

MICROFINANCE PULSE REPORT

VOL XVI - June 2023



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Executive Summary

16th edition of MFI Pulse report is based on the data submitted to the bureau for the period up to 31st December 2022.

Portfolio outstanding of microfinance industry as on 31st December 2022 is ₹ 287,237 crore with 1,096 lakh active loans and 6 crore unique live borrowers across lenders. NBFC-MFIs contributes highest towards portfolio outstanding. Banks, NBFC-MFIs & SFBs contributes 90% towards portfolio outstanding and 91% towards disbursement amount in OND'22 quarter. Microfinance industry grew by 22% from December 2021 to December 2022 and witnessed Q-o-Q growth of 6% from September 2022 to December 2022. NBFCs witnessed highest Y-o-Y growth of 62% from December 2021 to December 2022.

Disbursements by value witnessed annual growth of 10% and 5% by volume from OND'21 to OND'22. NBFC-MFIs witnessed highest growth of 32% in terms of disbursement amount and by 16% in terms of loan disbursal from OND'21 to OND'22. Highest number of loans are issued under 30k-40k ticket size category and ticket size 40k-50k witnessed annual growth of 42% from OND'21 to OND'22.

Industry grew by 5% in terms of loan disbursal from OND'21 to OND'22.

All the delinquency buckets have declined in December 2022 compared to December 2021.

Portfolio outstanding as on 31st December 2022 for Aspirational Districts is ₹ 38,812 crore and it grew by 22% from December 2021 to December 2022. Loans worth ₹ 42,767 crore were disbursed in Aspirational Districts from January 2022 to December 2022.

In this edition we have covered performance of all the regions rural, semi-urban and urban.

Book size of Rural region grew by 26% from December 2021 to December 2022.

Abbreviations & Glossary

- ATS (Average Ticket Size) = Disbursed Amount / Number of Loans
 - DPD = Days Past Due
 - Live POS or Borrowers or Active loans = 0 to 179 DPD + New Accounts + Current Accounts
 - MFI = Microfinance Institution
 - POS = Portfolio Outstanding
 - UT = Union Territory
 - Aspirational Districts (AD) – Districts (currently 117 in no.) identified by NITI Aayog, GoI, in January 2018, for improvement to enhance Human Development Index, in turn, based on composite indicators like Health & Nutrition, Education, Agriculture & Water Resources, Financial Inclusion, Skill Development and Basic Infrastructure
 - Area categorization provided on the platform is basis the census classification of regions in India as Rural if it's a village and Urban if it is a town or a city. Urban :If a pin code is in the heart of a town or city, with no overlap with a village. Semi-urban : If the pin code is on the border of a city and has a overlap with a village. Rural : If the pin code is entirely a village.
-
- 1-179 = 1 to 179 DPD/ Live POS
 - 1-29 = 1 to 29 DPD/ Live POS
 - 30-59 = 30 to 59 DPD/ Live POS
 - 60-89 = 60 to 89 DPD/ Live POS
 - 90-179 = 90 to 179 DPD/ Live POS
 - 30+ Delinquency = 30-179 DPD/ Live POS
 - 90+ Delinquency = 90-179 DPD/ Live POS
-
- OND'21 = October 2021 to December 2021
 - JFM'22 =January 2022 to March 2022
 - AMJ'22 =April 2022 to June 2022
 - JAS'22 =July 2022 to September 2022
 - OND'22 =October 2022 to December 2022



MICROFINANCE INDUSTRY OVERVIEW

Microfinance Industry Snapshot – as on 31st December 2022

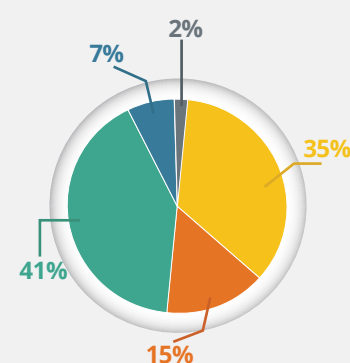
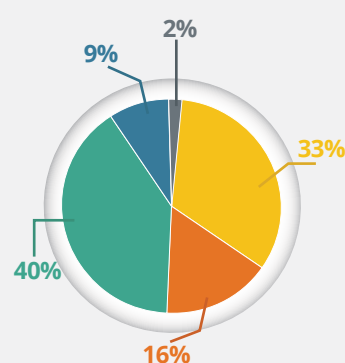
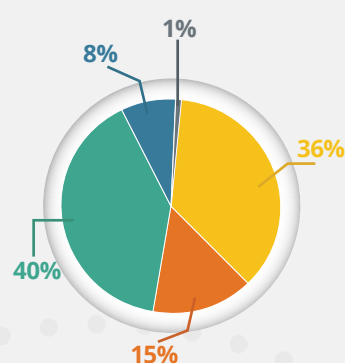
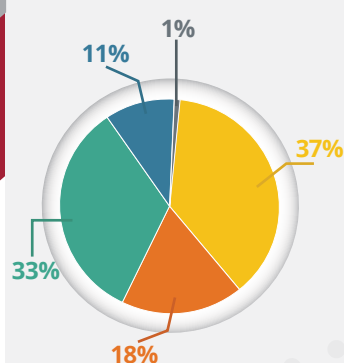
Snapshot as on 31 st December 2022	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs	Total Industry
Active Live Borrowers ('000)	26,470	12,646	23,834	7,810	1,061	71,821
Active Loans ('000)	39,218	16,301	44,108	8,731	1,329	109,687
Portfolio (₹crore)	95,923	46,878	114,776	26,506	3,154	287,237
Disbursed Amount (₹ crore) – OND' 22	27,379	11,771	32,053	5,644	972	77,819
Average Ticket Size (₹) – OND' 22	38,457	47,159	41,245	44,299	35,283	41,095
30+ Delinquency (POS)	5.70%	3.22%	2.17%	1.22%	1.59%	3.43%
90+ Delinquency (POS)	3.11%	1.46%	1.06%	0.53%	0.71%	1.76%

Active Live Borrowers

Active Loans

Portfolio

Disbursed Amount - OND' 22



■ Banks
 ■ SFBs
 ■ NBFC-MFIs
 ■ NBFCs
 ■ Not for Profit MFIs

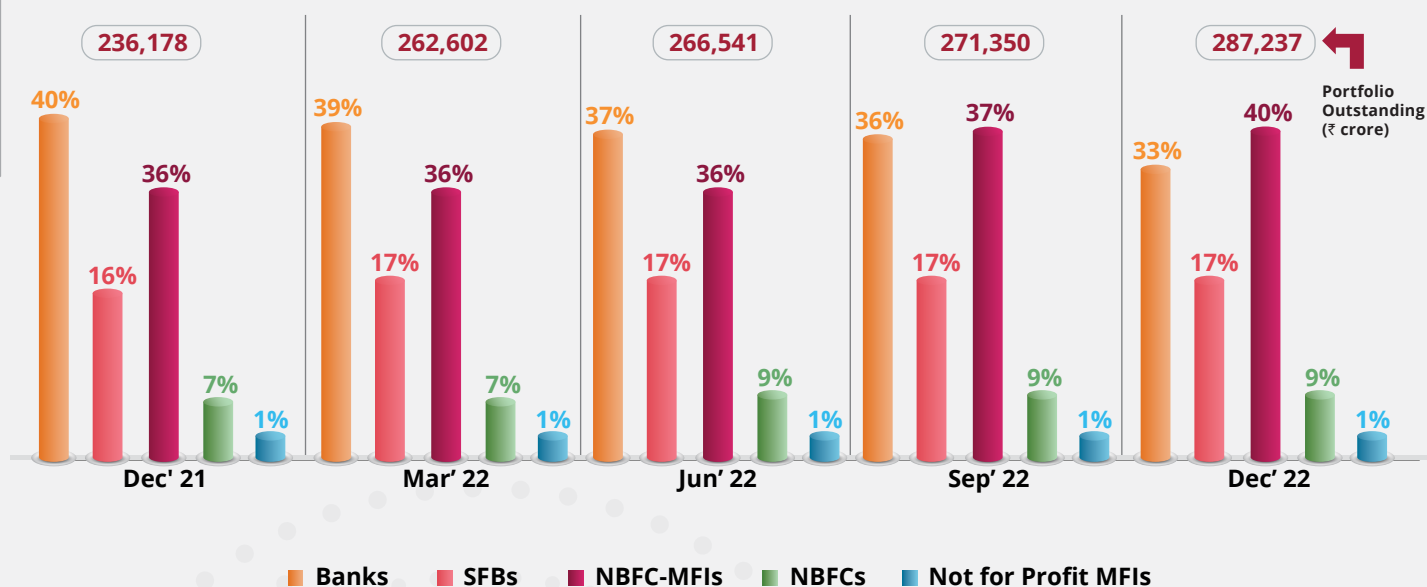
- ◆ Book size of MFI Industry as on 31st December 2022 is ₹ 287,237 crore.
- ◆ NBFC-MFIs have the highest market share of 40% in portfolio outstanding.
- ◆ Banks, NBFC-MFIs & SFBs contributes 90% towards portfolio outstanding and 91% towards disbursement amount in OND' 22 quarter.
- ◆ Average ticket size of SFBs, NBFCs and NBFC-MFIs is higher than the industry ticket size.
- ◆ NBFCs have the lowest 90+ delinquency amongst all the lenders.

Microfinance Industry Overview

Portfolio Outstanding (₹ crore)

Particulars	Dec' 21	Mar' 22	Jun' 22	Sep' 22	Dec' 22	Y-o-Y growth%
Banks	93,841	102,032	98,445	98,001	95,923	2%
SFBs	39,675	44,134	44,810	45,046	46,878	18%
NBFC-MFIs	84,065	94,481	95,671	102,129	114,776	37%
NBFCs	16,337	19,155	25,232	23,175	26,506	62%
Not for Profit MFIs	2,260	2,800	2,383	2,999	3,154	40%
Total Industry	236,178	262,602	266,541	271,350	287,237	22%
Q-o-Q growth rate %		11%	1%	2%	6%	

Market Share Trends by Lender type



★ Microfinance industry grew by 22% (YoY) in December, 2022 over December, 2021 and grew by 6% over September, 2022 (QoQ).

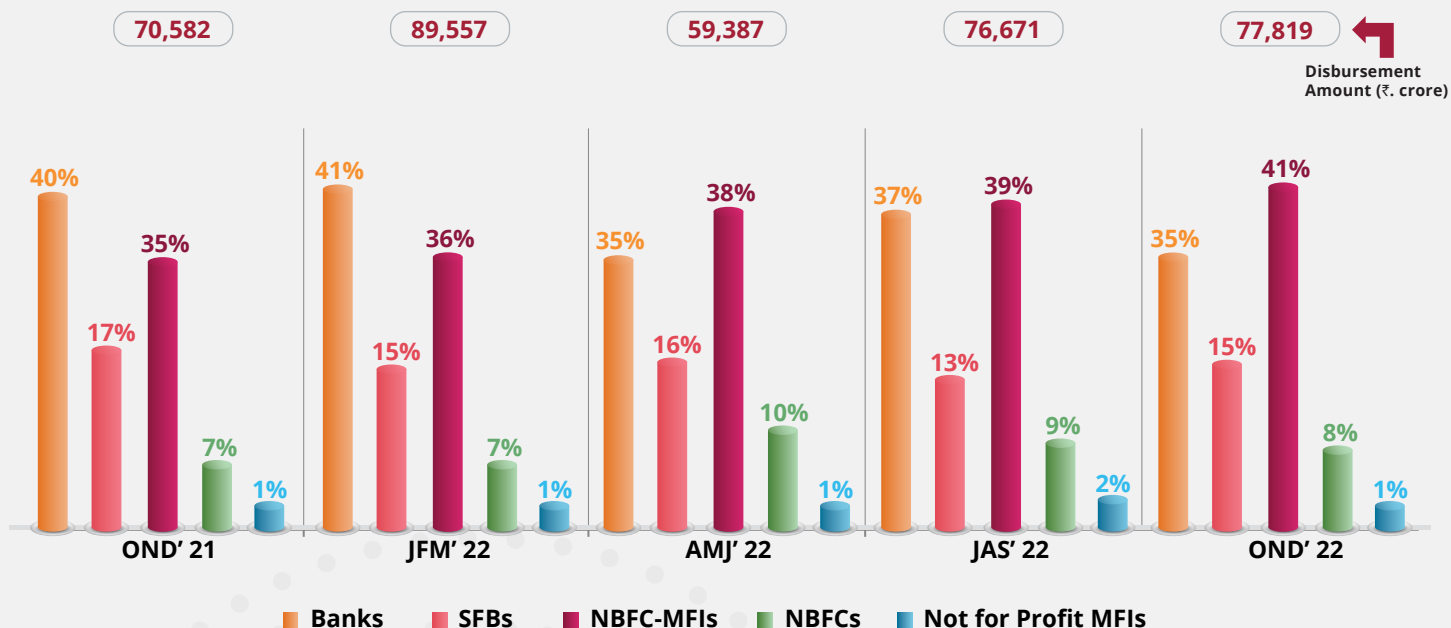
★ NBFCs registered an YoY growth of 62% in December 2022 over December 2021 and quarterly growth of 14% over September 2022.



DISBURSEMENT TRENDS

Disbursement Trends – Institution wise

No. of Loans Disbursed (in lakh)					
Lender Type	OND'21	JFM' 22	AMJ' 22	JAS' 22	OND' 22
Banks	70	94	56	76	71
SFBs	29	30	22	23	25
NBFC-MFIs	67	82	58	74	78
NBFCs	12	15	14	16	13
Not for Profit MFIs	3	4	1	3	3
Total Industry	181	225	151	192	190

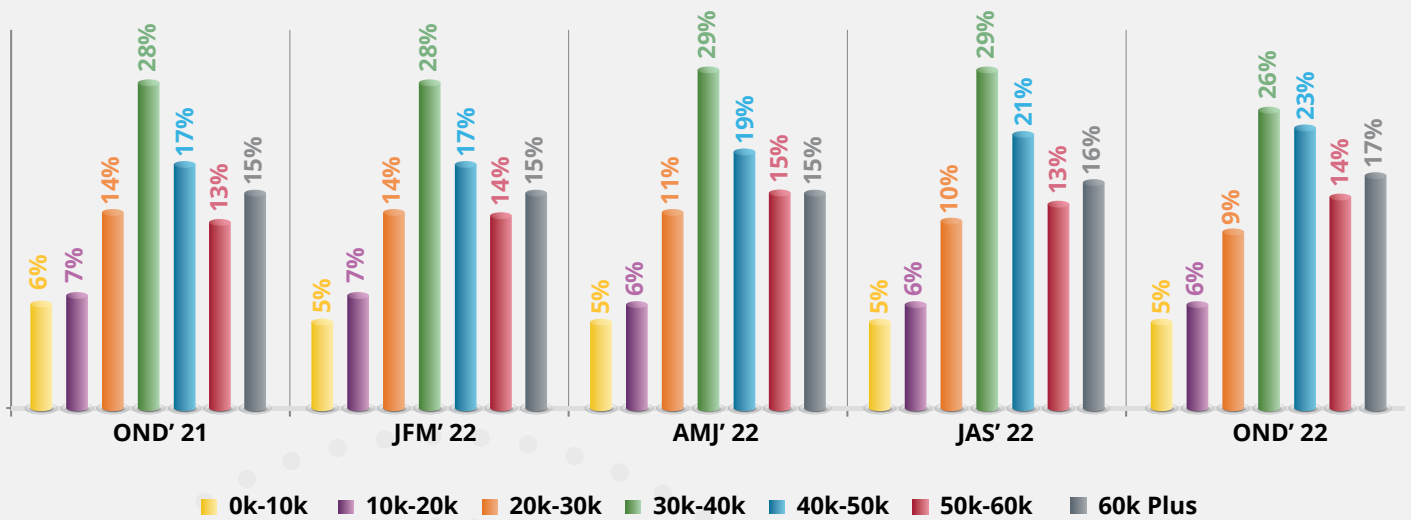


- ◆ Disbursements by value witnessed annual growth of 10% from OND' 21 to OND' 22.
- ★ NBFCs-MFIs witnessed Y-o-Y growth of 32% in terms of value and 16% in terms of volume from OND' 21 to OND' 22, which is highest amongst all the lenders.

Industry Ticket Size Trends

No. of Loans Disbursed (in lakh)

Ticket Size	OND' 21	JFM' 22	AMJ' 22	JAS' 22	OND' 22	Y-o-Y growth rate %
0K-10K	10	11	7	10	10	0%
10K-20K	13	16	10	12	11	-15%
20K-30K	26	31	18	20	18	-31%
30K-40K	51	65	44	55	48	-6%
40K-50K	31	39	28	39	44	42%
50K-60K	24	30	22	26	27	13%
60K Plus	26	33	22	30	32	23%
Total	181	225	151	192	190	5%
Q-o-Q loan disbursal growth rate %	-	24%	-33%	27%	-1%	-
All India ATS (₹)	39,045	39,836	39,645	39,971	41,095	-
Q-o-Q ATS growth rate %	-	2%	-0.5%	0.8%	3%	-



- ★ Highest number of loans are issued under 30k-40k ticket size category in OND' 22.
- ★ ATS increased by 5% from OND' 21 to OND' 22.

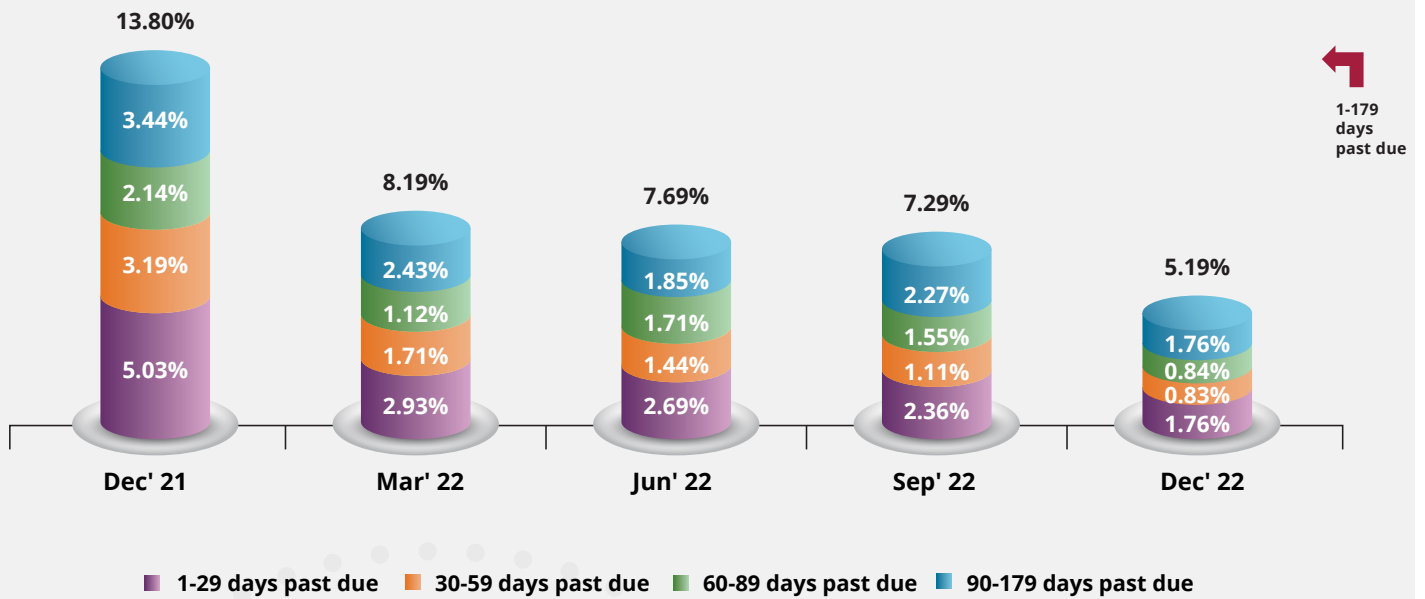


INDUSTRY RISK PROFILE

Delinquency Trends

Delinquency by Days Past Due

Reporting Quarter	1-29 days past due	30-59 days past due	60-89 days past due	90-179 days past due	1-179 days past due
Dec' 21	5.03%	3.19%	2.14%	3.44%	13.80%
Mar' 21	2.93%	1.71%	1.12%	2.43%	8.19%
Jun' 22	2.69%	1.44%	1.71%	1.85%	7.69%
Sep' 22	2.36%	1.11%	1.55%	2.27%	7.29%
Dec' 22	1.76%	0.83%	0.84%	1.76%	5.19%



- ◆ All delinquency buckets have declined in December 2022 compared to previous quarters.
- ◆ 90+ delinquency dropped by 168bps in December 2022 compared to December 2021.

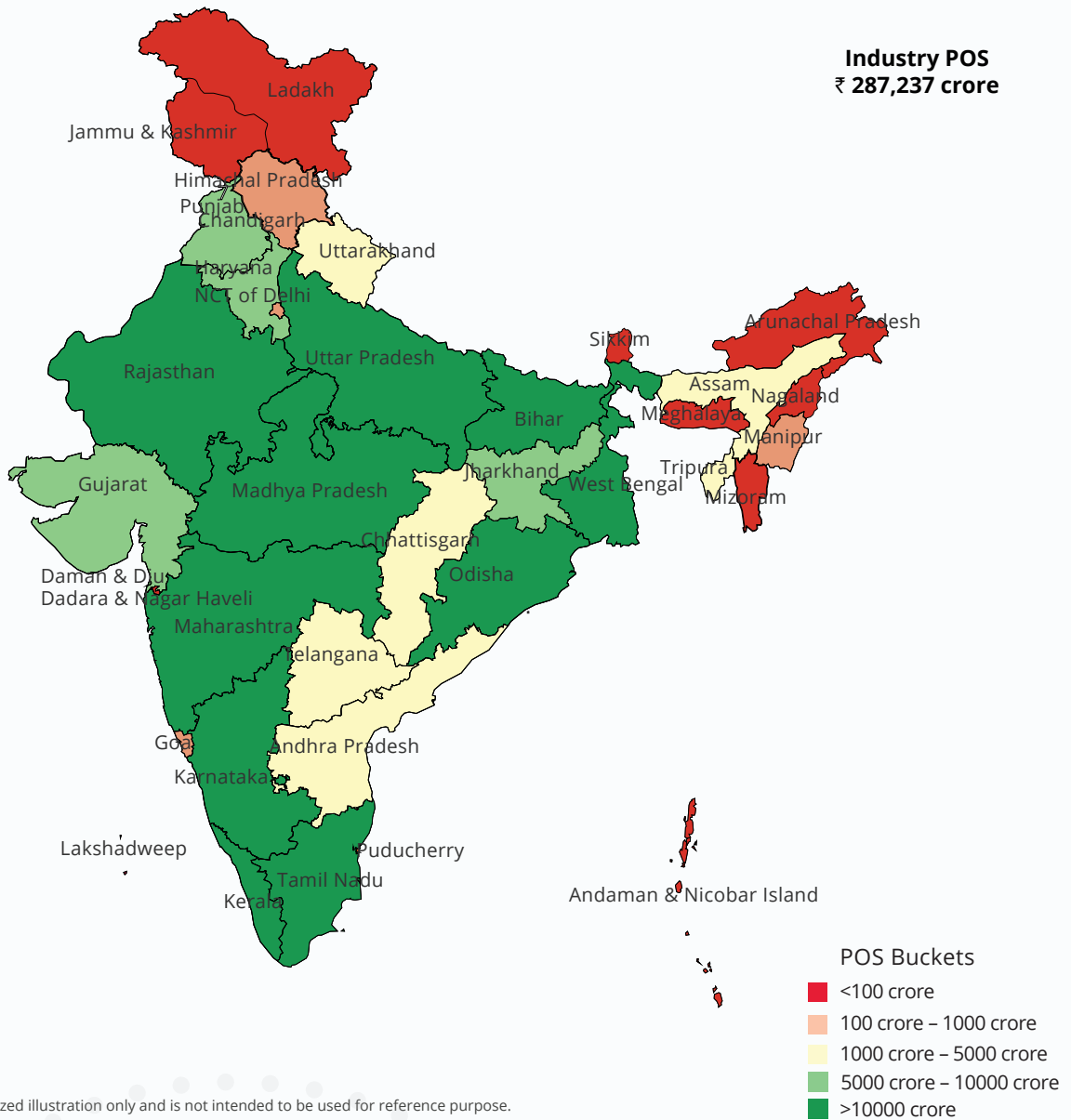
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State/UT wise Portfolio Outstanding as on 31st December 2022

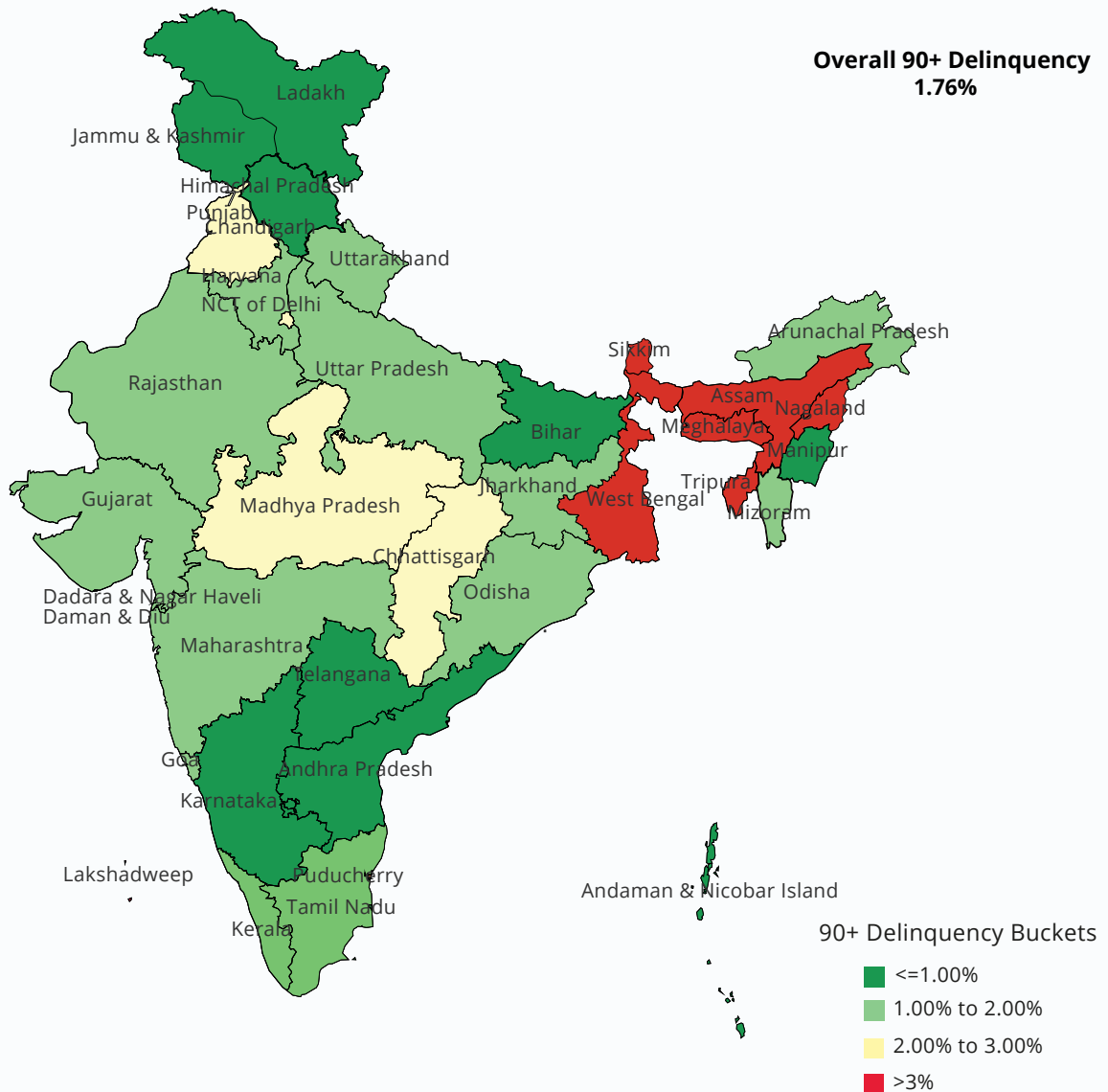


◆ Top 10 states contribute 84% towards portfolio outstanding.

★ ◆ Bihar is leading with portfolio outstanding ₹ 41,441 crore and contributes 14% towards the total portfolio outstanding.

◆ As on 31st December 2022 Bihar, Tamil Nadu, Uttar Pradesh, Karnataka, West Bengal, are top 5 states.

State/UT wise 90+ Delinquency as on 31st December 2022



This Map is a generalized illustration only and is not intended to be used for reference purpose.



- ◆ 90+ delinquencies of top 5 states are as follows: Bihar : 0.92%, Tamil Nadu : 1.13%, Uttar Pradesh : 1.01%
Karnataka : 0.69%, West Bengal : 4.62%.
- ◆ 90+ delinquency of West Bengal is higher than the industry delinquency of 1.76%.

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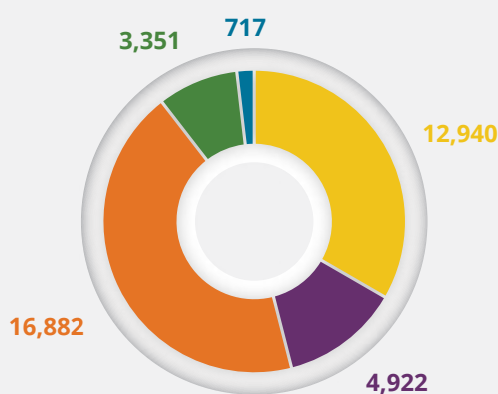
ASPIRATIONAL DISTRICTS

Aspirational Districts – December 2022 Overview

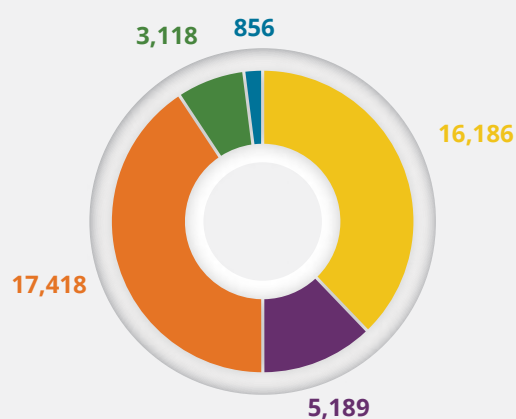
Aspirational Districts Growth Particulars	31 st December 2021	31 st December 2022	Growth %
Active Borrower Penetration ('000)	8,618	10,400	21%
Disbursement Amount (₹ in crore)	34,266*	42,767**	25%
Active Loans ('000)	13,363	15,334	15%
Portfolio Outstanding (₹ in crore)	31,918	38,812	22%
30+ Delinquency	6.87%	2.76%	-
90+ Delinquency	2.70%	1.43%	-

- ♦ Portfolio outstanding as on 31st December 2022 for Aspirational Districts is ₹ 38,812 crore and it grew by 22% from December 2021 to December 2022.
- ♦ Active borrower penetration in Aspirational Districts increased by 15% from December 2021 to December 2022.
- ♦ Loans worth ₹ 42,767 crore were disbursed in Aspirational Districts from January 2022 to December 2022.
- ♦ 30+ and 90+ delinquency of Banks and SFBs are higher than the overall delinquency of Aspirational Districts.

Portfolio (₹ crore)

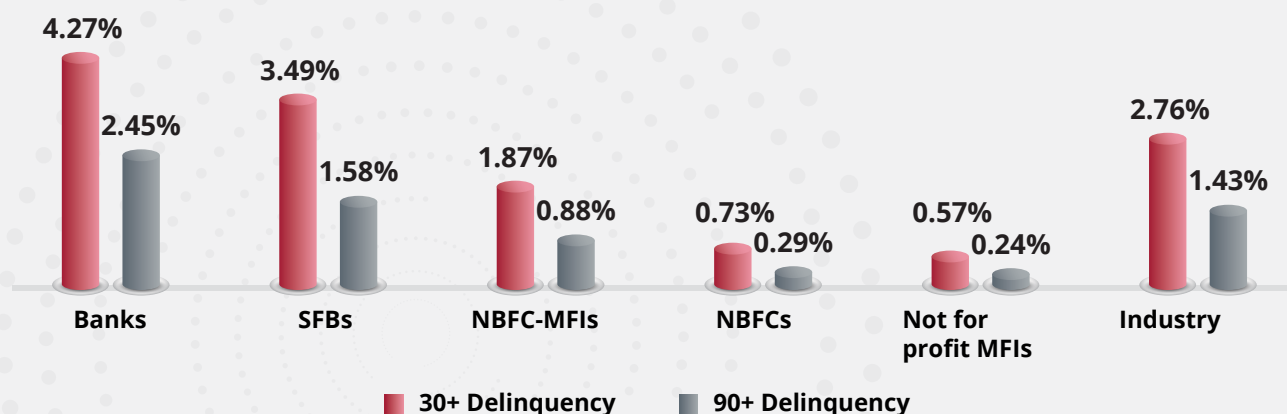


Amount Disbursed (₹ crore) – Jan'22 to Dec'22



Legend: Banks (Yellow), SFBs (Purple), NBFC-MFIs (Orange), NBFCs (Green), Not for profit MFIs (Blue)

30+ and 90+ POS Delinquency lender category wise



Legend: 30+ Delinquency (Red), 90+ Delinquency (Grey)

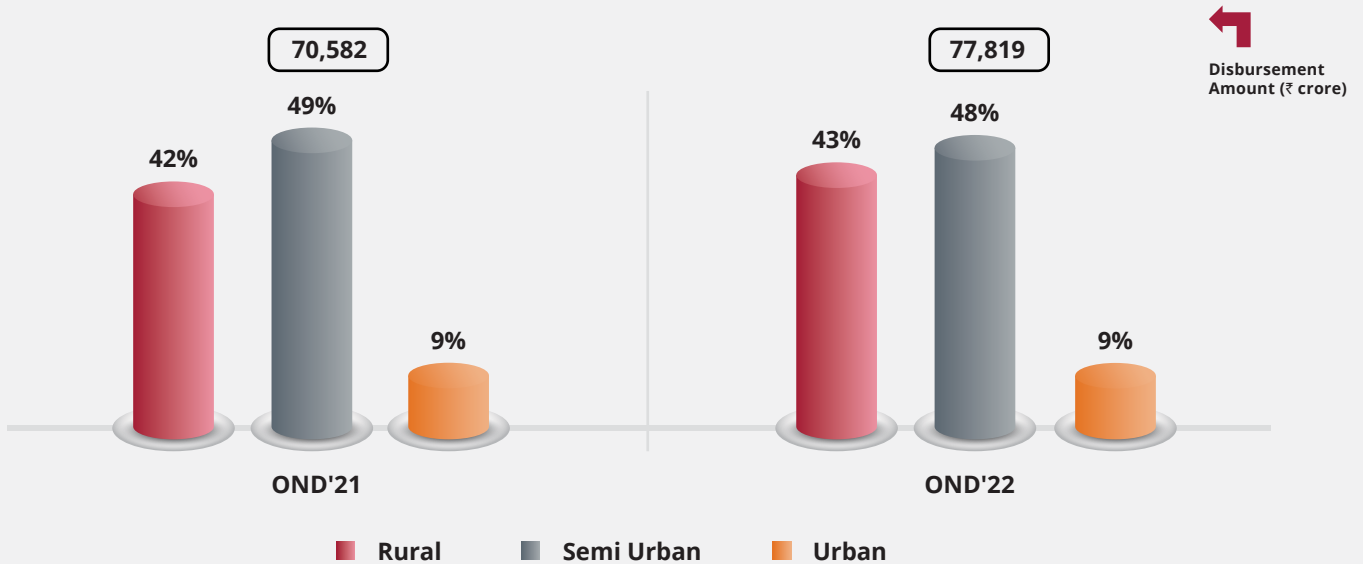
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GEO
PERFORMANCE

Regional Disbursement Overview – December 2022

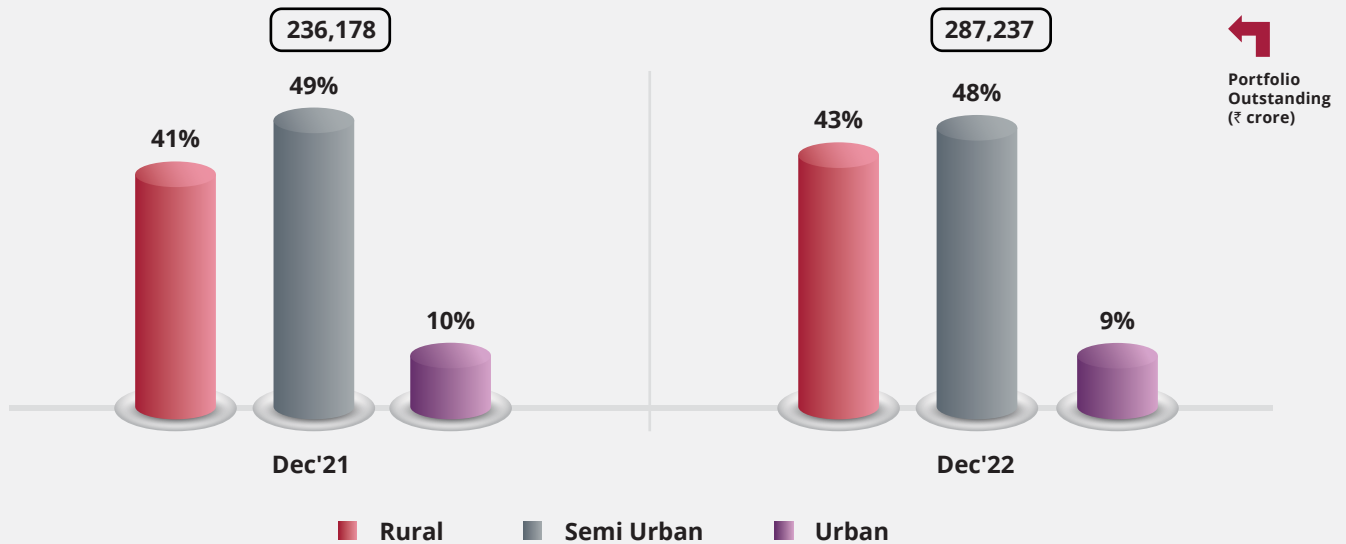
% Share Trends by Disbursement Amount



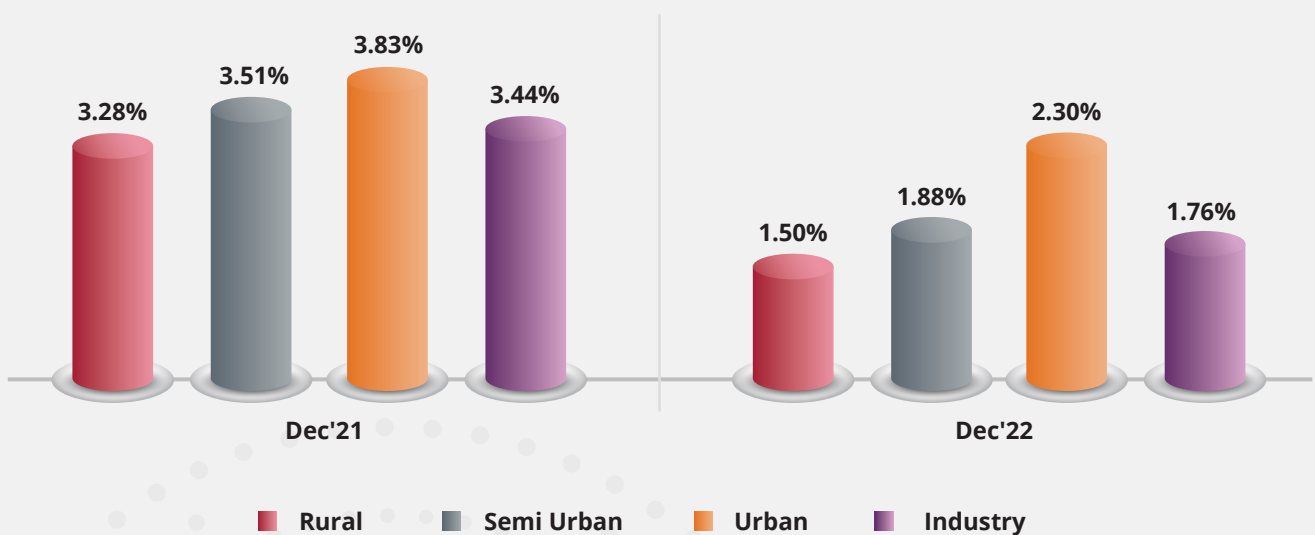
- ◆ Rural region has booked highest Y-o-Y growth in terms of disbursement value by 14%.
- ◆ After rural region, semi-urban region has booked good Y-o-Y growth in terms of disbursement value by 8%.

Regional Performance as on 31st December 2022

% Share Trends by Portfolio Outstanding



90+ Delinquency



- ♦ Rural region has booked highest Y-o-Y growth in terms of portfolio outstanding by 26%.
- ♦ 90+ delinquency of all the areas have declined in December 2022 compared to December 2021.
- ♦ Rural areas have the lowest 90+ delinquency.
- ♦ Urban and Semi-Urban areas have 90+delinquency higher than that of the Industry in December 2022.

About SIDBI

Small Industries Development Bank of India has been established under an Act of the Parliament in 1990. SIDBI is mandated to serve as the Principal Financial Institution for executing the triple agenda of promotion, financing and development of the Micro, Small and Medium Enterprises (MSME sector) and co-ordination of the functions of the various Institutions engaged in similar activities. Over the years, through its various financial and developmental measures, the Bank has touched the lives of people across various strata of the society, impacted enterprises over the entire MSME spectrum and engaged with many credible institutions in the MSME ecosystem.

Under Vision 2.0, SIDBI has spearheaded various Initiatives to address the Information Asymmetry in MSME sector like MSME Pulse, the health tracker of MSMEs and CriSidEx, for gauging the MSE sentiments & aspirations, Industry spotlight, a comprehensive report on industry Lenders and Fintech Pulse, for credit data insights on Fintech lending segment, apart from Microfinance Pulse.

SIDBI in Microfinance space

SIDBI has played a pioneering role in furthering the inclusive finance agenda through supporting the Microfinance movement. The cumulative assistance disbursed under SIDBI's microfinance initiatives upto March 31, 2022 aggregate to ₹23,460 crore benefitting around 4.83 crore poor clients. The debt and equity support to MFIs is well complemented by capacity building support to these institutions and imbibing the corporate governance culture by supporting Compliance Assessment Tools etc. Apart from handholding the Microfinance industry from a fragile beginning to a full-fledged industry segment, culminating in the transition of 8 of our partner MFIs into SFBs/ Universal Banks. A path breaking initiative in Micro Lending is to make available small loans directly from SIDBI (through partnership arrangements), at interest rates which are substantially lower than the market rates. Under this initiative, titled Prayaas, the Bank has been extending small ticket size loans of ₹0.50 lakh to ₹5 lakh to Micro borrowers at bottom of the pyramid with interest rates comparatively lower than market rates under partnership model.

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