



Microfinance Pulse

VOL V - JUNE 2020



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Executive Summary

The Microfinance Industry plays a pivotal role in attaining financial inclusion goals in India. With more than 5 crore lives touched as on December 2019 and an yearly growth recorded at 32% (December 2019), the sector is exhibiting a multitude of changes. The 5th Microfinance Pulse focuses on highlighting and capturing these changes, trends, sectoral dominance, geographical dynamics and a comprehensive industry functioning.

Banks dominate in the Microfinance sector across parameters of Disbursement, Outstanding balances and Average Ticket Size

The Microfinance Industry witnesses a 32% Y-o-Y growth in quarter ending December 2019. At the institutional level this growth is fueled by Banks demonstrating 59% portfolio outstanding growth from December 2018 to December 2019, followed by SFBs at 43%. In terms of market share, Banks contribute highest – 40%, to the industry portfolio of ₹208,865 crore as on December 2019. The 2nd highest contribution at 32% by NBFC-MFIs followed by SFBs at 18%. Industry disbursement trends indicate growth by value and volume. Banks lead disbursement growth (by value) with a Q-o-Q increase in share from 38% in OND'18 to 45% in OND'19. Industry clocked 23% Y-o-Y growth in disbursement during OND'19 with disbursement of ₹63,969 crore. Industry ATS matured by 11% from ₹31,499 in OND'18 to ₹34,880 in OND'19. Bank ATS is 17% higher than industry ATS as on December 2019, at ₹40,740. NBFCs follow the lead in ATS distribution at ₹36,874 - 6% higher than industry ATS (December 2019). Industry 1+ Delinquency touched 3.40%. Banks and SFBs showcase well-regulated 90+ delinquencies.

Geographical exposure basis Outstanding balances widens. Aspirational Districts contribute 11% to Industry Outstanding balances.

Nine Indian states have an Outstanding balance of greater than ₹10,000 crore contributing more than 70% to Pan India outstanding. Pan India 90+ Delinquency peaked to 0.54% with some southern and western states experiencing more than 0.60% delinquency levels. Aspirational Districts contribute 11% to Pan India Outstanding balance and 90+ delinquencies are at 0.50%. Tamil Nadu is the top state in terms of POS with 15% Pan India share. Tamil Nadu ATS as on December 2019 is 0.95 times of the industry ATS of ₹34,880. NBFCs have the highest ATS at ₹36,970 in Tamil Nadu, which is 11% higher than the state ATS of ₹33,262. NBFC-MFIs hold highest market share of 33% by Outstanding balances in Tamil Nadu followed by SFBs at 28%. Top 10 Districts of Tamil Nadu contribute more than 50% to the state POS of ₹30,578 crore, as on December 2019.

An Inverse Relation between Loans and Loan Cycle IDs

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 44% disbursed amount share.

Abbreviations & Glossary

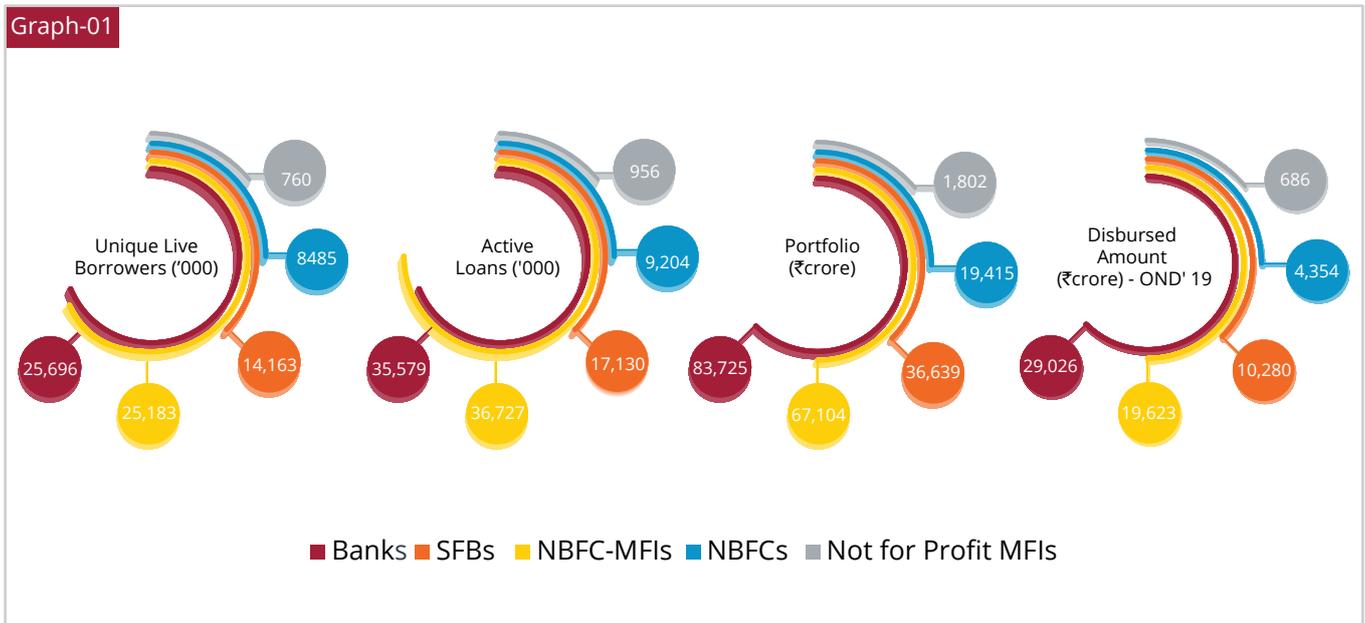
- ATS (Average Ticket Size) = Disbursed Amount / Number of Loans
 - Concentration % = Live Borrowers/Total Population x 100
 - DPD = Days Past Due
 - Live POS or Borrowers or Active loans = 0 to 179 DPD + New Accounts + Current Accounts
 - MFI = Microfinance Institution
 - POS = Portfolio Outstanding
 - UT = Union Territory
 - 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
-
- OND'18 = October 2018 to December 2018
 - 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

Microfinance Industry Overview



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Microfinance Industry Snapshot – as on 31st December 2019



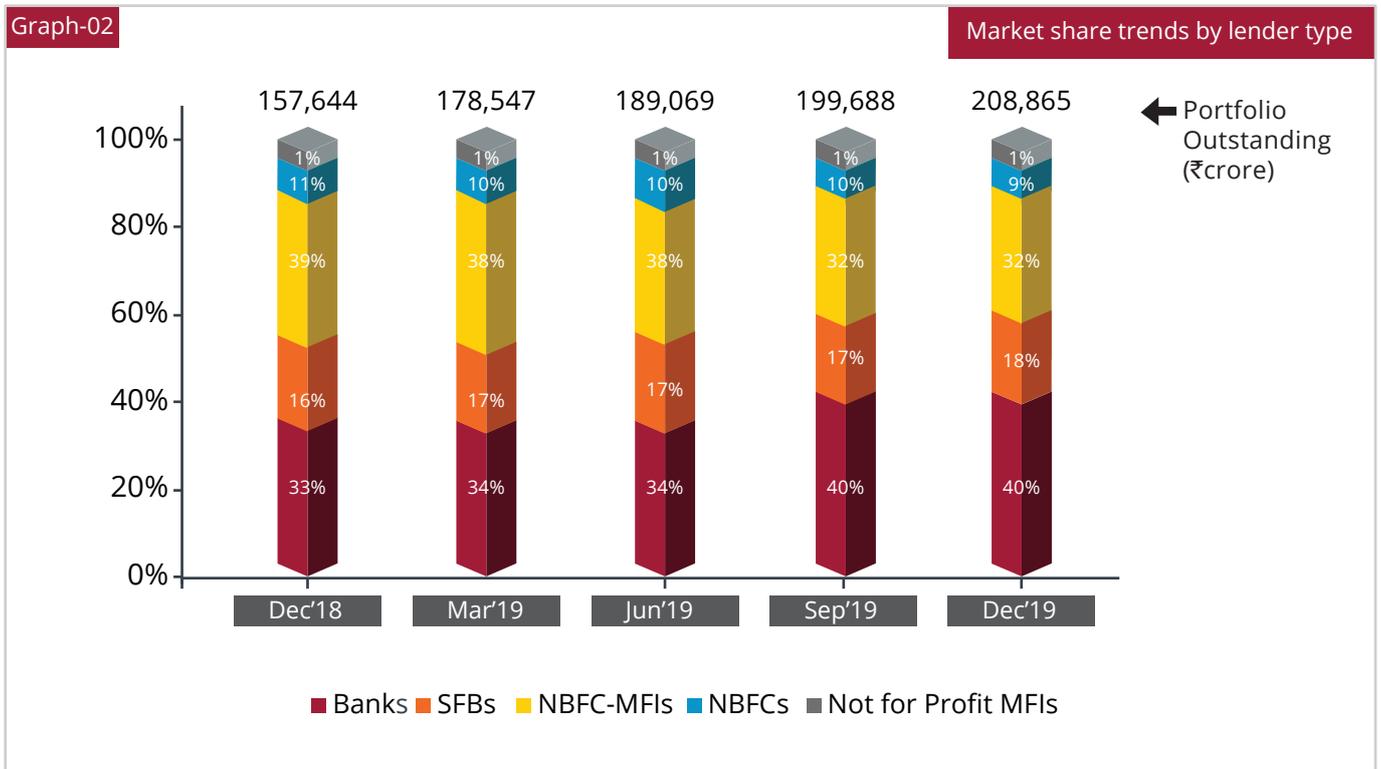
Snapshot as on 31 st Dec 2019	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs	Total Industry
Unique Live Borrowers ('000)	25,696	14,163	25,183	8,485	760	74,287
Active Loans ('000)	35,579	17,130	36,727	9,204	956	99,596
Portfolio (₹crore)	83,725	36,639	67,104	19,415	1,802	208,685
Disbursed Amount (₹crore) - OND'19	29,026	10,280	19,623	4,354	686	63,969
Average Ticket Size (₹) - OND'19	40,740	34,545	28,719	36,874	30,407	34,880
30+ Delinquency (POS)	1.21%	1.28%	1.87%	3.17%	0.36%	1.61%
90+ Delinquency (POS)	0.40%	0.49%	0.58%	1.18%	0.16%	0.54%

Table - 01

- Microfinance Industry as on December 31, 2019, has total POS of ₹208,685 crore with 99,596 thousand Active Loans which works out to an exposure of ₹20,953 per Active Loan, with Banks leading at ₹23,532 per Active Loan.
- In terms of portfolio outstanding, banks share is at 2/5th (₹83,725 crore) of the industry
- NBFC-MFIs – the 2nd highest MFI lender category by POS has an ATS 20% less than SFBs – 3rd highest MFI lender category by POS.
- NBFCs registered highest 30+ and 90+ delinquency (POS) as on December 2019

Note : In MFI segment there are 5 crore unique live borrowers. Difference in the unique number of borrowers is due to multiple relationships with SFBs, Banks, NBFC-MFIs, NBFCs, Not for profit MFIs.

Microfinance Industry Overview



Particulars	Portfolio Outstanding (₹crore)				
	Dec'18	Mar'19	Jun'19	Sep'19	Dec'19
Banks	52,557	59,999	64,367	80,526	83,725
SFBs	25,562	29,990	31,959	34,290	36,639
NBFC-MFIs	60,368	68,156	71,768	63,394	67,104
NBFCs	17,620	18,539	18,997	19,508	19,415
Not for Profit MFIs	1,537	1,863	1,978	1,970	1,802
Total Industry	157,644	178,547	189,069	199,688	208,865
Q-o-Q growth rate %	-	13%	6%	6%	5%

Table - 02

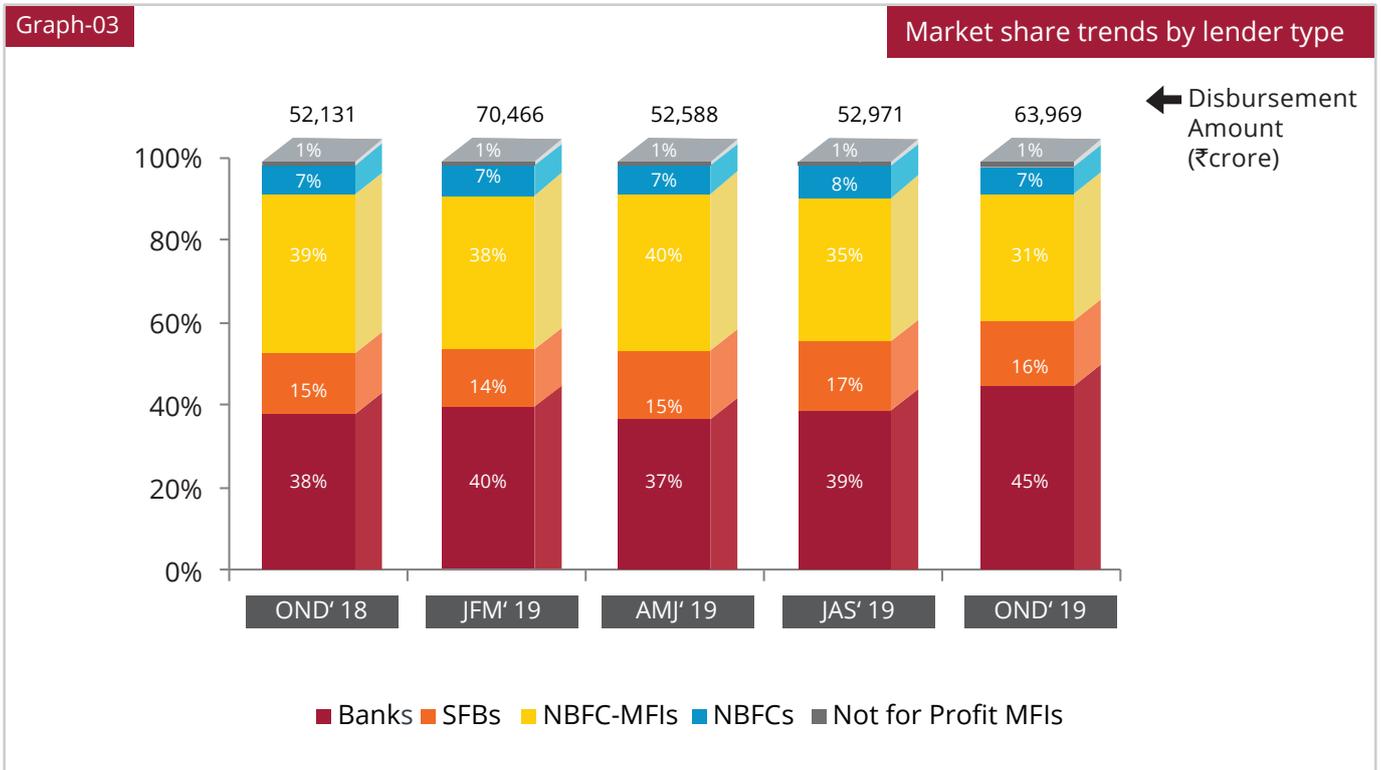
- Microfinance industry registered 32% Y-o-Y growth from December 2018 to December 2019
- The industry reflected 5% POS growth from September 2019 to December 2019.
- SFBs at ₹36,639 crore are at the forefront of growth as they registered 7% increase in POS from September 2019 to December 2019.

Disbursement Trends



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Disbursement Trends – Institution wise



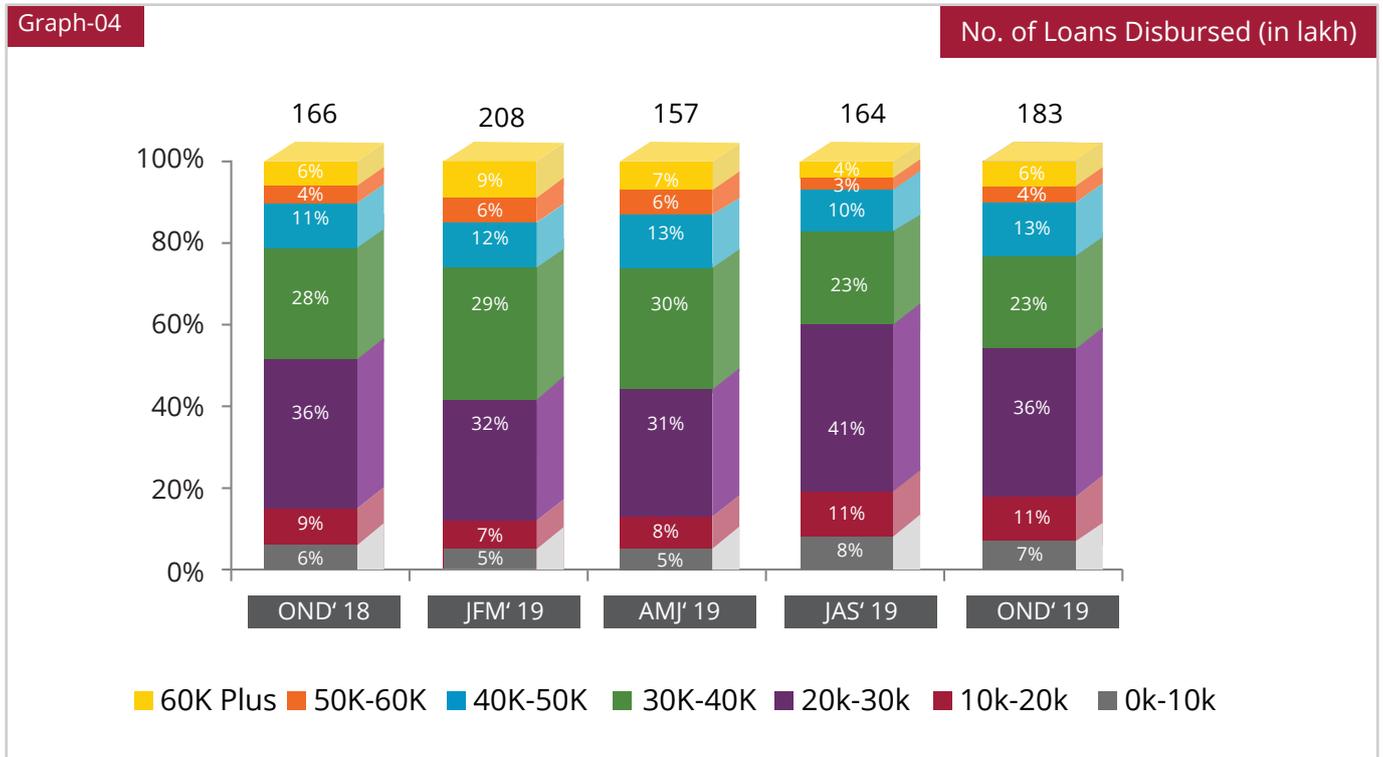
No. of Loans Disbursed (in lakh)

Lender Type	OND' 18	JFM' 19	AMJ' 19	JAS' 19	OND' 19
Banks	49	64	43	56	71
SFBs	24	31	24	27	30
NBFC-MFIs	79	96	77	66	68
NBFCs	12	14	11	13	12
Not for Profit MFIs	2	3	2	2	2
Total Industry	166	208	157	164	183

Table - 03

- Microfinance Industry has registered disbursement growth of 23% by value and 10% by volume from OND'18 to OND'19
- Disbursement by value increased by 20% from JAS'19 quarter to OND'19.
- Banks' share in disbursement by value peaked to 45% in OND'19 quarter - highest across 5 quarters.

Industry Ticket Size Trends



Ticket Size	No. of Loans Disbursed (in lakh)					Y-o-Y Growth Rate %
	OND' 18	JFM' 19	AMJ' 19	JAS' 19	OND' 19	
0k-10k	10	10	8	14	12	20%
10k-20k	15	15	13	18	20	33%
20k-30k	60	67	49	67	66	10%
30k-40k	45	61	46	37	42	-7%
40k-50k	18	25	20	16	24	33%
50k-60k	7	12	9	5	8	14%
60k Plus	11	18	12	7	11	0%
Total	166	208	157	164	183	10%
Q-o-Q loan disbursal growth rate %	-	25%	-25%	4%	12%	-
All India ATS (₹)	31,499	33,933	33,515	32,155	34,880	11%
Q-o-Q ATS growth rate %	-	8%	-1%	-4%	8%	-

Table-04

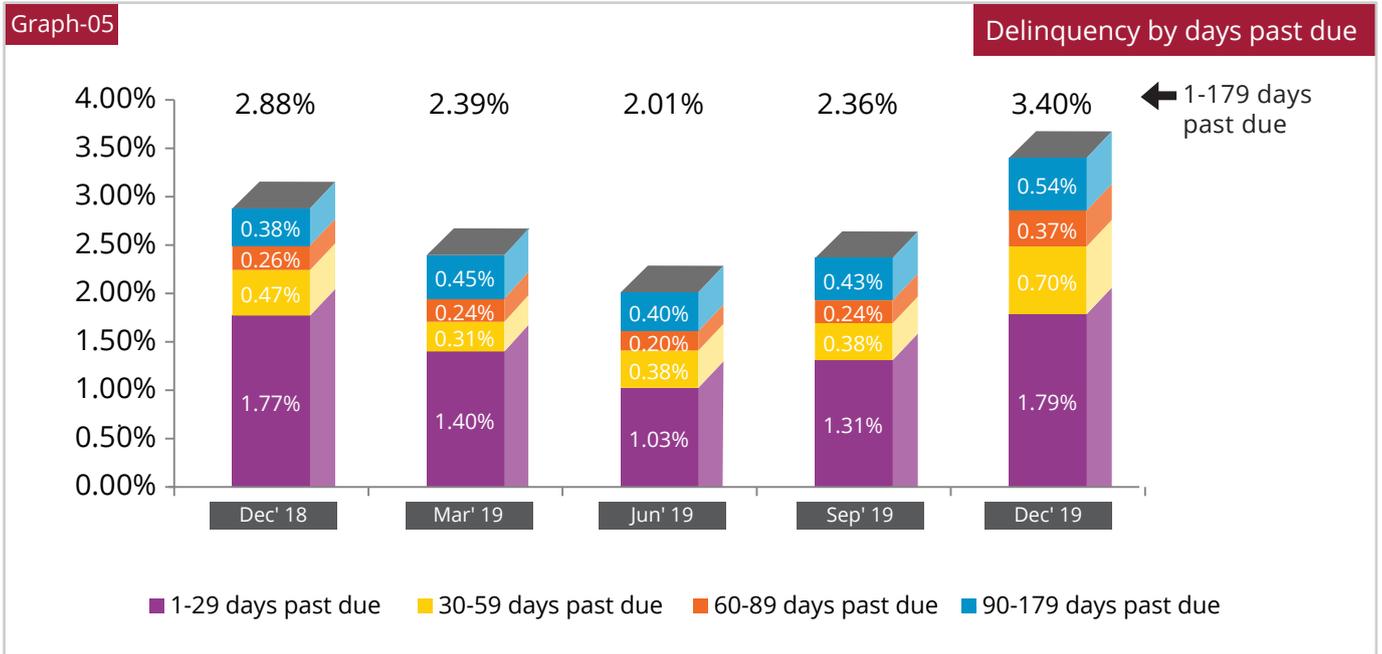
- ₹20k-30k ticket size loans registered 10% Y-o-Y growth from OND'18 to OND'19
- Industry ATS witnessed 11% growth from OND'18 to OND'19

Industry Risk Profile



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Industry Risk Profile



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
Dec' 18	1.77%	0.47%	0.26%	0.38%	2.88%
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%

Table-05

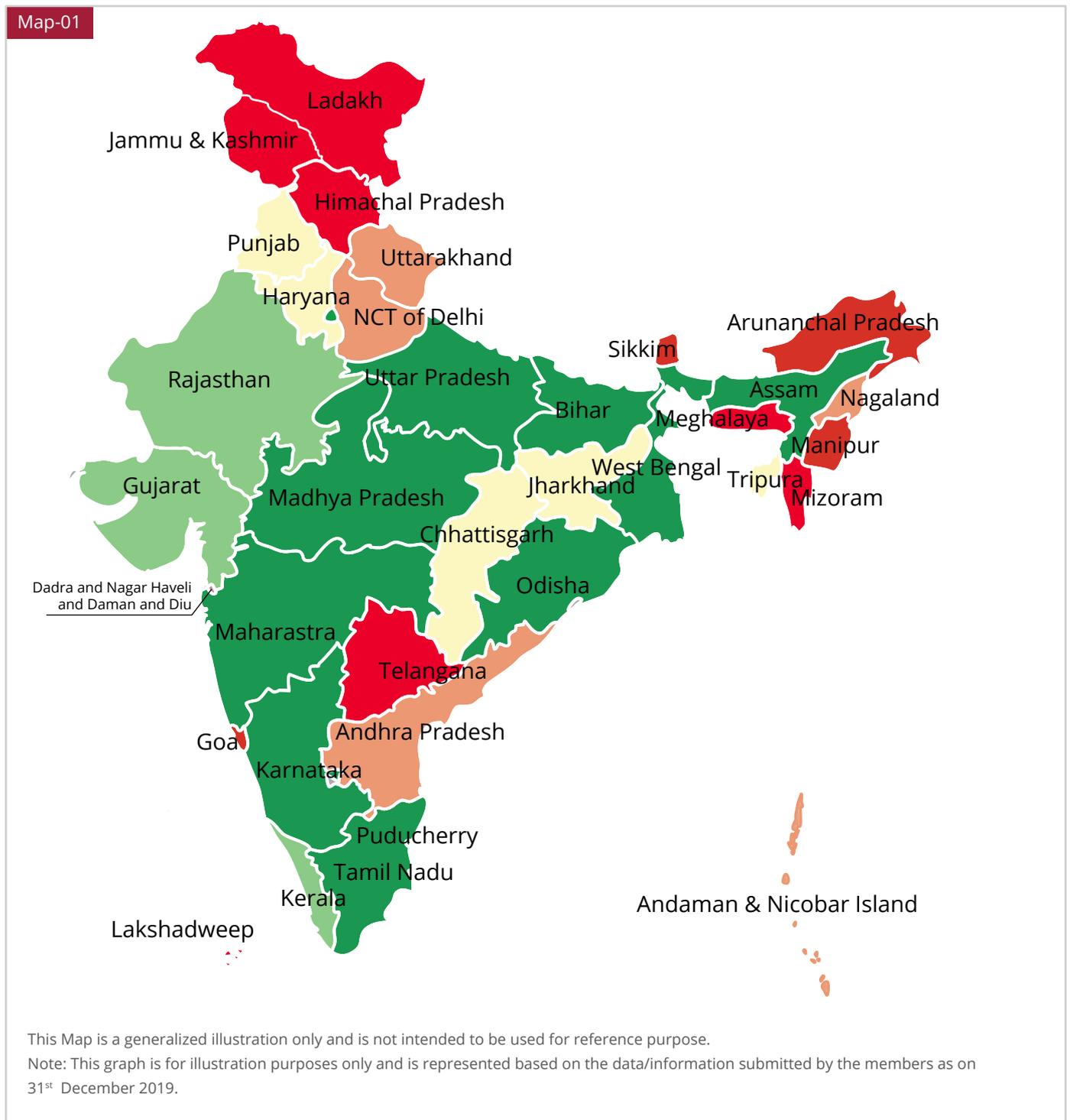
- The overall industry delinquency in December 2019 at 3.40%, highest, across five quarters
- Delinquency under 1-29 days bucket has increased by 0.48% in December 2019 compared to September 2019 quarter

Geographical Exposure



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State/UT wise Portfolio Outstanding as on December 2019

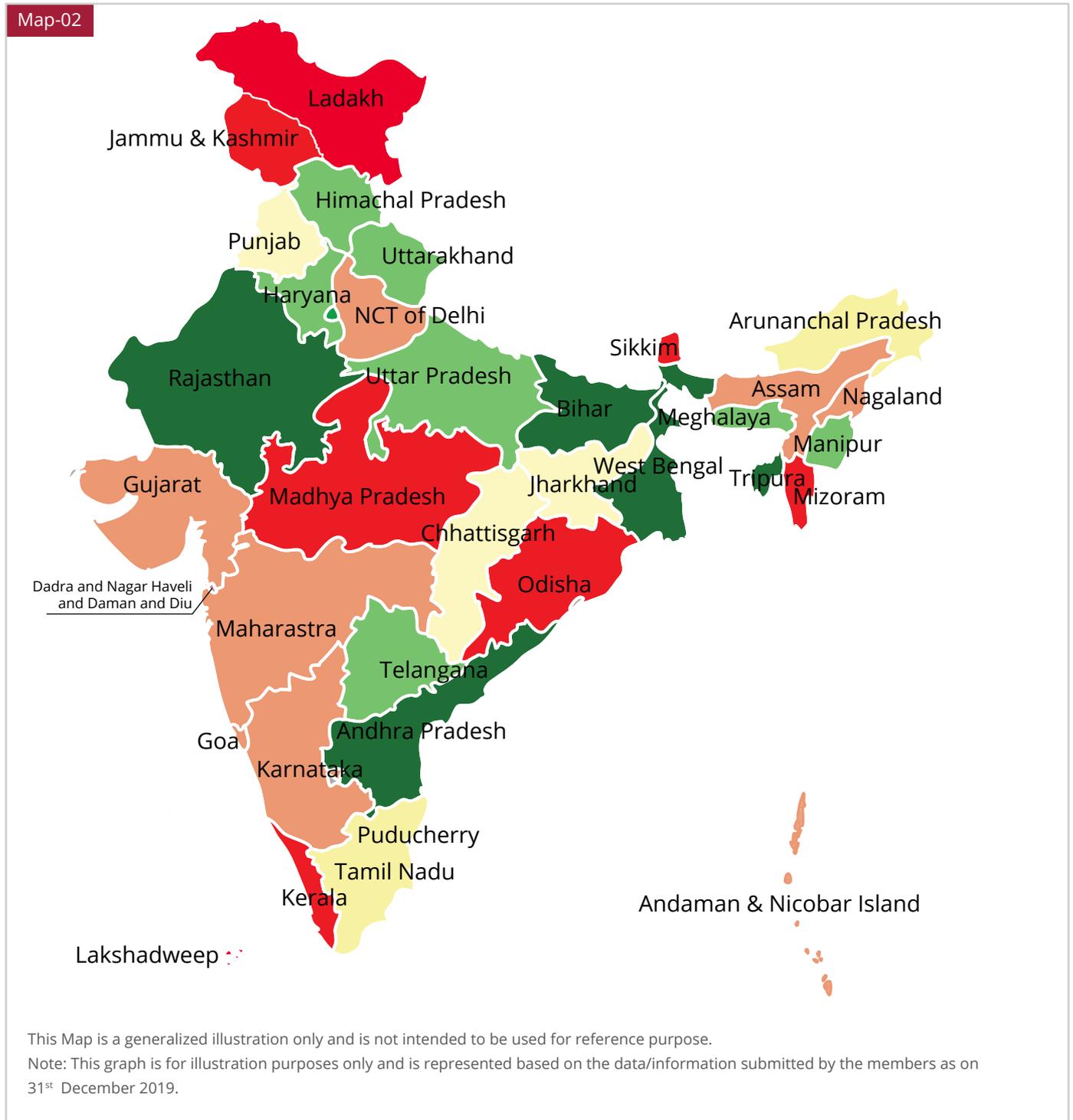


POS Buckets

■ < 500 crore
 ■ 500 - 1000 crore
 ■ 1000 - 5000 crore
 ■ 5000 - 10000 crore
 ■ >10000 crore

- Pan India portfolio outstanding as on 31st December 2019 is ₹208,865 crore.
- In India, nine states contribute more than 70% to Pan India POS
- Eastern zone is concentrated with states having a portfolio exposure of less than ₹500 crore

State/UT wise 90+ Delinquency as on December 2019



Delinquency Buckets

■ <= 0.33%
 ■ 0.34% - 0.47%
 ■ 0.48% - 0.59%
 ■ 0.60% - 0.74%
 ■ >= 0.75%

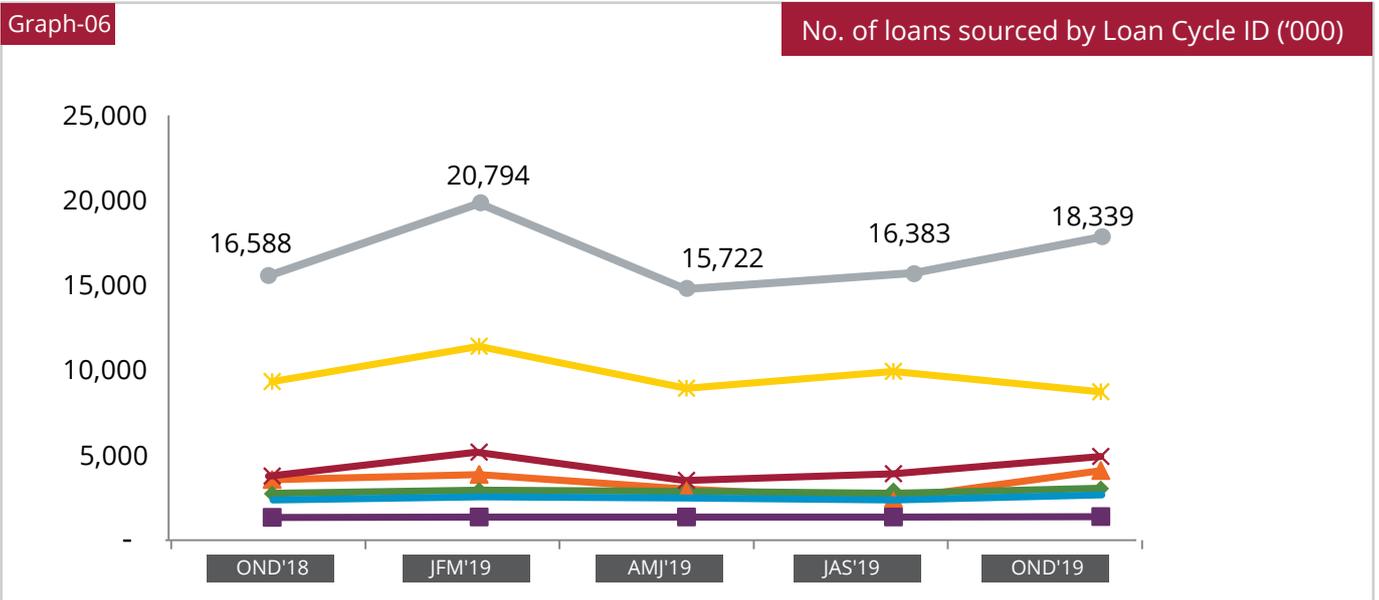
- As on December 2019, 90+ delinquency is at 0.54%
- The northern zone, except Jammu & Kashmir, exhibits reduced 90+ stress with delinquency values ranging from less than 0.34% to 0.47%
- More than 12 Indian states have 90+ delinquency higher than Industry delinquency as on December 2019

Loan Cycle ID Trends



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Loan Cycle ID - Sourcing Trends



Loan cycle ID	OND'18	JFM'19	AMJ'19	JAS'19	OND'19
LoanID-1	9,752	11,834	9,350	10,345	9,144
LoanID-2	2,419	2,712	1,868	1,280	2,940
LoanID-3	841	1,033	959	840	1,150
LoanID-4-6	795	998	979	972	1,099
LoanID->6	164	188	193	190	220
Others (ID not defined)	2,617	4,029	2,374	2,757	3,786
Industry	16,588	20,794	15,722	16,383	18,339

Table-06

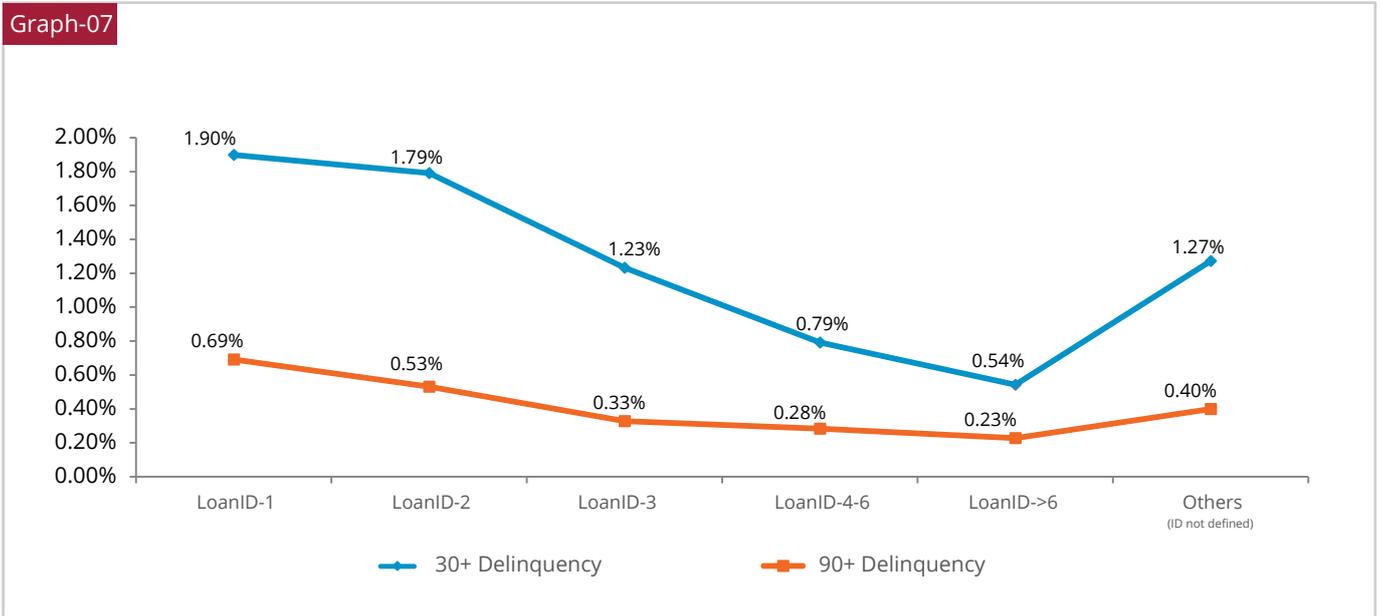
Loan Cycle ID distribution by disbursed amount

Loan Cycle ID	Disbursed Amount (₹crore)	Disbursed Amount %
LoanID - 1	132,964	44%
LoanID - 2	43,881	14%
LoanID - 3	17,276	6%
LoanID - 4 -6	14,931	5%
LoanID->6	2,678	1%
Other (ID not defined)	90,317	30%
Industry	302,046	100%

Table-07

- Loan Cycle ID - 1 has the highest sourcing share at 44% by disbursed amount
- Loan Cycle ID - 3 has seen a 37% growth in OND'19 from JAS'19, in terms of No. of Loans sourced.

Delinquency by Loan Cycle ID



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

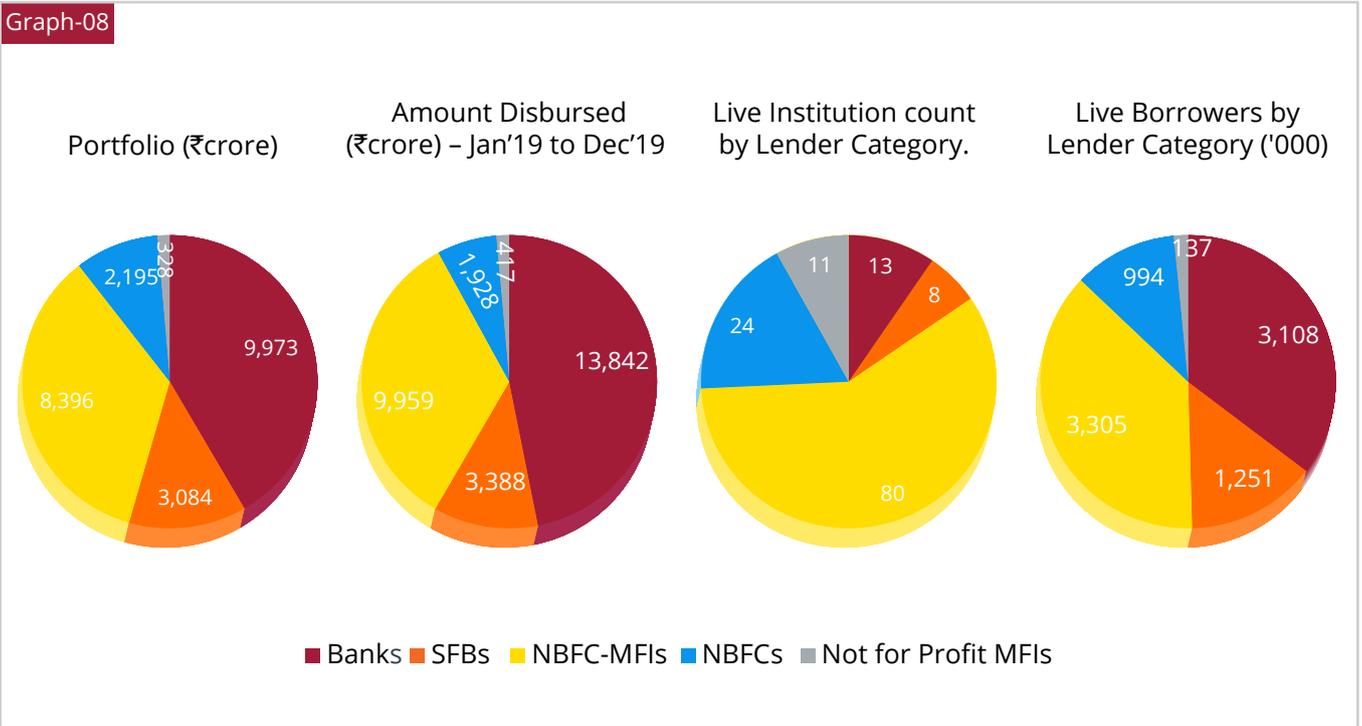
Aspirational Districts



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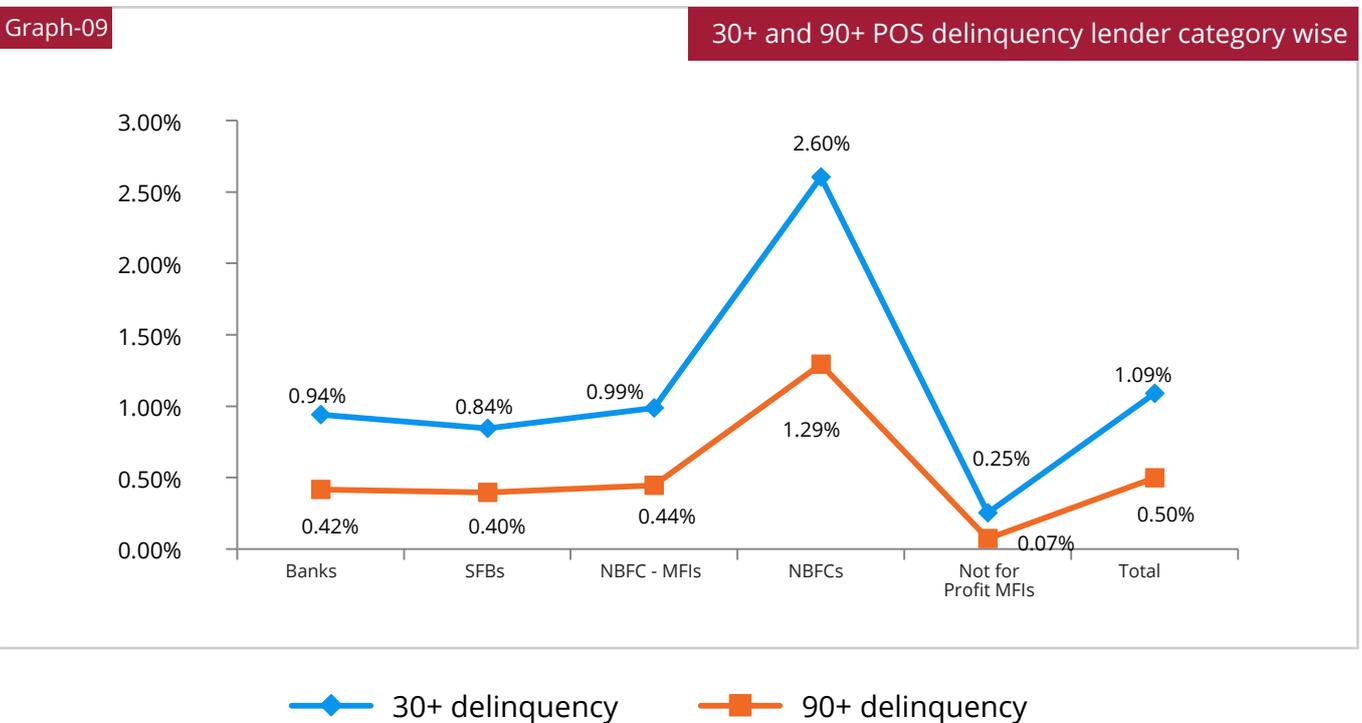
Aspirational Districts – December 2019 Overview

Graph-08



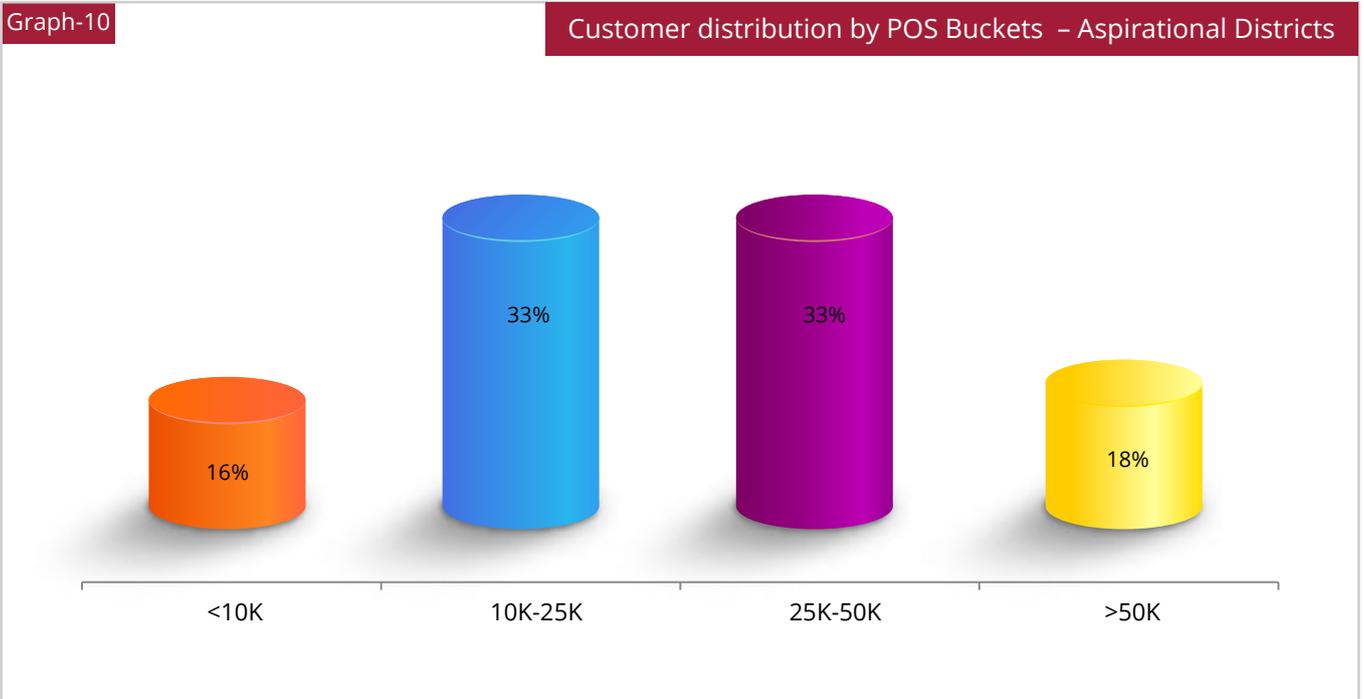
Graph-09

30+ and 90+ POS delinquency lender category wise



- Banks have the highest POS share at 42% as of December 2019
- NBFC-MFIs have the highest institutional count across Aspirational Districts as on December 2019
- As on December 2019, 90+ delinquencies of SFBS and Not for Profit MFIs was at 0.40% & 0.07% respectively.

Aspirational Districts – Customer and Geography Spread



District	State	POS (₹crore) - Dec'19	Live Accounts ('000)	Live Institution * Count	Live Borrowers ('000)	90+ POS Delinquency
Muzaffarpur	Bihar	1,555	765	68	492	0.12%
Begusarai	Bihar	1,220	614	60	360	0.21%
Purnia	Bihar	872	410	48	245	0.06%
Virudhunagar	Tamil Nadu	731	387	47	204	0.78%
Dahod	Gujarat	725	350	37	201	0.14%
Araria	Bihar	692	324	39	194	0.08%
Katihar	Bihar	660	313	48	185	0.05%
Sitamarhi	Bihar	628	308	52	186	0.03%
Ramanathapuram	Tamil Nadu	578	299	41	158	0.18%
Barpeta	Assam	569	212	32	125	0.94%

Table - 08

- Customer distribution chart for POS indicates that a 66% of customers fall between the ₹10,000 to ₹50,000 buckets.
- As of December 2019, Muzaffarpur is the top district in terms of POS
- Sitamarhi district in Bihar has the lowest 90+ delinquency amongst the top 10 district, at 0.03%.

**Some duplication may be there due to institutions operating in multiple geographies

Comprehensive State Profile : Tamil Nadu

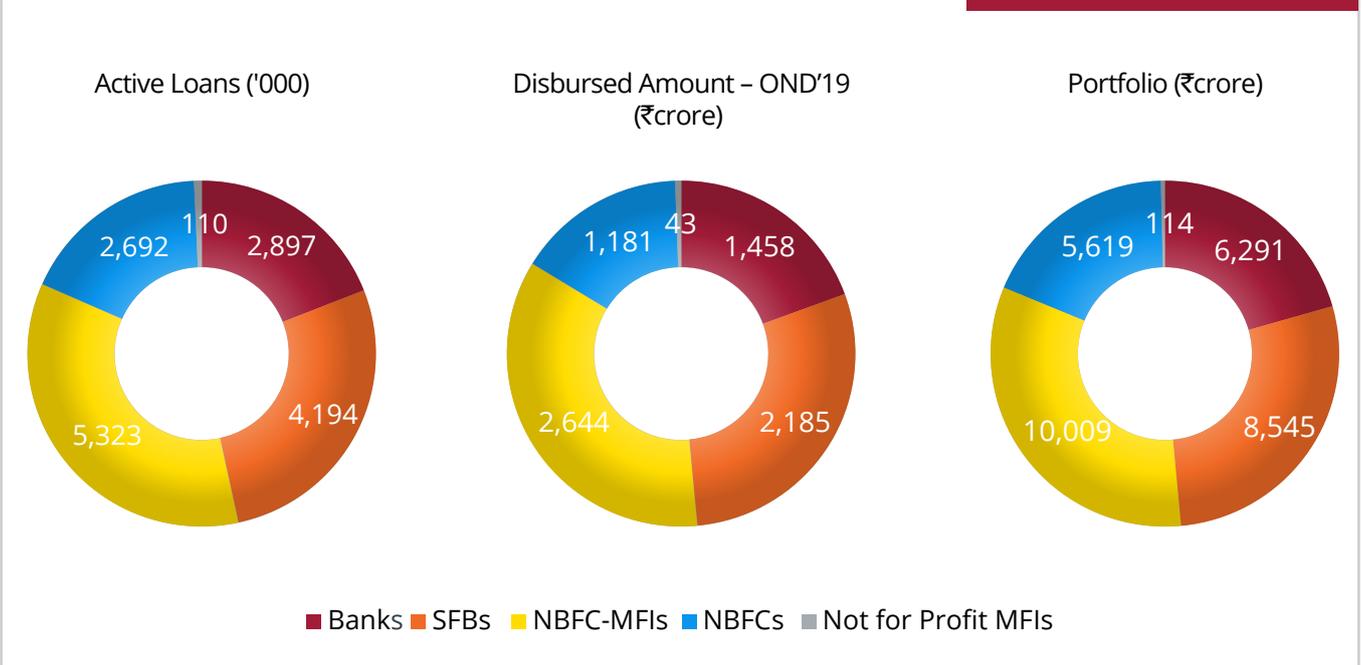


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Tamil Nadu: State View

Graph-11

As on 31st December 2019

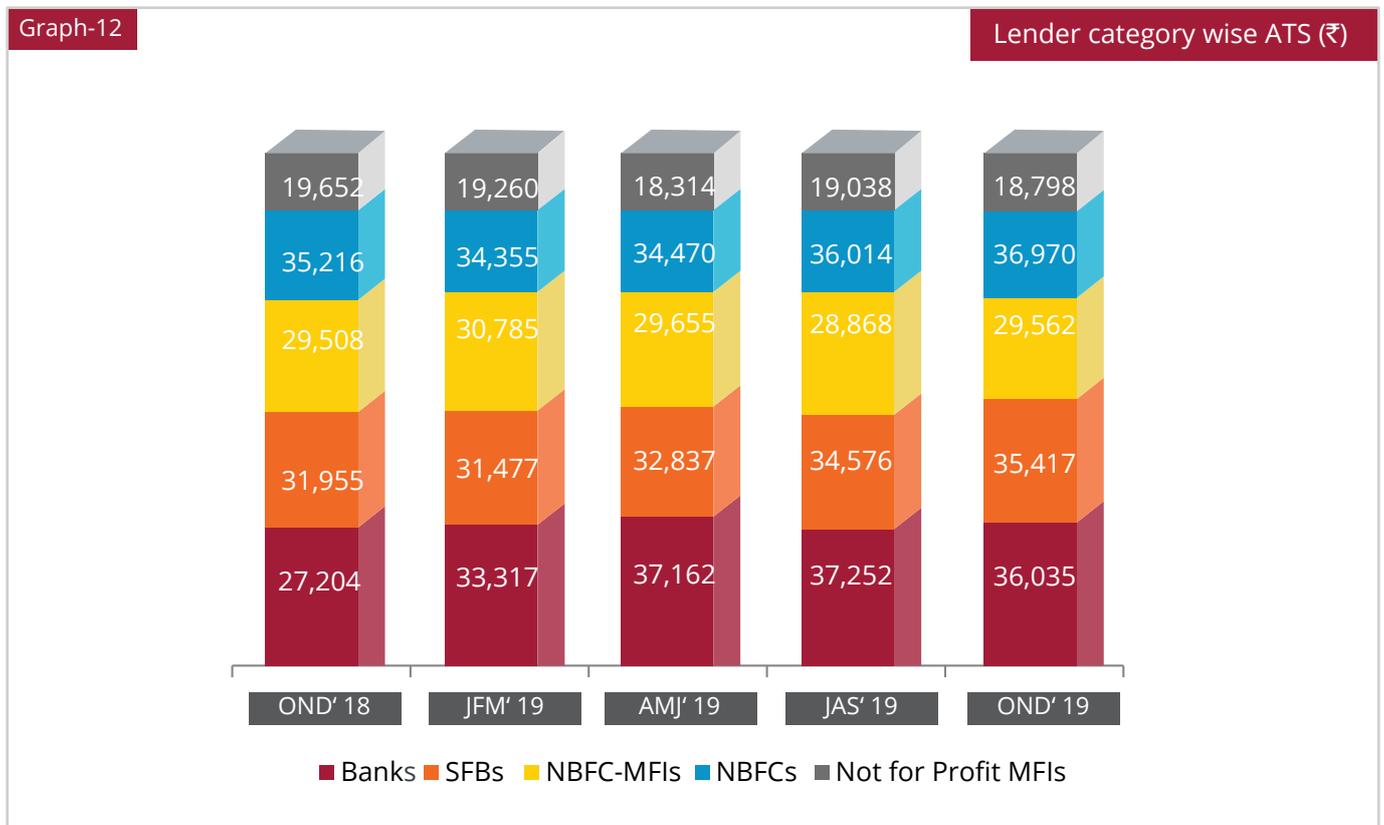


Tamil Nadu Snapshot view as on December 2019	Banks	SFBs	NBFC - MFIs	NBFCs	Not for Profit MFIs	Industry
Active Loans ('000)	2,897	4,194	5,323	2,692	110	15,216
Portfolio Outstanding (₹crore)	6,291	8,545	10,009	5,619	114	30,578
Market Share in Portfolio Outstanding	21%	28%	33%	18%	0%	100%
Disbursed Amount (₹crore) - OND'19	1,458	2,185	2,644	1,181	43	7,511
Average Ticket Size (₹) - OND'19	36,035	35,417	29,562	36,970	18,798	33,262
30+ Delinquency (POS)	0.48%	1.09%	1.79%	2.08%	1.49%	1.38%
90+ Delinquency (POS)	0.20%	0.52%	0.78%	0.78%	0.86%	0.59%

Table - 09

- Microfinance industry in Tamil Nadu is dominated by NBFC-MFIs holding 33% market share by POS.
- The SFB portfolio in TN suggests a balanced mix of POS contribution at ₹8,545 crore and lower delinquency levels compared to the industry
- NBFCs have the highest ATS at ₹36,970 in Tamil Nadu, which is 11% higher than the state ATS of ₹33,262.

Tamil Nadu: Disbursement Trends



Average ticket size by Sourcing Quarter (₹)

ATS- Top 5** Districts	JFM' 19	AMJ' 19	JAS' 19	OND' 19
Cuddalore	31,397	32,138	32,575	32,600
Kanchipuram	32,920	33,984	34,425	34,496
Villupuram	32,432	32,559	32,976	34,285
Coimbatore	31,820	33,636	33,764	33,378
Thanjavur	32,315	33,741	34,262	33,672

Table - 10

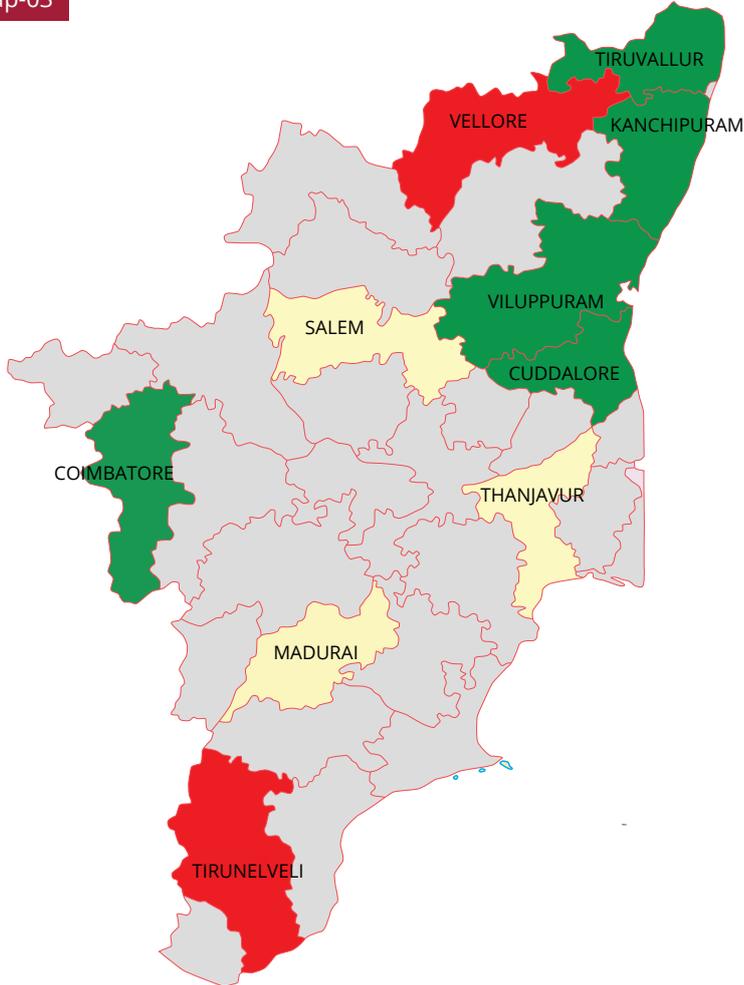
- OND'18 to OND'19 Tamil Nadu ATS has seen a 10% growth
- In Top 5 districts, Kanchipuram district has the highest ATS across all quarters
- As on December 2019, NBFCs lead ATS at ₹36,970, followed by Banks and SFBS
- Across lenders, Banks have highest ATS growth of 32% from OND'18 to OND'19. This was followed by SFBS at 11%

**Top 5 districts in terms of Disbursed Amount from JFM'19 to OND'19

Tamil Nadu: Geographical Portfolio Contribution

Map-03

Portfolio market share – top 10 districts



Colour	Range
Green	> ₹1,750 cr
Yellow	₹1,270 cr - ₹1,750 cr
Red	₹1,200 cr - ₹1,270 cr
Grey	< ₹1,200 cr

This Map is a generalized illustration only and is not intended to be used for reference purpose.

District	Live Borrowers as on Dec'19 ('000)	Total Population – Census (2011,'000)	Live Borrowers %	90+ Delinquency %
Coimbatore	494	3,458	14%	0.70%
Cuddalore	439	2,606	17%	0.31%
Kanchipuram	494	3,998	12%	0.36%
Madurai	376	3,038	12%	1.00%
Salem	368	3,482	11%	0.47%
Thanjavur	378	2,406	16%	0.90%
Tirunelveli	314	3,077	10%	0.68%
Tiruvallur	361	3,728	10%	0.67%
Vellore	337	3,936	9%	0.27%
Villupuram	493	3,459	14%	0.24%

Table - 11

- As on December 2019, Tamil Nadu's portfolio exposure is at ₹30,578 crore
- Coimbatore has 14% MFI Loan taking population which is highest across top 10 districts of Tamil Nadu.

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 and aspirations, apart from Microfinance Pulse.

SIDBI in Microfinance space

SIDBI has played a 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.

About Equifax

Equifax is a global information solutions company that uses trusted unique data, innovative analytics, technology and industry expertise to power organizations and individuals around the world by transforming knowledge into insights that help make more informed business and personal decisions.

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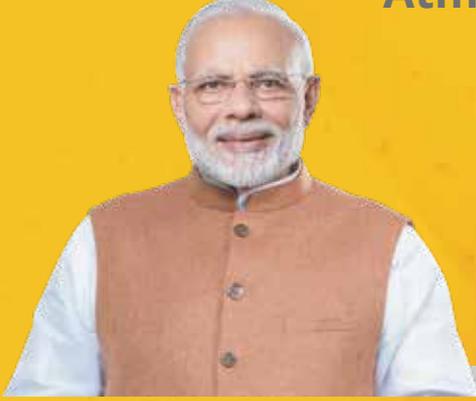
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आवासन और शहरी कार्य मंत्रालय
भारत सरकार

SIDBI is implementation Agency for PM Street Vendor
AtmaNirbhar Nidhi (PM SVANidhi)



“कोरोना के इस संकट में देश ने
रेहड़ी-ठेला-पटरी लगाने वाले हमारे साथियों
के संयम और संघर्ष-शक्ति को देखा है।
उनके आर्थिक हितों को सुनिश्चित करने के लिए
हमारी सरकार लगातार कदम उठा रही है।”
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