

# MicroLend

QUARTERLY PUBLICATION ON  
MICROFINANCE LENDING

VOLUME XVIII  
DEC 2021



# 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	17
Monthly Inquiries	20
Glossary and End Notes	21
About MicroLend   About CRIF India	22

# Microfinance Industry Snapshot (Dec 2021)

## GLP (Cr)

₹263.9K

- Q-o-Q Growth %  
5.98%
- Y-o-Y Growth %  
10.40%

## Active Loans (Cr)

11.5

- Q-o-Q Growth %  
1.90%
- Y-o-Y Growth %  
2.45%

## Avg. Balance Per Account

₹23.0K

- Q-o-Q Growth %  
4.00%
- Y-o-Y Growth %  
7.76%

## Avg. Balance Per Unique Borrower

₹44.5K

- Q-o-Q Growth %  
5.23%
- Y-o-Y Growth %  
8.08%

## Amount Disbursed in Last 3 M (Cr)

₹57,599

- Q-o-Q Growth %  
(-11.84%)
- Y-o-Y Growth %  
(-6.79%)

## Loans Disbursed in Last 3 M (Lakh)

147.1

- Q-o-Q Growth %  
(-21.07%)
- Y-o-Y Growth %  
(-23.52%)

## Average Ticket Size in Last 3M

₹39.1K

- Q-o-Q Growth %  
11.69%
- Y-o-Y Growth %  
21.87%

## Value Delinquency 30+%

9.2%

- Q-o-Q Growth %  
(-1.11%)
- Y-o-Y Growth %  
(-4.87%)

## Value Delinquency 90+%

3.7%

- Q-o-Q Growth %  
0.37%
- Y-o-Y Growth %  
(-0.03%)

# Microfinance Industry – Key Takeaways (Dec 2021)

Nearly 6% Q-o-Q growth in the Microfinance book in Q3 FY22, up from 2.1% Q-o-Q growth in the previous quarter

Banks continue to dominate the market with portfolio share of 37.9%, NBFC MFIs 33.4% and SFBs 17.2%, as of Dec'21

PAR 30+ DPD improved from 10.4% as of Sep'21 to 9.2% as of Dec'21, PAR 90+ DPD deteriorated from 3.3% to 3.7% for same period

Top 10 states by GLP contribute to 83% of national GLP, Tamil Nadu recording highest Q-o-Q growth of 13.5% as of Dec'21

₹57.6K crore originations (by value) and 147.1 lakh originations (by volume) in Q3 FY22

Quarterly growth of 4% in Avg. balance per account and 5.2% in Avg. balance per unique customer as of Dec'21

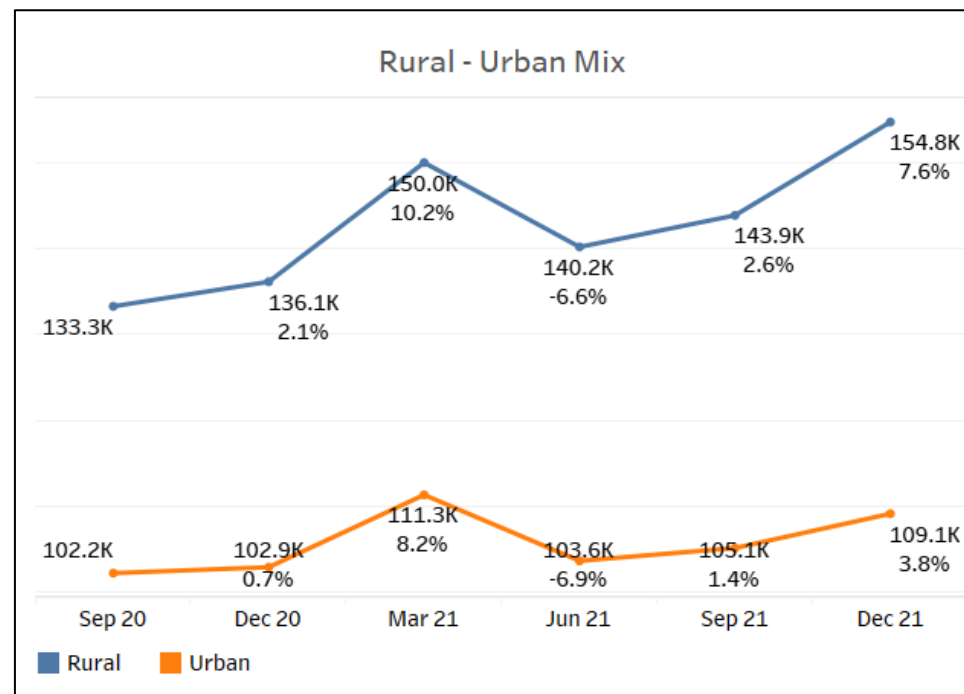
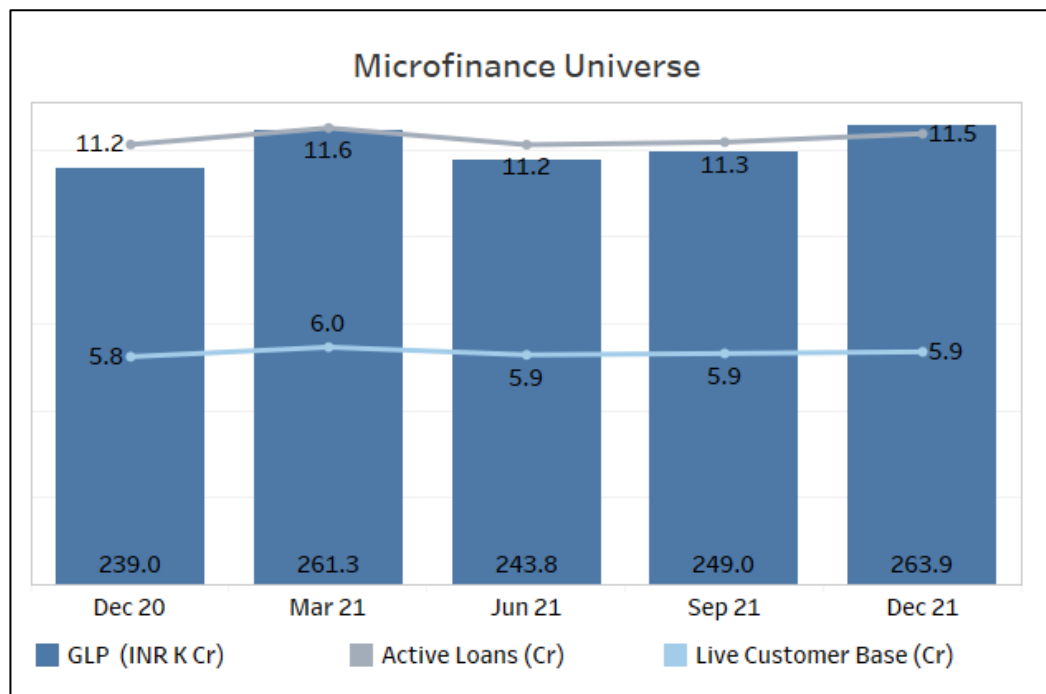
New to Credit (NTC) inquiries from Aug'21 to Dec'21 in the range of 19%-24%. NTC inquiries in Jan'22 at 19%

# Microfinance Industry Highlights (Dec 2021)

- ❑ Portfolio outstanding of Microfinance sector at ₹263.9K crore as of Dec'21 with 5.9% Q-o-Q and 10.4% Y-o-Y growth as of Dec'21
- ❑ 4.3% borrowers have exposure to 4 or more lenders, highest in Tamil Nadu and least in West Bengal
- ❑ PAR 30+ DPD higher for ticket sizes ≤₹15K and ₹1L+ compared to Sep'21, PAR 90+ DPD higher for ticket sizes ≤₹25K and ₹75K+ compared to Sep'21
- ❑ PAR 30+ DPD reduced for all lender types compared to Sep'21, PAR 90+ DPD reduced for all lender types compared to Sep'21, except Banks
- ❑ 11.8% Q-o-Q decline in disbursements (value) in Q3 FY22, 21% Q-o-Q decline in count of loans disbursed in Q3 FY22
- ❑ Average ticket size at ₹39.1K in Q3 FY22, with Q-o-Q growth of 11.7% and Y-o-Y growth of 22%
- ❑ Volume of inquiries witnessed decline in Nov'21, however recovered to higher than Q2 FY22 by Dec'21

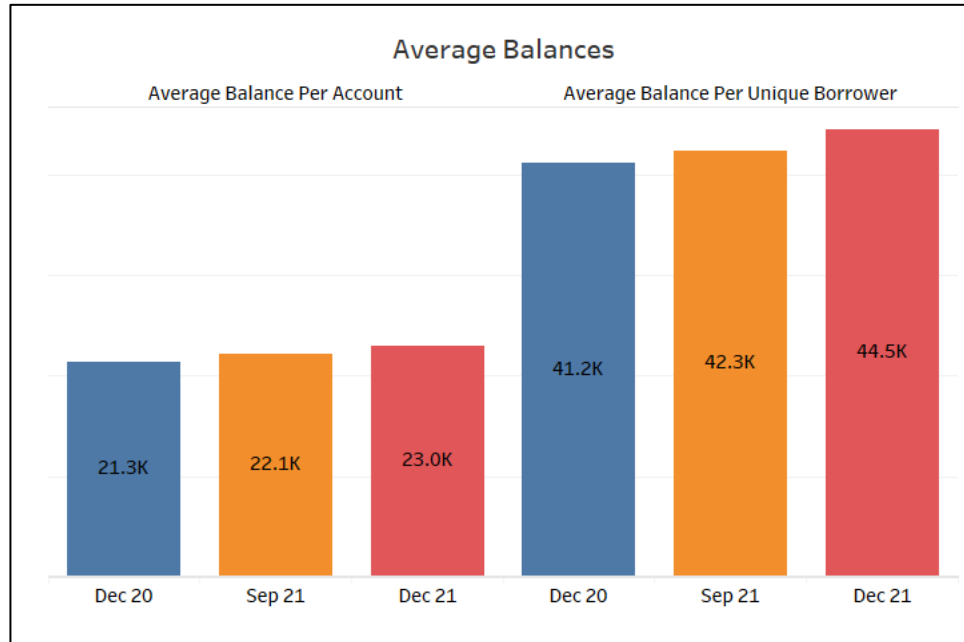
*The surge in COVID-19 cases in India associated with the Omicron variant, has impacted micro lending in Q3 FY 22, marked by a decline in disbursements. However, lenders are hopeful that the recent extension of the Emergency Credit Line Guarantee Scheme for another year will provide the necessary fillip to the microfinance sector in the coming months.*

# Microfinance Universe

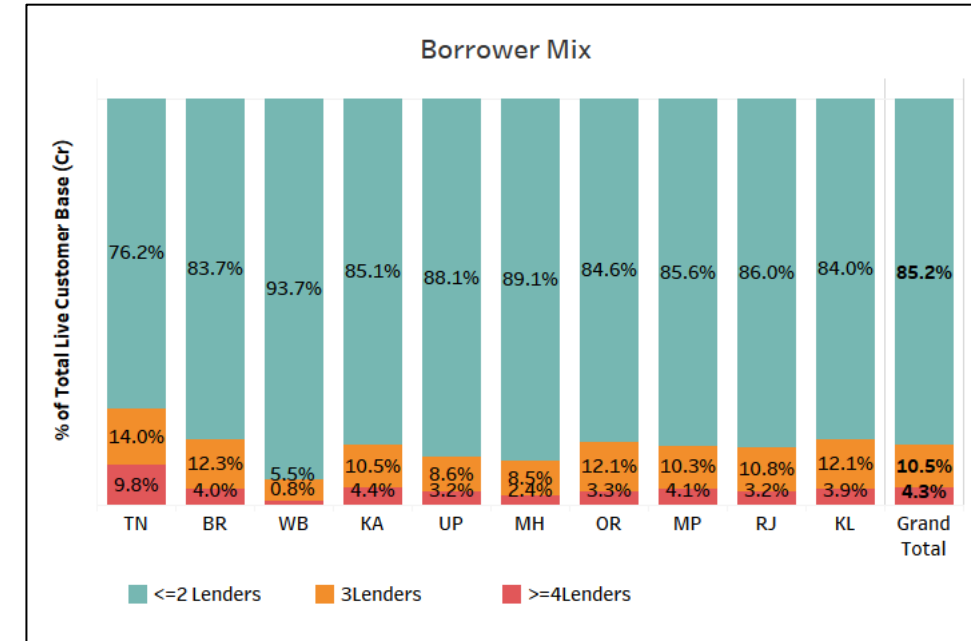


- ❑ Microfinance sector witnessed Q-o-Q growth of 5.9% in the book, and Y-o-Y growth of 10.4% as of Dec'21
- ❑ Live customer base grew by 0.7% Q-o-Q and by 1.7% Y-o-Y
- ❑ Rural markets witnessed Q-o-Q growth of 7.6%, while urban markets grew by 3.8% as of Dec'21
- ❑ GLP for rural markets increased by 14% and for urban markets by 6% compared to Dec'20

# Average Balances and Borrower Mix



- ❑ Average balance per account witnessed a quarterly growth of 4% and a Y-o-Y growth of 8% as of Dec'21
- ❑ Average balance per unique microfinance borrower witnessed Q-o-Q growth of 5.2% and Y-o-Y growth of 8% as of Dec'21

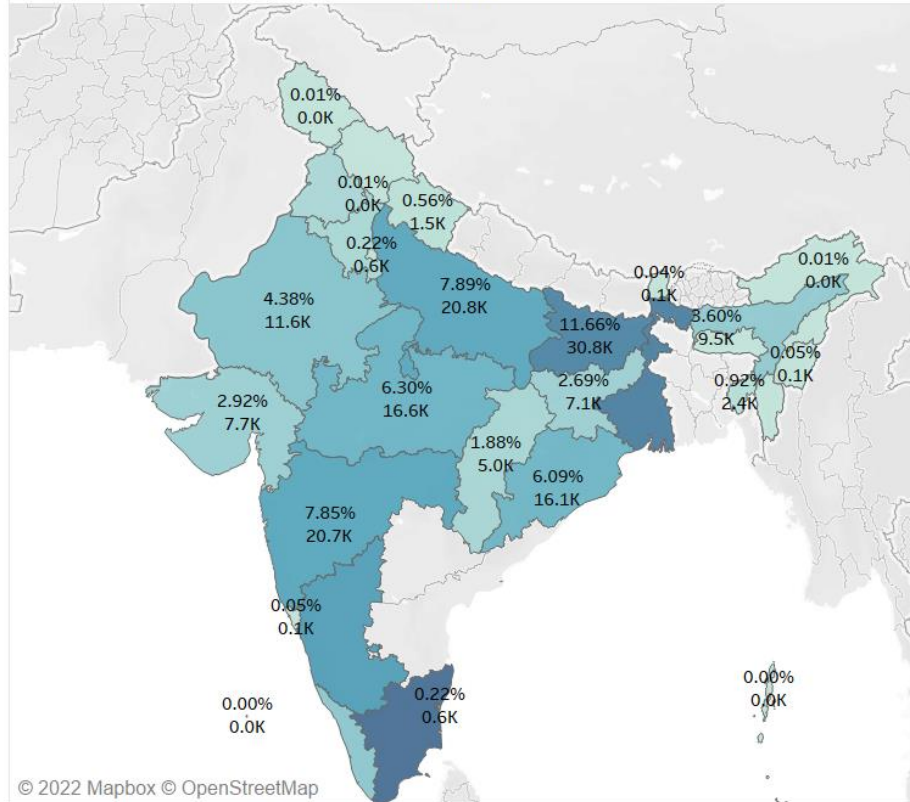


- ❑ 4.3% of borrowers have exposure to 4 or more lenders
- ❑ Among major states, the proportion is
  - ❑ Highest for Tamil Nadu (9.8%) & Karnataka (4.4%)
  - ❑ Least for West Bengal (0.8%) & Maharashtra (2.4%)

# Geographic Deep Dive

Portfolio Mix - State Level

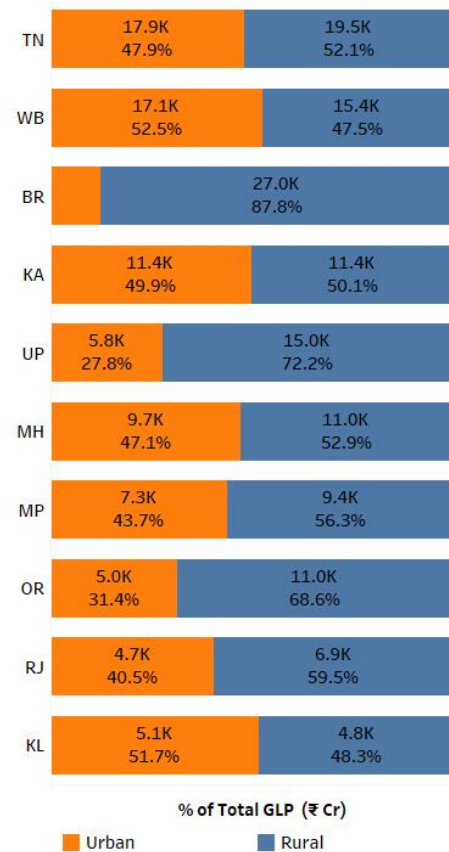
Dec 21



© 2022 Mapbox © OpenStreetMap

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

Rural - Urban Mix - Top 10 States



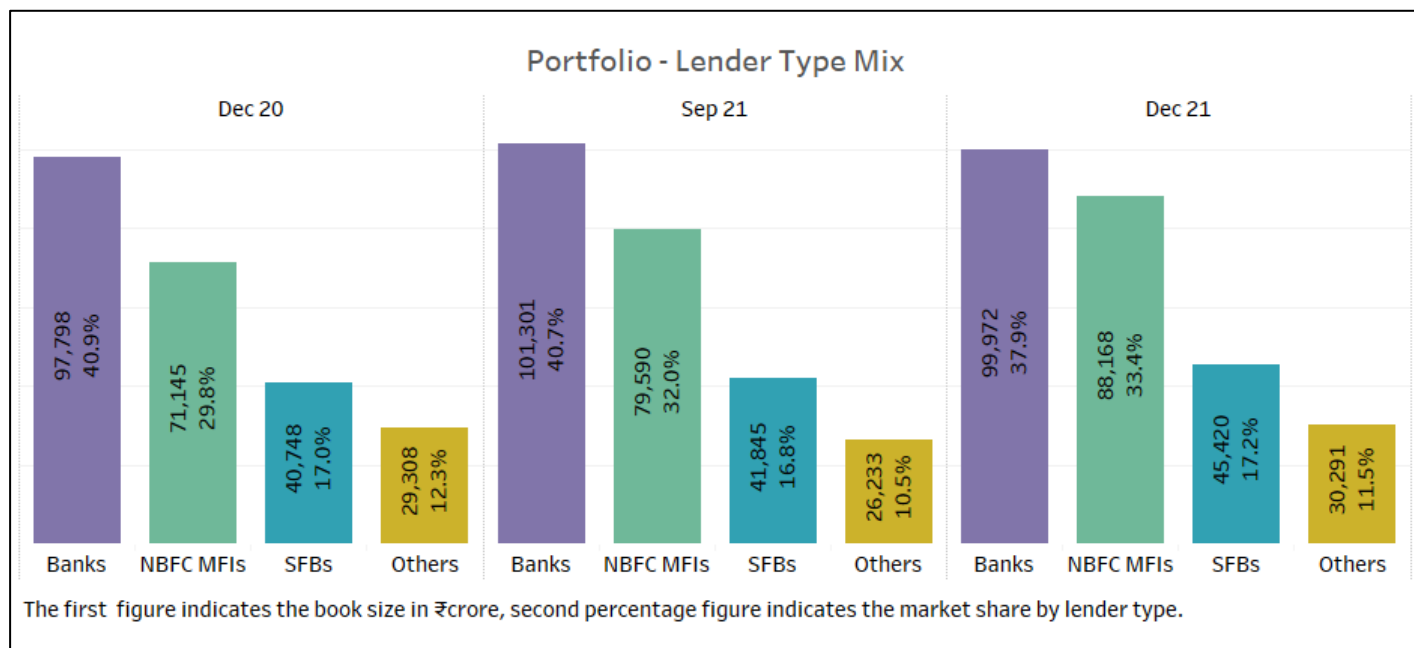
% of Total GLP (₹ Cr)

Urban Rural

- ❑ Top 10 states constitute 83% of the GLP as of Dec'21
- ❑ Tamil Nadu, Uttar Pradesh and Bihar recorded highest Q-o-Q growth of 13.5%, 11.2% and 10.2% respectively as of Dec'21
- ❑ West Bengal witnessed further Q-o-Q degrowth of 0.6% as of Dec'21
- ❑ Average balance per unique borrower for top states West Bengal and Tamil Nadu stood at ₹50.3K and ₹47.3K, as of Dec'21
- ❑ Microfinance sector dominated by Eastern region (32.8%) followed by South (26.9%)
- ❑ 44.5% of banks' portfolio is concentrated in eastern region. NBFC MFIs have 29% share in East and 27% in South. SFBs have concentration of 38% in South



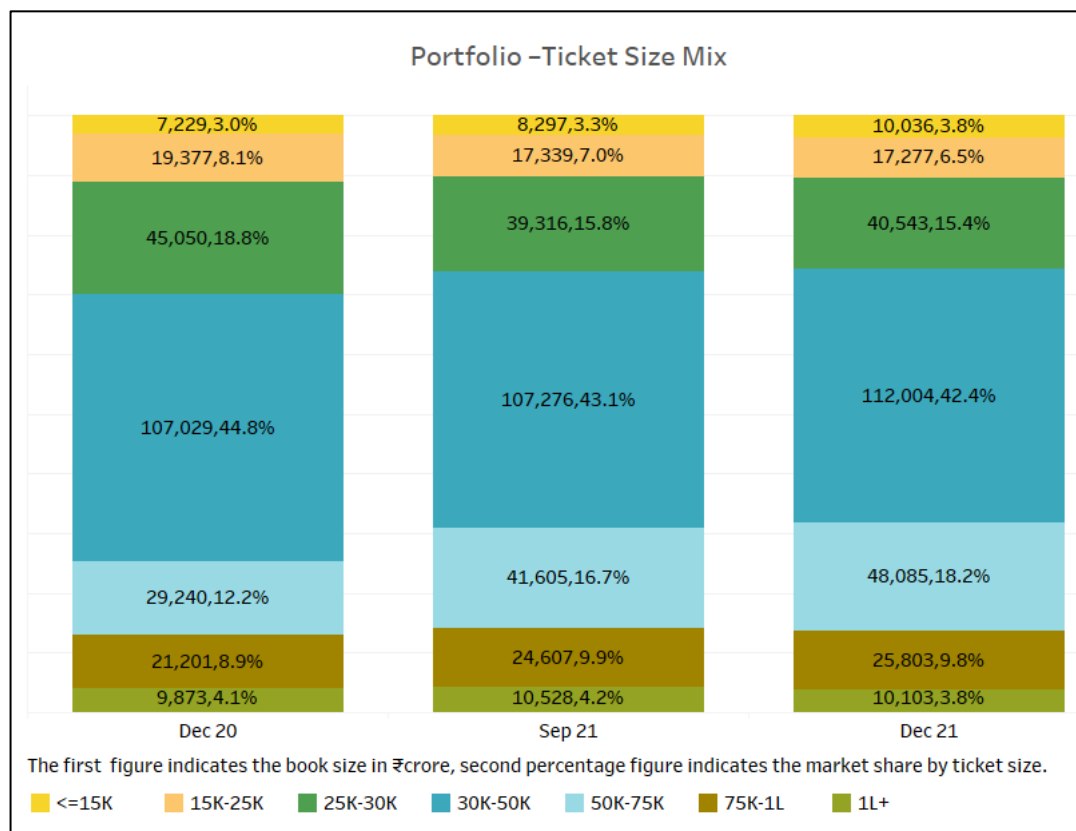
# Portfolio – Lender Type Mix



Lender Type	Banks	NBFC MFI	SFBs	Others	Total
Q-o-Q GLP Growth	-1.3%	10.8%	8.5%	15.5%	5.9%
Y-o-Y GLP Growth	2.2%	23.9%	11.5%	3.4%	10.4%

- ❑ Banks continue to dominate the market with portfolio share of 37.9%, although there has been Q-o-Q degrowth of 1.3% in portfolio
- ❑ 10.8% Q-o-Q growth in GLP for NBFC MFIs as against 8.5% for SFBs
- ❑ Y-o-Y growth of nearly 24% for NBFC MFIs, 2.2% for banks, 11.5% for SFBs
- ❑ 44% of banks' portfolio comprised of loans of ticket sizes >₹50K, as against 24% for NBFC MFIs and 25.5% for SFBs

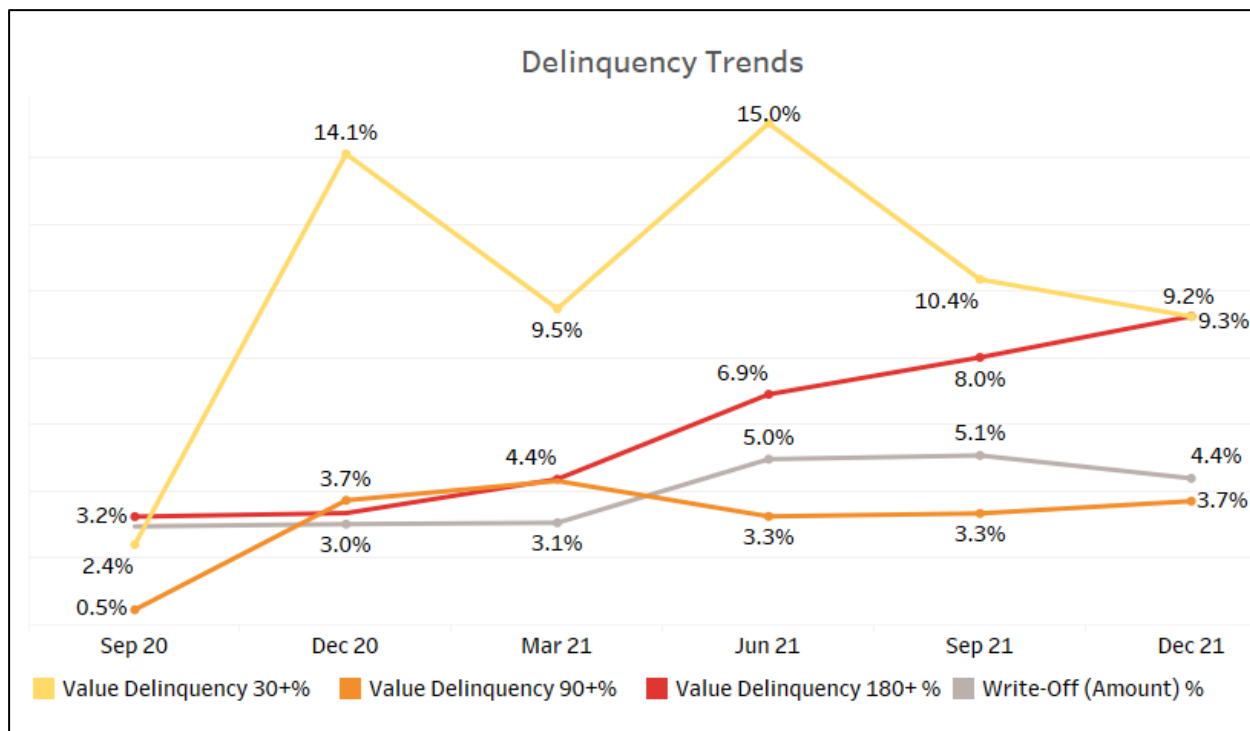
# Portfolio –Ticket Size Mix



- ❑ Portfolio of ticket size <=₹15K witnessed Y-o-Y growth of 38.8% and Q-o-Q growth of 20.9% as of Dec'21
- ❑ Portfolio of ticket size ₹50K-₹75K witnessed Y-o-Y growth of 64.5% and Q-o-Q growth of 15.5% as of Dec'21
- ❑ Share of portfolio of higher ticket sized loans >₹50K increased from 25% in Dec'20 to 32% in Dec'21
- ❑ As of Dec'21, loans of ticket size ₹30K-₹50K have the maximum share by value and volume of 42% and 39% respectively
- ❑ As of Dec'21, loans of ticket size <=₹15K and >₹1L have the least share by value (3.8%), while loans of >₹1L have the least share by volume (0.8%)

Ticket Size	<=15K	15K-25K	25K-30K	30K-50K	50K-75K	75K-1L	1L+	Total
Q-o-Q GLP Growth	20.9%	-0.4%	3.1%	4.4%	15.6%	4.9%	-4.0%	5.9%
Y-o-Y GLP Growth	38.8%	-10.8%	-10.0%	4.6%	64.5%	21.7%	2.3%	10.4%

# Microfinance - Risk Profile



	5 Best Performing Lenders	5 Worst Performing Lenders	Industry
Cumulative GLP (₹Cr)	27,909	65,612	2,63,852
Value Delinquency 30+%	2.6%	15.1%	9.2%
Value Delinquency 90+%	1.1%	6.7%	3.7%
Value Delinquency 180+%	9.3%	9.8%	9.3%

Note: The analysis is limited to top 28 MFI institutions with a market share of 86% as of Dec'21. Performance is based on PAR 30+ DPD performance as of Dec'21

- ❑ PAR 30+ DPD improved from 10.4% as of Sep'21 to 9.2% as of Dec'21
- ❑ PAR 90+ DPD deteriorated from 3.3% as of Sep'21 to 3.7% as of Dec'21
- ❑ PAR 180+ DPD continued to increase, reaching 9.3% as of Dec'21. Maharashtra, West Bengal and Madhya Pradesh contributed highest towards flow into PAR 180+ DPD
- ❑ Write-offs declined from 5.1% as of Sep'21 to 4.4% as of Dec'21
- ❑ In terms of delinquency management:
  - ❑ 5 best performing lenders have PAR 30+, 90+ & 180+ DPD of 2.6%, 1.1% & 9.3% respectively
  - ❑ 5 worst performing lenders have PAR 30+, 90+ & 180+ DPD of 15.1%, 6.7% & 9.8% respectively

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

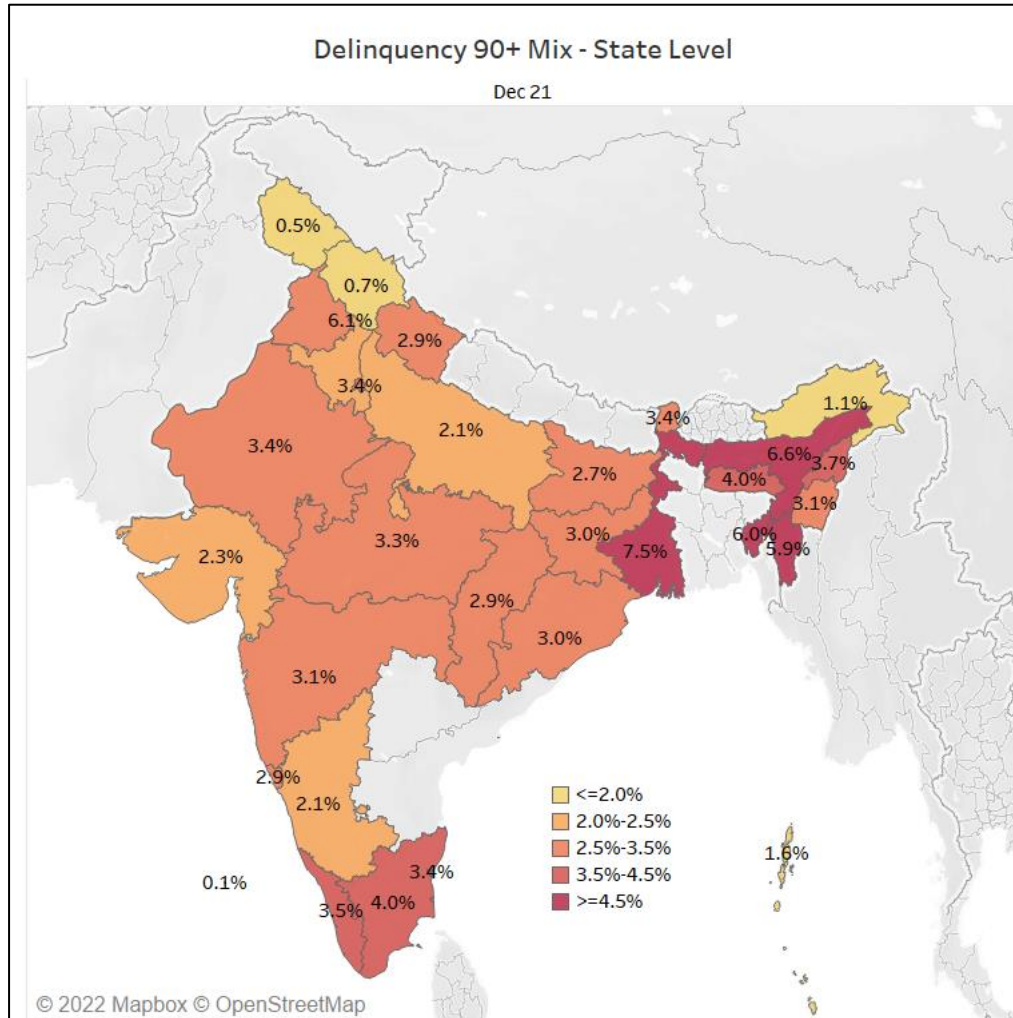
# Risk Profile – Top Districts

Best Performing Districts	GLP Band (₹ Cr)	GLP (₹ Cr)	Value Delinquency 30+%	Value Delinquency 90+%	Value Delinquency 180+ %	Worst Performing Districts	GLP Band (₹ Cr)	GLP (₹ Cr)	Value Delinquency 30+%	Value Delinquency 90+%	Value Delinquency 180+ %
Belgaum	>1,500 Cr	1,665	4.4%	1.5%	6.5%	North Twenty Four Parganas	>1,500 Cr	3,211	19.0%	10.1%	16.4%
Madhubani	>1,500 Cr	1,544	4.6%	1.6%	2.3%	Tirunelveli	>1,500 Cr	1,736	18.5%	12.4%	10.4%
Samastipur	>1,500 Cr	2,157	5.0%	2.0%	3.2%	Koch Bihar	>1,500 Cr	2,223	18.4%	10.1%	23.8%
Darbhanga	1000 Cr-1500 Cr	1,436	2.8%	1.0%	1.6%	Kanniyakumari	1000 Cr-1500 Cr	1,203	30.3%	1.3%	2.7%
Nanded	1000 Cr-1500 Cr	1,050	2.8%	1.4%	6.4%	Thiruvananthapuram	1000 Cr-1500 Cr	1,392	19.0%	3.2%	8.2%
Sitamarhi	1000 Cr-1500 Cr	1,094	3.2%	1.0%	1.6%	Kollam	1000 Cr-1500 Cr	1,279	18.6%	4.8%	9.7%
Garhwa	500 Cr-1000 Cr	646	1.0%	0.3%	0.6%	Ernakulam	500 Cr-1000 Cr	796	17.9%	3.8%	9.2%
Amravati	500 Cr-1000 Cr	720	1.5%	0.5%	31.9%	Kottayam	500 Cr-1000 Cr	717	17.2%	4.0%	8.3%
Palamu	500 Cr-1000 Cr	587	1.5%	0.5%	0.8%	Kamrup Metropolitan	500 Cr-1000 Cr	500	15.4%	7.9%	18.5%

GLP Band (₹ Cr)	>1,500 Cr	1000 Cr-1500 Cr	500 Cr-1000 Cr	<500 Cr	Industry
# Districts	26	46	110	450	632
Cumulative GLP (₹Cr)	55,186	56,582	75,212	76,870	2,63,852
Value Delinquency 30+%	12.6%	10.0%	8.0%	7.4%	9.2%
Value Delinquency 90+%	6.0%	3.2%	3.1%	3.0%	3.7%
Value Delinquency 180+%	11.5%	7.9%	8.1%	9.7%	9.3%

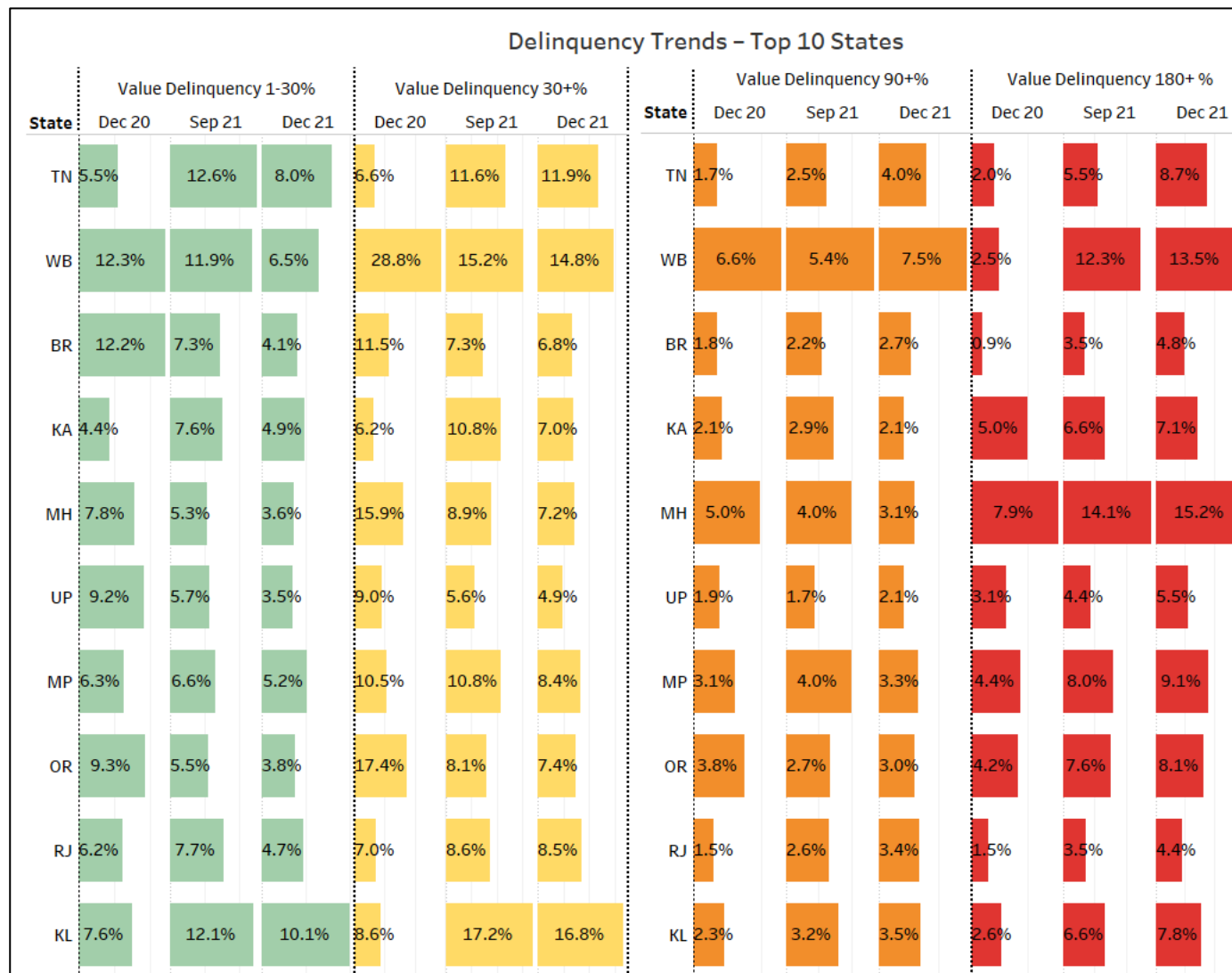
Note: Performance is based on PAR 30+ DPD performance as of Dec'21

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



- ❑ Top 10 states have a combined PAR 90+ DPD of 3.7% as of Dec'21
- ❑ PAR 90+ DPD witnessed Q-o-Q decline across top 10 states except Karnataka, Maharashtra and Madhya Pradesh as of Dec'21
- ❑ 25 states together constituting 79% of overall GLP have PAR 90+ DPD >2.5% each as of Dec'21
- ❑ Among top 10 states, West Bengal and Tamil Nadu have higher PAR 90+ DPD than industry average (3.7%) as of Dec'21

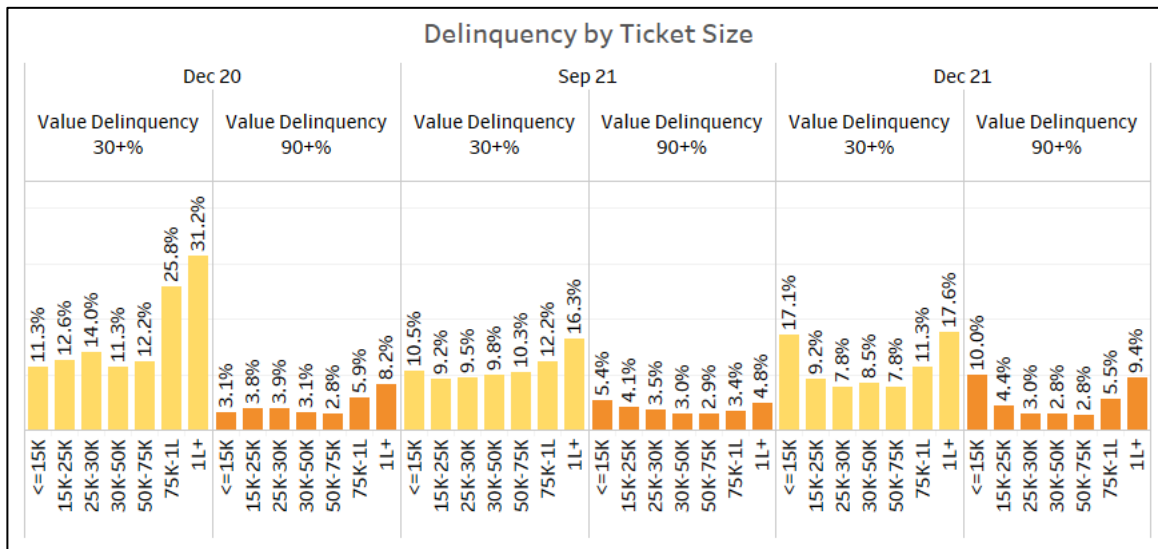
# Risk Profile - Geographic Deep Dive



- ❑ PAR 30+ DPD as of Dec'21 is higher for states Kerala, West Bengal and Tamil Nadu, compared to overall Industry (9.2%)
- ❑ Q-o-Q decline in PAR 30+ DPD as of Dec'21 across all top 10 states, except Tamil Nadu
- ❑ PAR 90+ DPD as of Dec'21 is lower for all top 10 states compared to overall industry (3.7%) except, West Bengal and Tamil Nadu
- ❑ PAR 180+ DPD as of Dec'21 has increased Q-o-Q across all top 10 states

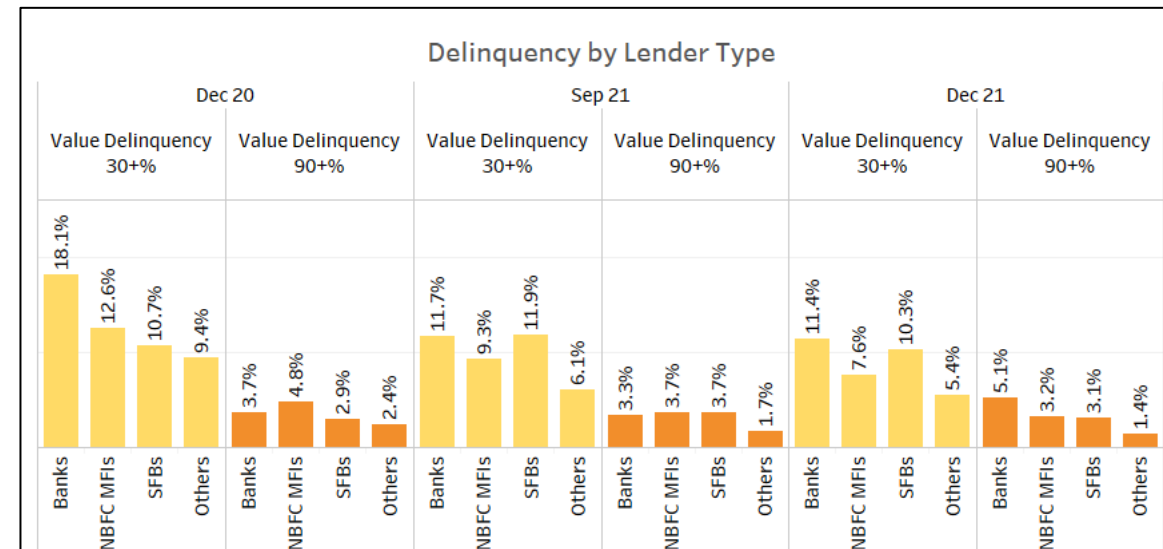
# Risk Profile – Ticket Size & Lender Type Mix

Delinquency by Ticket Size



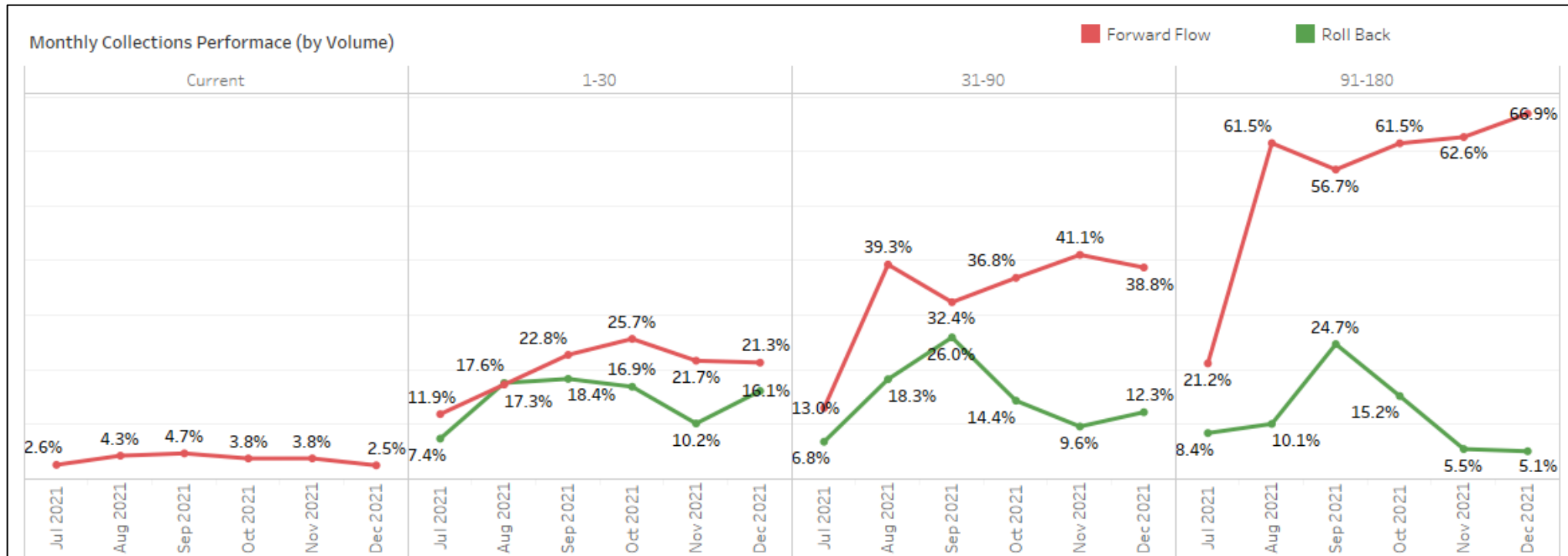
- ❑ PAR 30+ DPD higher for ticket sizes ≤₹15K and ₹1L+ compared to Sep'21
- ❑ PAR 90+ DPD higher for ticket sizes ≤₹25K and ₹75K+ compared to Sep'21
- ❑ PAR 30+ DPD improved for all ticket sizes except ≤₹15K compared to Dec'20
- ❑ PAR 90+ DPD improved for ticket sizes ₹25K-₹1L compared to Dec'20

Delinquency by Lender Type



- ❑ PAR 30+ DPD reduced for all lender types compared to Sep'21
- ❑ PAR 90+ DPD reduced for all lender types compared to Sep'21, except Banks
- ❑ PAR 30+ DPD reduced for all lender types compared to Dec'20
- ❑ PAR 90+ DPD reduced for NBFC MFIs and Others, while increased for Banks and SFBs compared to Dec'20

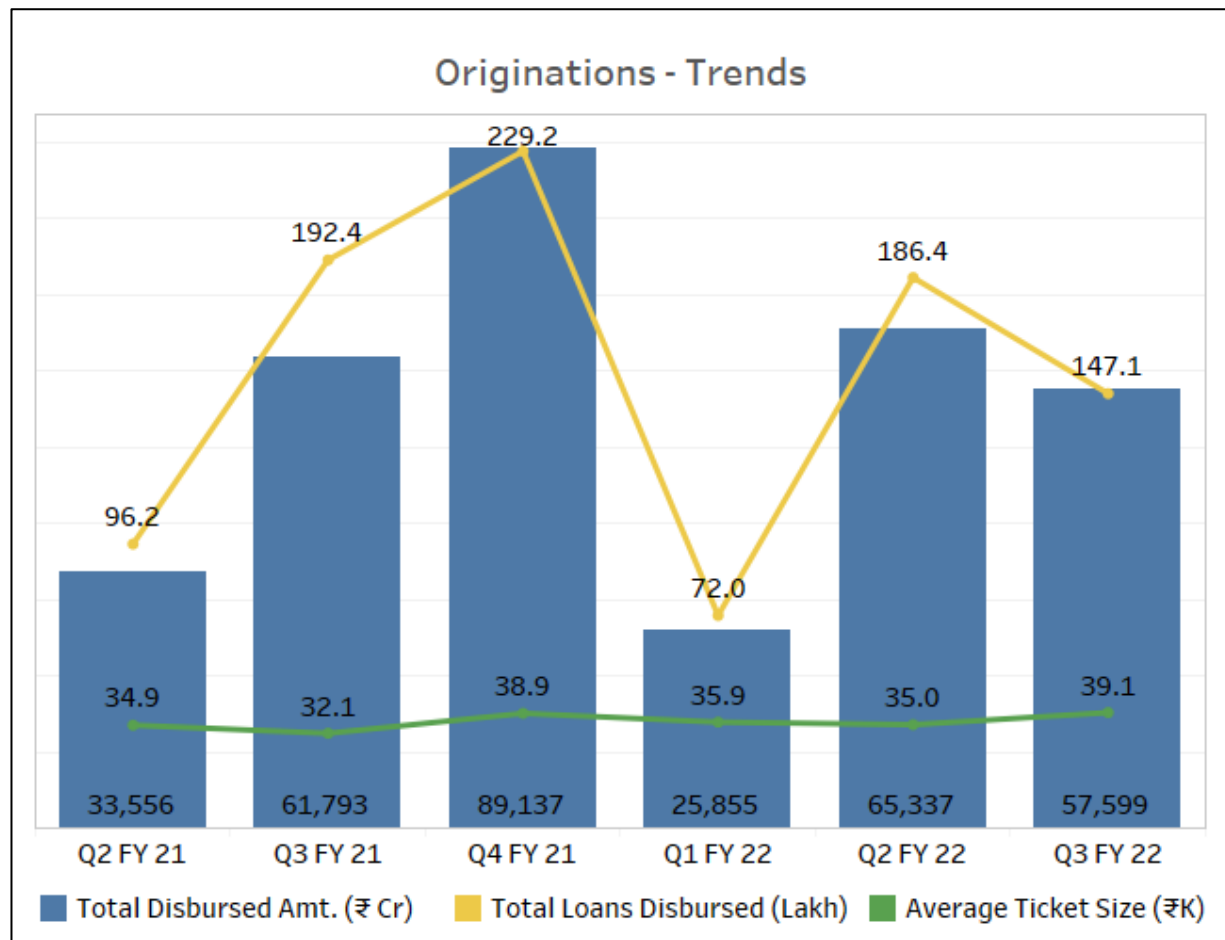
# Risk Profile – Collections Performance



- ❑ Monthly forward flow rates have declined in Dec'21 for all delinquency buckets, except 91-180 DPD.
- ❑ Monthly Roll-back rates for 1-30 DPD and 31-90 DPD buckets decreased between Sep'21 to Nov'21, increasing in Dec'21, while for 91-180 DPD bucket, roll back rates have continued to decline since Sep'21
- ❑ Monthly forward flows in 91-180 DPD bucket increased for banks and NBFC MFIs in Dec'21, while decreased for SFBs

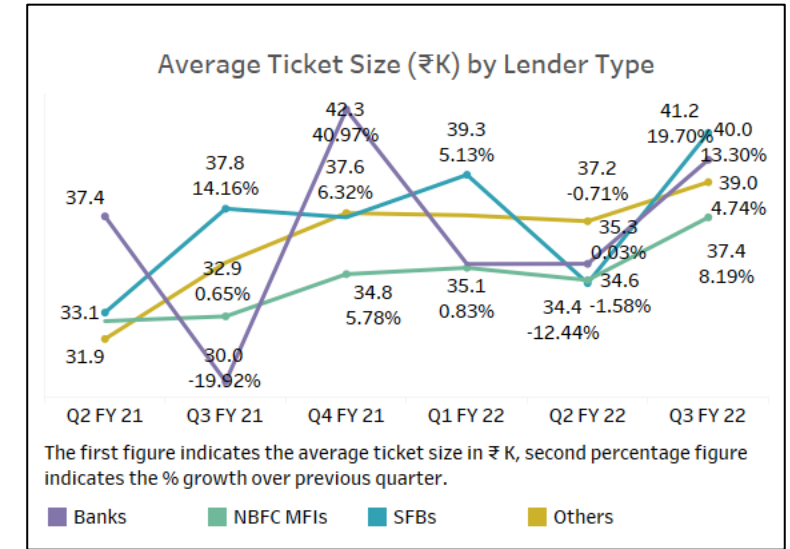
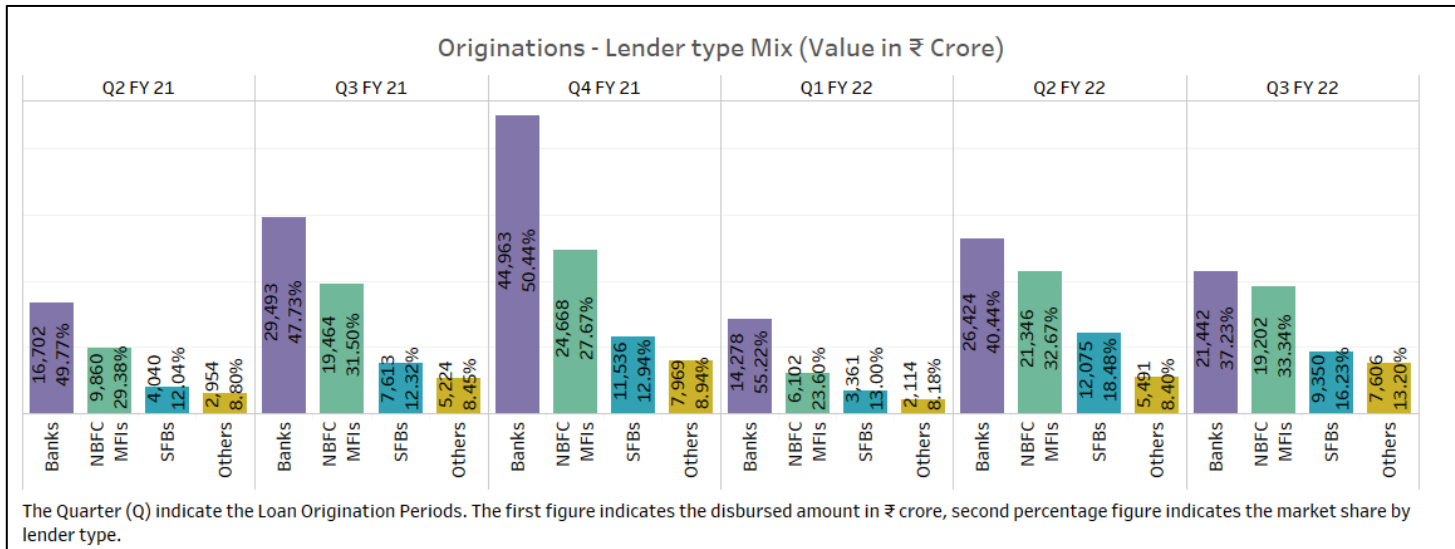


# Microfinance - Originations



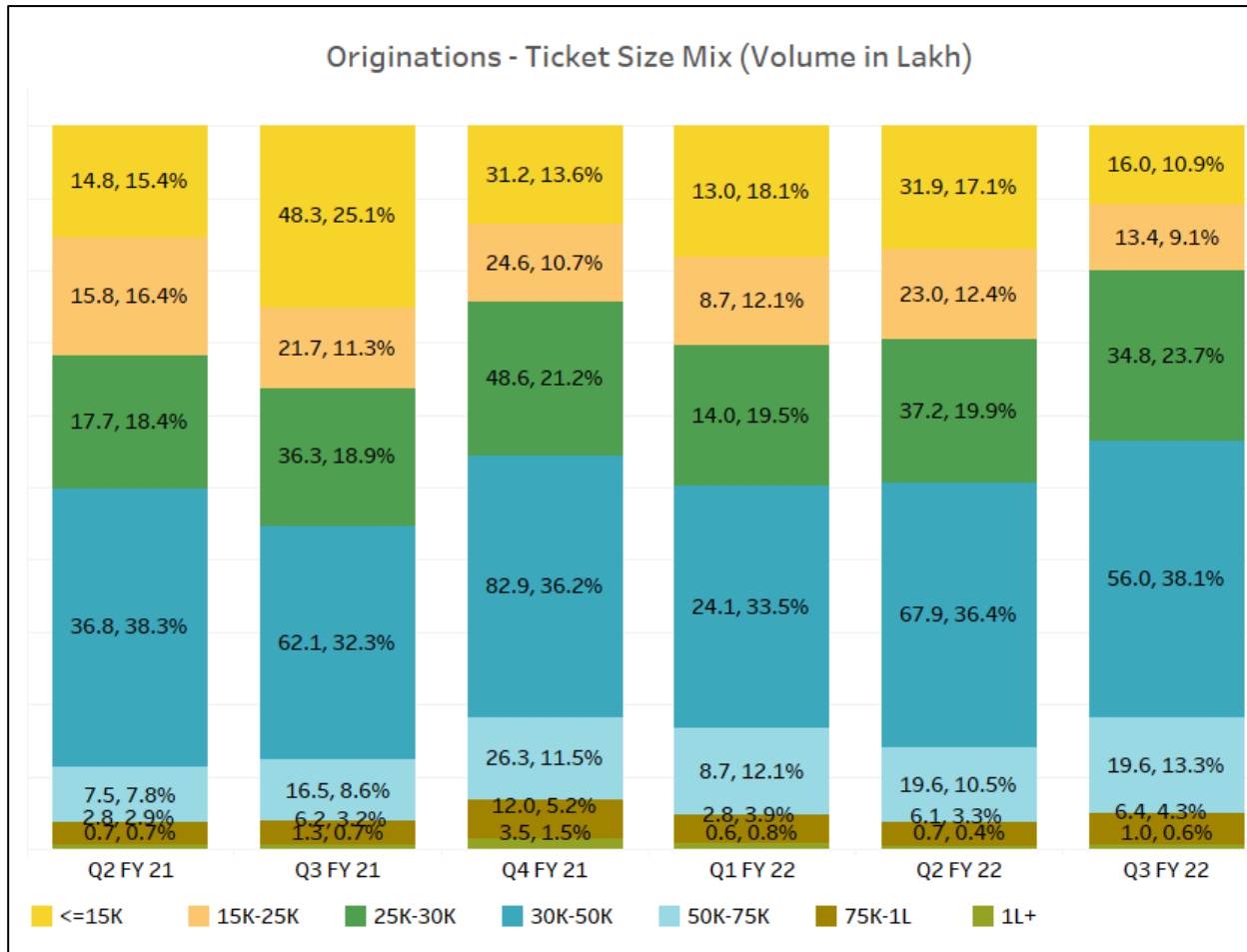
- ❑ ₹57.6K crore originations (by value) in Q3 FY22, declining by 11.8% Q-o-Q and 6.8% Y-o-Y
- ❑ 147.1 lakh loans disbursed in Q3 FY22, declining by 21% Q-o-Q and 23.5% Y-o-Y
- ❑ Regional distribution of disbursements remained the same as previous quarter, with East (34%) and South (26%) dominating the market
- ❑ Average ticket size at ₹39.1K in Q3 FY22, with Q-o-Q growth of 11.7% and Y-o-Y growth of 22%

# Originations - Lender Type Mix



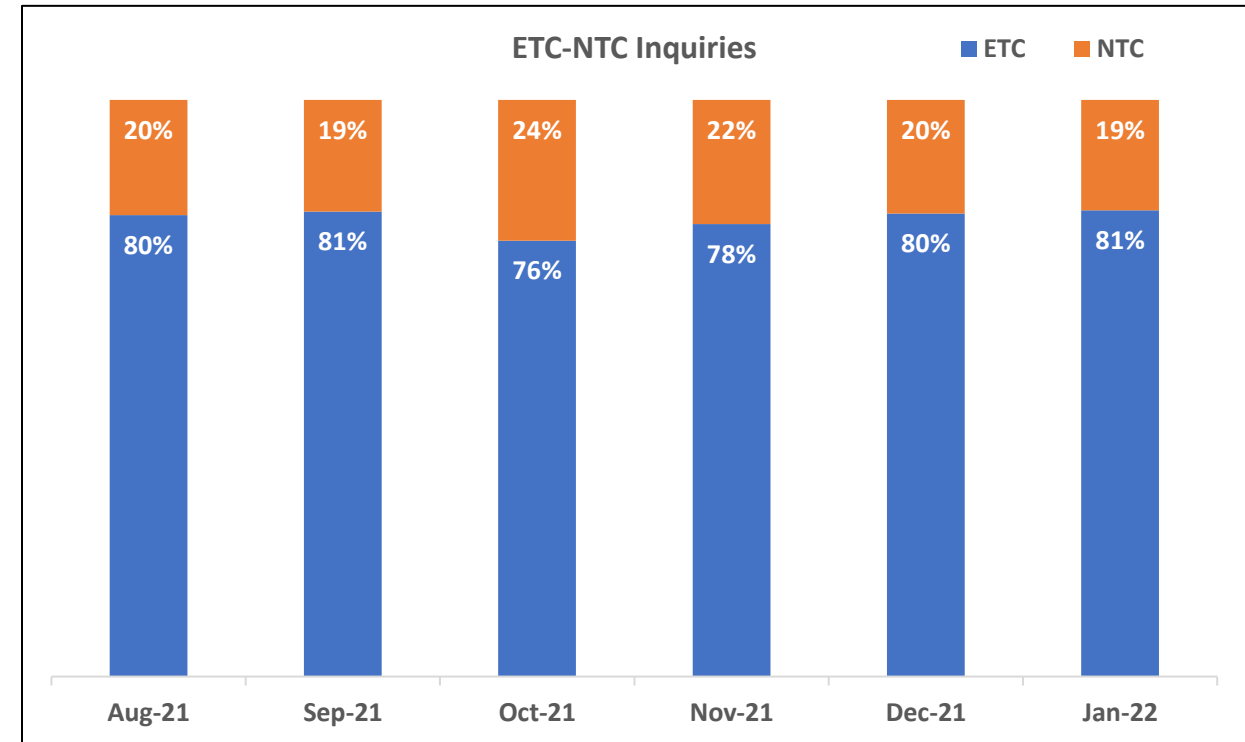
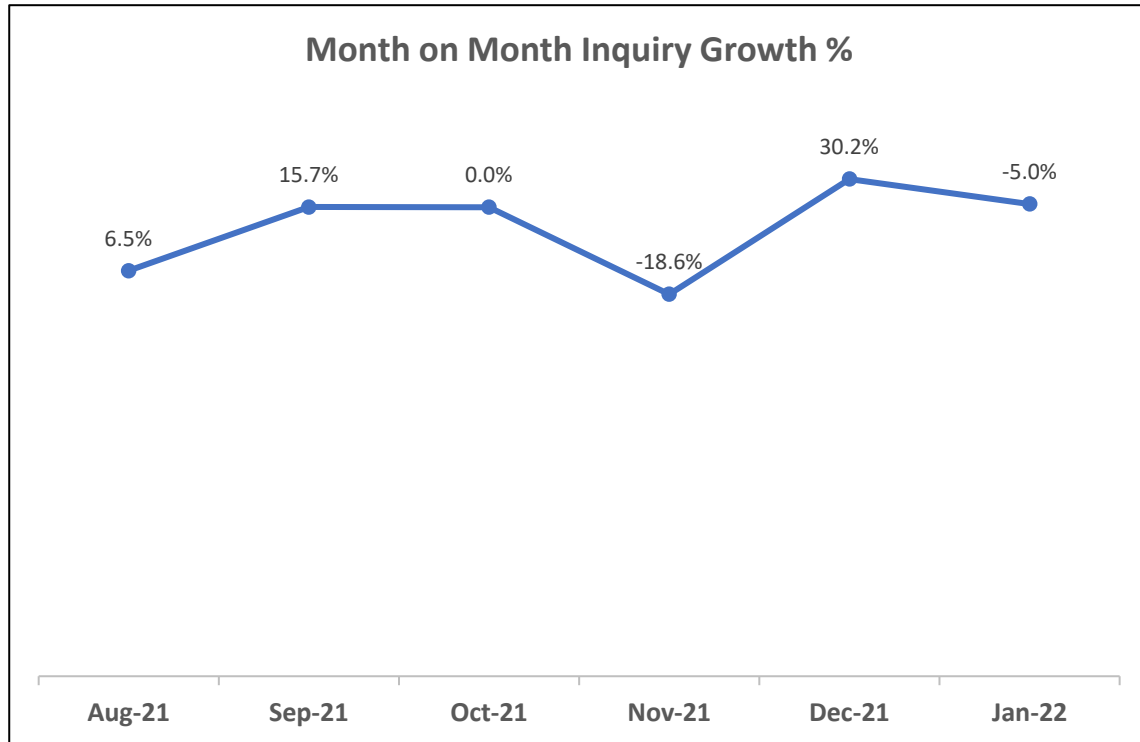
- ❑ Banks continue to dominate disbursements (by value) although witnessed decline of 19% over Q2 FY22
- ❑ NBFC MFIs and SFBs too witnessed decline in amount disbursed in Q3 FY22 over Q2 FY22 of 10% and 23% respectively
- ❑ Average ticket size for SFBs witnessed highest Q-o-Q growth of 19.7% in Q3 FY22
- ❑ Average ticket size for Banks and NBFC MFIs grew Q-o-Q by 13.3% and 8.1% respectively in Q3 FY22

# Originations - Ticket Size Mix



- ❑ Increase in Originations share (by volume) from 12.5% in Q3 FY21 to 18.2% in Q3 FY22 for >₹50K ticket size loans
- ❑ Decline in Originations share (by volume) from 36.4% in Q3 FY21 to 20% in Q3 FY22 for <=₹25K ticket size loans
- ❑ Originations share (by volume) of loans ₹30K-₹50K remains the largest at 38.1% in Q3 FY22
- ❑ For Tamil Nadu, share of originations (volume) of loans of ticket size ₹30K-₹50K continues to be the largest at 46.6% in Q3 FY22
- ❑ For West Bengal, loans of <₹15K dominated originations (volume) in Q3 FY21 at 42.9%, while in Q3 FY22, loans of ticket size ₹30K-₹50K dominated originations (volume) at 26.5%

# Monthly Inquiries



- ❑ Volume of inquiries witnessed decline in Nov'21, however recovered to higher than Q2 FY22 by Dec'21
- ❑ New to Credit (NTC) inquiries from Aug'21 to Dec'21 in the range of 19%-24%. NTC inquiries in Jan'22 at 19%

# Glossary and End Notes

<b>GLP</b>	Gross Loan Portfolio	Portfolio outstanding of the microfinance sector
<b>ATS</b>	Average Ticket Size	The average size of the microfinance loan disbursed
<b>PAR</b>	Portfolio at Risk	The proportion of portfolio outstanding which is delinquent by >0 days
<b>DPD</b>	Days Past Due	Measure of loan delinquency/overdue, segmented as 1-30, 31-180, 180+
<b>Y-o-Y</b>	Year on Year	Year on year comparison for change, example Dec 2021 compared to Dec 2020
<b>Q-o-Q</b>	Quarter on Quarter	Quarterly comparison for change, example Dec 2021 compared to Sep 2021
<b>M-o-M</b>	Month on Month	Monthly comparison for change, example Dec 2021 compared to Nov 2021
<b>Q3 FY 21</b>	Third Quarter of the Financial Year 2020-21	October-November-December 2020
<b>Q2 FY 22</b>	Second Quarter of the Financial Year 2021-22	July-August-September 2021
<b>Q3 FY 22</b>	Third Quarter of the Financial Year 2021-22	October-November-December 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 around 90% representative of the Industry as of Dec'21 as received by 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

**Disclaimer:** This report contains only aggregate level information. It does not contain any Credit Information and shall not be construed as Credit Information Report or part thereof. The analysis in this report is based on Credit Information in CRIF High Mark's database. The results are NOT to be construed or used as a "legal description". CRIF High Mark strives to keep its data accurate and up to date but does not guarantee its accuracy. 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. The opinions expressed herein are those of the author. Its contents, therefore, do not represent any commitment between CRIF High Mark and the recipient(s) and no liability or responsibility is accepted by CRIF High Mark for the content herein.

# 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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# About CRIF India

## CRIF in INDIA- partner for all your credit related requirements

CRIF in India, now offers products and services for Credit Information, Business Information, Analytics, Scoring, Credit Management and Decision solutions in India.

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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