

MicroLend

QUARTERLY PUBLICATION ON
MICROFINANCE LENDING

VOLUME XXII
DECEMBER 2022



Together to the next level

INFORMATION. ANALYTICS . SOLUTIONS

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Microfinance Industry Snapshot (Dec 2022)

GLP (Cr)

₹316.6K

- Q-o-Q Growth %
5.5%
- Y-o-Y Growth %
20%

Active Loans (Cr)

13.1

- Q-o-Q Growth %
4.6%
- Y-o-Y Growth %
14%

Avg. Balance Per Account

₹24.2K

- Q-o-Q Growth %
0.8%
- Y-o-Y Growth %
5.3%

Avg. Balance Per Borrower

₹48.3K

- Q-o-Q Growth %
1.1%
- Y-o-Y Growth %
8.6%

Amount Disbursed in Last 3 M (Cr)

₹70,069

- Q-o-Q Growth %
(-3.7%)
- Y-o-Y Growth* %
2.5%

Loans Disbursed in Last 3 M (Lakh)

170.1

- Q-o-Q Growth %
(-6.6%)
- Y-o-Y Growth* %
(-2.7%)

Average Ticket Size in Last 3M

₹41.2K

- Q-o-Q Growth %
3.3%
- Y-o-Y Growth* %
5.4%

Value Delinquency 30+%

3.8%

- Q-o-Q Growth# %
(-1.6%)
- Y-o-Y Growth# %
(-5.4%)

Value Delinquency 90+%

2%

- Q-o-Q Growth# %
(-0.7%)
- Y-o-Y Growth# %
(-1.7%)

*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 (Dec 2022)

Portfolio outstanding of Microfinance sector at ₹316.6K crore as of Dec'22 with 5.5% Q-o-Q and 20%Y-o-Y growth

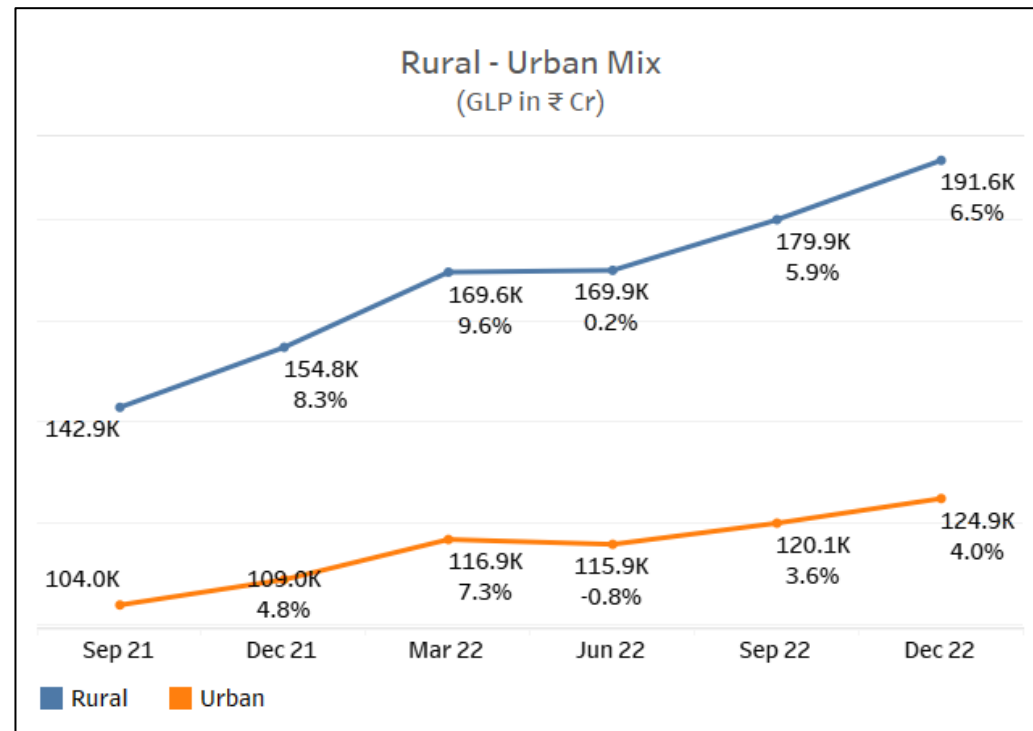
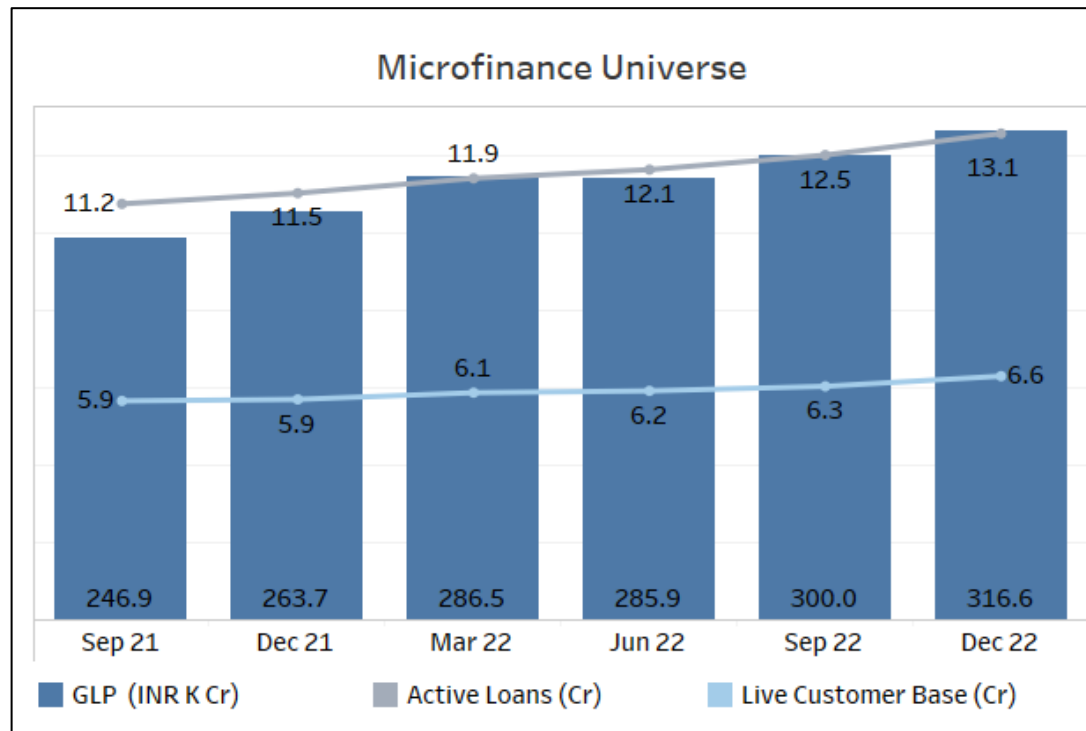
NBFCs continue to dominate the market with portfolio share of 35.7%, followed by Banks 33.5%, SFBs 16.9%, as of Dec'22

PAR 30+ DPD improved from 5.4% as of Sep'22 to 3.8% as of Dec'22, PAR 90+ DPD improved from 2.7% as of Sep'22 to 2.0% as of Dec'22

Top 10 states by GLP contribute to 84.6% of national GLP, Uttar Pradesh recording highest Q-o-Q growth

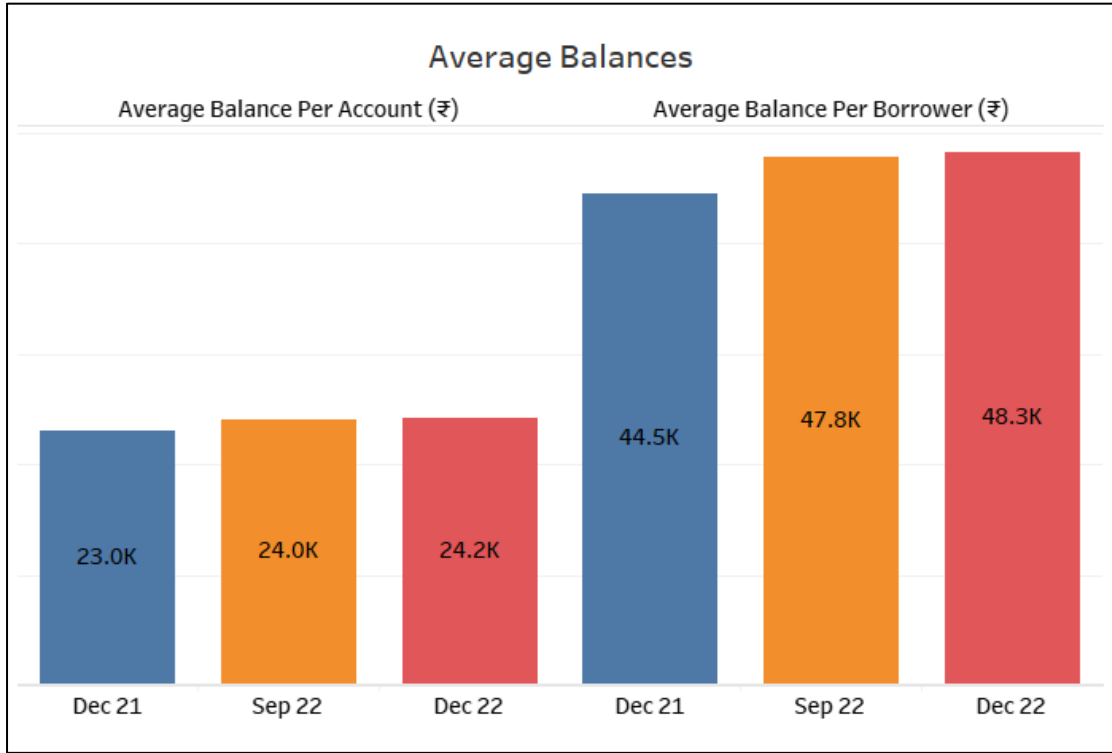
₹70.1K crore originations (by value) and 170.1 lakh originations (by volume) in Q3 FY23

Microfinance Universe

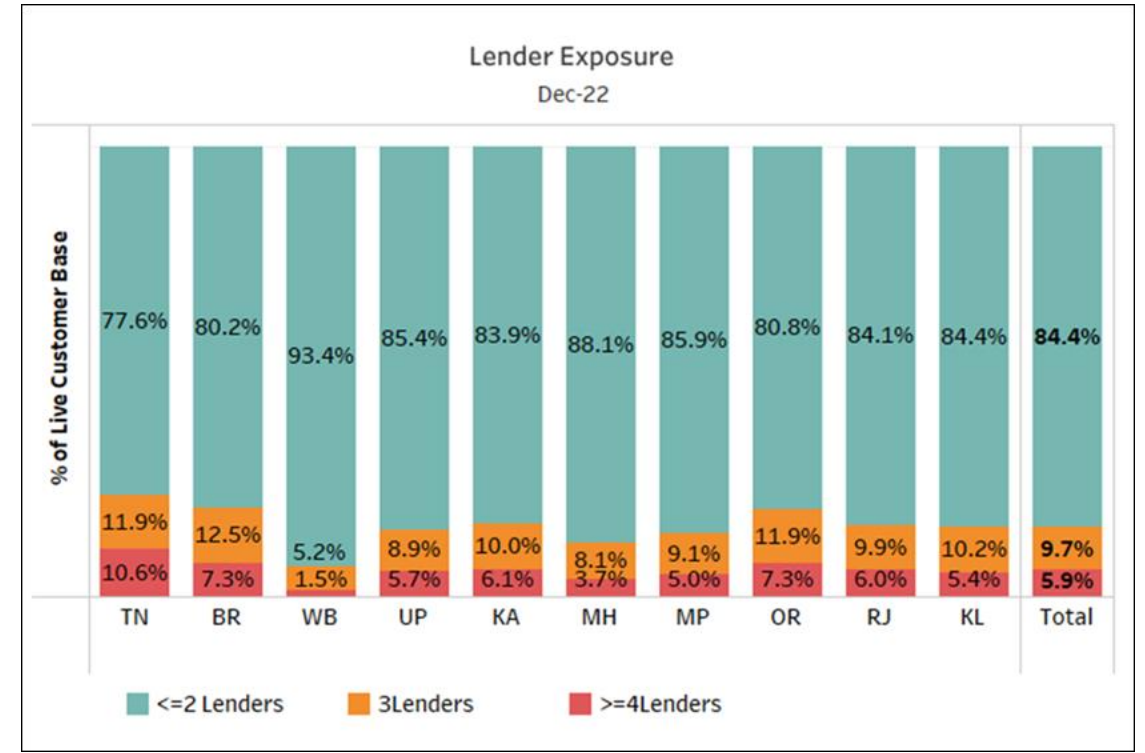


- ❑ Microfinance sector witnessed quarterly growth of 5.5% in the book, and Y-o-Y growth of 20.1% as of Dec'22
- ❑ Live customer base grew by 4.8% Q-o-Q and by 11.9% Y-o-Y
- ❑ Rural markets grew by 6.5% Q-o-Q and 23.8% Y-o-Y as of Dec'22
- ❑ Urban markets witnessed 4.0% Q-o-Q and 14.6% Y-o-Y growth as of Dec'22

Average Balances and Lender Exposure



- ❑ Average balance per account witnessed quarterly growth of 0.8% and grew Y-o-Y by 5.2% as of Dec'22
- ❑ Average balance per borrower witnessed Q-o-Q growth of 1% and grew Y-o-Y by 8.5% as of Dec'22

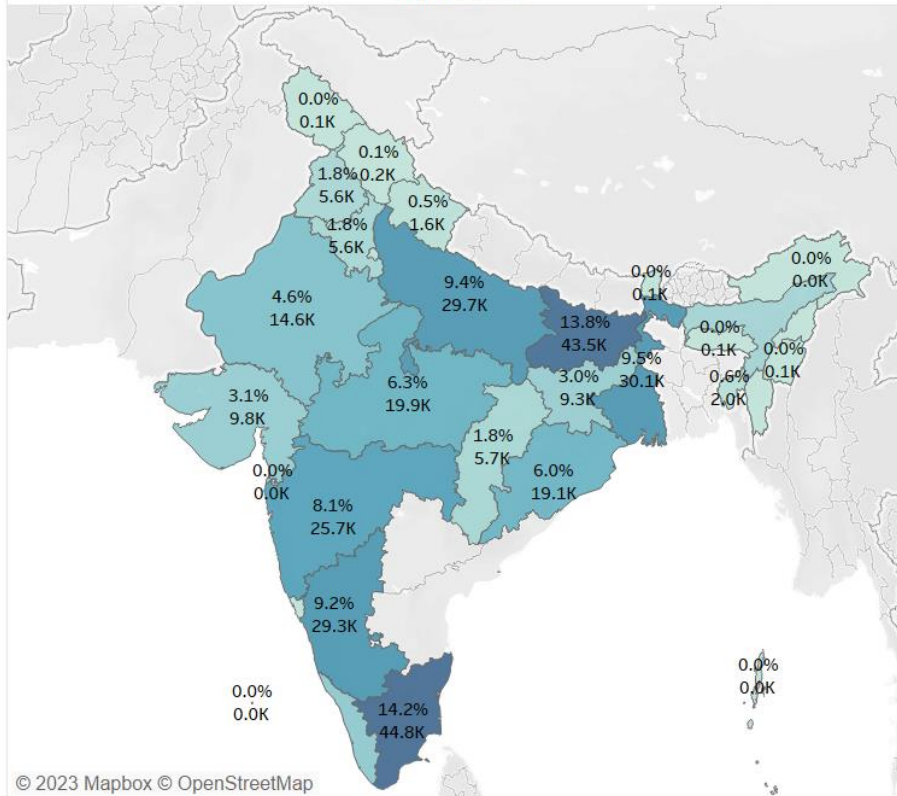


- ❑ 5.9% of borrowers have exposure to 4 or more lenders
- ❑ Among major states, the proportion is
 - ❑ Highest for Tamil Nadu (10.6%)
 - ❑ Least for West Bengal (1.5%)

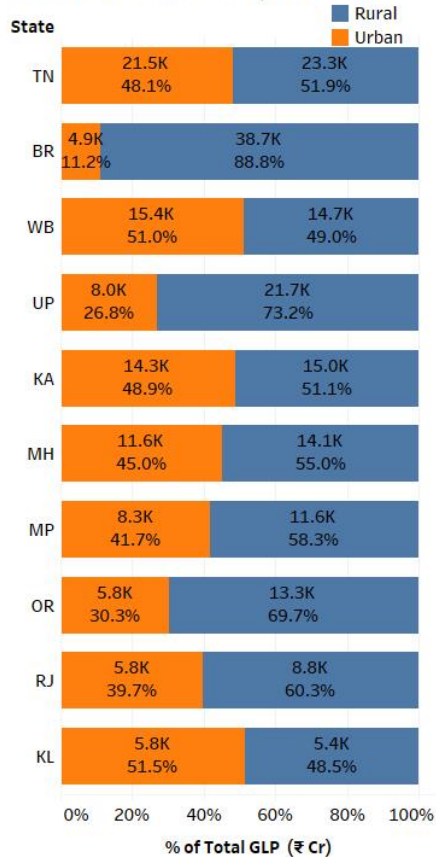
Geographic Deep Dive

Portfolio Mix - State Level

December 2022

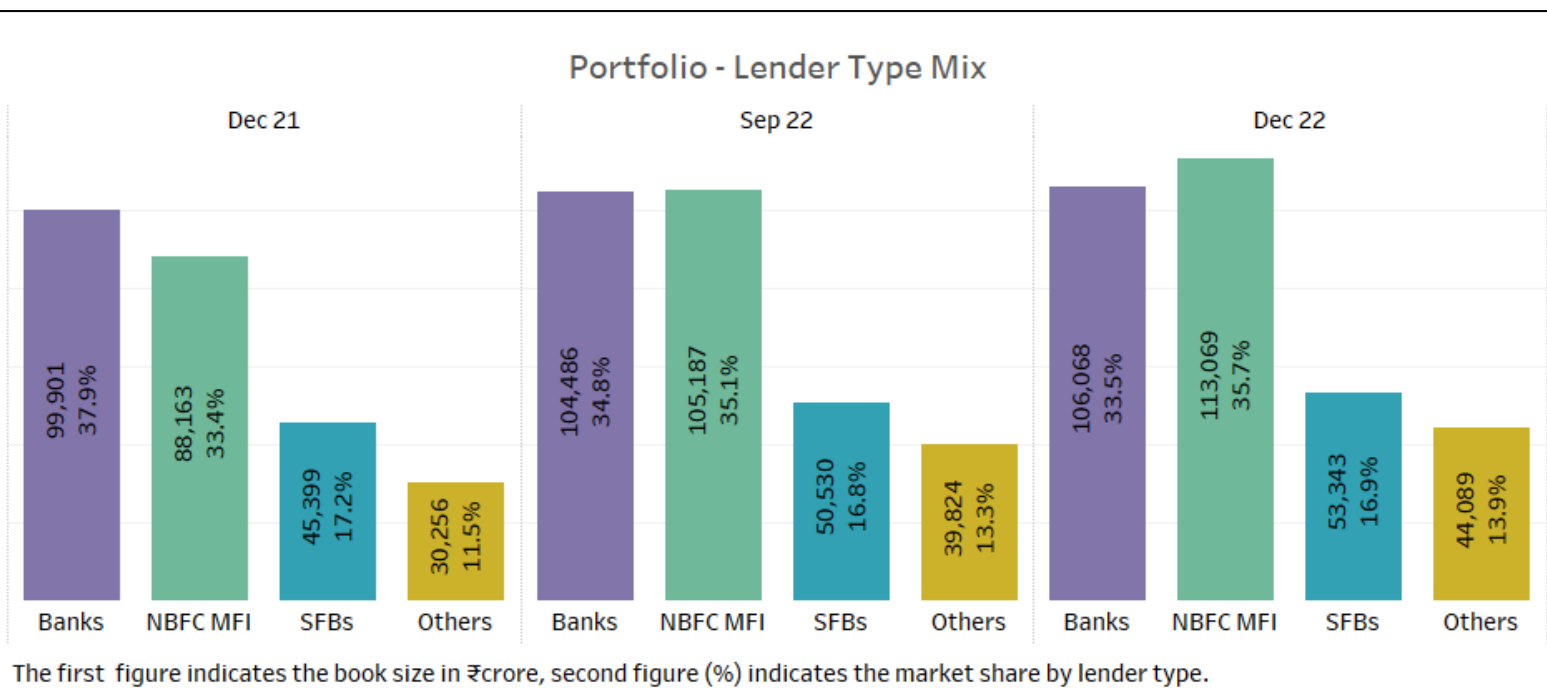


Rural - Urban Mix - Top 10 States



- Top 10 states constitute 84.6% of the GLP as of Dec'22
- Uttar Pradesh, Bihar and Karnataka recorded highest Q-o-Q growth of 11.1%, 9.0% and 7.5% respectively as of Dec'22
- Average balance per borrower for top states Tamil Nadu, Bihar and West Bengal stood at ₹53.6K, ₹54.0K, ₹44.2K respectively as of Dec'22
- Microfinance sector dominated by Eastern region (32.2%) followed by South (27.1%), as of Dec'22
- NBFC MFIs have 28.7% share in East, SFBs have concentration of 35.9% in South

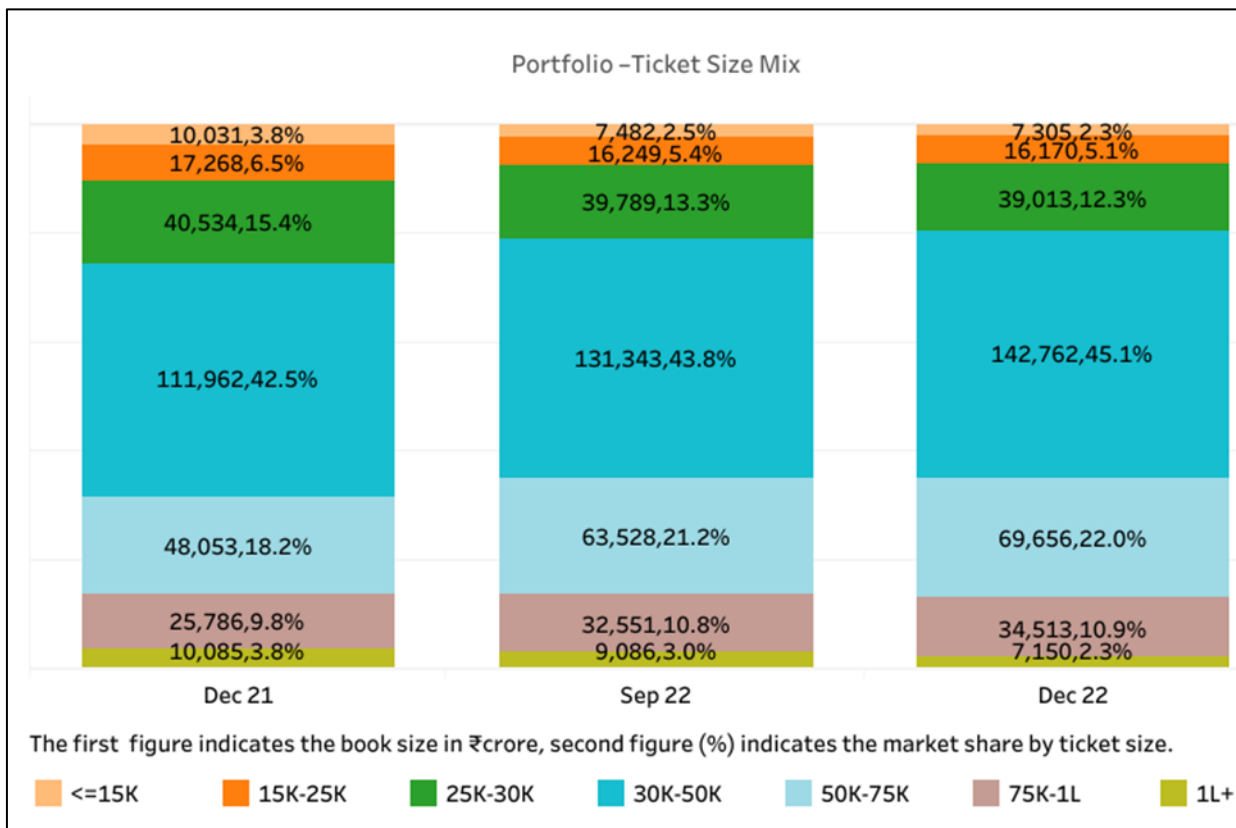
Portfolio – Lender Type Mix



- ❑ NBFC MFIs dominate the market with portfolio share of 35.7% as of Dec'22
- ❑ 7.5% Q-o-Q growth in GLP for NBFC MFIs as against 1.5% for Banks and 5.6% for SFBs as of Dec'22
- ❑ Y-o-Y growth of nearly 28.2% for NBFC MFIs, 6.2% for banks, 17.5% for SFBs
- ❑ 47.8% of NBFC MFIs' portfolio comprised of loans of ticket sizes ₹30K-₹50K, as against 38.4% for Banks and 49.7% for SFBs

Lender Type	Banks	NBFC MFI	SFBs	Others	Total
Q-o-Q GLP Growth	1.5%	7.5%	5.6%	10.7%	5.5%
Y-o-Y GLP Growth	6.2%	28.2%	17.5%	45.7%	20.0%

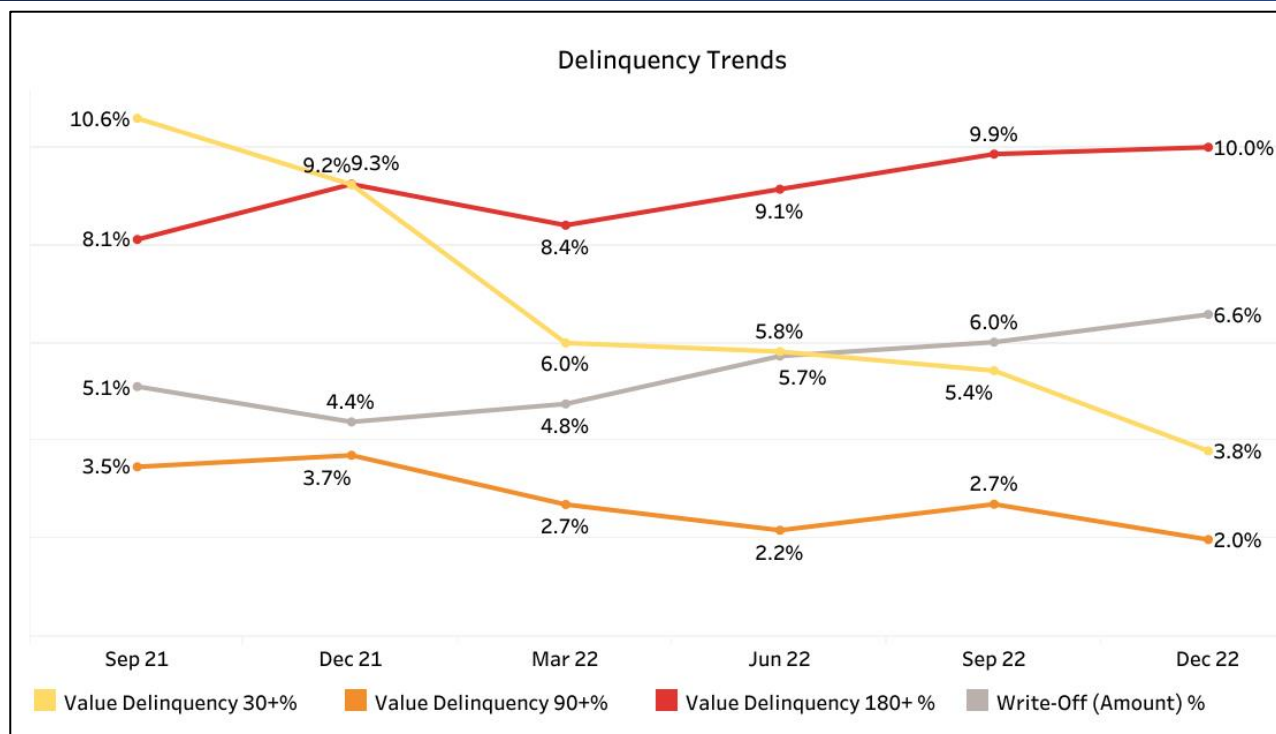
Portfolio –Ticket Size Mix



- ❑ Portfolio of ticket size ₹50K-₹75K witnessed Y-o-Y growth of 45% and Q-o-Q growth of 9.6% as of Dec'22
- ❑ Portfolio of ticket size <=₹15K witnessed Y-o-Y degrowth of 27.2% and Q-o-Q degrowth of 2.4% as of Dec'22
- ❑ Share of portfolio of higher ticket sized loans >₹50K increased from 31.8% in Dec'21 to 35.2% in Dec'22
- ❑ As of Dec'22, loans of ticket size ₹30K-₹50K have the maximum share by value and volume at 45.1% and 42.1% respectively
- ❑ Share of loans of ticket size ₹50K-₹75K has increased from 18.2% as of Dec'21 to 22% as of Dec'22.

Ticket Size	<=15K	15K-25K	25K-30K	30K-50K	50K-75K	75K-1L	1L+	Total
Q-o-Q GLP Growth	-2.4%	-0.5%	-2.0%	8.7%	9.6%	6.0%	-21.3%	5%
Y-o-Y GLP Growth	-27.2%	-6.4%	-3.8%	27.5%	45.0%	33.8%	-29.1%	20.0%

Microfinance - Risk Profile



	5 Best Performing Lenders	5 Worst Performing Lenders	Industry
Cumulative GLP (₹Cr)	46,337	59,958	3,16,569
Value Delinquency 30+%	0.4%	9.6%	3.8%
Value Delinquency 90+%	0.2%	5.6%	2.0%
Value Delinquency 180+%	5.9%	11.6%	10.0%
Note: The analysis is limited to top 30 MFI institutions with a market share of 86.3% as of Dec'22. Performance is based on PAR 30+ DPD performance as of Dec'22			

- ❑ PAR 30+ DPD improved from 5.4% as of Sep'22 to 3.8% as of Dec'22
- ❑ PAR 90+ DPD improved from 2.7% as of Sep'22 to 2.0% as of Dec'22
- ❑ PAR 180+ DPD increased to 10.0% as of Dec'22. Maharashtra, West Bengal, Madhya Pradesh and Kerala have highest PAR 180+ DPD
- ❑ Write-offs increased from 6.0% as of Sep'22 to 6.6% as of Dec'22
- ❑ In terms of delinquency management:
 - ❑ 5 best performing lenders have PAR 30+, 90+ & 180+ DPD of 0.4%, 0.2% & 5.9% respectively
 - ❑ 5 worst performing lenders have PAR 30+, 90+ & 180+ DPD of 9.6%, 5.6% & 11.6% 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+ %
Darbhanga	>2000 Cr	2,197	0.8%	0.4%	1.6%
Belgaum	>2000 Cr	2,067	1.2%	0.6%	7.6%
Samastipur	>2000 Cr	2,990	1.4%	0.8%	2.7%
Nanded	1,500 Cr-2000 Cr	1,509	0.8%	0.4%	6.1%
Sitamarhi	1,500 Cr-2000 Cr	1,776	0.9%	0.4%	1.6%
Kushinagar	1,500 Cr-2000 Cr	1,592	1.2%	0.6%	2.5%
Gulbarga	1000 Cr-1500 Cr	1,011	1.4%	0.6%	5.2%
Sivaganga	1000 Cr-1500 Cr	1,015	1.5%	0.6%	3.8%
Pudukkottai	1000 Cr-1500 Cr	1,289	1.5%	0.6%	4.6%
Palamu	500 Cr-1000 Cr	882	0.6%	0.3%	0.9%
Bagalkot	500 Cr-1000 Cr	718	0.8%	0.4%	7.4%
Garhwa	500 Cr-1000 Cr	922	0.8%	0.3%	0.8%

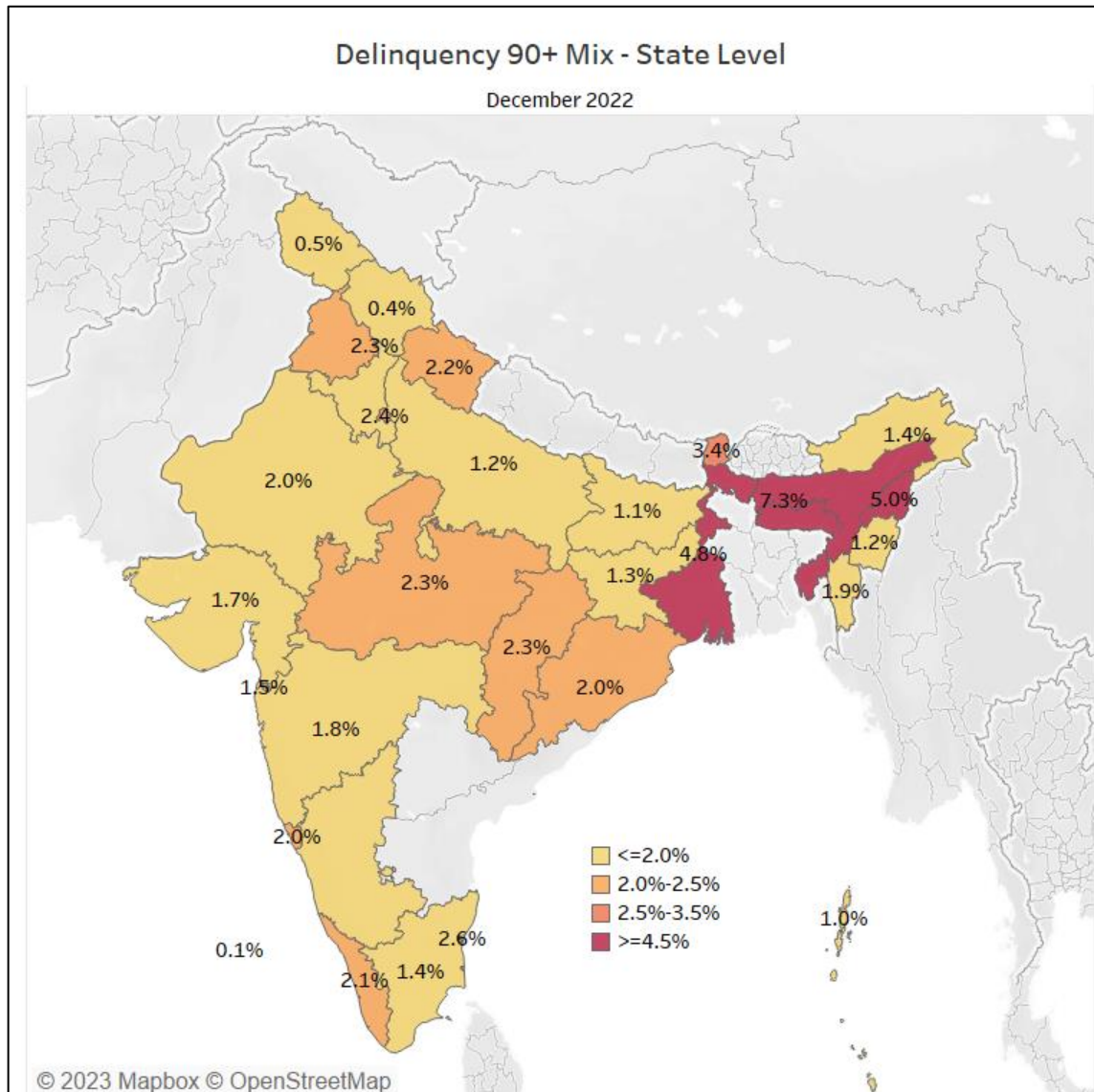
Worst Performing Districts	GLP Band (₹ Cr)	GLP (₹ Cr)	Value Delinquency 30+%	Value Delinquency 90+%	Value Delinquency 180+ %
Jalpaiguri	>2000 Cr	2,391	13.1%	4.5%	13.3%
South 24 Parganas	>2000 Cr	2,269	12.3%	8.3%	25.7%
Nadia	>2000 Cr	2,019	11.2%	7.0%	21.4%
Haora	1,500 Cr-2000 Cr	1,815	12.7%	8.1%	17.9%
Koch Bihar	1,500 Cr-2000 Cr	1,578	9.9%	4.8%	17.9%
Hugli	1,500 Cr-2000 Cr	1,709	7.2%	4.2%	13.9%
West Tripura	1000 Cr-1500 Cr	1,037	11.1%	5.5%	8.4%
Birbhum	1000 Cr-1500 Cr	1,036	8.8%	4.9%	12.1%
Kolkata	1000 Cr-1500 Cr	1,408	8.2%	5.1%	18.5%
Kamrup	500 Cr-1000 Cr	535	13.8%	8.3%	35.8%
Nagaon	500 Cr-1000 Cr	670	12.3%	7.4%	43.8%
Darjiling	500 Cr-1000 Cr	833	11.1%	3.6%	9.4%

GLP Band (₹ Cr)	>2000 Cr	1,500 Cr-2000 Cr	1000 Cr-1500 Cr	500 Cr-1000 Cr	<500 Cr	Industry
# Districts	21	27	45	127	413	633
Cumulative GLP (₹Cr)	51,224	46,451	55,156	91,785	71,953	3,16,569
Value Delinquency 30+%	4.6%	3.5%	3.4%	3.4%	4.3%	3.8%
Value Delinquency 90+%	2.4%	1.8%	1.7%	1.7%	2.3%	2.0%
Value Delinquency 180+%	9.4%	9.1%	9.5%	9.6%	12.0%	10.0%

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

Internal

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



- ❑ Top 10 states have a combined PAR 90+ DPD of 1.8% as of Dec'22 improved from 2.4% as of Sep'22
- ❑ PAR 90+ DPD as of Dec'22 witnessed Y-o-Y decline for all top 10 states as of Dec'22
- ❑ All top 10 states, except Kerala, Madhya Pradesh and West Bengal have $\leq 2\%$ PAR 90+ DPD each as of Dec'22
- ❑ Among top 10 states, West Bengal, Madhya Pradesh and Kerala have higher PAR 90+ DPD than overall industry (2.0%) as of Dec'22

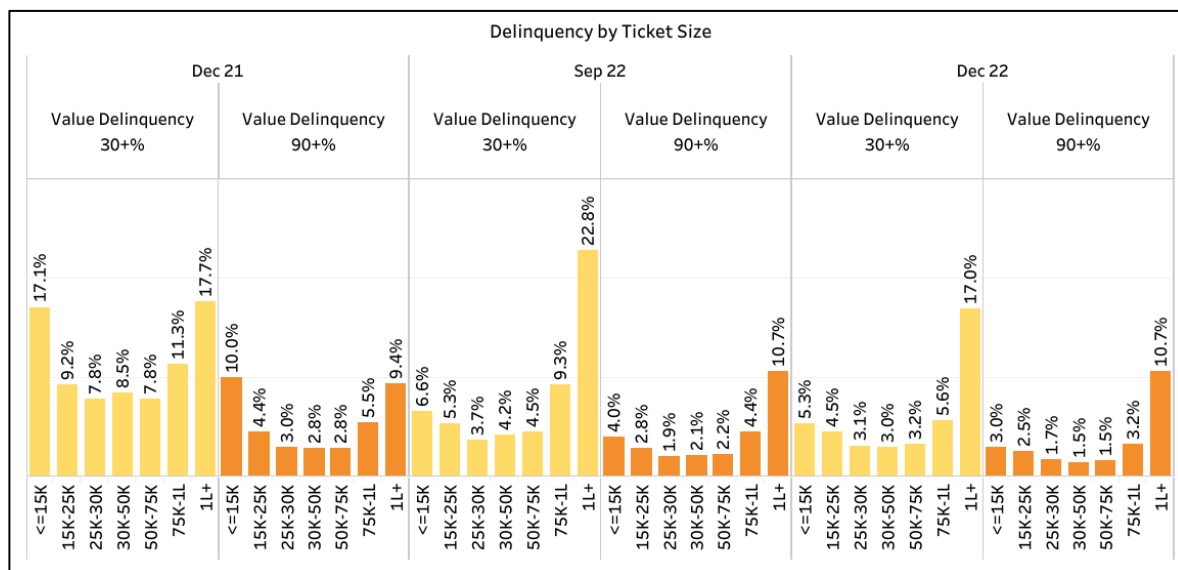
Risk Profile - Geographic Deep Dive

Delinquency Trends – Top 10 States

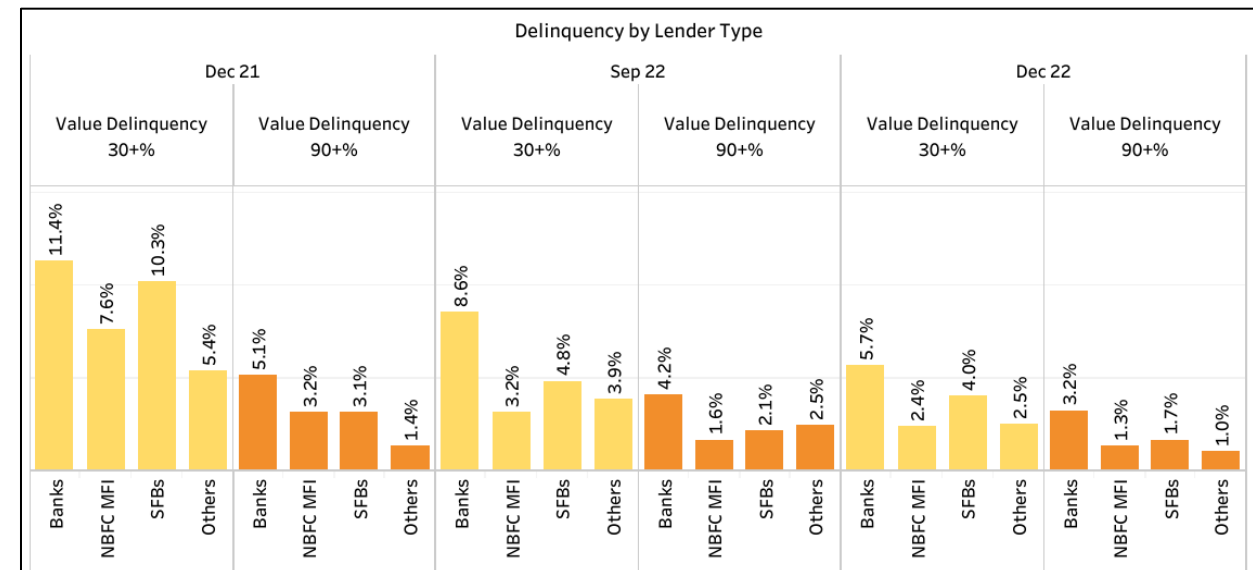


- ❑ PAR 30+ DPD as of Dec'22 is lower for all top 10 states compared to overall Industry (3.8%), except West Bengal, Madhya Pradesh, Rajasthan and Kerala
- ❑ PAR 30+ DPD as of Dec'22 reduced Q-o-Q for all top 10 states
- ❑ PAR 90+ DPD as of Dec'22 improved Q-o-Q for all top 10 states
- ❑ PAR 180+ DPD as of Dec'22 increased Q-o-Q across all top 10 states except Bihar, Odisha, Uttar Pradesh and West Bengal

Risk Profile – Ticket Size & Lender Type Mix

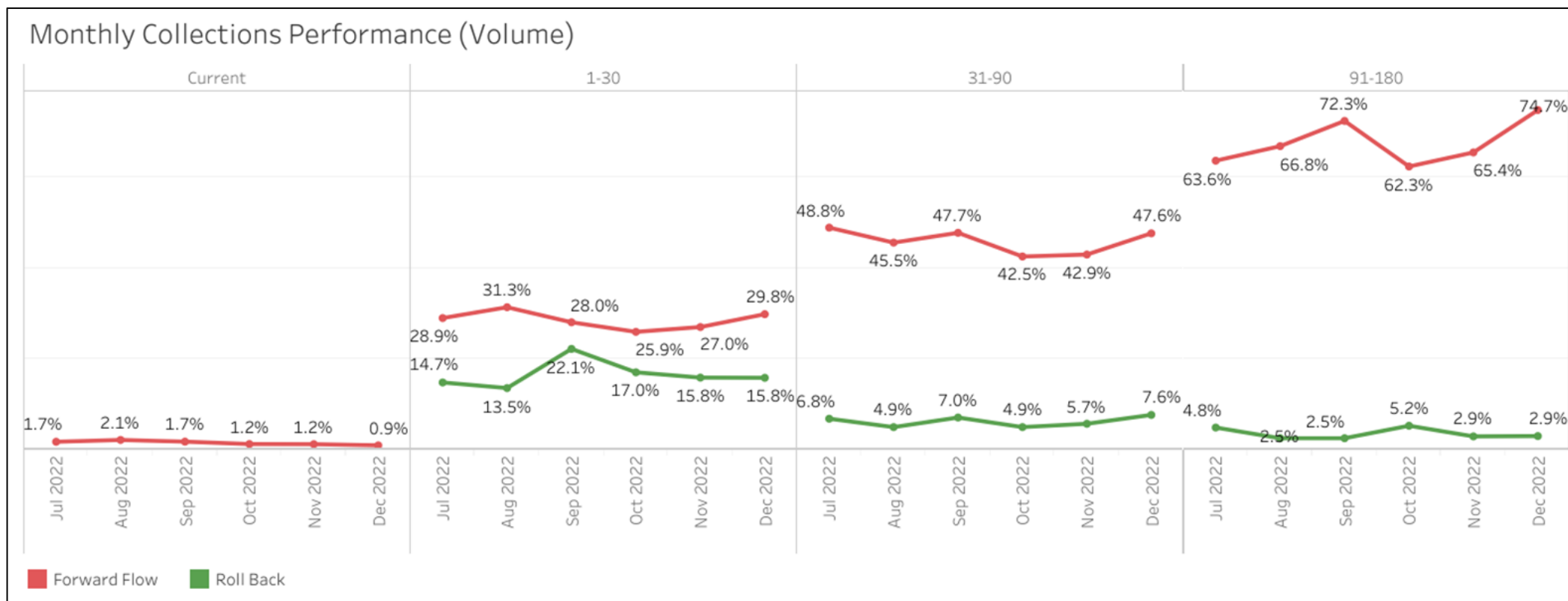


- ❑ PAR 30+ DPD improved for all ticket sizes in Dec'22 compared to Sep'22 and Dec'21
- ❑ PAR 90+ DPD improved for all ticket sizes except ticket size ₹1L+ in Dec'22 compared to Sep'22 and Dec'21



- ❑ PAR 30+ DPD and PAR 90+ DPD both reduced for all lender types in Dec'22 compared to Sep'22 and Dec'21
- ❑ Banks have higher PAR 30+ DPD and PAR 90+ DPD compared to other lender types in Dec'22

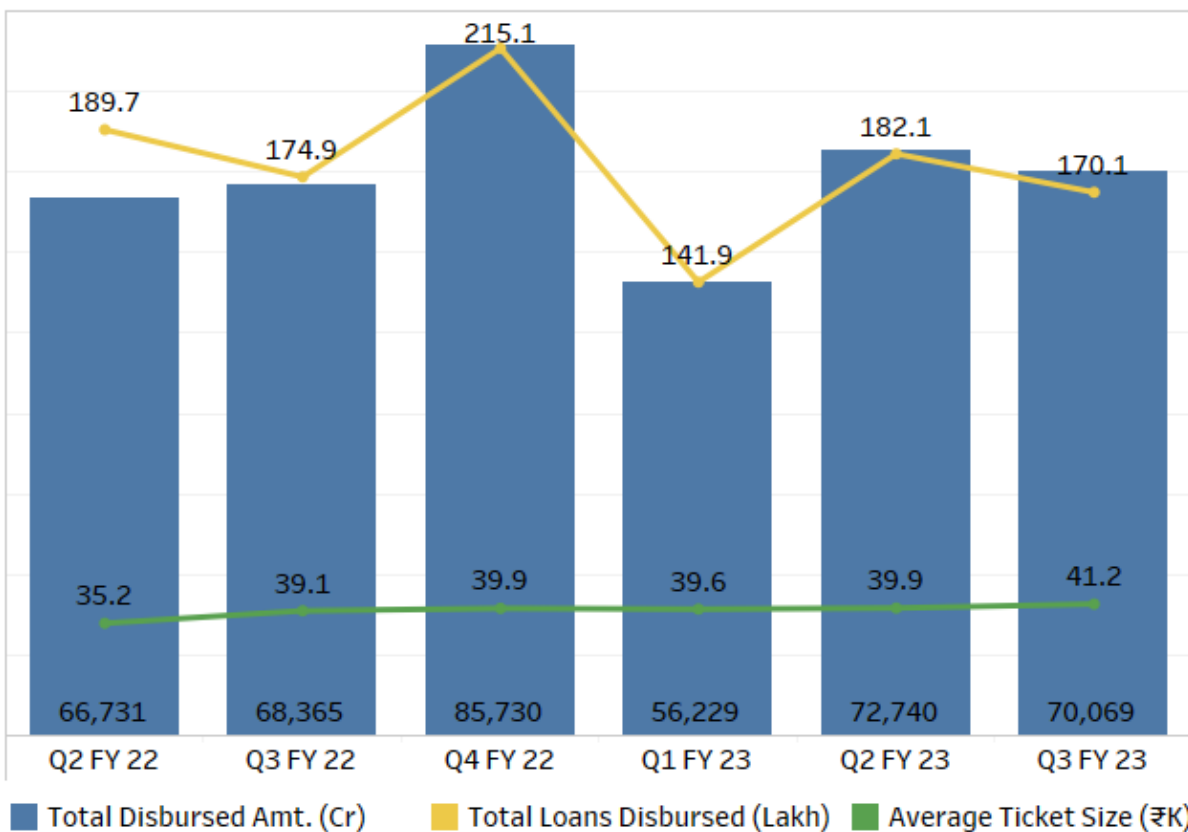
Risk Profile – Collections Performance



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

Microfinance - Originations

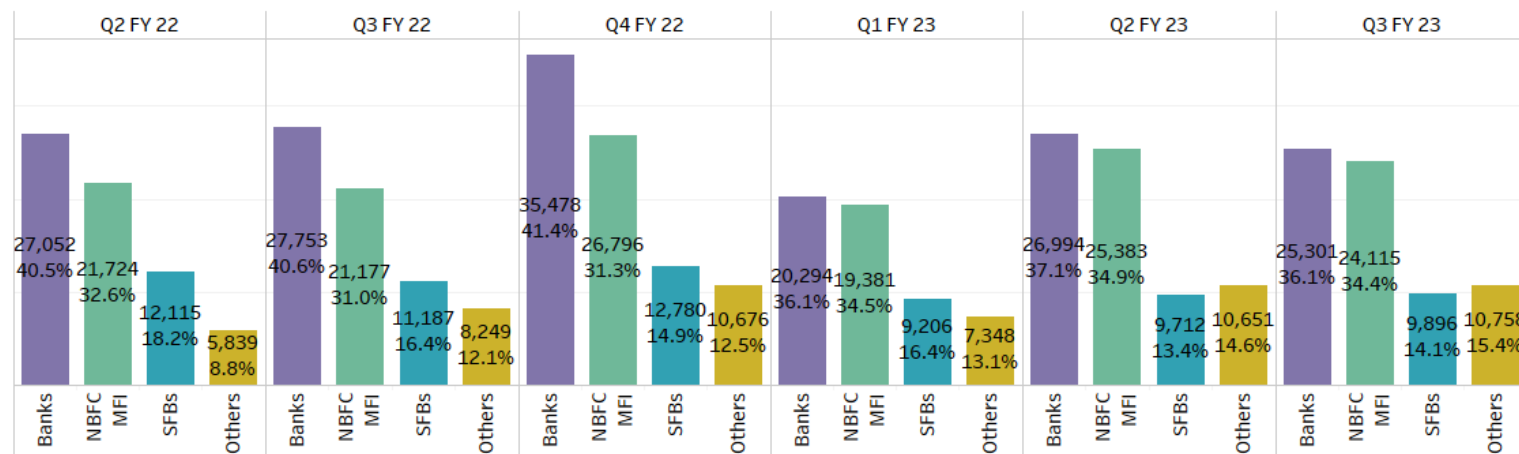
Originations - Trends



- ❑ ₹70.1K crore originations (by value) in Q3 FY23, decline of 3.7% compared to Q2 FY23 but growth of 2.5% compared to Q3 FY22
- ❑ 170.1 lakh loans disbursed in Q3 FY23, decline of 6.6% compared to Q2 FY23 and decline of 2.7% compared to Q3 FY22
- ❑ Share of Western region in disbursements (value) increased from 14.8% in Q3 FY22 to 15.5% in Q3 FY23, share of Southern region declined
- ❑ Average ticket size at ₹41.2K in Q3 FY23, growth of 3.3% compared to Q2 FY23 and growth of 5.4% compared to Q3 FY22

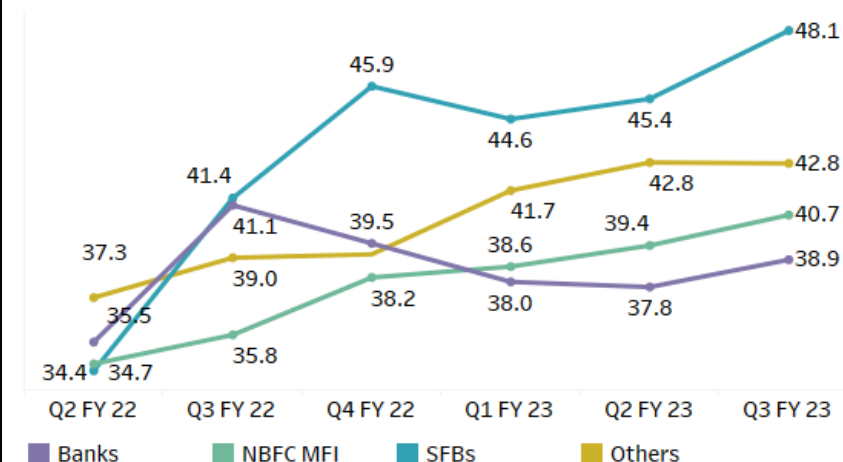
Originations - Lender Type Mix

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.

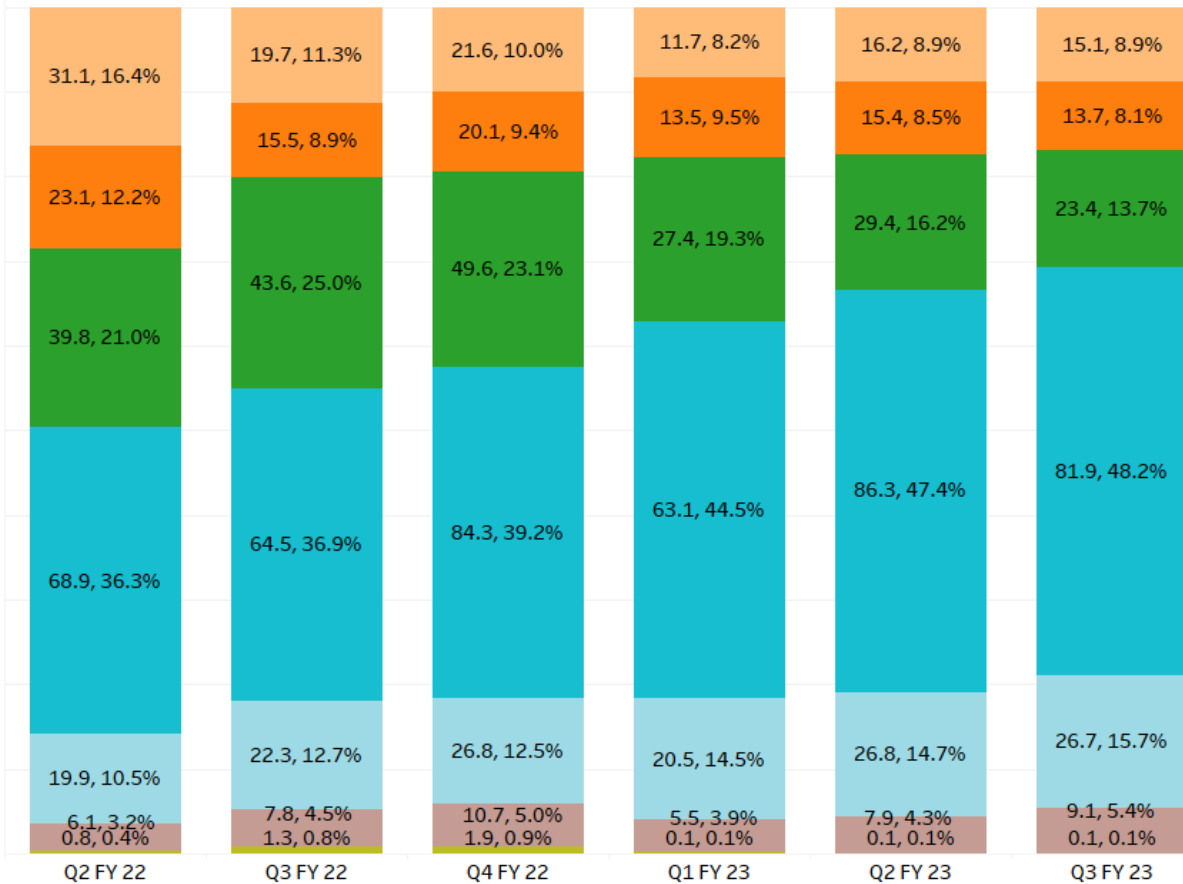
Average Ticket Size (₹K) by Lender Type



- ❑ Banks continue to dominate with 36.1% Originations share (by value) in Q3 FY23
- ❑ Originations share (by value) of NBFC MFIs increased from 31% in Q3 FY22 to 34.4% in Q3 FY23
- ❑ SFBs witnessed growth of 1.9% in amount disbursed from Q2 FY23 to Q3 FY23
- ❑ Average ticket size for SFBs grew by 6.1%, NBFC MFIs by 3.1% and Banks by 2.9% from Q2 FY23 to Q3 FY23
- ❑ Average ticket size for Other lender types remained stable from Q2 FY23 to Q3 FY23

Originations - Ticket Size Mix

Originations - Ticket Size Mix (Volume in Lakh)



The Quarter (Q) indicates the Loan Origination Periods. The first figure indicates the Originations Volume (in Lakhs), second figure (%) indicates the originations share by ticket size.

<=15K 15K-25K 25K-30K 30K-50K 50K-75K 75K-1L 1L+

- ❑ Originations share (by volume) of loans ₹30K-₹50K remained the largest at 48.2% in Q3 FY23
- ❑ Originations share (by volume) of loans ₹30K-₹75K increased from 62.1% in Q2 FY23 to 63.9% in Q3 FY23
- ❑ Originations share (by volume) of loans >₹50K increased from 18% in Q3 FY22 to 21.2% in Q3 FY23
- ❑ For Tamil Nadu, share of originations (volume) of loans of ticket size ₹30K-₹50K continues to be the largest at 52.4% in Q3 FY23
- ❑ For West Bengal, Originations share by volume for loans of <₹30K declined from 37.2% in Q2 FY23 to 32.8% in Q3 FY23, while share of loans of ₹30K-₹50K increased from 42.5% to 45.6% 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 Dec 2022 compared to Dec 2021
Q-o-Q	Quarter on Quarter	Quarterly comparison for change, example Dec 2022 compared to Sep 2022
M-o-M	Month on Month	Monthly comparison for change, example Dec 2022 compared to Nov 2022
Q3 FY22	Third Quarter of the Financial Year 2021-22	October-November-December 2021
Q2 FY23	Second Quarter of the Financial Year 2022-23	July-August-September 2022
Q3 FY23	Third Quarter of the Financial Year 2022-23	October-November-December 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 Dec'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

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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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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