

Microfinance Pulse

Vol VI – September 2020



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Executive Summary

Welcome to the 6th edition of Microfinance Pulse. The 6th Microfinance Pulse highlights sourcing & portfolio trends, changing geographical dynamics along with institutional trends of the Industry. While reaching out to 6 crore live borrower base as on March 2020, MFI Industry has registered a growth of 27% as on March 2020 over March 2019.

The Microfinance Industry witnessed a 27% Y-o-Y growth quarter ending March 2020. In terms of portfolio outstanding, Banks have registered 51% growth from March 2019 to March 2020 followed by SFBs with 35% growth. As on March 2020 portfolio outstanding of MFI industry is ₹228,074 crore, contribution by Banks is the highest in portfolio outstanding at 40% followed by NBFC-MFIs at 33%. The Microfinance industry witnessed 13% reduction in number of loans disbursed and 9% reduction in disbursement by value from JFM'19 to JFM'20. NBFC-MFIs share in disbursement by value peaked to 33% in JFM'20 quarter - highest across 5 quarters. Industry ATS witnessed 4% growth from JFM'19 to JFM'20. The overall industry delinquency in March 2020 at 5.49%, highest, across five quarters. 30-59 days past due is showing an improvement, it has reduced to 0.49% in March 2020 from 0.70% in December 2019.

Top 10 states contribute more than 80% to Pan India MFI Portfolio. States of Bihar & Uttar Pradesh register highest YoY growth. Pan India 90+ Delinquency peaked to 0.87% with some southern and western states experiencing more than 0.70% delinquency levels. Aspirational Districts contribute 12% to Pan India Outstanding balance and 90+ delinquencies are at 0.43%.

Uttar Pradesh is 6th top state Pan India in terms of POS with a 7% Pan India share. ATS of Uttar Pradesh is ₹33,323 as on March 2020. In Uttar Pradesh, NBFCs source the highest ATS at ₹55,349 followed by Banks at ₹35,342. As on March 2020 90+ delinquency of Uttar Pradesh is 0.36%.

There is an inverse relation between the number of loans sourced and Loan Cycle IDs and delinquencies. Higher the Loan Cycle ID, lower the number of loans sourced and delinquency. Loan Cycle ID -1 dominates with 42% disbursed amount share.

Abbreviations & Glossary

- ATS (Average Ticket Size) = Disbursed Amount/ Number of Loans
 - DPD = Days Past Due
 - Live POS or Borrowers or Active loans = 0 to 179 DPD + New Accounts + Current Accounts
 - MFI = Microfinance Institution
 - POS = Portfolio Outstanding
 - UT = Union Territory
 - UP = Uttar Pradesh
-
- Loan Cycle ID - Indicates whether the borrower is taking the first, second , third or more loan from the same lender
 - Aspirational districts (AD) - Districts (currently 117 in no.) identified by NITI Aayog, Gol, in January 2018, for improvement to enhance Human Development Index, in turn, based on composite indicators like Health & Nutrition, Education, Agriculture & Water Resources, Financial Inclusion, Skill Development and Basic Infrastructure
-
- 1-179 = 1 to 179 DPD/Live POS
 - 1-29 = 1 to 29 DPD/Live POS
 - 30-59 = 30 to 59 DPD/Live POS
 - 60-89 = 60 to 89 DPD/Live POS
 - 90-179 = 90 to 179 DPD/Live POS
 - 30+ Delinquency = 30-179 DPD/Live POS
 - 90+ Delinquency = 90-179 DPD/Live POS
-
- JFM'19 = January 2019 to March 2019
 - AMJ'19 = April 2019 to June 2019
 - JAS'19 = July 2019 to September 2019
 - OND'19 = October 2019 to December 2019
 - JFM'20 = January 2020 to March 2020

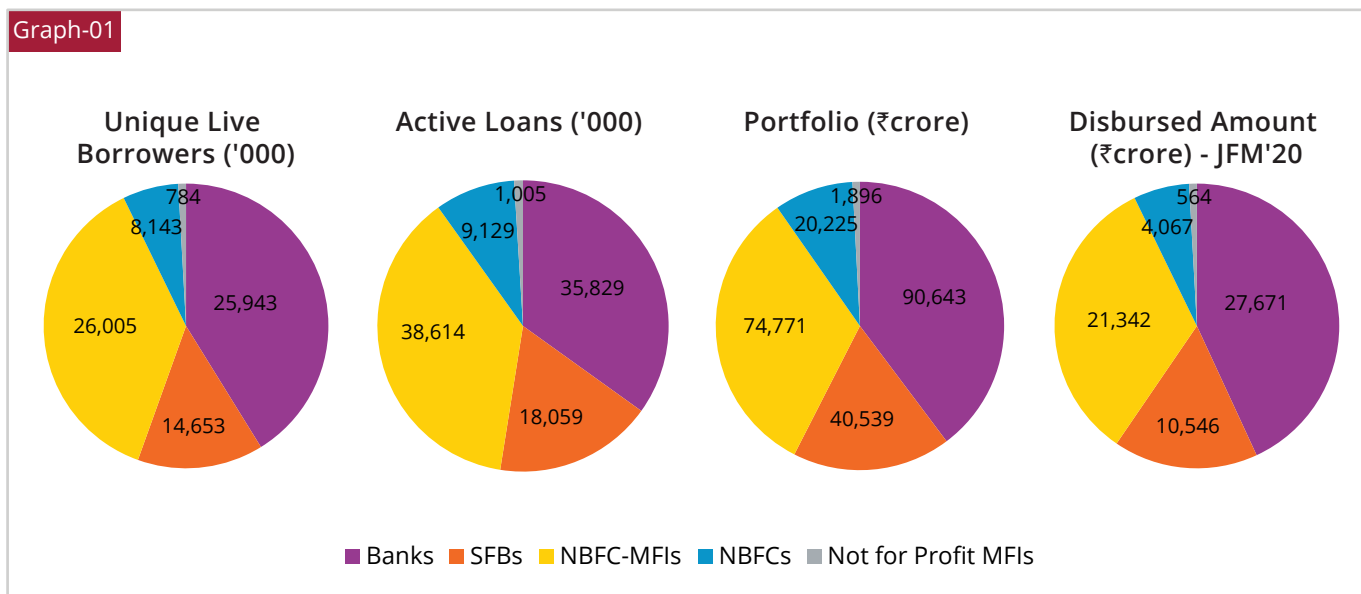
Microfinance Industry Overview



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Microfinance Industry Snapshot – as on 31st March 2020

Graph-01



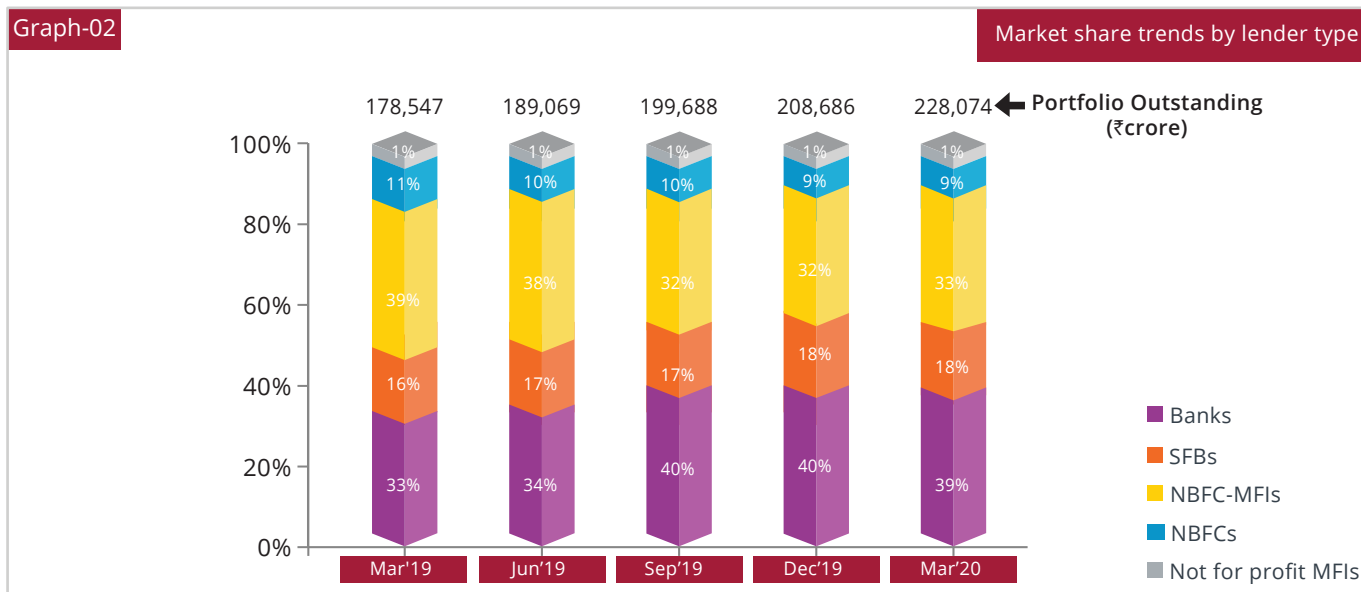
Snapshot as on 31 st March 2020	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs	Total Industry
Unique Live Borrowers ('000)	25,943	14,653	26,005	8,143	784	75,528
Active Loans ('000)	35,829	18,059	38,614	9,129	1,005	102,636
Portfolio (₹crore)	90,643	40,539	74,771	20,225	1,896	228,074
Disbursed Amount (₹crore) - JFM'20	27,671	10,546	21,342	4,067	564	64,190
Average Ticket Size (₹) -JFM'20	41,171	34,638	30,240	38,191	27,253	35,474
30+ Delinquency (POS)	1.54%	1.57%	1.89%	2.91%	0.32%	1.77%
90+ Delinquency (POS)	0.67%	0.67%	1.07%	1.55%	0.14%	0.87%

Table-01

- The Microfinance Industry is dominated by Banks leading with 40% market share followed by NBFC-MFIs at 33% market share, in terms of portfolio outstanding
- In terms of borrower exposure, NBFC-MFIs lead with 2.6 crore live borrowers closely followed by Banks at 2.5 crore live borrowers as on 31st March 2020
- Banks hold the highest POS share (40%) along with highest ATS (₹41,171) – 16% higher than Industry ATS of ₹35,474
- Across lender categories, Banks, SFBs & Not for Profit MFIs have 90+ POS delinquency less than overall Industry 90+ delinquency

Note : In MFI segment there are 6 crore unique live borrowers. Difference in the unique number of customers is due to the customers having multiple relationships with SFBs, Banks, NBFC-MFIs, NBFCs and Not for Profit MFIs

Microfinance Industry Overview



Particulars	Mar'19	Jun'19	Sep'19	Dec'19	Mar'20
Banks	59,999	64,367	80,526	83,725	90,643
SFBs	29,990	31,959	34,290	36,639	40,539
NBFC-MFIs	68,156	71,768	63,394	67,104	74,771
NBFCs	18,539	18,997	19,508	19,415	20,225
Not for Profit MFIs	1,863	1,978	1,970	1,802	1,896
Total Industry	178,547	189,069	199,688	208,686	228,074
Q-o-Q growth rate %	-	6%	6%	5%	9%

Table-02

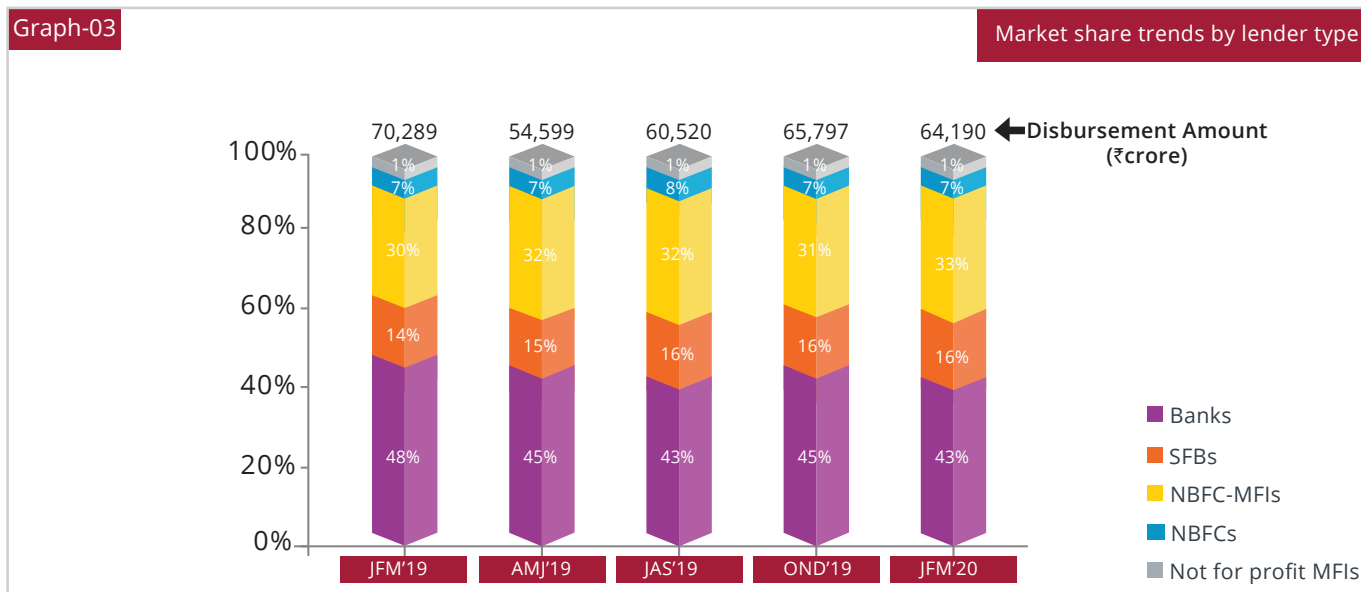
- 27% Y-o-Y growth registered by the Microfinance Industry from March 2019 to March 2020
- SFBs and NBFC-MFIs registered highest growth at 18% each, followed by Banks at 13%, from September 2019 to March 2020
- Quarter ending March 2020 registered highest growth at 9% across all five quarters
- The reason for increase in the share of Banks and decrease in the share of NBFC-MFIs from March 2019 to March 2020, may be attributed to institution level mergers

Disbursement Trends



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Disbursement Trends – Institution wise



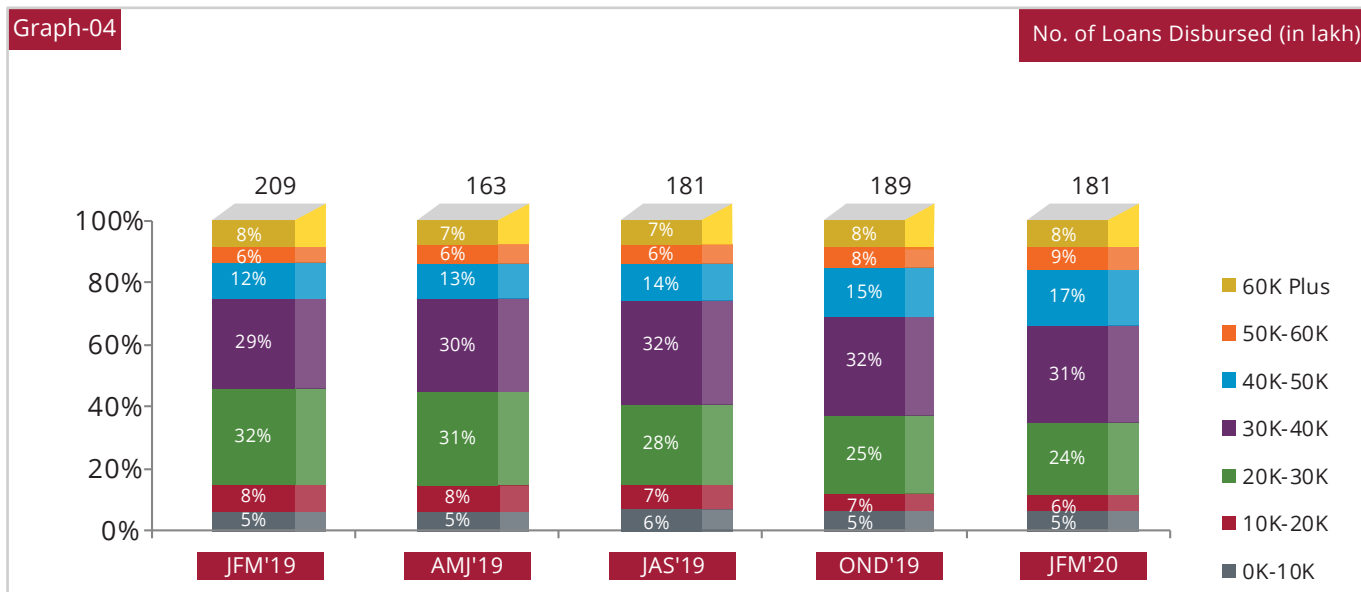
No. of Loans Disbursed (in lakh)

Lender Type	JFM'19	AMJ'19	JAS'19	OND'19	JFM'20
Banks	86	63	68	74	67
SFBs	32	25	28	31	30
NBFC-MFIs	75	61	69	70	71
NBFCs	14	12	14	12	11
Not for Profit MFIs	2	2	2	2	2
Total Industry	209	163	181	189	181

Table-03

- The Microfinance industry witnessed 13% reduction in number of loans disbursed and 9% reduction in disbursement by value from JFM'19 to JFM'20
- NBFC-MFIs share in disbursement by value peaked to 33% in JFM'20 quarter - highest across 5 quarters
- Disbursement by value has decreased by 2% from OND' 19 to JFM'20

Industry Ticket Size Trends



No. of Loans Disbursed (in lakh)

Ticket Size	JFM'19	AMJ'19	JAS'19	OND'19	JFM'20	Y-o-Y growth rate %
0K-10K	10	9	11	10	9	-13%
10K-20K	15	13	14	13	11	-27%
20K-30K	68	51	50	48	43	-36%
30K-40K	61	49	58	59	56	-7%
40K-50K	25	21	25	29	30	22%
50K-60K	12	9	10	15	17	36%
60K Plus	18	12	13	15	15	-16%
Total	209	163	181	189	181	-13%
Q-o-Q loan disbursal growth rate %	-	-12%	11%	4%	-4%	-
All India ATS (₹)	33,958	33,508	33,427	34,854	35,474	4%
Q-o-Q ATS growth rate %	-	-1%	0%	4%	2%	-

Table-04

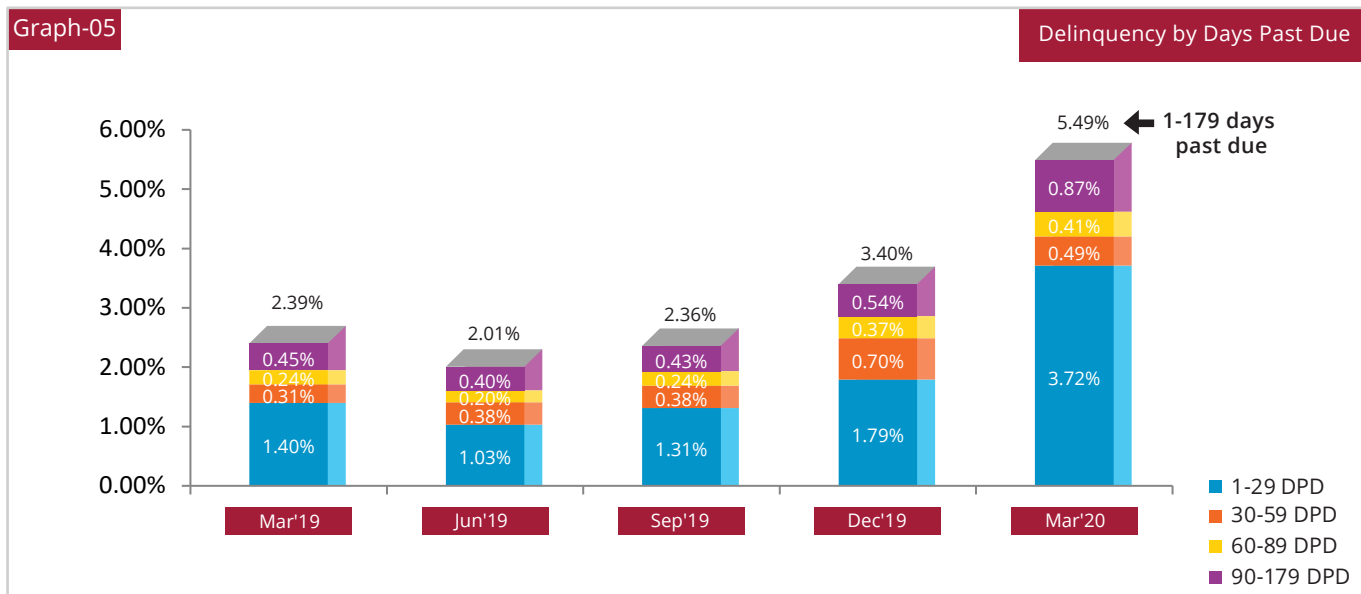
- 20K-30K ticket size loans have registered highest Y-o-Y decline of 36% and 50K-60K ticket size loans have registered Y-o-Y growth of 36%, from JFM'19 to JFM'20
- Y-o-Y ATS has grown 4% from ₹33,958 as on JFM'19

Industry Risk Profile



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Industry Risk Profile



Delinquency by Days Past Due

Reporting Quarter	1-29 days past due	30-59 days past due	60-89 days past due	90-179 days past due	1-179 days past due
Mar'19	1.40%	0.31%	0.24%	0.45%	2.39%
Jun'19	1.03%	0.38%	0.20%	0.40%	2.01%
Sep'19	1.31%	0.38%	0.24%	0.43%	2.36%
Dec'19	1.79%	0.70%	0.37%	0.54%	3.40%
Mar'20	3.72%	0.49%	0.41%	0.87%	5.49%

Table-05

- The overall industry delinquency in March 2020 is at 5.49% - highest across five quarters
- 30-59 days past due is showing an improvement. It has reduced to 0.49% in March 2020 from 0.70% in December 2019

Geographical Exposure



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Top 10 States - Portfolio Outstanding as on March 2019 & March 2020

Top 10 States	Portfolio Outstanding (₹crore)		
	March 2019	March 2020	Y-o-Y Growth %
Tamil Nadu	24,611	32,399	32%
West Bengal	26,987	30,873	14%
Bihar	18,036	26,163	45%
Karnataka	15,294	19,015	24%
Maharashtra	12,420	16,353	32%
Uttar Pradesh	10,812	15,224	41%
Madhya Pradesh	9,905	13,277	34%
Odisha	11,412	12,838	12%
Assam	12,021	11,310	-6%
Kerala	6,942	9,378	35%

Table-06

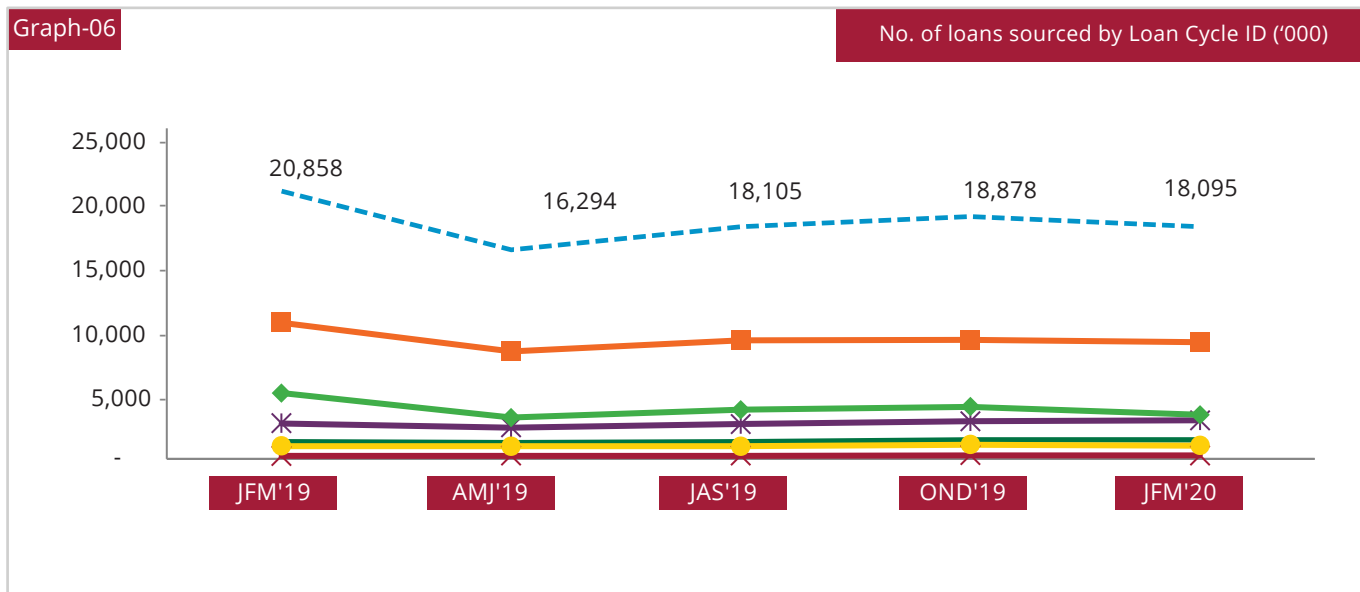
- Top 10 states contribute more than 80% to Pan India Portfolio in March 2019 and March 2020
- Tamil Nadu has moved to 1st position with 32% of Y-o-Y growth from March 2019 to March 2020
- Bihar grew 45% Y-o-Y over March 2019 followed by Uttar Pradesh at 41%
- Amongst the top 10 states, higher Y-o-Y growth registered in the live borrower base of a state is accompanied by higher portfolio growth of the state in the same period, with a few exceptions

Loan Cycle ID Trends



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Loan Cycle ID - Sourcing Trends



Loan cycle ID	JFM'19	AMJ'19	JAS'19	OND'19	JFM'20
LoanID-1	10,627	8,388	9,263	9,276	9,112
LoanID-2	2,774	2,464	2,721	2,940	3,019
LoanID-3	1,049	968	1,030	1,171	1,181
LoanID-4-6	1,019	997	992	1,125	1,051
LoanID->6	250	255	254	296	281
Others (ID not defined)	5,138	3,223	3,845	4,070	3,450
Industry	20,858	16,294	18,105	18,878	18,095

Table-07

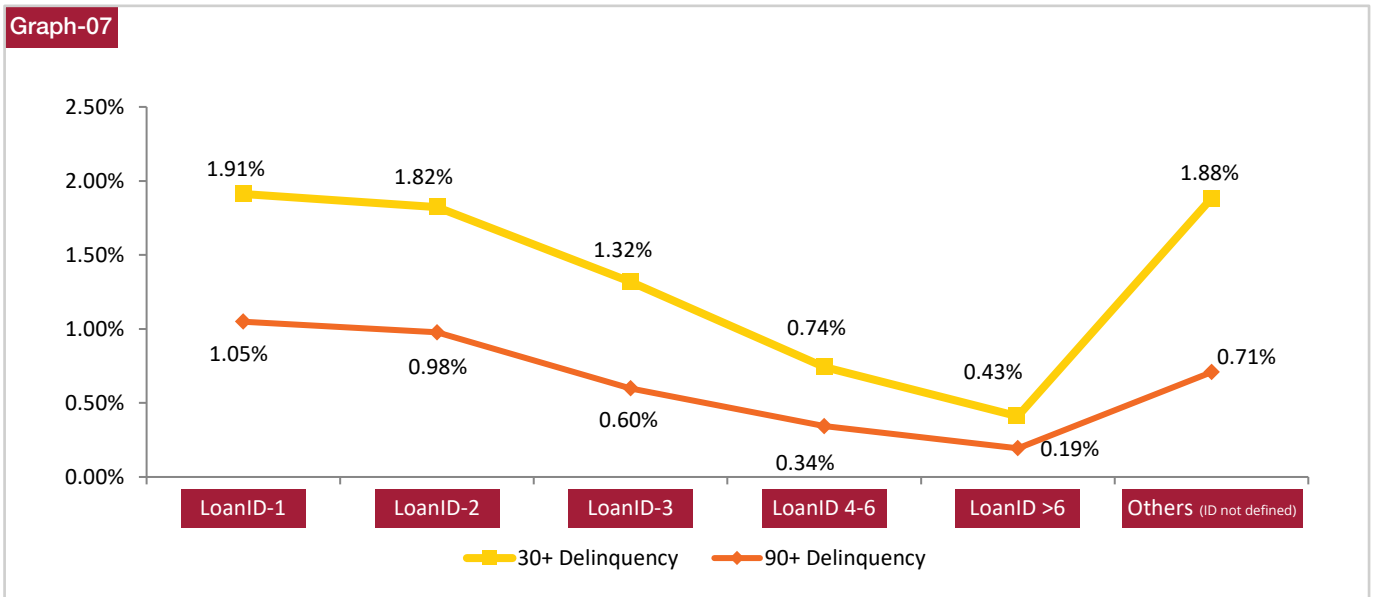
Loan Cycle ID distribution by disbursed amount From January 2019 to March 2020

Loan Cycle ID	Disbursed Amount (₹crore)	Disbursed Amount %
LoanID-1	133,479	42%
LoanID-2	47,400	15%
LoanID-3	19,326	6%
LoanID-4-6	16,651	6%
LoanID->6	3,899	1%
Others (ID not defined)	95,179	30%
Industry	315,934	100%

Table-08

- Loan Cycle ID - 1 has the highest sourcing share at 42% by disbursed amount
- Loan Cycle ID - 2 has seen a 3% growth in JFM'20 from OND'19, in terms of No. of Loans sourced

Delinquency by Loan Cycle ID



- 30+ and 90+ delinquencies decrease with increase in Loan Cycle ID

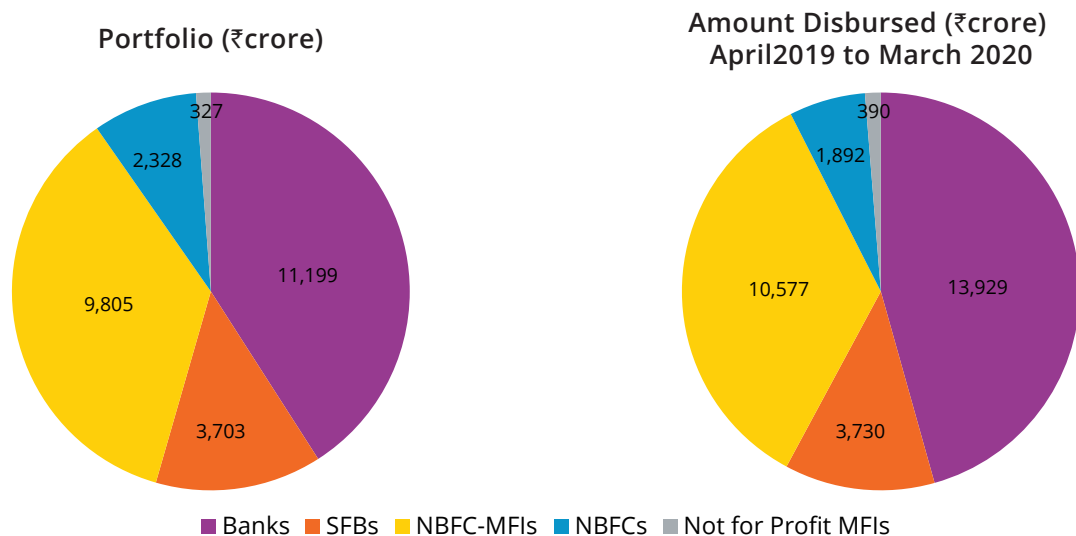
Aspirational Districts



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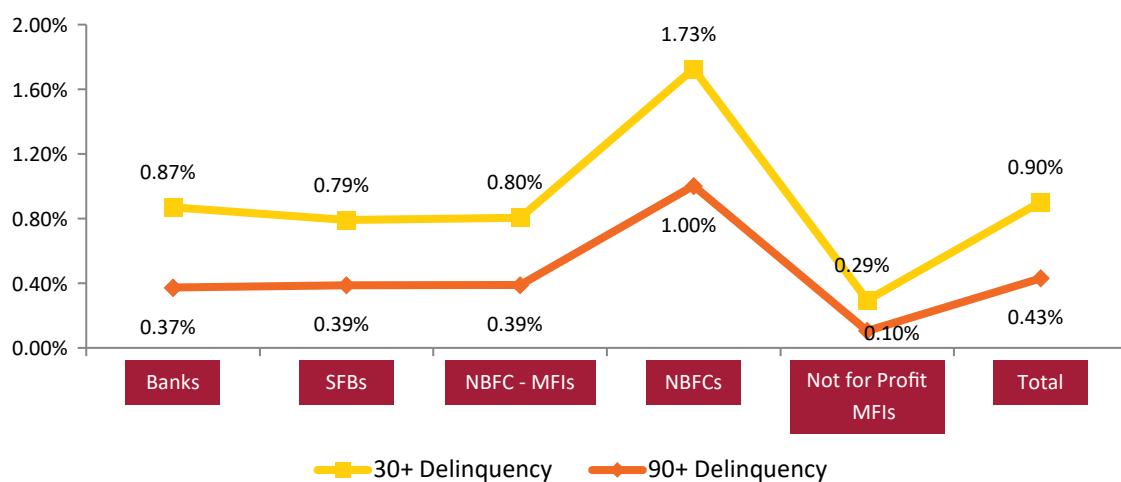
Aspirational Districts – March 2020 Overview

Graph-08



Graph-09

30+ and 90+ POS Delinquency lender category wise



Aspirational Districts Growth Particulars	December 2017	March 2020	Growth %
Active Customer Penetration ('000)	4,155	7,604	83%
Disbursement Amount (₹crore)	14,374*	30,518**	112%
Active Loans ('000)	6,925	12,785	85%
Portfolio (₹crore)	11,175	27,362	145%
30+ Delinquency	1.54%	0.90%	-
90+ Delinquency	0.75%	0.43%	-

- Total portfolio outstanding in Aspirational Districts stood at ₹27,362 crore, as of March 2020, with 41% share of Banks, followed by 36% share of NBFC-MFIs
- NBFCs have the highest 30+ & 90+ delinquency across Aspirational Districts
- Portfolio Outstanding grew by 145% and disbursed amount witnessed a growth of 112% from December 2017 to March 2020

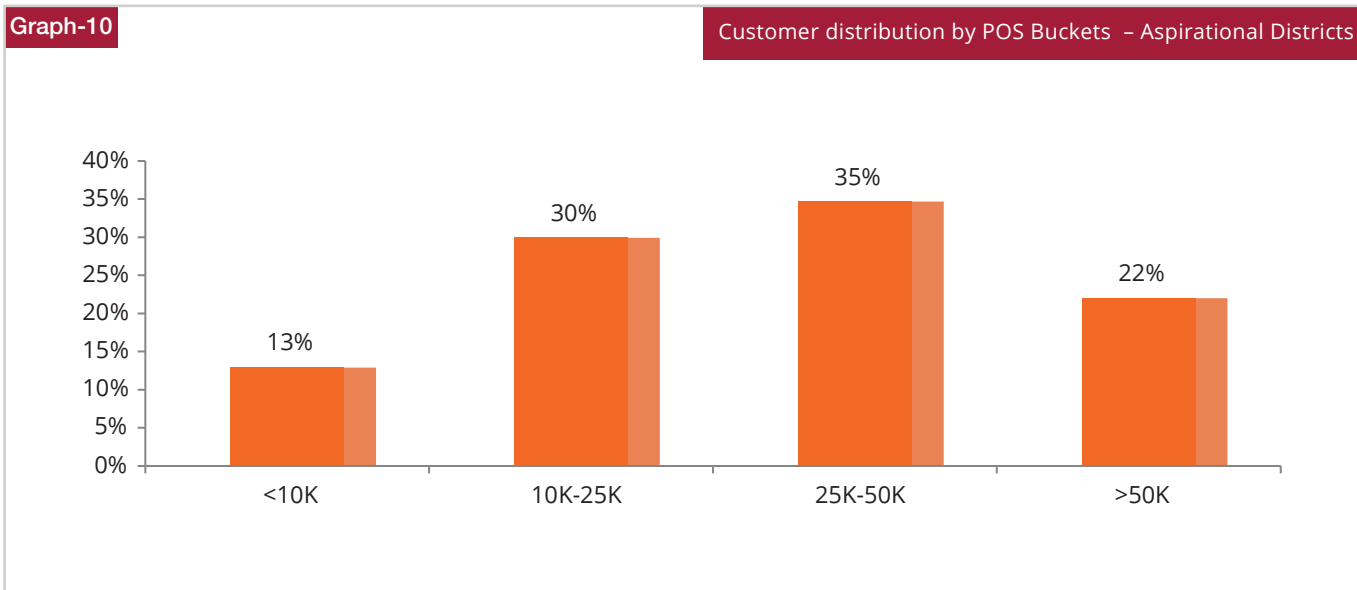
Table-09

*Disbursement January 2017 to December 2017

** Disbursement April 2019 to March 2020

Delinquencies are calculated basis POS

Aspirational Districts – Customer and Geography Spread



District	State	POS (₹crore) March 2020	Live Accounts ('000) March 2020	Live Institution *Count March 2020	Live Borrowers ('000) March 2020	90+ POS Delinquency March 2020
Muzaffarpur	Bihar	2,000	906	65	541	0.21%
Begusarai	Bihar	1,434	653	62	368	0.32%
Purnia	Bihar	1,081	459	51	271	0.10%
Aurangabad	Maharashtra	950	462	59	230	0.72%
Dahod	Gujarat	876	415	38	215	0.19%
Sitamarhi	Bihar	834	387	56	216	0.04%
Araria	Bihar	821	359	41	213	0.12%
Katihar	Bihar	818	359	47	205	0.23%
Virudhunagar	Tamil Nadu	788	400	48	202	1.53%
Gaya	Bihar	714	333	53	204	0.42%

Table-10

- Borrowers from Aspirational Districts are concentrated in 10k to 50k POS buckets
- More than 5 districts of Bihar are a part of Top 10 Aspirational Districts basis portfolio outstanding as on March 2020
- Muzaffarpur contributes 19% to top 10 Aspirational Districts POS. This is followed by Begusarai at 14% and Purnia at 10%
- Purnia amongst top 5 Aspirational Districts registers, 0.10% 90+ delinquency - 0.33% lower than Aspirational Districts 90+ Delinquency of 0.43% as on March 2020

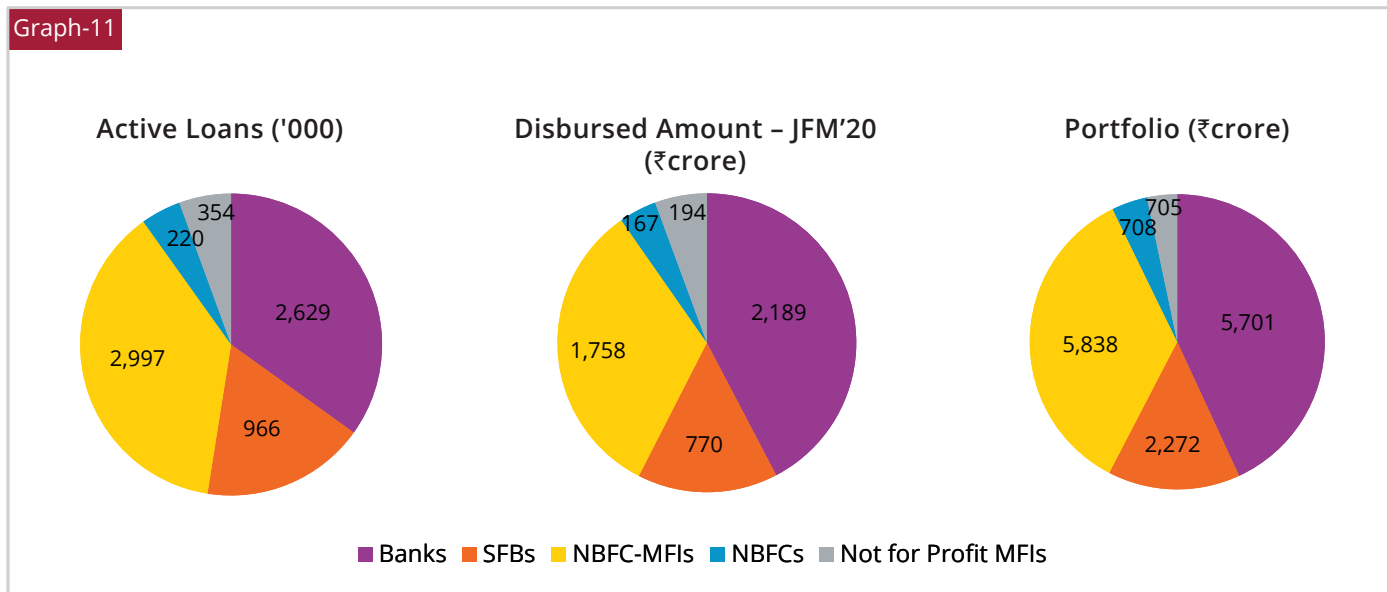
Comprehensive State Profile : Uttar Pradesh



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Uttar Pradesh: State View

Graph-11

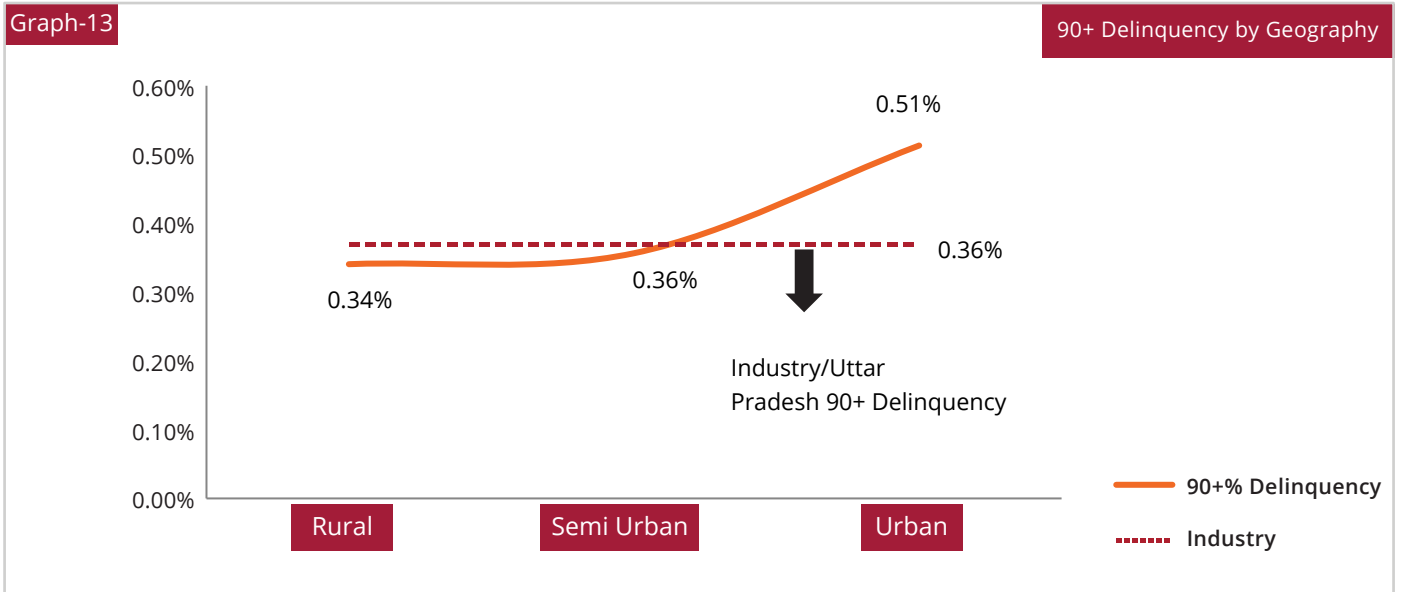
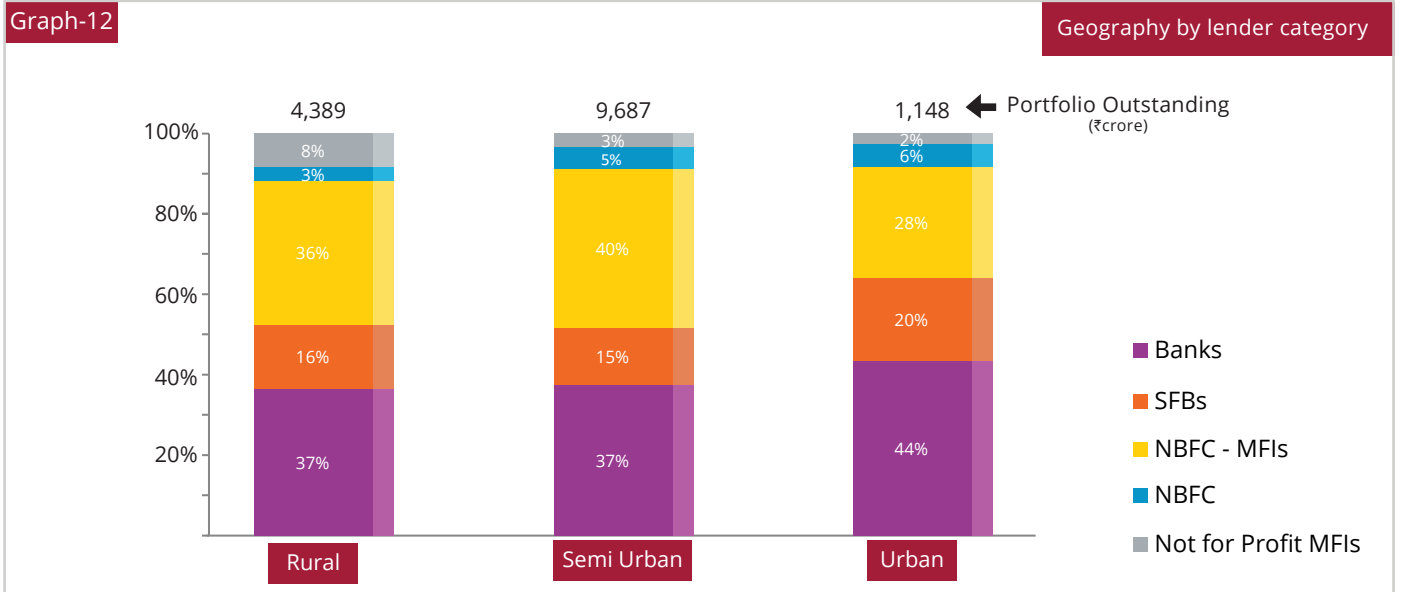


Uttar Pradesh Snapshot view as on March 2020	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs	Total Industry
Active Loans ('000)	2,629	966	2,997	220	354	7,166
Portfolio (₹crore)	5,701	2,272	5,838	708	705	15,224
Market Share in Portfolio Outstanding	37%	15%	38%	5%	5%	100%
Disbursed Amount (₹crore) - JFM'20	2,189	770	1,758	167	194	5,078
Average Ticket Size (₹) - JFM'20	35,342	33,272	30,557	55,349	26,909	33,223
30+ Delinquency (POS)	0.56%	0.56%	0.84%	2.03%	0.11%	0.71%
90+ Delinquency (POS)	0.33%	0.33%	0.34%	1.11%	0.06%	0.36%

Table-11

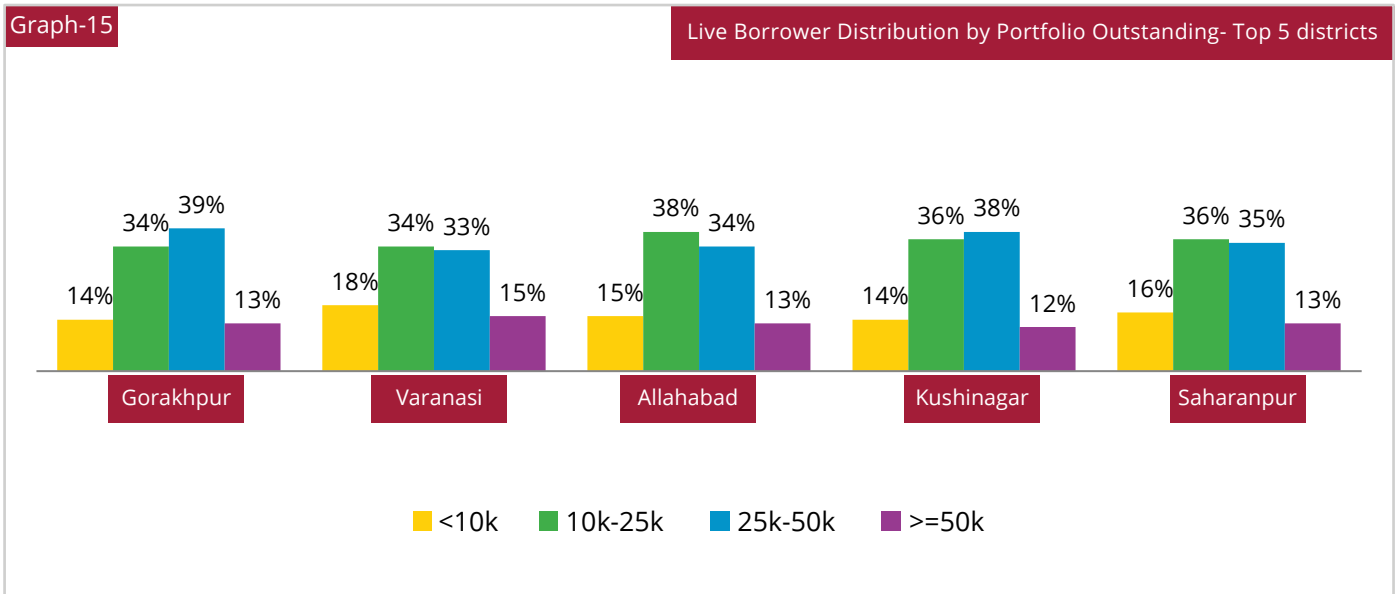
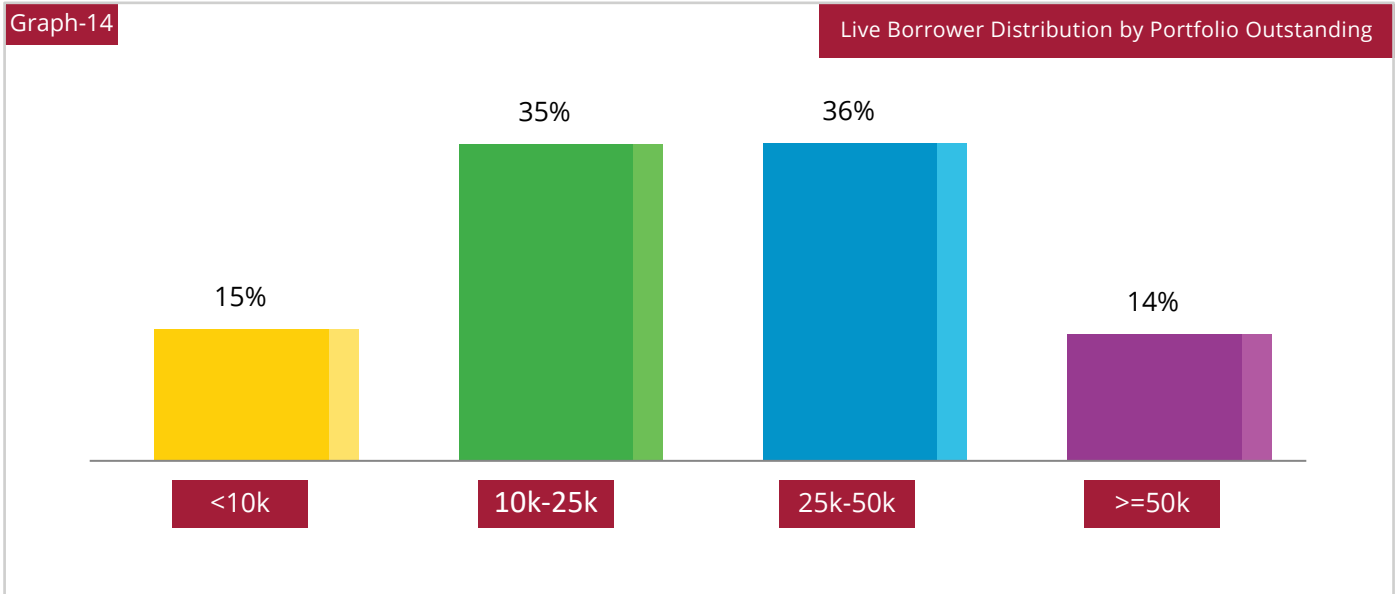
- Uttar Pradesh - the most populous Indian state contributes 7% to Pan India MFI Portfolio in terms of Active loans and POS
- In terms of ATS, Uttar Pradesh ATS is 6% lower than Pan India ATS of JFM'20 quarter
- Uttar Pradesh registers 0.51% lower 90+delinquency than Pan India 90+ delinquency of 0.87% as on 31st March 2020
- NBFC-MFIs have highest market share of 38% in Uttar Pradesh (POS) as on March 2020
- NBFCs source the highest ATS in the state of Uttar Pradesh, at ₹55,349 followed by Banks at ₹35,342
- NBFCs show highest 90+ delinquency at 1.11%, while 30+ delinquency closes at 2.03% which is 1.32% higher than Industry 30+ delinquency in the state of Uttar Pradesh and 0.26% higher than overall Industry 30+ delinquency in India

Uttar Pradesh: Geographical Portfolio Contribution



- Semi Urban geography contributes highest to the Portfolio outstanding of Uttar Pradesh at 64% followed by Rural at 29% and Urban at 7%, as on March 2020
- Banks reflect highest market share under the Urban geography at 44%. NBFC-MFIs dominate the Semi-Urban and Rural geographies with 40% and 36% market share each
- Urban geography reflects higher 90+ POS delinquency compared to the state 90+ POS delinquency

Uttar Pradesh: Borrower Distribution



- Borrower distribution by Portfolio Outstanding states that 71% of borrowers fall between the 10k-50k buckets
- Gorakhpur is the top district in terms of portfolio outstanding and has highest borrower distribution for 25k-50k POS bucket as on March 2020
- Allahabad has highest borrower distribution at 38%, for the 10k-25k POS bucket

About SIDBI

Small Industries Development Bank of India has been established under an Act of the Parliament in 1990. SIDBI is mandated to serve as the Principal Financial Institution for executing the triple agenda of promotion, financing and development of the Micro, Small and Medium Enterprises (MSME sector) and co-ordination of the functions of the various Institutions engaged in similar activities. Over the years, through its various financial and developmental measures, the Bank has touched the lives of people across various strata of the society, impacted enterprises over the entire MSME spectrum and engaged with many credible institutions in the MSME ecosystem.

Under Vision 2.0, SIDBI has spearheaded various Initiatives to address the Information Asymmetry in MSME sector like MSME Pulse, the health tracker of MSMEs and CriSidEx, for gauging the MSE sentiments & aspirations and Fintech Pulse, for credit data insights on Fintech lending segment, apart from Microfinance Pulse.

SIDBI in Microfinance space

SIDBI has played pioneering role in furthering the inclusive finance agenda through supporting the Microfinance movement. Under Microfinance, the Bank has cumulatively sanctioned ₹19,871 crore to more than 100 MFIs, as on March 2020. The debt and equity support to MFIs is well complemented by capacity building support to these institutions and imbibing the corporate governance culture by supporting Compliance Assessment Tools etc. Apart from handholding the Microfinance industry from fragile beginning to a full-fledged industry segment, culminating in the transition of 8 of our partner MFIs into SFBs/ Universal Banks. A path breaking initiative in Micro Lending is to make available small loans directly from SIDBI (through partnership arrangements), at interest rates which are substantially lower than the market rates. Under this initiative, titled Prayaas, the Bank has been extending small ticket size loans of ₹0.50 lakh to ₹5 lakh to micro borrowers at bottom of the pyramid with interest rates comparatively lower than market rates under partnership model.

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