

MicroLend

QUARTERLY PUBLICATION ON
MICROFINANCE LENDING

VOLUME XXI
SEPTEMBER 2022



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Microfinance Industry Snapshot (Sep 2022)

GLP (Cr)

₹300K

- Q-o-Q Growth %
5%
- Y-o-Y Growth %
21.5%

Active Loans (Cr)

12.5

- Q-o-Q Growth %
3.2%
- Y-o-Y Growth %
11.7%

Avg. Balance Per Account

₹24K

- Q-o-Q Growth %
1.7%
- Y-o-Y Growth %
8.8%

Avg. Balance Per Borrower

₹47.8K

- Q-o-Q Growth %
2.9%
- Y-o-Y Growth %
14.1%

Amount Disbursed in Last 3 M (Cr)

₹65,335

- Q-o-Q Growth %
19.2%
- Y-o-Y Growth* %
(-0.8%)

Loans Disbursed in Last 3 M (Lakh)

163.5

- Q-o-Q Growth %
18.4%
- Y-o-Y Growth* %
(-12.4%)

Average Ticket Size in Last 3M

₹40K

- Q-o-Q Growth %
0.8%
- Y-o-Y Growth* %
13.3%

Value Delinquency 30+%

5.4%

- Q-o-Q Growth# %
(-0.4%)
- Y-o-Y Growth# %
(-5.2%)

Value Delinquency 90+%

2.7%

- Q-o-Q Growth# %
0.5%
- Y-o-Y Growth# %
(-0.8%)

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

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

Internal

Microfinance Industry – Key Takeaways (Sep 2022)

Portfolio outstanding of Microfinance sector at ₹300K crore as of Sep'22 with 5% Q-o-Q and 21.5% Y-o-Y growth

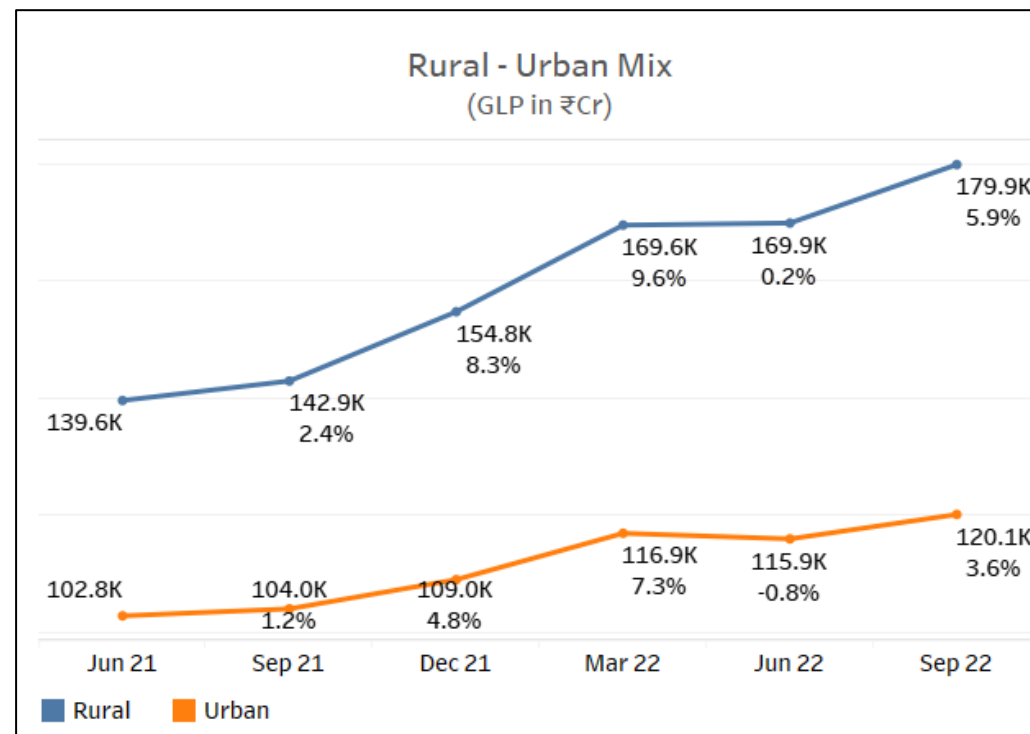
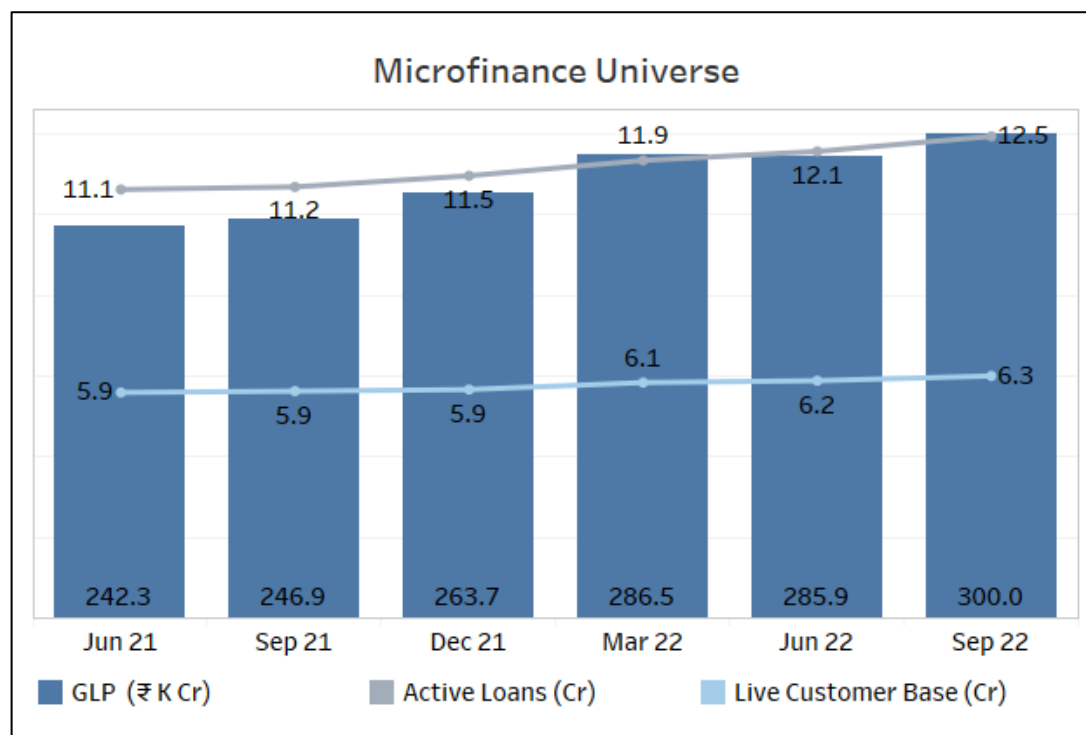
NBFCs dominate the market with portfolio share of 35.1%, surpassing Banks 34.8%, SFBs 16.8%, as of Sep'22

PAR 30+ DPD improved from 5.8% as of Jun'22 to 5.4% as of Sep'22, PAR 90+ DPD increased from 2.2% to 2.7% during the same period

Top 10 states by GLP contribute to 84.2% of national GLP, Bihar recording highest Q-o-Q growth

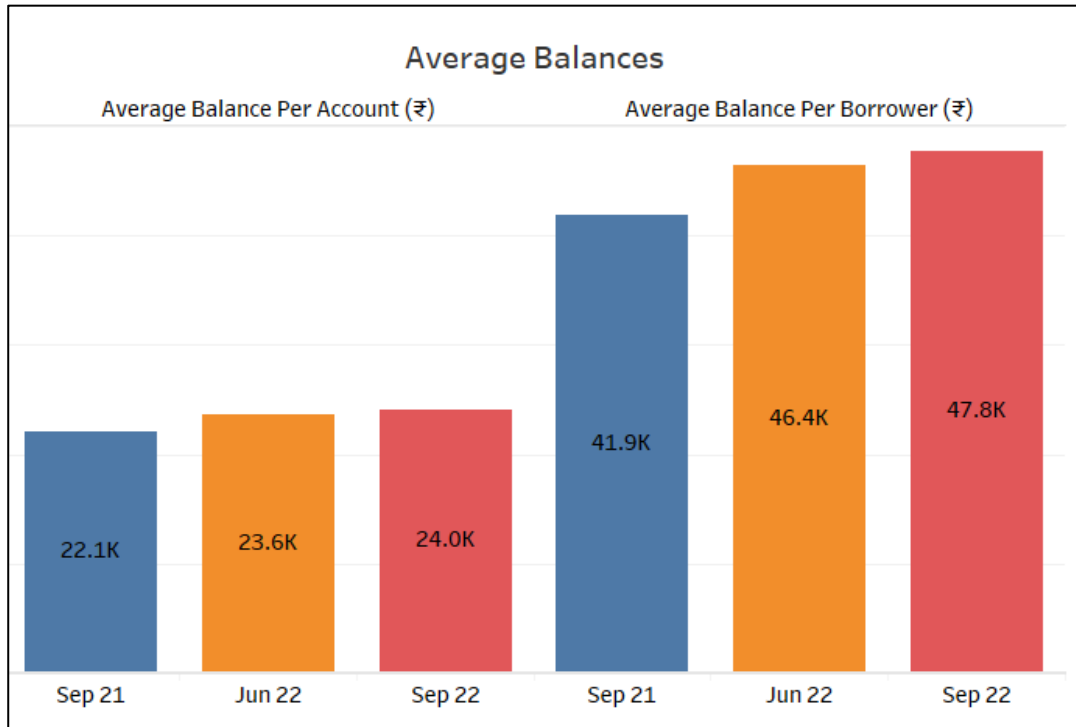
₹65.3K crore originations (by value) and 163.5 lakh originations (by volume) in Q2 FY23

Microfinance Universe

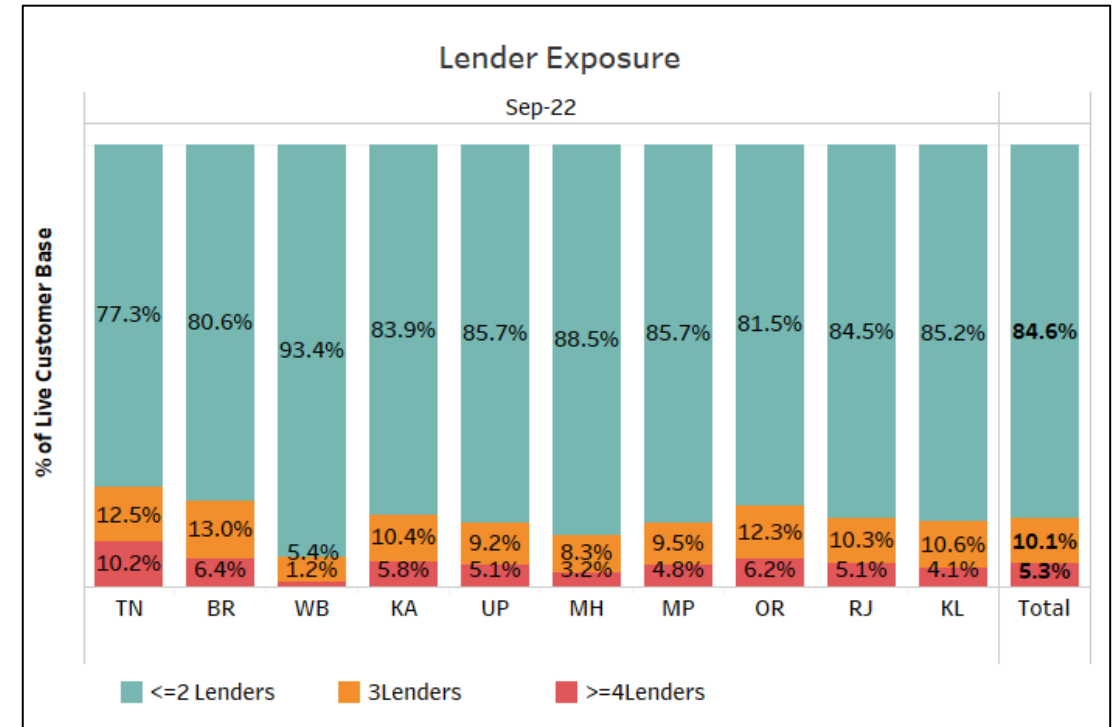


- ❑ Microfinance sector witnessed quarterly growth of 5% in the book, and Y-o-Y growth of 21.5% as of Sep'22
- ❑ Live customer base grew by 1.6% Q-o-Q and 6.8% Y-o-Y as of Sep'22
- ❑ Rural markets grew by 5.9% Q-o-Q and 25.9% Y-o-Y as of Sep'22
- ❑ Urban markets witnessed 3.6% Q-o-Q and 15.5% Y-o-Y growth as of Sep'22

Average Balances and Lender Exposure



- ❑ Average balance per account witnessed quarterly growth of 3% and grew Y-o-Y by 14.1% as of Sep'22
- ❑ Average balance per borrower witnessed Q-o-Q growth of 1.7% and grew Y-o-Y by 8.6% as of Sep'22

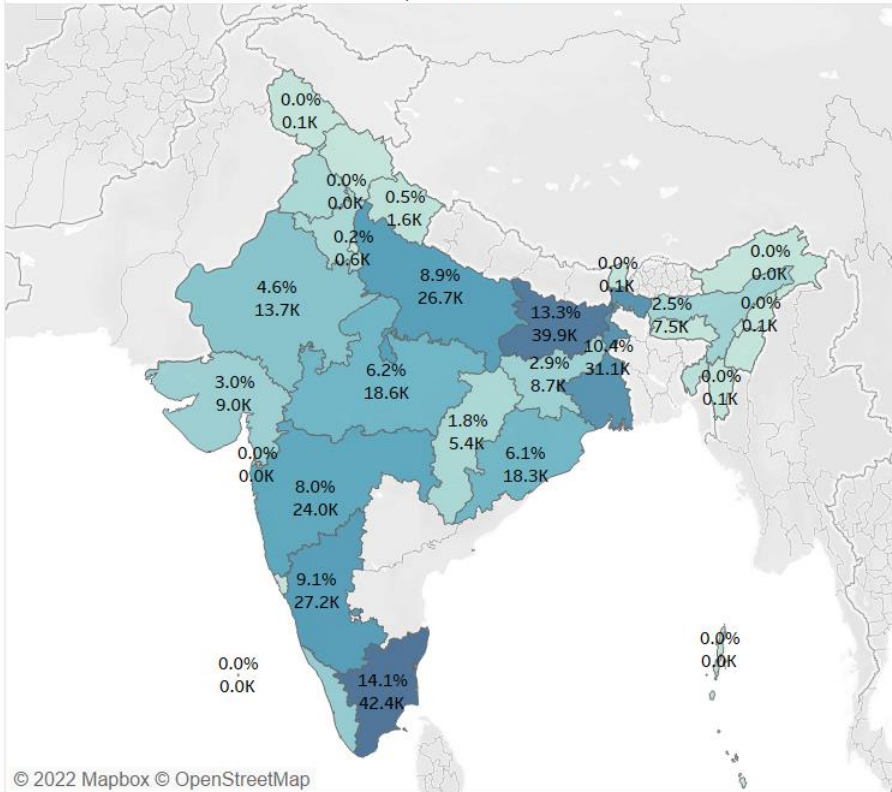


- ❑ 5.3% of borrowers have exposure to 4 or more lenders
- ❑ Among major states, the proportion is
 - ❑ Highest for Tamil Nadu (10.2%)
 - ❑ Least for West Bengal (1.2%)

Geographic Deep Dive

Portfolio Mix - State Level

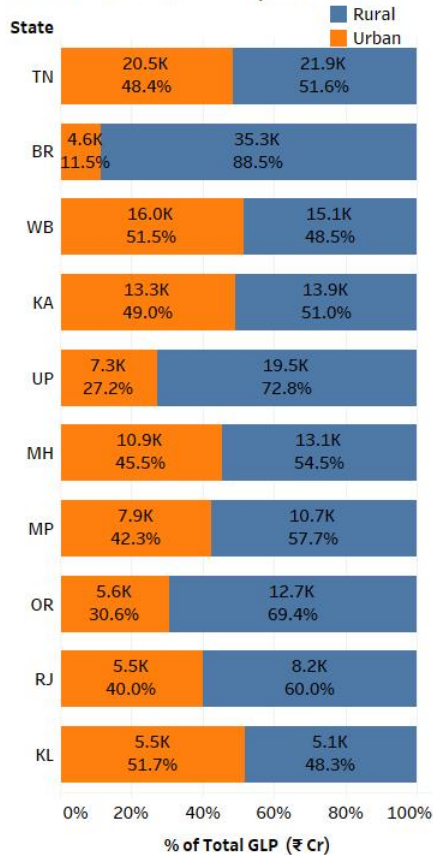
September 2022



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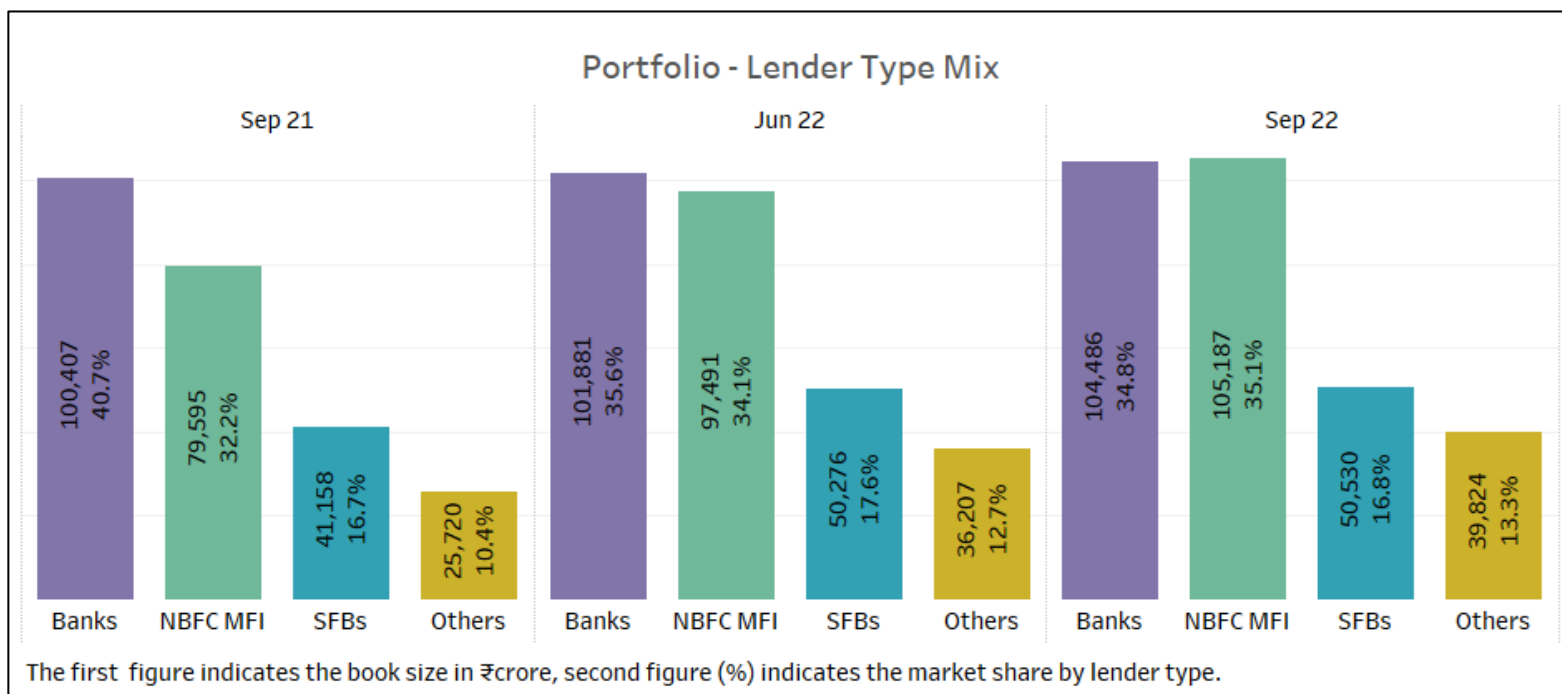
Figure in K indicates size of book (in ₹ crore)

Rural - Urban Mix - Top 10 States



- ❑ Top 10 states constitute 84.2% of the GLP as of Sep'22
- ❑ Bihar, Karnataka and Uttar Pradesh recorded highest Q-o-Q growth of 9.8%, 8.2% and 8.1% respectively as of Sep'22
- ❑ Average balance per borrower for top states, Tamil Nadu, Bihar and West Bengal stood at ₹51.9K, ₹53.1K and ₹47.3K, as of Sep'22
- ❑ Microfinance sector dominated by Eastern region (32.7%) followed by South (26.9%), as of Sep'22
- ❑ 42.4% of banks' portfolio is concentrated in eastern region. NBFC MFIs have 28.7% share in East. SFBs have concentration of 36% in South

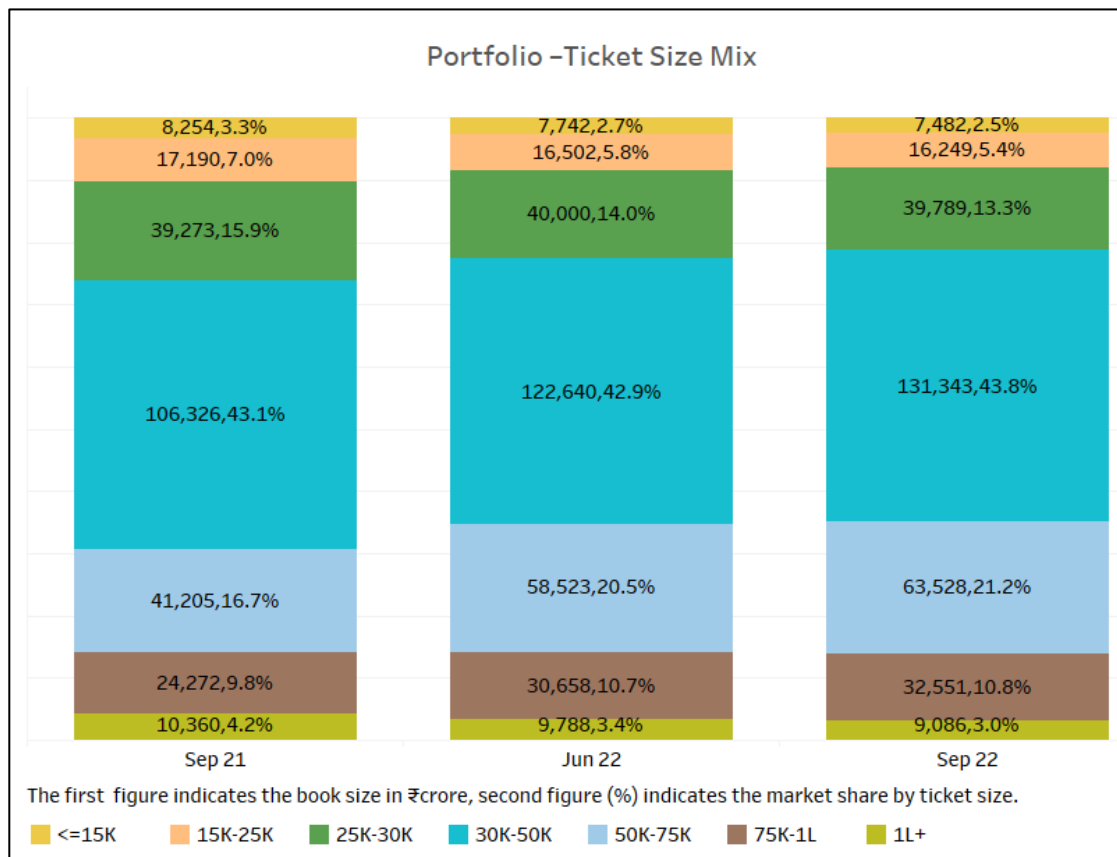
Portfolio – Lender Type Mix



- ❑ NBFC MFIs dominate the market with portfolio share of 35.1%, surpassing banks, as of Sep'22
- ❑ 7.9% Q-o-Q growth in GLP for NBFC MFIs as against 2.6% for Banks and 0.5% for SFBs as of Sep'22
- ❑ Y-o-Y growth of nearly 32.2% for NBFC MFIs, 4.1% for banks, 22.8% for SFBs
- ❑ 46.9% of NBFC MFIs' portfolio comprised of loans of ticket sizes ₹30K-₹50K, as against 35.9% for Banks and 50.2% for SFBs

Lender Type	Banks	NBFC MFI	SFBs	Others	Total
Q-o-Q GLP Growth	2.6%	7.9%	0.5%	10%	5%
Y-o-Y GLP Growth	4.1%	32.2%	22.8%	54.8%	21.5%

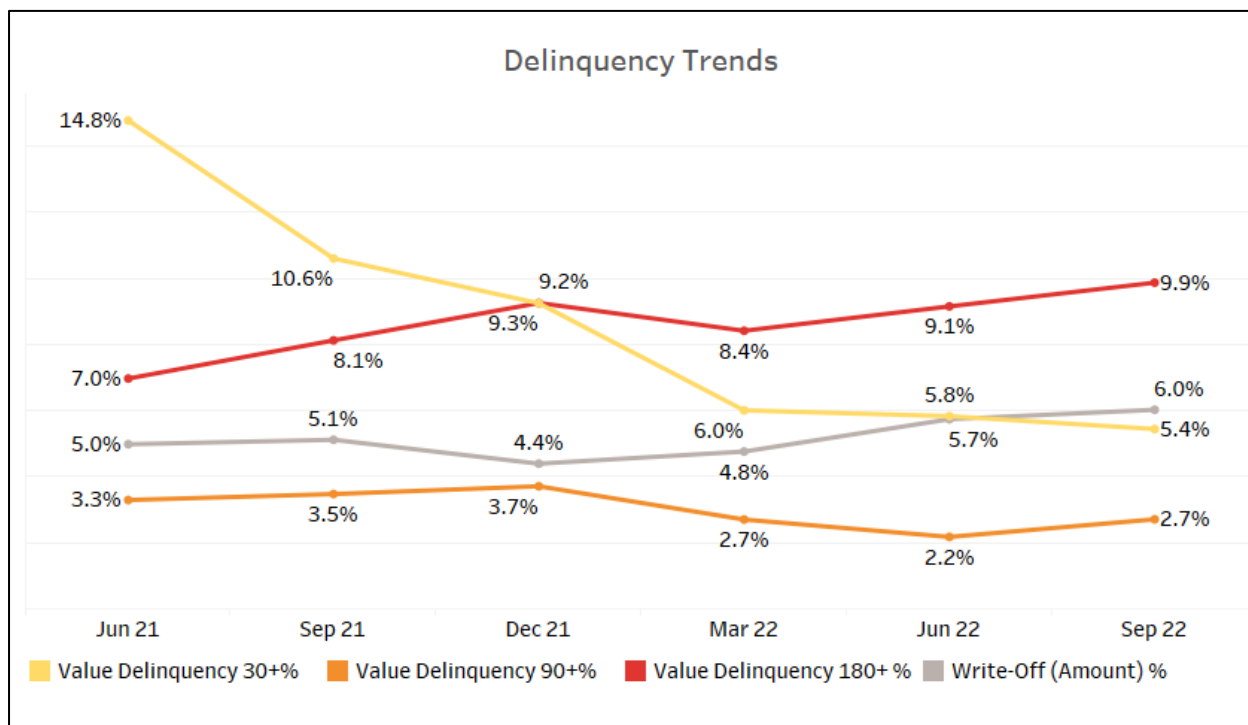
Portfolio –Ticket Size Mix



- ❑ Portfolio of ticket size ₹50K-₹75K witnessed Y-o-Y growth of 54.2% and Q-o-Q growth of 8.6% as of Sep'22
- ❑ Portfolio of ticket size <=₹15K witnessed Y-o-Y degrowth of 3.4% and Q-o-Q degrowth of 9.3% as of Sep'22
- ❑ Share of portfolio of higher ticket sized loans >₹50K increased from 30.7% in Sep'21 to 35% in Sep'22
- ❑ As of Sep'22, loans of ticket size ₹30K-₹50K have the maximum share by value and volume of 43.8% and 41% respectively
- ❑ Share of loans of ticket size ₹50K-75K has increased from 16.7% as of Sep'21 to 21.2% as of Sep'22.

Ticket Size	<=15K	15K-25K	25K-30K	30K-50K	50K-75K	75K-1L	1L+	Total
Q-o-Q GLP Growth	-3.4%	-1.5%	-0.5%	7.1%	8.6%	6.2%	-7.2%	5%
Y-o-Y GLP Growth	-9.3%	-5.5%	1.3%	23.5%	54.2%	34.1%	-12.3%	21.5%

Microfinance - Risk Profile



- ❑ PAR 30+ DPD improved from 5.8% as of Jun'22 to 5.4% as of Sep'22
- ❑ PAR 90+ DPD increased from 2.2% as of Jun'22 to 2.7% as of Sep'22
- ❑ PAR 180+ DPD increased to 9.9% as of Sep'22. Maharashtra, West Bengal, Madhya Pradesh and Kerala have highest PAR 180+ DPD
- ❑ Write-offs increased from 5.7% as of Jun'22 to 6% as of Sep'22
- ❑ In terms of delinquency management:
 - ❑ 5 best performing lenders have PAR 30+, 90+ & 180+ DPD of 0.4%, 0.2% & 7.4% respectively
 - ❑ 5 worst performing lenders have PAR 30+, 90+ & 180+ DPD of 15.1%, 7.7% & 13.1% respectively

	5 Best Performing Lenders	5 Worst Performing Lenders	Industry
Cumulative GLP (₹Cr)	30,413	56,375	3,00,027
Value Delinquency 30+	0.4%	15.1%	5.4%
Value Delinquency 90+	0.2%	7.7%	2.7%
Value Delinquency 180+	7.4%	13.1%	9.9%

Note: The analysis is limited to top 30 MFI institutions with a market share of 86% as of Sep'22. Performance is based on PAR 30+ DPD performance as of Sep'22

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+ %
Darbhanga	>2000 Cr	2,010	1.0%	0.5%	1.6%
Samastipur	>2000 Cr	2,774	1.9%	0.9%	2.8%
Madhubani	>2000 Cr	2,148	2.0%	1.1%	2.3%
Sitamarhi	1,500 Cr-2000 Cr	1,593	1.1%	0.5%	1.7%
Gorakhpur	1,500 Cr-2000 Cr	1,663	1.5%	0.6%	2.9%
Belgaum	1,500 Cr-2000 Cr	1,939	1.6%	0.9%	7.3%
Nanded	1000 Cr-1500 Cr	1,366	1.2%	0.6%	6.3%
Kushinagar	1000 Cr-1500 Cr	1,423	1.5%	0.6%	2.6%
Yavatmal	1000 Cr-1500 Cr	1,121	1.7%	1.0%	16.1%
Garhwa	500 Cr-1000 Cr	853	0.7%	0.3%	0.8%
Palamu	500 Cr-1000 Cr	800	0.7%	0.3%	0.9%
Bagalkot	500 Cr-1000 Cr	670	0.9%	0.5%	7.5%

Worst Performing Districts	GLP Band (₹ Cr)	GLP (₹ Cr)	Value Delinquency 30+%	Value Delinquency 90+%	Value Delinquency 180+ %
South 24 Parganas	>2000 Cr	2,323	20.4%	9.3%	21.6%
North 24 Parganas	>2000 Cr	2,842	17.4%	7.6%	22.2%
Nadia	>2000 Cr	2,271	17.3%	8.6%	23.7%
Haora	1,500 Cr-2000 Cr	1,877	18.8%	7.9%	17.5%
Koch Bihar	1,500 Cr-2000 Cr	1,860	12.4%	6.1%	25.3%
Hugli	1,500 Cr-2000 Cr	1,786	11.3%	5.1%	16.4%
West Tripura	1000 Cr-1500 Cr	1,144	13.0%	4.2%	9.8%
Kolkata	1000 Cr-1500 Cr	1,419	12.4%	5.0%	17.1%
Birbhum	1000 Cr-1500 Cr	1,047	11.5%	4.8%	11.5%
Cachar	500 Cr-1000 Cr	566	33.8%	17.5%	21.7%
Kamrup	500 Cr-1000 Cr	579	27.8%	16.5%	28.1%
Nagaon	500 Cr-1000 Cr	782	23.4%	14.9%	39.3%

GLP Band (₹ Cr)	>2000 Cr	1,500 Cr-2000 Cr	1000 Cr-1500 Cr	500 Cr-1000 Cr	<500 Cr	Industry
# Districts	16	26	41	130	419	632
Cumulative GLP (₹Cr)	39,965	45,188	51,131	92,407	71,336	3,00,027
Value Delinquency 30+%	7.5%	5.0%	4.8%	5.0%	5.6%	5.4%
Value Delinquency 90+%	3.6%	2.4%	2.2%	2.6%	2.9%	2.7%
Value Delinquency 180+%	10.2%	9.2%	9.1%	9.4%	11.3%	9.9%

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

Internal

Risk Profile - Geographic Deep Dive

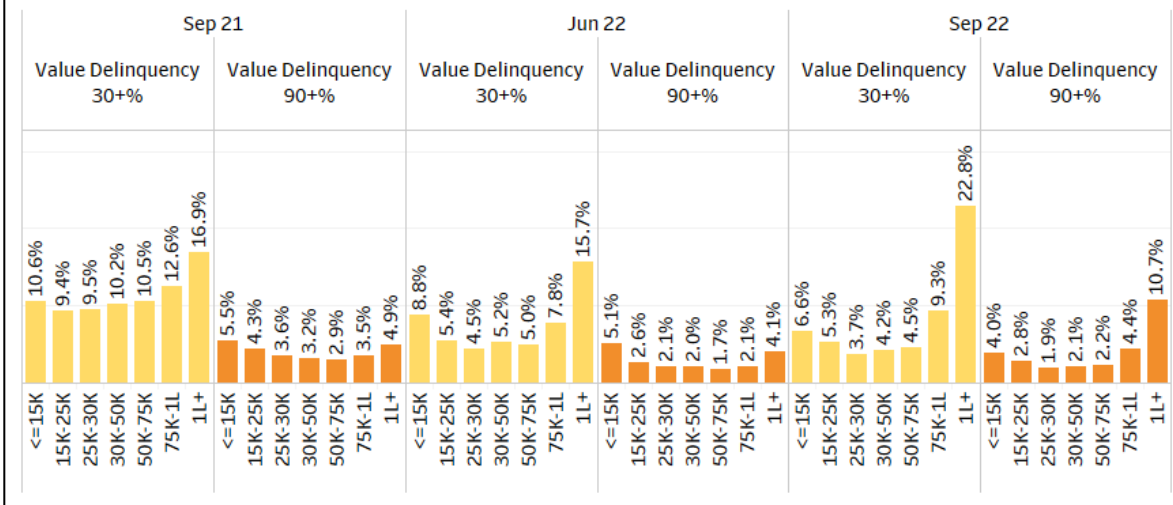
Delinquency Trends - Top 10 States

State	Value Delinquency 1-30%			Value Delinquency 30+%			State	Value Delinquency 90+%			Value Delinquency 180+ %		
	Sep 21	Jun 22	Sep 22	Sep 21	Jun 22	Sep 22		Sep 21	Jun 22	Sep 22	Sep 21	Jun 22	Sep 22
TN	13.7%	3.1%	2.3%	11.9%	6.2%	4.3%	TN	2.5%	2.5%	2.1%	5.5%	7.3%	7.8%
BR	7.4%	2.1%	1.4%	7.3%	3.2%	2.9%	BR	2.2%	1.2%	1.4%	3.5%	4.1%	4.1%
WB	12.2%	4.3%	3.7%	15.6%	10.3%	12.1%	WB	5.6%	3.3%	5.4%	12.5%	14.1%	15.9%
KA	7.9%	1.8%	1.4%	10.9%	3.8%	2.6%	KA	3.0%	1.6%	1.3%	6.7%	7.6%	8.0%
UP	5.8%	1.8%	1.9%	5.8%	2.9%	3.0%	UP	1.8%	1.1%	1.3%	4.4%	4.9%	4.9%
MH	5.3%	2.1%	2.0%	8.9%	5.3%	4.9%	MH	4.0%	2.2%	2.6%	14.5%	15.6%	16.5%
MP	6.9%	2.3%	2.4%	11.2%	5.6%	5.6%	MP	4.3%	2.5%	3.0%	8.2%	10.1%	11.0%
OR	5.6%	1.5%	1.6%	8.4%	4.6%	4.6%	OR	3.0%	2.1%	2.5%	7.7%	10.3%	10.9%
RJ	7.9%	2.4%	2.3%	8.6%	5.3%	5.1%	RJ	2.7%	2.3%	2.6%	3.6%	6.0%	6.9%
KL	20.6%	2.9%	3.4%	18.3%	8.0%	6.3%	KL	3.3%	3.2%	3.0%	6.9%	9.5%	11.0%

- ❑ PAR 30+ DPD as of Sep'22 is lower for all top 10 states compared to overall Industry (5.4%), except West Bengal, Madhya Pradesh and Kerala
- ❑ PAR 30+ DPD as of Sep'22 reduced Q-o-Q for all top 10 states except West Bengal and Uttar Pradesh, remained stable for Madhya Pradesh and Odisha
- ❑ PAR 90+ DPD as of Sep'22 increased Q-o-Q for all top 10 states except Tamil Nadu, Karnataka and Kerala as of Sep'22
- ❑ PAR 180+ DPD as of Sep'22 increased Q-o-Q across all top 10 states except Bihar and Uttar Pradesh
- ❑ PAR 90+ DPD as of Sep'22 witnessed Y-o-Y decline for all top 10 states

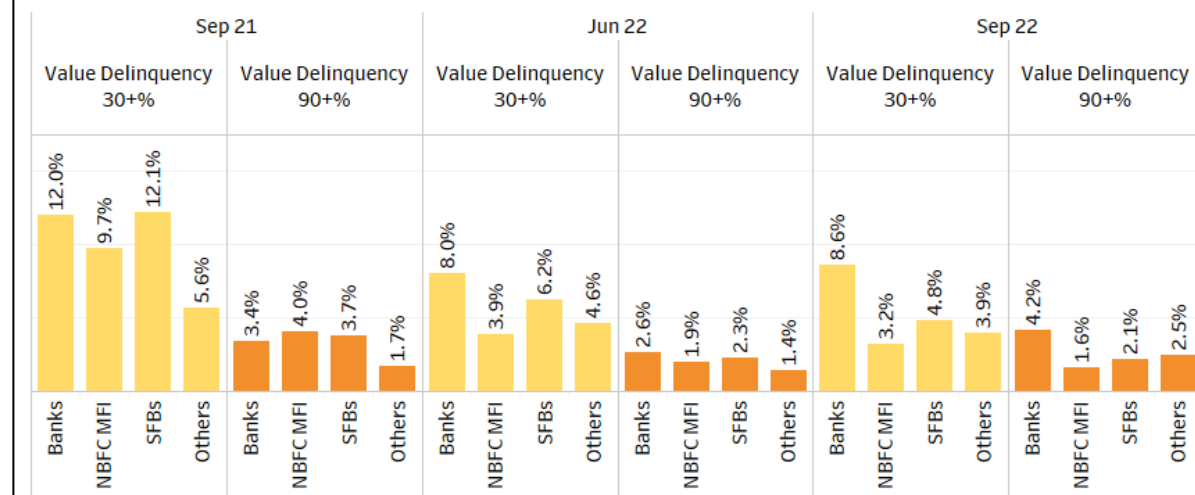
Risk Profile – Ticket Size & Lender Type Mix

Delinquency by Ticket Size



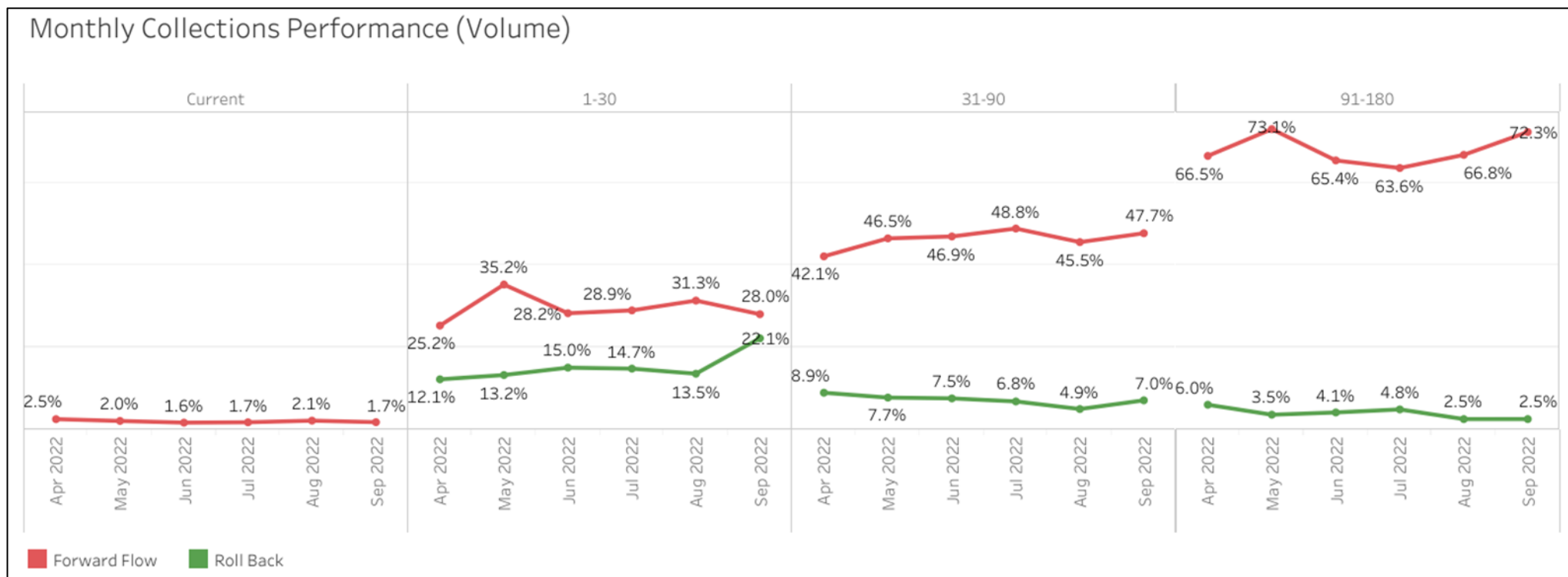
- ❑ PAR 30+ DPD higher for ticket sizes ₹75K+ in Sep'22 compared to Jun'22
- ❑ PAR 30+ DPD improved for all ticket sizes except ₹1L+ in Sep'22 compared to Sep'21
- ❑ PAR 90+ DPD higher for all ticket sizes except <=₹15K and ₹25K-₹30K in Sep'22 compared to Jun'22
- ❑ PAR 90+ DPD higher for ticket sizes ₹75K+ in Sep'22 compared to Sep'21

Delinquency by Lender Type



- ❑ PAR 30+ DPD reduced for all lender types except Banks in Sep'22 compared to Jun'22
- ❑ PAR 30+ DPD reduced for all lender types in Sep'22 compared to Sep'21
- ❑ PAR 90+ DPD reduced for all lender types except Banks and Others in Sep'22 compared to Jun'22
- ❑ PAR 90+ DPD reduced for all lender types except Banks and Others in Sep'22 compared to Sep'21

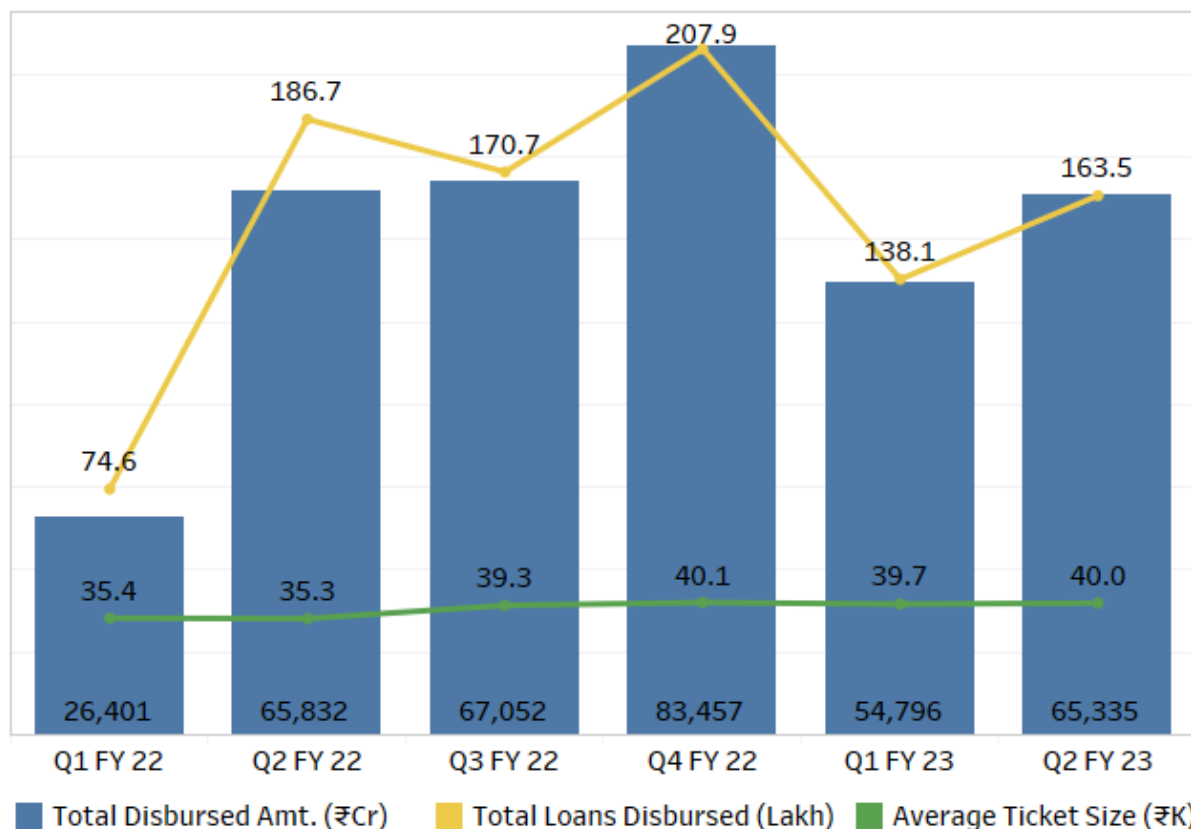
Risk Profile – Collections Performance



- ❑ Monthly forward flow rates have increased in Sep'22 for delinquency buckets except 31-90 and 91-180.
- ❑ Monthly Roll-back rates have increased in Sep'22 for delinquency buckets 1-30 and 31-90 while remained stable for 91-180
- ❑ Monthly forward flows in 31-90 and 91-180 DPD buckets increased for Banks in Sep'22 while decreased for NBFC MFIs and SFBs during the same period

Microfinance - Originations

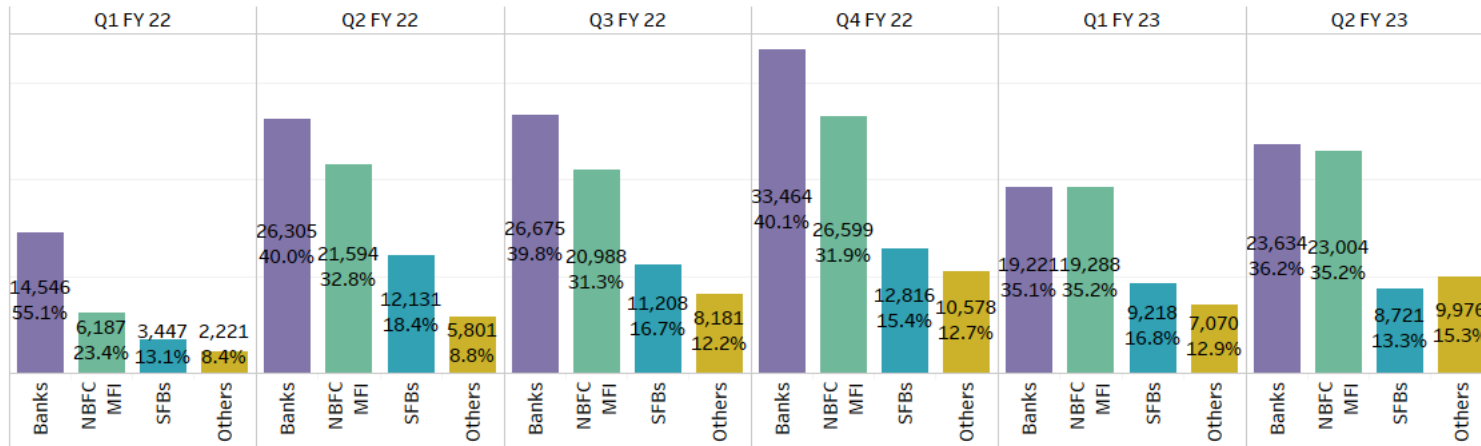
Originations - Trends



- ❑ ₹65.3K crore originations (by value) in Q2 FY23, growth of 19.2% compared to Q1 FY23 but decline of 0.8% compared to Q2 FY22
- ❑ 163.5 lakh loans disbursed in Q2 FY23, growth of 18.4% compared to Q1 FY23 but decline of 12.4% compared to Q2 FY22
- ❑ Share of Southern region in disbursements (value) increased from 26.3% in Q1 FY23 to 27.4% in Q2 FY23, share of Eastern region declined
- ❑ Average ticket size at ₹40K in Q2 FY23, growth of 0.8% compared to Q1 FY23 and growth of 13.3% compared to Q2 FY22

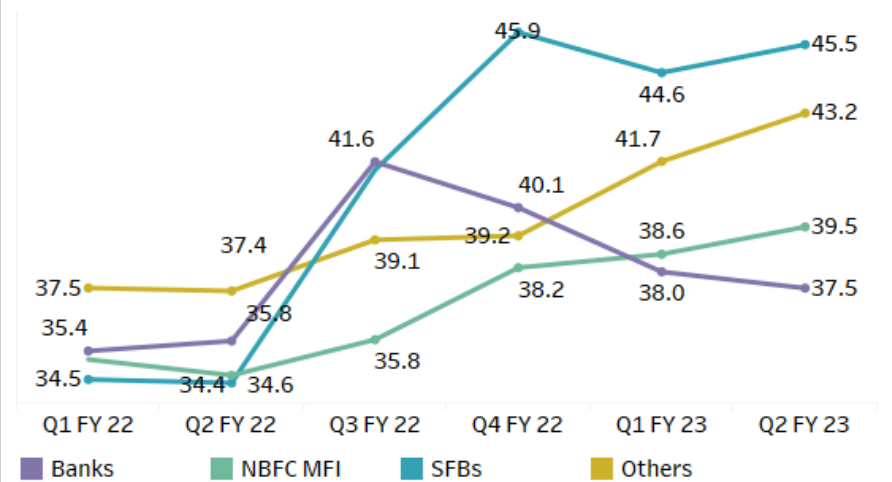
Originations - Lender Type Mix

Originations - Lender type Mix (Value in ₹ Crore)



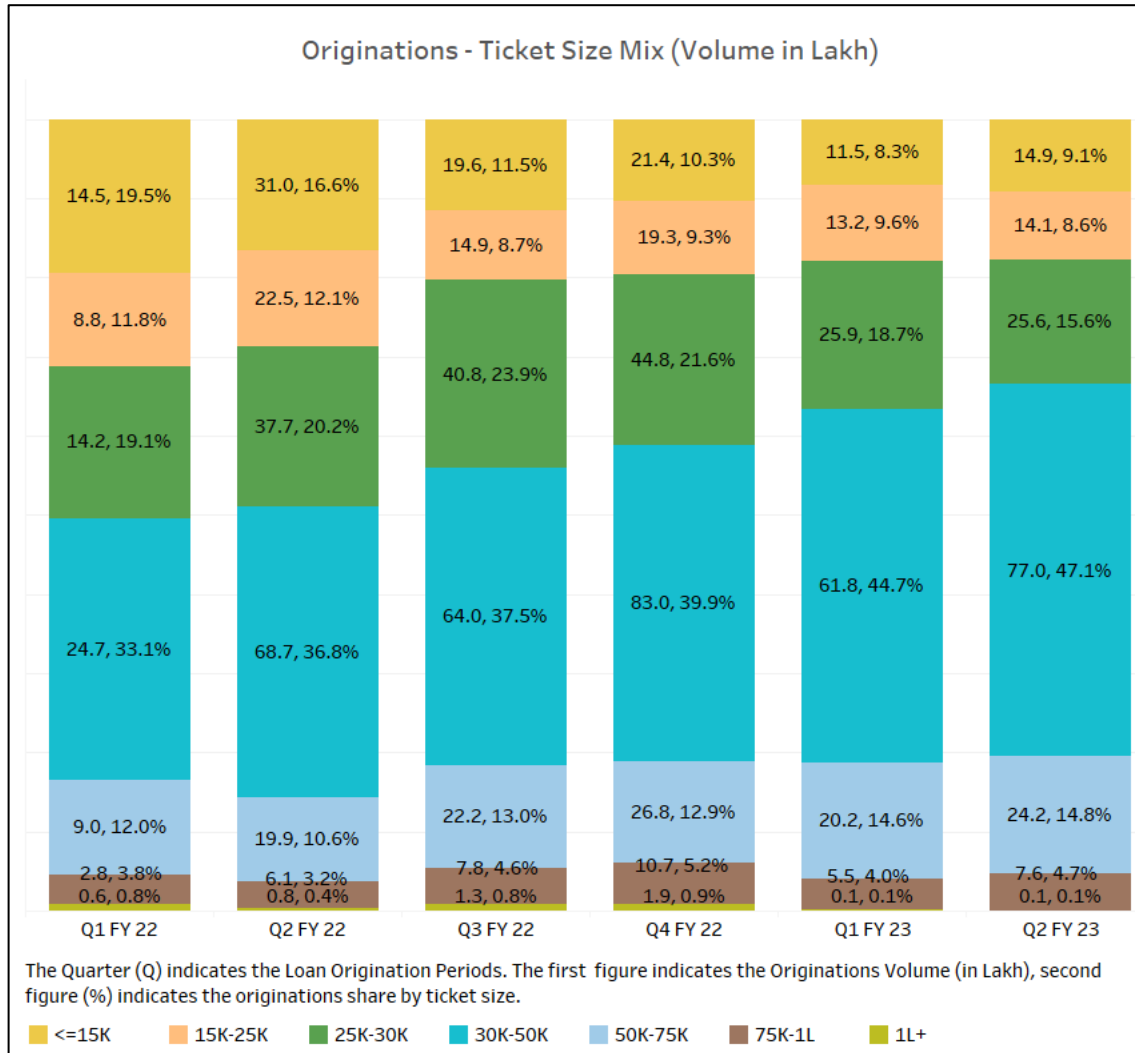
The Quarter (Q) indicates the Loan Origination Periods. The first figure indicates the disbursed amount in ₹ crore, second figure (%) indicates the market share by lender type.

Average Ticket Size (₹K) by Lender Type



- ❑ Banks have highest Originations share (by value) in Q2 FY23 at 36.2%
- ❑ Originations share (by value) of NBFC MFIs increased from 32.8% in Q2 FY22 to 35.2% in Q2 FY23
- ❑ SFBs witnessed degrowth of 5.4% in amount disbursed from Q1 FY23 to Q2 FY23
- ❑ Average ticket size for NBFC MFIs grew by 2.3%, SFBs by 2.1% and Other lenders by 3.8% from Q1 FY23 to Q2 FY23
- ❑ Average ticket size for Banks declined further by 1.4% from Q1 FY23 to Q2 FY23

Originations - Ticket Size Mix



- ❑ Originations share (by volume) of loans ₹30K-₹50K remained the largest at 47.1% in Q2 FY23
- ❑ Originations share (by volume) of loans ₹30K-₹75K increased from 59.3% in Q1 FY23 to 61.9% in Q2 FY23
- ❑ Originations share (by volume) of loans >₹50K increased from 14.3% in Q2 FY22 to 19.5% in Q2 FY23
- ❑ For Tamil Nadu, share of originations (volume) of loans of ticket size ₹30K-₹50K continues to be the largest at 51.1% in Q2 FY23
- ❑ For West Bengal, Originations share by volume for loans of <₹30K declined from 40.6% in Q1 FY23 to 35.8% in Q2 FY23, while share of loans of ₹30K-₹50K increased from 37.7% to 42.2% during the same period

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 2022 compared to Sep 2021
Q-o-Q	Quarter on Quarter	Quarterly comparison for change, example Sep 2022 compared to Jun 2022
M-o-M	Month on Month	Monthly comparison for change, example Sep 2022 compared to Aug 2022
Q2 FY22	Second Quarter of the Financial Year 2021-22	July-August-September 2021
Q1 FY23	First Quarter of the Financial Year 2022-23	April-May-June 2022
Q2 FY23	Second Quarter of the Financial Year 2022-23	July-August-September 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 Sep'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

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About MicroLend

About CRIF High Mark

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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