

MicroLend

QUARTERLY PUBLICATION ON
MICROFINANCE LENDING

VOLUME XV
MAR 2021



Together to the next level

INFORMATION. ANALYTICS . SOLUTIONS

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Microfinance Industry Snapshot (March 2021)

GLP (Cr)

₹253.8K

- Q-o-Q Growth %
9.6%
- Y-o-Y Growth %
8.4%

Active Loans (Cr)

11.19

- Q-o-Q Growth %
3.9%
- Y-o-Y Growth %
1.4%

Avg. Balance Per Account

₹22.7K

- Q-o-Q Growth %
5.5%
- Y-o-Y Growth %
6.8%

Avg. Balance Per Unique Borrower

₹42.0K

- Q-o-Q Growth %
5.1%
- Y-o-Y Growth %
13.5%

Amount Disbursed in Last 3 M (Cr)

₹72,817

- Q-o-Q Growth %
19.4%
- Y-o-Y Growth %
0.9%

Loans Disbursed in Last 3 M (Lakh)

194

- Q-o-Q Growth %
2.5%
- Y-o-Y Growth %
(-1.3%)

Average Ticket Size

₹35.9K

- Q-o-Q Growth %
1.8%
- Y-o-Y Growth %
5.0%

Value Delinquency 30+%

9.70%

- Q-o-Q Growth %
(-4.8%)
- Y-o-Y Growth %
8.0%

Value Delinquency 90+%

4.40%

- Q-o-Q Growth %
0.6%
- Y-o-Y Growth %
3.6%

Microfinance Industry – Key Takeaways (March 2021)

Recovery in Microfinance book in Q4 FY21 after de-growth in Q1 and Q2 FY21 and marginal growth in Q3 FY21

Banks continue to dominate the market while there has been Y-o-Y shrinkage in SFBs' book

30+ PAR remains 5X compared to Mar'20

Reduction in 30+ PAR and increase in 90+ & 180+ PAR from Dec'20 to Mar'21 due to limited Roll-back and higher Forward Flow of delinquent portfolio

Higher disbursements continue in ticket sizes >40K

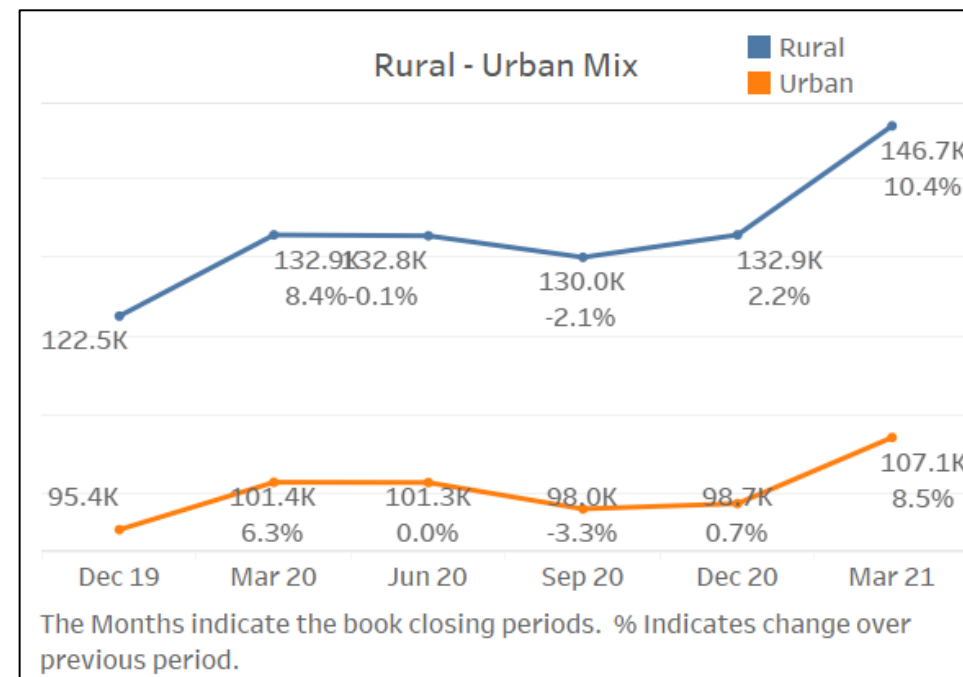
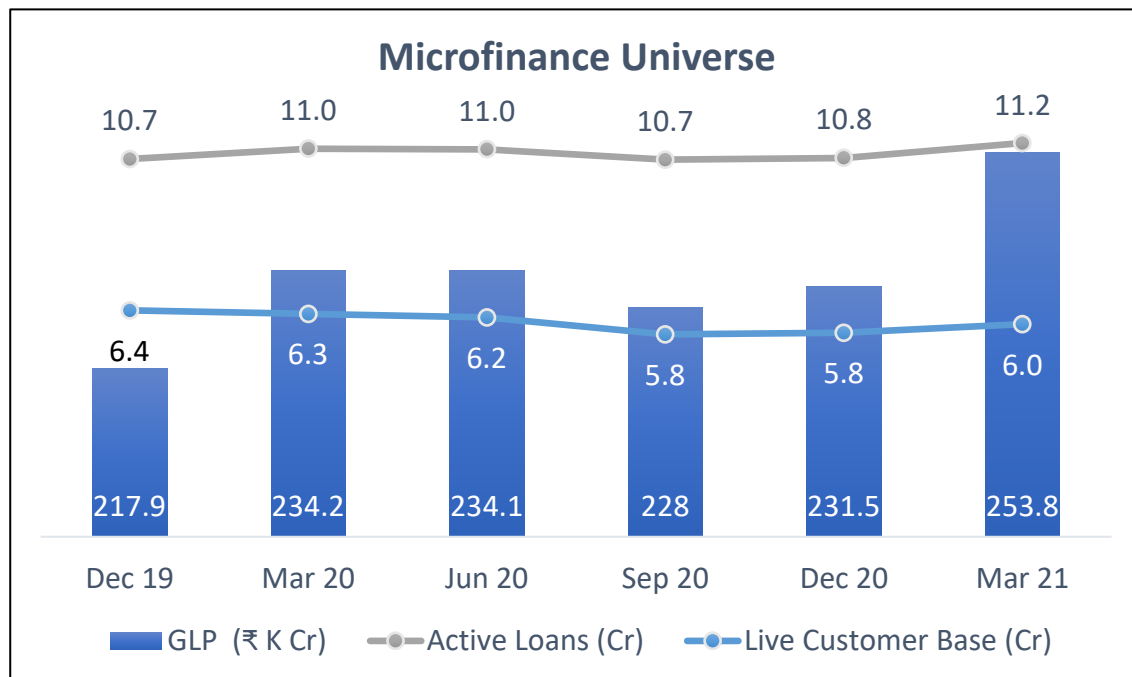
Avg. balance per unique customer increased rapidly compared to Avg. balance per account from Mar'20 to Mar'21

Microfinance Industry Highlights (March 2021)

- ❑ Portfolio outstanding of Microfinance sector at ₹253.8K crore as of Mar'21 with 10% Q-o-Q growth & 8.4% Y-o-Y growth
- ❑ 21.5% borrowers have exposure to 4 or more lenders. Highest for Tamil Nadu & least for Assam
- ❑ 30+ PAR at 9.7% and 90+ PAR at 4.4% in Mar'21 compared to 14.5% and 3.8% in Dec'20
- ❑ 1-30 delinquency reduced by 3.6% in Mar'21 compared to Dec'20 from 8.7% to 5.1%
- ❑ 30+% delinquency remains high for West Bengal, Assam and Maharashtra
- ❑ Rapidly increasing 180+ portfolio of Assam from 1.3% in Mar'20 to 6.5% & 13.6% respectively in Dec'20 and Mar'21, due to stress build up as a result of socio-political factors affecting the region in Q3 FY 20, and the recent Microfinance Bill 2020 impacting largely NBFC MFIs
- ❑ Increasing forward flow rates in 31-90 & 91-180 buckets in Feb'21 and Mar'21
- ❑ Disbursements in Q4 FY21 recovered to Q4 FY20 levels after shrinking in Q1, Q2 & Q3 FY21
- ❑ Overall disbursements have grown by around 1% Y-o-Y while disbursements of loans of ticket size >40k have grown by 23%

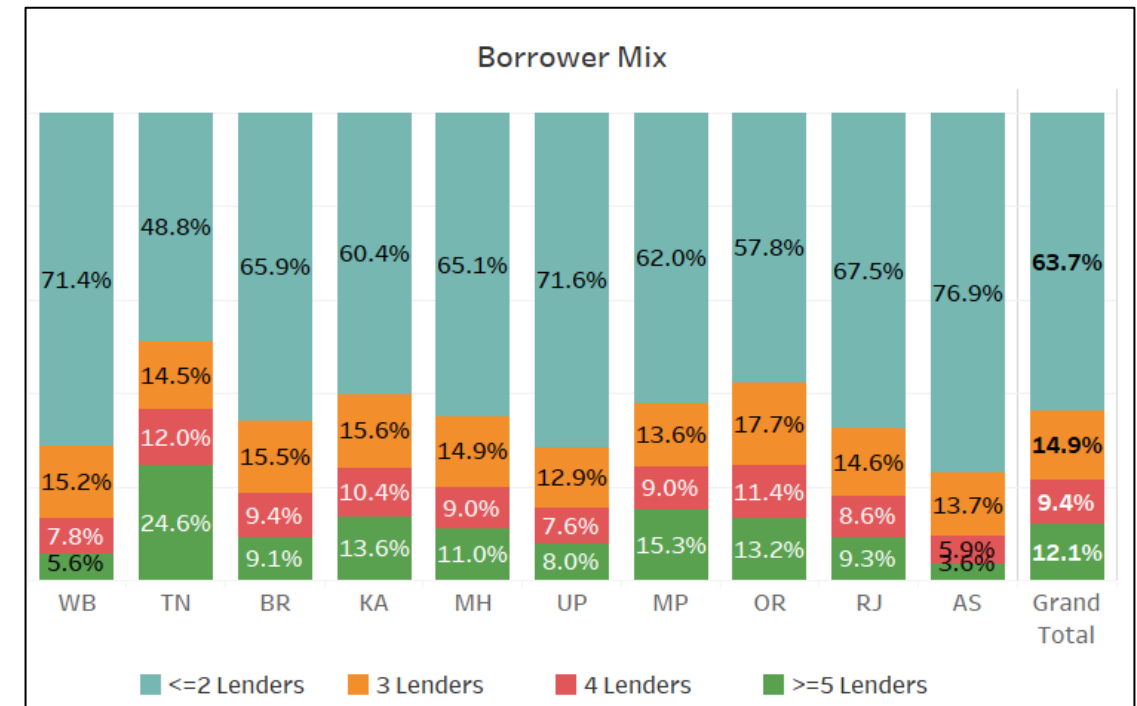
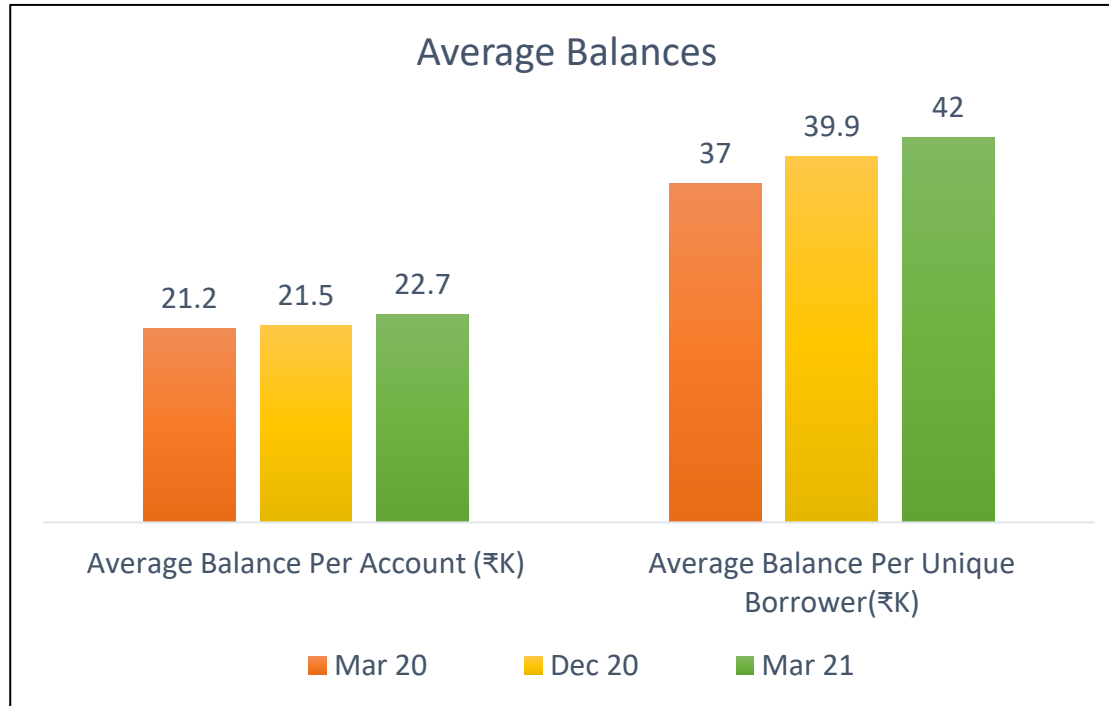
Announced by RBI in Feb 2021, streamlining regulations by replacing the current framework of institution-based regulation to activity-based regulation may augur well for microfinance lenders bringing them on a level-playing field, enhancing delivery of last mile credit and strengthening consumer protection.

Microfinance Universe



- ❑ Microfinance sector witnessed recovery in the book in Q4 FY21, growing by 10% Q-o-Q, after de-growth in Q1 and Q2 FY21 and only 1.5% growth in Q3 FY21
- ❑ Live customer base grew by 4.2% Q-o-Q and 13% Y-o-Y
- ❑ Both urban and rural markets witnessed significant quarterly growth of 8.5% and 10.4% respectively
- ❑ Quarterly growth is higher than that in Mar'20 – 6.3% for urban and 8.4% for rural

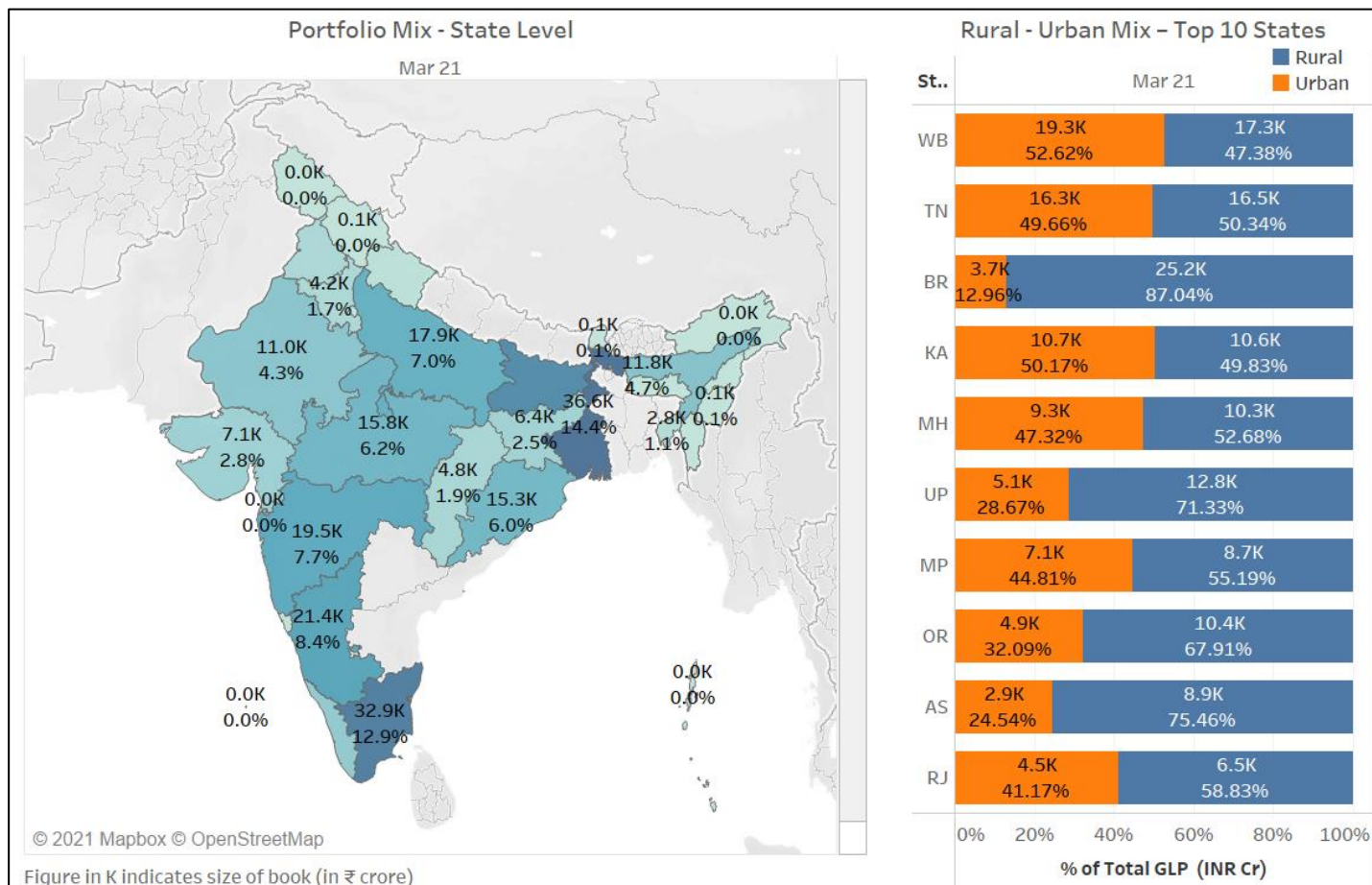
Average Balances and Borrower Mix



- ❑ Average balance per account witnessed Q-o-Q growth of 5.5% and Y-o-Y growth of 6.8%
- ❑ Average balance per unique microfinance borrower witnessed Q-o-Q growth of 5.1% and a comparatively higher Y-o-Y growth of 13.5%

- ❑ 21.5% of borrowers have exposure to 4 or more lenders
- ❑ Among major states, the proportion is
 - ❑ Highest for Tamil Nadu (36.6%) & Odisha (24.6%)
 - ❑ Least for Assam (9.5%) & West Bengal (13.4%)

Geographic Deep Dive



❑ Top 10 states constitute 83% of the GLP as of Mar'21, West Bengal retaining top position

❑ Among the top 5 states, Bihar recorded the highest Q-o-Q growth of 14.2%, followed by Karnataka at 12.9% in Q4 FY 21. These growth rates are higher than Q-o-Q growth witnessed in Q4 FY 20

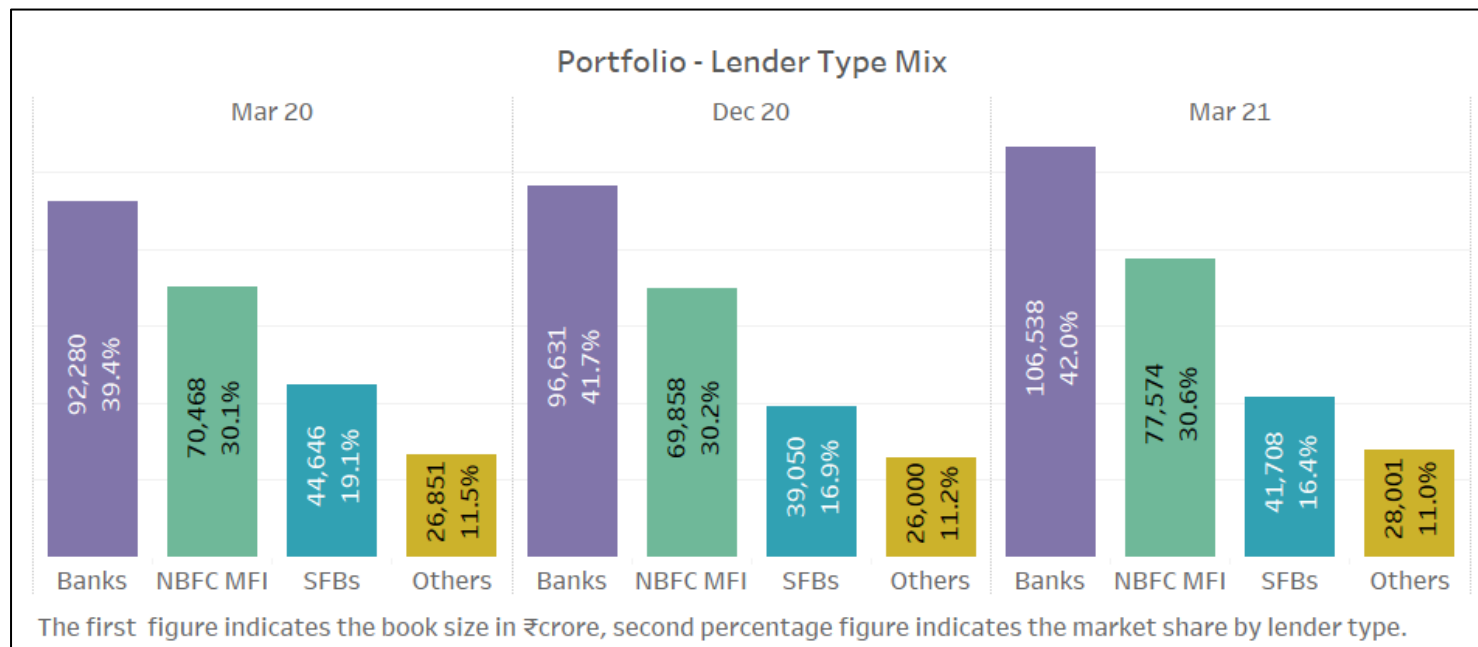
❑ Highest quarterly growth for Northern region at 15.5%, followed by Central region at 12.3%

❑ Average exposure per borrower for WB and KA at ₹52.95K and ₹47.36K – higher than national average of ₹44.35K

❑ Microfinance sector dominated by Eastern region (34.3%) followed by South (25.3%)

❑ 46% of banks' MFI portfolio is concentrated in eastern region. NBFC MFIs have about 28% share in East & South. SFBs have concentration of about 40% in South

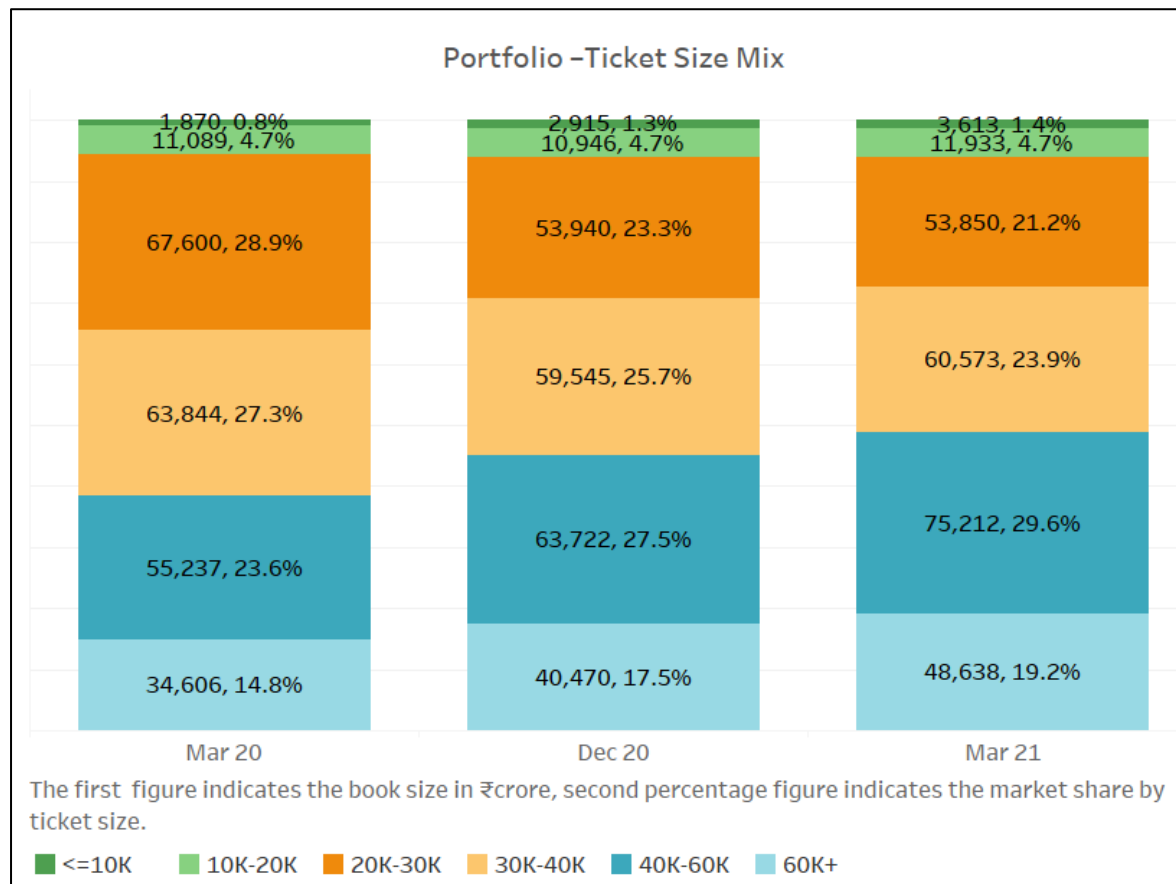
Portfolio – Lender Type Mix



Lender Type	Banks	NBFC MFI	SFBs	Others	Total
Q-o-Q GLP Growth	10.3%	11.0%	6.8%	7.7%	9.6%
Y-o-Y GLP Growth	15.5%	10.1%	-6.6%	4.3%	8.4%

- ❑ Banks continue to dominate the market with portfolio share of 42%
- ❑ Quarterly growth highest for NBFC MFIs at 11%, slightly higher than banks at 10.3%
- ❑ Y-o-Y growth highest for banks (15.5%), while that for NBFC MFIs stood at 10.1%
- ❑ SFBs have witnessed degrowth of 6.6% Y-o-Y
- ❑ Nearly 40% of banks' portfolio comprised of loans of ticket sizes >60K, against 9% NBFC MFIs

Portfolio –Ticket Size Mix

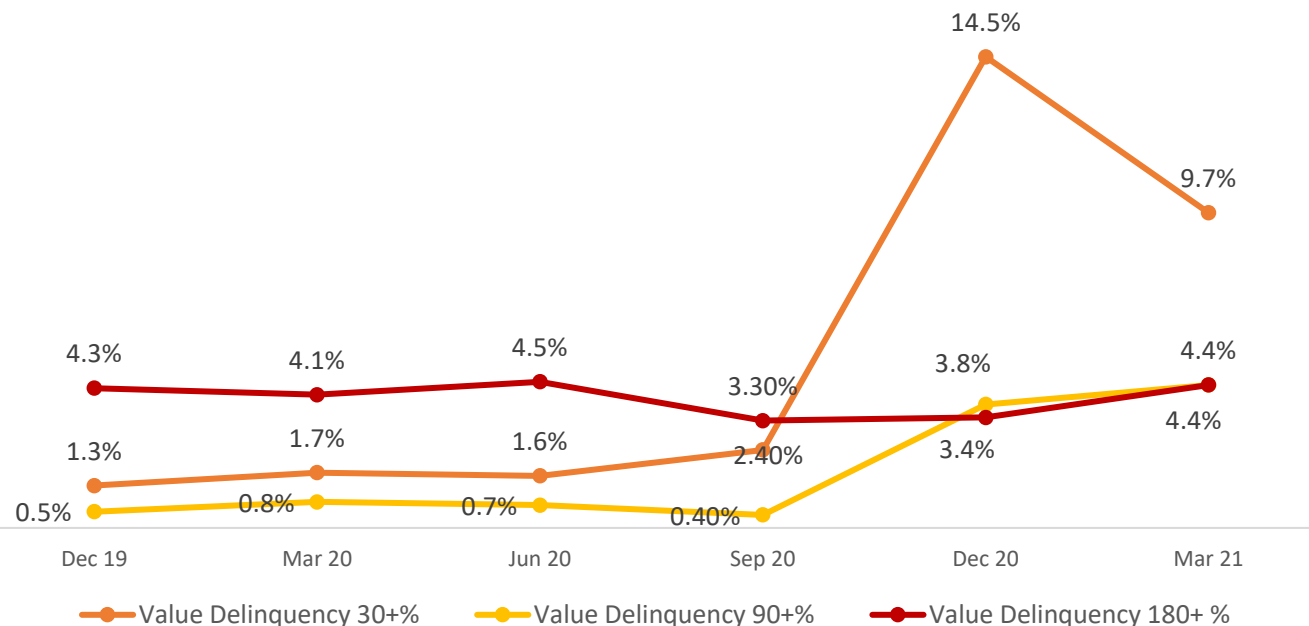


- ❑ Portfolio of <=10K ticket size witnessed Y-o-Y growth of nearly 2X and 24% Q-o-Q as of Mar'21. Share of banks at 53% on Mar'21, increasing by 33% Y-o-Y and 10% Q-o-Q
- ❑ Portfolio of higher ticket size loans (more than Rs 40k) increased from 38.4% in Mar'20 to 45% and 48.8% respectively in Dec'20 and Mar'21
- ❑ Share of NBFC MFIs increased and that of Banks reduced for loans with Rs 60k+ ticket sizes

Ticket Size	<=10K	10K-20K	20K-30K	30K-40K	40K-60K	60K+	Total
Q-o-Q GLP Growth	24.0%	9.0%	-0.2%	1.7%	18.0%	20.2%	9.6%
Y-o-Y GLP Growth	93.3%	7.6%	-20.3%	-5.1%	36.2%	40.6%	8.4%

Microfinance - Risk Profile

Delinquency Trends

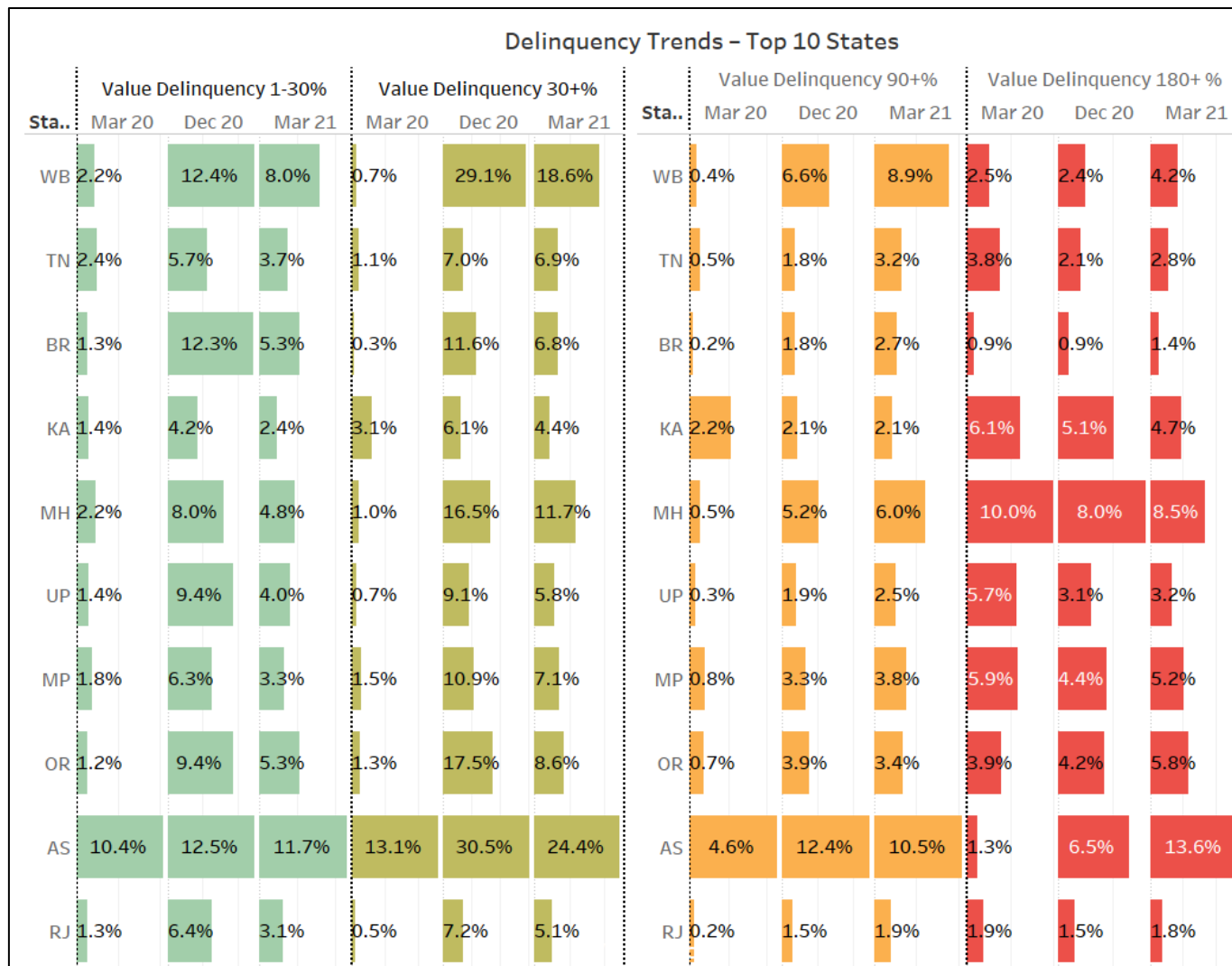


- ❑ 30+ PAR improved from 14.5% in Dec'20 to 9.7% in Mar'21
- ❑ 90+ PAR deteriorated from 3.8%% in Dec'20 to 4.4% in Mar'21
- ❑ 180+ PAR increased sharply from 0.7% in Jun'20 to 3.4% in Dec'20 and 4.4% in Mar'21, Assam contributing most of the flows into 180+ DPD. In terms of delinquency management:
 - ❑ 5 best performing lenders have 30+ & 90+ PAR levels of 3.3% and 1.2% respectively
 - ❑ 5 worst performing lenders have 30+ & 90+ PAR levels of 16.0% and 7.1% respectively

	5 Best Performing Lenders	5 Worst Performing Lenders	Industry
Cumulative GLP (₹Cr)	20,376	71,592	253,821
Value Delinquency 30+%	3.3%	16.0%	9.7%
Value Delinquency 90+%	1.2%	7.1%	4.4%

Note: The analysis is limited to top 25 MFI institutions with a market share of 86% as of Mar'21
Performance is based on PAR 30+% performance

Risk Profile - Geographic Deep Dive



❑ 30+% delinquency remains high for West Bengal, Assam and Maharashtra, albeit reduced from the previous quarter

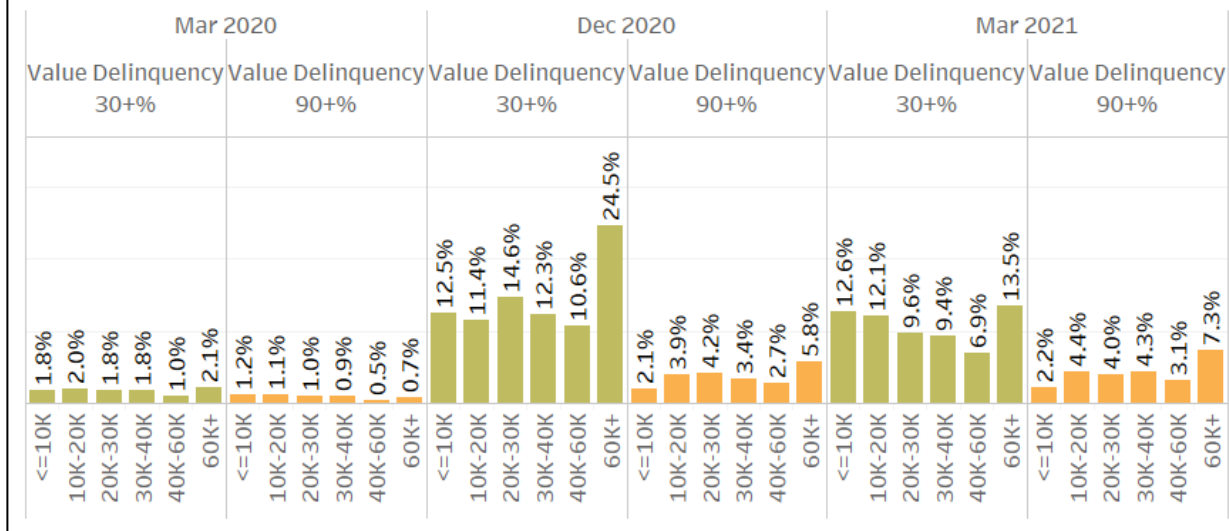
❑ 31-90 DPD book in Dec'20 for these states has rolled forward to 90+DPD in Mar'21, leading to high 90+%

❑ 180+% for Assam increased Y-o-Y from 1.3% to 13.6% due to stress build up as a result of multiple factors such as economic stress in the tea plantation industry in Oct'19, agitation over Citizenship Amendment Bill in Dec'19, the Covid-19 pandemic and the recent Microfinance Bill 2020 impacting financiers

❑ Since the overall 90+% stands high in Mar'21, 180+% is expected to increase further by the next quarter

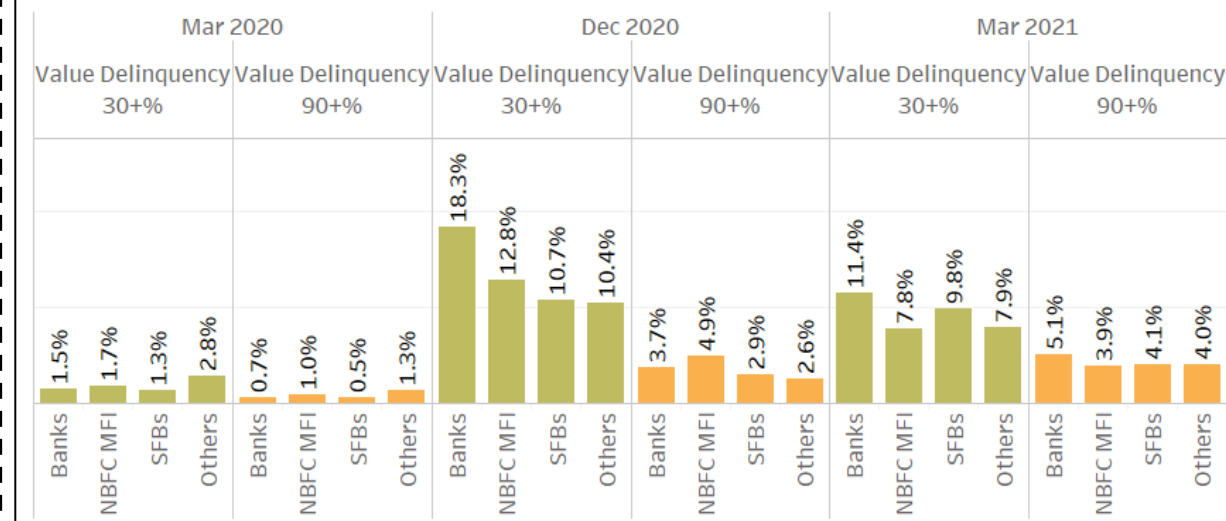
Risk Profile – Ticket Size & Lender Type Mix

Delinquency by Ticket Size



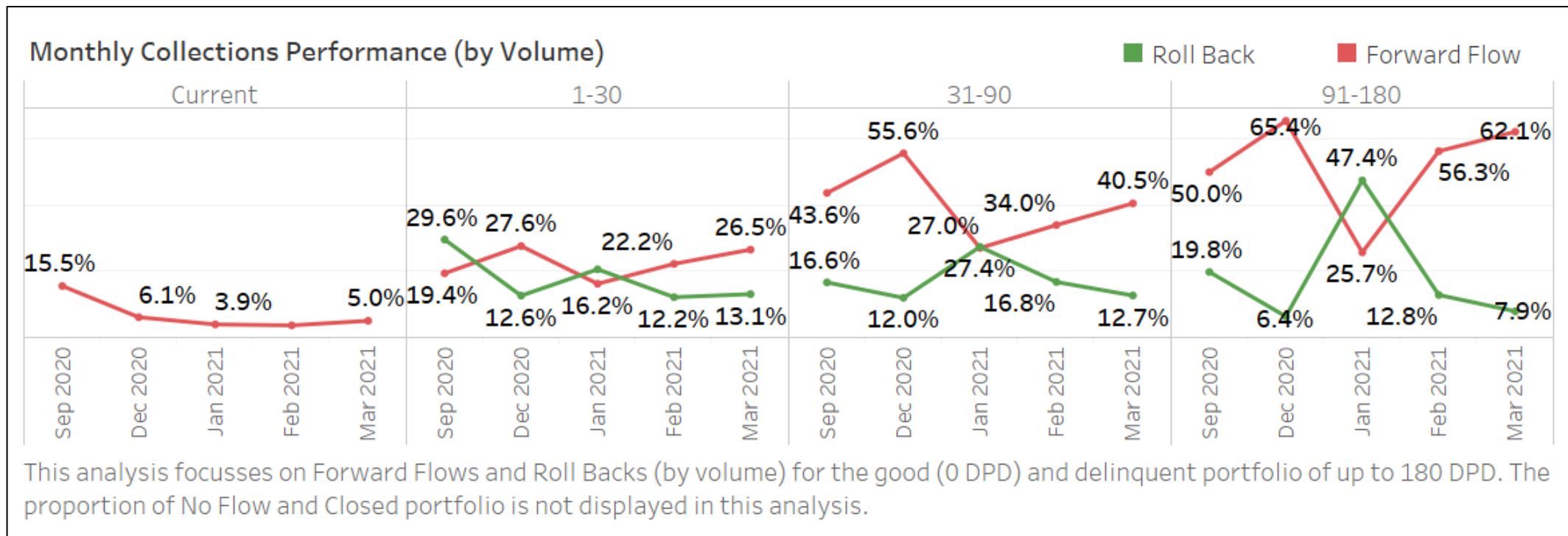
- ❑ 30+ & 90+ PAR significantly higher compared to Mar'20 for all ticket sizes
- ❑ Improvement in 30+ PAR for loans of ticket sizes > Rs 20K from Dec'20 to Mar'21
- ❑ 90+ PAR deteriorated across ticket sizes from Dec'20 to Mar'21

Delinquency by Lender Type



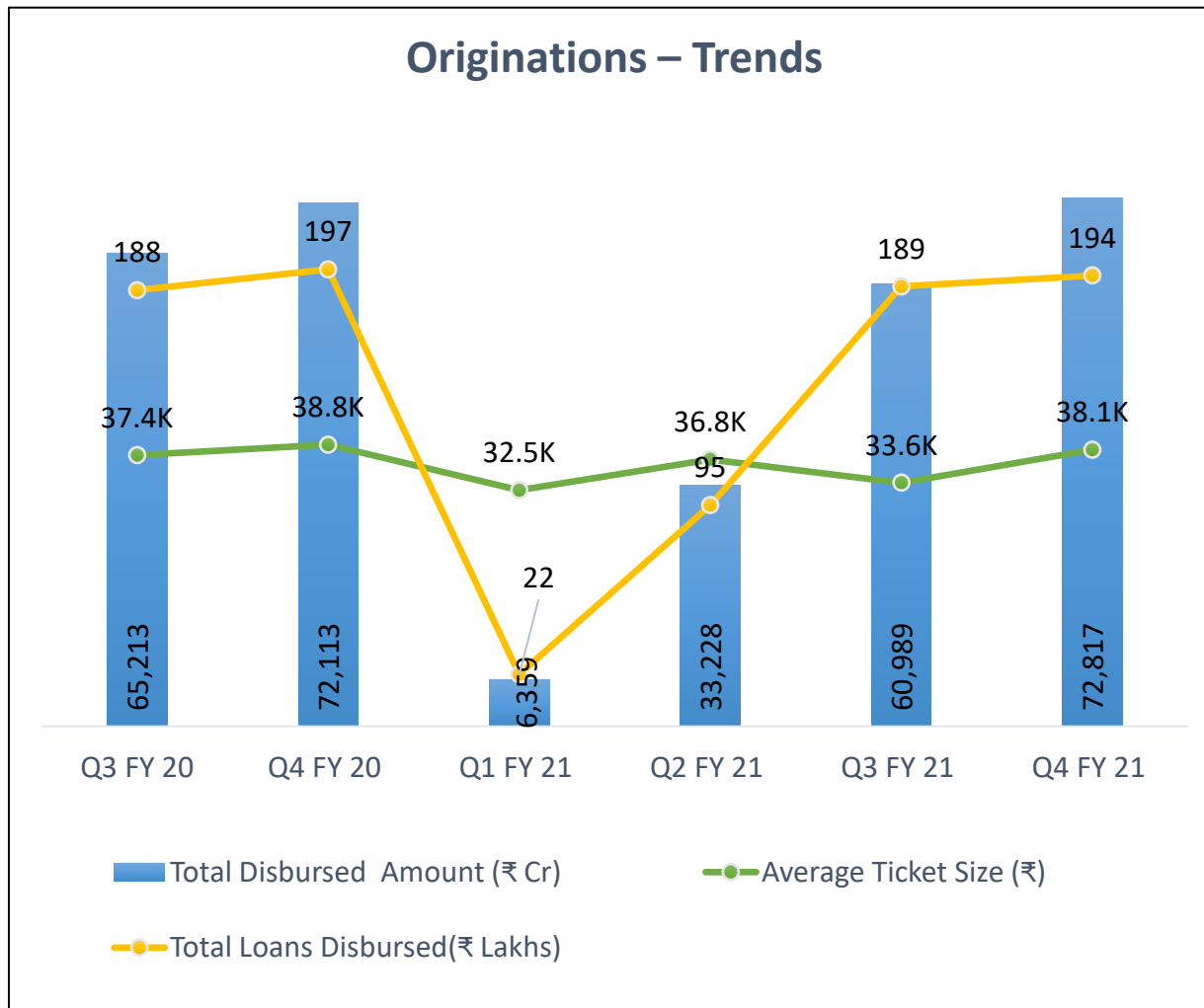
- ❑ 30+ & 90+ PAR significantly higher compared to Mar'20 for all lender types
- ❑ Improvement in 30+ PAR from Dec'20 to Mar'21 for all lender types except SFBs
- ❑ 90+ PAR deteriorated for all lender types except NBFC MFIs from Dec'20 to Mar'21

Risk Profile – Collections Performance



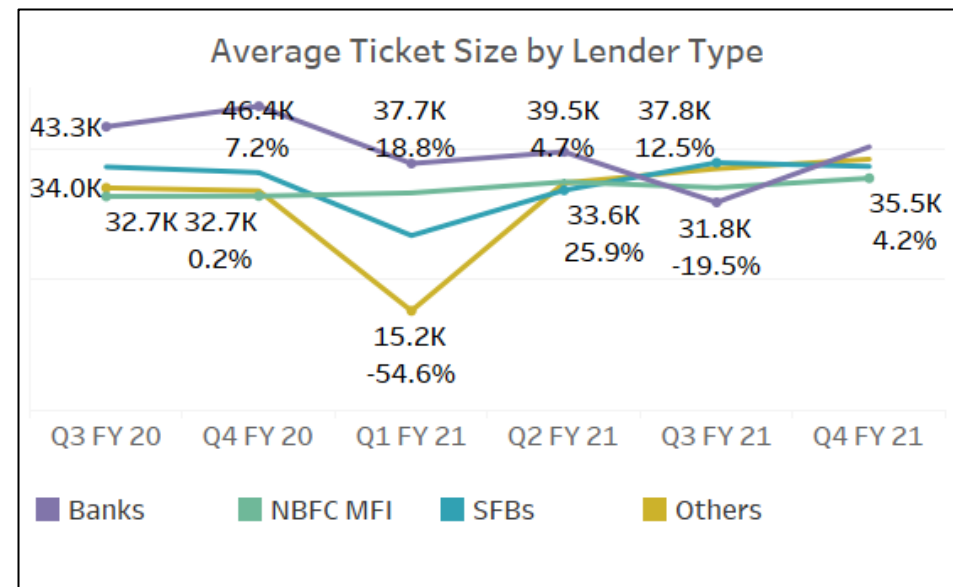
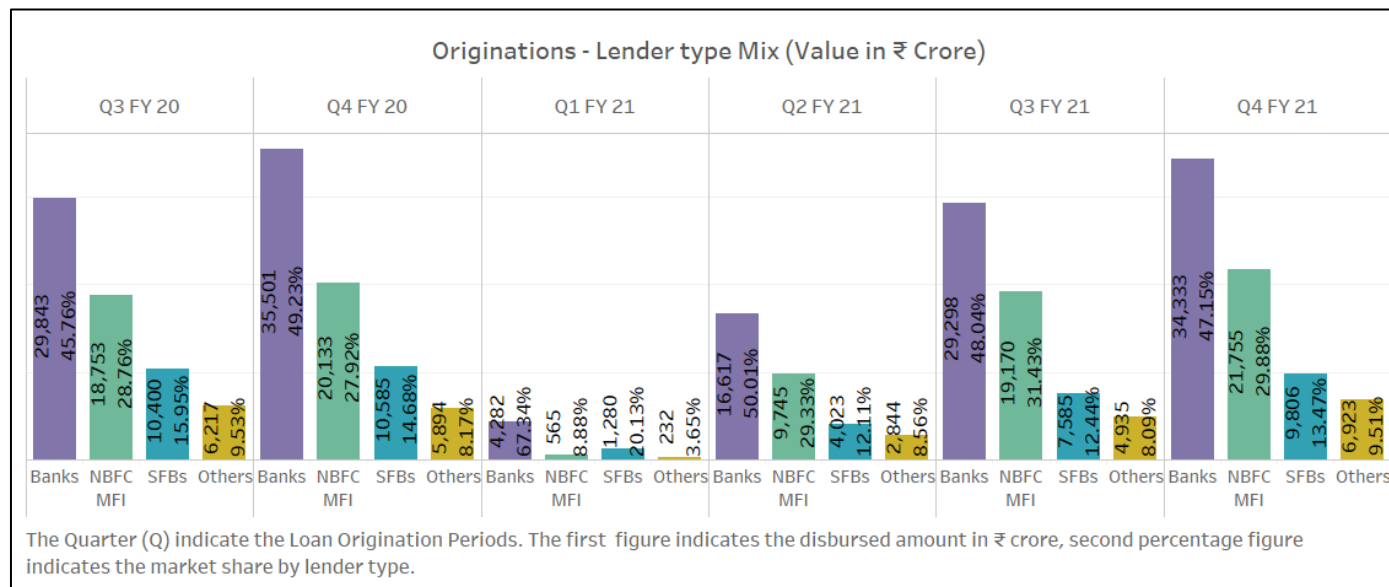
- ❑ Since the end of moratorium, monthly forward flow rates continued to decrease till Jan'21 across delinquency buckets. Monthly Roll-back rates also improved till Jan'21
- ❑ Similar trends in forward flows and roll backs from Sept'20 to Jan'21 can be observed for all lender types separately
- ❑ However, forward flow rates in 31-90 and 91-180 buckets increased rapidly in Feb'21 and Mar'21 augmenting delinquency concerns in Q1 FY22

Microfinance - Originations



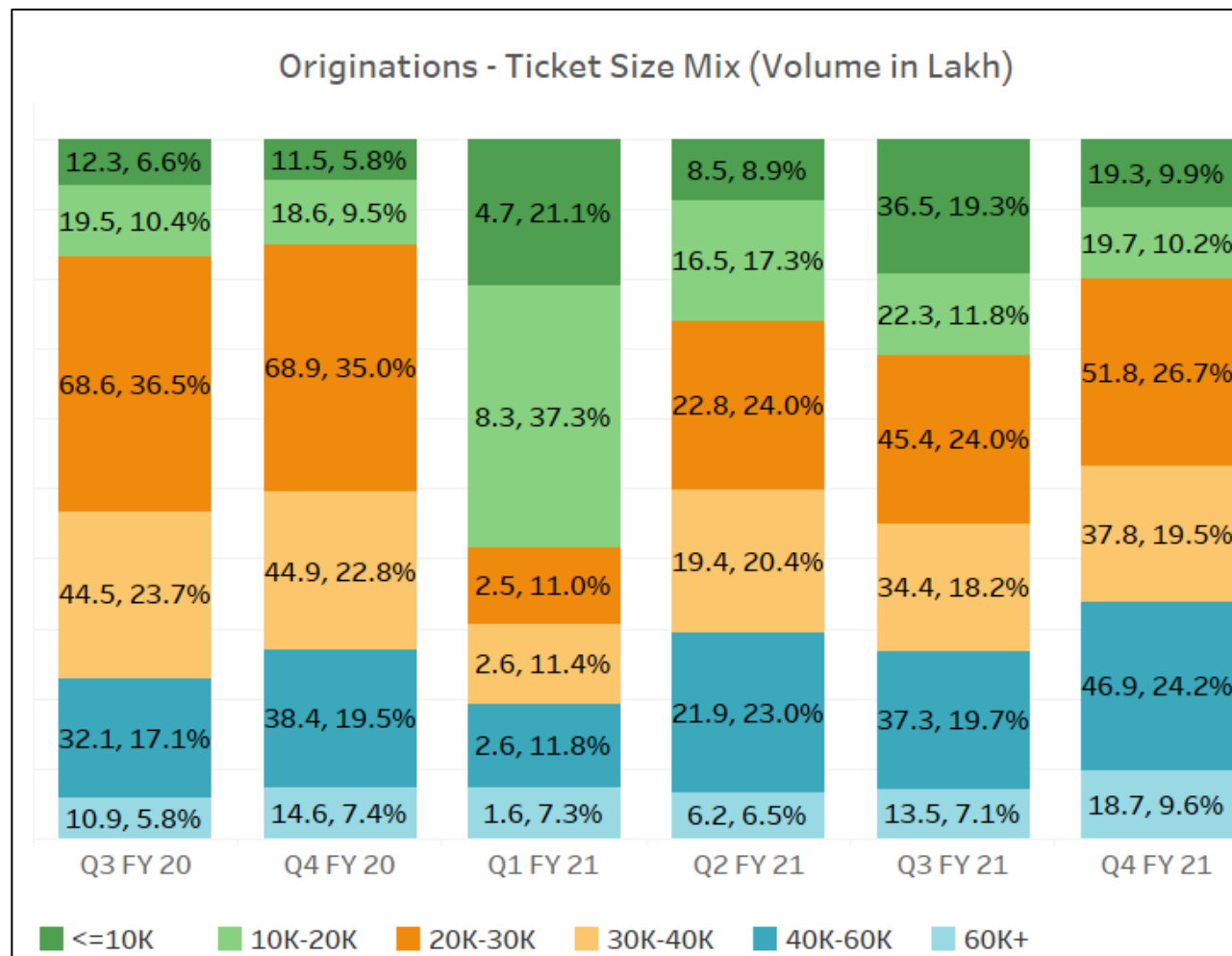
- ❑ ₹72.8K crore disbursed in Q4 FY 21, Q-o-Q growth of 19.4% and Y-o-Y of about 1%
- ❑ After near zero disbursals in Q1 FY21, disbursals recovered to Q4 FY20 levels in Q4 FY21
- ❑ Total loans disbursements at 194 lakh, nearly 2.5% Q-o-Q growth while 1.3% Y-o-Y de-growth
- ❑ Regional distribution of disbursements remained the same as previous quarter, with East (36.3%) and South (22.5%) dominating
- ❑ Urban geographies witnessed 17.5% and rural geographies 21% growth in disbursements (value) Q-o-Q, as against 2.4% degrowth and 3.4% increase Y-o-Y

Originations - Lender Type Mix



- ❑ Banks continue to dominate disbursements (by value), despite marginal de-growth compared to Q4 FY20
- ❑ 17% Q-o-Q growth by banks in Q4 FY21, 19% Q-o-Q growth in Q4 FY20
- ❑ 13% Q-o-Q growth by NBFC MFIs in Q4 FY21, 7% Q-o-Q growth in Q4 FY20
- ❑ Average ticket size highest for banks at ₹40.2K with 26% Q-o-Q growth, while that for NBFC MFIs at 4.3% Q-o-Q growth
- ❑ Average ticket size for SFBs declined Q-o-Q by 1.5%

Originations - Ticket Size Mix



- ❑ Share of disbursement of loans <20K ticket size least in Q4 FY 21 in this financial year
- ❑ Share of larger ticket size loans (Rs >40K) increased from 26.9% in Q4 FY 20 to 33.8% in Q4 FY 21
- ❑ In West Bengal, share of disbursements (by value) of ticket size >40K has increased Q-o-Q by 18% and decreased Y-o-Y by 3%

Glossary and End Notes

GLP	Gross Loan Portfolio	Portfolio outstanding of the microfinance sector
ATS	Average Ticket Size	The average size of the microfinance loan disbursed
PAR	Portfolio at Risk	The proportion of portfolio outstanding which is delinquent by >0 days
DPD	Days Past Due	Measure of loan delinquency/overdue, segmented as 1-30, 31-180, 180+
Y-o-Y	Year on Year	Year on year comparison for change, example Mar 2021 compared to Mar 2020
Q-o-Q	Quarter on Quarter	Quarterly comparison for change, example Mar 2021 compared to Dec 2020
Q4 FY 20	Fourth Quarter of the Financial Year 2019-20	January – February - March 2020
Q3 FY 21	Third Quarter of the Financial Year 2020-21	October-November-December 2020
Q4 FY 21	Fourth Quarter of the Financial Year 2020-21	January – February - March 2021
bps	Basis Points	One basis point is equal to 1/100th of 1%

Notes:

1. 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.
2. The analysis in this Edition of MicroLend is based on data which is nearly 98% representative of the Industry as of Mar'21 as received by the bureau. Due to COVID-19 disruptions and RBI mandate for restructuring loans due to COVID , there has been delay in submission of Mar'21 data to the bureau.
3. Delinquency 30+% refers to portfolio 31-180 DPD, delinquency 90+% refers to portfolio 91-180 DPD through out the report.

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About 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.

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CRIF operates **CRIF High Mark**, India's leading credit bureau, which has largest database of individual records and supports millions of lending decision every month. CRIF High Mark is India's first full-service credit bureau covering all borrower segments – MSME/Commercial, Retail and Microfinance. CRIF High Mark works with all leading financial institutions in the country, providing them a comprehensive bureau coverage using its proprietary 'Made in India for India Search Engine', proven to work even with low quality data.

We bring our global expertise in Analytics, Scoring, Credit Management and Decision Solutions to India through our center of excellence at Pune. Our team of expert data scientist and statisticians bring together years of experience in developing bespoke scorecards for Origination, Marketing and Collections for Financial Services, Insurance or Telecom sectors.

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