

# Microfinance Pulse Report

Vol III – October 2019



MicrofinancePulse

# ANALYTICAL CONTACTS

## Equifax

**Manu Sehgal**

VP – Strategy

[manu.sehgal@equifax.com](mailto:manu.sehgal@equifax.com)

**Kiran Samudrala**

VP – Analytics

[kiran.samudrala@equifax.com](mailto:kiran.samudrala@equifax.com)

**Shruti Joshi**

AVP - Analytics

[shruti.joshi@equifax.com](mailto:shruti.joshi@equifax.com)

**Khayati Khajuria**

AM - Analytics

[khayati.khajuria@equifax.com](mailto:khayati.khajuria@equifax.com)

## SIDBI

**Yalangi Munni Kumari**

GM-ERDAV

[erdav@sidbi.in](mailto:erdav@sidbi.in)

**Ved Prokash**

DGM-ERDAV

[erdav@sidbi.in](mailto:erdav@sidbi.in)

**Ramesh Kumar**

AM-ERDAV

[erdav@sidbi.in](mailto:erdav@sidbi.in)

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# Executive Summary

The 3rd edition of Microfinance Pulse provides an overview of the Microfinance industry as on June 30, 2019. Microfinance Pulse report aims at tracking broad industry trends in the Microfinance sector. The publication provides an opportunity to look at the future prospects apart from being a repository of trends in the Microfinance sector in the recent past.

**Microfinance Industry Overview:** The Microfinance industry has total loan portfolio of ₹1,89,069 crore as on June 30, 2019, which represents a growth of 38% over June 2018. Geographically top 5 states contribute 55% to pan India loan portfolio as on June 30, 2019. Across lender categories, NBFC-MFIs continue to dominate the industry in terms of portfolio outstanding with 37% market share as on June 30, 2018, which increased to 38% as on June 30, 2019. Among lenders, Banks have highest average ticket size as on June 30, 2019.

**Institutional Exposure:** As on June 30, 2019, Microfinance space comprises of 152 institutions. NBFC-MFIs account for 55% of the industry players, in terms of numbers. These institutions are distributed among portfolio outstanding buckets ranging from less than ₹10 crore to greater than ₹5000 crore. NBFC-MFIs and NBFCs contribute to all portfolio outstanding buckets ranging from less than ₹10 crore to greater than ₹5000 crore.

**Disbursement Trends:** Loan disbursement in terms of volume registered 4% growth from AMJ'18 to AMJ'19. Most prevalent ticket sizes for lending during this period are ₹20k-₹30k ticket size, followed by ₹30k-₹40k ticket size loans across institutions. There is also a spike in disbursements from January 01, 2019 to March 31, 2019.

**Industry Risk Profile:** Industry risk profile shows an improvement in 90+ delinquency from 0.51% in June 2018 to 0.40% in June 2019. Among states, Tamil Nadu and Bihar feature in top 5 states in terms of outstanding portfolio and low delinquency; other such states are Karnataka and Uttar Pradesh.

**New To Credit Customer view:** This edition gives a view on the New to credit (NTC) penetration on pan India basis with quarterly NTC rates ranging between 23% and 28%. NBFC-MFIs contributed highest to the NTC population in AMJ'19. The edition gives a further peek into zone wise NTC sourcing across institutional categories; SFBs and NBFCs have their highest NTC sourcing from the South zone at 32% & 42% respectively.

**State Profile:** A comprehensive state profile of West Bengal showcases the trends/ behavior of the state in contributing highest to pan India Microfinance outstanding portfolio as on 30<sup>th</sup> June 2019. Overall, the state has a portfolio of ₹27,649 crore spanning over 1.01 crore live loans. North 24 Parganas, Murshidabad and Nadia contribute 27% of the portfolio outstanding of West Bengal while overall delinquency of the state is 0.20%.

# Abbreviations & Glossary

- ATS (Average Ticket Size) = Disbursed Amount / Number of Loans
  - Concentration % = Live Borrowers/Total Population
  - DPD = Days Past Due
  - Live POS/Borrowers/Active loans = 0 to 179 DPD + New Account + Current Account
  - MFI = Micro finance Institution
  - NTC = New to Credit
  - POB = Portfolio Outstanding Bucket
  - POS = Portfolio Outstanding
  - Transacting Customers = Customers who opened at least 1 new MFI loan in last 6 months or are servicing any active loan.
- 
- 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
- 
- AMJ'18 = April 2018 to June 2018
  - JAS'18 = July 2018 to September 2018
  - OND'18 = October 2018 to December 2018
  - JFM'19 = January 2019 to March 2019
  - AMJ'19 = April 2019 to June 2019

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

Table-01

# Microfinance Industry Overview



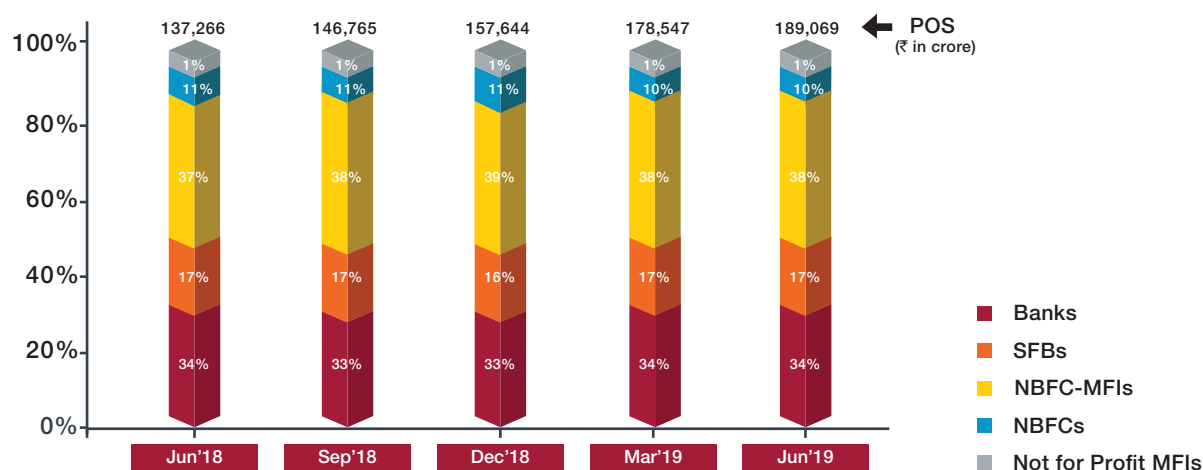
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## Microfinance Industry Overview

Graph-01

Market share trends by lender type



MFI Snapshot of 30 <sup>th</sup> June 2019	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs	Total Industry
Unique Live Borrowers ('000)	19,593	12,957	26,998	8,434	981	68,963
Active Loans ('000)	24,734	15,707	41,239	9,122	1,157	91,959
Portfolio (₹ in crore)	64,367	31,959	71,768	18,997	1,978	1,89,069
Disbursed Amount (₹ in crore) - AMJ'19	19,397	7,960	20,972	3,719	540	52,588
Average Ticket Size (in ₹) - AMJ'19	45,350	32,946	27,330	32,726	28,577	33,512
30+ Delinquency	0.63%	0.94%	1.02%	2.19%	0.42%	0.99%
90+ Delinquency	0.18%	0.43%	0.42%	1.04%	0.20%	0.40%

Table-02

- Industry portfolio outstanding as on 30<sup>th</sup> June 2019 is ₹189,069 crore, a growth of 38% from ₹137,266 crore as on 30<sup>th</sup> June 2018
- NBFC-MFIs have largest market share ranging between 37% - 39% across quarters ending from June 2018 to June 2019
- As on 30<sup>th</sup> June 2019, Banks have the highest average ticket size at ₹45,350 followed by SFBs at ₹32,946
- Across sectors Banks have the lowest 90+ delinquency at 0.18% as on 30<sup>th</sup> June 2019

# Institutional Exposure

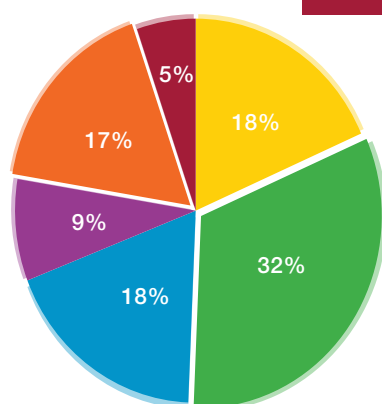




## Institutional Exposure – as on 30<sup>th</sup> June 2019

Graph-02

Institutional distribution across outstanding portfolio buckets

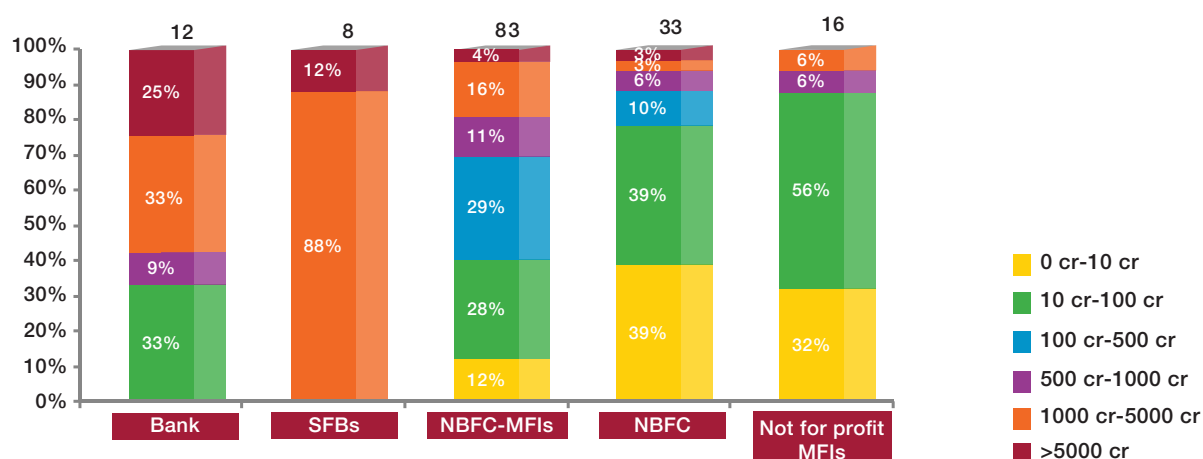


Total Institutional Count = 152



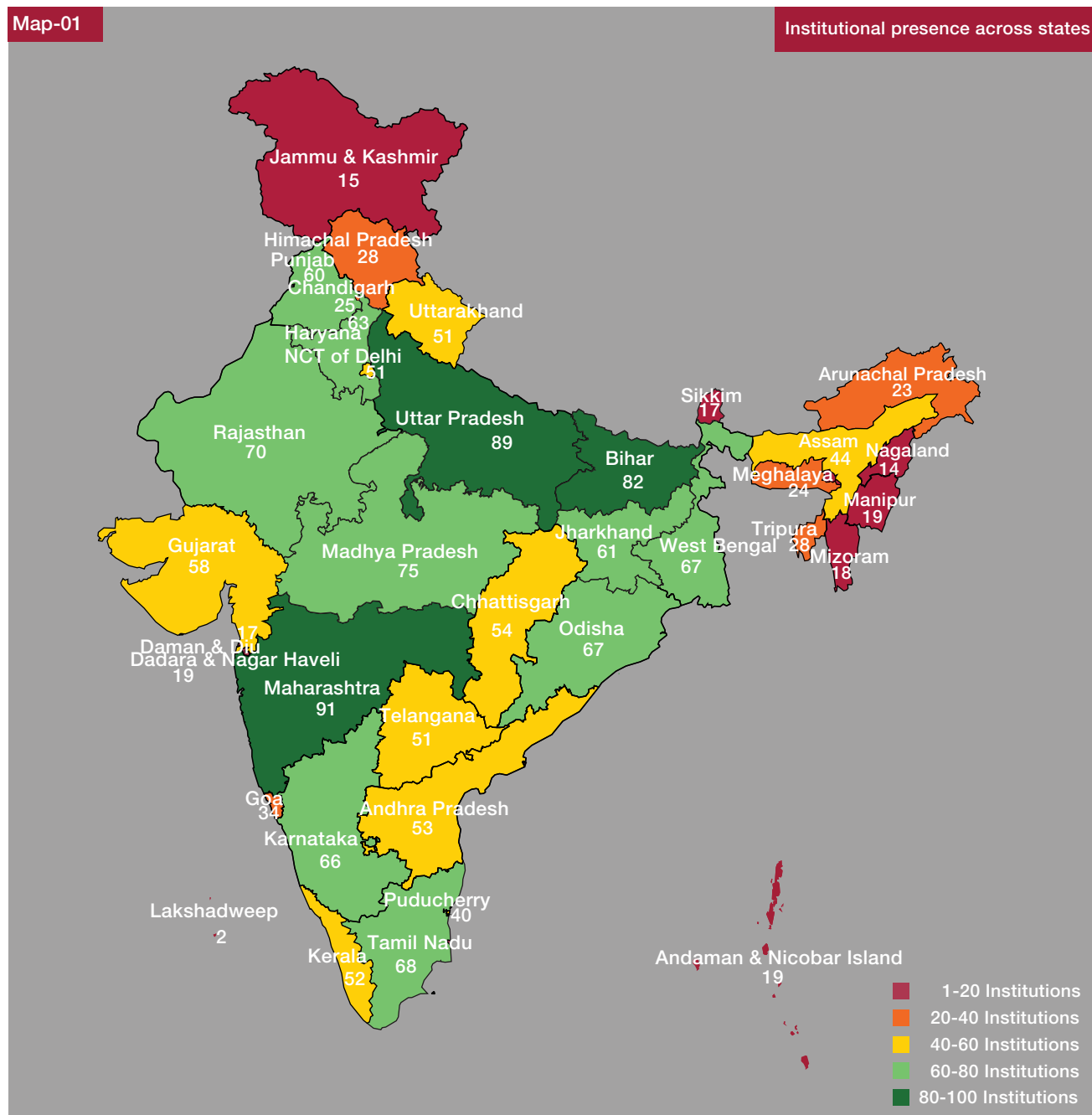
Graph-03

Institutional distribution by lender categories and outstanding portfolio buckets



- Highest concentration of institutions at 32% is seen in the ₹10-₹100 crore portfolio bucket.
- Only 5% of all institutions engaged in microfinance, hold portfolio outstanding of more than ₹5000 crore.
- 68% of all institutions hold portfolio outstanding below ₹500 crore
- SFBs fall in two portfolio outstanding buckets : ₹1000-₹5000 crore and greater than ₹5000 crore
- Portfolio outstanding of NBFCs and NBFC-MFIs is distributed across all outstanding buckets.

## Institutional Exposure by Geography



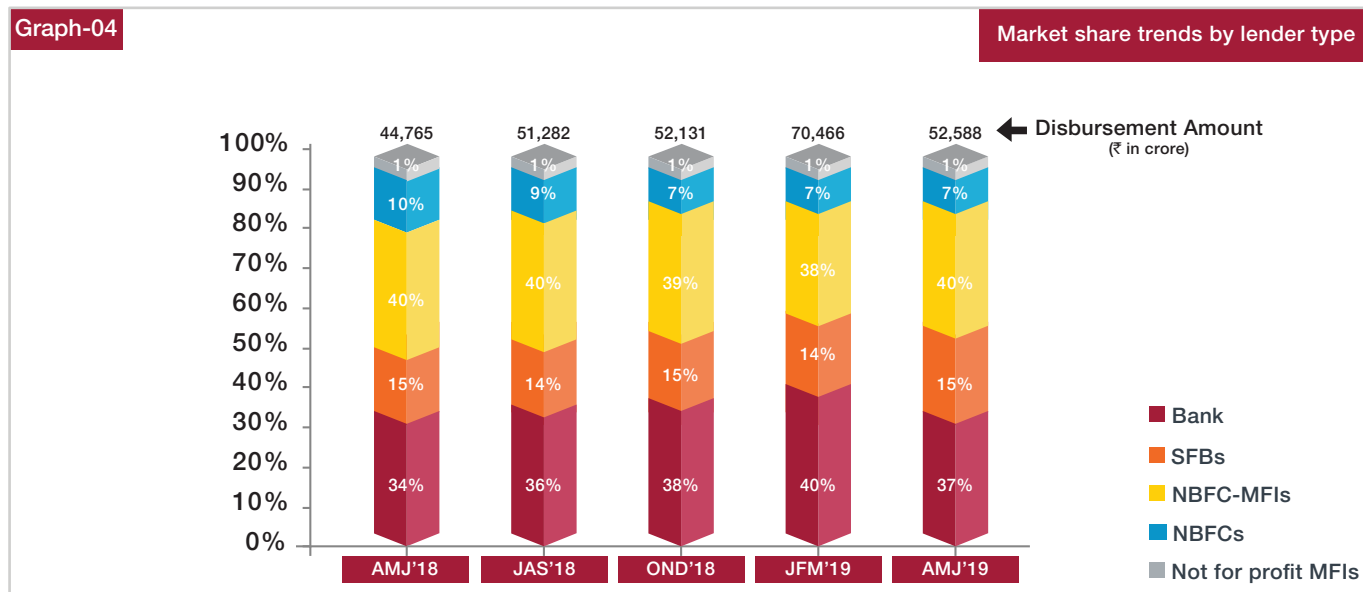
- Majority of extreme east zone states and Jammu & Kashmir from north zone show low presence of microfinance lending institutions as on 30<sup>th</sup> June 2019
- Only 3 states - Maharashtra, Uttar Pradesh, Bihar show institutional concentration ranging between 80-100 institutions, as on 30<sup>th</sup> June 2019

# Disbursement trends



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## Disbursement Trends – Institution wise

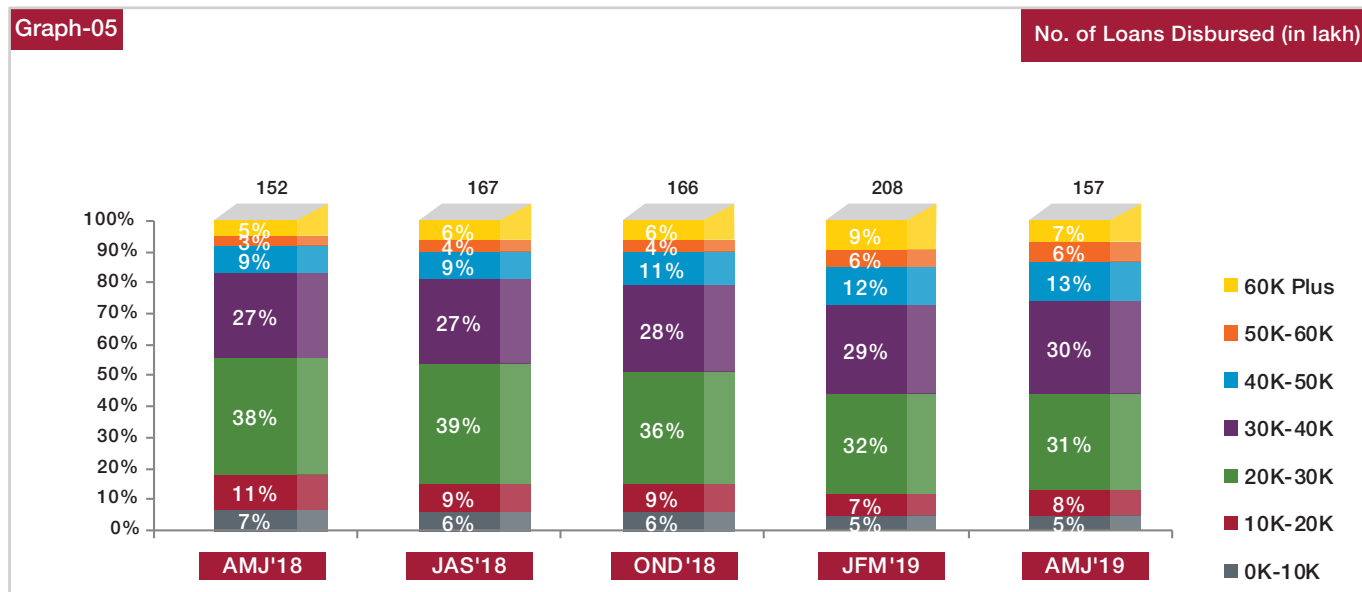


Lender Categories	No. of Loans Disbursed (in lakh)				
	AMJ'18	JAS'18	OND'18	JFM'19	AMJ'19
Bank	39	44	49	64	43
SFBs	22	25	24	31	24
NBFC-MFIs	73	80	79	96	77
NBFCs	16	16	12	14	11
Not for Profit MFIs	2	2	2	3	2
Total	152	167	166	208	157

**Table-03**

- Disbursement by value saw a growth of 17% from AMJ'18 to AMJ'19
- Disbursement by volume grew by 3% in AMJ'19 compared to AMJ'18
- Loans sourced by NBFC-MFIs have been the highest among lender categories

## Industry Ticket Size Trends



Ticket Size	No. of Loans Disbursed (in lakh)					Y-o-Y growth rate %
	AMJ'18	JAS'18	OND'18	JFM'19	AMJ'19	
0K-10K	11	10	10	10	8	-27%
10K-20K	15	15	15	15	13	-13%
20K-30K	58	65	60	67	49	-16%
30K-40K	42	46	45	61	46	10%
40K-50K	13	16	18	25	20	54%
50K-60K	5	6	7	12	9	80%
60K Plus	8	9	11	18	12	50%
<b>Total</b>	<b>152</b>	<b>167</b>	<b>166</b>	<b>208</b>	<b>157</b>	<b>3%</b>
Q-o-Q loan disbursal growth rate %	-	11%	-1%	25%	-25%	-
All India ATS (in ₹)	29,555	30,658	31,499	33,933	33,515	13%
Q-o-Q ATS growth rate %	-	4%	3%	8%	-1%	-

**Table-04**

- ₹40K-₹50K ticket size loans have registered a growth of 54% from AMJ'18 to AMJ'19
- The number of loans in ticket size ₹20K-₹30K decreased from 38% to 31% , whereas it has increased from 27% to 30% in ticket size ₹30K-₹40K from AMJ'18 to AMJ'19
- Overall ATS grew by 13% from AMJ'18 to AMJ'19

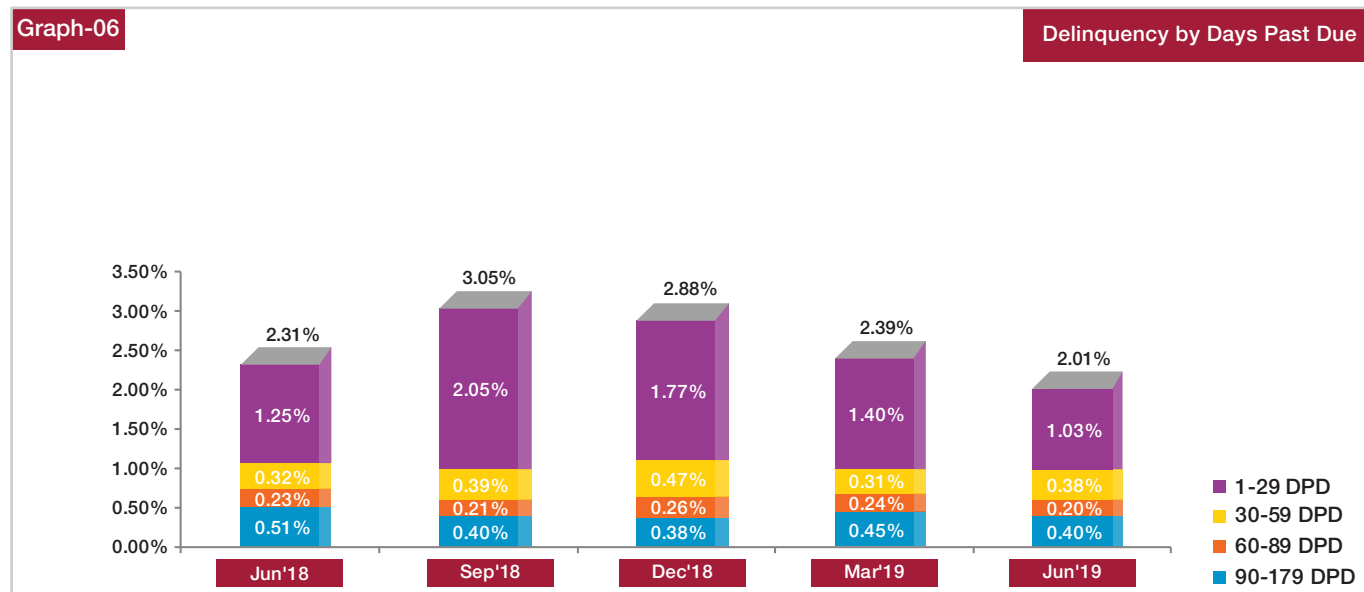


# Industry Risk Profile



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## Industry Risk Profile



Reporting Month	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
Jun'18	1.25%	0.32%	0.23%	0.51%	2.31%
Sep'18	2.05%	0.39%	0.21%	0.40%	3.05%
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%

**Table-05**

- Industry level delinquencies were highest in September 2018 .
- 1–179 days delinquency witnessed improvement in June 2019 as compared to June 2018.

# Geographical Exposure



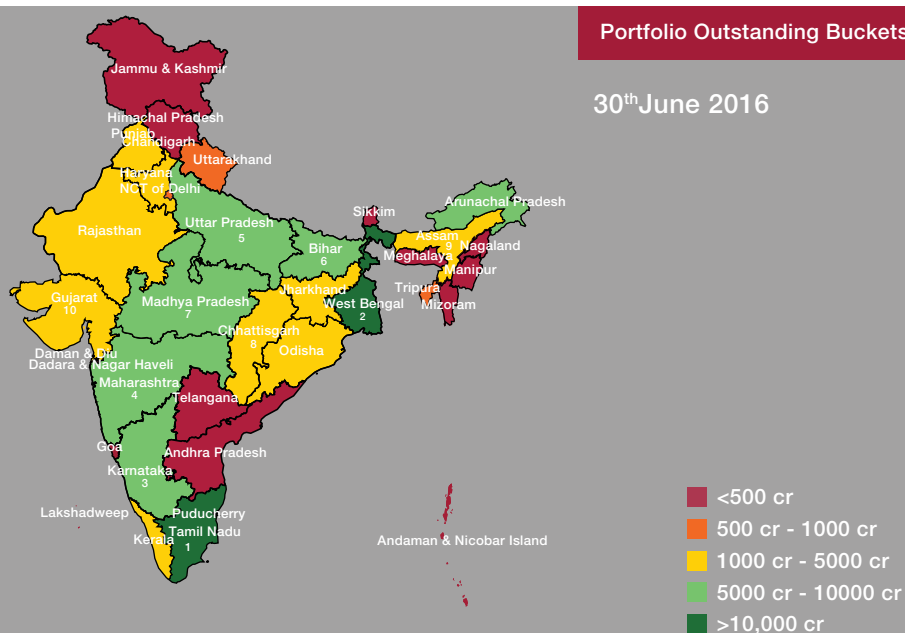
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## State wise Portfolio Outstanding

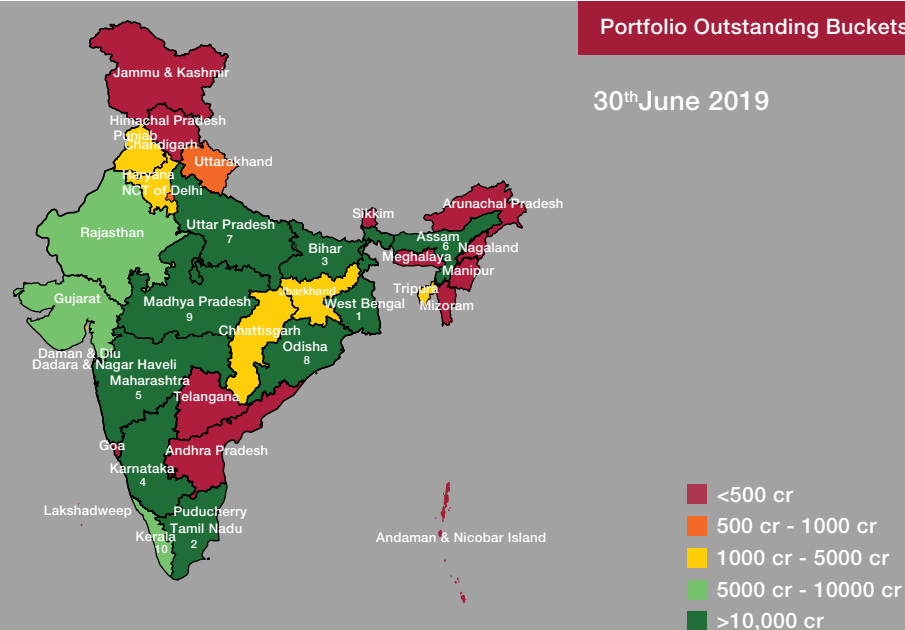
Map-02

Portfolio Outstanding Buckets

30<sup>th</sup> June 2016

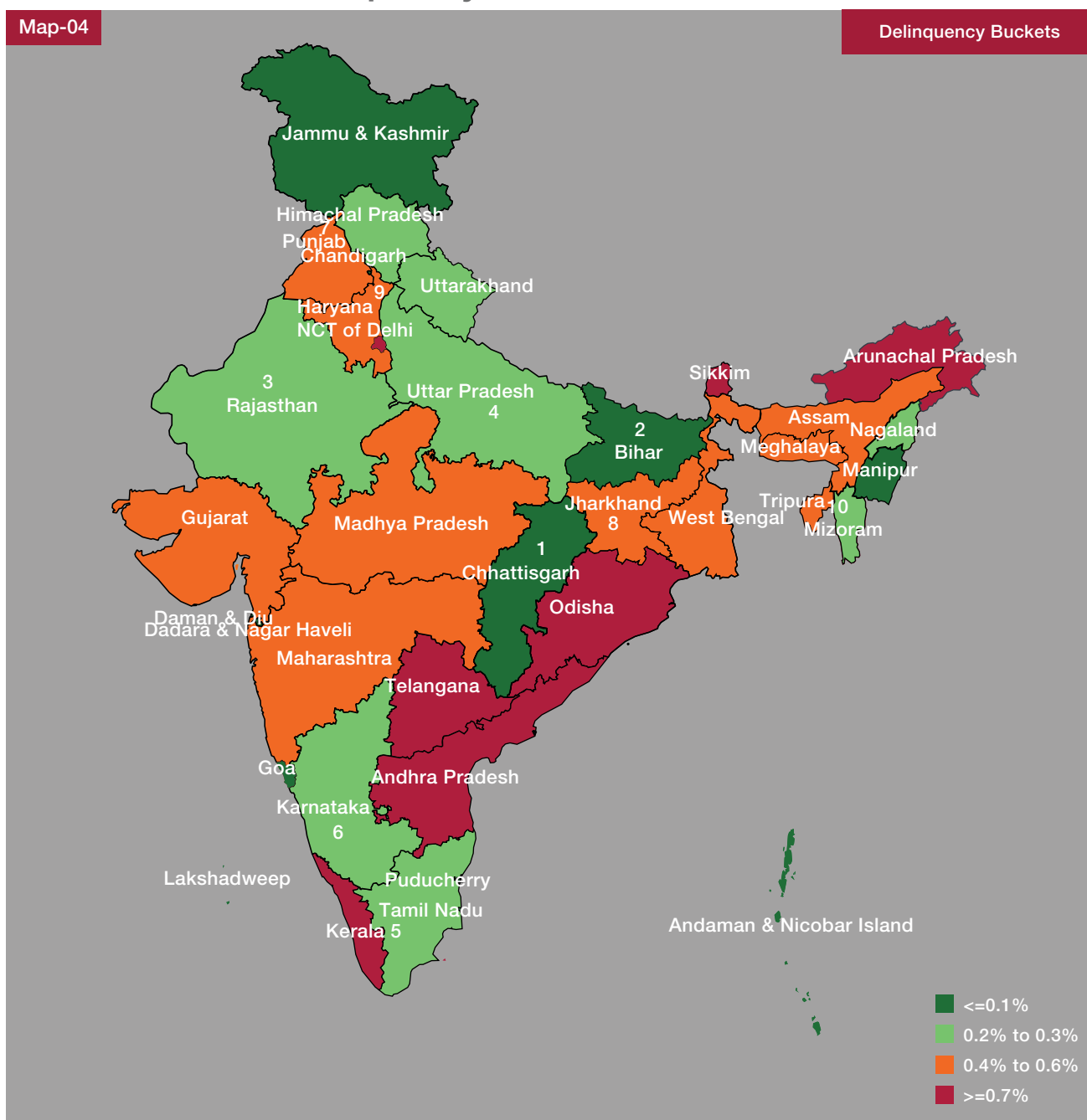
Map-03

Portfolio Outstanding Buckets

30<sup>th</sup> June 2019

- West Bengal has moved to No.1 position in June 2019 from No.2 position in June 2016
- Most of the top 10 states maintained their presence in the list with Kerala being the new addition in place of Gujarat
- State wise portfolio outstanding exposure has shown improvement from June 2016 to June 2019

## State wise 90+ Delinquency as on 30<sup>th</sup> June 2019



- Pan India 90+ delinquency as on 30<sup>th</sup> June 2019 stands at 0.40%
- Majority Indian states (22 states) fall in the 0.2% - 0.6% delinquency bucket.
- 7 Indian states fall in the ≤0.1% delinquency bucket
- As on 30<sup>th</sup> June 2019 Bihar's 90+ delinquency is contained well at 0.09%
- As on 30<sup>th</sup> June 2019, 90+ delinquency in Kerala & Odisha is 0.83% and 1.20% respectively which is higher than PAN India delinquency at 0.40%

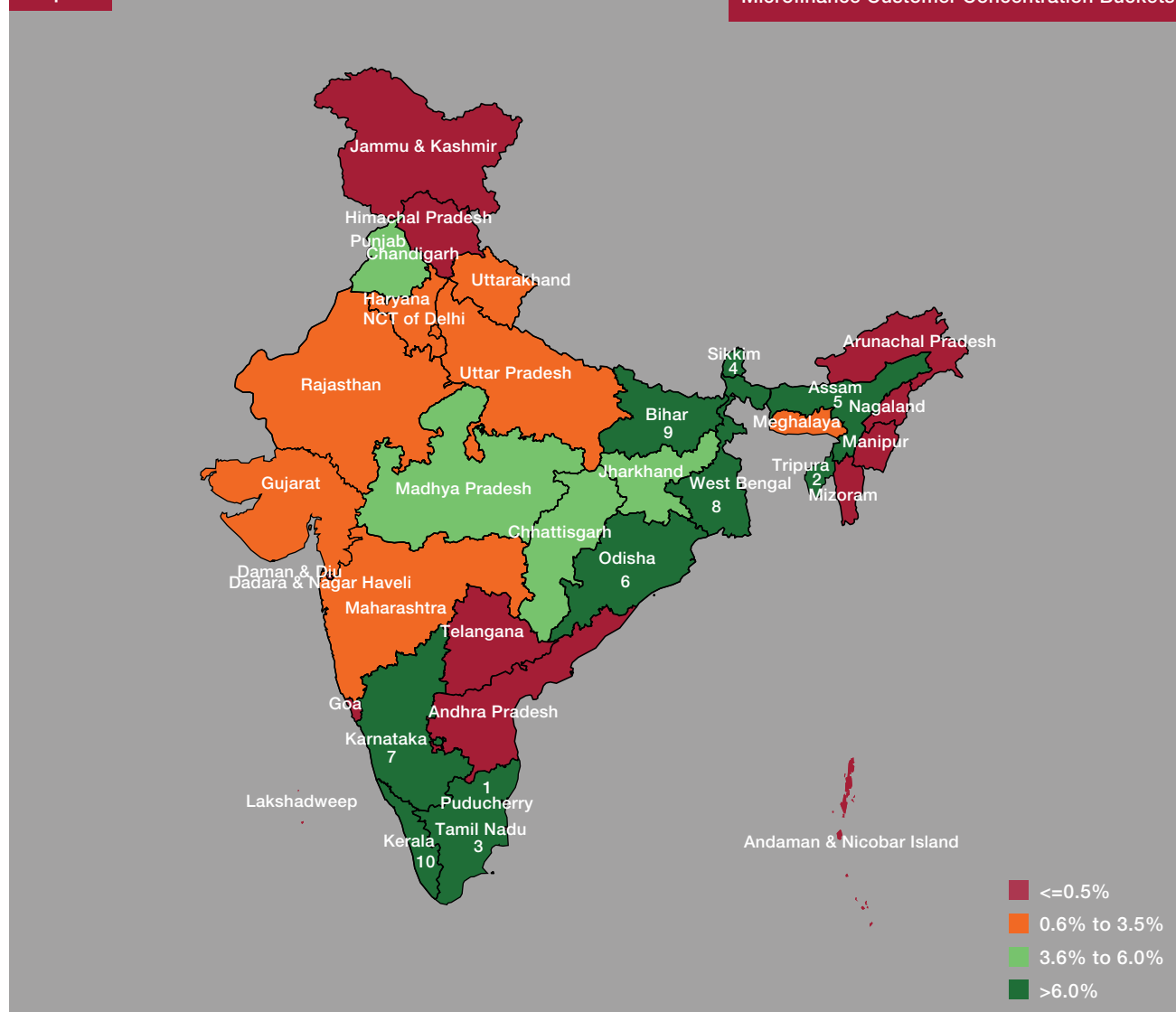
Note : Top 10 states highlighted basis lowest delinquency post excluding states where the POS is <1000 crore. No.1 indicates the lowest 90+ delinquency Data as on 30<sup>th</sup> June 2019. This map is a generalized illustration only, and is not intended to be used for reference purposes.



## Density Heat Map

Map-05

Microfinance Customer Concentration Buckets



Top 10 States	Active Borrowers (in '000, as on June 2019)	Population Census-2011 (in '000)	Concentration (in%)
Puducherry	110	965	11%
Tripura	399	3,671	11%
Tamil Nadu	6,932	72,139	10%
Sikkim	24	281	9%
Assam	2,460	31,169	8%
Odisha	3,176	41,947	8%
Karnataka	4,362	61,131	7%
West Bengal	5,477	91,348	6%
Bihar	5,755	1,03,805	6%
Kerala	1,846	33,388	6%

Table-06

- As on June 2019, West Bengal has the highest share at 15% in pan India portfolio. In contrast, only 6% of West Bengal's population avails microfinance loans
- Pondicherry, Tripura and Tamil Nadu each have a concentration of more than 10%.

# New To Credit Customer View

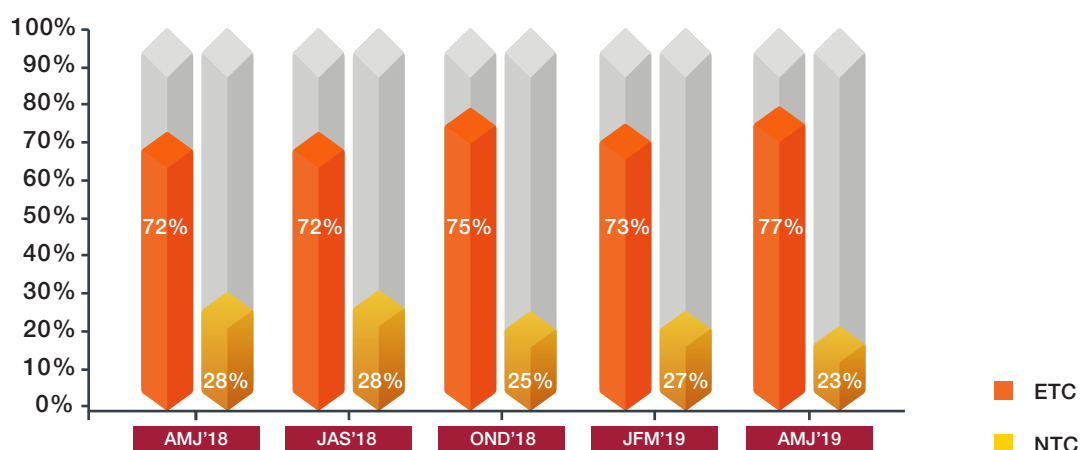


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## NTC distribution

Graph-07

NTC – ETC population share by sourcing quarter



AMJ'19 NTC – ETC Distribution by Lender Categories

Lender Categories	NTC distribution in AMJ'19	ETC distribution in AMJ'19
Banks	24%	76%
SFBs	19%	81%
NBFC - MFIs	45%	55%
NBFCs	11%	89%
Not for Profit MFIs	1%	99%

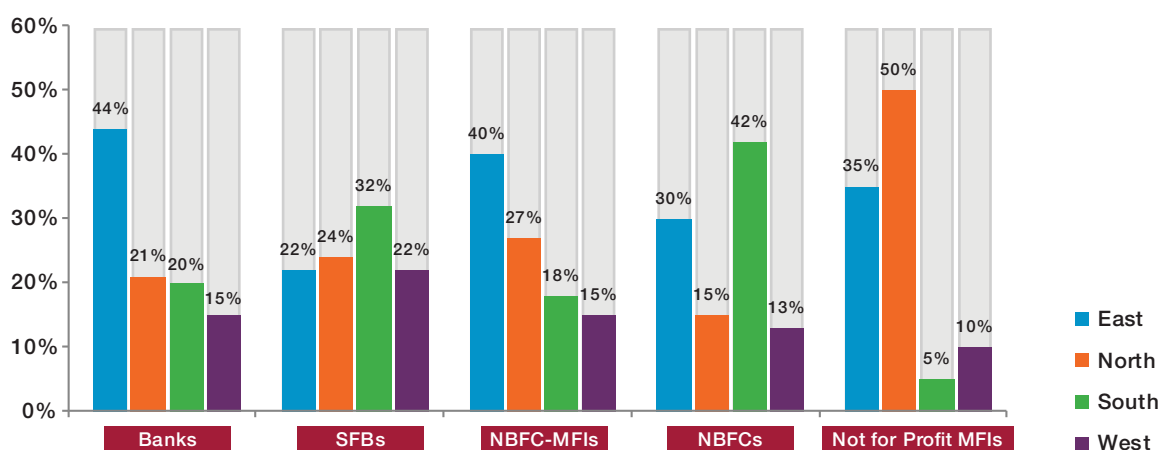
Table-07

- Among lenders, NBFC-MFIs has sourced highest number of NTC customers at 45% in AMJ'19 followed by Banks at 24%
- The ETC population shows higher penetration across all quarters, pan industry

## NTC sourcing distribution by Lender Category and Zone

Graph-08

NTC sourcing distribution by lender category and zone for AMJ'19



Lender Categories	Zone			
	North	South	West	East
Banks	21%	20%	15%	44%
SFBs	24%	32%	22%	22%
NBFC-MFIs	27%	18%	15%	40%
NBFCs	15%	42%	13%	30%
Not for Profit MFIs	50%	5%	10%	35%

Table-08

- SFBs and NBFCs have highest NTC sourcing from the South zone : 32% & 42% respectively
- Banks and NBFC-MFIs source majority NTC customers from East zone
- Not for Profit MFIs source 50% of its NTC customers from the North zone



# Comprehensive State Profile : West Bengal

State contributing highest to pan India outstanding portfolio, 30<sup>th</sup> June 2019



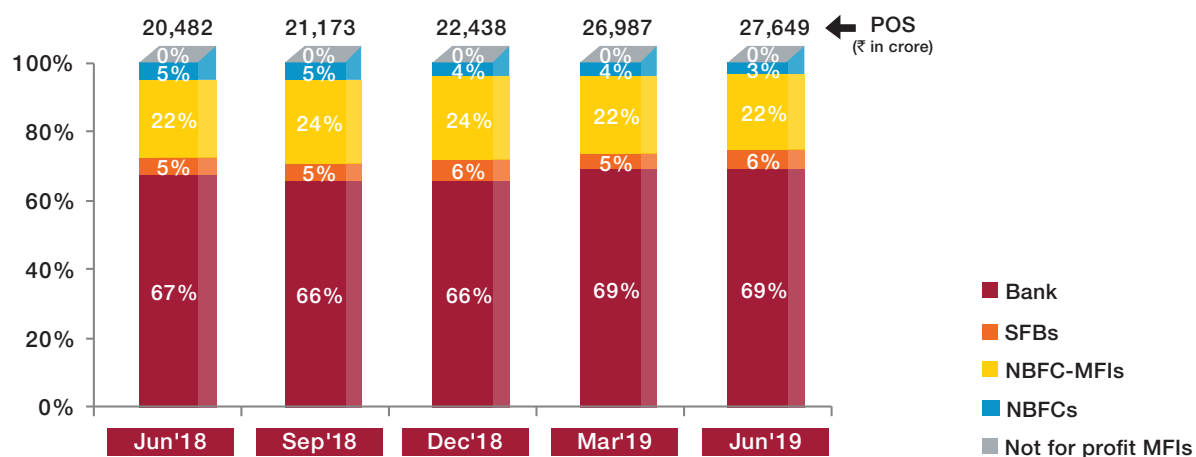
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## West Bengal : State View

Graph-09

Market share trends by lender type



West Bengal Snapshot View-30 <sup>th</sup> June 2019	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs	Total Industry
Unique Live Borrowers ('000)	3,792	656	2,396	485	18	7,347
Active Loans ('000)	6,557	731	2,303	512	10	10,112
Portfolio Outstanding (₹ in crore)	19,057	1,558	6,068	943	23	27,649
Market Share (POS)	69%	6%	22%	3%	0%	100%
Disbursed Amount (₹ in crore) - AMJ'19	30,453	2,062	10,393	966	59	43,933
Average Ticket Size (in ₹) - AMJ'19	60,175	31,721	24,824	31,880	24,071	42,967
90+ Delinquency	0.18%	0.24%	0.22%	0.35%	0.22%	0.20%

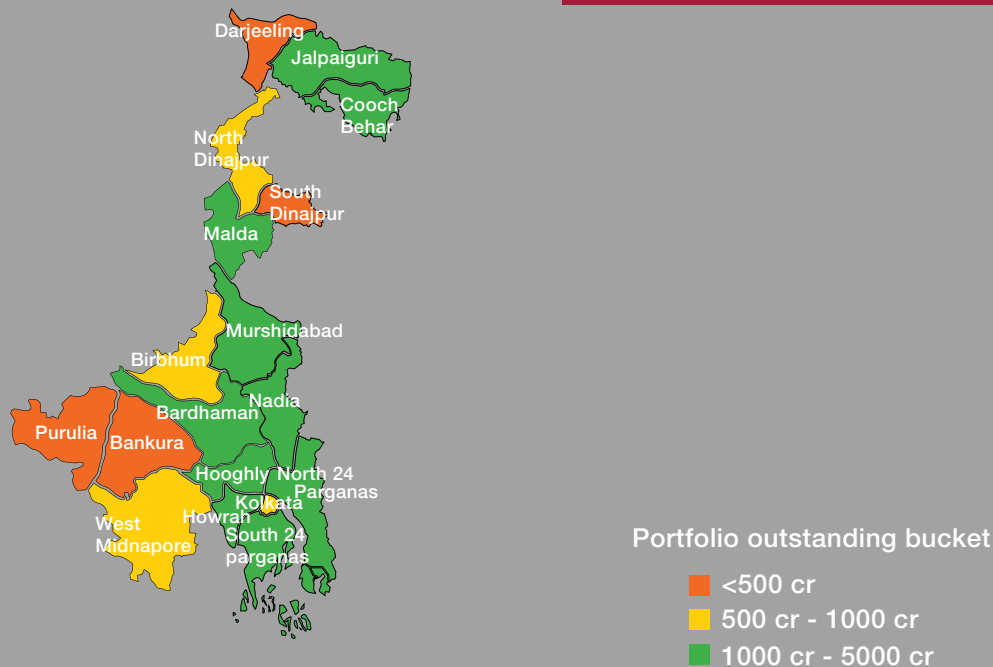
Table-09

- West Bengal's portfolio outstanding has grown by 35% ending June 2019 at ₹27,649 crore, as compared to June 2018
- Banks dominate the state of West Bengal with market share ranging between 67% to 69% from June 2018 to June 2019
- Banks source the highest ATS at ₹60,175 followed by NBFCs at ₹31,880
- NBFCs show highest 90+ Delinquency at 0.35%

## West Bengal : Geographical portfolio contribution

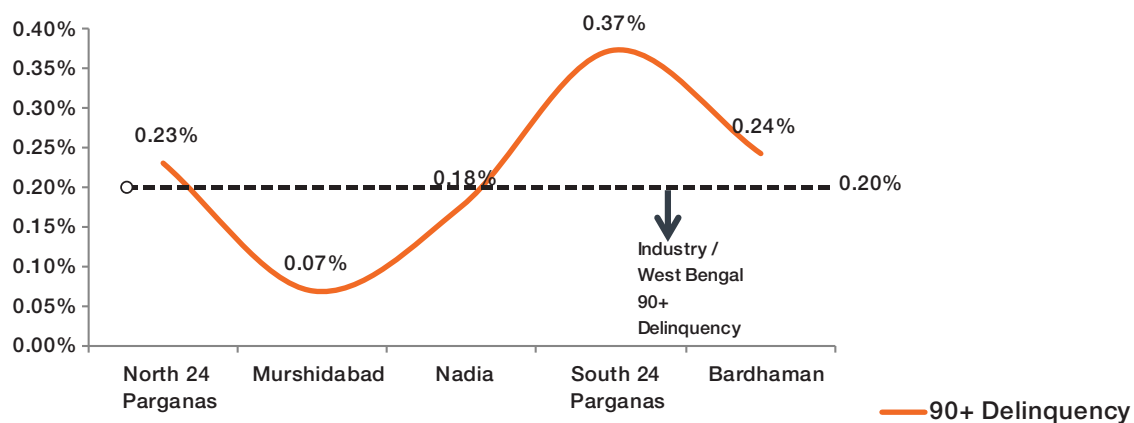
Map-06

District Level Portfolio Contribution



Graph-10

Top 5 districts - 90+ Delinquency Position



- Out of the total districts, 10 districts hold more than ₹1000 crore portfolio and 4 districts between ₹500 crore – ₹1000 crore portfolio

## West Bengal : Customer Recency

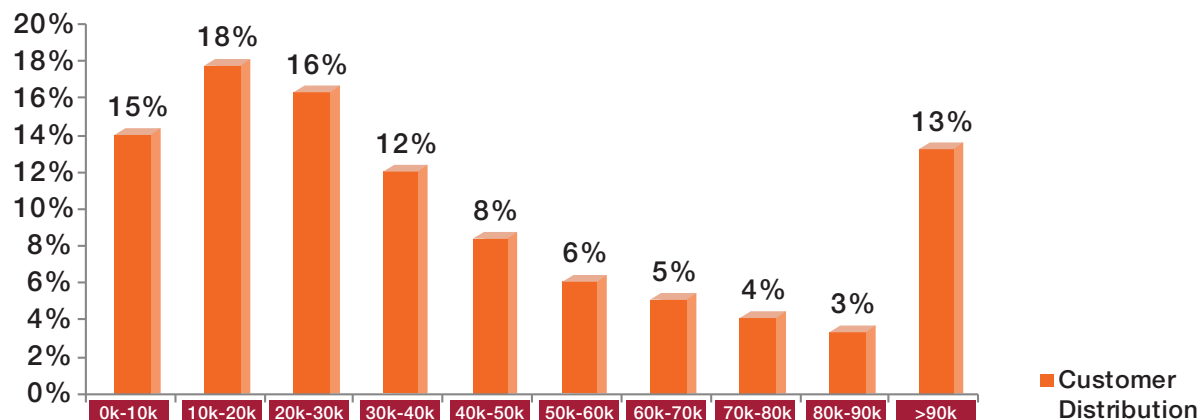
Customer Activity from January 2019 – June 2019

Particulars	Customer count	
	('000)	% share
Transacting Customers	5,996	56%
Non-transacting Customers	4,785	44%
Total Customers	10,781	100%

Table-10

Graph-11

Transacting Customer distribution by outstanding buckets – 30<sup>th</sup> June 2019



- 44% of West Bengal's microfinance customer base has not taken any new MFI loan between 1<sup>st</sup> January 2019 – 30<sup>th</sup> June 2019 and do not have any live loans as on 30<sup>th</sup> June 2019
- West Bengal customer concentration (61%) is seen up to ₹40k outstanding bucket

## MICROFINANCE PULSE REPORT

### 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 Micro Finance movement. Under Microfinance, the Bank has cumulatively sanctioned ₹18,446 crore to more than 100 MFIs, as on March 2019. 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 Micro Finance industry from fragile beginning to a full-fledged industry segment, culminating in the transition of 9 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.

As a further step towards making an effective contribution to Micro Finance, SIDBI has collaborated with the World Bank and UN Women and launched 'Women Livelihood Bond' - a low cost impact bond for making available credit to poor women for entrepreneurial activities at lower cost.

### 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.

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## 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 - 400093

Toll Free No: 1800 2093247  
[ecissupport@equifax.com](mailto:ecissupport@equifax.com)

### **Small Industries Development Bank of India**

SIDBI Tower, 15, Ashok Marg  
Lucknow – 226001

Toll Free No.: 1800 22 6753  
[www.sidbi.in/en](http://www.sidbi.in/en)

