



Microfinance India Report

2023

Supported By



Association of Microfinance Institutions
West Bengal

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Content

Executive Summary	6
Abbreviations.....	7
MFI Industry Overview (JAS, 2023).....	8
Analyzing 90+ Delinquency Trends in the Financial Sector (as on September 2023).....	9
Disbursement Trends and Insights (July to September 2023)	10
West Bengal MFI Overview	11
Average Ticket Size (West Bengal), Quarterly (JAS'22 to JAS'23).....	12
Growth in Portfolio Outstanding (Quarterly), West Bengal.....	13
Analyzing 90+ Delinquency (West Bengal)	13
Disbursement Analysis over 5 quarters (West Bengal)	14
Amount Disbursed over 5 quarters, West Bengal.....	15
Performance Analysis of Disbursement trend (Top 5 Districts, West Bengal)	17
Performance Analysis of Portfolio Outstanding (Top 5 Districts, West Bengal).....	18
90+ Delinquency of Portfolio Outstanding (Top 5 Districts, West Bengal).....	19

Executive Summary

The Microfinance sector in India has emerged as a steppingstone of financial inclusion, playing a pivotal role in empowering underserved and economically vulnerable segments of society. As of the latest available data, Microfinance Institutions (MFIs) in India have demonstrated remarkable growth and impact by disbursing a significant number of loans, contributing to the financial well-being of millions. Among these institutions, Non-Banking Financial Companies specializing in Microfinance (NBFC-MFIs) have stood out, capturing a share of 41% in the number of loans disbursed and 41% in portfolio outstanding. The total number of loans disbursed by MFIs in India has reached 205 lakhs (JAS'23), underscoring the substantial impact of microfinance in meeting the credit needs of the economically marginalized and fostering inclusive growth.

Within the financial inclusion landscape in India, West Bengal stands out as an evolving and vibrant hub in terms of economic inclusion. This report delves into the trends within West Bengal's Microfinance sector. The data presented in the report analyses the performance of financial institutions in West Bengal. Among the financial institutions providing financial services in West Bengal, Private Sector Banks lead in the share of total number of loans provided with 5,145,416 with the amount disbursed INR 23,160 crores from JAS'22 to JAS'23.

This report is jointly developed by Equifax and ACCESS Development Services with support from AMFI-West Bengal. The data / information has been provided by Equifax and ACCESS Development Services has developed the report using the data provided.

Abbreviations

AMJ	April May June
JAS	July August September
JFM	January February March
OND	October November December
MFI	Microfinance Institutions
NBFC-MFIs	Non-Banking Financial Companies specializing in Microfinance
SFB	Small Finance Banks
POS	Portfolio Outstanding (0 to 180+ Dpds)
Active Loans	0 to 180+ Dpds
DPD	Days Past Due
90+ Delinquency	(90 to 180+) / (0 to 180+ dpds)
Average Ticket Size	Disbursed Amount / Number of Loans

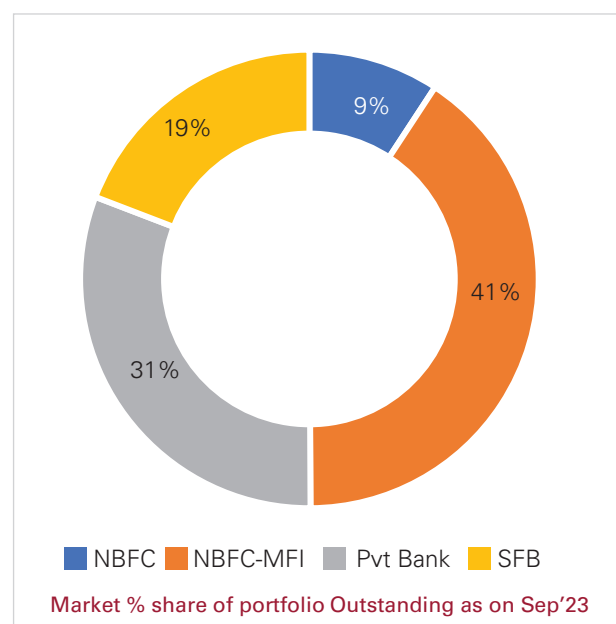
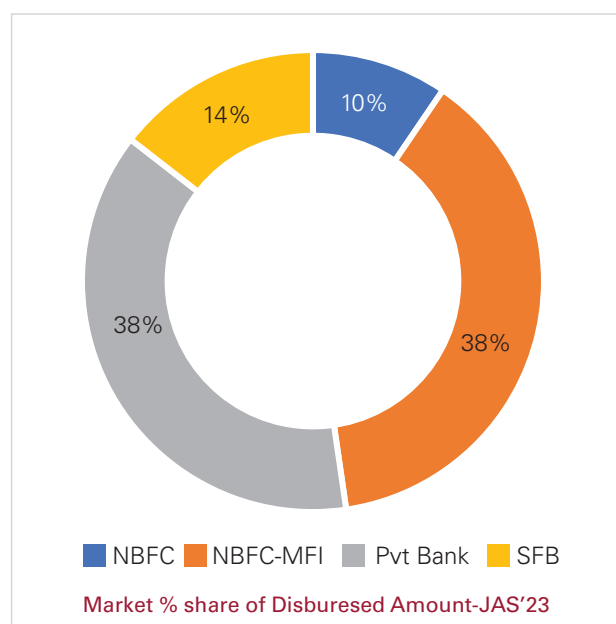
MFI Industry Overview as on September 2023

The microfinance industry in India has witnessed remarkable growth and played a pivotal role in financial inclusion, particularly in empowering the underserved and economically vulnerable segments of society. As of the latest available data, microfinance institutions (MFIs) in India have disbursed a significant number of loans, contributing to the financial well-being of millions. With a share of 41% in the number of loans disbursed and 38% in portfolio outstanding, Non-Banking Financial Companies specializing in Microfinance (NBFC-MFIs) have been instrumental in reaching out to those often excluded from traditional banking

services. The total number of loans disbursed by Private Sector Banks in India stands at 77 lakhs reflecting the substantial impact of microfinance in addressing the credit needs of the economically marginalized. This industry's role is not just confined to providing financial assistance but also in fostering entrepreneurship and uplifting the socio-economic status of communities across the country. The data underscores the importance of microfinance in India's financial landscape, showcasing its effectiveness in bridging gaps and fostering inclusive economic growth.

Table 1: Industry Overview

Particulars	NBFCs	NBFC-MFIs	Private Banks	SFBs	Total
Number of Loans Disbursed-JAS'23 (in Lakhs)	17	83	77	28	205
Portfolio Outstanding (Rs. Crore)	36,482	160,710	122,072	75,740	395,004
Disbursed Amount-JAS'23 (Rs. Crore)	8,862	35,554	35,216	13,490	93,122



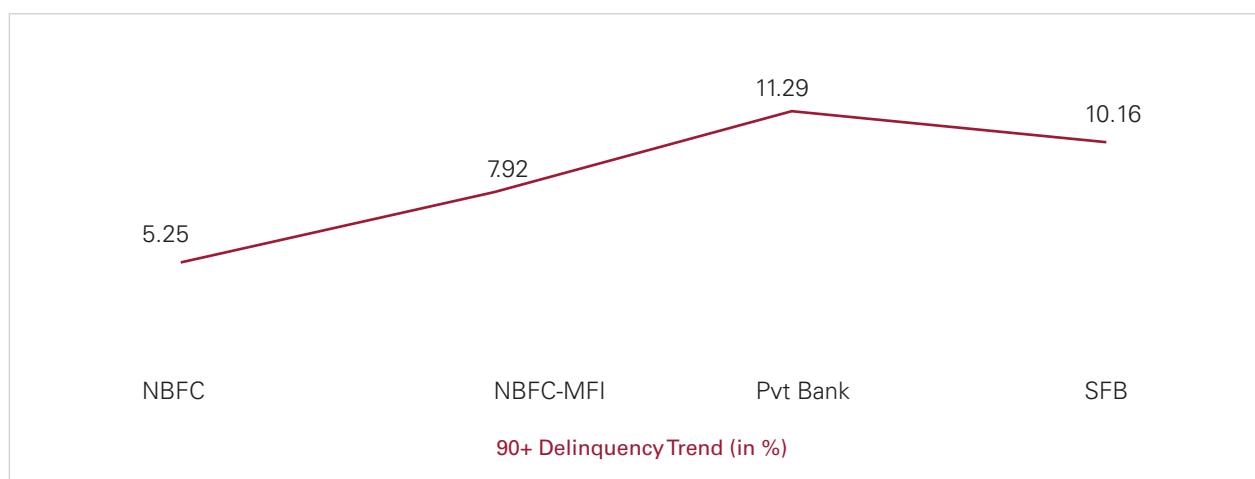
- **Loan Disbursement Distribution:** NBFC-MFIs dominate the loan disbursal landscape with 41%, followed by Private Sector Banks at 38%, and SFBs at 14%. This indicates a significant role played by NBFC-MFIs in providing loans and also depicts their assertiveness.

- **Portfolio Outstanding Composition:** NBFC-MFIs Banks lead in terms of portfolio outstanding with 41%, followed by Private Sector Banks at 38%, and SFBs at 14%. This suggests that NBFC-MFIs not only disburse more loans but also maintain a substantial outstanding portfolio.
- **Disbursed Amount Distribution:** Similar to loan disbursal, NBFC-MFIs have a notable share in disbursed amounts at 38%, followed by Private Sector Banks at 37.81%, and SFB at 14%.
- **Impact:** The total number of loans disbursed is 205 lakhs with a substantial total outstanding portfolio of ₹ 395,004 crores and a disbursed amount of 93,122 crores.

Analyzing 90+ Delinquency Trends in the Financial Sector (as on September 2023)

In the evolving landscape of the financial sector, a critical lens on credit quality and risk management is important. As of September 2023, this report delves into the intricate analysis of 90+ DPD (Days Past Due) delinquency trends across various financial entities, including NBFCs (Non-Banking Financial Companies), NBFC-MFIs (NBFCs specializing in Microfinance), Private Banks, and SFBs (Small Finance Banks). A comprehensive data analysis

scrutinizes active loan portfolios, delinquency percentages, and portfolios outstanding, 90+ DPD portfolios outstanding offering insights into navigating the challenges and opportunities within the financial inclusion domain. This analysis also unravels the dynamics of the risk landscape, enabling the informed decision-making and strategic planning within the industry.



- **90+ Delinquency:** Private Sector Banks show a substantial number of 90+ days past due loans with 13,782 crores, followed by NBFC-MFIs with 12,730 crores and SFBs with 7,698 crores.
- **Delinquency Percentage:** Private Sector Banks have the highest 90+ delinquency in active loans at 11.23%, while NBFCs have the lowest at 5.25%. NBFC-MFIs and SFBs fall in between, with 7.92% and 10.16%, respectively. The overall delinquency rate across all sectors is 9.15%.
- **Portfolio Outstanding:** NBFC-MFIs have the highest total portfolio outstanding at ₹ 160,710 crores, followed by Private Banks at ₹122,072.5 crores, SFBs at ₹ 75,739.8 crores, and NBFCs at ₹ 36,482 crores.

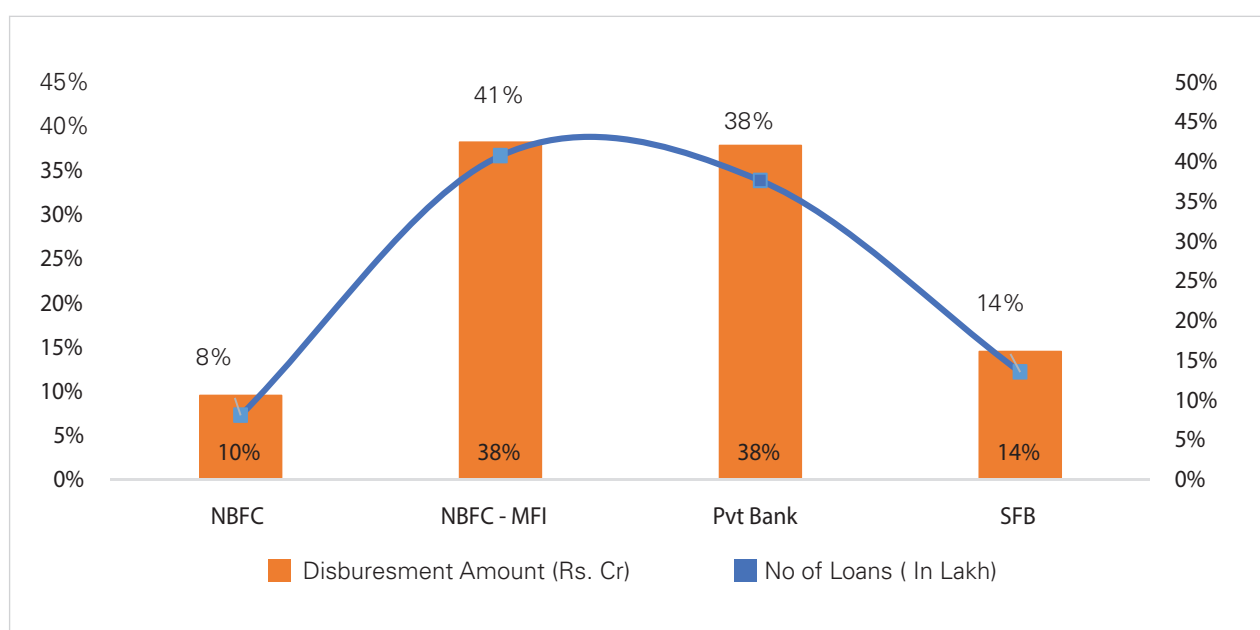
Disbursement Trends and Insights (July to September 2023)

This report delves into the disbursement trends and insights from July to September 2023. The data outlines a comprehensive analysis across NBFCs (Non-Banking Financial Companies), NBFC-MFIs, Private Banks, and Small Finance Banks (SFBs). In

the process of decoding the nuances of lending activities during this period, the data showcases the interplay between the number of loans and the corresponding disbursement amounts.

Table 2: Disbursement Insight (July – September 2023)

Particulars	NBFCs	NBFC-MFIs	Private Banks	SFBs	Total
No of Loans (In Lakh)	17	83	77	28	205
Disbursement Amount (In Crore)	8,862	35,554	35,216	13,490	93,122



- **Number of Loans (in lakh):** NBFC-MFIs have the highest number of loans at 83 lakhs, followed by Private Banks with 77 lakhs, SFBs at 28 lakhs, and NBFCs at 17 lakhs. The total number of loans across sectors is 205 lakhs.
- **Disbursement Amount (in Crore):** NBFC-MFIs lead in disbursement amount with ₹ 35,554 crores, followed by Private Banks at ₹ 35,216 crores, SFBs at ₹ 13,490 crores, and NBFCs at ₹ 8,862 crores. The total disbursement amount across sectors is ₹ 93,122crores.
- **Analysis of Loan Distribution and Disbursement Amount:** While NBFC-MFIs have the highest number of loans, their disbursement amount is also the highest, which indicates their efficiency in managing a large portfolio. Private Sector Banks with the second highest number of loans than NBFC-MFIs, also portray their growth in disbursement amount and management.

Market Share: As indicated, NBFC-MFI have the largest market share with 38% and NBFC having the lowest share with 10%.

- **Total Financial Outreach:** The cumulative disbursement amount of ₹ 93,122 crores underscores the collective financial outreach across NBFCs, NBFC-MFIs, Private Banks, and SFBs, reflecting their combined efforts in providing financial support.

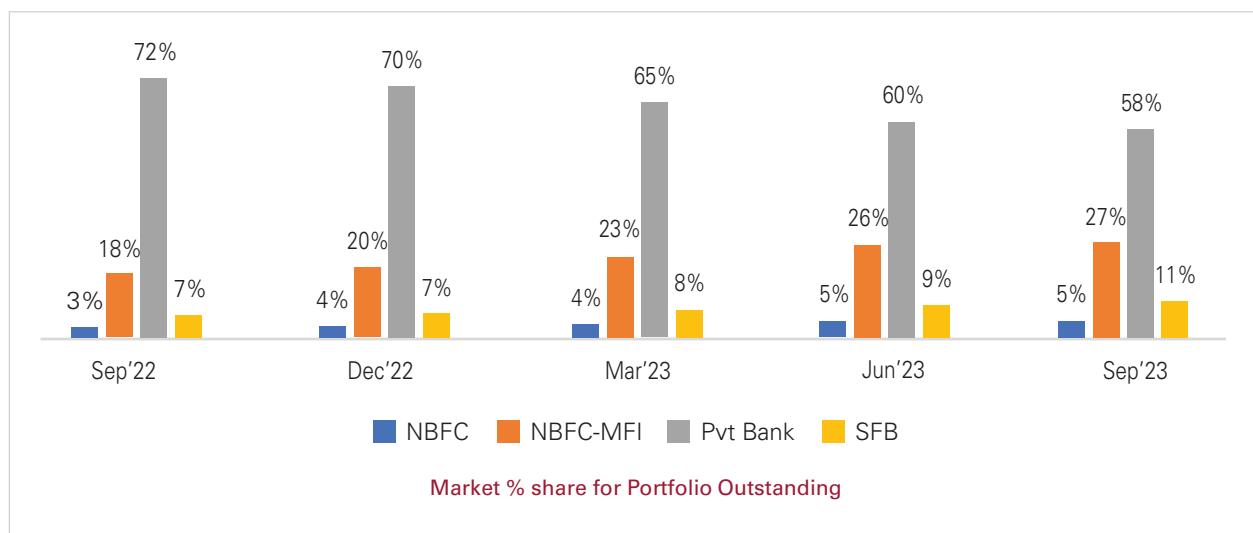
West Bengal MFI Overview

In India's economic landscape, West Bengal emerges as a vibrant hub, characterized by its dynamic economic activities. This section exhibits the data presented in the table below, highlighting the trends within West Bengal's MFI sector. This analyze the

trends in the Active loans and portfolio outstanding across sectors such as NBFCs (Non-Banking Financial Companies), NBFC-MFIs, Private Banks, and SFBs (Small Finance Banks) in West Bengal.

Table 3: MFI Overview of POS for 5 quarters of West Bengal (Active loans in Lakhs; POS in crore)

Timeline	Particulars					
		NBFCs	NBFC-MFIs	Private Banks	SFBs	Total
September'22	Active Loans (in Lakhs)	4	28	73	8	113
	Portfolio Outstanding (in Crore)	1,090	5,910	23,528	2,191	32,721
December'22	Active Loans	4	29	73	8	115
	Portfolio Outstanding	1,163	6,491	22,858	2,303	32,815
March'23	Active Loans	4	31	71	9	115
	Portfolio Outstanding	1,312	7,372	21,173	2,599	32,456
June'23	Active Loans	5	33	70	9	117
	Portfolio Outstanding	1,495	7,972	18,453	2,865	30,785
September'23	Active Loans	5	35	69	11	120
	Portfolio Outstanding	1,634	8619	18,666	3,430	32,349



Trends in Number of Loans:

- The number of loans provided by all the sectoral institutions fluctuated over the quarters, showing varying degrees of growth and also decline.
- NBFC-MFIs consistently exhibited the highest number of loans, indicating their focus on microfinance and their ability to extend credit facilities to target communities.
- Private Banks consistently maintained high no. of loans, reflecting strong presence in retail lending.

Portfolio Outstanding Trends:

- The portfolio outstanding for each sector also displayed fluctuations throughout the quarters.

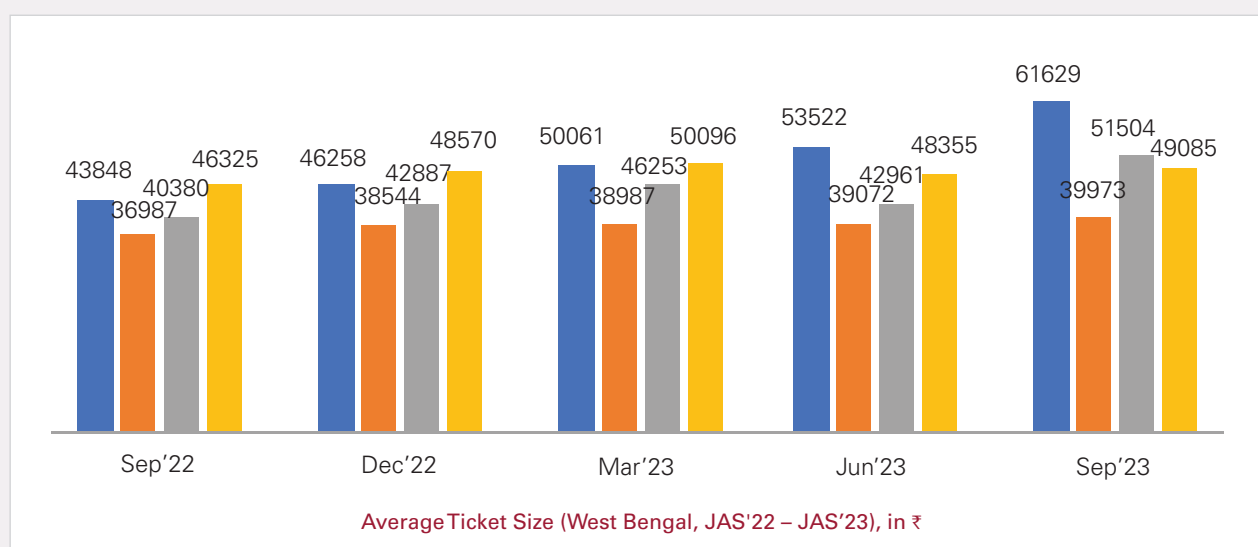
- Private Banks consistently maintained the highest share of portfolio outstanding, highlighting their presence in the financial sector and diverse lending portfolio.
- NBFC-MFIs consistently held a significant share in portfolio outstanding, underscoring their substantial impact on microfinance and financial inclusion efforts.
- **Sector-wise Performance:**
 - NBFC-MFIs demonstrated steady growth in both the number of loans and portfolio outstanding, reaffirming their efforts and efficiency to serve the unbanked and underbanked population.
 - SFBs shows a consistent growth in both the number of loans and portfolio outstanding, reflecting their role in catering to the needs of the end customers who could also be small businesses and low-income households.

Average Ticket Size (West Bengal), Quarterly (JAS'22 to JAS'23)

The table presents the average ticket size for financial institutions from JAS 2022 to JAS 2023.

Table 4: Average Ticket Size (West Bengal, JAS'22 – JAS'23), in ₹

Timeline				
	NBFCs	NBFC-MFIs	Private Banks	SFBs
JAS'22	43,848	36,987	40,380	46,325
OND'22	46,258	38,544	42,887	48,570
JFM'23	50,061	38,987	46,253	50,096
AMJ'23	53,522	39,072	42,961	48,355
JAS'23	61,629	39,973	51,504	49,085



- The NBFC exhibits a steady growth trend in average ticket size throughout the quarters, with a notable increase from 43,848 in JAS'22 to 61,629 in JAS'23.
- Private sector banks demonstrate a similar upward trajectory in average ticket size offered, reflecting steady growth.

Quarterly Growth in the Portfolio Outstanding (West Bengal)

The table presents growth percentages for various sectors of Portfolio outstanding over 5 quarters. NBFC experienced modest growth from Sep'22 to

Jun'23, followed by a slight decline from Jun'23 to Sep'23.

Table 5: Growth in the Portfolio Outstanding (Quarterly)

Timeline	Sector			
	NBFC	NBFC-MFI	Private Banks	SFB
Growth Sep'22 – Dec'22 (ln %)	7	10	-3	5
Growth Dec'22 – Mar'23 (ln %)	13	14	-7	13
Growth Mar'23 – Jun'23 (ln %)	14	8	-13	10
Growth Jun'23 – Sep'23 (ln %)	9	8	1	20

- Non-Banking Financial Companies (NBFC) witnessed fluctuating growth rates, with significant increases from Dec'22 to Mar'23 and from Mar'23 to Jun'23. NBFCs specializing in microfinance (NBFC-MFI) demonstrated growth but then a sudden decline from Jun'23.
- Private Banks showed mixed performance, experiencing declines in three quarters and growth in Sep'23.
- Small Finance Banks (SFB) exhibited significant growth throughout, particularly from Jun'23 to Sep'23.

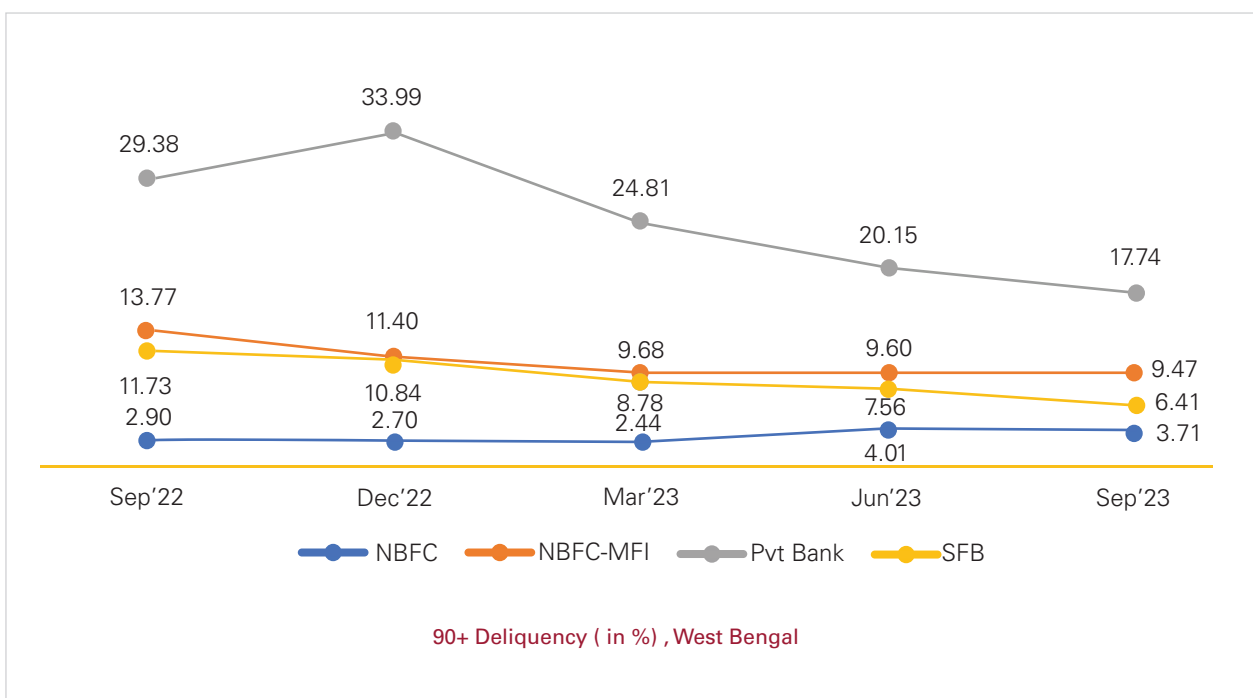
Analyzing 90+ Delinquency (West Bengal)

The table presents a 90+ delinquency analysis based on the portfolio outstanding (in percentage) across various sectors in West Bengal over five consecutive

periods. Private Sector Banks consistently exhibited the highest delinquency rates, albeit with a slight decrease from Mar'23 to Sep'23.

Table 6: 90+ Delinquency Analysis (West Bengal)

Timeline	Sector			
	NBFC	NBFC-MFI	Private Banks	SFB
Sep'22	2.90	13.77	29.38	11.73
Dec'22	2.70	11.40	33.99	10.84
Mar'23	2.44	9.68	24.81	8.78
Jun'23	4.01	9.60	20.15	7.96
Sep'23	3.71	9.47	17.74	6.41



- Non-Banking Financial Companies (NBFC), SFBs and NBFCs specializing in microfinance (NBFC-MFI) generally maintained relatively lower delinquency rates compared to Private Sector Banks, with NBFC showing the most stable trend over the quarters.
- Private Banks experienced increasing delinquency rates, but shows declining trend from March'23.

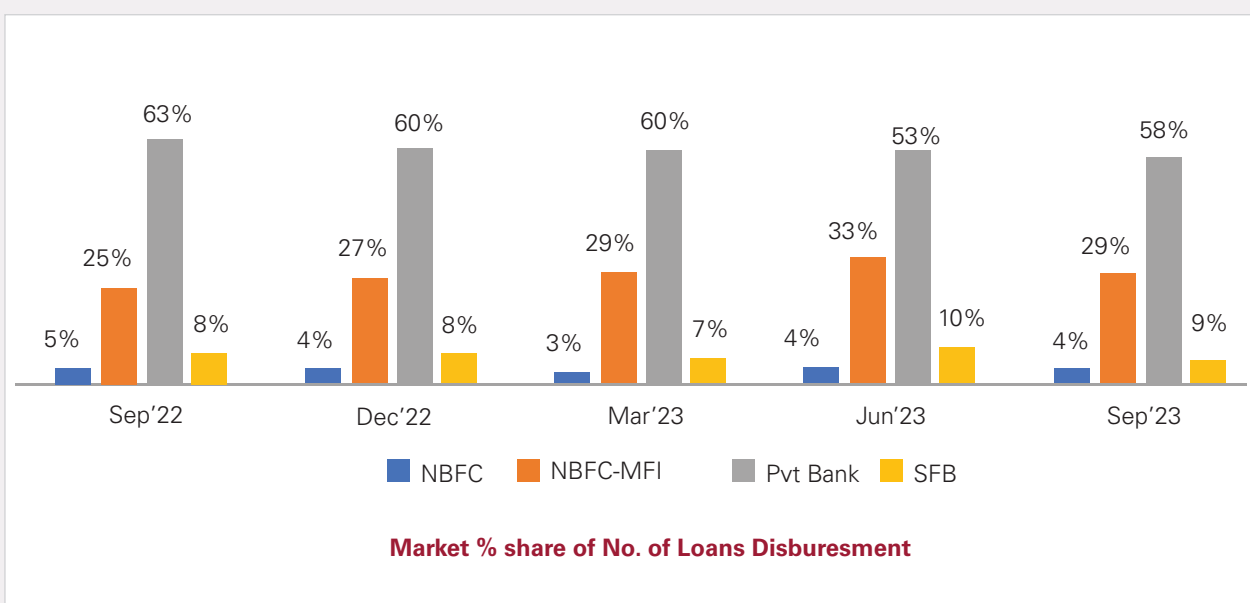
Disbursement Analysis over 5 quarters (West Bengal)

The analysis highlights the loan disbursement trend in the microfinance sector in West Bengal, indicating

the growth of financial inclusion within the state's financial landscape.

Table 7: Number of Loans Disbursements, West Bengal, Data in '000

Timeline	Sector			
	NBFC	NBFC-MFI	Private Banks	SFB
JAS'22	74	407	1021	131
OND'22	67	439	971	129
JFM'23	76	656	1358	163
AMJ'23	65	471	766	141
JAS'23	72	508	1029	158



The data covers the amount of loan disbursed in West Bengal in five quarter from Sep'2022 to Sep'2023.

Key observations:

- The trend shows the fluctuation in the number of loans disbursements in the state over the quarters.
- Private Banks consistently maintain the highest Portfolio of loan disbursement throughout the quarters, indicating their efficiency and positioning in the financial sector towards lending.
- NBFC-MFIs demonstrate significant growth, reflecting their role in strong contribution in microfinance and extending credit facilities to underserved communities.

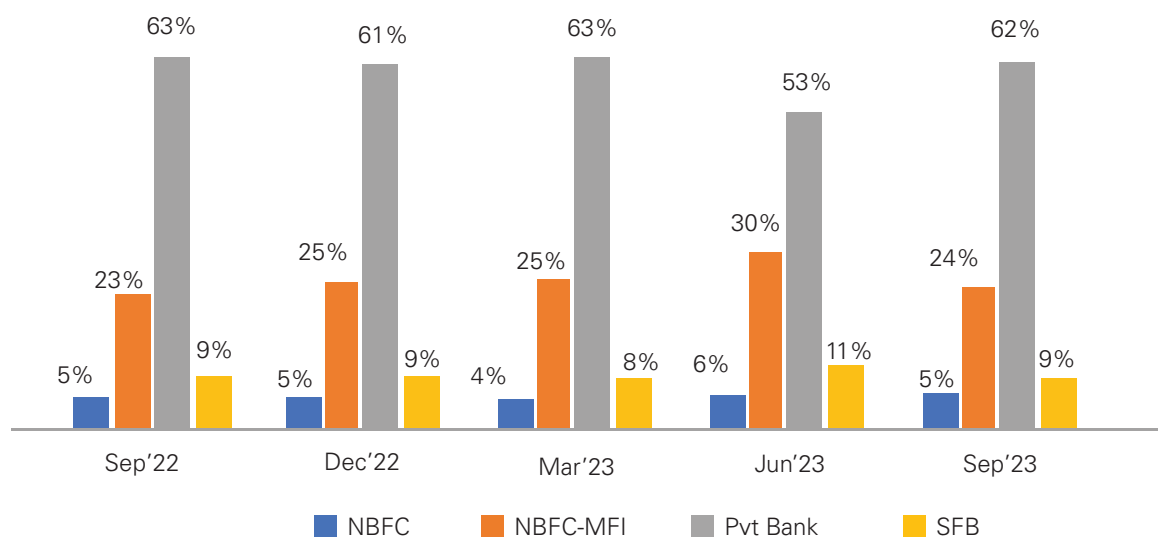
Amount Disbursed over 5 quarters, West Bengal

The data provides insights into the amount disbursed by the sectoral financial institutions in West Bengal. The data demonstrates the financial performance

over the specified timeline (5 quarters), enabling stakeholders to assess sectoral growth and trends in Portfolio Outstanding.

Table 8: Amount Disbursed, West Bengal (Data in Crore)

Timeline	Sector				
	NBFC	NBFC-MFI	Private Banks	SFB	TOTAL
JAS'22	324	1,504	4,123	608	6,558
OND'22	308	1,692	4,164	624	6,788
JFM'23	308	2,556	6,281	818	9,963
AMJ'23	347	1,841	3,292	680	6,159
JAS'23	444	2,031	5,301	775	8,551



Market % share in Disbursement Amount

The data covers trend analysis of amount disbursed by the financial institutions (in West Bengal) in five quarters from JAS'22 to JAS'23.

Key observations:

- The total disbursed amount increases progressively from JAS'22 to JFM'23, indicating growth in lending activities by the financial institutions in the state.
- Private Banks consistently maintain the highest share of disbursement throughout the timeline, reflecting their lending capacity in the financial sector.
- NBFC-MFIs show a notable increase from JAS'22 to JFM'23, indicating their role in microfinance and extending credit facilities to underserved segments.
- SFBs also demonstrate shows fluctuation but increase in disbursement over the quarters, highlighting their contribution to financial inclusion and providing credit.

Performance Analysis of Disbursement trend (Top 5 Districts, West Bengal)

The data presents the total amount disbursed (in crores) data for the top 5 districts in West Bengal across quarters. The overall performance in the

Portfolio for the top 5 districts in West Bengal shows a mixed pattern of growth and stability over the quarters.

Table 9: Analysis of Amount Disbursed (Top 5 Districts, West Bengal), in Crore

Timeline	Murshidabad	North 24 Paraganas	South 24 Paraganas	Nadia	Hooghly
JAS'22	845	578	386	359	283
OND'22	841	629	412	393	354
JFM'23	1,198	901	574	596	573
AMJ'23	830	529	339	362	312
JAS'23	1,122	791	514	507	483

Key observations:

- The analysis reflects an overall trend of growth in lending activities across the top 5 districts of West Bengal, with varying degrees of consistency and magnitude.
- There is a variational trend in the amount disbursed across top 5 districts. While Murshidabad exhibit the fluctuation but leads in lending activities, the other 4 districts maintain stable or moderate levels of disbursal.

Performance Analysis of Portfolio Outstanding (Top 5 Districts, West Bengal)

The data presents the portfolio outstanding (in crores) for the top 5 districts in West Bengal across quarters. Murshidabad has been the top performance with consistent lending across quarters with the YoY

growth of 18% in Sep'23 over Sep'22. The overall performance for the top 5 districts in West Bengal shows a growth in Portfolio Outstanding in Sep'23 over Jun'23.

Table 10: Performance Analysis of Portfolio Outstanding (Top 5 Districts, West Bengal), in crore

Timeline	Murshidabad	North 24 Paraganas	South 24 Paraganas	Nadia	Hooghly
Sep'22	2,996	3,085	2,687	2,517	1,871
Dec'22	3,051	3,265	2,559	2,472	1,902
Mar'23	3,294	3,175	2,273	2,206	1,923
Jun'23	3,281	2,974	2,104	1,953	1,804
Sep'23	3,548	3,162	2,204	1,979	1,897

Key Observations:

- There is an increasing trend in the portfolio outstanding across top 5 districts similar to the amount disbursed across top 5 districts. While Murshidabad depicts high portfolio outstanding, the other 4 districts maintain moderate levels of loans outstanding.
- Murshidabad district is the top performer with a notable increase in the portfolio outstanding across all the quarters amongst the top 5 districts of West Bengal.

90+ Delinquency of Portfolio Outstanding (Top 5 Districts, West Bengal)

The data presents the 90+ Delinquency of Portfolio Outstanding (in %) data in 5 districts in West Bengal which have the highest rates of delinquency across

quarters. The data analysis depicts the levels of challenges with loan defaults or delinquencies, with some districts facing higher rates compared to others.

Table 11: Table 14: 90+ Delinquency of Portfolio Outstanding (Top 5 Districts, West Bengal), Data in %

Timeline	Murshidabad	North 24 Paraganas	South 24 Paraganas	Nadia	Hooghly
Sep'22	10.56%	33.46%	36.91 %	37.48%	24.77%
Dec'22	11.36%	36.54%	43.16%	41.72%	26.08%
Mar'23	8.60%	27.44%	31.23%	29.14%	17.83%
Jun'23	7.34%	23.59%	28.87%	22.49%	13.60%
Sep'23	6.33%	21.02%	26.29%	19.88%	11.65%

Key Observations:

- The data should fluctuation in 90+ delinquency rates with moving quarters indicating worsening loan repayment performance with Murshidabad having the highest delinquency rates but shows declining trend.
- South 24 Paraganas have highest delinquencies throughout all the quarters.



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