

MICROFINANCE PULSE

VOL IX – JULY 2021



Analytical Contacts

Equifax

Kiran Samudrala
VP – Analytics
kiran.samudrala@equifax.com

Shruti Joshi
AVP – Analytics
shruti.joshi@equifax.com

Vandana Panchal
Sr. Ex. – Analytics
vandana.panchal@equifax.com

SIDBI

Kailash Chander Bhanoo
CGM-CS&RV-ERDA
erdav@sidbi.in

Rangadass Prabhavathi
DGM-CS&RV-ERDA
erdav@sidbi.in

Ramesh Kumar
AM-CS&RV-ERDA
rameshk@sidbi.in



Index

› Executive Summary	04
› Abbreviations & Glossary	05
› Microfinance Industry Overview	06
› Disbursement Trends	09
› Industry Risk Profile	12
› Geographical Exposure	14
› Comprehensive State Profile: Karnataka	17
› Aspirational Districts	22
› COVID-19 & Geo Trends	24

Executive Summary

COVID-19 has severely impacted the Microfinance sector owing to disruption it caused in supply chain & business operations, especially to the low-income group. The 9th edition of Microfinance Pulse, based on data submission as on March 31st, 2021, covers the trends and progress of Microfinance Industry.

The book size of microfinance industry as on 31st March 2021 is ₹249,277 crore, of this, Banks and NBFC-MFIs contribute more than 75% of the portfolio outstanding. Microfinance industry witnessed 18% Y-o-Y growth from March 2020 to March 2021 in terms of portfolio outstanding showing its resilience and recovering and returning back to the pre-COVID situation. Among lender categories, Banks have registered highest Y-o-Y growth of 36%, with consistent increase in market share.

Microfinance industry disbursed loans worth ₹93,100 crore during JFM' 21. Loan disbursal in terms of volume witnessed Y-o-Y growth of 17% and 26% in terms of value from JFM' 20 to JFM' 21. Banks contributed highest towards disbursement across all the quarters. Number of loan disbursed and all India ATS grew by 19% from OND' 20 to JFM' 21.

As the collection efficiency of the industry witnessed an improvement, the active loans delinquency buckets are showing improvement in March 2021 compared to December 2020.

West Bengal is at the top with the highest POS having Y-o-Y growth at 25% which is higher than the industry growth of 18%. Maharashtra has moved to 6th position in March 2021 from 5th position in March 2020. Except Karnataka, 90+ delinquency of all the top states has increased in March 2021 compared to March 2020.

In continuation of our process of focusing on a top state in MFI, we bring the comprehensive state profile for the state of Karnataka in this edition. As on 31st March 2021 portfolio outstanding of Karnataka stood at ₹20,330 crore and it witnessed Y-o-Y growth 16% from March 2020 to March 2021. Loan sourcing in terms of volume in Karnataka state witnessed Y-o-Y growth of 12% from JFM' 20 to JFM' 21. Overall 90+ delinquency for the state of Karnataka has come down to 1.73% in March 2021 from 2.41% in March 2020.

The COVID crisis and its impact on various zones of North, South, East and West is covered in this edition, the highest contribution towards disbursed amount is from East Zone at 45% of the total disbursed amount. Market share towards disbursed amount of Banks has increased from March 2020 to March 2021 in all the zones. South zone witnessed highest Y-o-Y ATS growth of 13% from JFM' 20 to JFM' 21.

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
 - Aspirational Districts (AD) - Districts (currently 117 in no.) identified by NITI Aayog, Govt, 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' 20 = January 2020 to March 2020
 - AMJ' 20 = April 2020 to June 2020
 - JAS' 20 = July 2020 to September 2020
 - OND' 19 = October 2020 to December 2020
 - JFM' 21 = January 2021 to March 2021

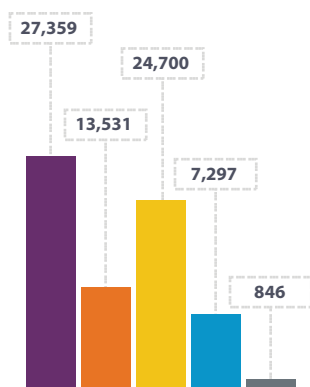
MICROFINANCE INDUSTRY OVERVIEW



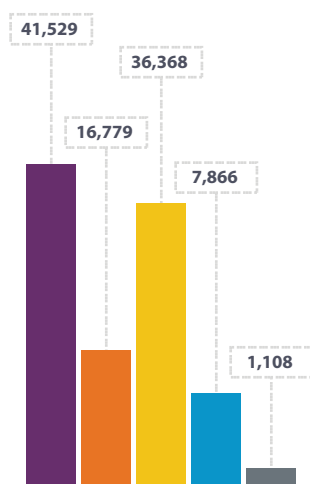
Microfinance Industry Snapshot

as on 31st March 2021

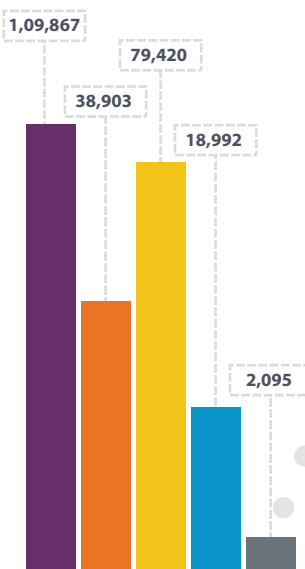
Unique Live Borrowers ('000)



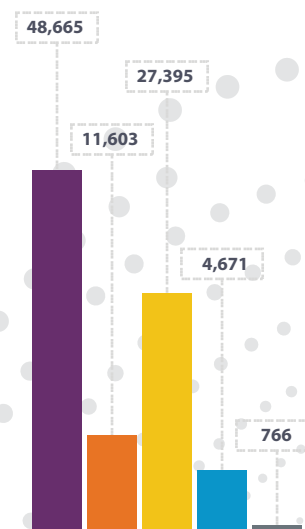
Active Loans ('000)



Portfolio (₹crore)



Disbursed Amount (₹crore) -JFM' 21



■ Banks ■ SFBs ■ NBFC-MFIs ■ NBFCs ■ Not for Profit MFIs

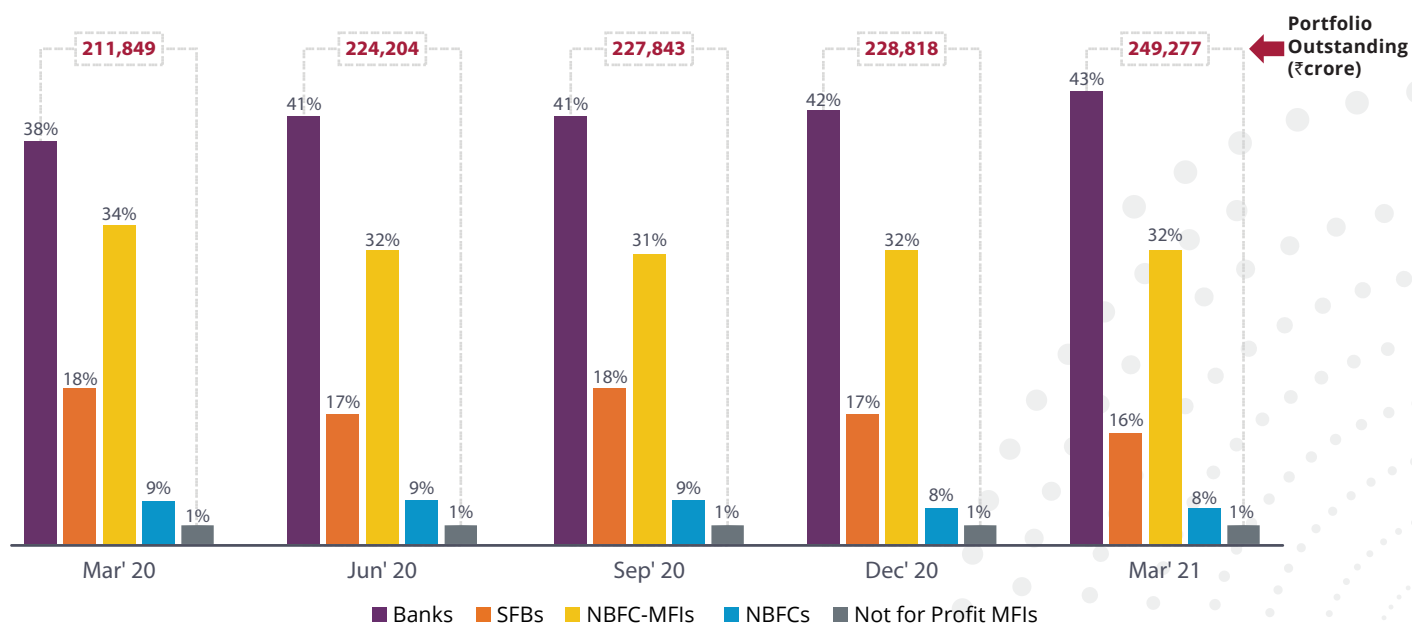
Snapshot as on 31 st March 2021	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs	Total Industry
Unique Live Borrowers ('000)	27,359	13,531	24,700	7,297	846	73,733
Active Loans ('000)	41,529	16,779	36,368	7,866	1,108	103,650
Portfolio (₹crore)	109,867	38,903	79,420	18,992	2,095	249,277
Disbursed Amount (₹crore) - JFM' 21	48,665	11,603	27,395	4,671	766	93,100
Average Ticket Size (₹) - JFM' 21	43,417	36,993	35,223	41,256	32,037	39,627
30+ Delinquency (POS)	10.63%	8.06%	7.15%	10.56%	1.72%	9.04%
90+ Delinquency (POS)	4.81%	3.51%	3.33%	5.06%	0.95%	4.12%

- Portfolio outstanding of MFI Industry stood at ₹249,277 crore in March 2021
- More than 75% of contribution towards POS is by Banks and NBFC-MFIs
- Disbursement amount during JFM' 21 is ₹93,100 crore with 52% contribution from Banks and 29% from NBFC-MFIs
- 30+ and 90+ delinquency of NBFC-MFIs, SFBs and Not for Profit MFIs is lower than the industry 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

Market Share Trends by Lender type



Particulars	Mar' 20	Jun' 20	Sep' 20	Dec' 20	Mar' 21
Banks	81,001	91,920	93,409	96,683	109,867
SFBs	38,986	39,225	42,682	38,109	38,903
NBFC-MFIs	72,110	71,342	70,142	73,166	79,420
NBFCs	18,073	19,875	19,838	18,988	18,992
Not for Profit MFIs	1,679	1,842	1,772	1,872	2,095
Total Industry	211,849	224,204	227,843	228,818	249,277
Q-o-Q growth rate %	-	6%	2%	0%	9%

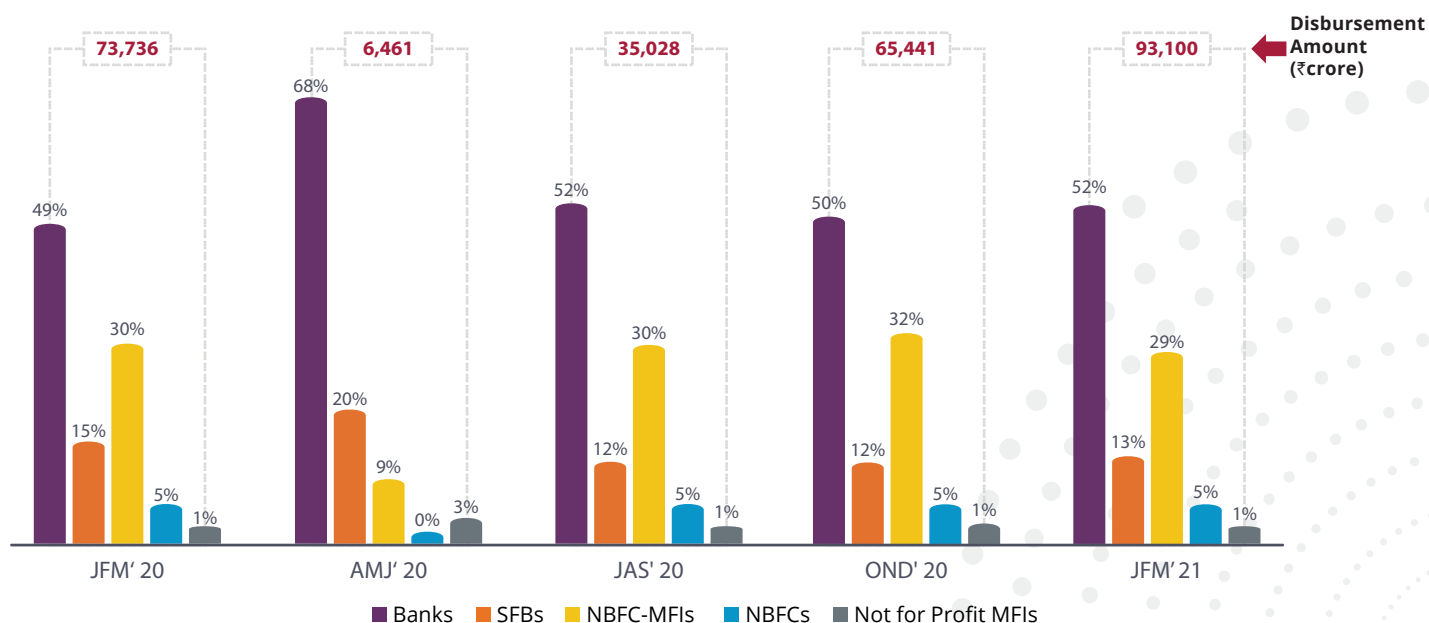
- MFI Industry is returning back to the pre-COVID situation. Industry witnessed 9% Q-o-Q growth from December 2020 to March 2021 and 18% Y-o-Y growth from March 2020 to March 2021
- Among lender categories, Banks have registered highest Y-o-Y growth of 36%, with consistent increase in market share
- Market share of NBFC-MFIs and SFBs has declined by approximately 2% from March 2020 to March 2021

DISBURSEMENT TRENDS



Disbursement Trends Institution wise

Market Share Trends by Lender type

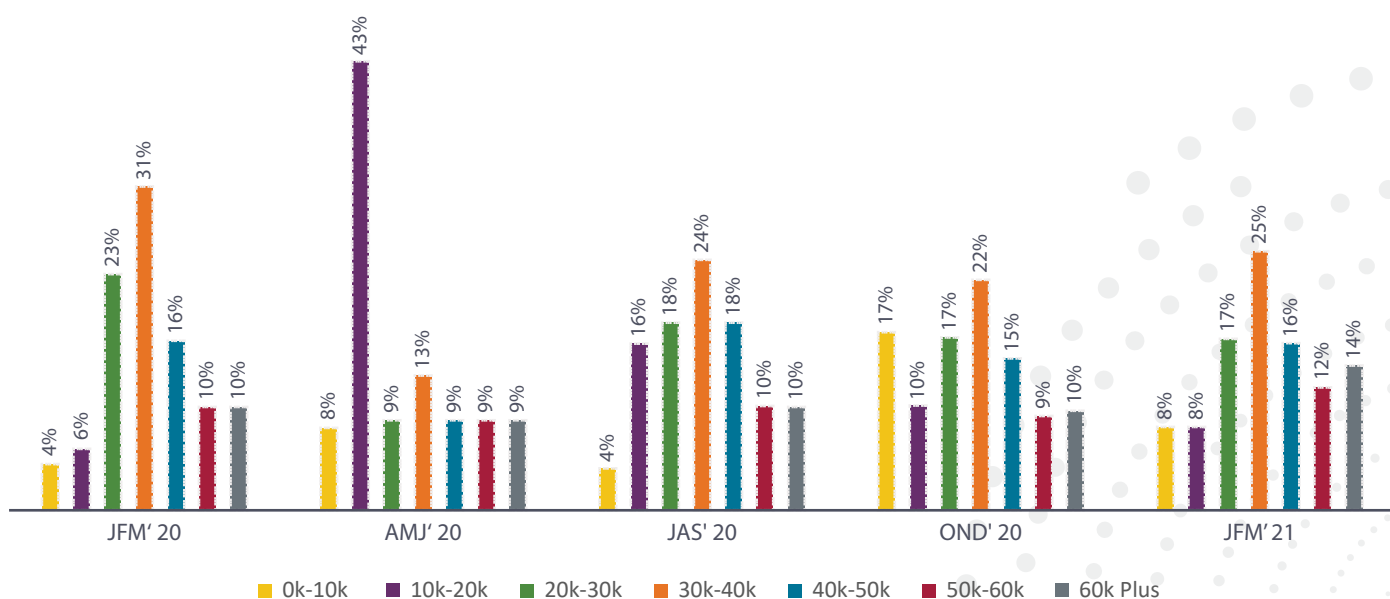


No. of Loans Disbursed (in lakh)

Lender Type	JFM' 20	AMJ' 20	JAS' 20	OND' 20	JFM' 21
Banks	83	14	47	102	112
SFBs	31	5	12	20	31
NBFC-MFIs	73	2	33	65	78
NBFCs	11	1	5	8	11
Not for Profit MFIs	3	1	2	2	3
Total Industry	201	23	99	197	235

- Disbursements during JFM' 21 stood at ₹93,100 crore with Y-o-Y growth of 26% in JFM' 21 from JFM' 20
- Banks contributed highest towards disbursement across all the quarters
- Loan sourcing grew by 17% from JFM' 20 to JFM' 21
- Loan disbursal in terms of volume by Banks increased by 35% from JFM' 20 to JFM' 21

Industry Ticket Size Trends



Ticket Size	No. of Loans Disbursed (in lakh)					
	JFM' 20	AMJ' 20	JAS' 20	OND' 20	JFM' 21	Y-o-Y growth rate %
0K-10K	9	2	4	34	19	111%
10K-20K	12	10	16	20	19	58%
20K-30K	46	2	18	33	39	-15%
30K-40K	63	3	24	44	59	-6%
40K-50K	33	2	18	29	38	15%
50K-60K	19	2	10	18	28	47%
60K Plus	19	2	9	19	33	74%
Total	201	23	99	197	235	17%
Q-o-Q loan disbursal growth rate %	-	-89%	330%	99%	19%	-
All India ATS (₹)	36,723	28,577	35,519	33,190	39,627	-
Q-o-Q ATS growth rate %	-	-22%	24%	-7%	19%	-

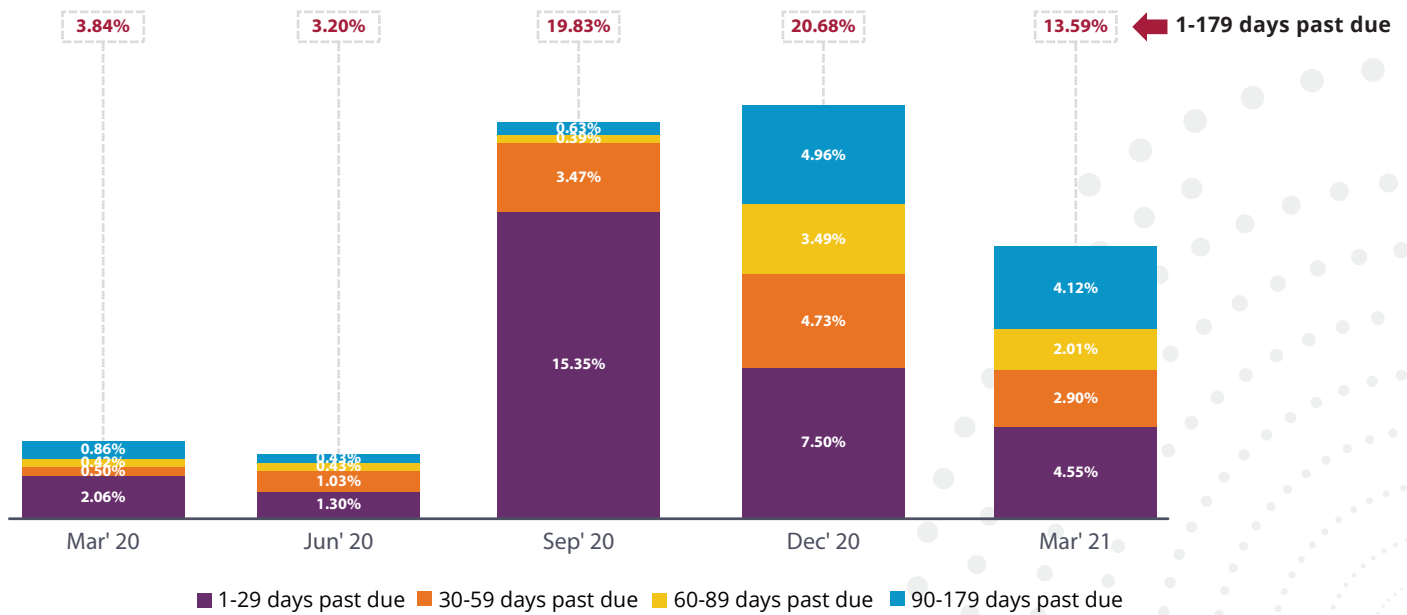
- 98 lakh number of loans were issued during JFM' 21 under 20k to 40k ticket size category which is 42% of the total loans issued
- 0k-10k ticket size category witnessed highest Y-o-Y growth of 111%
- Loan disbursal and all India ATS grew by 19% from OND' 20 to JFM' 21

INDUSTRY RISK PROFILE



Delinquency Trends

Delinquency by Days Past Due



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' 20	2.06%	0.50%	0.42%	0.86%	3.84%
Jun' 20	1.30%	1.03%	0.43%	0.43%	3.20%
Sep' 20	15.35%	3.47%	0.39%	0.63%	19.83%
Dec' 20	7.50%	4.73%	3.49%	4.96%	20.68%
Mar' 21	4.55%	2.90%	2.01%	4.12%	13.59%

- 1-179 days past due delinquency is declined in March 2021 to 13.59% from 20.68% in December 2020
- 1-29 days past due delinquency buckets declined by 3% as compared to December 2020
- 60-89 days past due delinquency bucket witnessed lowest delinquency in March 2021

Note: Delinquencies calculated basis POS.

GEOGRAPHICAL EXPOSURE



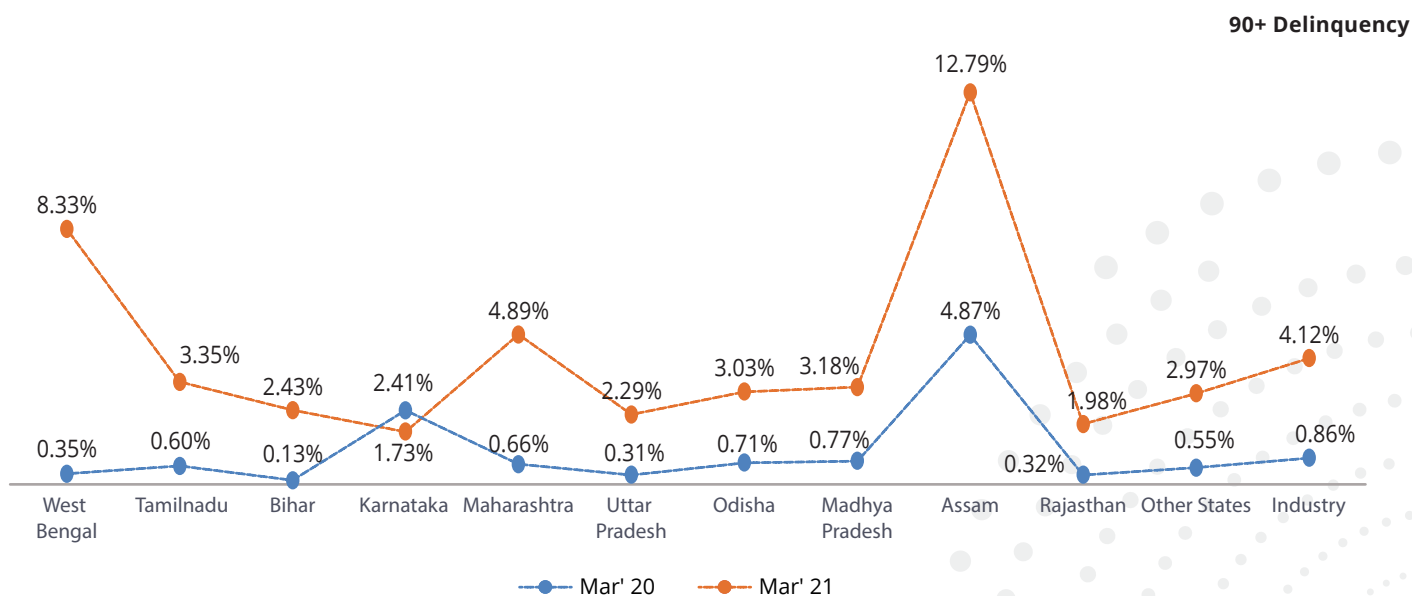
Top 10 States Portfolio Trend

Top 10 States	Mar' 20 Portfolio Outstanding (₹crore)	Rank	Mar' 21 Portfolio Outstanding (₹crore)	Rank	Y-o-Y Growth %
West Bengal	29,858	1	37,201	1	25%
Tamil Nadu	27,077	2	31,248	2	15%
Bihar	25,427	3	28,997	3	14%
Karnataka	17,594	4	20,330	4	16%
Maharashtra	15,352	5	17,224	6	12%
Uttar Pradesh	14,478	6	18,011	5	24%
Odisha	12,489	7	14,178	8	14%
Madhya Pradesh	12,354	8	15,006	7	21%
Assam	11,025	9	10,498	10	-5%
Rajasthan	8,590	10	11,085	9	29%
Top 10 States	174,244	-	203,778	-	17%
Others	37,605	-	45,499	-	21%
Industry	211,849	-	249,277	-	18%

- More than 80% of contribution towards POS is by Top 10 States in March 2020 and March 2021
- West Bengal is at the top with the highest POS having Y-o-Y growth at 25% which is higher than the industry growth of 18%
- Maharashtra has moved to 6th position in March 2021 from 5th position in March 2020

Note: Selection of Top 10 states is basis POS of March 2020
Ranks assigned basis POS

Top 10 States 90+ Delinquency Trend



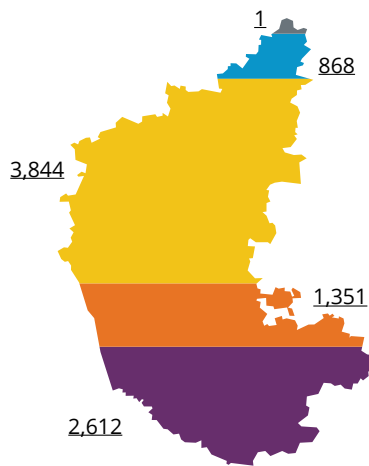
- As on March 2021, 90+ delinquency of Assam, West Bengal and Maharashtra is higher than the industry delinquency
- Except Karnataka, 90+ delinquency of all the top states has increased in March 2021 compared to March 2020

COMPREHENSIVE STATE PROFILE KARNATAKA

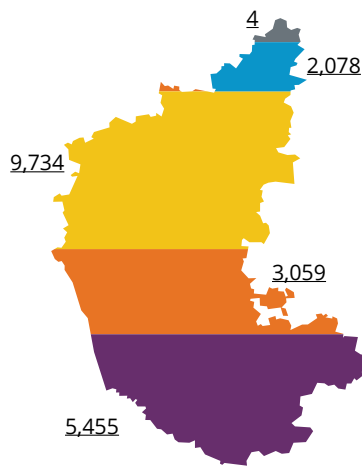


Karnataka State View

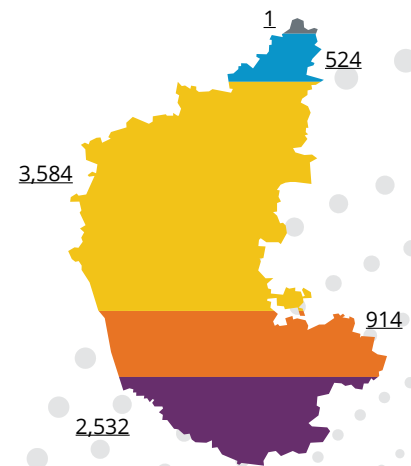
Active Loans ('000)



Portfolio (₹crore)



Disbursed Amount (₹crore) -JFM' 21



■ Banks ■ SFBs ■ NBFC-MFIs ■ NBFCs ■ Not for Profit MFIs

Karnataka as on 31 st March 2021	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs	Total Industry
Active Loans ('000)	2,612	1,351	3,844	868	1	8,676
Portfolio Outstanding (₹crore)	5,455	3,059	9,734	2,078	4	20,330
Market Share in Portfolio Outstanding	27%	15%	48%	10%	0%	-
Disbursed Amount (₹crore) - JFM' 21	2,532	914	3,584	524	1	7,555
Average Ticket Size (₹) - JFM' 21	33,933	37,389	38,315	41,603	44,856	36,814
30+ Delinquency (POS)	3.48%	5.71%	3.02%	6.29%	1.77%	3.88%
90+ Delinquency (POS)	0.87%	2.71%	1.72%	2.62%	0.49%	1.73%

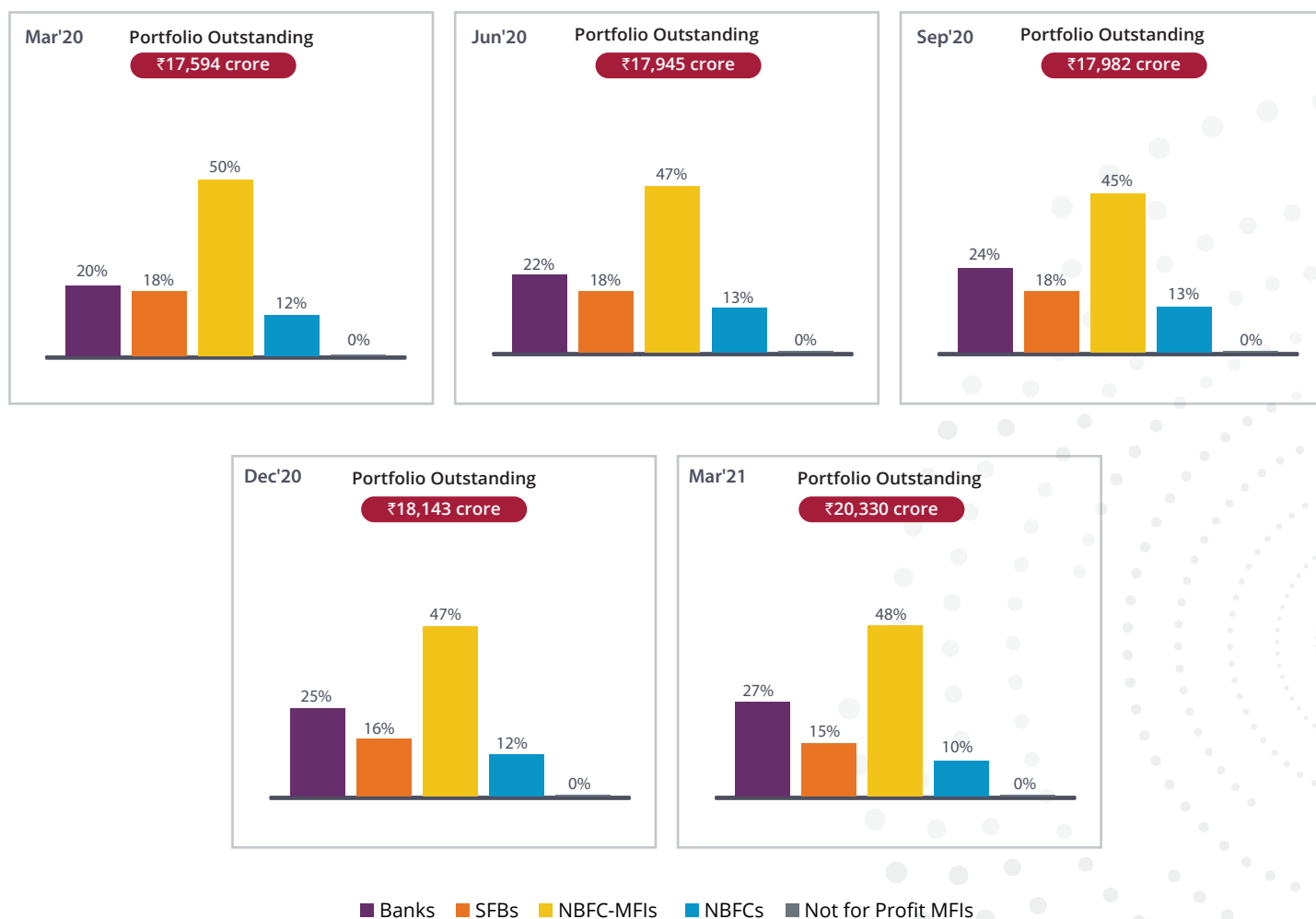
- As on 31st March 2021 portfolio outstanding of Karnataka stood at ₹20,330 crore
- NBFC-MFIs have the highest market share at 48% in portfolio outstanding
- Loans worth ₹7,555 crore disbursed in Karnataka during JFM' 21
- ATS of NBFCs, NBFC-MFIs, SFBs and Not for Profit MFIs is higher than the ATS of Karnataka
- Banks and Not for Profit MFIs have 90+ delinquency less than 1% in Karnataka

Karnataka Disbursement Trends

Ticket Size	No. of Loans Disbursed (in '000)				
	JFM' 20	AMJ' 20	JAS' 20	OND' 20	JFM' 21
0K-10K	253	21	94	232	185
10k-20k	231	94	188	159	193
20k-30k	375	10	137	267	347
30k-40k	480	16	200	398	496
40k-50k	272	9	152	242	326
50k-60k	135	6	82	173	226
60k Plus	83	4	98	236	278
Total	1,829	160	951	1,707	2,051

- Loan sourcing in Karnataka state witnessed Y-o-Y growth of 12% from JFM' 20 to JFM' 21
- Except AMJ' 20, highest number of loans are disbursed in 30k-40k ticket size category in all the quarters

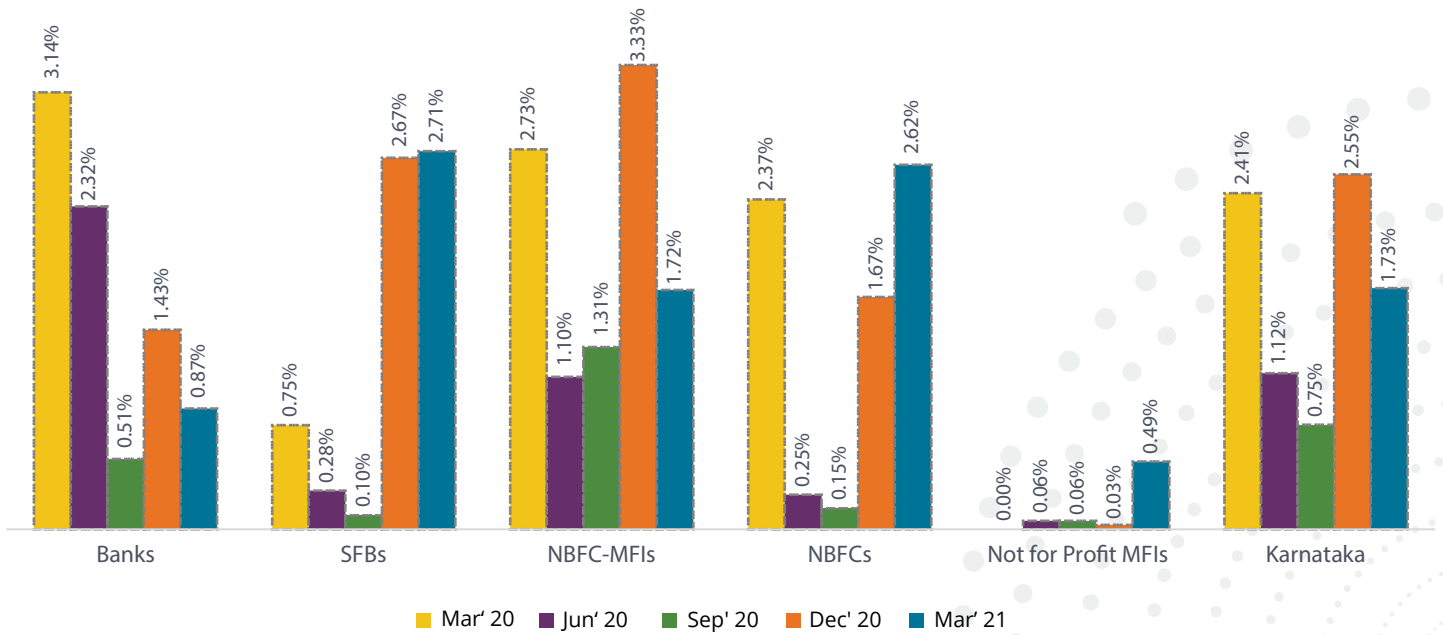
Karnataka Portfolio Trends



- Portfolio outstanding of Karnataka grew by 16% from March 2020 to March 2021
- Highest market share towards portfolio outstanding is by NBFC-MFIs in all the quarters followed by Banks
- Market share of Banks is growing. It increased from 20% in March 2020 to 27% in March 2021

Karnataka Delinquency Trends

90+ Delinquency



- Overall 90+ delinquency of Karnataka has improved in March 2021 compared to March 2020. It has come down to 1.73% in March 2021 from 2.41% in March 2020
- 90+ delinquency for Banks has come down to 0.87% in March 2021 from 3.14% in March 2020

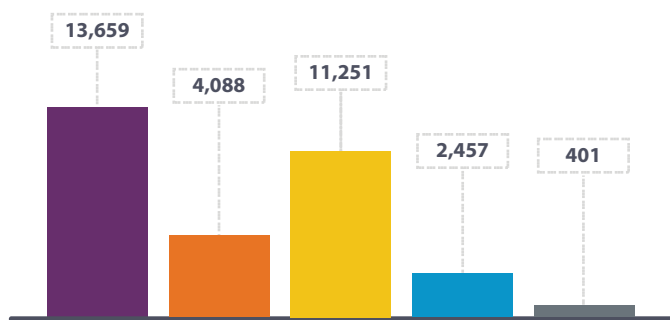
ASPIRATIONAL DISTRICTS



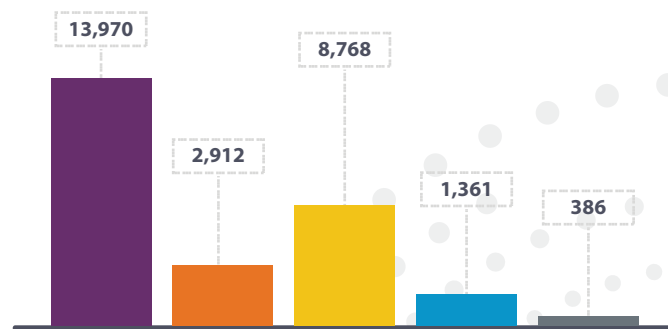
Aspirational Districts

March 2021 Overview

Portfolio (₹crore)

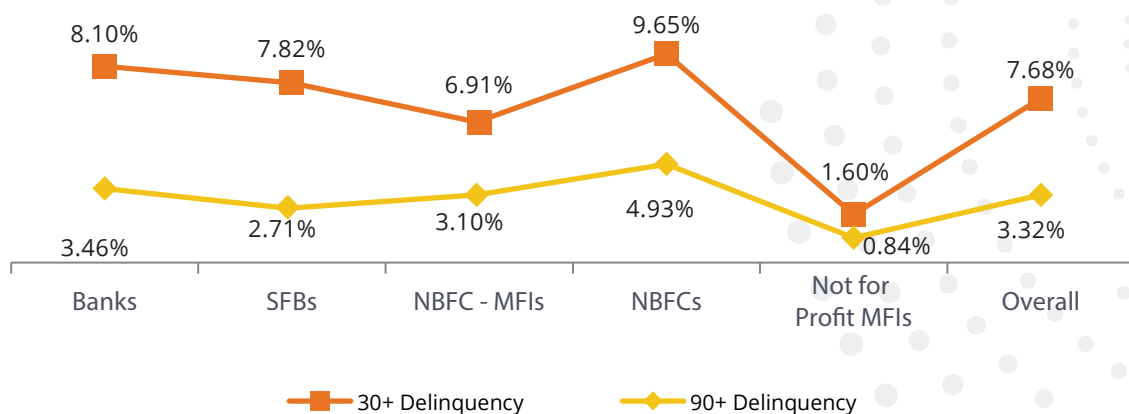


Amount Disbursed (₹crore) – Apr' 20 to Mar' 21



■ Banks ■ SFBs ■ NBFC-MFIs ■ NBFCs ■ Not for Profit MFIs

30+ and 90+ POS Delinquency lender category wise



■ 30+ Delinquency ■ 90+ Delinquency

Aspirational Districts Growth Particulars December 2017 March 2021 Growth %

Active Customer Penetration ('000)	4,155	8,544	106%
Disbursement Amount (₹crore)	14,374 *	27,397 **	91%
Active Loans ('000)	6,925	13,681	98%
Portfolio Outstanding (₹crore)	11,175	31,856	185%
30+ Delinquency	1.54%	7.68%	-
90+ Delinquency	0.75%	3.32%	-

- As on 31st March 2021 portfolio outstanding of Aspirational District is ₹31,856 crore, with 43% of share of Banks followed by 35% share of NBFC-MFIs
- 30+ and 90+ delinquency of NBFCs is highest followed by Banks
- POS grew by 185% and disbursement amount by 91% from December 2017 to March 2021

Note: *Disbursement January 2017 to December 2017 / ** Disbursement April 2020 to March 2021.
Delinquencies are calculated basis POS.

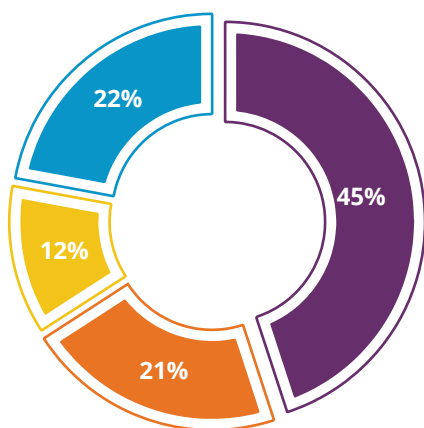
COVID-19 & GEO TRENDS

Zone wise Market Share

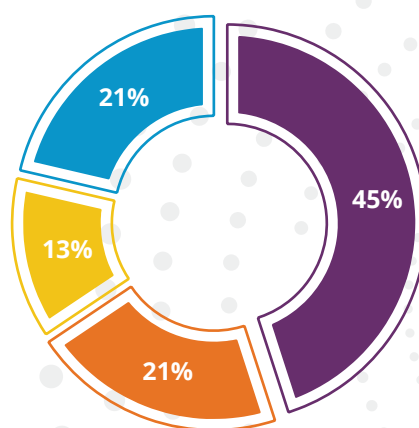
To analyse the impact of COVID-19 on Microfinance sector, the disbursement trends were analysed across zones in terms of market share by lenders and average ticket size trends in different zones. The zones have been defined based on the data submission by lenders. The data has been compared on Y-o-Y basis, considering JFM'20 as Pre-COVID period.

Zone wise Market Share basis Disbursed Amount

JFM' 20
Disbursed Amount ₹73,736 crore



JFM' 21
Disbursed Amount ₹93,100 crore



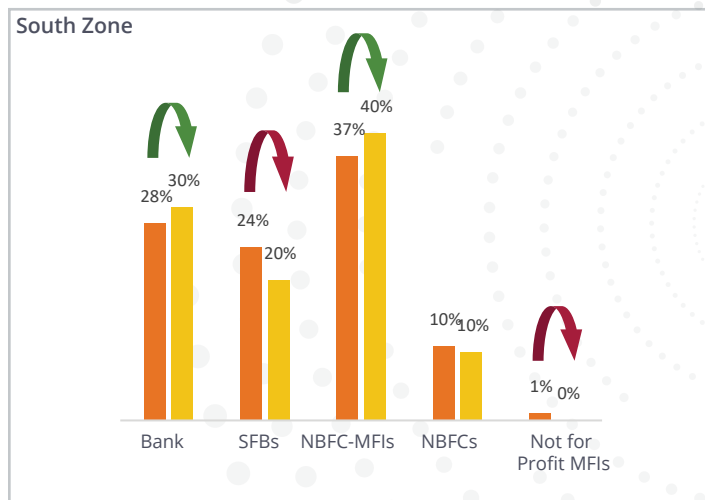
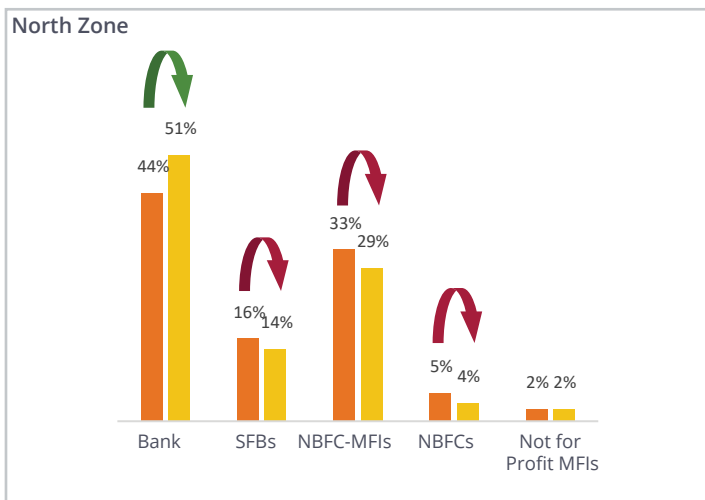
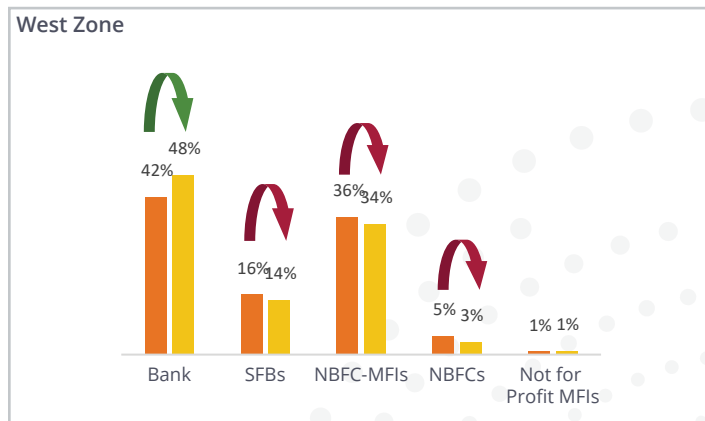
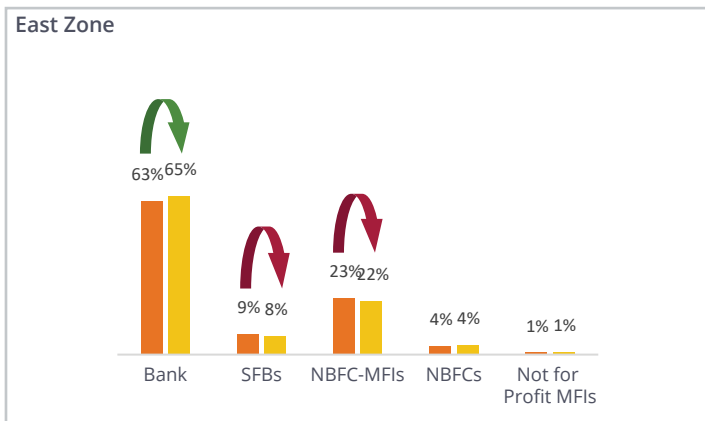
■ East ■ West ■ North ■ South

- Highest contribution towards disbursed amount is from East Zone which is around 45% of the total disbursed amount
- Overall trends of zone wise market share are similar to JFM'20, with 1% increase to North zone and 1% decline in South zone

Note: East Zone – Arunachal Pradesh, Assam, Bihar, Chattisgarh, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Sikkim, Tripura & West Bengal.
West Zone - Dadra & Nagar Haveli, Daman & Diu, Goa, Gujarat, Madhya Pradesh, Maharashtra & Rajasthan.
North Zone – Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Uttar Pradesh & Uttarakhand.
South Zone - Andaman & Nicobar Islands, Andhra Pradesh, Karnataka, Kerala, Lakshadweep, Pondicherry, Tamil Nadu & Telangana.

Zone & Lender wise Market Share

Zone & Lender wise Market Share basis Disbursed Amount

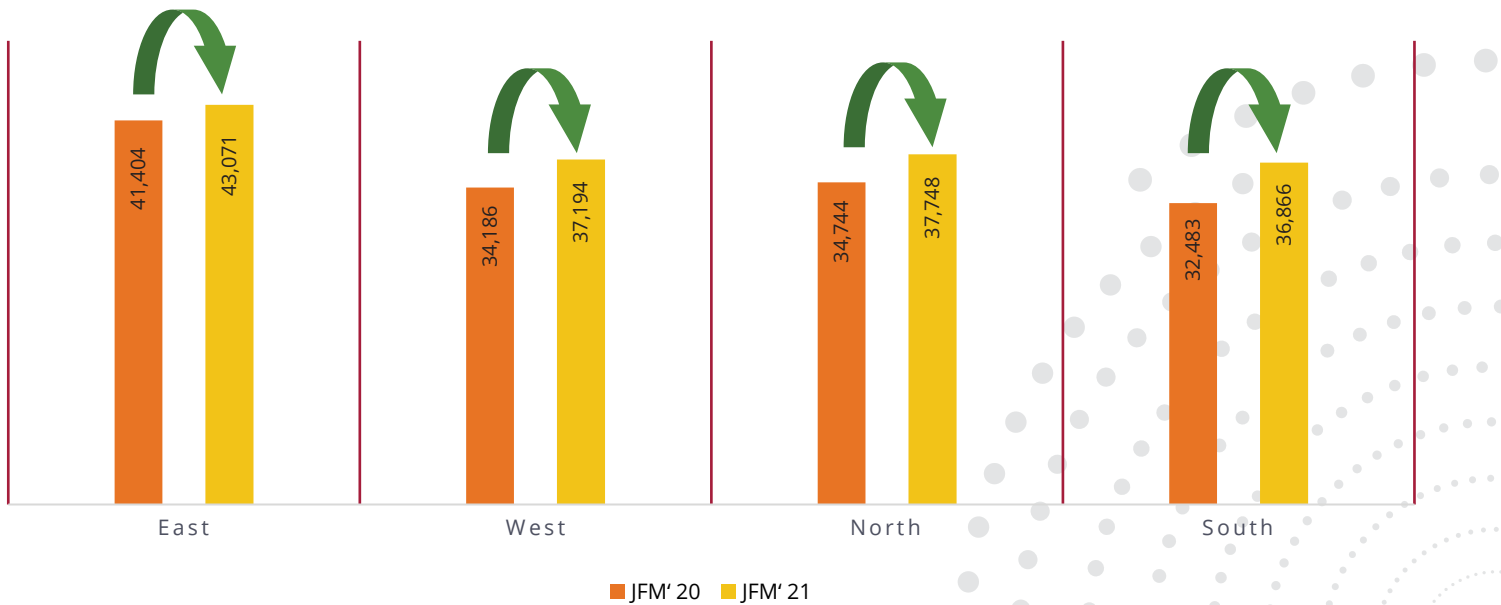


■ JFM' 20 ■ JFM' 21

- Market share of Banks has increased from March 2020 to March 2021 in all the zones, with highest growth of 7% in North zone
- Apart from Banks, only NBFC-MFI have been able to register growth in market share that too only in South zone

Zone wise Average Ticket Size Trends

Zone wise Average Ticket Size Trends



- South zone witnessed highest Y-o-Y ATS growth of 13% from JFM' 20 to JFM' 21
- West & North zone ATS grew by 9% from JFM' 20 to JFM' 21

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, Industry spotlight, a comprehensive report on industry Lenders and Fintech Pulse, for credit data insights on Fintech lending segment, 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. The cumulative assistance disbursed under the Bank's microfinance initiatives up to March 31, 2021 aggregate to ₹20,568 crore, which benefitted around 4 crore entities. 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.

Headquartered in Atlanta, Ga., Equifax operates or has investments in 24 countries in North America, Central and South America, Europe and the Asia Pacific region. It is a member of Standard & Poor's (S&P) 500® index and its common stock is traded on the New York Stock Exchange (NYSE) under the symbol EFX. Equifax employs 11,000 employees worldwide. With a global legacy of over 120 years in the credit industry, in 2010, Equifax established a presence in India market and was licensed by RBI to operate as a CIC. Over the last 9 years, the credit bureau has grown to 4000+ members including Banks, NBFCs, MFIs and insurers. These members provide data on demographic and repayment information on millions of Indian consumers. In 2014, Equifax further grew its footprint in India through acquisition of an analytics firm. Equifax Analytics Pvt. Ltd is Equifax's fully owned analytics entity in India, which delivers unparalleled customized analytics solutions that enrich both the performance of businesses and the lives of consumers.

Disclaimer

The Microfinance Pulse (Report) is prepared by Equifax Credit Information Services Pvt Ltd (Equifax). By accessing and using the report, the user acknowledges and accepts that such use is subject to this disclaimer. This Report is based on collation of information substantially provided by Microfinance institutions as of March 2021 and who are members of Equifax. While Equifax takes reasonable care in preparing the Report, it shall not be responsible for accuracy, errors and/or omissions caused by inaccurate or inadequate information submitted by Microfinance institutions. Further, Equifax does not guarantee the adequacy or completeness of the information in the Report and/or its suitability for any specific purpose nor is Equifax responsible for any access or reliance on the Report and that Equifax expressly disclaims all such liability. This Report is not a recommendation for rejection/denial or acceptance of any application, product nor any recommendation by Equifax to (i) lend or not to lend and (ii) enter into or not to enter into any financial transaction with the concerned individual/entity. The information contained in the Report does not constitute advice and the user should carry out all necessary analysis that is prudent in its opinion before taking any decision based on the Information contained in this Report. The use of the Report is governed by the provisions of the Credit Information Companies (Regulation) Act 2005, the Credit Information Companies Regulations, 2006, Credit Information Companies Rules, 2006. No part of the Report should be copied, circulated, published without prior approvals.

CONTACT DETAILS

Equifax Credit Information Services Private Limited

Unit No. 931, 3rd Floor, Building No. 9,
Solitaire Corporate Park, Andheri Ghatkopar Link Road,
Andheri (East), Mumbai - 400 093

Toll Free No.: 1800 2093247
ecissupport@equifax.com

Small Industries Development Bank of India

Swavalamban Bhavan, Plot No. C-11, 'G' Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051 Maharashtra

Toll Free No.: 1800 226753
www.sidbi.in/en

