

MicroLend

QUARTERLY PUBLICATION ON
MICROFINANCE LENDING

VOLUME XVII
SEPT 2021



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Microfinance Industry Snapshot (Sept 2021)

GLP (Cr)

₹249.0K

- Q-o-Q Growth %
2.12%
- Y-o-Y Growth %
5.75%

Active Loans (Cr)

11.26

- Q-o-Q Growth %
0.58%
- Y-o-Y Growth %
1.02%

Avg. Balance Per Account

₹22.1K

- Q-o-Q Growth %
1.53%
- Y-o-Y Growth %
4.68%

Avg. Balance Per Unique Borrower

₹42.3K

- Q-o-Q Growth %
1.51%
- Y-o-Y Growth %
3.44%

Amount M Disbursed in Last 3 M (Cr)

₹62,321

- Q-o-Q Growth %
141.56%
- Y-o-Y Growth %
85.80%

Loans Disbursed in Last 3 M (Lakh)

177.7

- Q-o-Q Growth %
147.07%
- Y-o-Y Growth %
84.77%

Average Ticket Size in Last 3M

₹35.1K

- Q-o-Q Growth %
-2.22%
- Y-o-Y Growth %
0.57%

Value Delinquency 30+%

10.4%

- Q-o-Q Growth %
(-4.60%)
- Y-o-Y Growth %
7.95%

Value Delinquency 90+%

3.3%

- Q-o-Q Growth %
0.09%
- Y-o-Y Growth %
2.89%

Microfinance Industry – Key Takeaways (Sep 2021)

Recovery in Microfinance book in Q2 FY22 with 2.1% Q-o-Q growth, after nearly 7% Q-o-Q decline in the previous quarter

81% Q-o-Q growth in disbursements by banks, and 3.3X growth for NBFC MFIs and SFBs in Q2 FY22 over Q1 FY22

PAR 30+ DPD improved from 15% in Jun'21 to 10.4% in Sep'21 while PAR 90+ DPD remained stable at 3.3% over same period

Top 10 states by GLP contribute to 83% of national GLP and have a combined PAR 90+ DPD of 3.4% as of Sep'21

Recovery in disbursements with 142% Q-o-Q growth in amount disbursed in Q2 FY22

Quarterly growth of 1.5% each in Avg. balance per unique customer and Avg. balance per account as of Sep'21

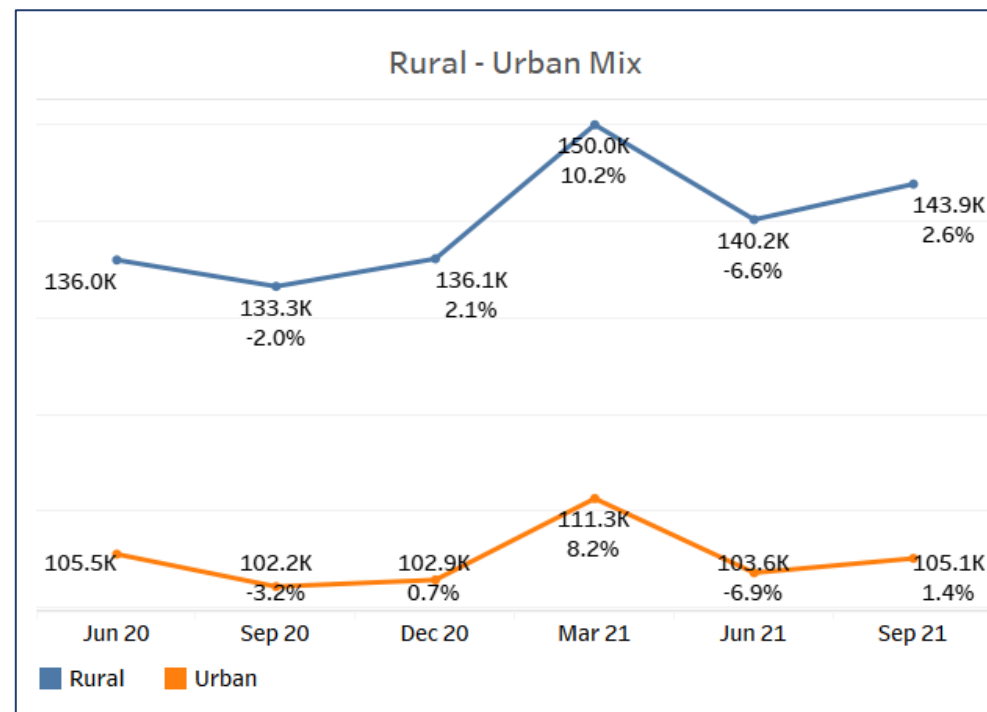
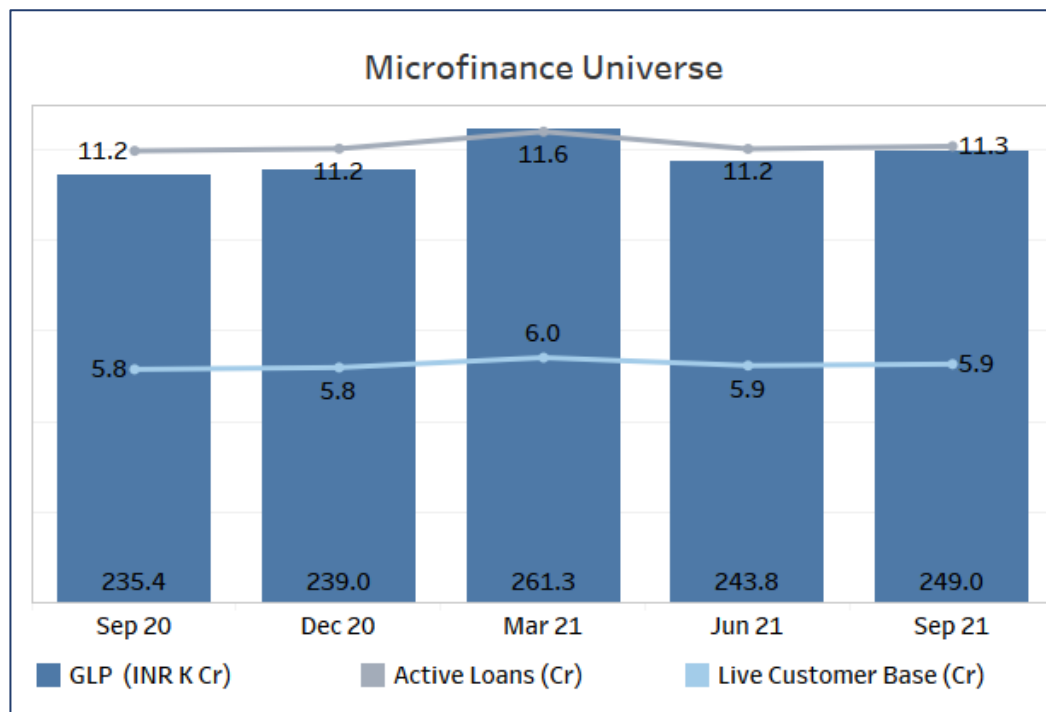
New to Credit (NTC) inquiries from Jul'21 to Sep'21 in the range of 18%-20%. NTC inquiries in Oct'21 higher at 24%

Microfinance Industry Highlights (Sep 2021)

- ❑ Portfolio outstanding of Microfinance sector at ₹249.0K crore as of Sep'21 with 2.1% Q-o-Q growth and nearly 6% Y-o-Y growth as of Sep'21
- ❑ 4.1% of borrowers have exposure to 4 or more lenders, highest in Tamil Nadu and least in Assam
- ❑ PAR 30+ DPD improved from 15% in Jun'21 to 10.4% in Sep'21, PAR 90+ DPD remained stable at 3.3% over same period
- ❑ PAR 30+ and 90+ DPD higher compared to Sep'20 for all ticket sizes and all lender types
- ❑ 142% Q-o-Q growth in disbursements (value) in Q2 FY22, 147% Q-o-Q growth in count of loans disbursed in Q1 FY22
- ❑ Increase in originations' share (by volume) from 11.4% in Q2 FY21 to 14.3% in Q2 FY22 for >₹50K ticket size loans
- ❑ Volume of inquiries witnessed good recovery in Q2 FY22, compared to Q1 FY22. Volume of inquiries in Oct'21 stable compared to Sep'21

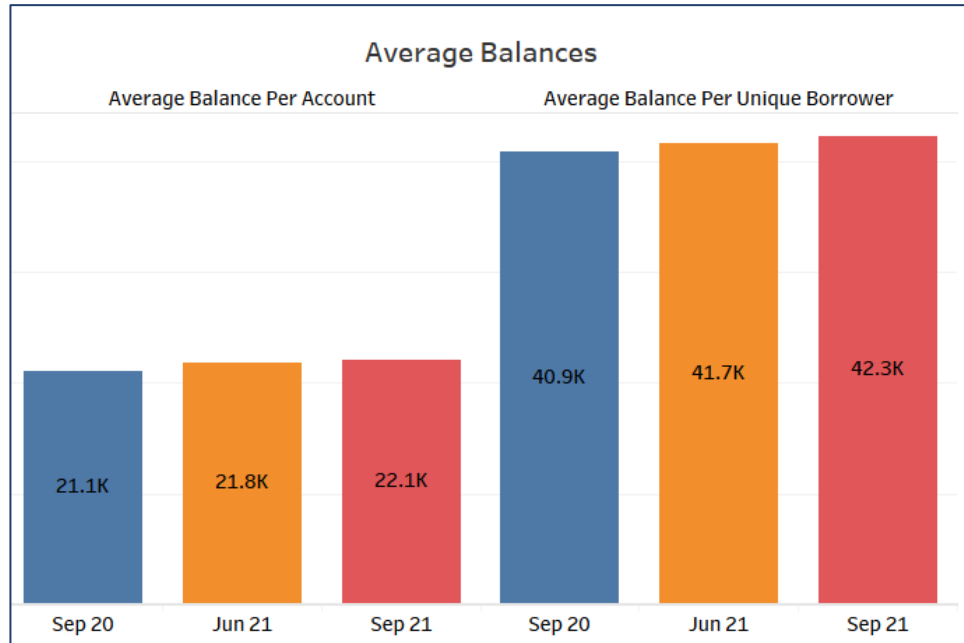
Not only small businesses but also microfinance institutions lending to such businesses suffered great losses due to the second COVID 19 wave in Q1 FY22. While the effects continue to linger, the second quarter marked a turnaround for microfinance industry with increase in disbursements . However, lenders still need to be cautious about asset quality.

Microfinance Universe

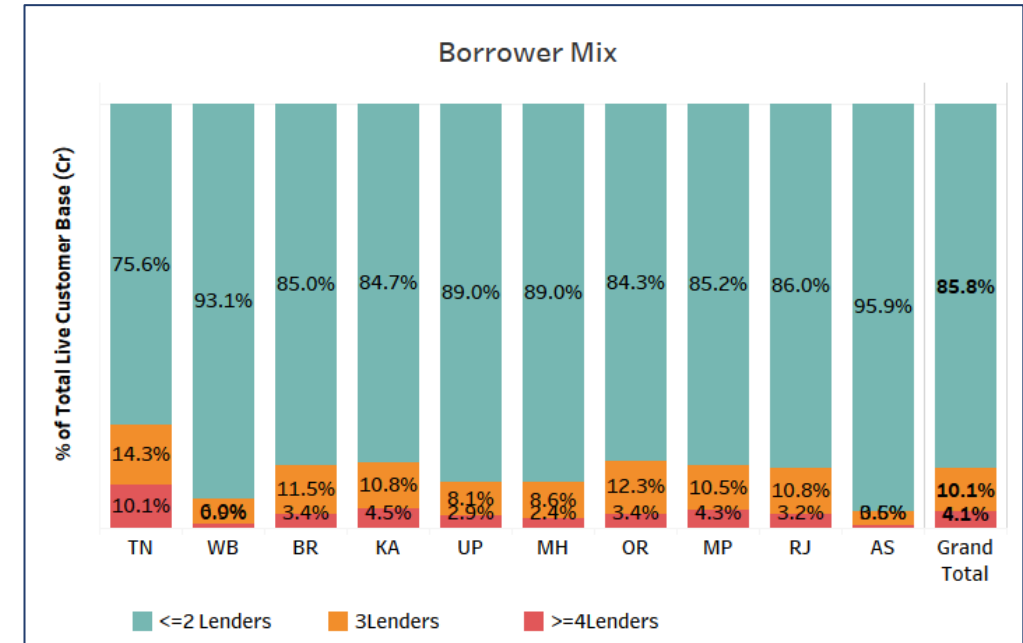


- ❑ Microfinance sector witnessed Q-o-Q growth of 2.1% in the book, and Y-o-Y growth of nearly 6% as of Sep'21
- ❑ Live customer base grew by 0.6% Q-o-Q and by 3.1% Y-o-Y
- ❑ Rural markets witnessed Q-o-Q growth of 2.6%, while urban markets grew by 1.4% as of Sep'21
- ❑ As of Sep'21, GLP for both rural and urban markets increased compared to Sep'20

Average Balances and Borrower Mix



- ❑ Average balance per account witnessed a quarterly growth of 1.5% and a Y-o-Y growth of 4.6% as of Sep'20
- ❑ Average balance per unique microfinance borrower witnessed Q-o-Q growth of 1.5% and Y-o-Y growth of 3.4%

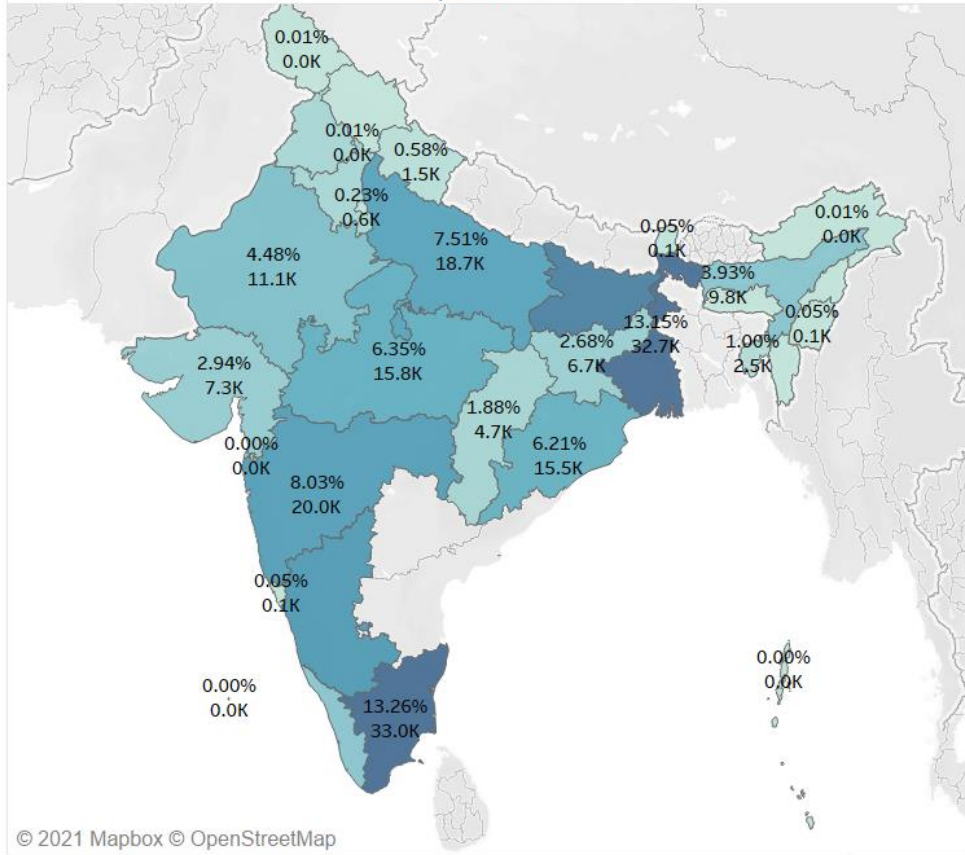


- ❑ 4.1% of borrowers have exposure to 4 or more lenders
- ❑ Among major states, the proportion is
 - ❑ Highest for Tamil Nadu (10.1%) & Karnataka (4.5%)
 - ❑ Least for Assam (0.5%) & West Bengal (0.9%)

Geographic Deep Dive

Portfolio Mix - State Level

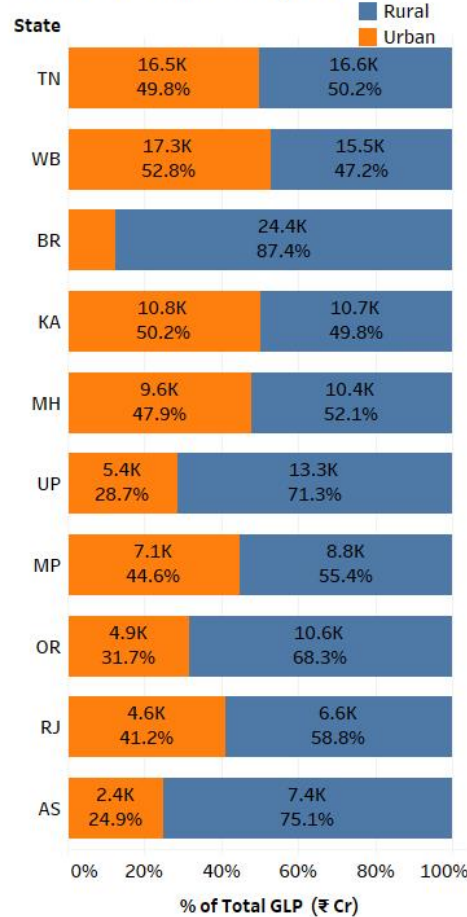
September 2021



© 2021 Mapbox © OpenStreetMap

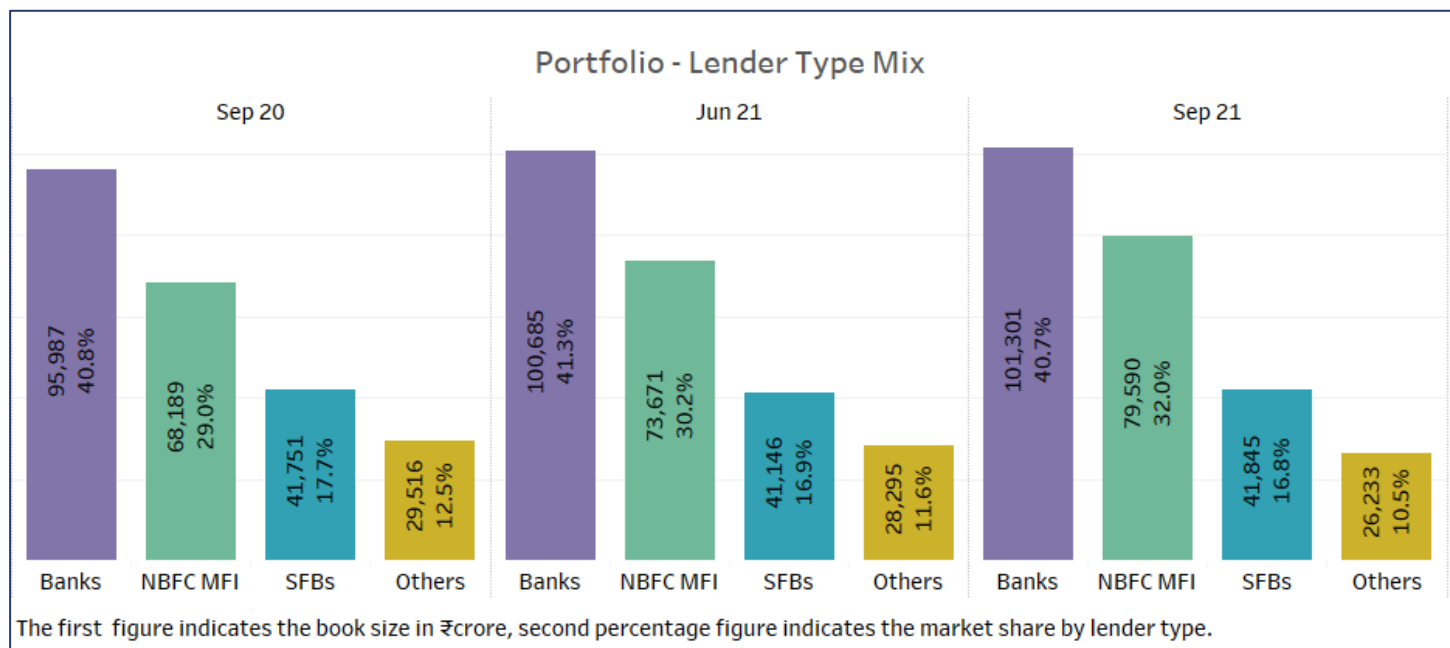
Figure in K indicates size of book (in ₹ crore)

Rural - Urban Mix - Top 10 States



- ❑ Top 10 states constitute 83% of the GLP as of Sep'21
- ❑ Tamil Nadu witnessed quarterly growth of 0.8% rising to top position as of Sep'21
- ❑ West Bengal witnessed 2.5% degrowth Q-o-Q as of Sep'21
- ❑ Of the top 10 states only West Bengal and Assam recorded quarterly decline in GLP of 5.6% and 2.5% respectively as of Sep'21
- ❑ Average exposure per borrower for WB and KA at ₹48.58K and ₹47.74K – higher than national average of ₹42.99K
- ❑ Microfinance sector dominated by Eastern region (33.2%) followed by South (25.9%)
- ❑ 45% of banks' portfolio is concentrated in eastern region. NBFC MFIs have about 28% share in East & South. SFBs have concentration of about 40% in South

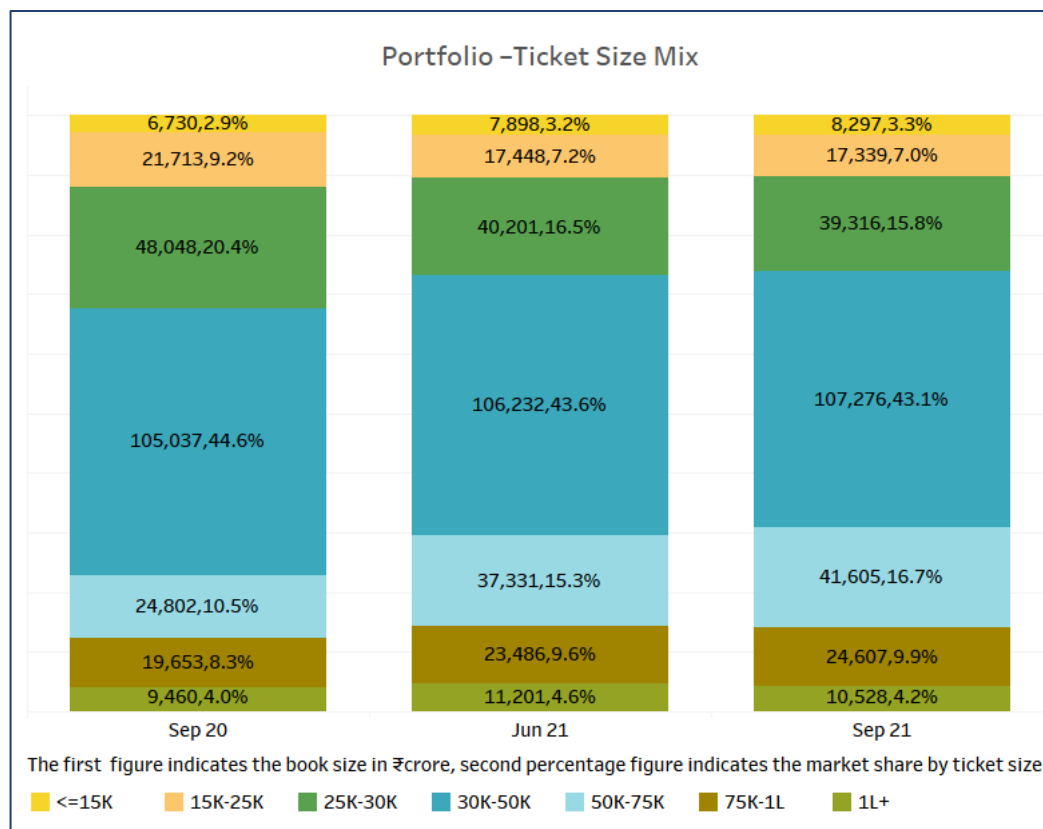
Portfolio – Lender Type Mix



Lender Type	Banks	NBFC MFI	SFBs	Others	Total
Q-o-Q GLP Growth	0.6%	8.0%	1.7%	-7.3%	2.1%
Y-o-Y GLP Growth	5.5%	16.7%	-11.1%	0.2%	5.7%

- ❑ Banks continue to dominate the market with portfolio share of 40.7%
- ❑ 8% Q-o-Q growth in GLP for NBFC MFIs as against 0.6% for banks and 1.7% for SFBs
- ❑ Y-o-Y growth of nearly 17% for NBFCs, 5.5% for banks
- ❑ SFBs witnessed degrowth of 11% Y-o-Y
- ❑ 44% of banks' portfolio comprised of loans of ticket sizes >₹50K, as against 22% for both NBFC MFIs and for SFBs

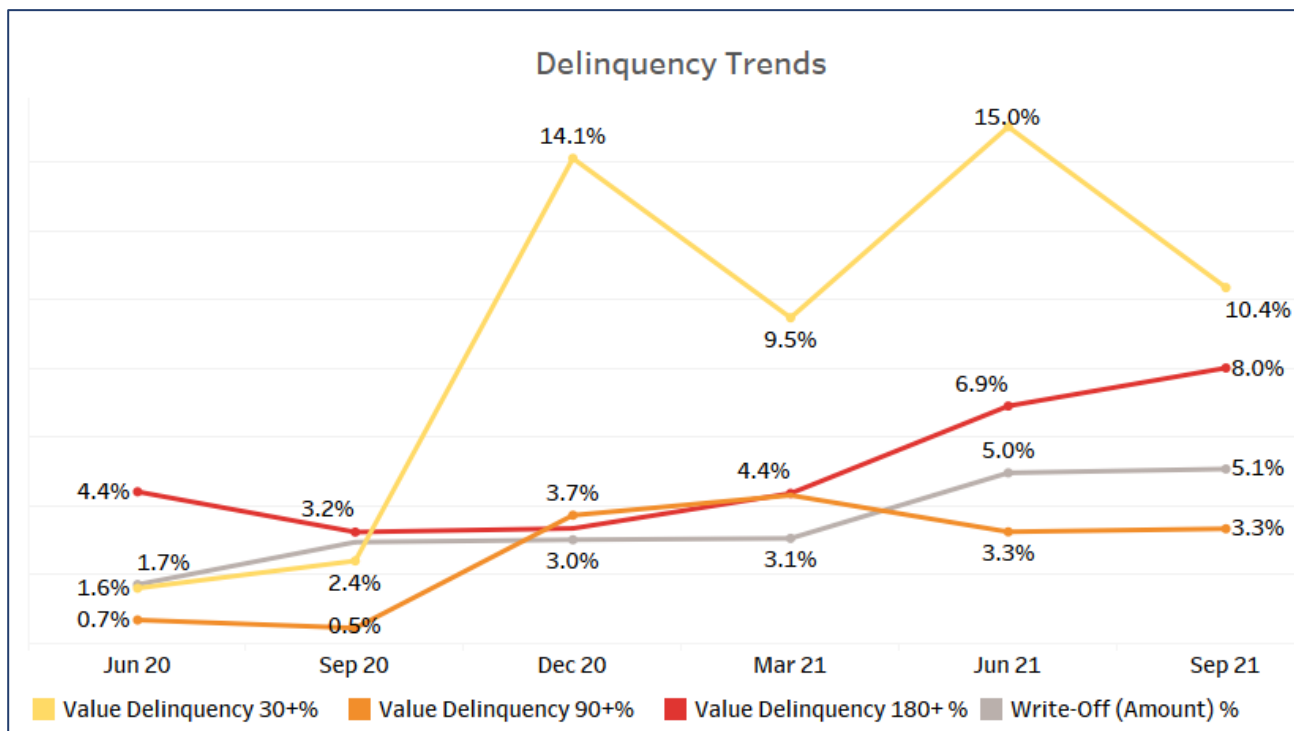
Portfolio –Ticket Size Mix



- ❑ Portfolio of <=₹15K ticket size witnessed Y-o-Y growth of 23.3% and Q-o-Q growth of 5.1% as of Sep'21.
- ❑ Portfolio of higher ticket sized loans >₹50K increased from 23% in Sep'20 to 31% in Sep'21
- ❑ As of Sep'21, loans of ticket size ₹30K-₹50K have the maximum share by value and volume of 43% and 39% respectively
- ❑ As of Sep'21, loans of ticket size <=₹15K have the least share by value (3.3%), while loans of >₹1L have the least share by volume (0.9%)
- ❑ As of Sep'21, for loans >₹50K, share of banks has declined by 11% while that of NBFC MFIs has increased by 9% and share of SFBs has declined by 1% Y-o-Y

Ticket Size	<=15K	15K-25K	25K-30K	30K-50K	50K-75K	75K-1L	1L+	Total
Q-o-Q GLP Growth	5.1%	-0.6%	-2.2%	1.0%	11.4%	4.8%	-6.0%	2.1%
Y-o-Y GLP Growth	23.3%	-20.1%	-18.2%	2.1%	67.8%	25.2%	11.3%	5.7%

Microfinance - Risk Profile



- ❑ PAR 30+ DPD improved from 15% in Jun'21 to 10.4% in Sep'21
- ❑ PAR 90+ DPD remained stable at 3.3% over same period
- ❑ PAR 180+ DPD continued to increase, reaching 8% as of Sep'21. West Bengal, Assam and Maharashtra contributed highest towards flow into PAR 180+ DPD
- ❑ Write-offs increased from 5% to 5.1% Q-o-Q as of Sep'21
- ❑ In terms of delinquency management:
 - ❑ 5 best performing lenders have PAR 30+, 90+ & 180+ DPD of 5.3%, 1.6% & 5.6% respectively
 - ❑ 5 worst performing lenders have PAR 30+, 90+ & 180+ DPD of 18.9%, 5.5% & 10.1% respectively

	5 Best Performing Lenders	5 Worst Performing Lenders	Industry
Cumulative GLP (₹Cr)	60,500	28,769	2,48,966
Value Delinquency 30+%	5.3%	18.9%	10.4%
Value Delinquency 90+%	1.6%	5.5%	3.3%
Value Delinquency 180+%	5.6%	10.1%	8.0%

Note: The analysis is limited to top 25 MFI institutions with a market share of 84% as of Sep'21. Performance is based on PAR 30+ DPD performance as of Sep'21

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, throughout the report

Risk Profile – Top Districts

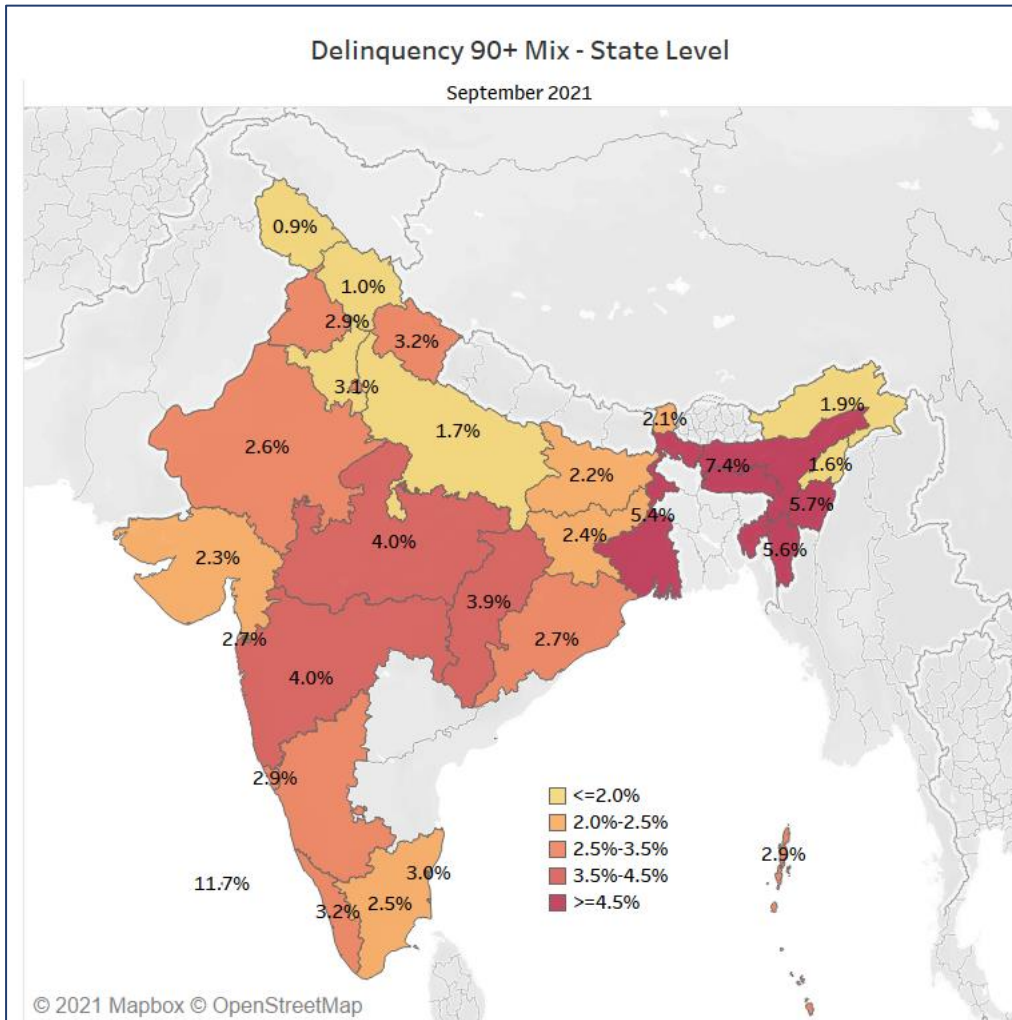
10 Best Performing Districts	GLP (₹ Cr)	Value Delinquency 30+%	Value Delinquency 90+%	Value Delinquency 180+ %
Darbhanga	1,259	2.7%	0.6%	1.2%
Nanded	968	3.1%	1.6%	6.1%
Sitamarhi	945	2.9%	0.6%	1.2%
Yavatmal	855	2.5%	1.0%	19.1%
Amravati	692	1.8%	0.7%	33.4%
Garhwa	587	1.7%	0.5%	0.3%
Palamu	529	1.9%	0.6%	0.6%
Muzaffarnagar	465	2.8%	0.8%	1.8%
Mahrajganj	464	3.1%	0.8%	1.9%
Wardha	447	2.3%	0.9%	26.0%

10 Worst Performing Districts	GLP (₹ Cr)	Value Delinquency 30+%	Value Delinquency 90+%	Value Delinquency 180+ %
Jalpaiguri	2,740	20.7%	8.0%	12.6%
Koch Bihar	2,220	23.2%	11.0%	22.1%
Kollam	1,209	18.9%	4.3%	8.4%
Palakkad	1,209	18.3%	2.3%	3.5%
Alappuzha	1,151	18.4%	3.2%	4.4%
Chamarajanagar	787	18.8%	4.1%	3.8%
Kishanganj	598	18.6%	7.1%	9.2%
Dhubri	406	19.3%	11.2%	34.8%
Malappuram	392	19.4%	3.7%	6.8%
Karimganj	391	21.7%	9.6%	14.8%

	10 Best performing Districts	10 Worst performing Districts	Industry
Cumulative GLP (₹Cr)	7,212	11,104	2,48,966
Value Delinquency 30+%	2.5%	20.2%	10.4%
Value Delinquency 90+%	0.8%	6.8%	3.3%
Value Delinquency 180+%	8.6%	12.1%	8.0%

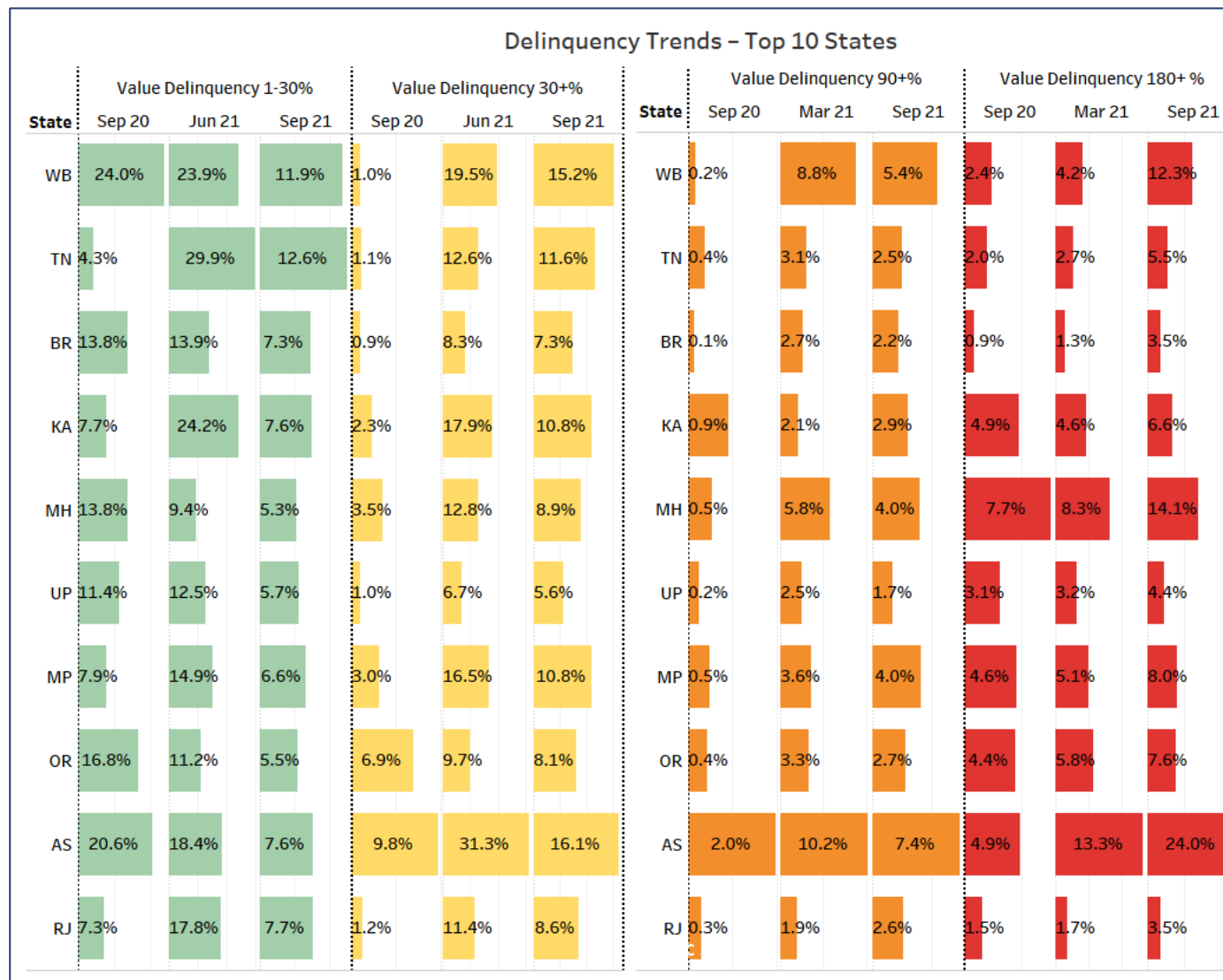
Note: The analysis is limited to top 276 districts with a market share of 85% as of Sep'21. Performance is based on PAR 30+ DPD performance as of Sep'21

Risk Profile – State wise Delinquency 90+ (Sep 2021)



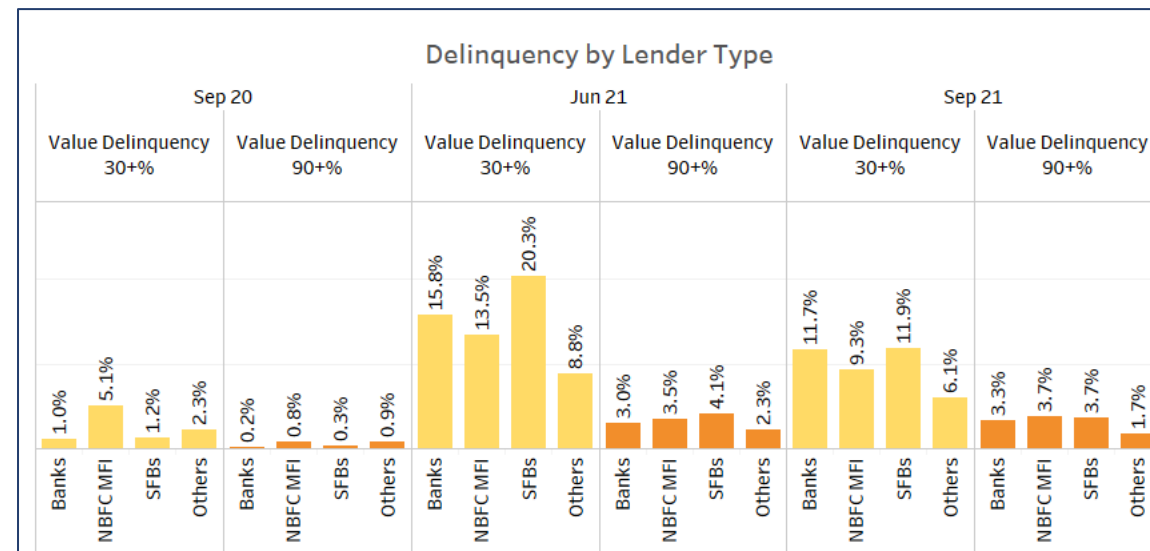
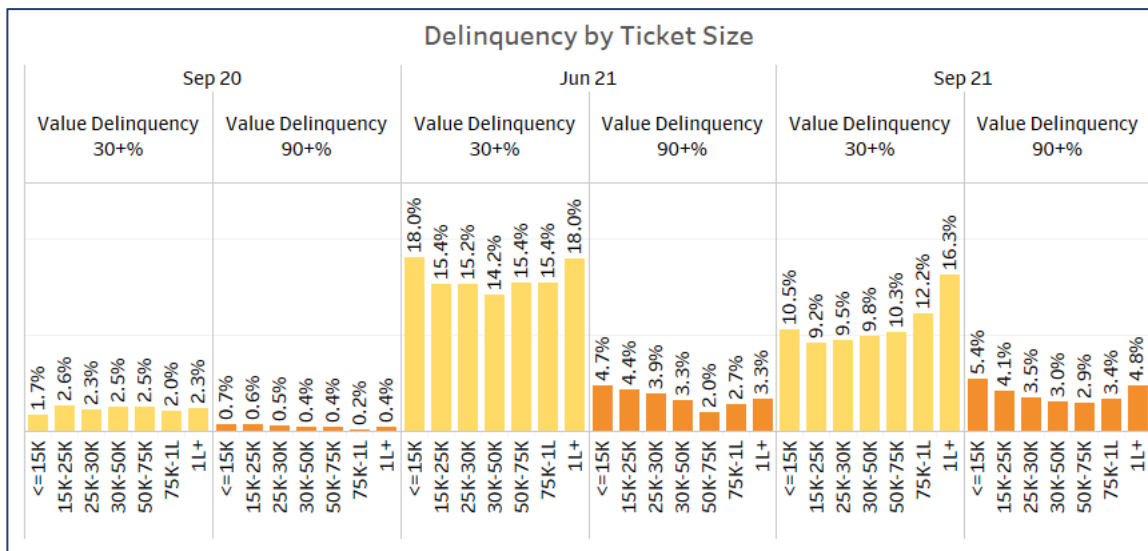
- ❑ Top 10 states have a combined PAR 90+ DPD of 3.4% as of Sep'21
- ❑ PAR 90+ DPD for top states (by GLP) Tamil Nadu, West Bengal witnessed Q-o-Q decline of 0.2% as of Sep'21
- ❑ Among the top 10 states by GLP, Uttar Pradesh has the least PAR 90+ DPD $\leq 2\%$, while Assam and West Bengal have the highest PAR 90+ DPD in the range $\geq 4.5\%$
- ❑ Tamil Nadu and Bihar have PAR 90+ DPD in the range 2%-2.5% as of Sep'21

Risk Profile - Geographic Deep Dive



- ❑ PAR 30+ DPD as of Sep'21 is higher for states Assam, West Bengal, Tamil Nadu, Karnataka, Madhya Pradesh compared to overall Industry
- ❑ Q-o-Q decline in PAR 30+ DPD as of Sep'21 across all top 10 states, however significantly higher than Sep'20
- ❑ PAR 90+ DPD as of Sep'21 declined for all top 10 states except Karnataka, Madhya Pradesh and Rajasthan
- ❑ PAR 180+ DPD as of Sep'21 is higher for states Assam, West Bengal and Maharashtra compared to overall Industry

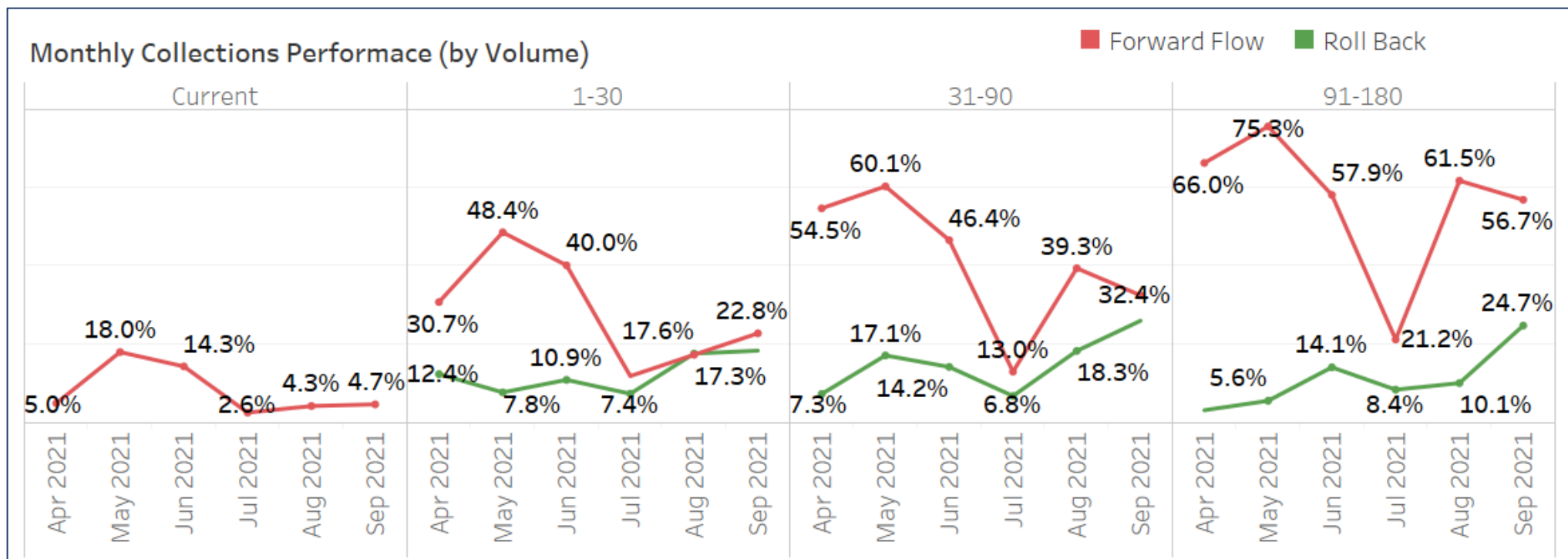
Risk Profile – Ticket Size & Lender Type Mix



- ❑ PAR 30+ DPD and PAR 90+ DPD significantly higher across all ticket sizes compared to Sep'20
- ❑ PAR 30+ DPD lower compared to Jun'21 for all ticket sizes
- ❑ PAR 90+ DPD improved for ticket sizes ₹15K-₹50K in Sep'21 compared to Jun'21
- ❑ PAR 90+ DPD deteriorated for ticket sizes <=₹15K and >₹50K in Sep'21 compared to Jun'21

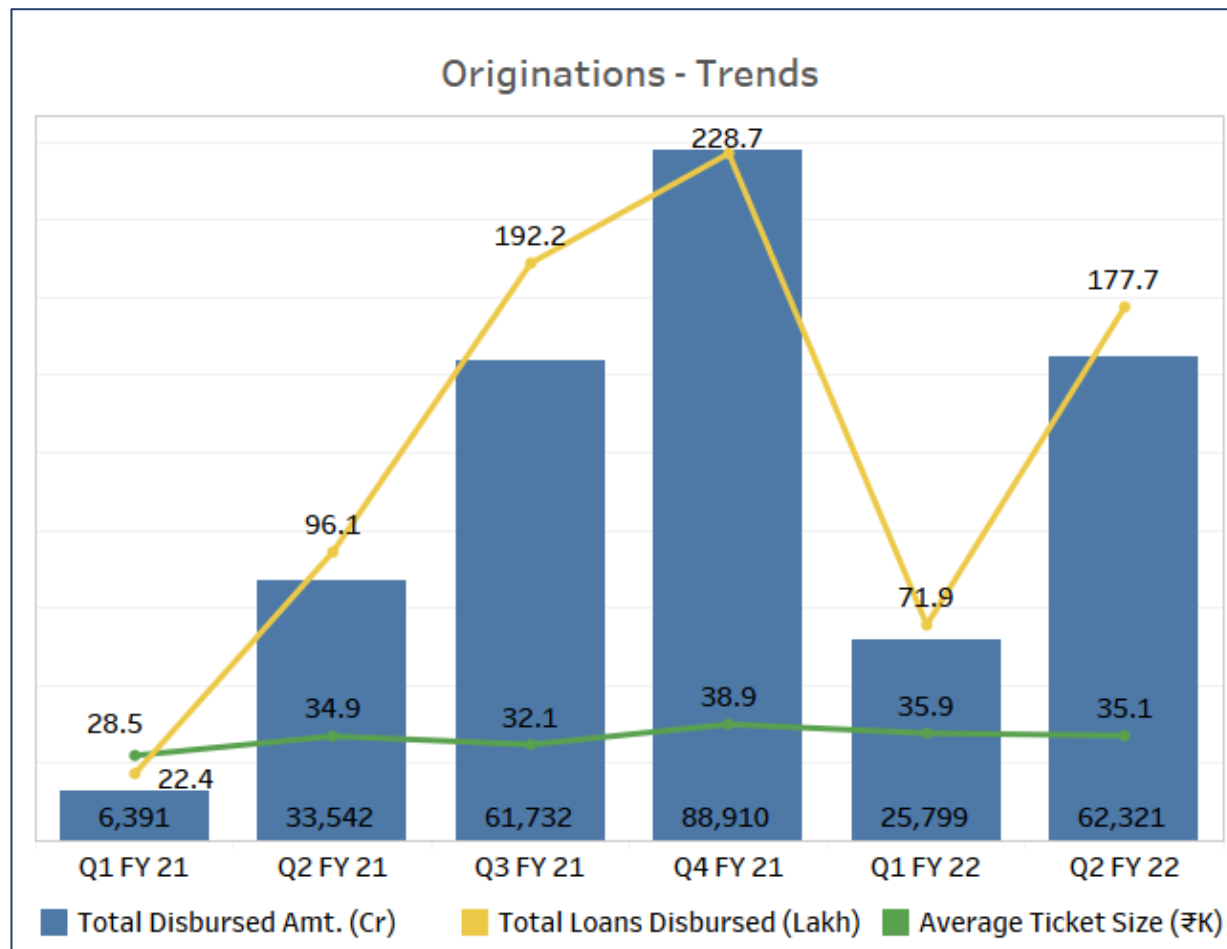
- ❑ PAR 30+ DPD and PAR 90+ DPD significantly higher in Sep'21 compared to Sep'20 for all lender types
- ❑ PAR 30+ DPD lower in Sep'21 compared to Jun'21 for all lender types
- ❑ Deterioration in PAR 90+ DPD for banks and NBFC MFIs from Jun'21 to Sep'21

Risk Profile – Collections Performance



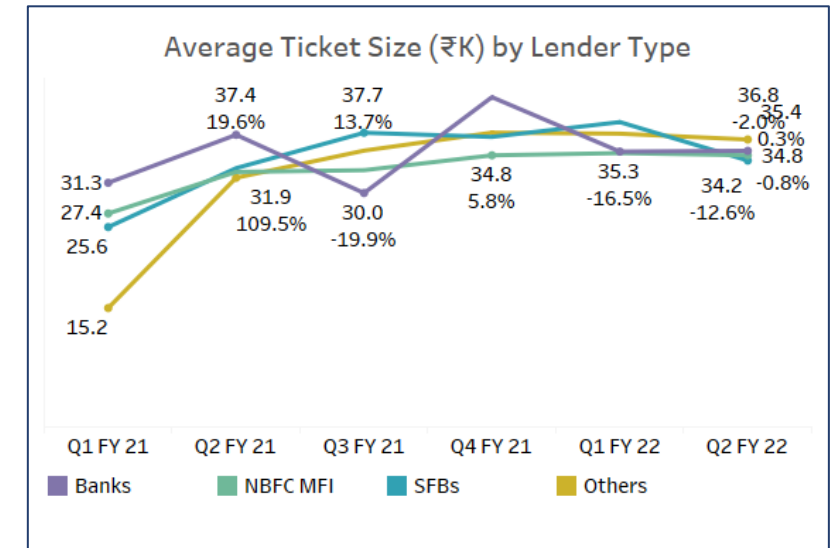
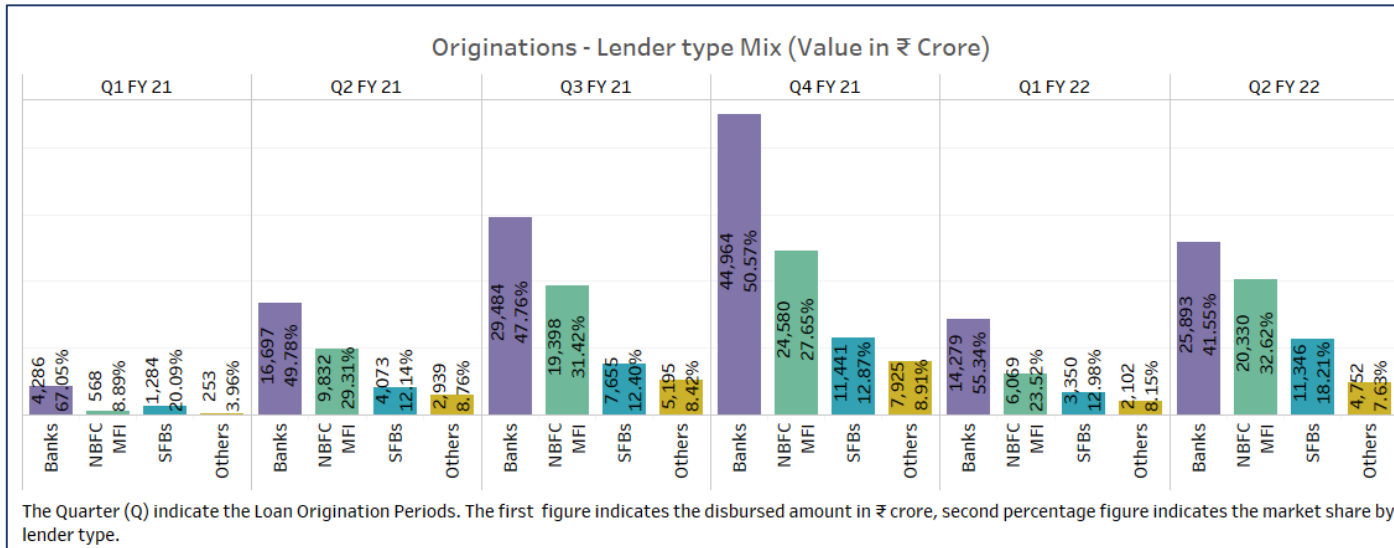
- ❑ Monthly forward flow rates declined from Jun'21 to Jul'21 but increased sharply in Aug'21 across all delinquency buckets,
- ❑ Monthly Roll-back rates decreased in Jul'21 but have continued to increase thereafter across all delinquency buckets
- ❑ Forward flows in 91-180 DPD bucket decreased for banks in Sep'21, while continued to increase for NBFC MFIs and SFBs

Microfinance - Originations



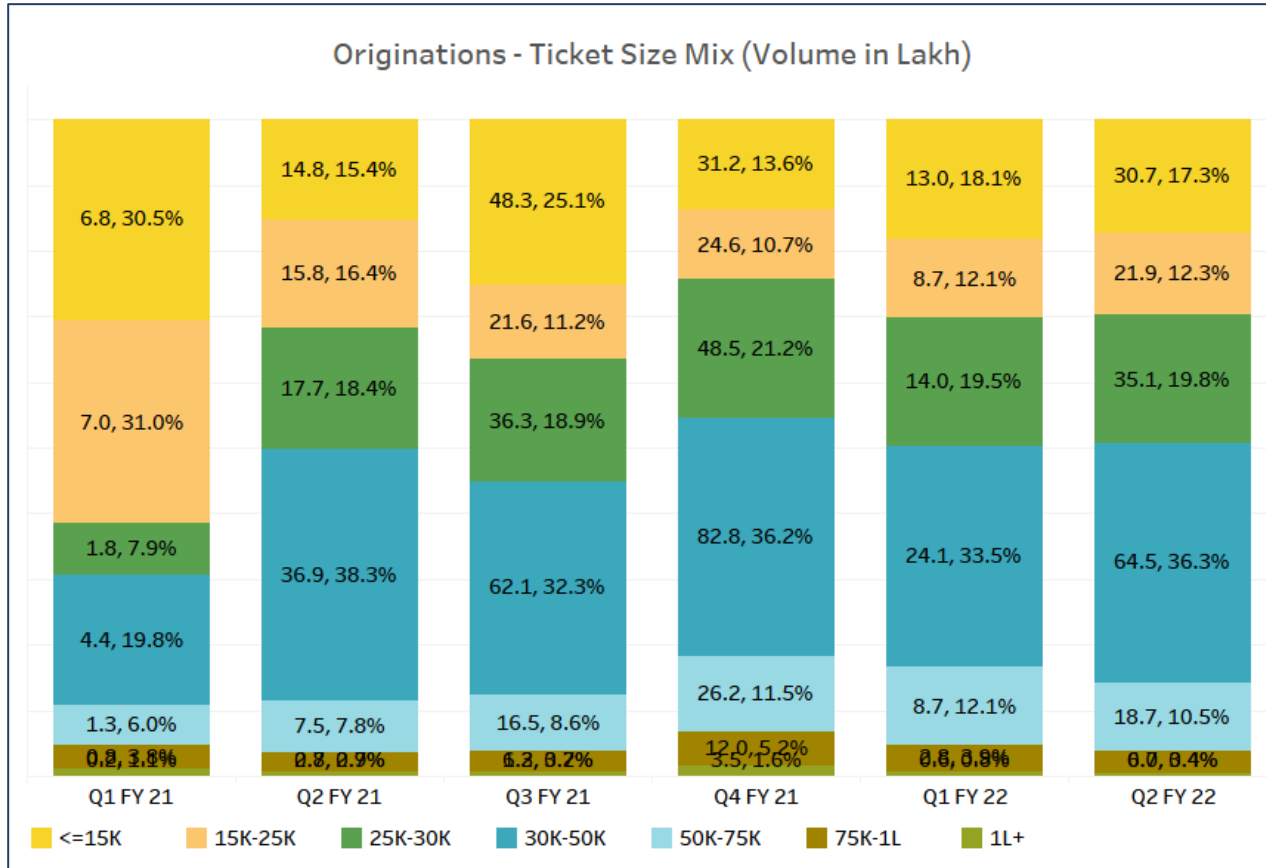
- ❑ After steep decline in Q1 FY22, originations recovered and reached at par with originations in Q3 FY21
- ❑ ₹62.3K crore disbursed in Q2 FY22, 2.6X originations in Q1 FY22 and 86% Y-o-Y growth
- ❑ 147% increase in the count of loans disbursed between Q1 FY22 and Q2 FY22
- ❑ 85% growth in count of loans disbursed in Q2 FY22 over Q2 FY21
- ❑ Regional distribution of disbursements remained the same as previous quarter, with East (33%) and South (28%) dominating
- ❑ Average ticket size reduced by 2.2% over the previous quarter but grew by 0.6% over Q2 FY21

Originations - Lender Type Mix



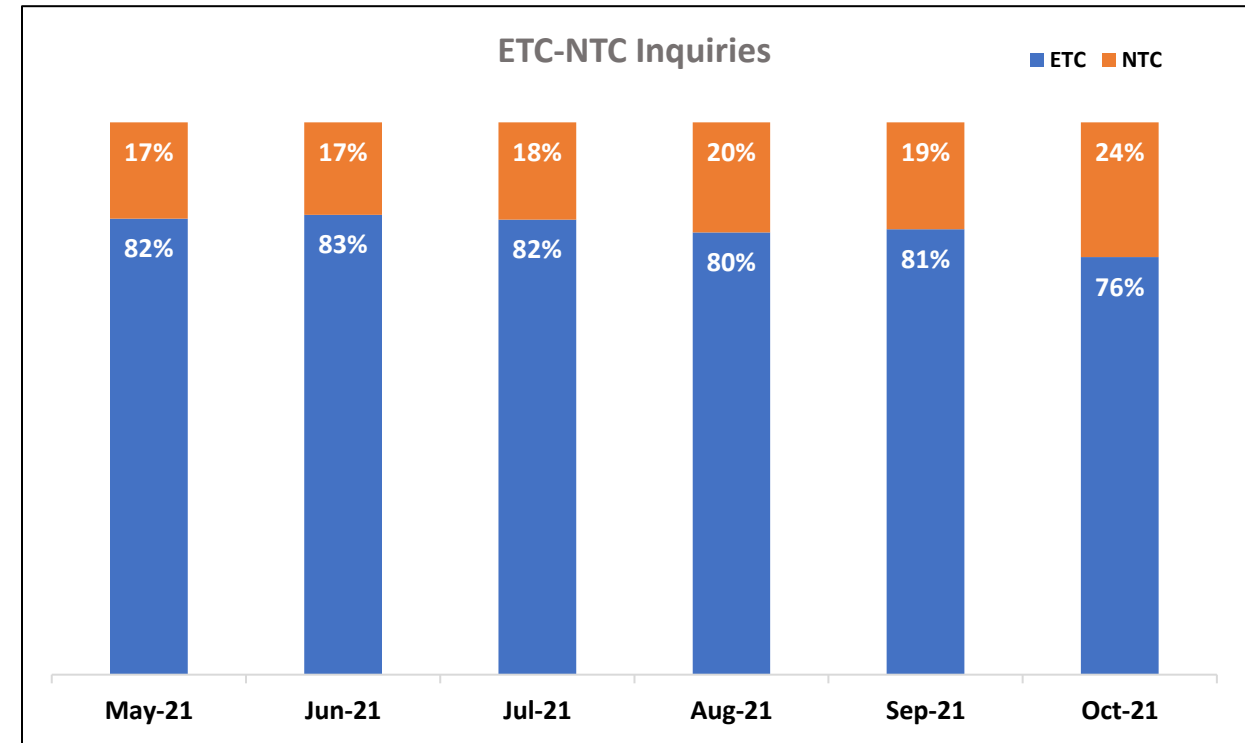
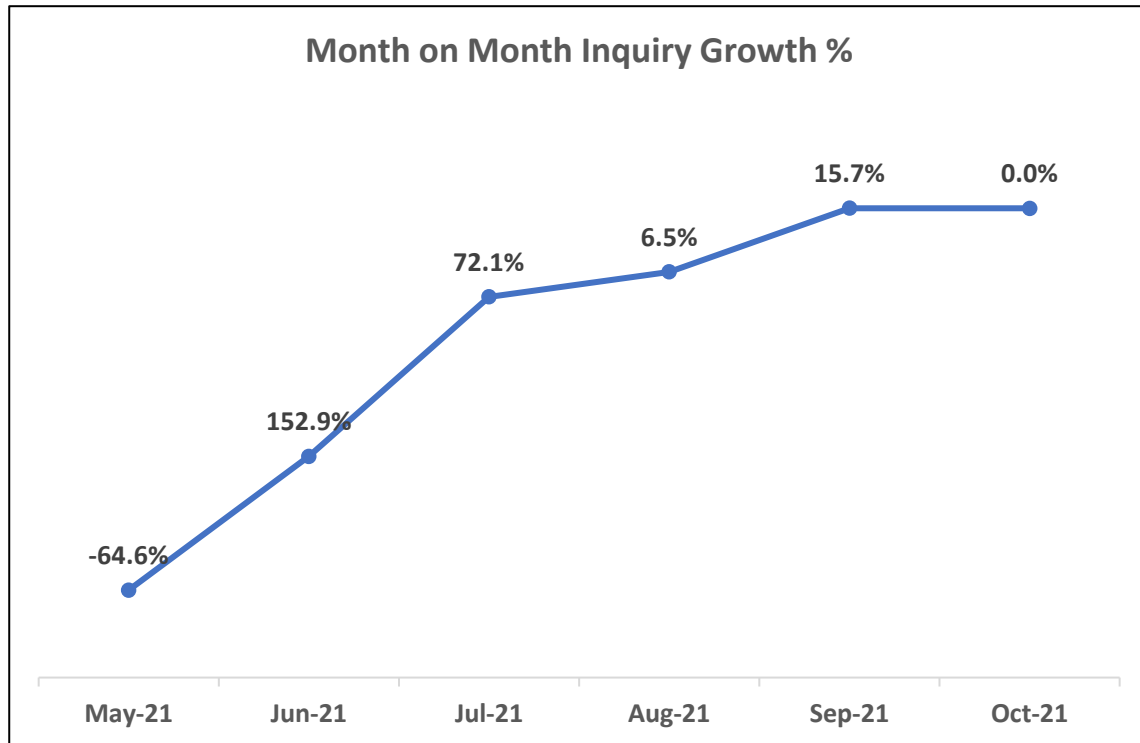
- ❑ Banks continue to dominate disbursements (by value), growing by 81% over Q1 FY22 to reach ₹25.8K crore in Q2 FY22
- ❑ NBFC MFIs and SFBs grew 3.3X from Q1 FY22 to Q2 FY22 to reach ₹20.3K crore and ₹11.3K crore respectively
- ❑ Average ticket size for banks witnessed 0.3% Q-o-Q growth in Q2 FY22
- ❑ Average ticket size for NBFC MFIs and SFBs declined Q-o-Q 0.8% and 12.6% in Q2 FY22

Originations - Ticket Size Mix



- ❑ Increase in Originations share (by volume) from 11.4% in Q2 FY21 to 14.3% in Q2 FY22 for >₹50K ticket size loans
- ❑ Smaller ticket size (<₹25K) Originations shares (by volume) have remained stable from Q1 FY22
- ❑ Originations share (by volume) of loans ₹30K-₹50K remains the largest at 36.3% in Q2 FY22
- ❑ Originations share of loans of ticket size <₹30K has increased from 35% to 44% between Q1 FY22 and Q2 FY22 in Tamil Nadu
- ❑ Originations share of loans of ticket size <₹30K has decreased from 55% to 50% between Q1 FY22 and Q2 FY22 in West Bengal

Monthly Inquiries



- ❑ Volume of inquiries witnessed good recovery in Q2 FY22, compared to Q1 FY22. Volume of inquiries in Oct'21 stable compared to Sep'21
- ❑ New to Credit (NTC) inquiries from Jul'21 to Sep'21 in the range of 18%-20%. NTC inquiries in Oct'21 higher at 24%

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 Sep 2021 compared to Sep 2020
Q-o-Q	Quarter on Quarter	Quarterly comparison for change, example Sep 2021 compared to Jun 2021
M-o-M	Month on Month	Monthly comparison for change, example Sep 2021 compared to Aug 2021
Q2 FY 21	Second Quarter of the Financial Year 2020-21	July-August-September 2020
Q1 FY 22	First Quarter of the Financial Year 2021-22	April-May-June 2021
Q2 FY 22	Second Quarter of the Financial Year 2021-22	July-August-September 2021

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 Sep'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 Sep'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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