

MicroLend

QUARTERLY PUBLICATION ON MICROFINANCE LENDING

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State of the Sector

Microfinance industry grew 44% Y-o-Y by March 2019, while the growth was 31% previous year. The industry gross loan portfolio is Rs. 188.5K Cr as of March 2019. The PAR 31-180 level has stabilized at around 1%. Microfinance outreach is nearly 5.6 Cr active borrowers with 9.6 Cr active loans. Rural portfolio is 54% of the overall gross loan portfolio (GLP). NBFC-MFIs have the largest market share (36%), while the market share of SFBs continues to decrease. The disbursement is 26% higher in value in Q4 FY 2018-19 as compared to Q4 FY 2017-18. The average ticket size of microfinance loan has accelerated by 12.7% Y-o-Y to nearly Rs. 31,000 by March 2019.

Sectoral Snapshot

	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019
GLP (INR Cr)	130.5K	143.7K	153.7K	168.3K	188.5K
%GLP Growth		10.12%	6.97%	9.49%	11.99%
Average Ticket Size	27.6K	28.3K	29.0K	30.1K	31.1K
Average Exposure	29.0K	30.2K	32.2K	32.9K	35.1K
PAR 31-180 %	1.5%	1.2%	1.0%	1.0%	1.0%
Write-Off (Amount) %	1.0%	1.1%	1.1%	1.1%	1.1%

The Months indicate the book closing periods. GLP Growth % Indicates change over previous period.

Synopsis

- Gross Loan Portfolio (GLP) grew 12% Q-o-Q as of March 2019, while the quarterly amount disbursed is 27% higher in Q4 FY 2018-19 as compared to Q3 FY 2018-19.
- Disbursed amount in Q4 FY 2018-19 is 27% higher Y-o-Y.
- Industry PAR 1-30 is higher in urban portfolio (3.25%) as compared to rural portfolio (2.5%), while the PAR 31-180 levels are similar at 1% since Sep 2018.
- The Microfinance Outreach is nearly 5.6 Cr active microfinance borrowers with 22% Y-o-Y growth by March 2019.
- National average ticket size has increased by 12.7% Y-o-Y by March 2019, while national average exposure has increased by 22% during the same period, largely attributed to big ticket lending in FY 2018-19.

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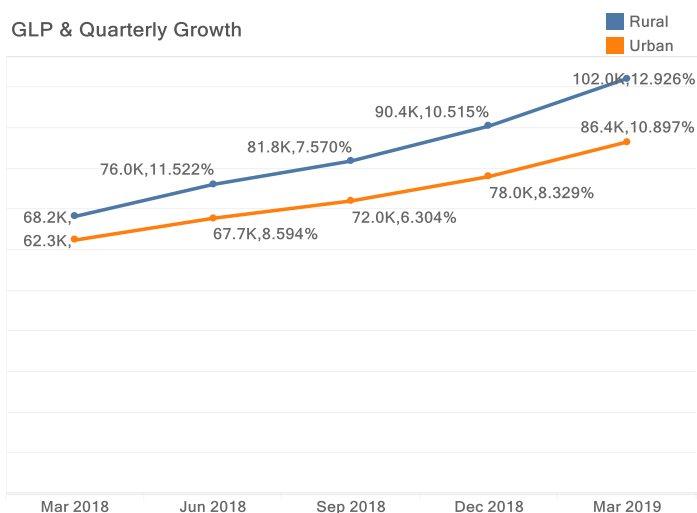
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Industry Growth & Market Share

The GLP stands at Rs 188.5K Cr by March 2019. Rural portfolio is 54% of the total portfolio, registering a Y-o-Y growth of 50%. The Y-o-Y growth in Rural portfolio is 11% more than the Y-o-Y growth in the urban portfolio, as of March 2019. The industry grew 12% Q-o-Q in Q4 FY 2018-19 while the growth was 14% in the same period last year.

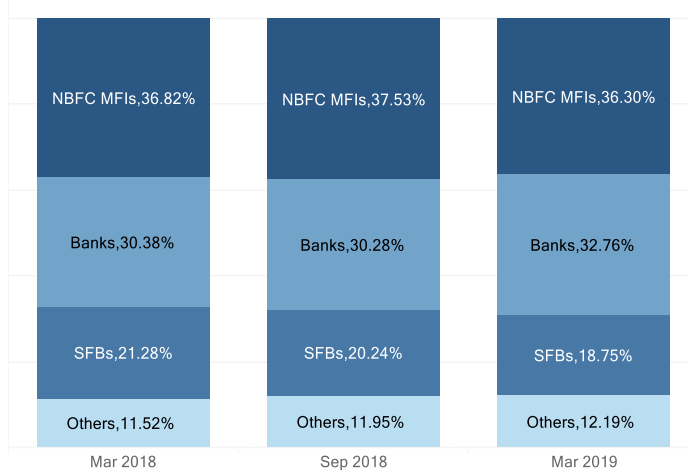
NBFC-MFIs have the largest market share (36%), closely followed by Banks (33%), SFBs (19%) and others (12%). Market share of SFBs has shrunk by (2.5%) over the year, as of March 2019. Urban geographies constitute 58% of SFBs portfolio, while that of Banks, NBFC MFIs and Others ranges between 41%-47%, as of December 2018.

GLP & Quarterly Growth



The Months indicate the book closing periods. % Indicates change over previous period.

Overall Market Share Y-o-Y



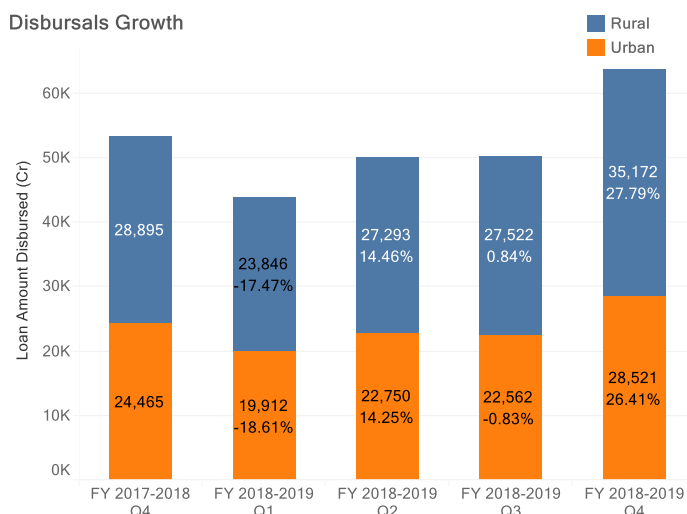
The Months indicate book closing periods. % indicates the Market Share by the Lender Type.

Sourcing Growth & Market Share

Rs. 63,693 Cr was disbursed in the fourth quarter of the financial year 2018-19. Loans disbursed in value terms in Q4 FY 2018-19 grew by 27% Q-o-Q and is 19% higher for same period previous year (Q4 FY 2017-18). Disbursal volume in Q4 FY 2018-19 is 1.86 Cr, with a quarterly growth of 16%, which is 4% higher than same period previous year.

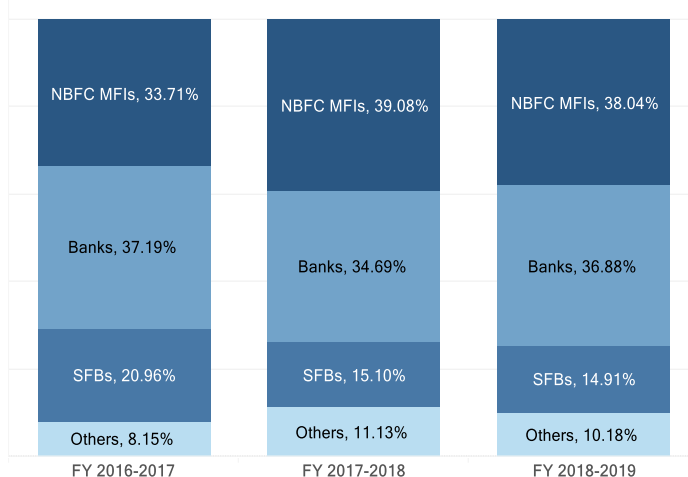
Barring South (43%) and West (40%), disbursal value and volume of other regions are dominated by rural geographies. The market share in sourcing for Banks is nearly 37% in FY 2018-19, up by 2% as compared to FY 2017-18. NBFCs share of sourcing is down by a percentage point in FY 2018-19 as compared to previous fiscal year, while SFBs share of sourcing continues to shrink due to increasing focus on small finance banking.

Disbursals Growth



The time periods indicate the Financial Year Quarters by Loan Origination Period. % indicates change over previous period.

Market Share in Disbursals Y-o-Y



The Financial Years indicate the Loan Origination Periods. % indicates the Market Share.

Borrower Leverage & Compliance

The average ticket size per loan has increased by 12.7% Y-o-Y to reach Rs 31.1K. The average exposure per borrower is Rs 35.1K as of March 2019, up by 22% Y-o-Y. Average microfinance exposure grew 7% in the last quarter of FY 2018-19. Also, a 23% quarterly volume growth in loans with ticket size above 40K has been observed in the industry during the last quarter.

Amongst the top states, Tamil Nadu has 41% of the portfolio in the 25K-30K range whereas West Bengal & Assam have only 17% of the portfolio in this ticket size segment. West Bengal & Assam continues to have around 41% of its portfolio in the 60K + ticket segment while the rest of the states show a decent distribution of the portfolio across ticket size segments, with around 1/3rd of the national portfolio in the 25K-30K range.

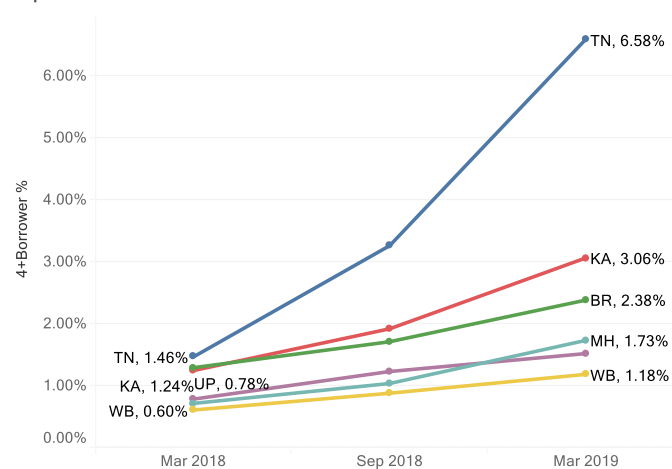
6.58% borrowers from Tamil Nadu have loans running with 4 or more lenders, as of March 2019. This number has sharply risen from 1.46% in March 2018. During the same period, the Active Borrower Base has a 10% growth in Tamil Nadu. The gross loan portfolio for Tamil Nadu has grown by 47%, Y-o-Y. The Active Borrower Base has increased by 20% Y-o-Y by Mar 2019 in the top states with 85% of the national GLP, while the portfolio has grown by 44% Y-o-Y by March 2019.

National & Top States - Borrower & Loan Leverage Levels

	Average Ticket Size			Average Exposure		
	Mar 2018	Sep 2018	Mar 2019	Mar 2018	Sep 2018	Mar 2019
WB	34.6K	37.7K	41.1K	33.9K	38.2K	43.5K
TN	25.9K	27.2K	29.3K	27.4K	31.3K	36.4K
BR	28.0K	29.3K	31.4K	31.2K	33.9K	36.4K
KA	24.9K	25.5K	27.9K	29.7K	33.9K	35.7K
MH	25.6K	26.6K	28.0K	26.2K	28.8K	30.9K
UP	27.3K	27.9K	29.4K	25.2K	26.7K	28.3K
National	27.6K	29.0K	31.1K	29.0K	32.2K	35.1K

The Months indicate book closing periods. Average Ticket Size is basis per Loan Account & Average Exposure is basis per Borrower.

Top States - Borrower Associated With 4 or More Lenders



The Months indicate book closing periods. Borrowers with only Active Lender Associations are considered.

Loans above 40K ticket size grew by 82% Y-o-Y by Mar 2019 with a 20% growth in the last quarter of the fiscal year 2018-19

NBFC-MFIs show increased focus in loans above 40K ticket size with 100% Y-o-Y growth in volumes

Eastern Region (incl. Assam) brings in 50% of these high-ticket loans while west has a 25% share of these high-ticket loans

Industry Risk Profile

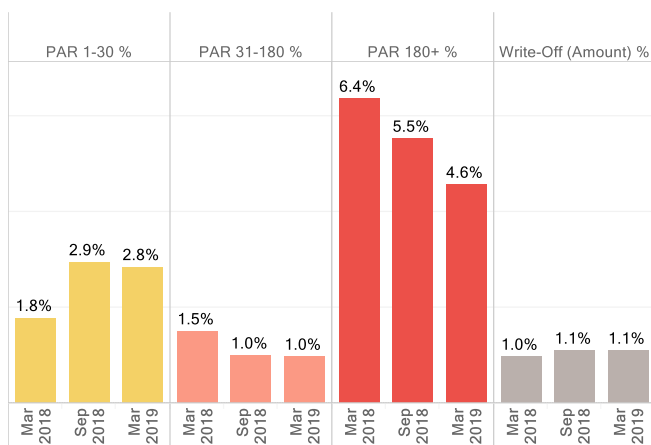
PAR 1-30, which indicates the early delinquency rates, has gone up a full percentage point to 2.8% in March 2019 as compared to 1.8% in March 2018. The risk level for PAR 31-180, has reduced from 1.5% in March 2018 to 1.0% in March 2019. A similar trend has been observed in case of PAR 180+ level, which has improved substantially on a Y-o-Y basis from 6.4% to 4.6%, while the incremental write-offs have reduced through the last fiscal year.

PAR 1-30 for SFBs has increased from 2.8% to 12.1% for rural geographies and from 2.6% to 11% for urban geographies, while for Banks it has reduced from 1.7% to 0.8% for rural and from 1.7% to 0.8% for urban geographies respectively from March 2018 to March 2019.

Overall level for PAR 31-180 has reduced from 1.3% to 1.0% for rural and from 1.7% to 0.9% for urban geographies from March 2018 to March 2019. PAR 31-180 for SFBs has improved significantly, for both rural and urban geographies. It has continued to stay below 1% level for NBFC -MFIs and Banks, thereby continuing the positive trend from the last quarter.

The overall risk level for PAR 180+ was 6.4% in March 2018 and stands at 4.6% in March 2019. Risk level of urban portfolio for PAR 180+ is 2.7% more as compared to rural geographies. 58% of the total written-off amount is from urban portfolio.

Portfolio Risk Levels



The Risk Levels are basis the Delinquent Portfolio (excluding Write-off) & Overall Portfolio reported at the respective book closing period.

PAR 1-30 Levels

	Rural			Urban		
	Mar 2018	Sep 2018	Mar 2019	Mar 2018	Sep 2018	Mar 2019
NBFC MFIs	0.87%	1.17%	0.73%	1.12%	1.64%	0.98%
Banks	1.79%	1.33%	0.80%	1.66%	1.57%	0.82%
Others	2.72%	1.29%	0.95%	2.52%	1.86%	1.24%
SFBs	2.76%	9.76%	12.11%	2.62%	8.18%	10.95%
Grand Total	1.72%	2.65%	2.50%	1.80%	3.25%	3.25%

The Risk Level is basis the 1-30 days past due Portfolio & Overall Portfolio reported at the respective book closing period.

PAR 31-180 Levels

	Rural			Urban		
	Mar 2018	Sep 2018	Mar 2019	Mar 2018	Sep 2018	Mar 2019
NBFC MFIs	1.13%	0.87%	0.88%	1.22%	0.97%	0.96%
Banks	0.87%	0.62%	0.45%	0.99%	0.71%	0.50%
Others	1.13%	0.85%	2.55%	1.51%	1.03%	2.00%
SFBs	2.65%	1.53%	1.02%	3.27%	1.73%	1.06%
Grand Total	1.31%	0.90%	0.99%	1.71%	1.08%	0.93%

The Risk Level is basis the 31-180 days past due Portfolio & Overall Portfolio reported at the respective book closing period.

PAR 180+ Levels

	Rural			Urban		
	Mar 2018	Sep 2018	Mar 2019	Mar 2018	Sep 2018	Mar 2019
NBFC MFIs	3.65%	2.74%	2.33%	5.48%	4.67%	4.01%
Banks	1.78%	1.77%	1.56%	2.38%	2.26%	2.02%
Others	4.48%	3.81%	3.42%	6.98%	5.69%	5.21%
SFBs	12.73%	11.41%	9.59%	18.89%	17.77%	15.01%
Grand Total	4.74%	4.02%	3.33%	8.14%	7.25%	6.00%

The Risk Level is basis the 180 days or more past due Portfolio & Overall Portfolio reported at the respective book closing period.

Note: NBFC MFIs includes all RBI registered NBFC MFIs. Banks includes all Banks (Except SFBs) reporting microfinance lending. SFB & Aspirants includes all awardees of Small Finance Bank License.

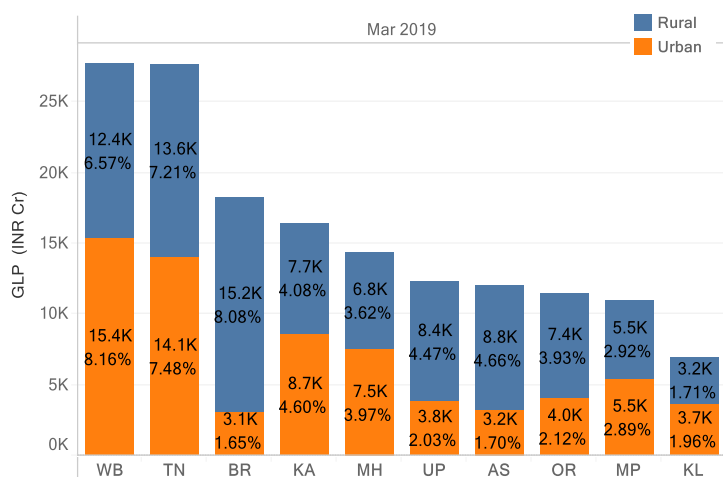
Dive into Geography

Top 10 states account for 84% of the national gross loan portfolio. Overall, eastern region dominates the market share with 40% of the total GLP share, followed by southern region (27%), western region (14%). Central & north eastern region have a ~8% of the national GLP. The portfolio Y-o-Y growth is high in North East (62%) & East (46%) while growth in South (40%), West (43%) and Central regions (38%) is below the national portfolio growth (45%).

West Bengal has marginally surpassed Tamil Nadu as the largest market with ~15% share of the national GLP. Assam (62%), Bihar (59%), West Bengal (47%) and Tamil Nadu (47%) have the highest Y-o-Y growth in the book size. Bihar now has a larger book size than Karnataka & Assam leads Orissa in terms of the book size. The growth in Bihar and Assam is driven by growth in rural lending upwards of 60% Y-o-Y while West Bengal has a 48% Y-o-Y growth in the rural book size as compared to Tamil Nadu which has a 46% Y-o-Y growth in the rural book size. Banks lead the Y-o-Y growth in the national loan book with 55% and NBFC-MFIs with a 42% Y-o-Y growth in book size.

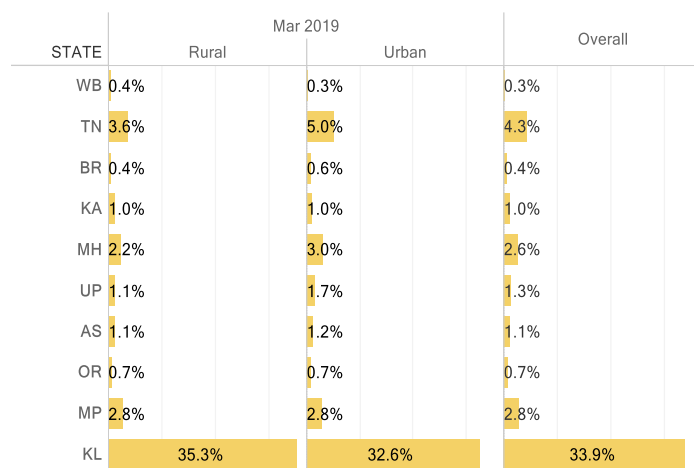
Tamil Nadu (4.3%), Madhya Pradesh (2.8%) & Maharashtra (2.6%) have high early delinquency. PAR 1-30 level for Kerala remains high at 33.9% in March 2019 (was 44.8% in September 2018). Orissa (2.9%), Kerala (2.2%), Madhya Pradesh (1.4%) & Tamil Nadu (1.3%) have high levels of PAR 31-180. The PAR 31-180 in these states is higher compared to last quarter and is building up as observed in the risk trends on PAR 31-180 and PAR 180+. While the PAR 31-180 is comparatively lower in Karnataka, Maharashtra & Uttar Pradesh, the PAR 180+ continues to be higher in these states, largely due to the bad pre-demonetization book prior to March 2017.

Portfolio Distribution at State Level



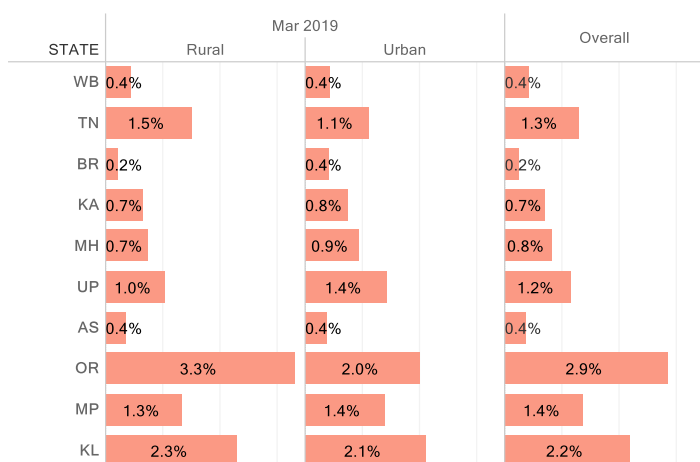
The Portfolio Size & Market Share are basis the last quarterly book closing period.

State Level PAR 1-30



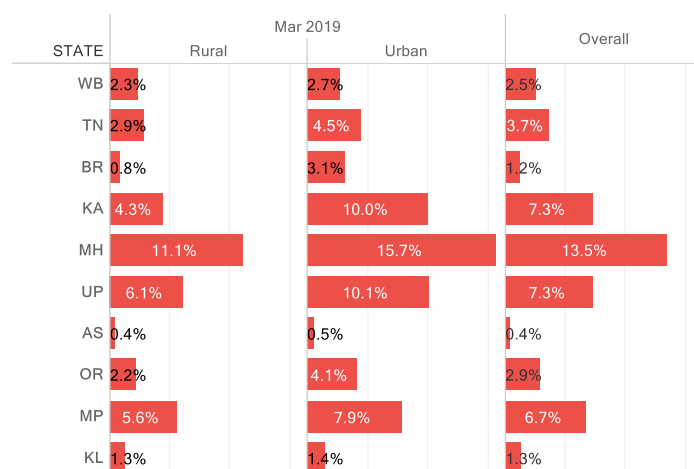
The Risk Level is basis the 31-180 days past due Portfolio & Overall Portfolio reported at the last quarterly book closing period.

State Level PAR 31-180



The Risk Level is basis the 31-180 days past due Portfolio & Overall Portfolio reported at the last quarterly book closing period.

State Level PAR 180+



The Risk Level is basis the 180 or more days past due Portfolio & Overall Portfolio reported at the last quarterly book closing period.

Our Views

Microfinance loan book has grown by 45% Y-o-Y in size by March 2019, significantly driven by addition of new borrowers. The microfinance outreach is 5.6 Cr active borrowers, a growth of 22% Y-o-Y by March 2019. The average microfinance exposure per borrower has risen by 22% Y-o-Y to Rs. 35.1K. The number of active microfinance loans is 9.6 Cr, a 26% Y-o-Y growth with nearly 1.7 active microfinance loans per borrower by March 2019. The ticket size also grew by 12.7% Y-o-Y to Rs. 31.1K by March 2019.

East (such as Bihar) & Northeast regions (such as Assam) have a 26% Y-o-Y growth in the borrower outreach. The borrower outreach Y-o-Y growth for West is ~23%, while South brought in only 14% new borrowers into microlending. The rural microfinance lending continues to accelerate with a 50% growth in the book size Y-o-Y by March 2019 while the urban book grew just by 19% Y-o-Y. This trend is similar to FY 2017-18. The growth in eastern region (incl. of Assam) is driven by addition of new borrowers and spurt in higher ticket sized loans while the growth in southern region is largely driven by same borrowers getting more loans than before.

The Portfolio at Risk 1-30 days past due has deteriorated on Y-o-Y terms while the portfolio between 31-180 days has largely remained stable at nearly 1% since the second half of the FY 2018-19. The urban portfolio has higher levels of early, but the 31-180 days past due portfolio is nearly similar in urban and rural geographies.

MicroLend

MicroLend is a quarterly publication from CRIF High Mark on Microfinance lending in India. The publication presents trends & analysis of key parameters such as Gross Loan Portfolio, Growth, Market Share, Borrower Leverage, Compliance and Portfolio Risks. The report also slices the data for major states and Urban/Rural geographies. Semi-urban portfolio is reported as part of urban split in the report.

Note: The CRIF Microfinance Credit Bureau has undergone data corrections (updates, closure, etc.) by institutions as part of the year end book closing and reconciliation activity. This report accommodates these corrections to the historical trends presented in the report for the previous quarters.

CRIF High Mark strives to keep its data accurate and up to date. The Analysis in this report is based on the trade line as submitted to the Bureau by the member institutions and the customer base enquired with the Bureau as part of the portfolio review. The results are NOT to be construed or used as a "legal description". CRIF High Mark does not assume any liability for any errors, omissions, or inaccuracies in the data provided regardless of the cause of such or for any decision made, action taken, or action not taken by the user in reliance upon any data provided herein. The contents of the report shall not be reproduced in part or whole without permission from CRIF High Mark Credit Information Services Pvt. Ltd.

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