

MICROFINANCE PULSE REPORT

VOL XVII - August 2023



Analytical Contacts

Equifax

Kiran Samudrala
Head – Data Analytics
kiran.samudrala@equifax.com

Shruti Joshi
Head – Insights & Analytics
shruti.joshi@equifax.com

Vandana Panchal
Associate Manager – Insights & Analytics
vandana.panchal@equifax.com

Reema Paswan
Data Scientist – Insights & Analytics
reema.paswan@equifax.com

SIDBI

Sanjay Jain
CGM-ERDAV
erdav@sidbi.in

Chand Kureel
GM-ERDAV
erdav@sidbi.in

Ginsuanmung Hangzo
AGM-ERDAV
erdav@sidbi.in

Soham Nag
AGM-ERDAV
erdav@sidbi.in

Divik Sahani
Manager-ERDAV
erdav@sidbi.in

Vandita Srivastava
AM-ERDAV
erdav@sidbi.in

Index

Executive Summary	04
Abbreviations & Glossary	05
Microfinance Industry Overview	06
Disbursement Trends	09
Industry Risk Profile	12
Aspirational Districts	14
Zonal Trends	16

Executive Summary

Welcome to the 17th edition of MFI Pulse report. It is based on data submitted to the bureau for the period up to 31st March 2023.

Portfolio Outstanding as on 31st March 2023 of Microfinance industry is ₹ 319,080 crore. Microfinance industry witnessed the annual growth of 22% in March 2023 as compared to March 2022. NBFC-MFI's are highest contributors towards portfolio outstanding. Delinquency of 1-179 days past due is declined by 481 bps in March 2023 over March 2022.

Disbursement by amount grew by 16% while number of loan disbursed grew by 6% in JFM'23 as compared to JFM'22. Highest number of loans are disbursed under 40k-50k ticket size category and this category witnessed the highest annual growth of 67%.

As on 31st March 2023, aspirational districts contributes 14% towards total portfolio outstanding. In terms of disbursement amount, aspirational districts grew by 31% from FY 21-22 to FY 22-23.

In this edition we are covering zonal trends. In terms of disbursal East zone is leading in JFM'23. South zone has seen positive growth from JFM'22 to JFM'23. Across all the zones NBFC-MFI's show positive growth in loan disbursals.

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, GoI, 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'22 = January 2022 to March 2022
 - AMJ'22 = April 2022 to June 2022
 - JAS'22 = July 2022 to September 2022
 - OND'22 = October 2022 to December 2022
 - JFM'23 = January 2023 to March 2023

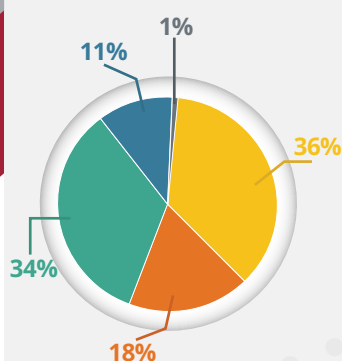


MICROFINANCE INDUSTRY OVERVIEW

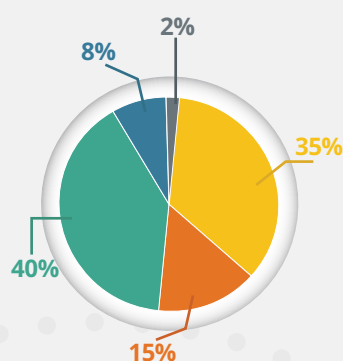
Microfinance Industry Snapshot – as on 31st March 2023

Snapshot as on 31 st March 2023	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs	Total Industry
Active Live Borrowers ('000)	27,455	13,485	25,531	8,320	1,160	75,951
Active Loans ('000)	40,488	17,024	46,033	9,370	1,421	114,336
Portfolio (₹crore)	104,984	52,386	129,414	28,850	3,446	319,080
Disbursed Amount (₹ crore) – JFM' 23	37,316	16,219	41,779	6,810	878	103,002
Average Ticket Size (₹) – JFM' 23	41,960	49,177	43,193	46,009	32,346	43,616
30+ Delinquency (POS)	3.03%	2.46%	1.60%	0.98%	1.56%	2.15%
90+ Delinquency (POS)	1.47%	0.92%	0.92%	0.44%	1.02%	1.06%

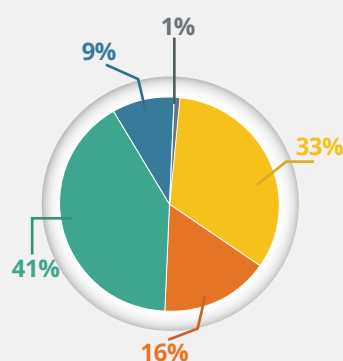
Active Live Borrowers ('000)



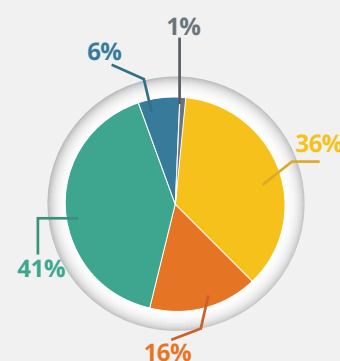
Active Loans ('000)



Portfolio (₹ Crore)



Disbursed Amount (₹ Crore) - JFM' 23



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

- ◆ Book size of MFI Industry as on 31st March 2023 is ₹ 319,080 crore.
- ◆ NBFC-MFIs have the highest market share of 41% in terms of portfolio outstanding and disbursed amount.
- ★ ◆ Average ticket size of SFBs and NBFCs is higher than the industry ticket size.
- ◆ Except Banks and SFBs, 30+ delinquency of all the lenders is lower than the industry 30+ delinquency.
- ◆ 90+ delinquency of all the lenders is lower than the industry 90+ delinquency except Banks.

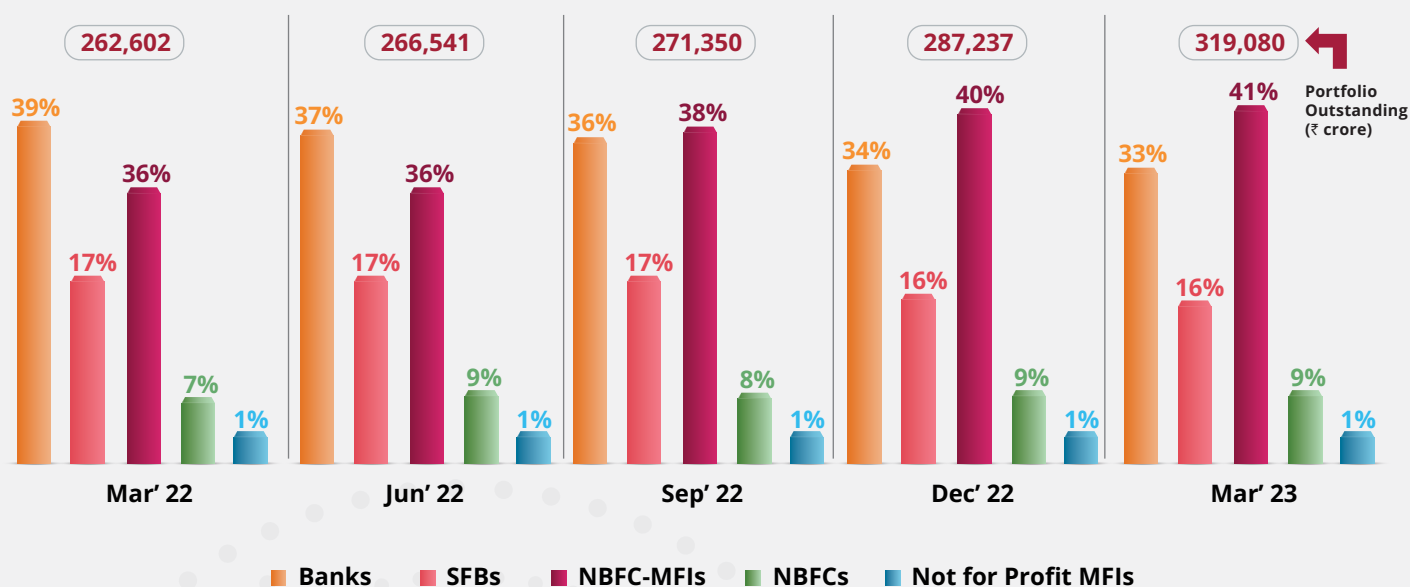
Note : In MFI segment there are ~6 crore unique live borrowers across lenders. Difference in the unique number of customers is due to the customers having multiple relationships with SFBs, Banks, NBFC-MFIs, NBFCs and Not for Profit MFIs.

Microfinance Industry Overview

Portfolio Outstanding (₹ crore)

Particulars	Mar' 22	Jun' 22	Sep' 22	Dec' 22	Mar' 23	Y-o-Y growth%
Banks	102,032	98,445	98,001	95,923	104,984	3%
SFBs	44,134	44,810	45,046	46,878	52,386	19%
NBFC-MFIs	94,481	95,671	102,129	114,776	129,414	37%
NBFCs	19,155	25,232	23,175	26,506	28,850	51%
Not for Profit MFIs	2,800	2,383	2,999	3,154	3,446	23%
Total Industry	262,602	266,541	271,350	287,237	319,080	22%
Q-o-Q growth rate %		1%	2%	6%	11%	

Market Share Trends by Lender Type



◆ Microfinance industry grew by 22% from March 2022 to March 2023 and witnessed Q-o-Q growth of 11% from December 2022 to March 2023.

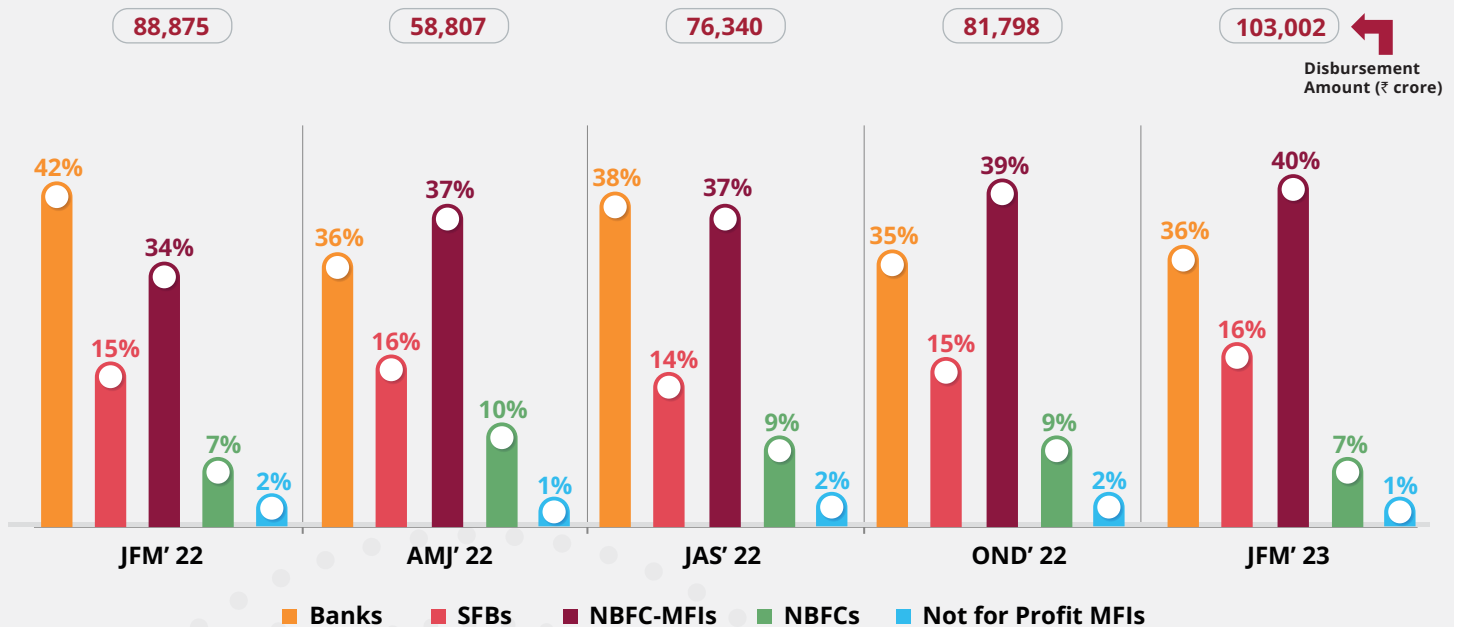
◆ NBFCs witnessed highest Y-o-Y growth of 51% from March 2022 to March 2023.



DISBURSEMENT TRENDS

Disbursement Trends – Institution wise

Lender Type	No. of Loans Disbursed (in lakh)				
	JFM' 22	AMJ' 22	JAS' 22	OND' 22	JFM' 23
Banks	96	56	77	76	89
SFBs	30	22	23	26	33
NBFC-MFIs	78	56	72	77	97
NBFCs	15	13	16	16	15
Not for Profit MFIs	4	1	3	3	3
Total Industry	223	148	191	198	237



- ◆ Loan disbursal by amount grew by 16% from JFM'22 to JFM'23.
- ★ ◆ NBFC-MFIs witnessed highest growth of 37% in terms of loan disbursal by amount and by 24% in terms of number of loan disbursal in JFM'23 over JFM'22.

Industry Ticket Size Trends

Ticket Size	No. of Loans Disbursed (in lakh)					Y-o-Y growth rate %
	JFM' 22	AMJ' 22	JAS' 22	OND' 22	JFM' 23	
0K-10K	11	6	10	10	9	-18%
10K-20K	16	9	12	12	11	-31%
20K-30K	30	18	20	17	20	-33%
30K-40K	64	43	54	51	50	-22%
40K-50K	39	28	40	46	65	67%
50K-60K	30	22	25	28	37	23%
60K Plus	33	22	30	34	45	36%
Total	223	148	191	198	237	6%
Q-o-Q loan disbursal growth rate %	-	-34%	29%	4%	20%	-
All India ATS (₹)	39,955	39,591	39,930	41,396	43,616	-
Q-o-Q ATS growth rate %	-	-1%	1%	4%	5%	-



- ◆ In JFM'23 highest number of loans were disbursed under 40k-50k ticket size category.
- ◆ ATS increased by 9% in JFM'23 over JFM'22.

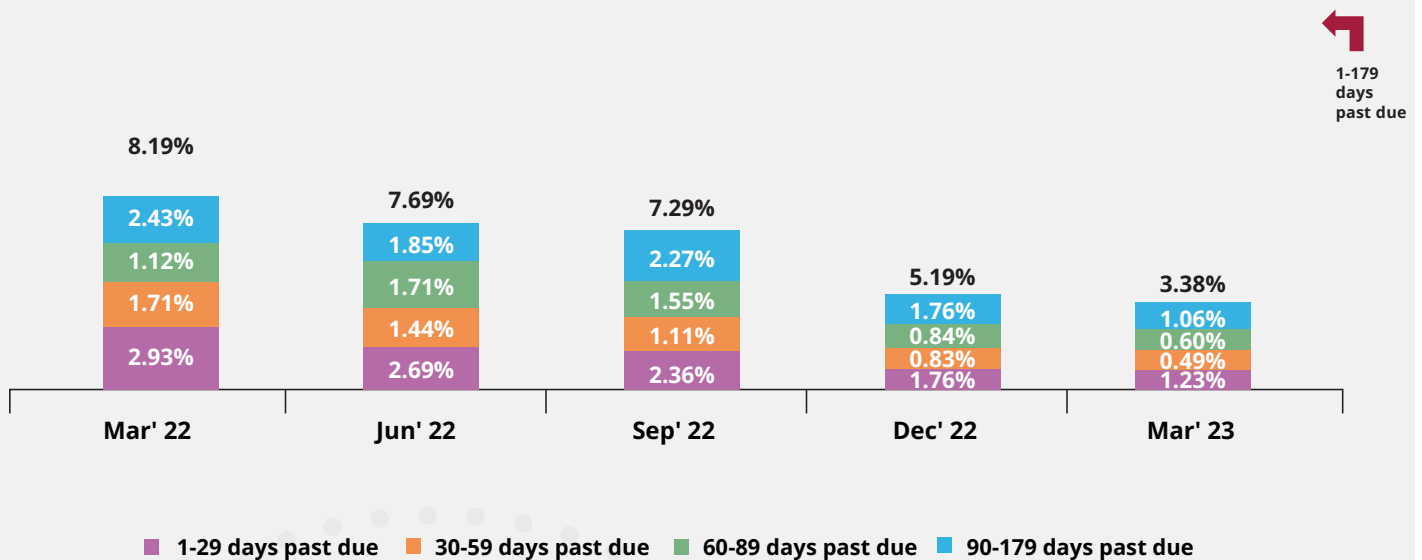


INDUSTRY RISK PROFILE

Delinquency Trends

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' 22	2.93%	1.71%	1.12%	2.43%	8.19%
Jun' 22	2.69%	1.44%	1.71%	1.85%	7.69%
Sep' 22	2.36%	1.11%	1.55%	2.27%	7.29%
Dec' 22	1.76%	0.83%	0.84%	1.76%	5.19%
Mar' 23	1.23%	0.49%	0.60%	1.06%	3.38%



- ◆ Delinquencies of all the buckets have declined in March 2023 from December 2022.
- ◆ Industry 90+ delinquency dropped by 137bps in March 2023 over March 2022.



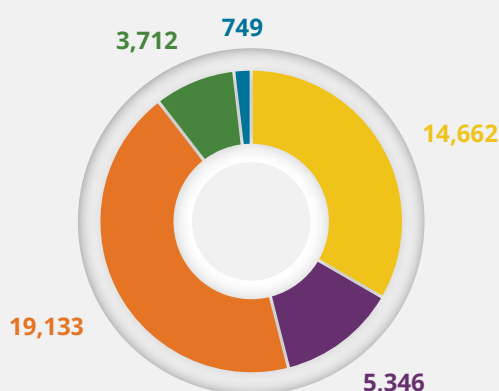
ASPIRATIONAL DISTRICTS

Aspirational Districts – March 2023 Overview

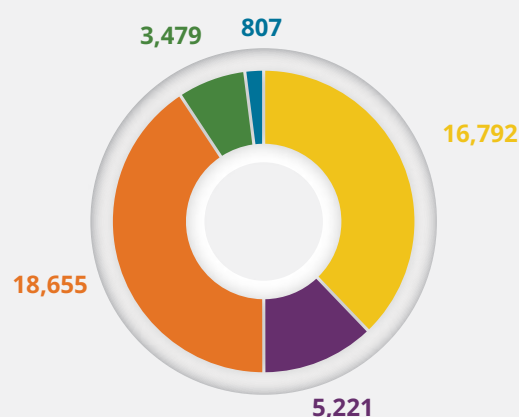
Aspirational Districts Growth Particulars	31 st March 2022	31 st March 2023	Growth %
Active Borrower Penetration ('000)	9,446	11,153	18%
Disbursement Amount (₹ in crore)	34,222*	44,954**	31%
Active Loans ('000)	14,494	16,160	11%
Portfolio Outstanding (₹ in crore)	36,417	43,602	20%
30+ Delinquency	4.05%	1.82%	-
90+ Delinquency	1.94%	0.93%	-

- ♦ Portfolio outstanding as on 31st March 2023 for Aspirational Districts is ₹ 43,602 crore.
- ♦ Aspirational Districts contribute 14% towards total portfolio outstanding of Microfinance Industry.
- ♦ NBFCs have the lowest 30+ and 90+ delinquency.

Portfolio (₹ crore)

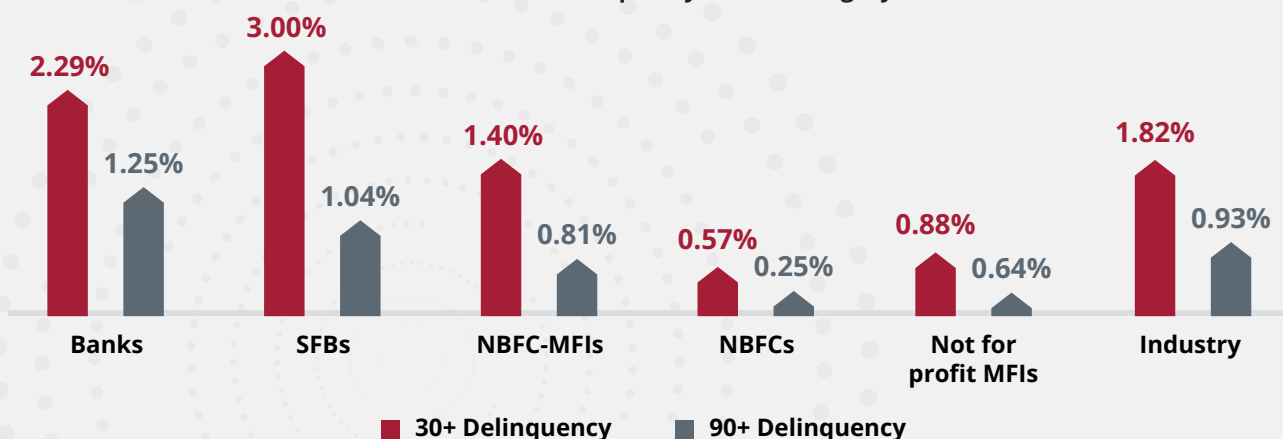


Amount Disbursed (₹ crore) – Apr'22 to Mar'23



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

30+ and 90+ POS Delinquency lender category wise

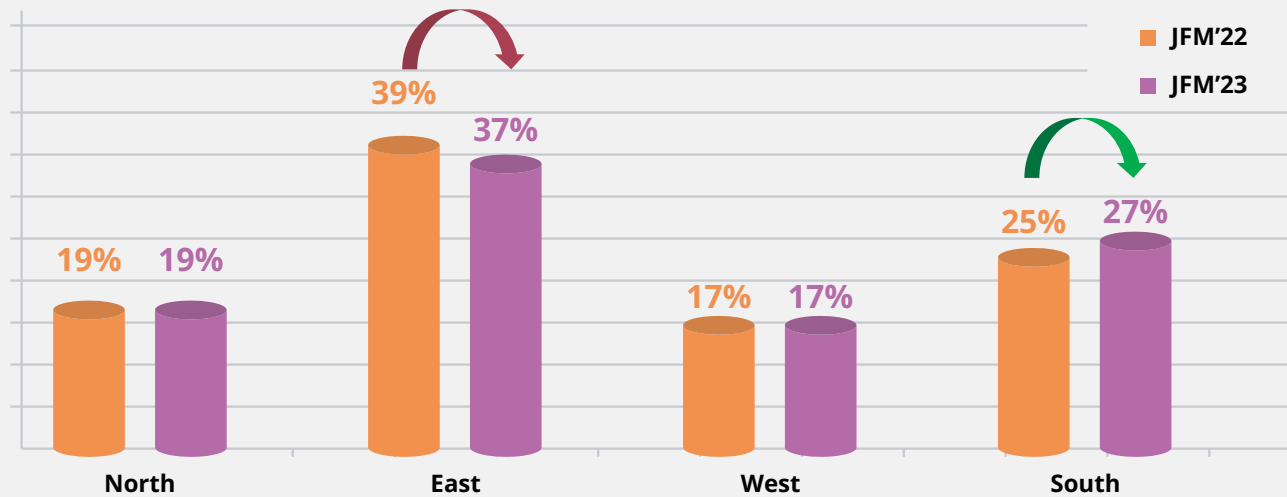




ZONAL TRENDS

Zonal Disbursement Trends

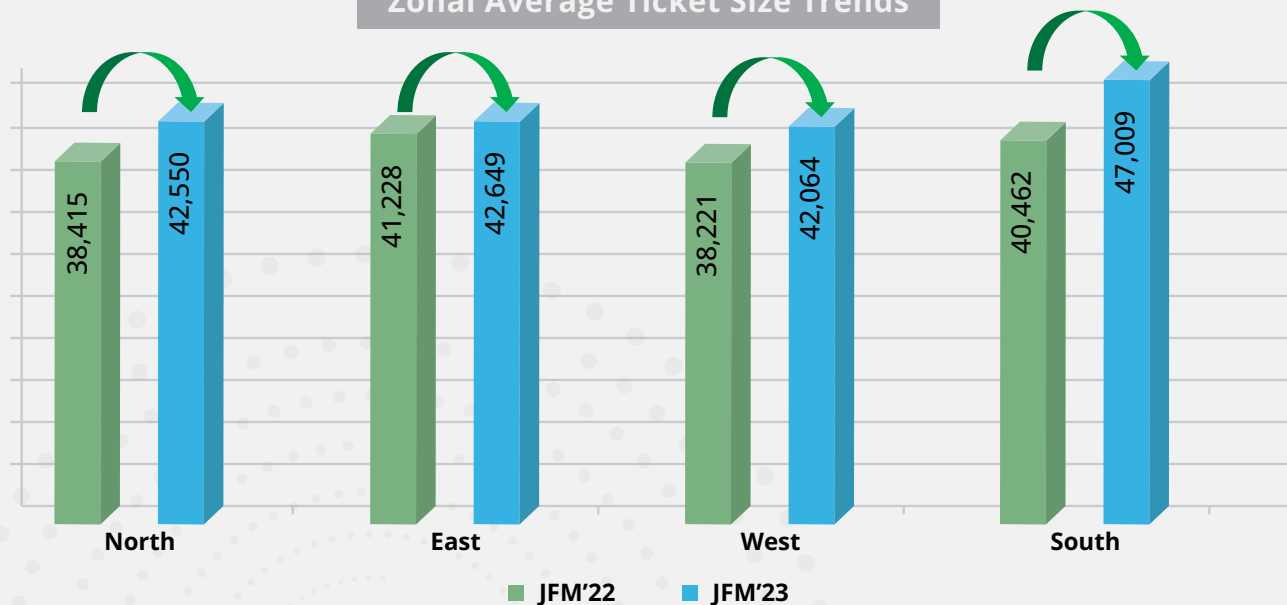
Disbursement Market Share Trends



- ♦ East Zone contributes highest towards the loan disbursement.
- ♦ South zone witnessed highest Y-o-Y growth in JFM'23 over JFM'22.

Zonal Average Ticket Size Trends

Zonal Average Ticket Size Trends

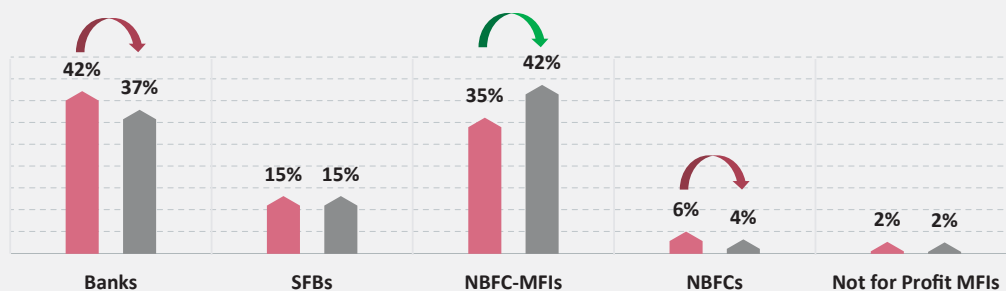


- ♦ ATS have increased in all the zones in JFM'23 over JFM'22.
- ♦ In South zone, ATS have witnessed highest growth in JFM'23 over JFM'22.

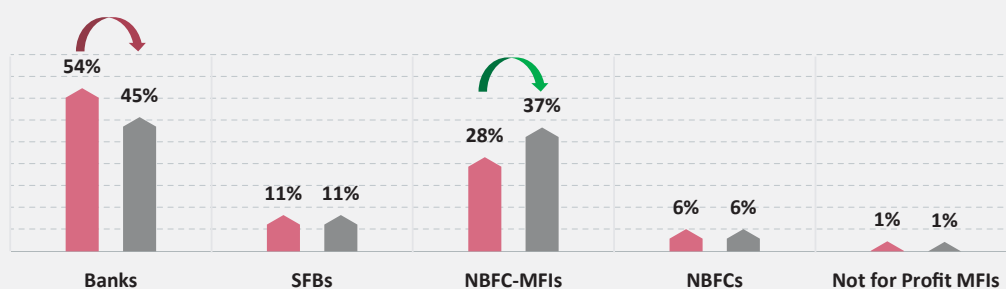
Lender wise Zonal Disbursement Trends

Lender wise Disbursement Market Share Trends

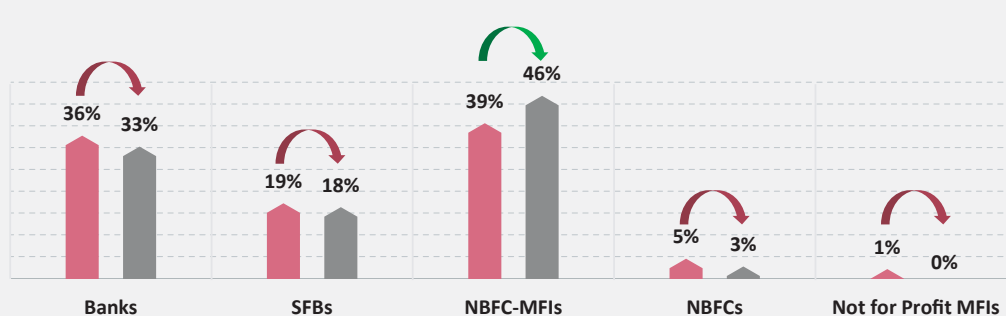
North Zone



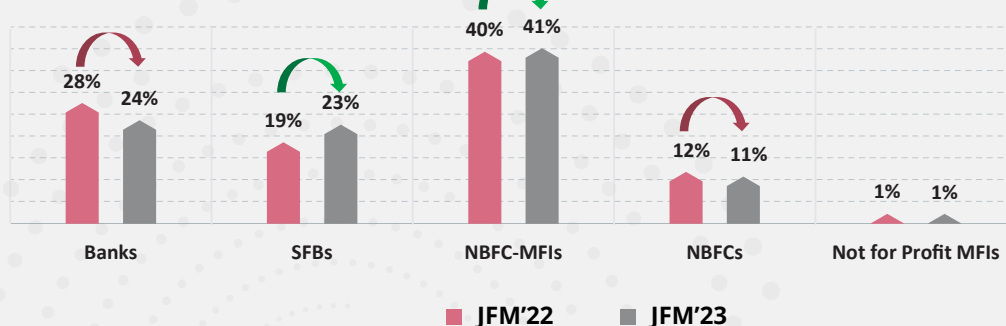
East Zone



West Zone



South Zone



■ JFM'22 ■ JFM'23



- ◆ NBFC-MFIs market share has increased in all the zones.
- ◆ SFBs have witnessed market share growth in South zone only.

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 SIDBI's microfinance initiatives upto March 31, 2023 aggregate to ₹27,271 crore benefitting around 5 crore poor clients. 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

At Equifax (NYSE: EFX), we believe knowledge drives progress. As a global data, analytics, and technology company, we play an essential role in the global economy by helping financial institutions, companies, employees, and government agencies make critical decisions with greater confidence. Our unique blend of differentiated data, analytics, and cloud technology drives insights to power decisions to move people forward. Headquartered in Atlanta and supported by more than 11,000 employees worldwide, Equifax operates or has investments in 25 countries in North America, Central and South America, Europe, and the Asia Pacific region. For more information, visit [Equifax.com](https://www.equifax.com).

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 2023 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

