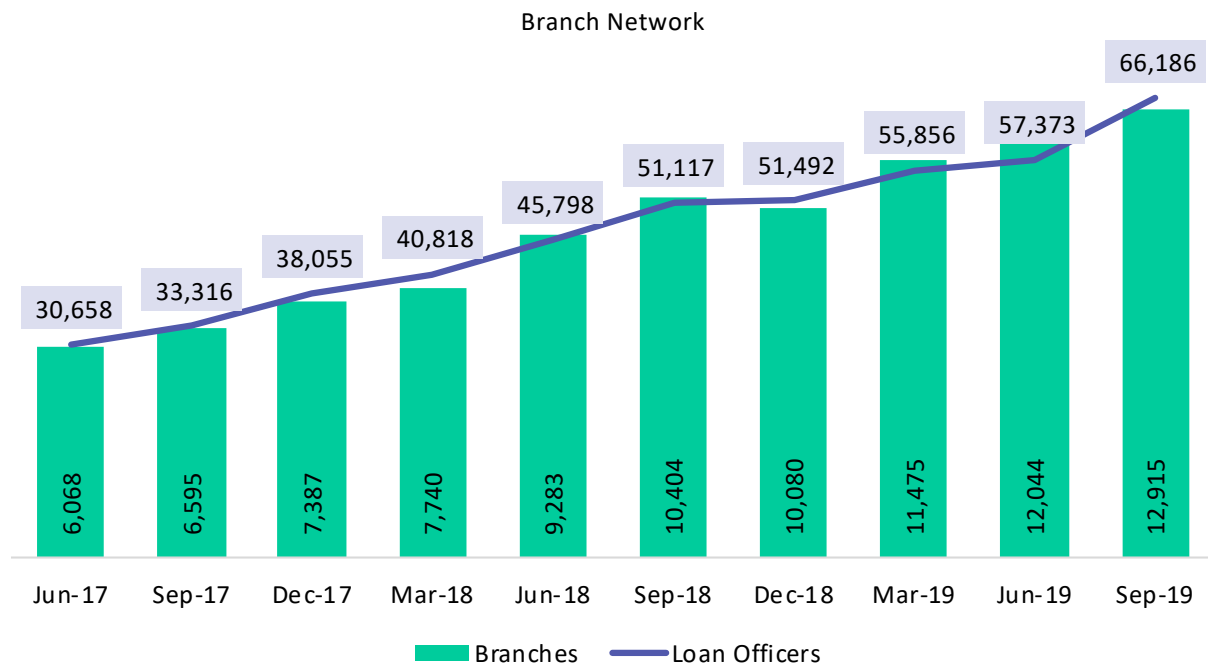
*Analysis is based on the data of panel of MFIs in the current quarter

NBFC-MFI trends

Q1 FY 17-18 to Q2 FY 19-20



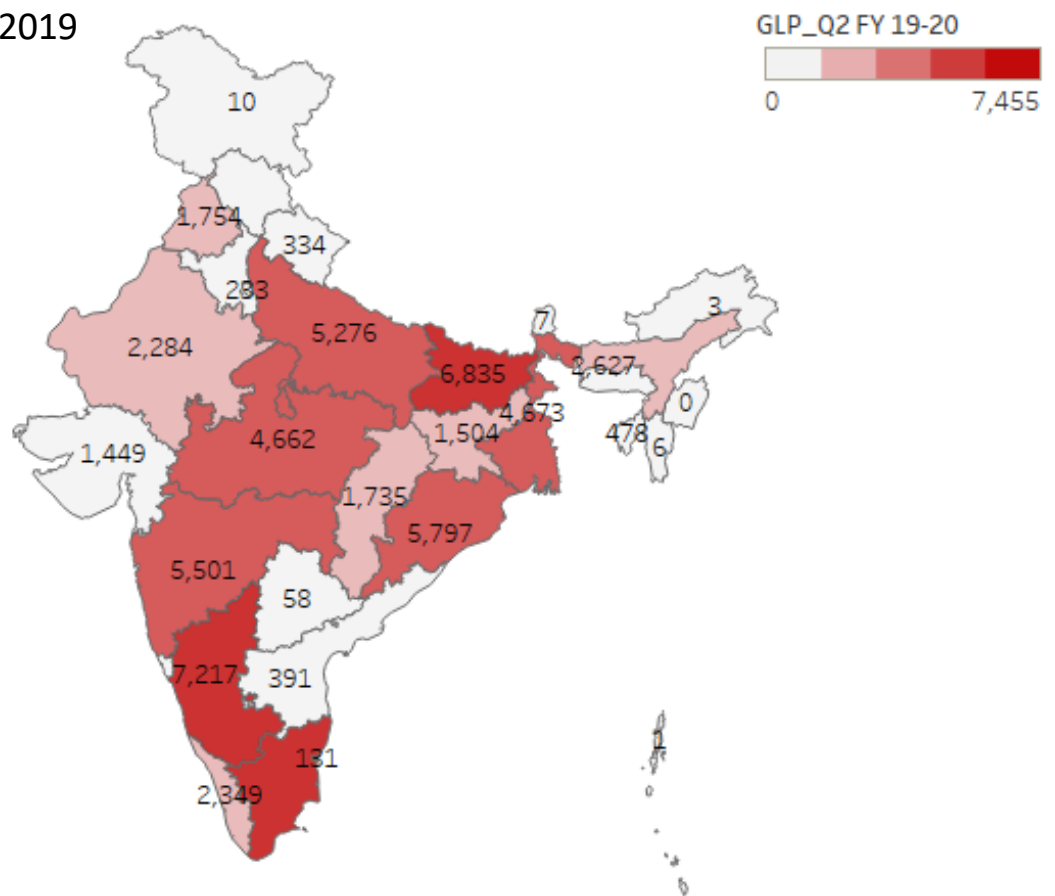
* Interest rate and Cost of funds shown above are simple averages



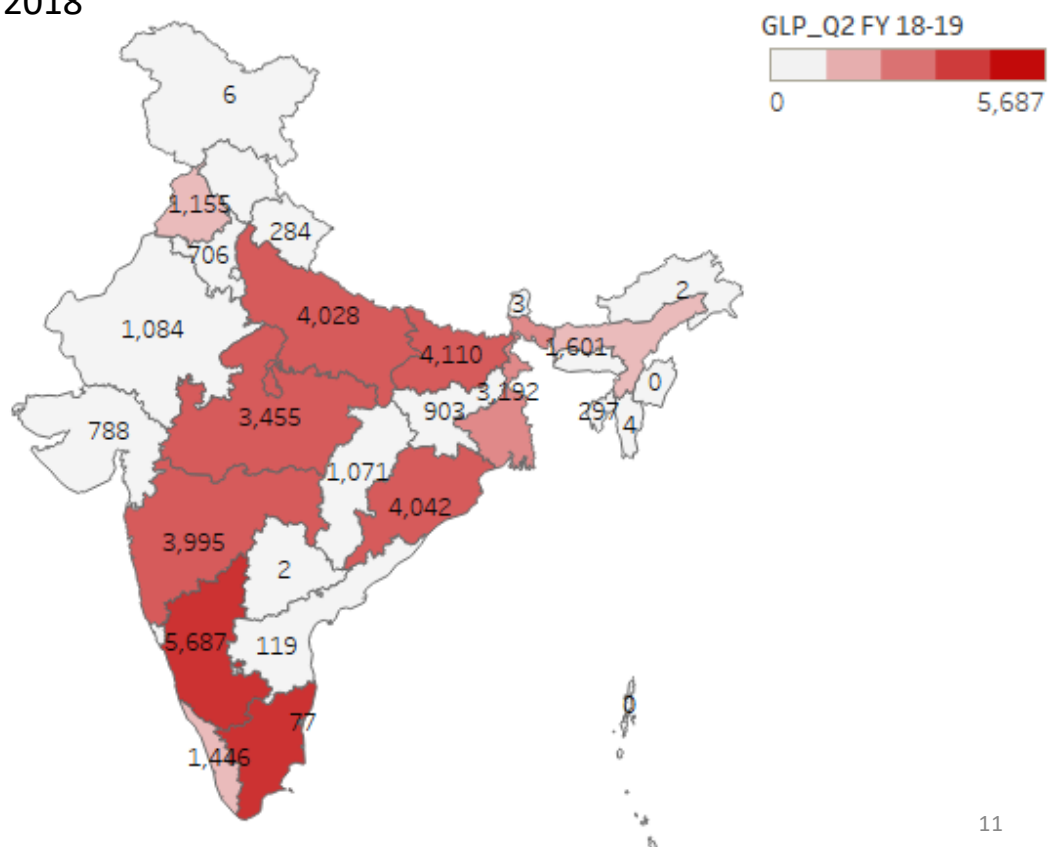
*Analysis is based on the data of panel of MFIs in the current quarter

State wise GLP of MFIN Members

30 September 2019

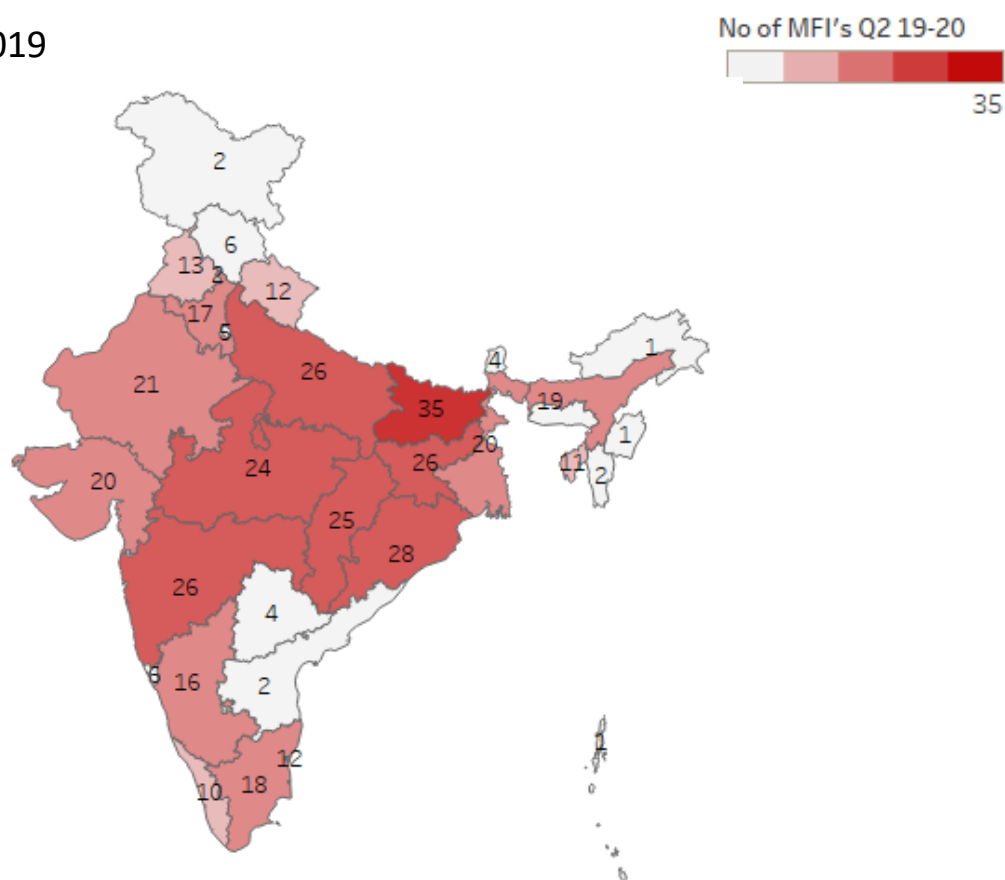


30 September 2018

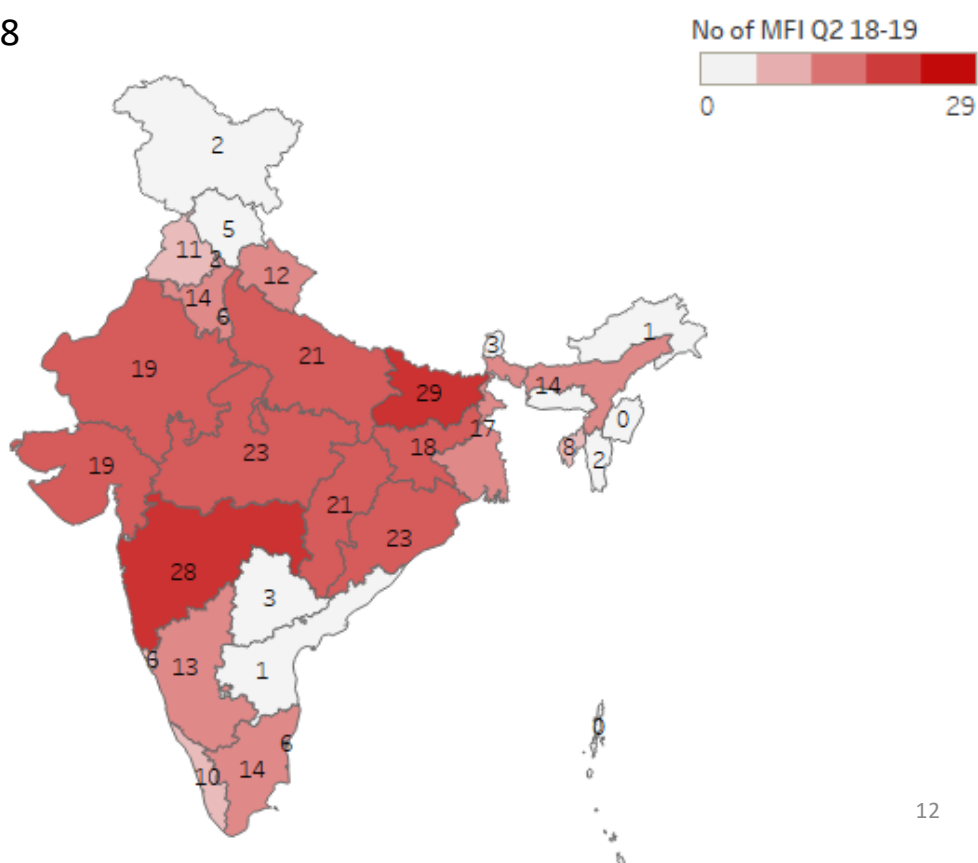


State wise presence of MFIN Members

30 September 2019



30 September 2018



Section III : Associate Highlights

Similar to previous edition of Micrometer this section on the MFIN Associates, presents highlights 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 second quarter of FY 2019-20 are as under:

- As of 30 September 2019, the MFIN Associates were managing **Rs 0.43 Cr** loan accounts with aggregate loan portfolio of **Rs 8,318 Cr** and an **average loan outstanding** per account of **Rs 19,550**. This represents a YoY growth of 14% in portfolio and 25% in loan accounts.
- The contribution of the CBCs to the Associates' GLP as on 30 September 2019 was around 43% (Rs 3,583 Cr). Since CBCs manage the loan accounts and portfolio for their partner banks, this represents around **5.1% of the outreach** (loan accounts) and **4.4% of the portfolio** of banks as on 30 September 2019.
- The Associates have been able to achieve this outreach through 12,802 employees across 1,642 branches (customer service centres for the CBCs) with operations in **22 states**.
- The **average loan disbursed** per account during Q1 FY 2019-20 was **Rs 32,698**. Overall, the Associates disbursed Rs 2,021 Cr through 6.2 Lk accounts during this quarter.
- Portfolio at Risk (PAR) > 30 as on 30 September 2019 is **2.5%**, which is a deterioration from **1.5%** as on 30 June 2019.
- In terms of **regional distribution** of Associates, South accounts for 50% followed by West 29%, Central 10%, East and North East 6% and North 5%.

Indicator	Q2 FY 19-20	Q1 FY 19-20	QoQ change	Q2 FY 18-19	YoY change
	Sep-19	Jun-19	(%)	Sep-18	(%)
Branches	1,642	1,413	16%	1,270	29%
Employees	12,802	11,479	12%	10,161	26%
Loan accounts (Cr)	0.43	0.41	4%	0.34	25%
Gross Loan Portfolio (Rs Cr)	8,318	8,036	4%	7,282	14%
Loans disbursed (during the quarter, Lk)	6.2	5.6	11%	6.9	-11%
Loan amount disbursed (during the quarter, Rs Cr)	2,021	1,829	10%	2,207	-8%



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