

MicroLend

QUARTERLY PUBLICATION ON
MICROFINANCE LENDING

VOLUME XVI
JUNE 2021



Together to the next level

INFORMATION. ANALYTICS . SOLUTIONS

Table of Contents

Section	Page No.
Microfinance Industry Snapshot	3
Microfinance Industry – Key Takeaways	4
Microfinance Industry Highlights	5
Microfinance Universe	6
Average Balances and Borrower Mix	7
Geographic Deep Dive	8
Portfolio – Lender Type Mix	9
Portfolio –Ticket Size Mix	10
Microfinance - Risk Profile	11
Microfinance - Originations	15
Monthly Inquiries	18
Glossary and End Notes	19
About MicroLend About CRIF India	20

Microfinance Industry Snapshot (June 2021)

GLP (Cr)

₹236.1K

- Q-o-Q Growth %
(-6.98%)
- Y-o-Y Growth %
0.86%

Active Loans (Cr)

10.76

- Q-o-Q Growth %
(-3.87%)
- Y-o-Y Growth %
(-2.33%)

Avg. Balance Per Account

₹21.9K

- Q-o-Q Growth %
(-3.23%)
- Y-o-Y Growth %
3.26%

Avg. Balance Per Unique Borrower

₹40.3K

- Q-o-Q Growth %
(-3.85%)
- Y-o-Y Growth %
7.45%

Amount Disbursed in Last 3 M (Cr)

₹23,796

- Q-o-Q Growth %
(-73.12%)
- Y-o-Y Growth %
273.44%

Loans Disbursed in Last 3 M (Lakh)

66

- Q-o-Q Growth %
(-70.96%)
- Y-o-Y Growth %
195.42%

Average Ticket Size

₹24.9K

- Q-o-Q Growth %
1.20%
- Y-o-Y Growth %
6.10%

Value Delinquency 30+%

15.40%

- Q-o-Q Growth %
5.80%
- Y-o-Y Growth %
13.90%

Value Delinquency 90+%

3.30%

- Q-o-Q Growth %
(-1.10%)
- Y-o-Y Growth %
2.60%

Microfinance Industry – Key Takeaways (June 2021)

Decline in Microfinance book in Q1 FY 22 after recovery from COVID 19 pandemic impact in Q4 FY21

Q-o-Q de-growth in portfolio outstanding for all industry lender types

Deterioration in PAR 30+ DPD from 9.7% in Mar'21 to 15.4% in Jun'21 and improvement in PAR 90+ DPD from 4.4% in Mar'21 to 3.3% in Jun'21

PAR 30+ DPD, PAR 180+ DPD as of Jun'21 is higher compared to previous 5 quarters

Over 70% Q-o-Q decline in disbursements, share of higher ticket sized loans reduced in Q1 FY22

Quarterly decline of 3.8% and 3.2% respectively in Avg. balance per unique customer and Avg. balance per account as of Jun'21

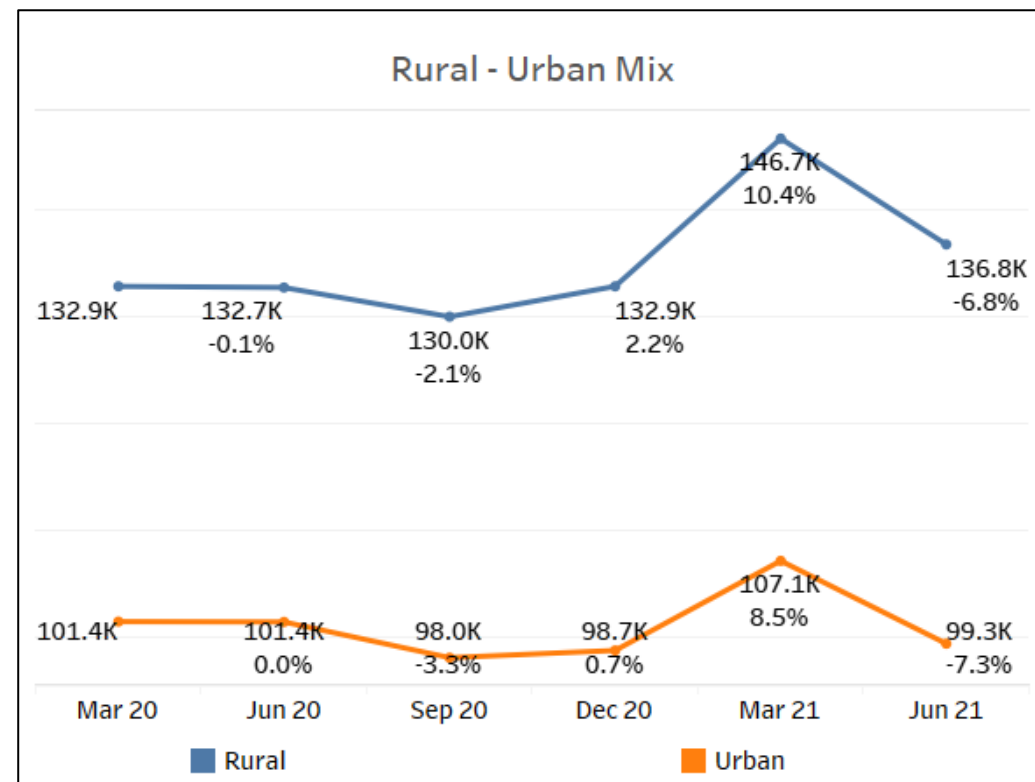
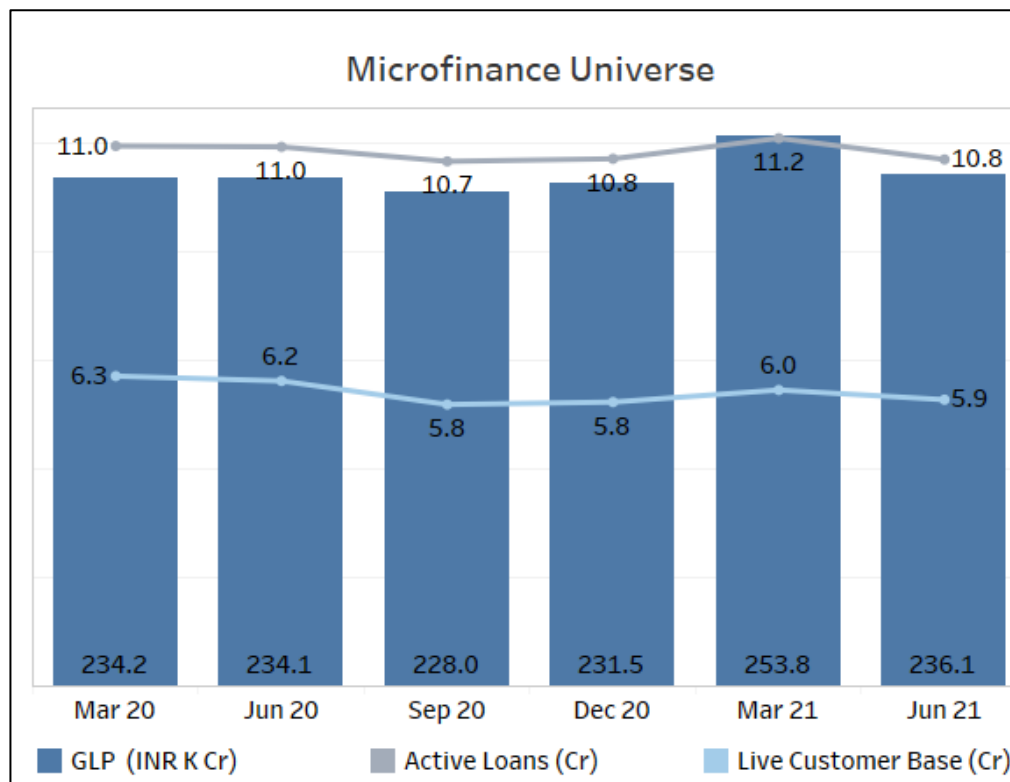
Recovery observed in Q2 FY22 with 2.4X increase in inquiries compared to Q1 FY22

Microfinance Industry Highlights (June 2021)

- ❑ Portfolio outstanding of Microfinance sector at ₹236.1K crore as of Jun'21 with 7% Q-o-Q de-growth & less than 1% Y-o-Y growth
- ❑ 4.4% of borrowers have exposure to 4 or more lenders, highest in Tamil Nadu and least in Assam
- ❑ PAR 30+ DPD at 15.4% and PAR 90+ DPD at 3.3% in Jun'21 compared to 1.6% and 0.7% respectively in Jun'20
- ❑ PAR 90+ DPD was high in Mar'21, leading to roll forward into PAR 180+ DPD in Jun'21
- ❑ PAR 30+ DPD higher compared to Mar'21 for all ticket sizes and all lender types
- ❑ 73% Q-o-Q decline in disbursements (value) in Q1 FY22, 71% Q-o-Q decline in count of loans disbursed in Q1 FY22
- ❑ Share of disbursement of loans >₹60K declined by 1.5% over the previous quarter, while that of <₹20K increased by 5% in Q1 FY22
- ❑ Steep decline in M-o-M inquiries in May'21, followed by increase in Jun'21. Recovery in absolute volume of inquiries can be seen in Q2 FY22

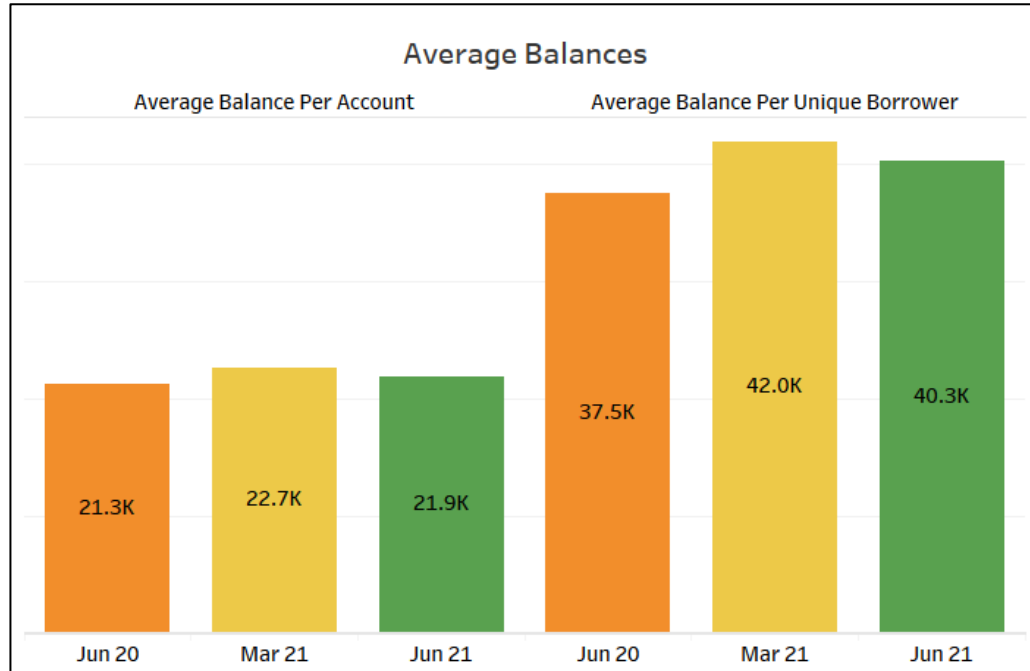
Braving COVID 19 pandemic impact, the microfinance sector was quick to recover to pre pandemic level by Q4 FY21. However, with COVID 19 second wave and re implementation of lockdown in several parts of the country, the sector took a major blow again in Q1 FY22, with steep decline in disbursements and high delinquencies.

Microfinance Universe

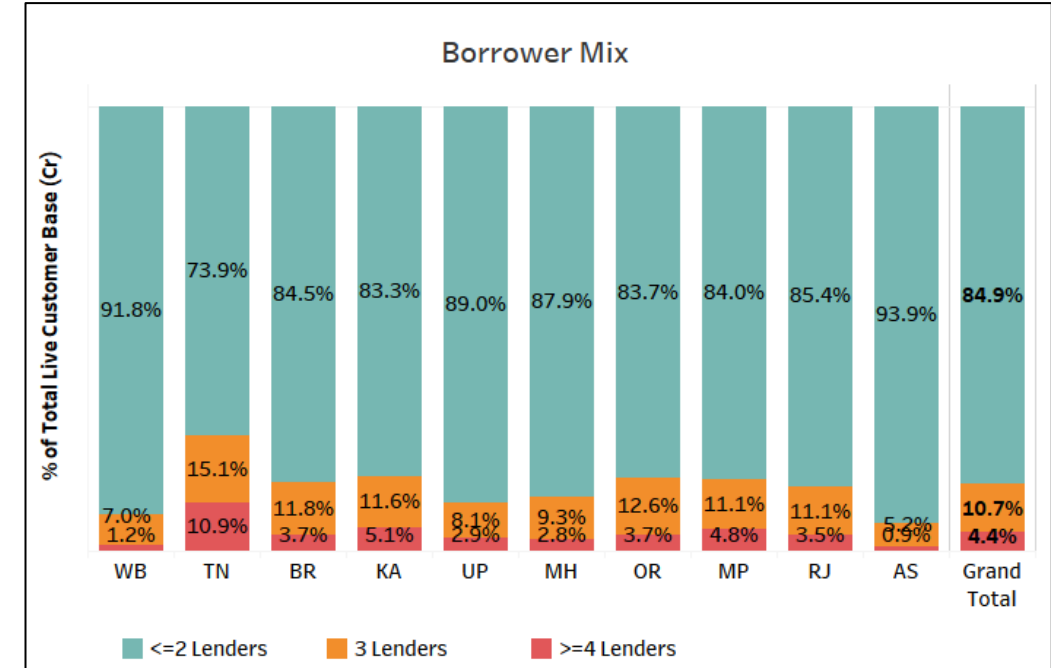


- ❑ Microfinance sector witnessed nearly 7% Q-o-Q decline in the book, growing by less than 1% Y-o-Y as of Jun'21
- ❑ Live customer base declined by 3.2% Q-o-Q, while grew by 7.5% Y-o-Y
- ❑ Both urban and rural markets witnessed around 7% quarterly decline as of Jun'21
- ❑ While rural market remained higher than that in Jun'20, urban market GLP shrunk lower than in Jun'20

Average Balances and Borrower Mix

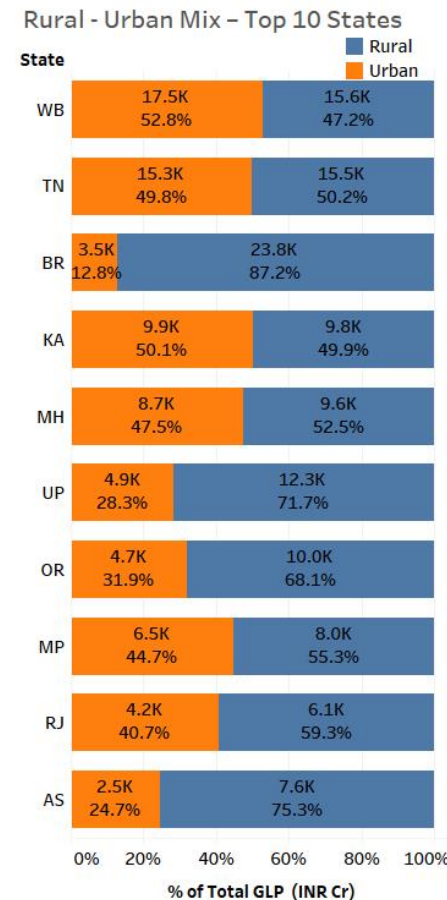
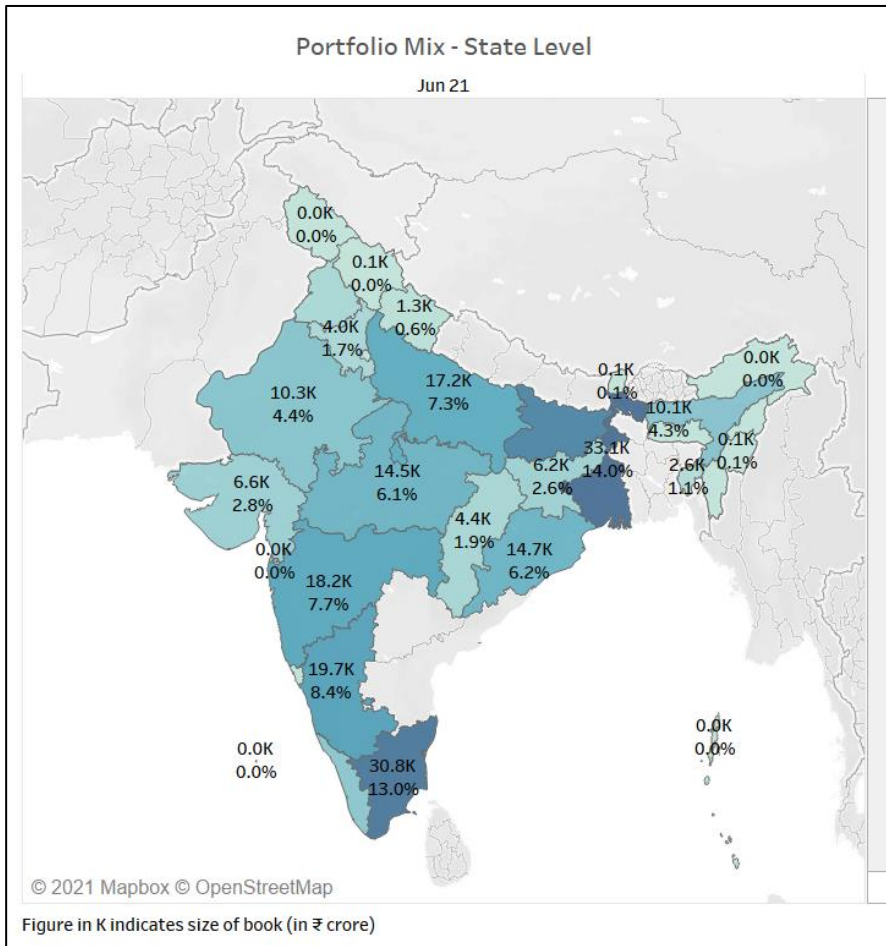


- ❑ Average balance per account witnessed a quarterly decline of 3.2% while remained higher than Jun'20 by 3.2%
- ❑ Average balance per unique microfinance borrower witnessed Q-o-Q decline of 3.8% and Y-o-Y growth of 7.4%



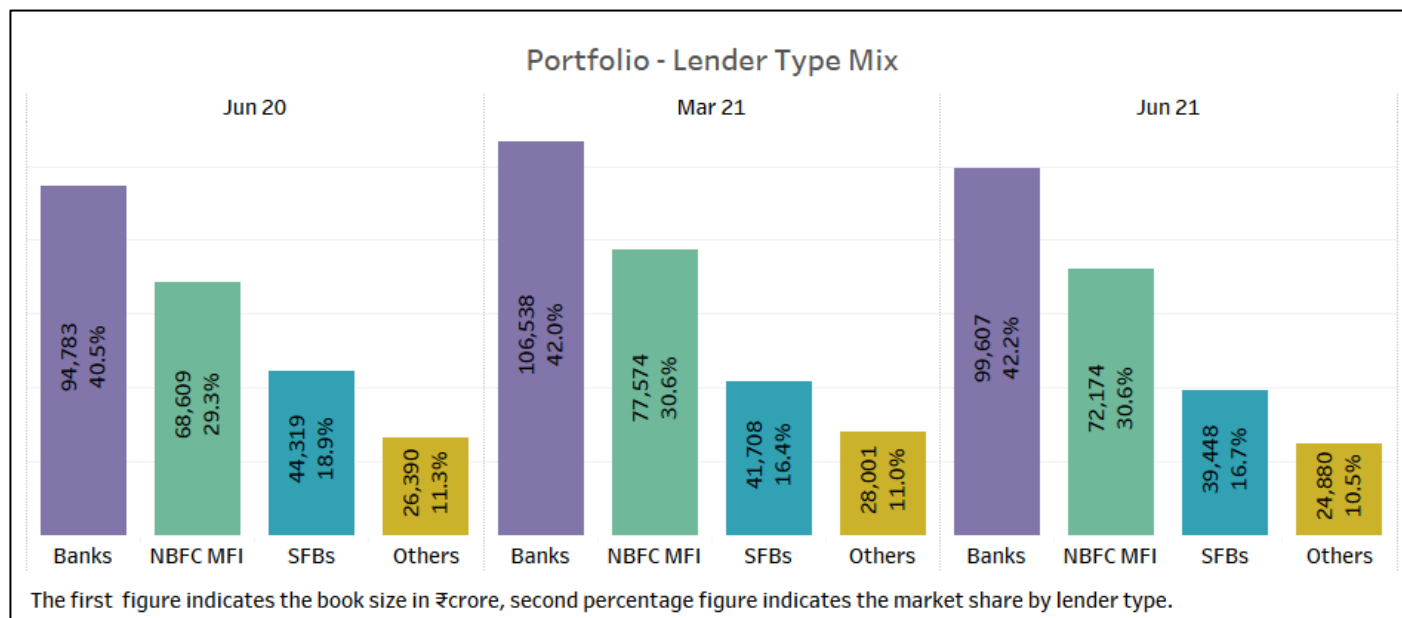
- ❑ 4.4% of borrowers have exposure to 4 or more lenders
- ❑ Among major states, the proportion is
 - ❑ Highest for Tamil Nadu (10.9%) & Karnataka (5.1%)
 - ❑ Least for Assam (0.9%) & West Bengal (1.2%)

Geographic Deep Dive



- ❑ Top 10 states constitute 83% of the GLP as of Jun'21, West Bengal retaining top position despite a quarterly decline of nearly 10%
- ❑ All top 10 states recorded a quarterly decline in GLP, highest in Assam of 14.4%, followed by 8.5% decline in Madhya Pradesh as of Jun'21.
- ❑ North-Eastern region witnessed highest quarterly decline in GLP at 13%, followed by Central region at 8.4% Q-o-Q decline
- ❑ Average exposure per borrower for WB and KA at ₹50.11K and ₹46.04K – higher than national average of ₹42.93K
- ❑ Microfinance sector dominated by Eastern region (34.5%) followed by South (25.4%)
- ❑ 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

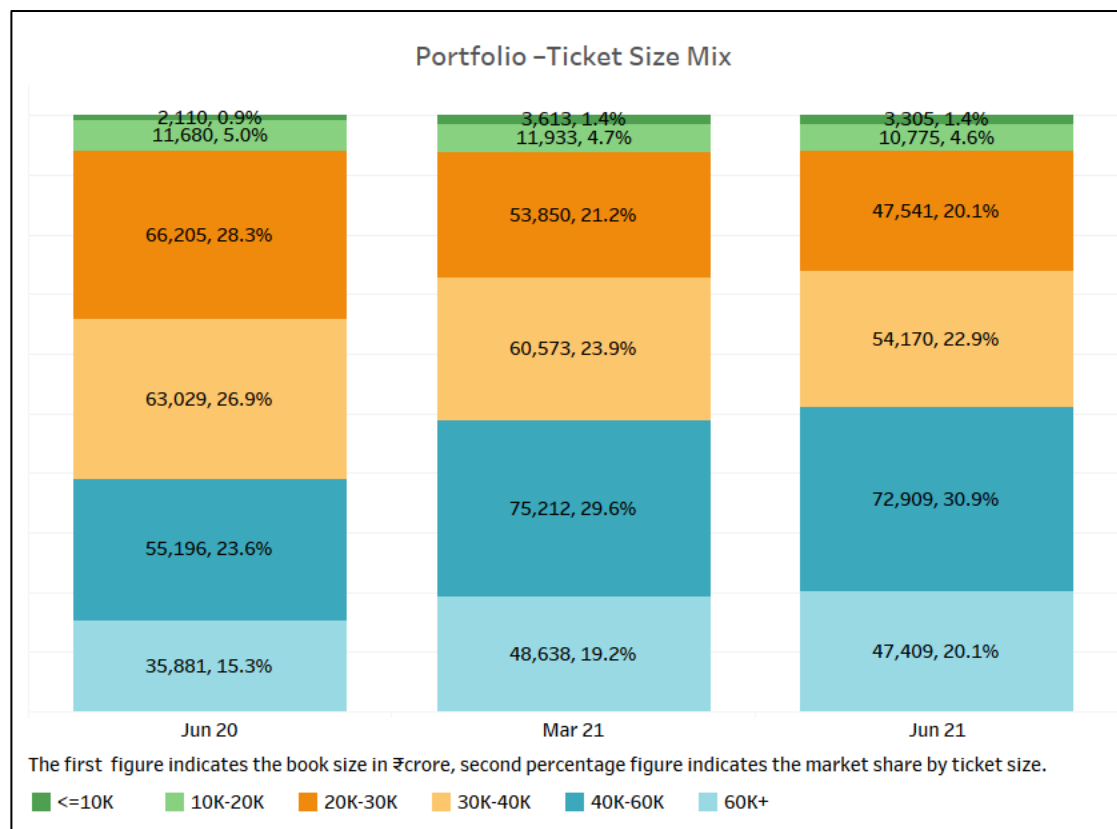
Portfolio – Lender Type Mix



Lender Type	Banks	NBFC MFI	SFBs	Others	Total
Q-o-Q GLP Growth	-6.5%	-7.0%	-5.4%	-11.1%	-7.0%
Y-o-Y GLP Growth	5.1%	5.2%	-11.0%	-5.7%	0.9%

- ❑ Banks continue to dominate the market with portfolio share of 42%
- ❑ Quarterly decline in GLP across all lender types
- ❑ Y-o-Y growth of around 5% for banks and NBFC MFIs
- ❑ SFBs witnessed degrowth of 11% Y-o-Y
- ❑ 38% of banks' portfolio comprised of loans of ticket sizes >₹60K, as against 9.5% for NBFC MFIs and 5% for SFBs

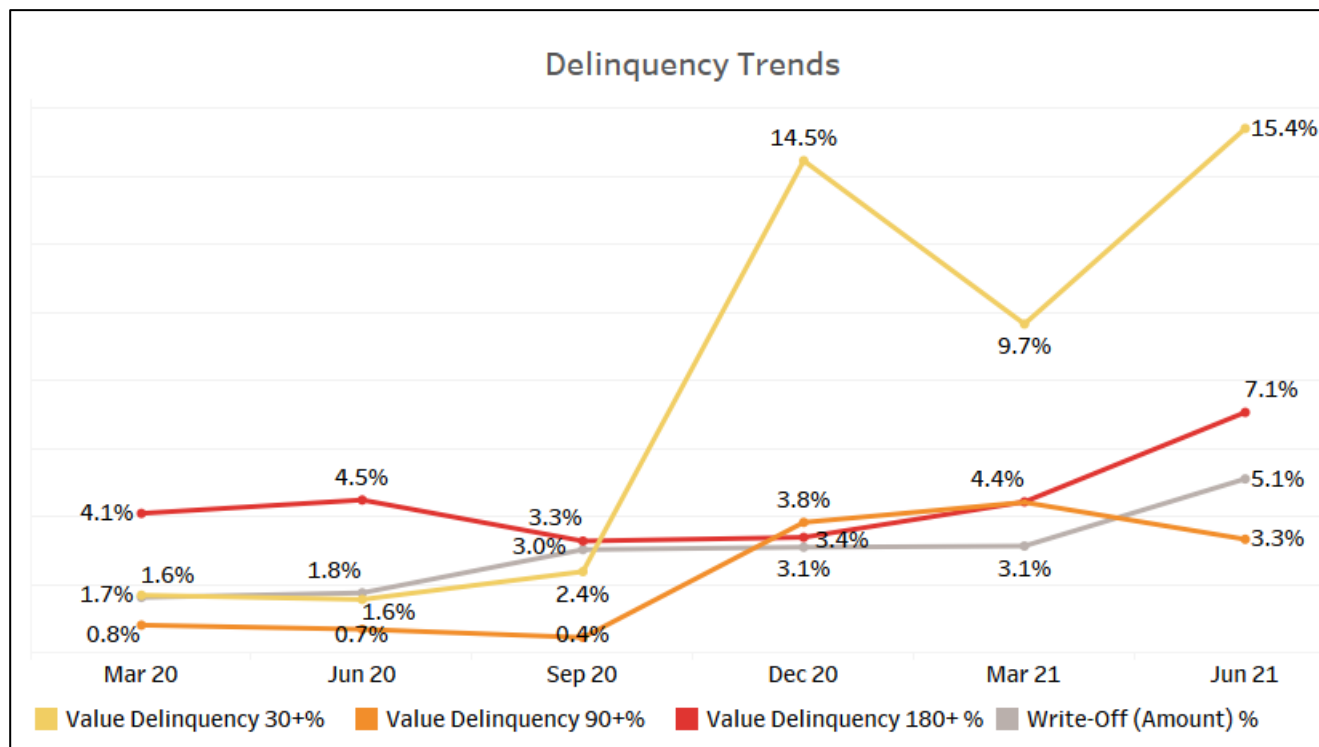
Portfolio –Ticket Size Mix



Ticket Size	<=10K	10K-20K	20K-30K	30K-40K	40K-60K	60K+	Total
Q-o-Q GLP Growth	-8.5%	-9.7%	-11.7%	-10.5%	-3.0%	-2.5%	-7.0%
Y-o-Y GLP Growth	56.6%	-7.7%	-28.2%	-14.1%	32.1%	32.1%	0.9%

- ❑ Portfolio of <=10K ticket size witnessed Y-o-Y growth of nearly 60%, however declined Q-o-Q by 9% as of Jun'21.
- ❑ Portfolio of higher ticket sized loans (>₹40K) increased from by 32% Y-o-Y, declining Q-o-Q by 3% as of Jun'21
- ❑ Share of loans >₹40K in banks' portfolio increased by 7% Y-o-Y, while the share of <=10K loans increased by more than 4X
- ❑ Share of loans >₹40K in NBFC MFIs' portfolio increased by 15% Y-o-Y, while the share of other ticket sized loans reduced
- ❑ Share of loans >₹40K in SFBs' portfolio increased by 13% Y-o-Y, while share of loans ₹20K-₹30K reduced by 12%

Microfinance - Risk Profile



- ❑ PAR 30+ DPD deteriorated from 9.7% in Mar'21 to 15.4% in Jun'21
- ❑ PAR 90+ DPD improved from 4.4% to 3.3% over same period
- ❑ PAR 180+ DPD continued to increase, reaching 7.1% as of Jun'21. Assam and Maharashtra contributed highest towards flow into PAR 180+ DPD
- ❑ Write-offs increased by 2% Q-o-Q as of Jun'21
- ❑ In terms of delinquency management:
 - ❑ 5 best performing lenders have PAR 30+, 90+ & 180+ DPD of 7.7%, 2.0% & 5.0% respectively
 - ❑ 5 worst performing lenders have PAR 30+, 90+ & 180+ DPD of 28.7%, 4.5% & 7.7% respectively

	5 Best Performing Lenders	5 Worst Performing Lenders	Industry
Cumulative GLP (₹Cr)	28,226	27,124	2,36,109
Value Delinquency 30+%	7.7%	28.7%	15.4%
Value Delinquency 90+%	2.0%	4.5%	3.3%
Value Delinquency 180+%	5.0%	7.7%	7.1%

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

Value delinquency 30+% or PAR 30+ DPD refers to proportion of portfolio delinquent by 31-180 days past due, value delinquency 90+% or PAR 90+ DPD refers to proportion of portfolio delinquent by 91-180 days past due, value delinquency 180+% or PAR 180+ DPD refers to proportion of portfolio delinquent by >180 days past due (excluding write-offs), calculated as % of total portfolio outstanding, through out the report

Risk Profile - Geographic Deep Dive

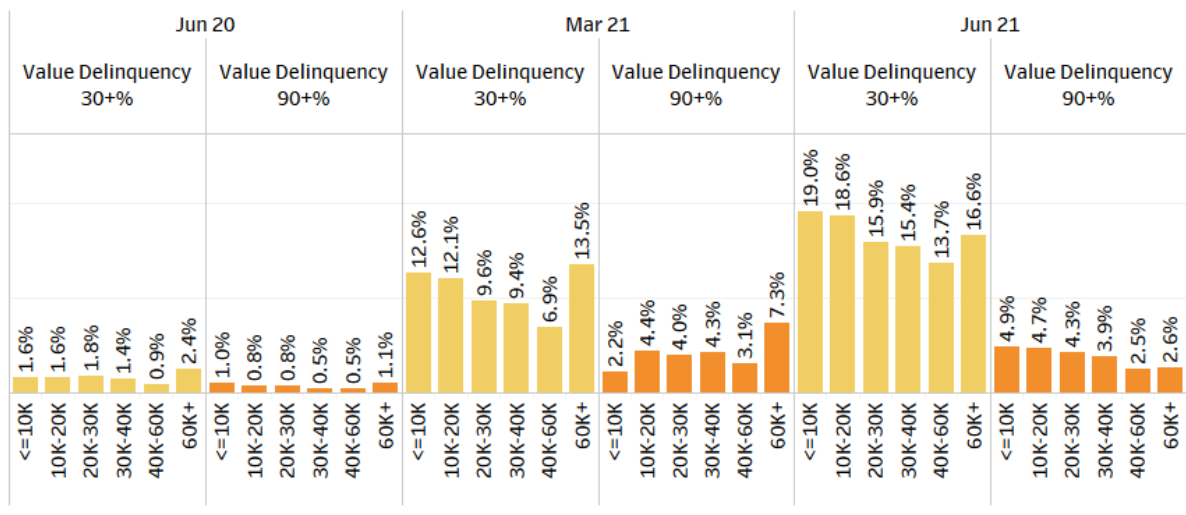
Delinquency Trends - Top 10 States



- ❑ PAR 30+ DPD as of June'21 is higher for states Assam, West Bengal, Karnataka and Madhya Pradesh compared to overall Industry
- ❑ Steep Q-o-Q increase in PAR 30+ DPD as of June'21 for states Tamil Nadu, Karnataka, Madhya Pradesh, Assam and Rajasthan
- ❑ PAR 90+ DPD as of June'21 is higher for states West Bengal, Maharashtra and Assam
- ❑ PAR 180+ DPD as of June'21 higher for states West Bengal, Maharashtra and Assam

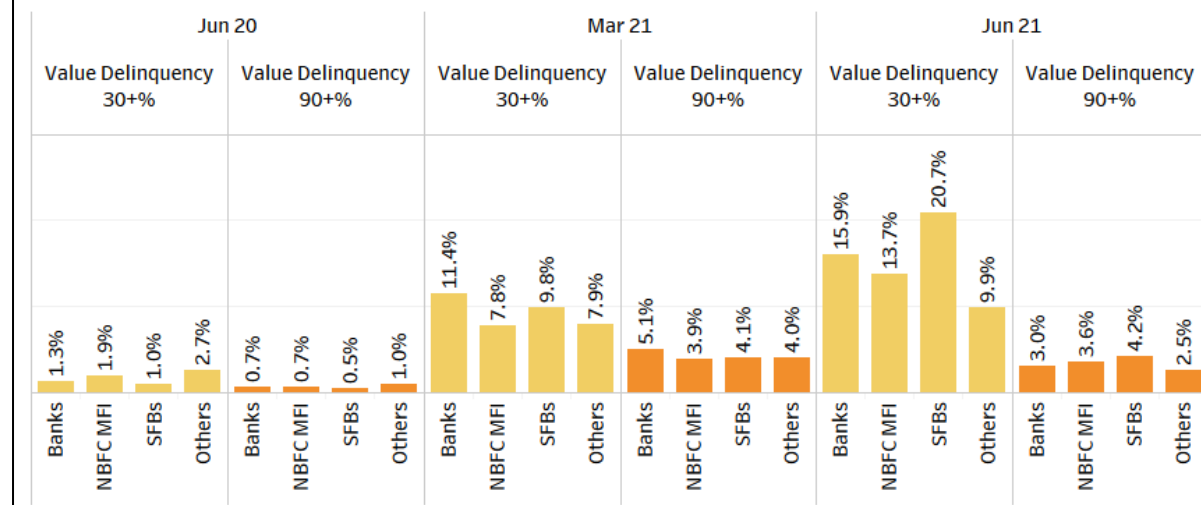
Risk Profile – Ticket Size & Lender Type Mix

Delinquency by Ticket Size



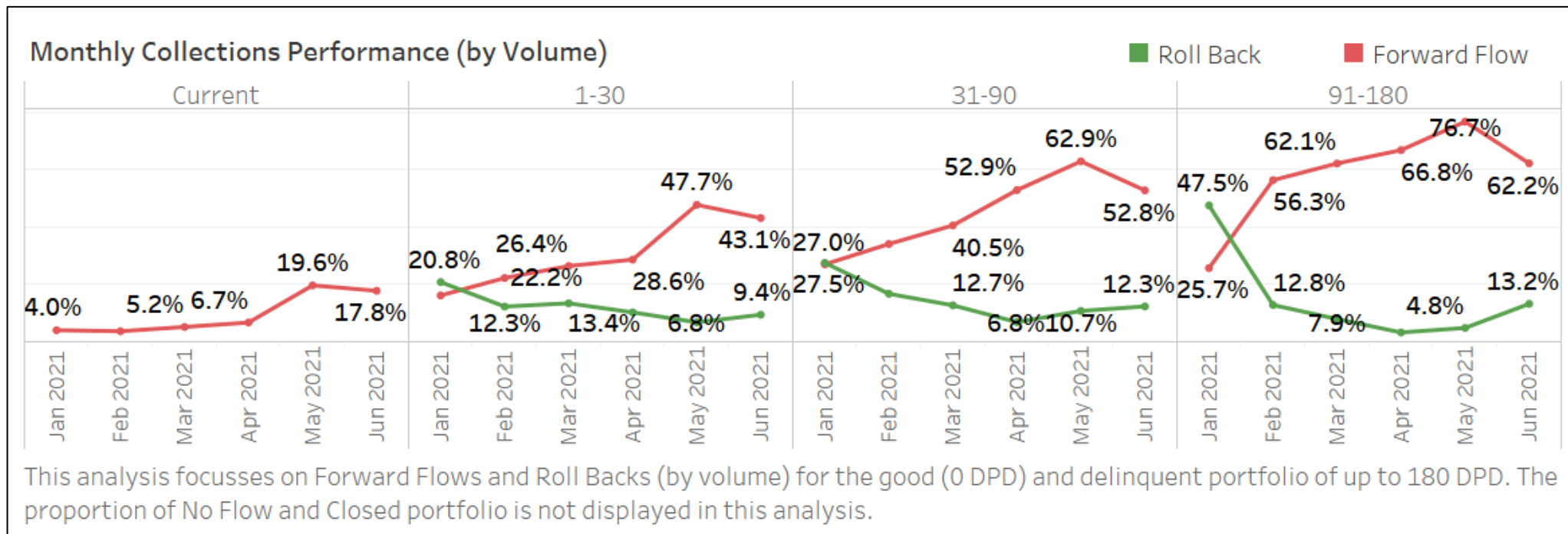
- ❑ PAR 30+ DPD and PAR 90+ DPD significantly higher across all ticket sizes compared to Jun'20
- ❑ PAR 30+ DPD higher compared to Mar'21 for all ticket sizes
- ❑ PAR 90+ DPD improved for ticket sizes >₹30K in Jun'21 compared to Mar'21
- ❑ PAR 90+ DPD deteriorated for ticket sizes <₹30K in Jun'21 compared to Mar'21

Delinquency by Lender Type



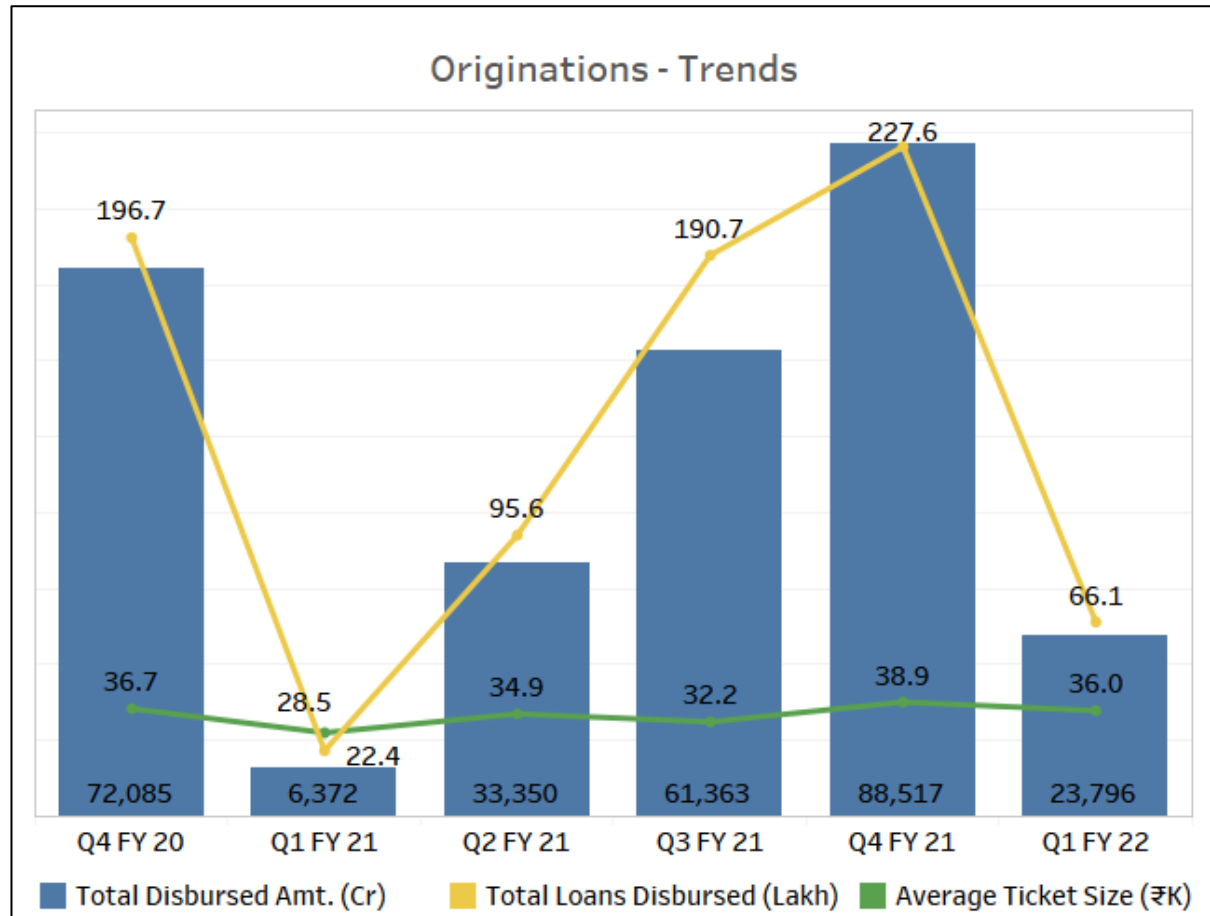
- ❑ PAR 30+ DPD and PAR 90+ DPD significantly higher in June'21 compared to Jun'20 for all lender types
- ❑ PAR 30+ DPD significantly higher in June'21 compared to Mar'21 for all lender types
- ❑ Improvement in PAR 90+ DPD for all lender types except SFBs from Mar'21 to Jun'21

Risk Profile – Collections Performance



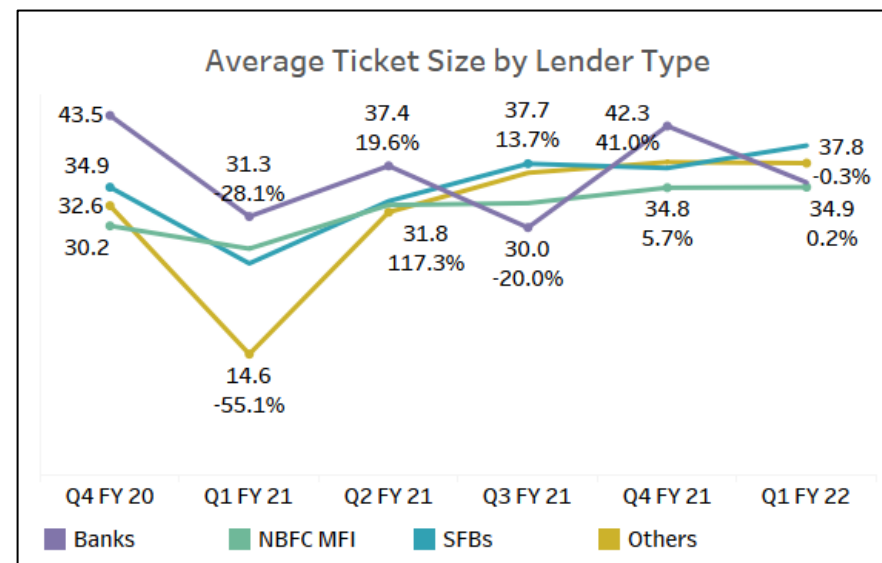
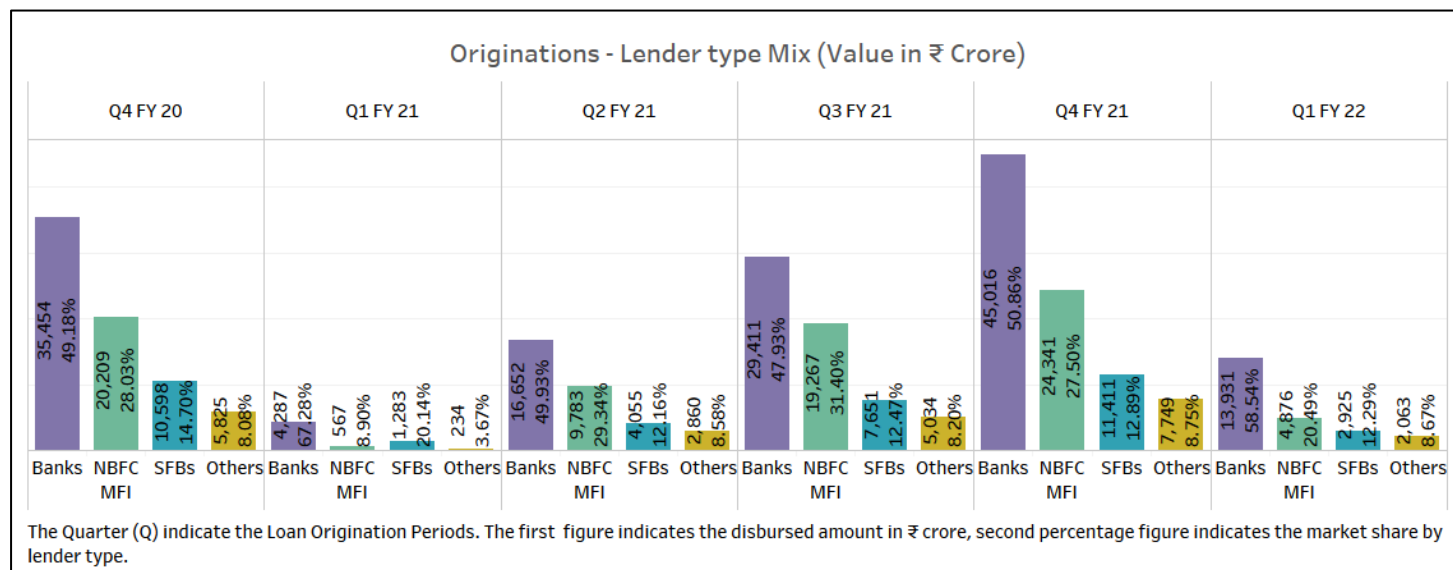
- ❑ Monthly forward flow rates increased sharply in May'21, across all delinquency buckets,
- ❑ Monthly Roll-back rates decreased in 1-30 DPD bucket but increased in 31-90 DPD & 91-180 DPD bucket in May'21
- ❑ Forward flows in 91-180 DPD bucket decreased sharply for banks in Apr'21 while they continued to increase for all other lender types
- ❑ Forward flow rates across all delinquency buckets have declined in Jun'21, while roll back rates have improved.

Microfinance - Originations



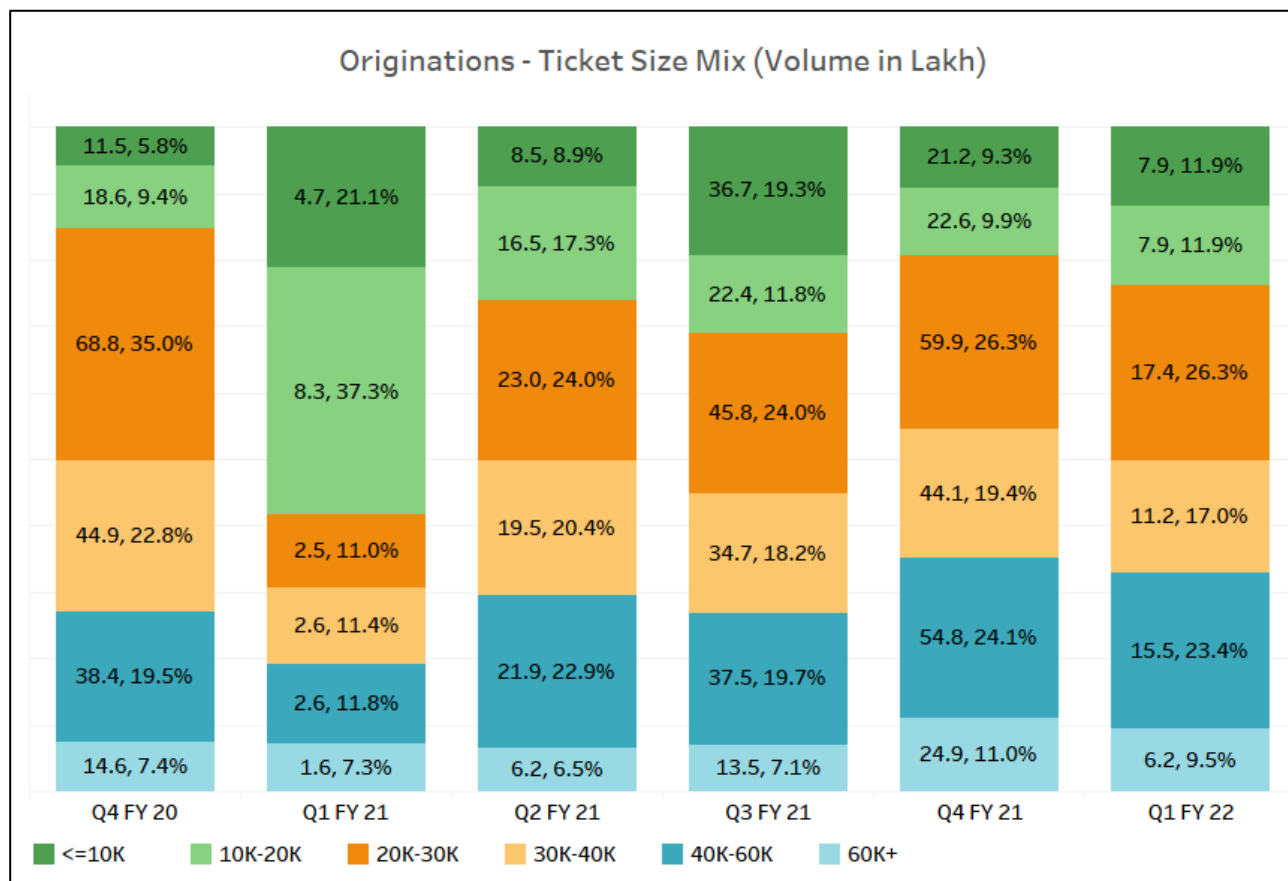
- ❑ ₹23.7K crore disbursed in Q1 FY22, 73% Q-o-Q decline, however, 273.4% increase over Q1 FY21
- ❑ 71% decrease in the count of loans disbursed between Q4 FY21 and Q1 FY22
- ❑ 3X growth in count of loans disbursed in Q1 FY22 over Q1 FY21
- ❑ Regional distribution of disbursements remained the same as previous quarter, with East (42%) and South (20%) dominating
- ❑ Average ticket size reduced by 7.4% over the previous quarter but remained higher than Jun'20 by 26%

Originations - Lender Type Mix



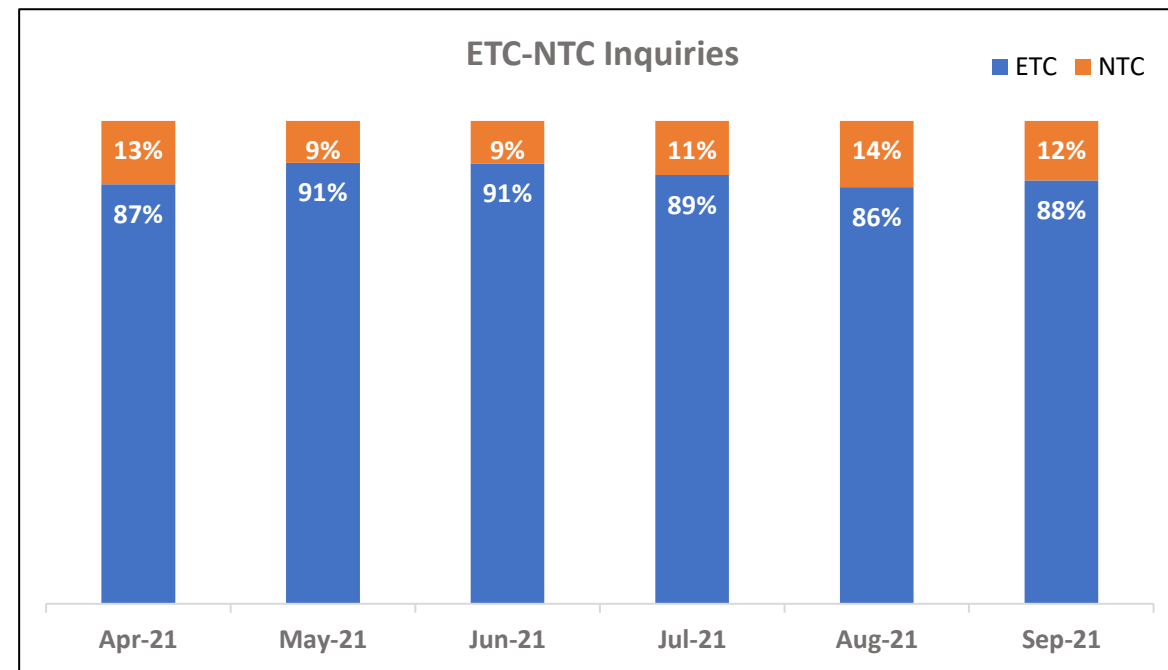
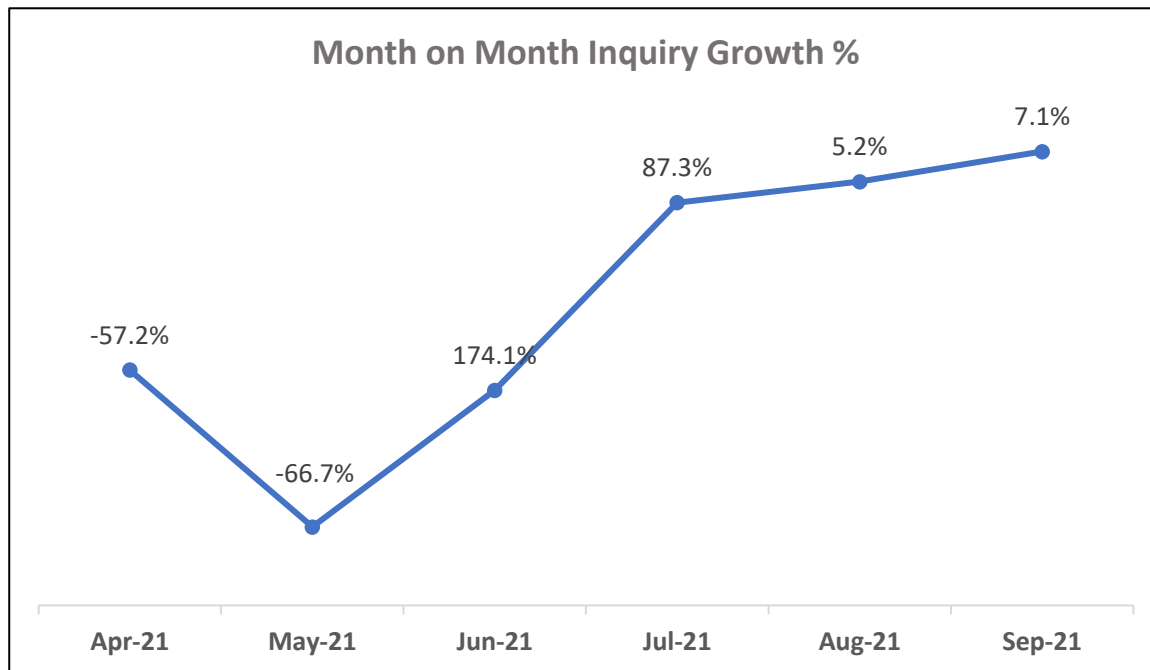
- ❑ Banks continue to dominate disbursements (by value), despite 70% de-growth compared to Q4 FY21
- ❑ Share of NBFC MFIs decreased from 27.5% in Q4 FY 21 to 20.5% in Q1 FY22
- ❑ Average ticket size for banks witnessed 16.2% Q-o-Q decline in Q1 FY22
- ❑ Average ticket size for SFBs increased by 7.3% Q-o-Q in Q1 FY22

Originations - Ticket Size Mix



- ❑ 24% increase in Originations share (by volume) for <₹20K ticket size loans from 19.2% in Q4 FY21 to 23.8% in Q1FY22
- ❑ Reduction in share of larger ticket size loans (>₹40K) from 35.1% in Q4 FY21 to 32.9% in Q1 FY22
- ❑ Originations share (by volume) of loans >₹60K in Q1 FY22 at 9.5%
- ❑ For West Bengal, Originations share (by volume) of ticket size >₹60K decreased Q-o-Q by 12.5%, and increased Q-o-Q by around 4% for loans of ticket size <=₹10K

Monthly Inquiries



- ❑ Steep decline in M-o-M inquiries in May'21 due to lockdown in several parts of the country
- ❑ 174.1% increase in inquiries during Jun'21. However, inquiries volume was lower than Jan-Feb-Mar-Apr'21 and Q2 FY22
- ❑ Recovery observed in Q2 FY22 with 2.4X increase in inquiries compared to Q1 FY22
- ❑ New to Credit (NTC) customers inquired in May'21 and Jun'21 at 9%, lower than average monthly NTC inquiries of 12%-14%. This is attributable to lockdown in most parts of the country resulting in lower originations and reduced risk appetite among lenders

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 Jun 2021 compared to Jun 2020
Q-o-Q	Quarter on Quarter	Quarterly comparison for change, example Jun 2021 compared to Mar 2021
M-o-M	Month on Month	Monthly comparison for change, example Jun 2021 compared to May 2021
Q1 FY 21	First Quarter of the Financial Year 2020-21	April-May-June 2021
Q4 FY 21	Fourth Quarter of the Financial Year 2020-21	January-February-March 2021
Q1 FY 22	First Quarter of the Financial Year 2021-22	April-May-June 2022

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 Jun'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 Jun'21 data to the bureau.
3. Value Delinquency 30+% or PAR 30+ DPD refers to proportion of portfolio delinquent by 31-180 days past due, value delinquency 90+% or PAR 90+ DPD refers to proportion of portfolio delinquent by 91-180 days past due, value delinquency 180+% or PAR 180+ DPD refers to proportion of portfolio delinquent by >180 days past due (excluding write-offs), calculated as % of total portfolio outstanding, 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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