

MicroLend

QUARTERLY PUBLICATION ON
MICROFINANCE LENDING

VOLUME XX
JUNE 2022



Together to the next level

INFORMATION. ANALYTICS . SOLUTIONS

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Microfinance Industry Snapshot (Jun 2022)

GLP (Cr)

₹285.9K

- Q-o-Q Growth %
(-0.2%)
- Y-o-Y Growth %
18%

Active Loans (Cr)

12.1

- Q-o-Q Growth %
2.0%
- Y-o-Y Growth %
8.9%

Avg. Balance Per Account

₹23.6K

- Q-o-Q Growth %
(-2.1%)
- Y-o-Y Growth %
8.3%

Avg. Balance Per Unique Borrower

₹46.4K

- Q-o-Q Growth %
(-1.1%)
- Y-o-Y Growth %
12.1%

Amount Disbursed in Last 3 M (Cr)

₹49,788

- Q-o-Q Growth %
(-39.2%)
- Y-o-Y Growth* %
88.9%

Loans Disbursed in Last 3 M (Lakh)

124.9

- Q-o-Q Growth %
(-38.6%)
- Y-o-Y Growth* %
67.9%

Average Ticket Size in Last 3M

₹39.9K

- Q-o-Q Growth %
(-1.0%)
- Y-o-Y Growth* %
12.5%

Value Delinquency 30+%

5.8%

- Q-o-Q Growth# %
(-0.2%)
- Y-o-Y Growth# %
(-9.0%)

Value Delinquency 90+%

2.2%

- Q-o-Q Growth# %
(-0.5%)
- Y-o-Y Growth# %
(-1.1%)

*Y-o-Y Growth refers to growth compared to same quarter previous year

Growth in percentage points (unit for difference of two percentages)

Microfinance Industry – Key Takeaways (Jun 2022)

Quarterly decline of 0.2% in the Microfinance book as of Jun'22, but Y-o-Y growth of 18%

Banks continue to dominate the market with portfolio share of 35.6%, NBFC MFIs 34.1% and SFBs 17.6%, as of Jun'22

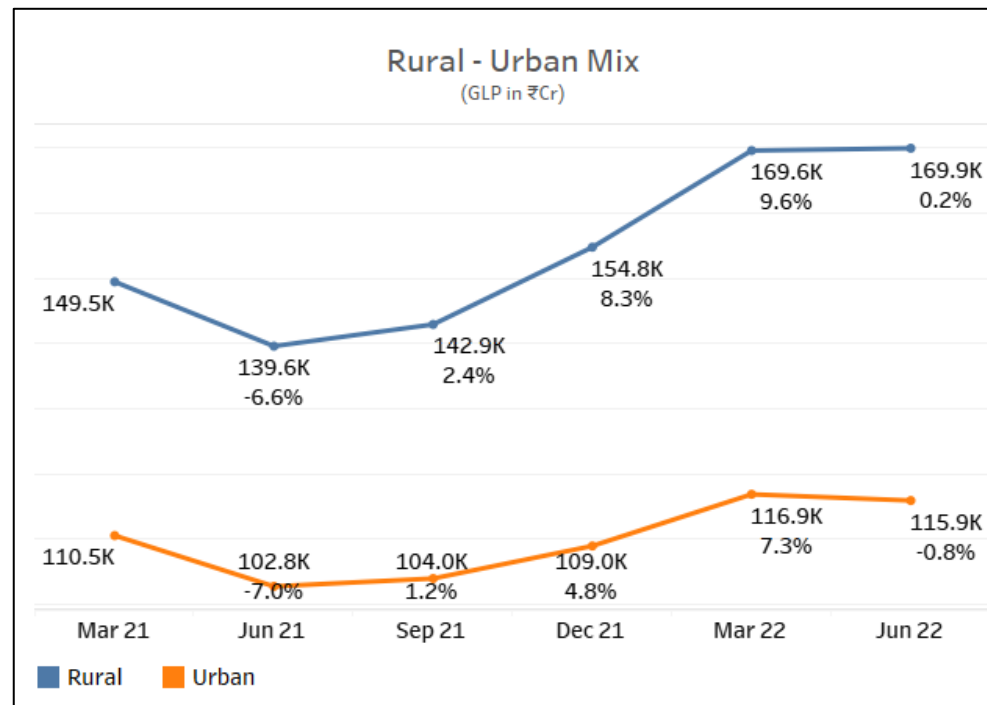
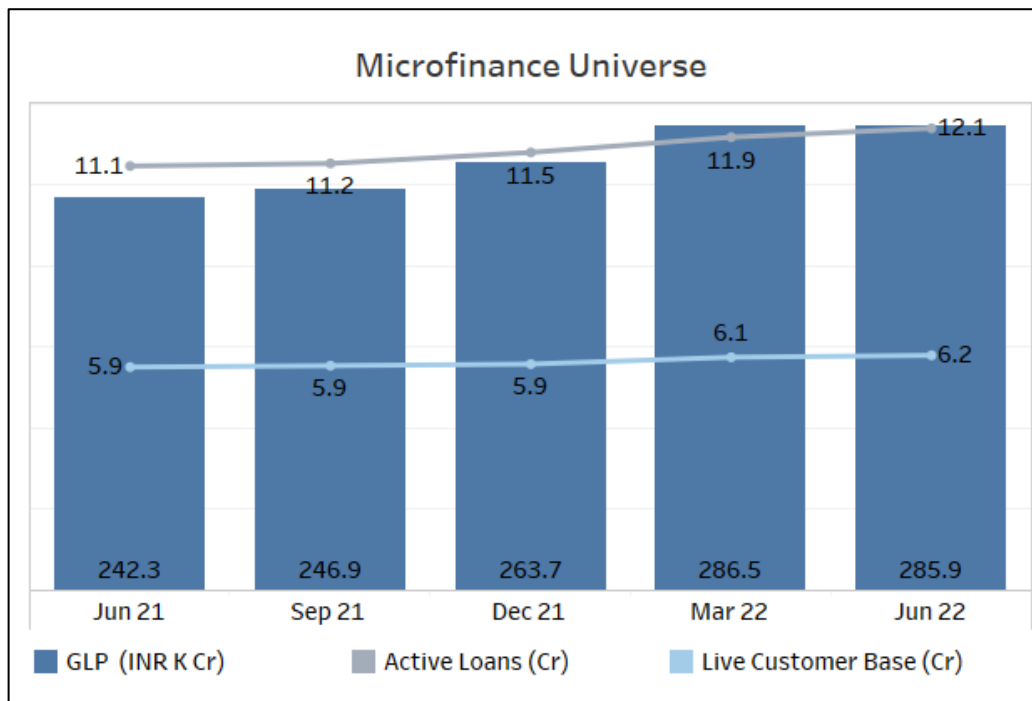
PAR 30+ DPD improved from 6% as of Mar'22 to 5.8% as of Jun'22, PAR 90+ DPD improved from 2.7% to 2.2% during the same period

Top 10 states by GLP contribute to 84% of national GLP, Tamil Nadu recording highest Q-o-Q growth

₹49.8K crore originations (by value) and 124.9 lakh originations (by volume) in Q1 FY23

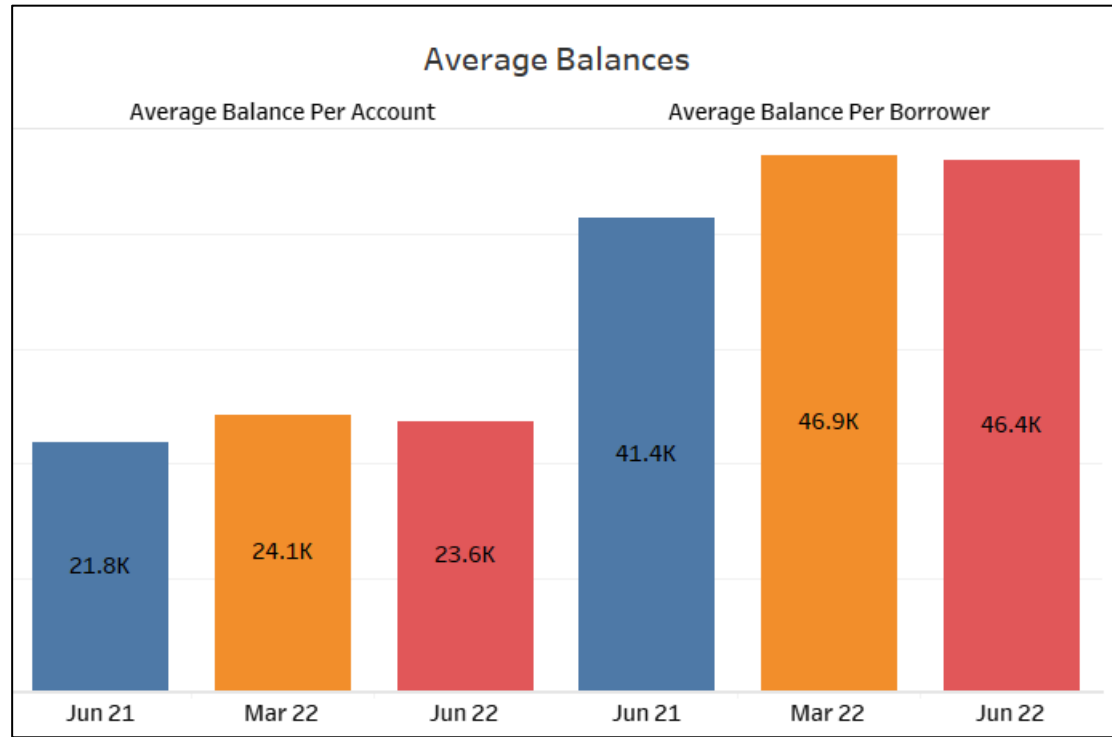
New to Credit (NTC) inquiries from Feb'22 to Jun'22 in the range of 16%-30%

Microfinance Universe

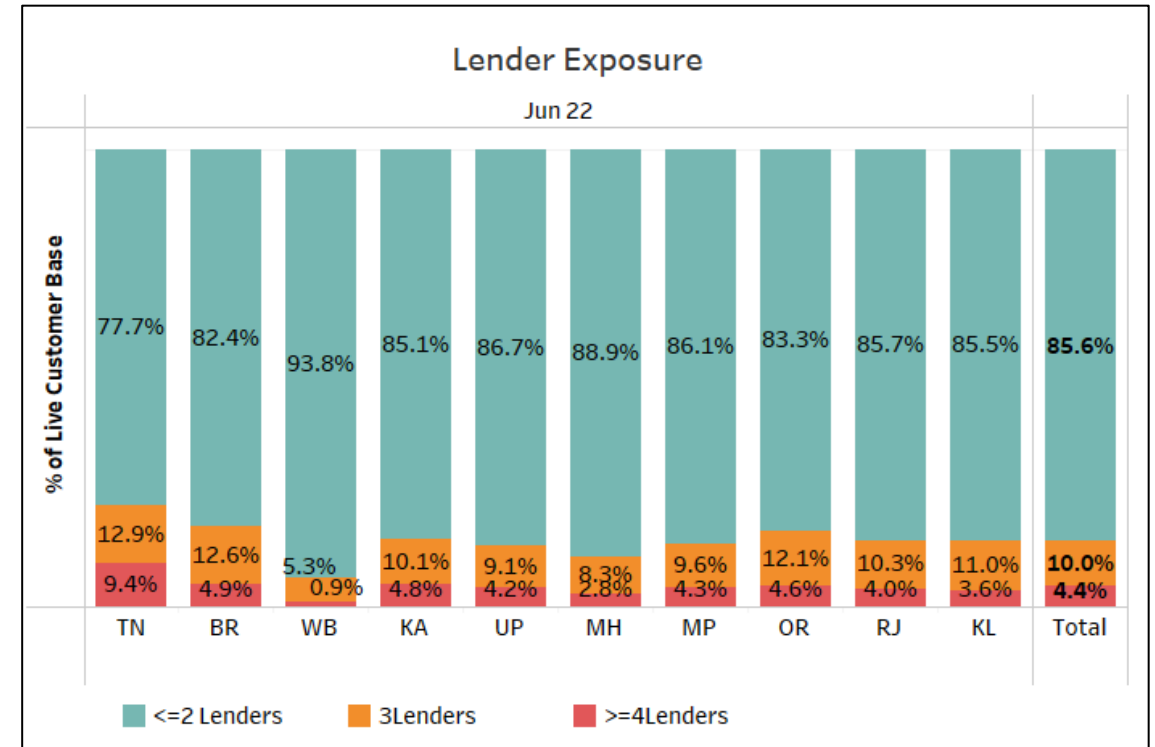


- ❑ Microfinance sector witnessed quarterly degrowth of 0.2% in the book, but Y-o-Y growth of 18% as of Jun'22
- ❑ Live customer base grew by 1.6% Q-o-Q and by 5.1% Y-o-Y
- ❑ Rural markets grew Q-o-Q by 0.2% while Urban markets declined by 0.8% as of Jun'22
- ❑ GLP for rural markets increased by 22% and for urban markets by 13% compared to Jun'21

Average Balances and Lender Exposure



- ❑ Average balance per account witnessed quarterly degrowth of 2.1% but grew Y-o-Y by 8.2% as of Jun'22
- ❑ Average balance per borrower witnessed Q-o-Q degrowth of 1.1% but grew Y-o-Y by 12% as of Jun'22

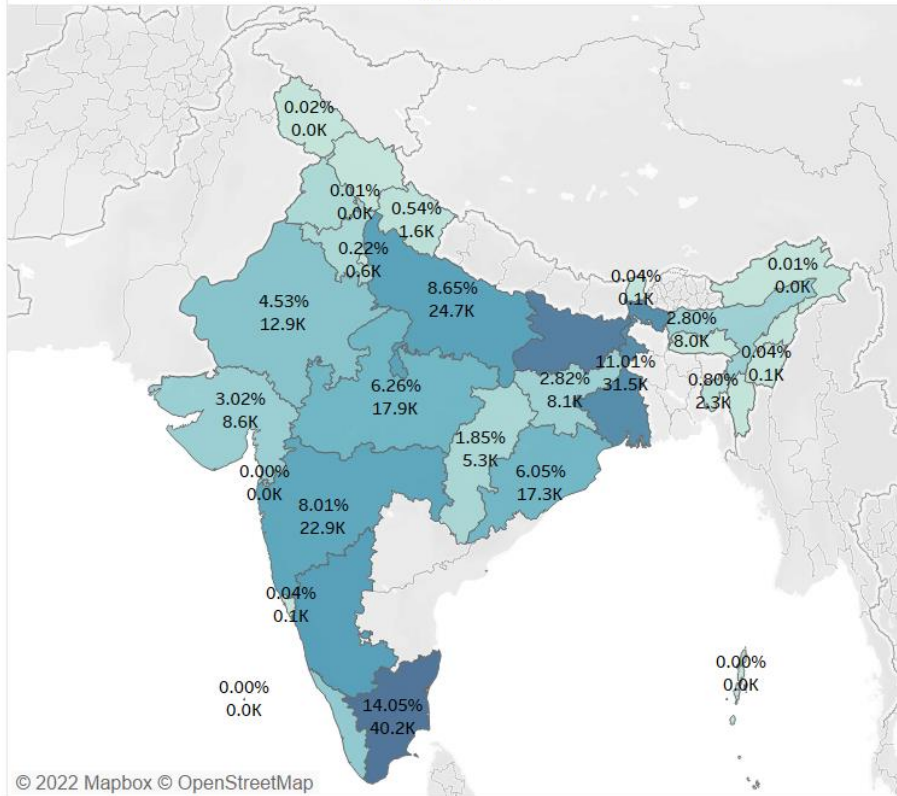


- ❑ 4.4% of borrowers have exposure to 4 or more lenders
- ❑ Among major states, the proportion is
 - ❑ Highest for Tamil Nadu (9.4%)
 - ❑ Least for West Bengal (0.9%)

Geographic Deep Dive

Portfolio Mix - State Level

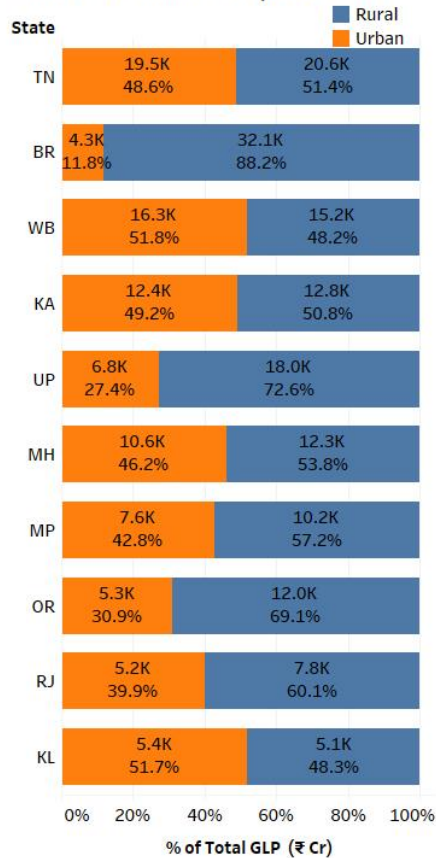
June 2022



© 2022 Mapbox © OpenStreetMap

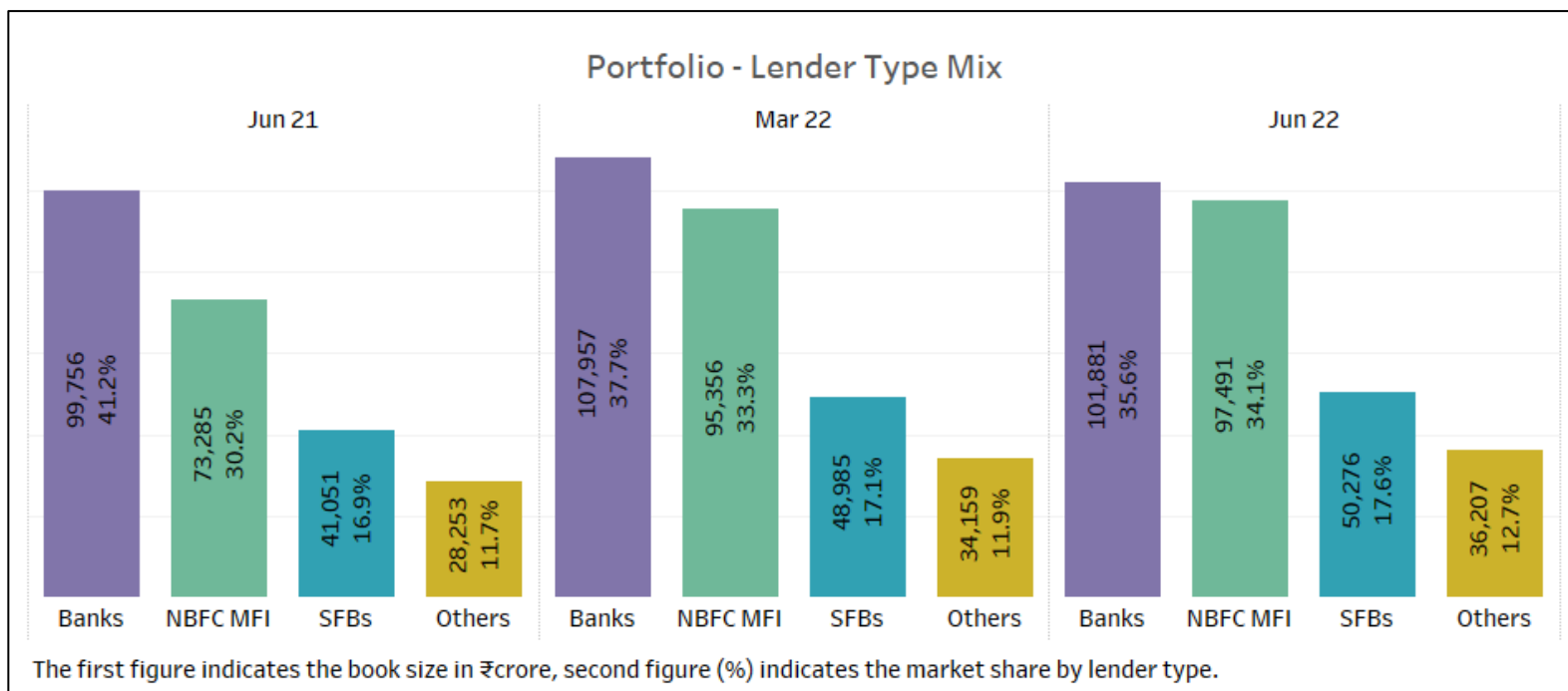
Figure in K indicates size of book (in ₹ crore)

Rural - Urban Mix - Top 10 States



- Top 10 states constitute 84% of the GLP as of Jun'22
- Tamil Nadu, Uttar Pradesh and Bihar recorded highest Q-o-Q growth of 3.7%, 2.1% and 1.3% respectively as of Jun'22
- Average balance per unique borrower for top states, Tamil Nadu, Bihar and West Bengal stood at ₹49.4K, ₹50.8K and ₹48.1K, as of Jun'22
- Microfinance sector dominated by Eastern region (32.6%) followed by South (26.7%), as of Jun'22
- 43.2% of banks' portfolio is concentrated in eastern region. NBFC MFIs have 28.2% share in East. SFBs have concentration of 36.3% in South

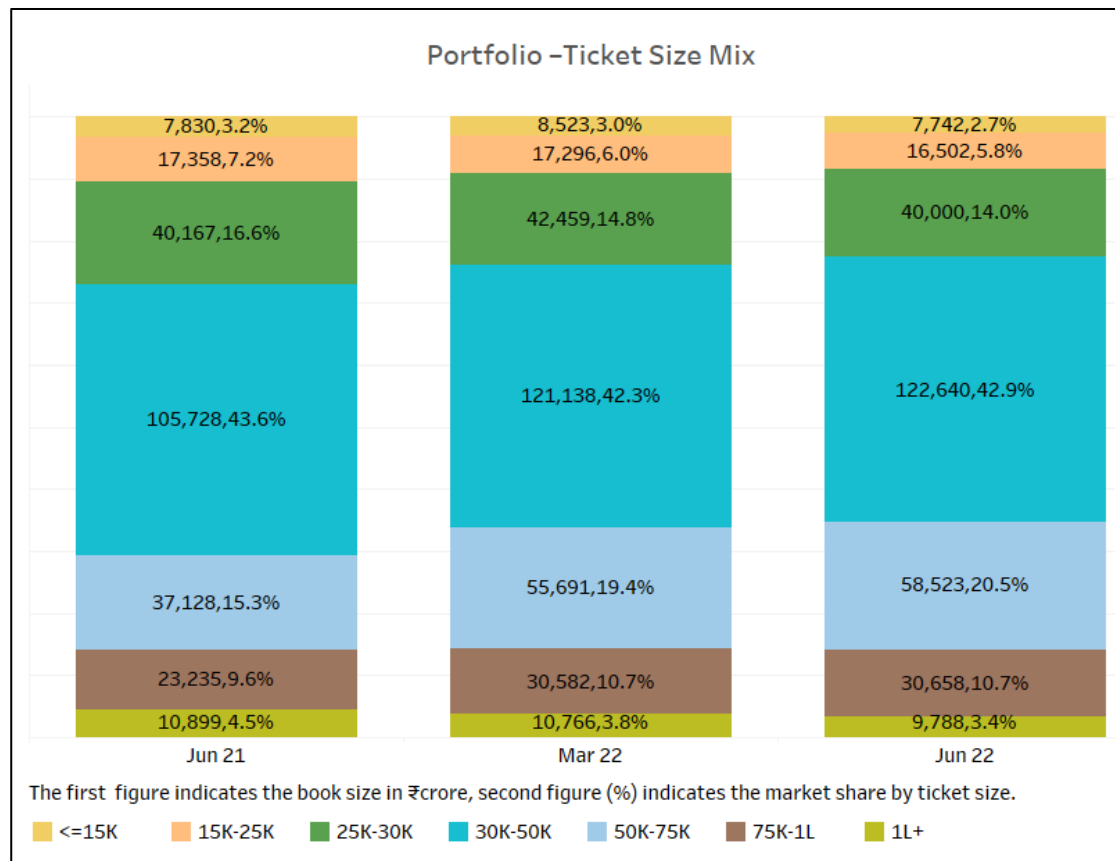
Portfolio – Lender Type Mix



- ❑ Banks continue to dominate the market with portfolio share of 35.6%, although there has been Q-o-Q degrowth of 5.6% in portfolio
- ❑ 2.2% Q-o-Q growth in GLP for NBFC MFIs as against 2.6% for SFBs as of Jun'22
- ❑ Y-o-Y growth of nearly 33.0% for NBFC MFIs, 2.1% for banks, 22.5% for SFBs
- ❑ 45% of banks' portfolio comprised of loans of ticket sizes >₹50K, as against 27.2% for NBFC MFIs and 31.3% for SFBs

Lender Type	Banks	NBFC MFI	SFBs	Others	Total
Q-o-Q GLP Growth	-5.6%	2.2%	2.6%	6%	-0.2%
Y-o-Y GLP Growth	2.1%	33.0%	22.5%	28.2%	18.0%

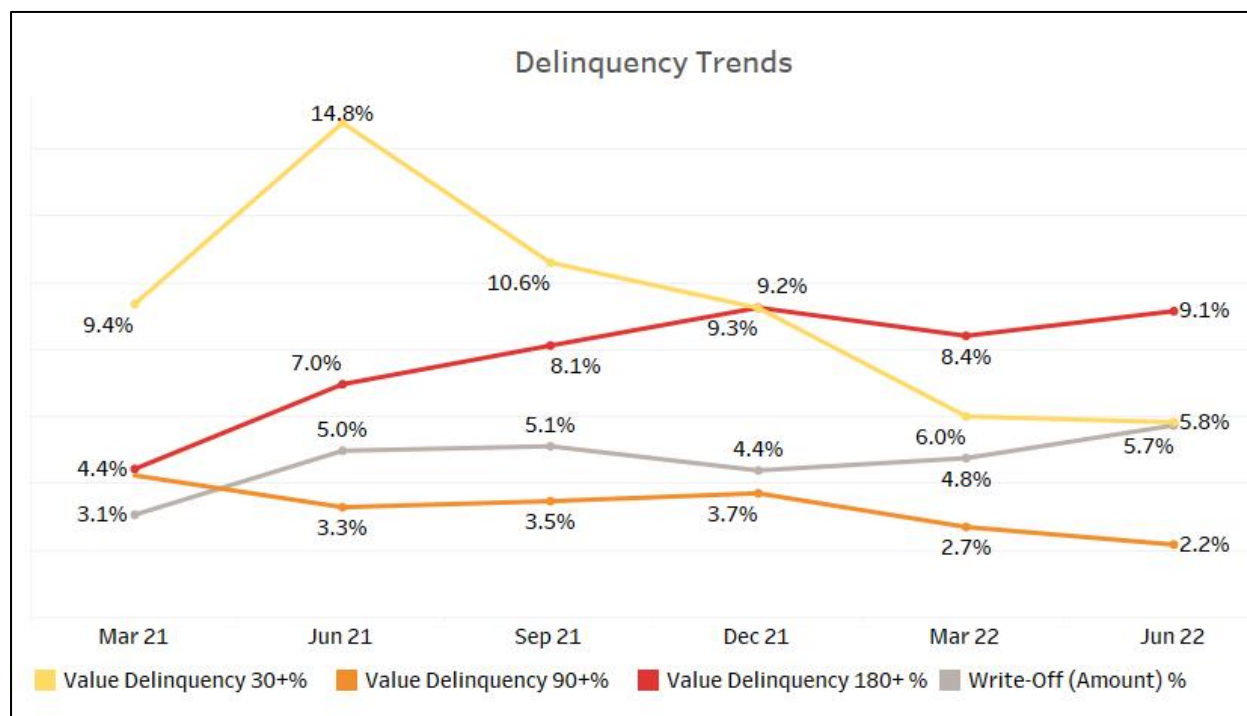
Portfolio –Ticket Size Mix



- ❑ Portfolio of ticket size <=₹15K witnessed Y-o-Y degrowth of 1.1% and Q-o-Q degrowth of 9.2% as of Jun'22
- ❑ Portfolio of ticket size ₹50K-₹75K witnessed Y-o-Y growth of 57.6% and Q-o-Q growth of 5.1% as of Jun'22
- ❑ Share of portfolio of higher ticket sized loans >₹50K increased from 29.4% in Jun'21 to 34.6% in Jun'22
- ❑ As of Jun'22, loans of ticket size ₹30K-₹50K have the maximum share by value and volume of 42.9% and 40.1% respectively

Ticket Size	<=15K	15K-25K	25K-30K	30K-50K	50K-75K	75K-1L	1L+	Total
Q-o-Q GLP Growth	-9.2%	-4.6%	-5.8%	1.2%	5.1%	0.3%	-9.1%	-0.2%
Y-o-Y GLP Growth	-1.1%	-4.9%	-0.4%	16.0%	57.6%	32.0%	-10.2%	18.0%

Microfinance - Risk Profile



	5 Best Performing Lenders	5 Worst Performing Lenders	Industry
Cumulative GLP (₹Cr)	19,705	59,579	2,85,854
Value Delinquency 30+%	1.4%	11.3%	5.8%
Value Delinquency 90+%	0.7%	3.4%	2.2%
Value Delinquency 180+%	1.5%	13.5%	9.1%

Note: The analysis is limited to top 30 MFI institutions with a market share of 87% as of Jun'22. Performance is based on PAR 30+ DPD performance as of Jun'22

- ❑ PAR 30+ DPD improved from 6% as of Mar'22 to 5.8% as of Jun'22
- ❑ PAR 90+ DPD improved from 2.7% as of Mar'22 to 2.2% as of Jun'22
- ❑ PAR 180+ DPD increased to 9.1% as of Jun'22. Maharashtra, West Bengal and Orissa contributed highest towards PAR 180+ DPD
- ❑ Write-offs increased from 4.8% as of Mar'22 to 5.7% as of Jun'22
- ❑ In terms of delinquency management:
 - ❑ 5 best performing lenders have PAR 30+, 90+ & 180+ DPD of 1.4%, 0.7% & 1.5% respectively
 - ❑ 5 worst performing lenders have PAR 30+, 90+ & 180+ DPD of 11.3%, 3.4% & 13.5% 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

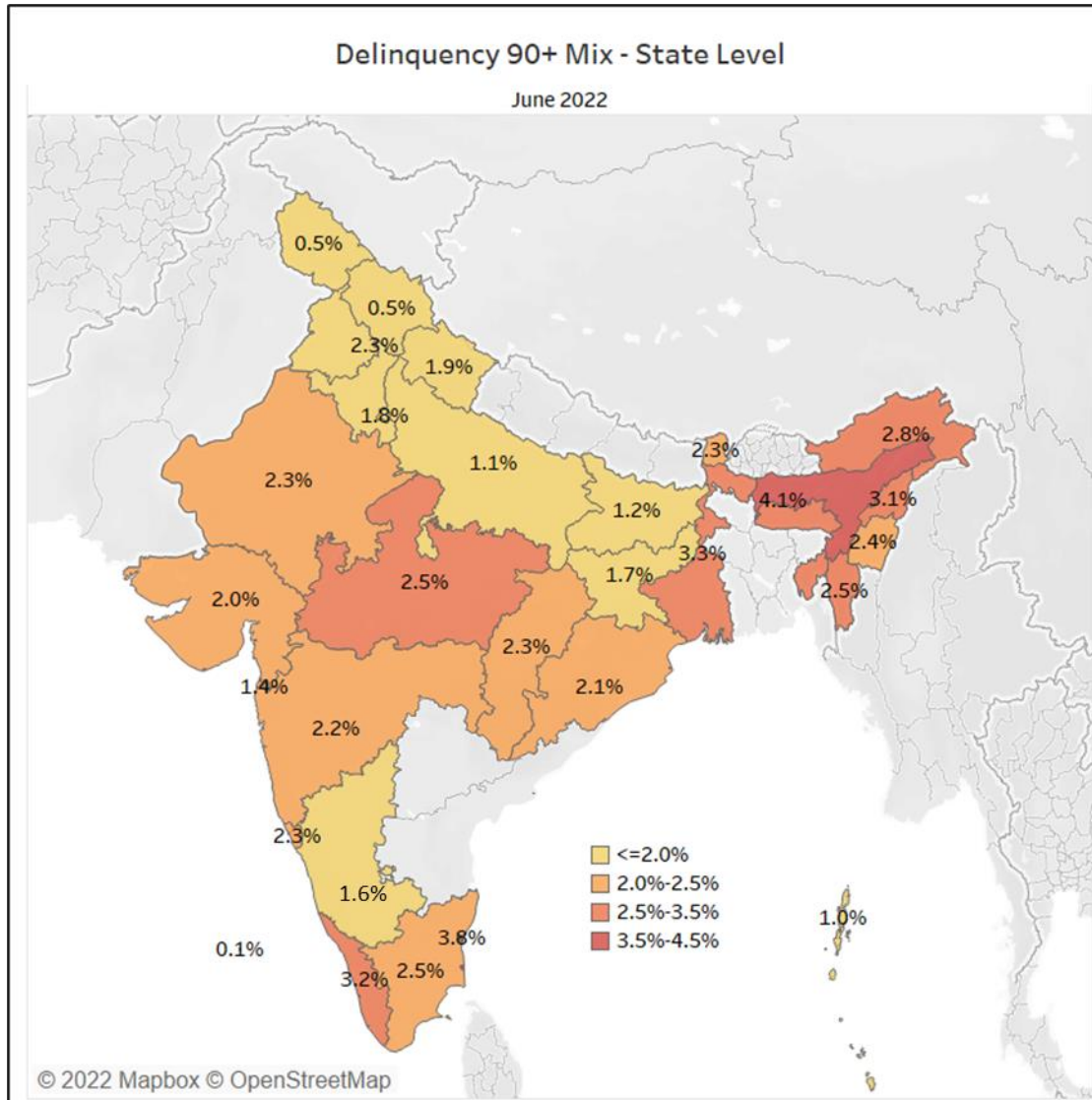
Best Performing Districts	GLP Band (₹ Cr)	GLP (₹ Cr)	Value Delinquency 30+%	Value Delinquency 90+%	Value Delinquency 180+ %
Samastipur	>2000 Cr	2,537	5.0%	3.7%	2.9%
Muzaffarpur	>2000 Cr	2,471	6.7%	4.8%	3.7%
Purba Champaran	>2000 Cr	2,520	6.8%	4.8%	3.5%
Darbhanga	1500-2000 Cr	1,771	3.0%	2.2%	1.7%
Madhubani	1500-2000 Cr	1,890	4.6%	3.1%	2.3%
Gorakhpur	1500-2000 Cr	1,529	4.6%	3.7%	3.0%
Sitamarhi	1000-1500 Cr	1,387	3.0%	2.2%	1.7%
Kushinagar	1000-1500 Cr	1,287	4.3%	3.4%	2.7%
Deoria	1000-1500 Cr	1,060	4.6%	3.6%	3.0%
Garhwa	500-1000 Cr	781	1.3%	1.0%	0.6%
Palamu	500-1000 Cr	728	1.6%	1.1%	0.8%
Muzaffarnagar	500-1000 Cr	596	2.9%	2.1%	1.7%

Worst Performing Districts	GLP Band (₹ Cr)	GLP (₹ Cr)	Value Delinquency 30+%	Value Delinquency 90+%	Value Delinquency 180+ %
North 24 Parganas	>2000 Cr	2,902	33.8%	24.1%	19.9%
South 24 Parganas	>2000 Cr	2,352	34.2%	22.5%	19.0%
Nadia	>2000 Cr	2,394	35.2%	25.0%	20.4%
Koch Bihar	1500-2000 Cr	1,981	34.1%	26.8%	22.1%
Haora	1500-2000 Cr	1,977	28.0%	18.5%	14.9%
Pune	1500-2000 Cr	1,573	24.8%	19.3%	16.4%
Solapur	1000-1500 Cr	1,342	36.4%	32.1%	28.0%
Ahmadnagar	1000-1500 Cr	1,086	25.8%	21.3%	17.9%
Kolkata	1000-1500 Cr	1,399	24.8%	17.6%	14.8%
Nagaon	500-1000 Cr	829	53.3%	35.0%	30.9%
Sonitpur	500-1000 Cr	563	47.9%	30.2%	26.2%
Kamrup	500-1000 Cr	635	44.5%	23.3%	19.3%

GLP Band (₹ Cr)	>2000 Cr	1,500 Cr-2000 Cr	1000Cr-1500 Cr	500 Cr-1000 Cr	<500 Cr	Industry
# Districts	13	23	43	123	430	632
Cumulative GLP (₹Cr)	32,761	39,925	53,573	86,173	73,422	2,85,854
Value Delinquency 30+%	8.3%	5.7%	5.4%	5.4%	5.7%	5.8%
Value Delinquency 90+%	2.8%	2.1%	2.1%	2.1%	2.1%	2.2%
Value Delinquency 180+%	10.2%	8.7%	8.0%	8.9%	10.1%	9.1%

Note: Performance is based on PAR 30+ DPD performance as of Jun'22

Risk Profile – State wise Delinquency 90+ (Jun 2022)



- ❑ Top 10 states have a combined PAR 90+ DPD of 2.1% as of Jun'22 reducing from 2.7% as of Mar'22
- ❑ PAR 90+ DPD as of Jun'22 witnessed Y-o-Y decline for all top 10 states except Rajasthan as of Jun'22
- ❑ Among top 10 states, Bihar, Karnataka and Uttar Pradesh have <=2% PAR 90+ DPD each as of Jun'22
- ❑ Among top 10 states, Madhya Pradesh, Kerala, Rajasthan, West Bengal and Tamil Nadu have higher PAR 90+ DPD than overall industry (2.2%) as of Jun'22

Risk Profile - Geographic Deep Dive

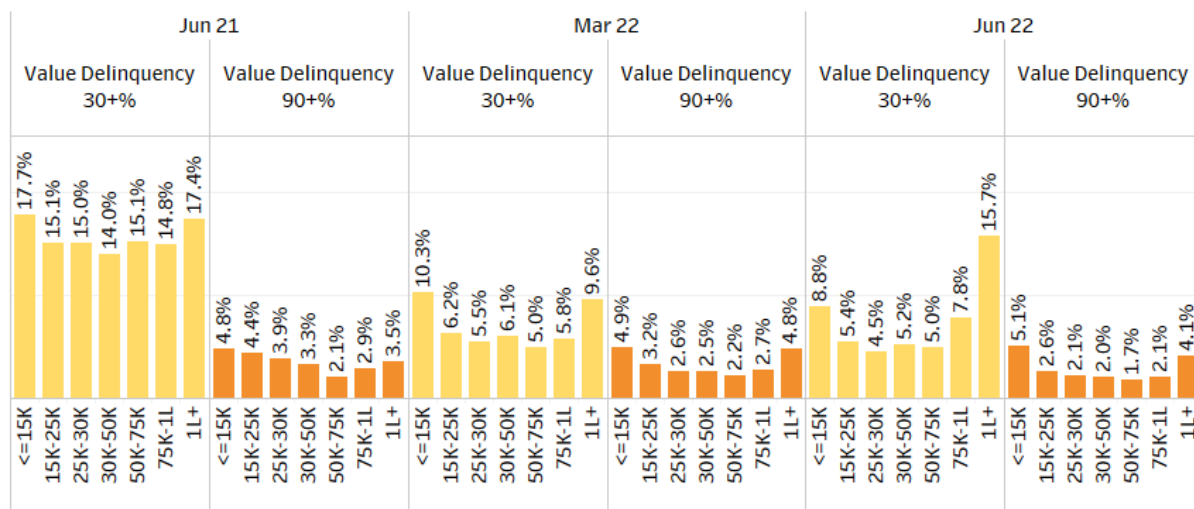
Delinquency Trends – Top 10 States

State	Value Delinquency 1-30%			Value Delinquency 30+%			State	Value Delinquency 90+%			Value Delinquency 180+ %		
	Jun 21	Mar 22	Jun 22	Jun 21	Mar 22	Jun 22		Jun 21	Mar 22	Jun 22	Jun 21	Mar 22	Jun 22
TN	30.0%	4.9%	3.1%	12.7%	8.0%	6.2%	TN	2.8%	2.8%	2.5%	4.8%	6.2%	7.3%
BR	13.8%	2.2%	2.1%	8.1%	3.8%	3.2%	BR	2.0%	1.7%	1.2%	2.8%	3.7%	4.1%
WB	23.4%	3.9%	4.3%	18.9%	8.8%	10.3%	WB	5.8%	4.2%	3.3%	9.5%	13.4%	14.1%
KA	24.5%	2.4%	1.8%	17.5%	4.7%	3.8%	KA	1.7%	2.0%	1.6%	6.4%	6.9%	7.6%
UP	12.4%	1.6%	1.8%	6.6%	2.9%	2.9%	UP	1.5%	1.3%	1.1%	4.2%	5.1%	4.9%
MH	9.1%	2.3%	2.1%	12.6%	5.5%	5.3%	MH	3.5%	2.9%	2.2%	13.3%	14.3%	15.6%
MP	14.7%	2.4%	2.3%	16.4%	6.0%	5.6%	MP	2.6%	3.2%	2.5%	7.5%	9.0%	10.1%
OR	11.3%	1.8%	1.5%	9.5%	5.3%	4.6%	OR	2.6%	2.9%	2.1%	7.2%	8.4%	10.3%
RJ	17.8%	2.6%	2.4%	11.2%	5.8%	5.3%	RJ	1.9%	2.7%	2.3%	2.9%	4.9%	6.0%
KL	25.4%	4.5%	2.9%	46.0%	11.1%	8.0%	KL	3.7%	4.4%	3.2%	6.1%	7.4%	9.5%

- ❑ PAR 30+ DPD as of Jun'22 is lower for all top 10 states compared to overall Industry (5.8%), except Tamil Nadu, West Bengal and Kerala
- ❑ PAR 30+ DPD as of Jun'22 reduced Q-o-Q for all top 10 states except West Bengal
- ❑ PAR 90+ DPD as of Jun'22 reduced Q-o-Q for all top 10 states as of Jun'22
- ❑ PAR 180+ DPD as of Jun'22 increased Q-o-Q across all top 10 states except Uttar Pradesh
- ❑ PAR 90+ DPD as of Jun'22 witnessed Y-o-Y decline for all top 10 states except Rajasthan as of Jun'22

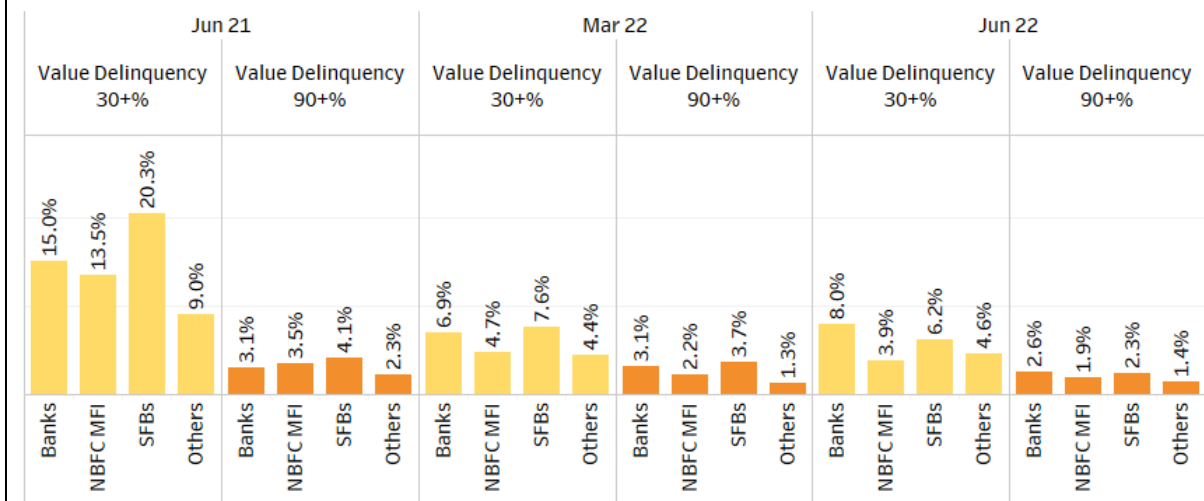
Risk Profile – Ticket Size & Lender Type Mix

Delinquency by Ticket Size



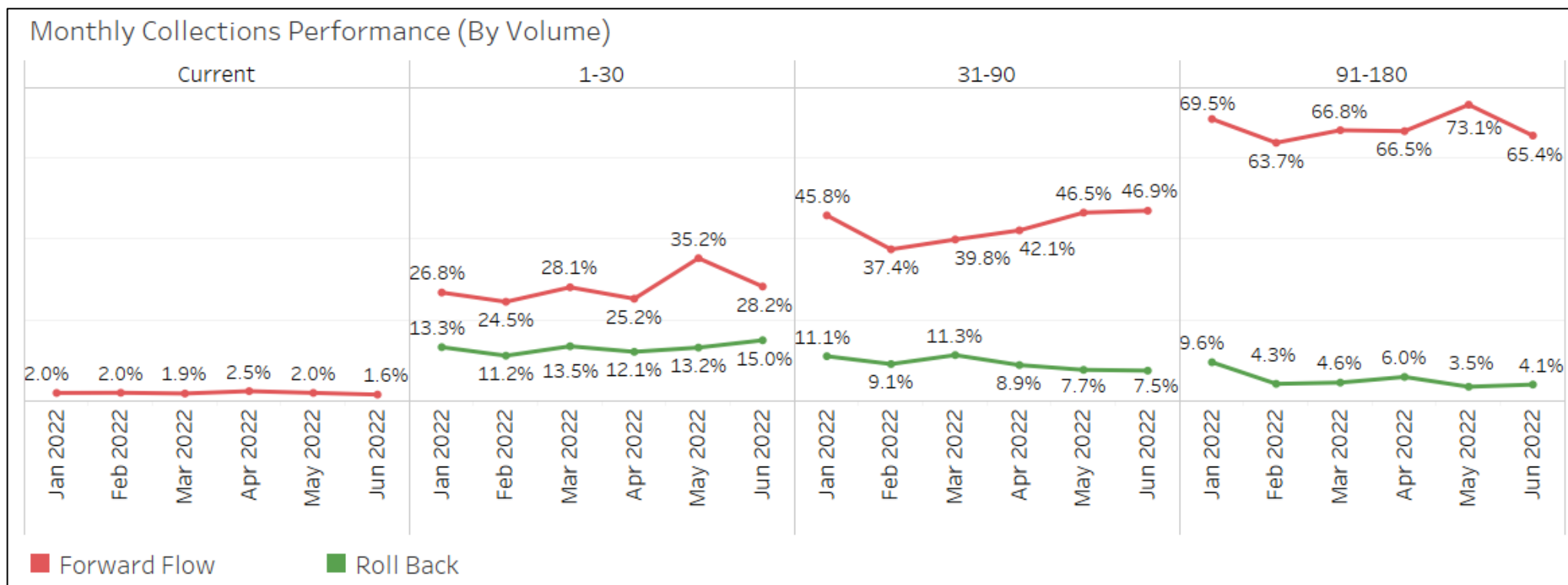
- ❑ PAR 30+ DPD higher for ticket sizes ₹75K+ in Jun'22 compared to Mar'22
- ❑ PAR 30+ DPD improved for all ticket sizes in Jun'22 compared to Jun'21
- ❑ PAR 90+ DPD higher for ticket sizes <=₹15K in Jun'22 compared to Mar'22
- ❑ PAR 90+ DPD improved for all ticket sizes except <=₹15K and ₹1L+ in Jun'22 compared to Jun'21

Delinquency by Lender Type



- ❑ PAR 30+ DPD reduced for NBFC MFI and SFBs in Jun'22 compared to Mar'22
- ❑ PAR 30+ DPD reduced for all lender types in Jun'22 compared to Jun'21
- ❑ PAR 90+ DPD reduced for all lender types except others in Jun'22 compared to Mar'22
- ❑ PAR 90+ DPD reduced for all lender types in Jun'22 compared to Jun'21

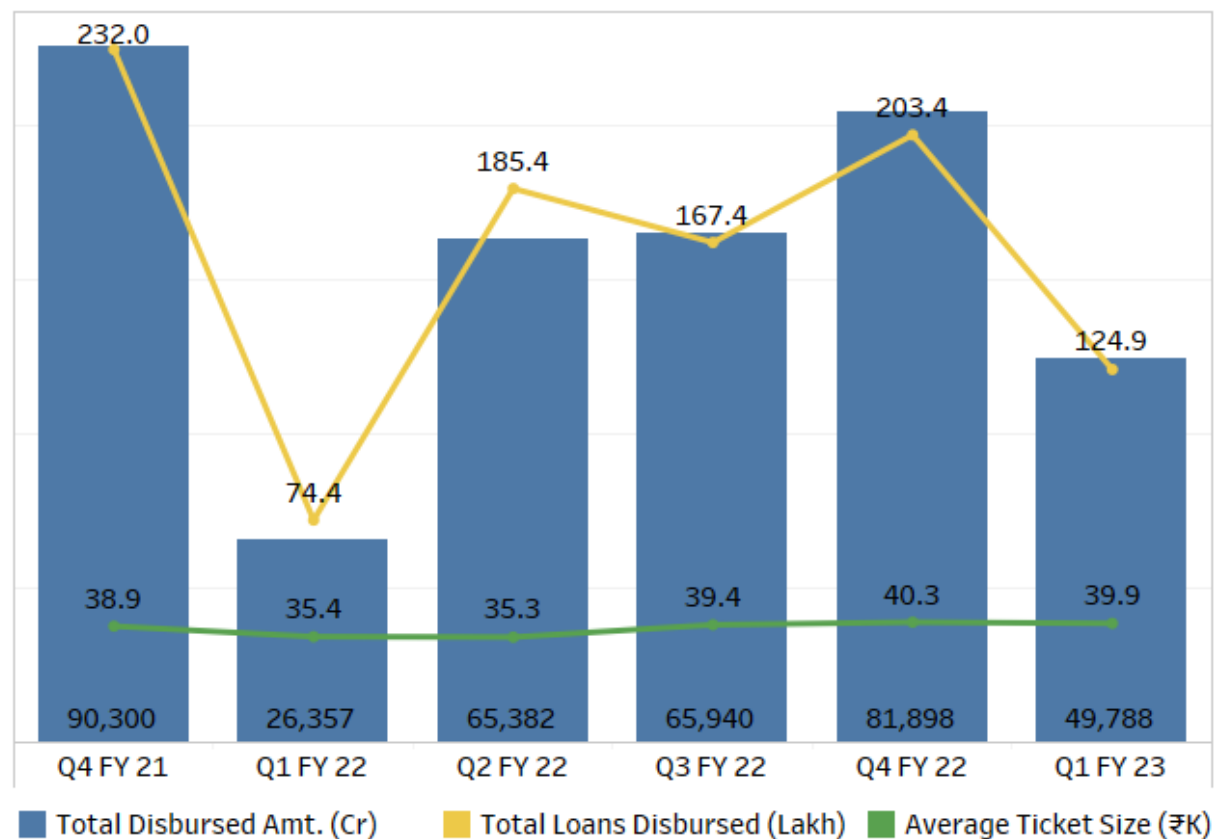
Risk Profile – Collections Performance



- ❑ Monthly forward flow rates have decreased in Jun'22 for all delinquency buckets except 31-90.
- ❑ Monthly Roll-back rates for 1-30 DPD increased from Apr'22 onwards. For 31-90 DPD bucket, monthly roll back rates decreased from Mar'22 onwards. Roll-back rates for 91-180 DPD bucket increased in Jun'22 after declining in May'22.
- ❑ Monthly forward flows in 31-90 DPD bucket continued to increase for Banks and NBFC MFIs in Jun'22, while decreased for SFBs.

Microfinance - Originations

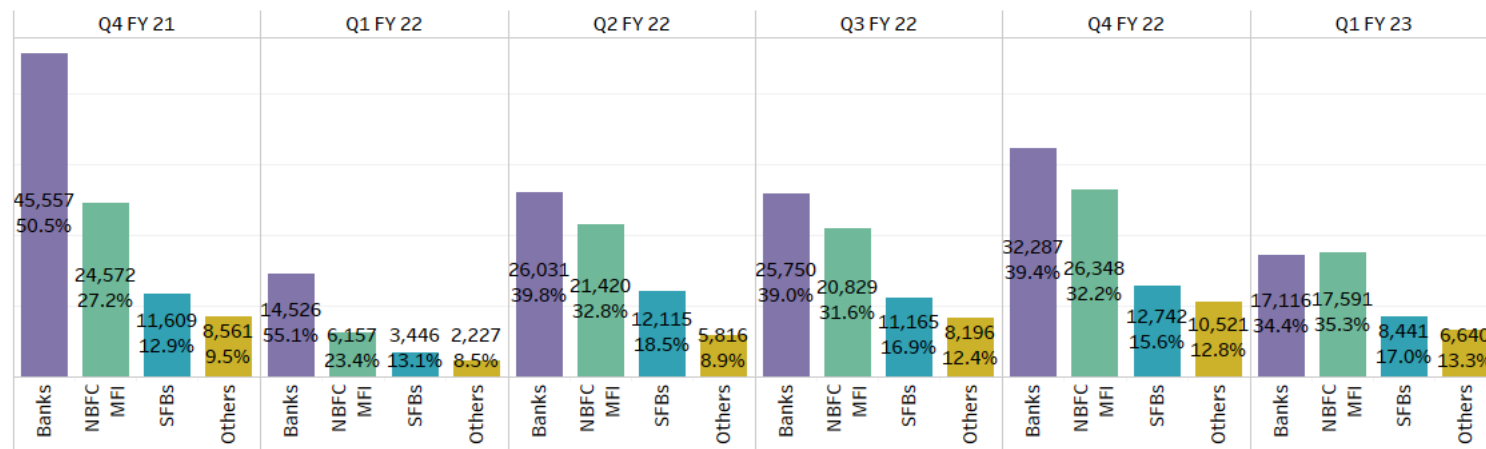
Originations - Trends



- ❑ ₹49.8K crore originations (by value) in Q1 FY23, decline of 39.2% compared to Q4 FY22 and growth of 88.9% compared to Q1 FY22
- ❑ 124.9 lakh loans disbursed in Q1 FY23, decline of 38.6% compared to Q4 FY22 and growth of 67.9% compared to Q1 FY22
- ❑ Share of Southern region in disbursements (value) increased from 23.9% in Q4 FY22 to 26.8% in Q1 FY23, share of Eastern region declined
- ❑ Average ticket size at ₹39.9K in Q1 FY23, degrowth of 1% compared to Q4 FY22 and growth of 12.7% compared to Q1 FY22

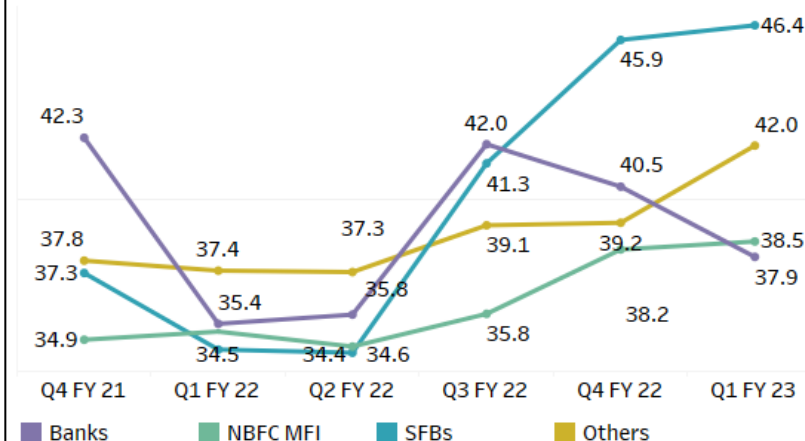
Originations - Lender Type Mix

Originations - Lender type Mix (Value in ₹ Crore)



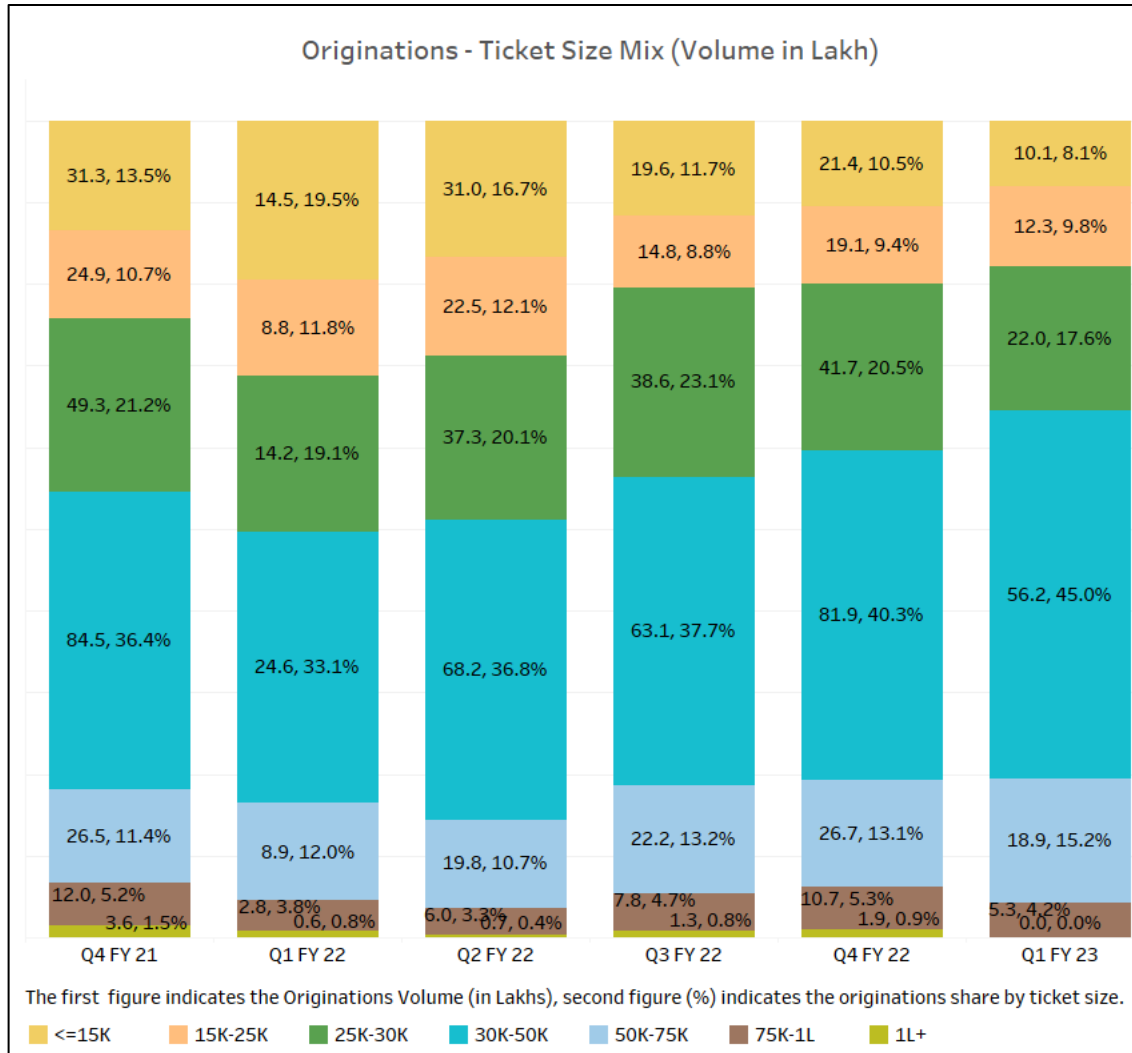
The Quarter (Q) indicate the Loan Origination Periods. The first figure indicates the disbursed amount in ₹ crore, second figure (%) indicates the market share by lender type.

Average Ticket Size (₹K) by Lender Type



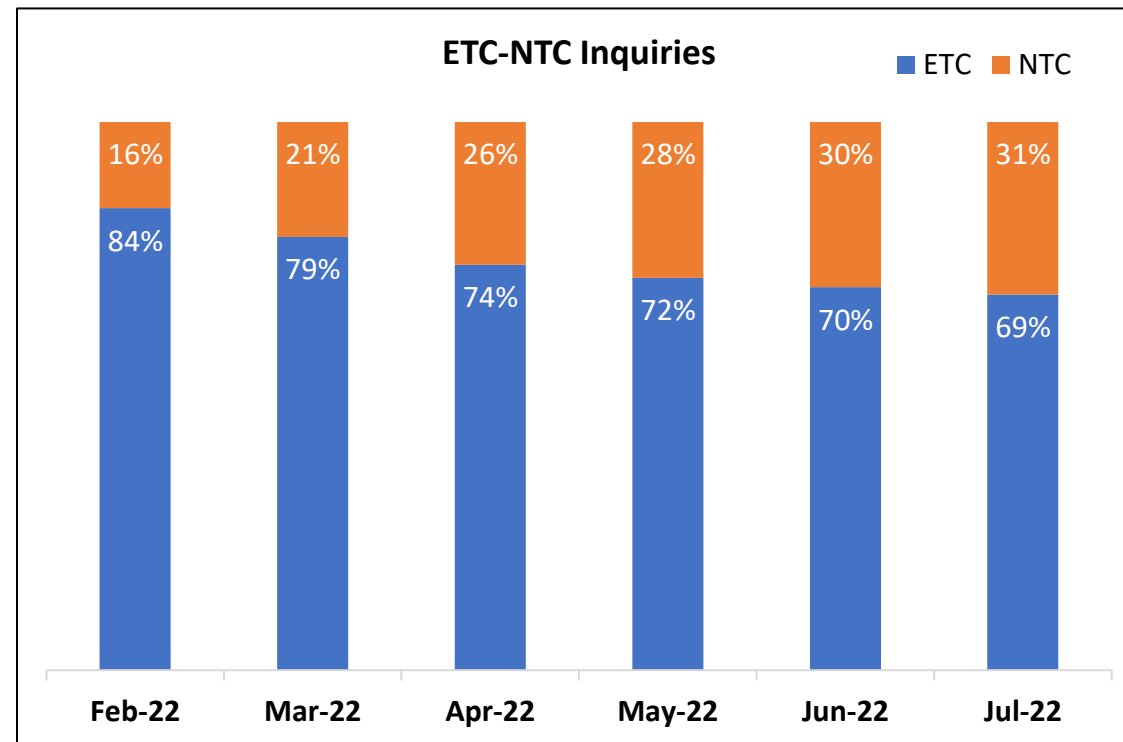
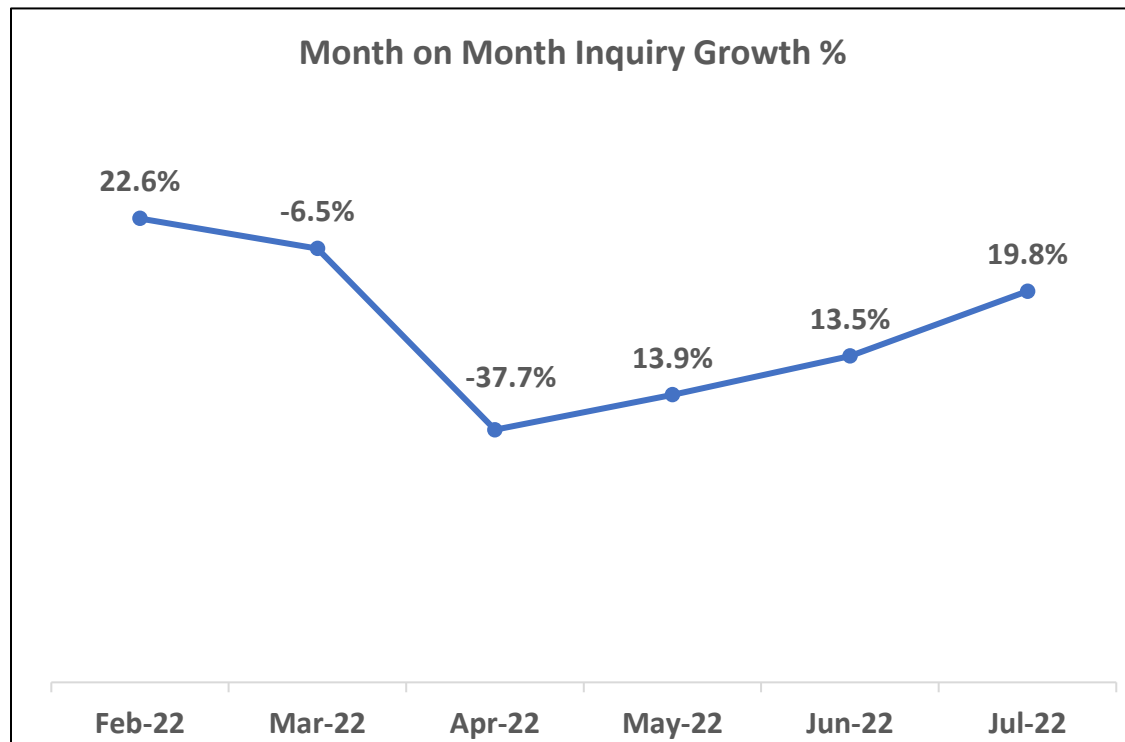
- ❑ NBFC MFIs dominate originations (by value) in Q1 FY23 with a share of 35.3%, increasing from 23.4% in Q1 FY22
- ❑ Originations share (by value) of banks declined from 55.1% in Q1 FY22 to 34.4% in Q1 FY23
- ❑ SFBs too witnessed degrowth of 33.8% in amount disbursed in Q1 FY23 over Q4 FY22
- ❑ Average ticket size for SFBs grew by 1.1% and NBFC MFI by 0.8% from Q4 FY22 to Q1 FY23
- ❑ Average ticket size for Banks declined by 6.4% from Q4 FY22 to Q1 FY23

Originations - Ticket Size Mix



- ❑ Increase in Originations share (by volume) from 16.6% in Q1 FY22 to 19.4% in Q1 FY23 for >₹50K ticket size loans
- ❑ Originations share (by volume) of loans ₹30K-₹75K increased from 53.4% in Q4 FY22 to 60.2% in Q1 FY23
- ❑ Originations share (by volume) of loans ₹30K-₹50K remains the largest at 45.0% in Q1 FY23
- ❑ For Tamil Nadu, share of originations (volume) of loans of ticket size ₹30K-₹50K continues to be the largest at 50.3% in Q1 FY23
- ❑ For West Bengal, Originations share by volume for loans of <₹15K has declined from 24.7% in Q1 FY22 to 10% in Q1 FY23, while share of loans of ₹30K-₹50K has increased from 25.1% to 38.6% during the same period

Monthly Inquiries



- ❑ Volume of inquiries witnessed growth from May'22 onwards, reaching 19.8% in Jul'22
- ❑ New to Credit (NTC) inquiries from Feb'22 to Jun'22 in the range of 16%-30%

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 Dec 2021 compared to Dec 2020
Q-o-Q	Quarter on Quarter	Quarterly comparison for change, example Dec 2021 compared to Sep 2021
M-o-M	Month on Month	Monthly comparison for change, example Dec 2021 compared to Nov 2021
Q1 FY 22	First Quarter of the Financial Year 2021-22	April-May-June 2021
Q4 FY 22	Fourth Quarter of the Financial Year 2021-22	January-February-March 2022
Q1 FY 23	First Quarter of the Financial Year 2022-23	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 around 90% representative of the Industry as of Jun'22 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.

Analytical Contacts

Vipul Jain

Vice President, Head of Products
vipul.jain@crifhighmark.com

Saumya Sah

Manager, Research & Insights
saumya.sah@crifhighmark.com

Srikanth Goli

Associate Vice President, Research & Insights
srikant.goli@crifhighmark.com

Reach us at research@crifhighmark.com for any queries

About CRIF High Mark

CRIF High Mark in INDIA- partner for all your credit related requirements

CRIF High Mark 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.

We bring together best of both worlds – comprehensive data and sophisticated dedupe technology for India along with global best practices, expertise in scoring and top-rated credit management software solutions – to add most value to our clients.

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