

# Microfinance Pulse

**Vol VIII - April 2021**



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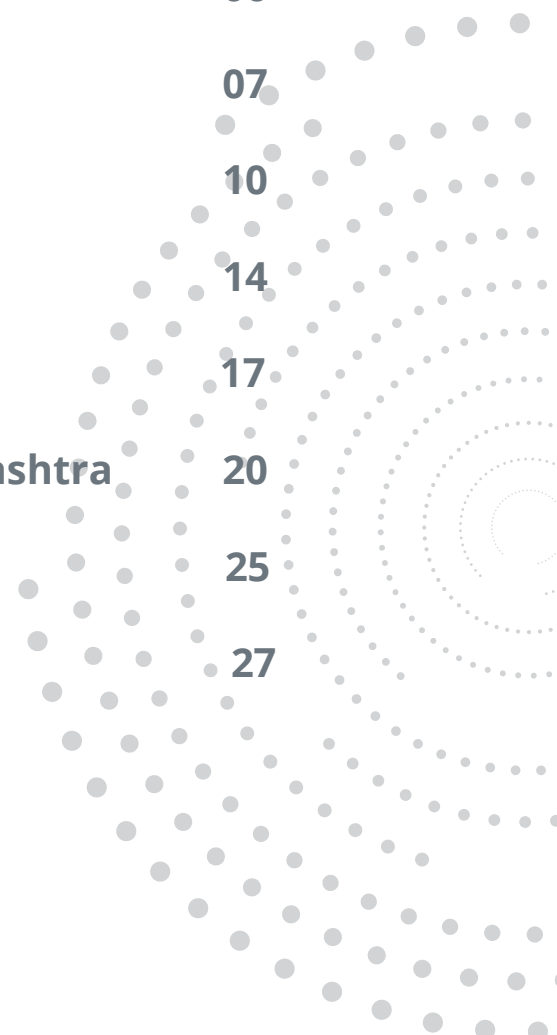
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| Executive  
**Summary**

# Executive Summary

8<sup>th</sup> edition of Microfinance Pulse is providing an overview of the microfinance industry as on 31<sup>st</sup> December, 2020. Microfinance Pulse covers industry trends in microfinance lenders and gives future prospects apart from being a repository of trends in the Microfinance sector in the recent past.

Microfinance industry has reached 6 crores of live borrowers base at the end of the calendar year of 2020. Book size of microfinance industry as on 31<sup>st</sup> December is ₹228,818 crore. Portfolio outstanding grew by 16% from December 2019 to December 2020. Banks are leading by contributing 42% towards total portfolio outstanding and 39% towards active loans.

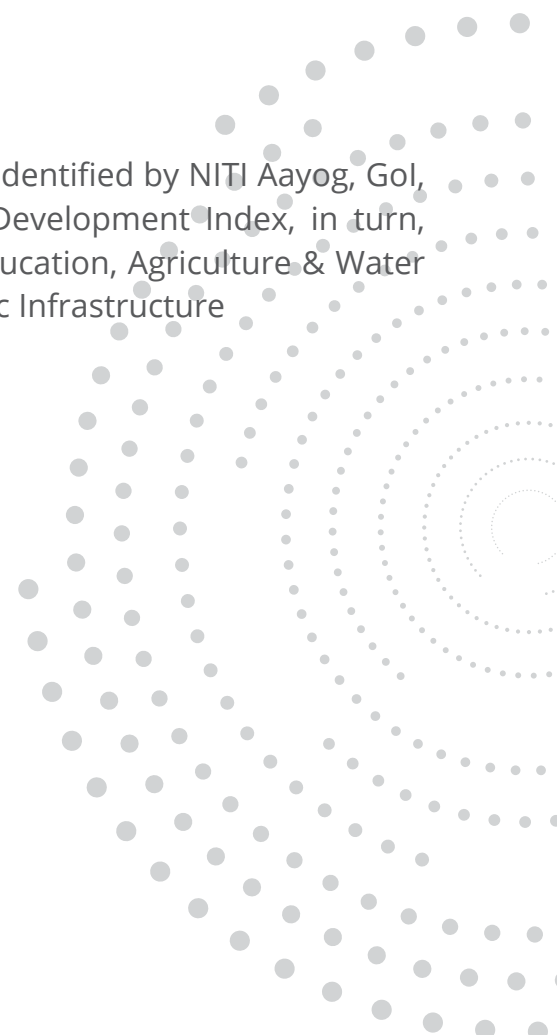
Loan disbursement increased sharply in OND'20, with Banks disbursing loans higher than pre-COVID levels. Disbursement by amount grew by 84% and number of loan disbursed grew by 97% in OND'20 as compared to previous quarter. 0K-10K ticket size loans have registered highest Y-o-Y growth of 240% from OND'19 to OND'20. Average ticket size witnessed Y-o-Y negative growth of 5% from OND'19 to OND'20. Industry 1+ delinquencies show a peak in December 2020 at 20.68%. Except Banks all other sectors have maintained 90+ delinquency very well in 60K Plus ticket size bucket.

Top 5 states contributes 55% to pan India portfolio. West Bengal is contributing highest at 15% towards portfolio outstanding. As on December 2020 Tamil Nadu has the lowest 90+ delinquency at 2.36% amongst top 5 states. 90+ delinquency of West Bengal is the highest as on December 2020 at 8.97%, among top 5 states. Total portfolio outstanding in Aspirational Districts stood at ₹28,256 crore, as of December 2020, with 42% share of Banks, followed by 36% share of NBFC-MFI. NBFC-MFIs have the highest 90+ delinquency across Aspirational Districts.

As on 31<sup>st</sup> December 2020 Maharashtra contributes 7% to pan India MFI Portfolio in terms of active loans and portfolio outstanding. Maharashtra has registered Y-o-Y growth of 17% from December 2019 to December 2020. ATS of NBFCs is highest in Maharashtra compared to other lenders. 90+ delinquency of Maharashtra is higher compared to Pan India delinquency. On Y-o-Y basis, the number of disbursements declined by 11.5% in Maharashtra as compared to 3% Y-o-Y growth on pan India level.

Assam witnessed a negative growth of 5% in terms of portfolio outstanding from December 2019 to December 2020. 90+ delinquencies have increased in all the sectors in Assam December 2020 compared to December 2019. Loan sourcing in Assam grew by 79% from OND' 19 to OND' 20.

# 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, Govt, 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
  
  - 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'19 = October 2019 to December 2019
  - JFM'20 = January 2020 to March 2020
  - AMJ'20 = April 2020 to June 2020
  - JAS'20 = July 2020 to September 2020
  - OND'20 = October 2020 to December 2020
- 

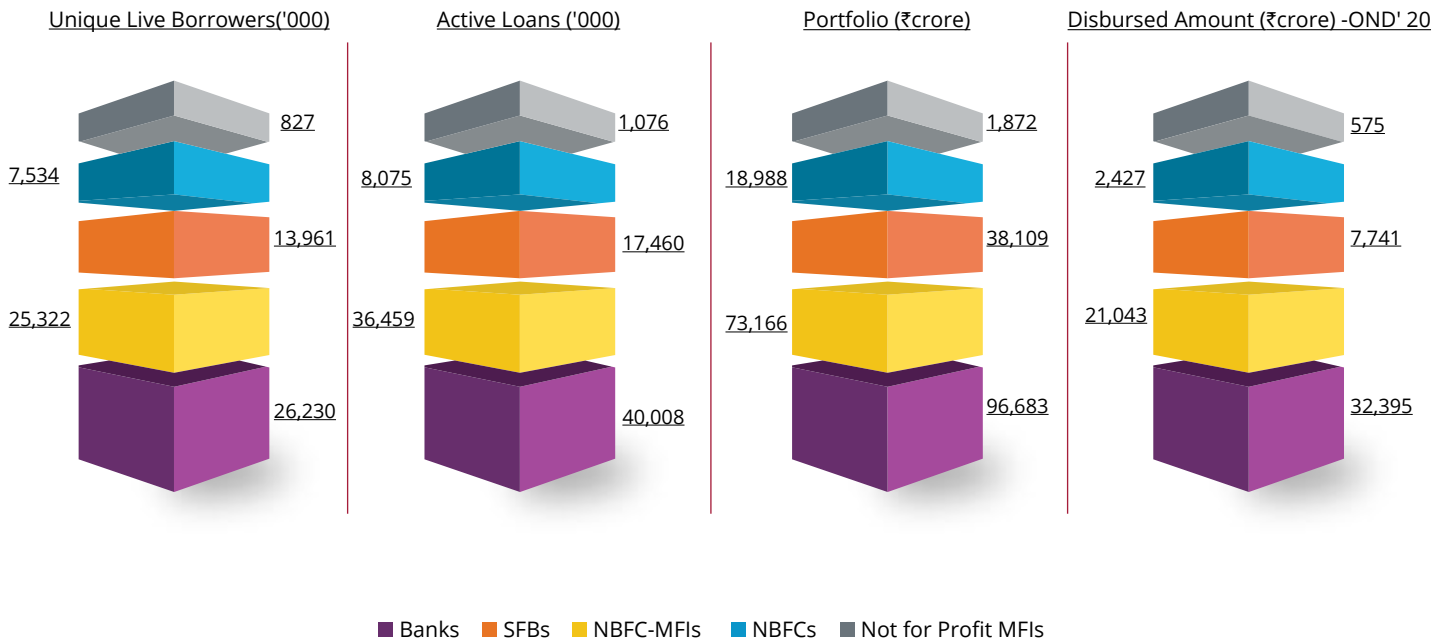




# Microfinance Industry **Overview**

# Microfinance Industry Snapshot – as on 31<sup>st</sup> December 2020

Graph-01



Snapshot as on 30 <sup>th</sup> December 2020	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs	Total Industry
Unique Live Borrowers ('000)	26,230	13,961	25,322	7,534	827	73,874
Active Loans ('000)	40,008	17,460	36,459	8,075	1,076	103,078
Portfolio (₹crore)	96,683	38,109	73,166	18,988	1,872	228,818
Disbursed Amount (₹crore) - OND' 20	32,395	7,741	21,043	2,427	575	64,181
Average Ticket Size (₹) - OND' 20	31,955	37,481	33,177	40,906	32,519	33,227
30+ Delinquency (POS)	14.63%	10.40%	13.44%	11.30%	3.53%	13.18%
90+ Delinquency (POS)	4.84%	4.44%	6.19%	2.27%	1.37%	4.96%

Table-01

- Book size of microfinance industry as on 31<sup>st</sup> December is ₹228,818 crore where Banks are leading by contributing 42% towards total portfolio outstanding and 39% towards active loans
- NBFC-MFIs are second highest contributor in the quarter OND' 20 by contributing 33% towards disbursed amount
- ATS of NBFCs is 23% higher than the industry ATS
- 90+ delinquency of NBFCs & Not for Profit MFIs are well maintained compared to the microfinance industry

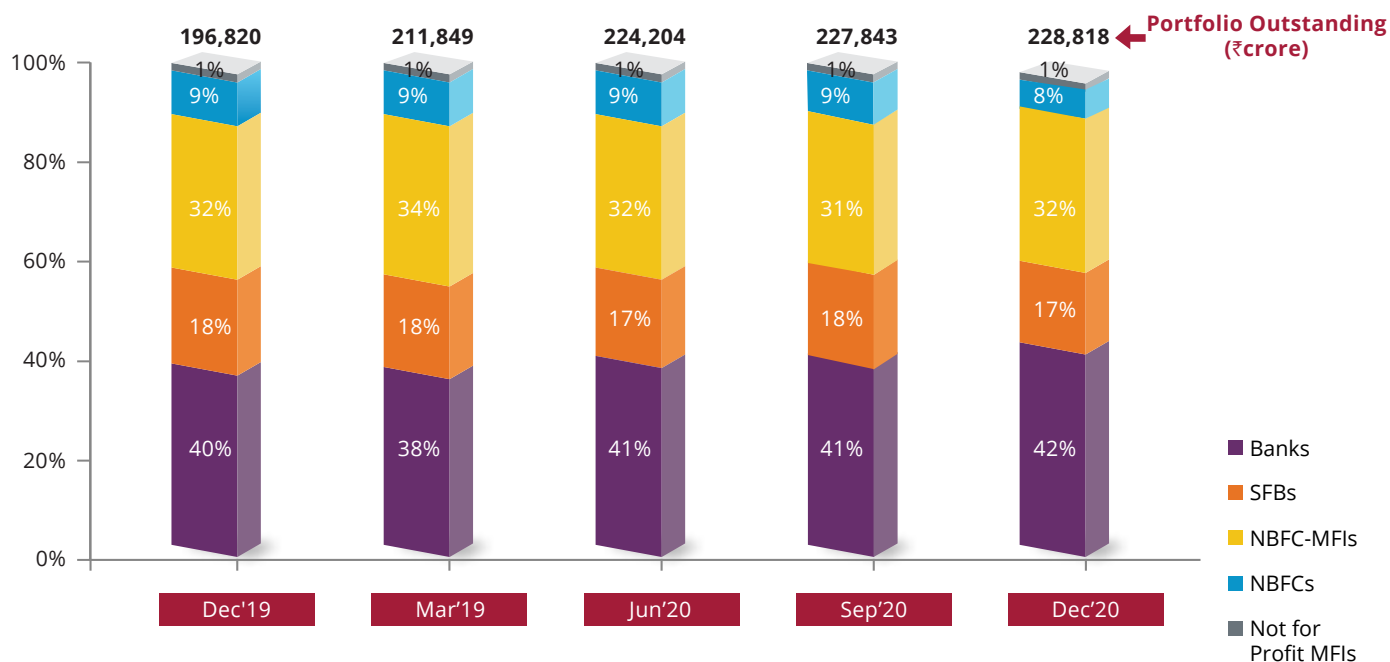
**Note:** In MFI segment there are ~6 crore unique live borrowers. Difference in the unique number of customers is due to the customers having multiple relationships with SFBs, Banks, NBFC-MFIs, NBFCs and Not for Profit MFIs.



# Microfinance Industry Overview

Graph-02

Market Share Trends by Lender type



Portfolio Outstanding (₹ crore)

Particulars	Dec' 19	Mar' 20	Jun' 20	Sep' 20	Dec' 20
Banks	78,522	81,001	91,920	93,409	96,683
SFBs	34,964	38,986	39,225	42,682	38,109
NBFC-MFIs	62,982	72,110	71,342	70,142	73,166
NBFCs	18,753	18,073	19,875	19,838	18,988
Not for Profit MFIs	1,599	1,679	1,842	1,772	1,872
Total Industry	196,820	211,849	224,204	227,843	228,818
Q-o-Q growth rate %	-	8%	6%	2%	0%

Table-02

- Microfinance industry grew by 16% from December 2019 to December 2020
- Banks witnessed the highest Y-o-Y growth of 23% across all the lenders from December 2019 to December 2020

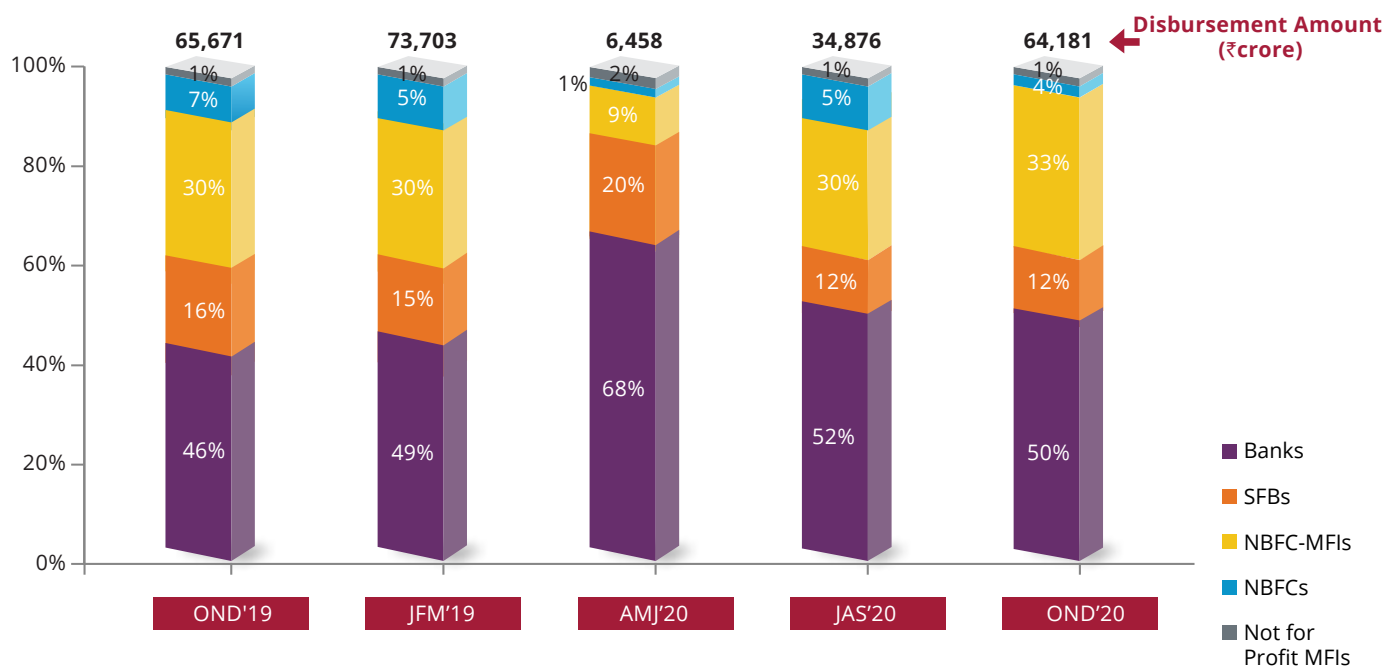


| Disbursement  
**Trends**

# Disbursement Trends – Institution wise

Graph-03

Market Share Trends by Lender type



No. of Loans Disbursed (in lakh)

Lender Type	OND' 19	JFM' 20	AMJ' 20	JAS' 20	OND' 20
Banks	74	83	14	47	101
SFBs	30	31	5	12	21
NBFC-MFIs	69	71	2	32	63
NBFCs	12	11	1	5	6
Not for Profit MFIs	3	2	1	2	2
Total Industry	188	198	23	98	193

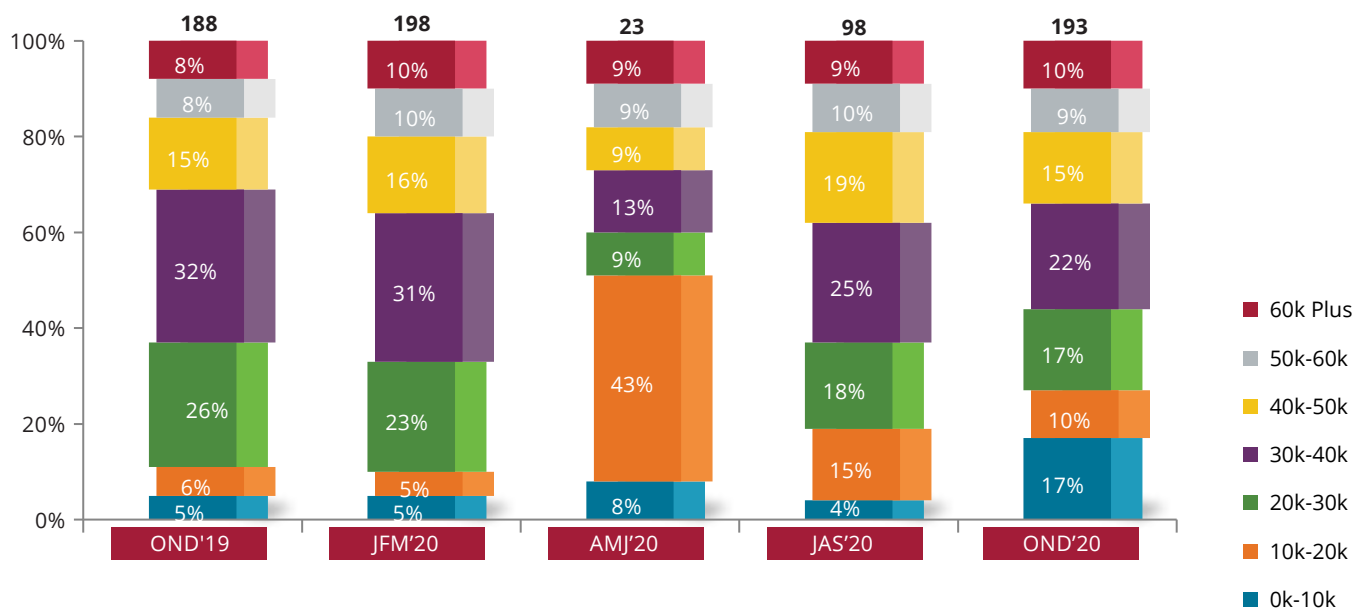
Table-03

- Number of loan disbursed have rebounded sharply in OND'20, with Banks disbursing loans higher than pre-COVID levels. NBFC-MFIs returning to pre-COVID levels. NBFCs and SFBs, though disbursed higher loans as compared to JAS'20, they are yet to achieve pre-COVID levels
- Disbursement by amount grew by 84% and number of loan disbursed grew by 97% in OND'20 as compared to previous quarter
- Market share of Bank is more than 50% in loan disbursal and disbursed amount in OND' 20

# Industry Ticket Size Trends

Graph-04

No. of Loans Disbursed (in lakh)



No. of Loans Disbursed (in lakh)

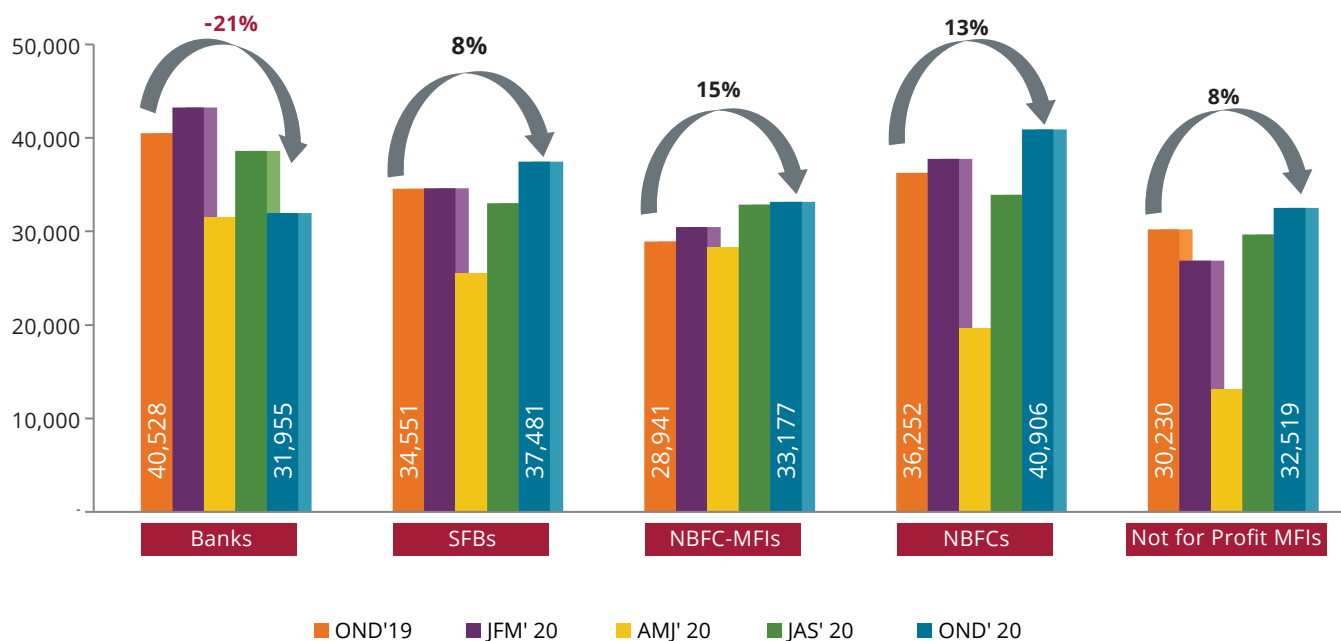
Ticket Size	OND' 19	JFM' 20	AMJ' 20	JAS' 20	OND' 20	Y-o-Y growth rate %
0K-10K	10	9	2	4	34	240%
10K-20K	12	11	10	15	20	67%
20K-30K	48	46	2	18	32	-33%
30K-40K	60	62	3	24	42	-30%
40K-50K	29	32	2	18	28	-3%
50K-60K	14	19	2	10	18	29%
60K Plus	15	19	2	9	19	27%
Total	188	198	23	98	193	3%
Q-o-Q loan disbursal growth rate %	-	5%	-88%	326%	97%	-
All India ATS (₹)	34,904	36,842	28,640	35,620	33,227	-5%
Q-o-Q ATS growth rate %	-	6%	-22%	24%	-7%	-

Table-04

- 0K-10K ticket size loans have registered highest Y-o-Y growth of 240% from OND'19 to OND'20
- Highest number of loans are issued under 30K-40K ticket size category
- Y-o-Y ATS has dropped by 5% from ₹34,904 in OND' 19 to ₹33,227 in OND' 20

# Average Ticket Size Trends

Graph-05



Average Ticket Size (in ₹)

Lender Type	OND' 19	JFM' 20	AMJ' 20	JAS' 20	OND' 20	Y-o-Y growth rate %
Banks	40,528	43,281	31,493	38,588	31,955	-21%
SFBs	34,551	34,615	25,450	33,032	37,481	8%
NBFC – MFIs	28,941	30,485	28,339	32,855	33,177	15%
NBFCs	36,252	37,776	19,627	33,940	40,906	13%
Not for Profit MFIs	30,230	26,883	13,149	29,670	32,519	8%
Pan India	34,904	36,842	28,640	35,620	33,227	-5%

Table-05

- As on OND'20 ATS of NBFCs is highest across all the lenders
- Banks have registered negative growth of 21% from OND' 19 to OND' 20
- NBFC-MFIs witnessed highest Y-o-Y growth of 15% from OND' 19 to OND' 20



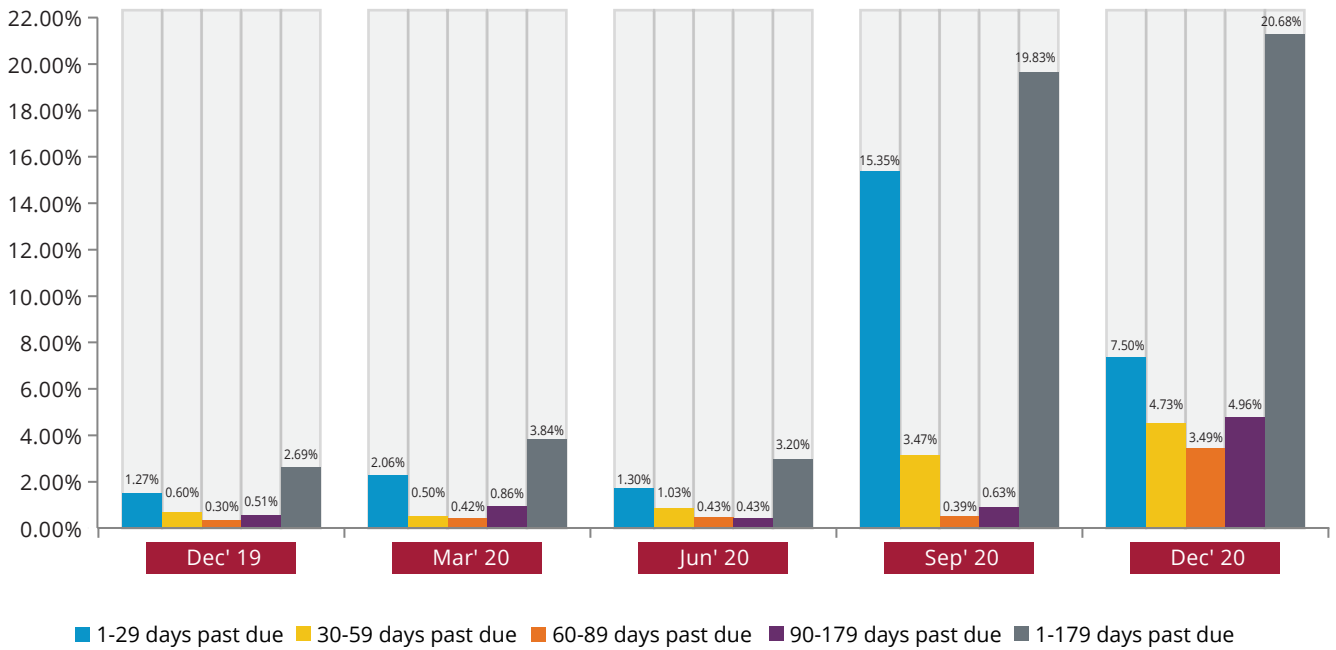


| Industry Risk  
**Profile**

# Delinquency Trends

Graph-06

Delinquency by Days Past Due



Delinquency by Days Past Due

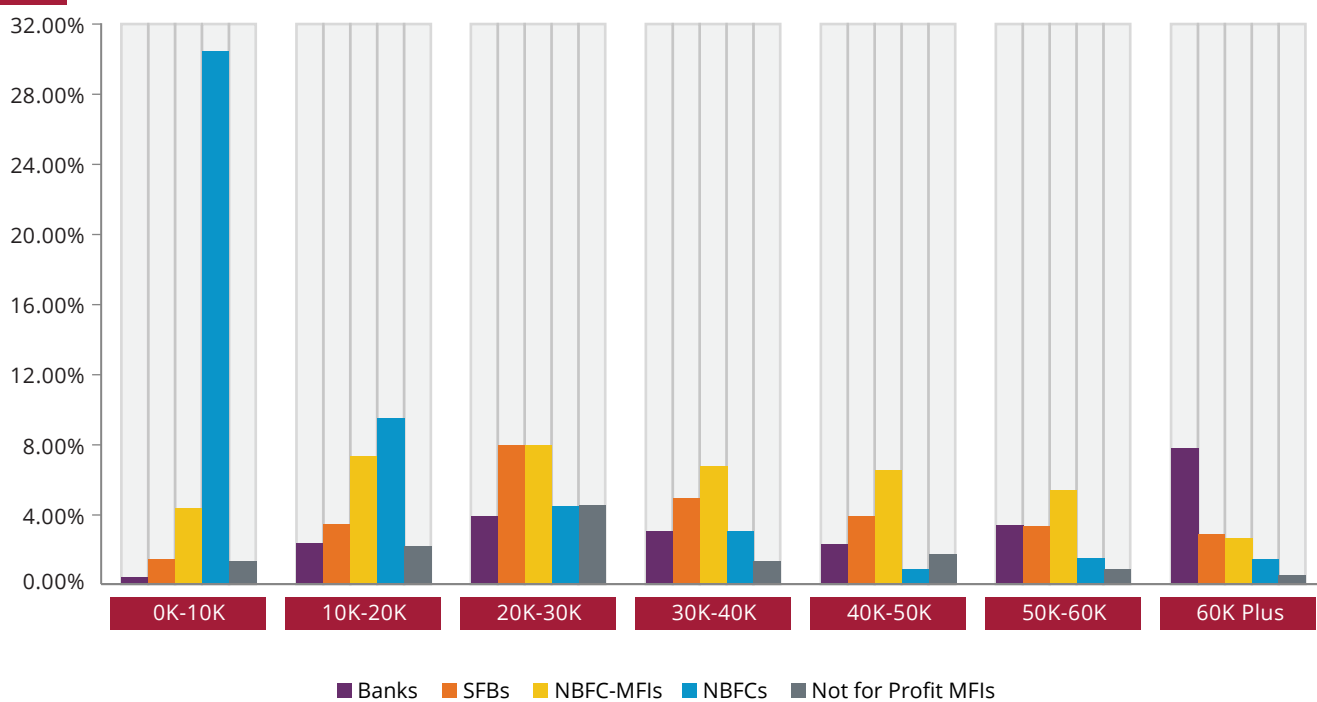
Reporting Quarter	1-29 days past due	30-59 days past due	60-89 days past due	90-179 days past due	1-179 days past due
Dec' 19	1.27%	0.60%	0.30%	0.51%	2.69%
Mar' 20	2.06%	0.50%	0.42%	0.86%	3.84%
Jun' 20	1.30%	1.03%	0.43%	0.43%	3.20%
Sep' 20	15.35%	3.47%	0.39%	0.63%	19.83%
Dec' 20	7.50%	4.73%	3.49%	4.96%	20.68%

Table-06

- Industry 1+ delinquencies show a peak in December 2020 at 20.68%
- 1-29 days past due bucket has the highest delinquency in December 2020. It has declined to half as compared to September 2020, which may be due to shifting of delinquent accounts to higher DPD buckets

# 90+ Delinquency - as on 31<sup>st</sup> December 2020

Graph-07



Lender Type	0K-10K	10K-20K	20K-30K	30K-40K	40K-50K	50K-60K	60K Plus
Banks	0.36%	2.32%	3.87%	3.03%	2.27%	3.34%	7.74%
SFBs	1.39%	3.40%	7.91%	4.90%	3.86%	3.30%	2.86%
NBFC-MFIs	4.29%	7.26%	7.93%	6.72%	6.45%	5.34%	2.61%
NBFCs	30.37%	9.47%	4.41%	3.00%	0.85%	1.46%	1.40%
Not for Profit MFIs	1.28%	2.12%	4.48%	1.32%	1.71%	0.83%	0.52%

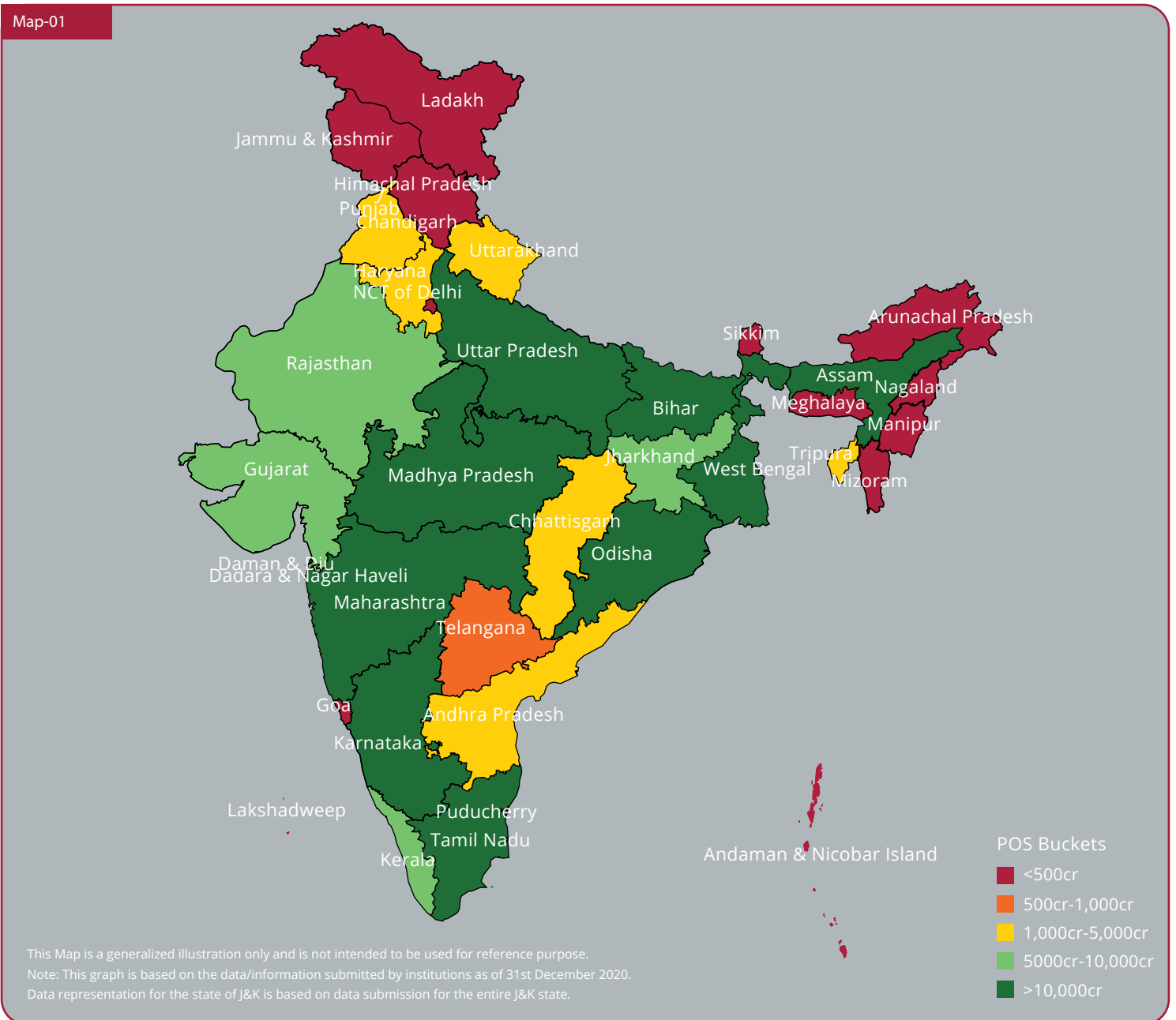
Table-07

- Analysis of delinquency by lenders and ticket size shows that NBFC-MFIs, which have highest overall 90+ delinquencies, the 90+ delinquencies are spread across all ticket sizes, whereas, NBFCs, which have lowest overall 90+ delinquencies, the 90+ delinquencies are mostly concentrated in lower ticket size viz 0K-10K & 10K-20K
- Except Banks all other lenders have maintained 90+ delinquency very well in 60K Plus ticket size bucket



| Geographical  
**Exposure**

# State/UT wise Portfolio Outstanding - as on 31<sup>st</sup> December 2020

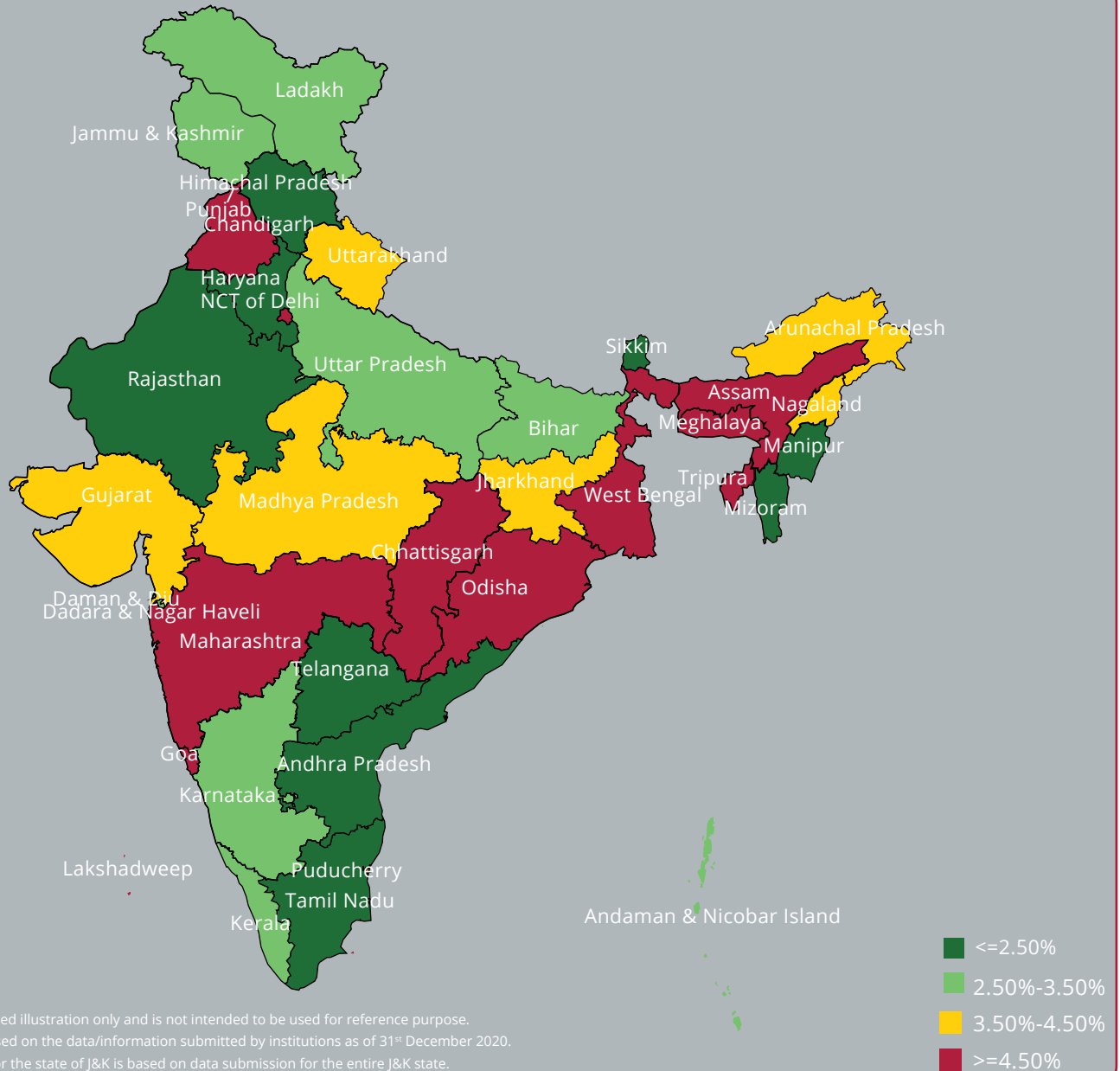


- Pan India portfolio outstanding as on December 2020 is ₹228,818 crore
- Top 5 states contributes 55% to Pan India portfolio (West Bengal, Tamil Nadu, Bihar, Karnataka & Maharashtra)
- Majority Indian states have POS exposure greater than ₹5,000 crore
- West Bengal is contributing highest at 15% towards total portfolio outstanding

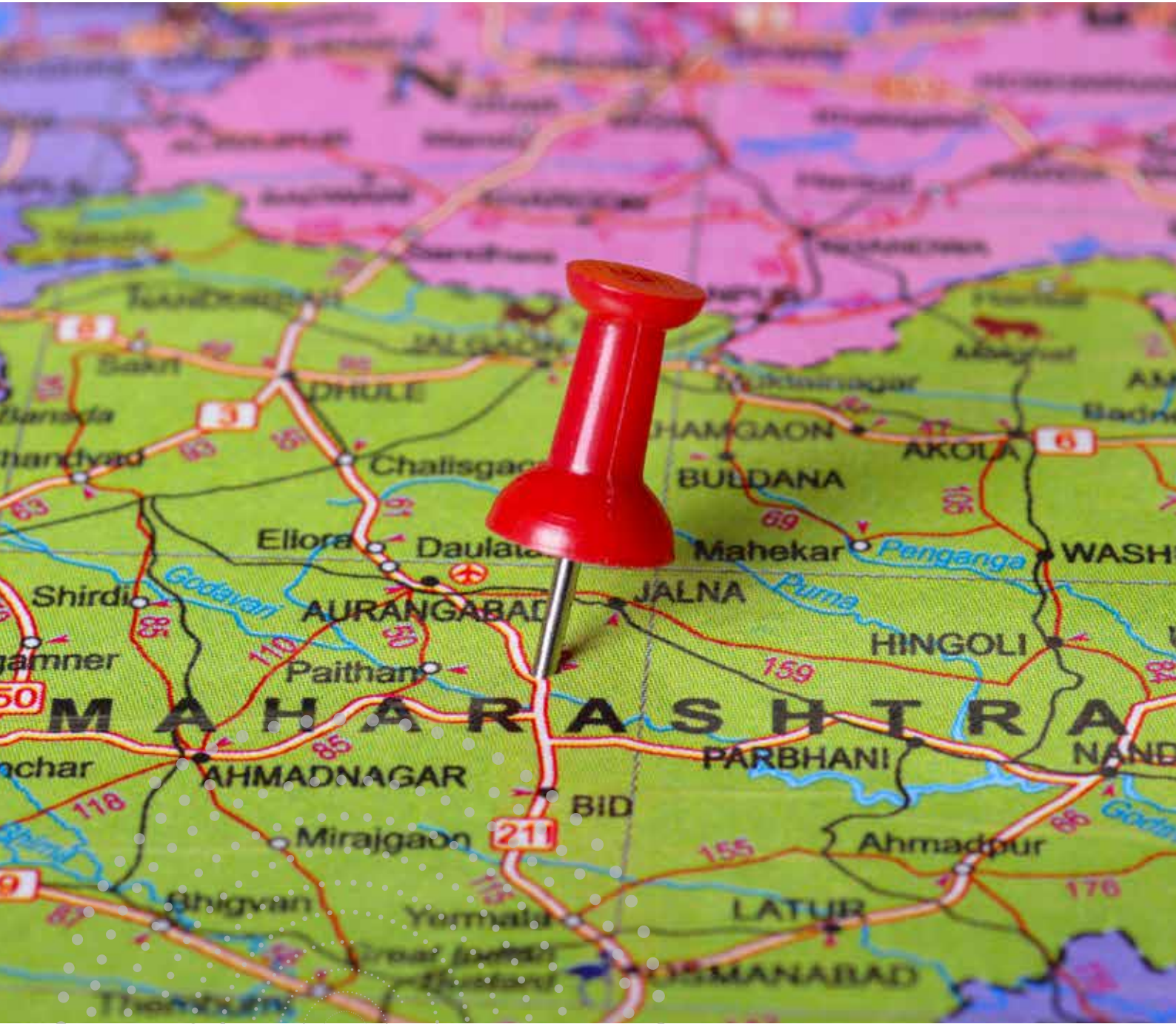


# State/UT wise 90+ Delinquency - as on 31<sup>st</sup> December 2020

Map-02



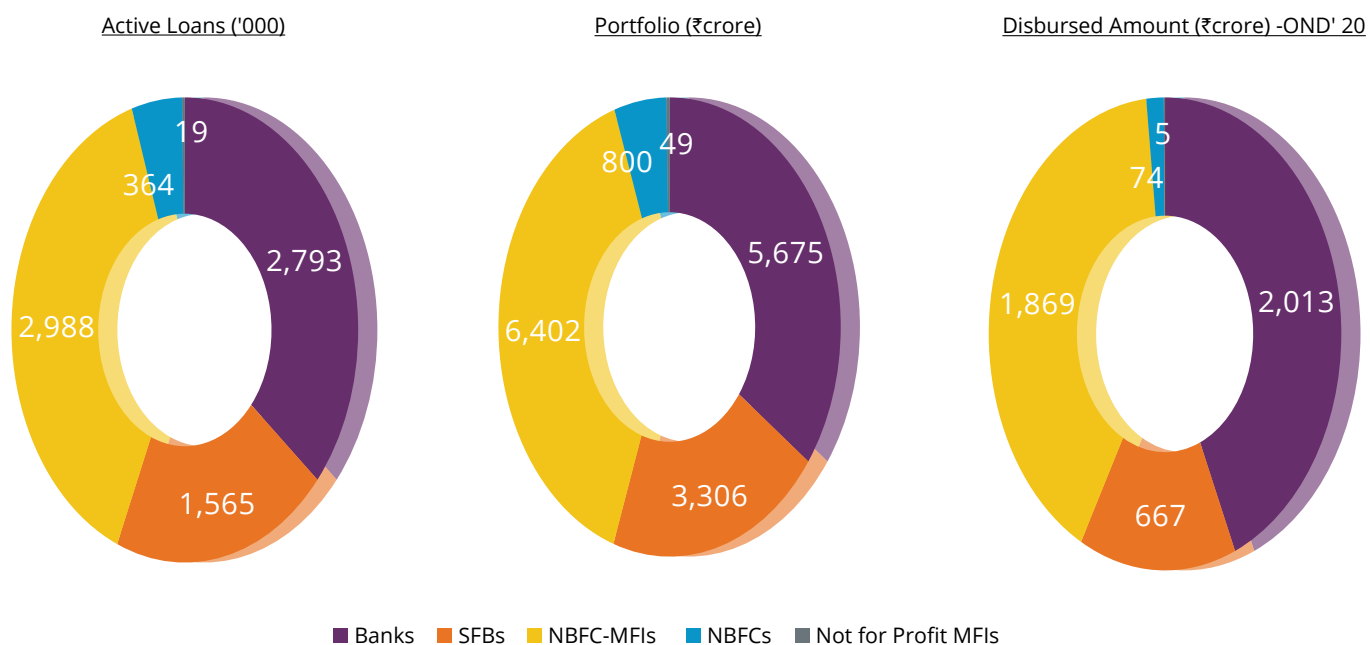
- Pan India 90+ delinquency as on December 2020 is 4.96%
- As on December 2020 Tamil Nadu has the lowest 90+ delinquency at 2.36% amongst top 5 states
- 90+ delinquency of West Bengal is the highest as on December 2020 at 8.97% amongst top 5 states



Comprehensive State Profile:  
**Maharashtra**

# Maharashtra: State View

Graph-08



Maharashtra view as on December 2020	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs	Industry
Active Loans ('000)	2,793	1,565	2,988	364	19	7,729
Portfolio Outstanding (₹ crore)	5,675	3,306	6,402	800	49	16,232
Market Share in Portfolio Outstanding	35%	20%	39%	5%	1%	100%
Disbursed Amount (₹ crore) - OND'20	2,013	667	1,869	74	5	4,628
Average Ticket Size (₹) - OND'20	27,676	32,643	38,697	40,474	37,186	32,265
30+ Delinquency (POS)	16.30%	19.39%	17.54%	22.59%	43.41%	17.81%
90+ Delinquency (POS)	5.39%	10.59%	9.66%	2.85%	12.46%	8.03%

Table-08

- As on 31<sup>st</sup> December 2020 Maharashtra contributes 7% to pan India MFI Portfolio in terms of active loans and portfolio outstanding
- NBFC-MFIs contribute 39% towards portfolio outstanding
- ATS of NBFCs is highest in Maharashtra compared to other lenders
- NBFCs have maintained 90+ delinquency very well compared to other lenders in Maharashtra

# Maharashtra: Disbursement Trends

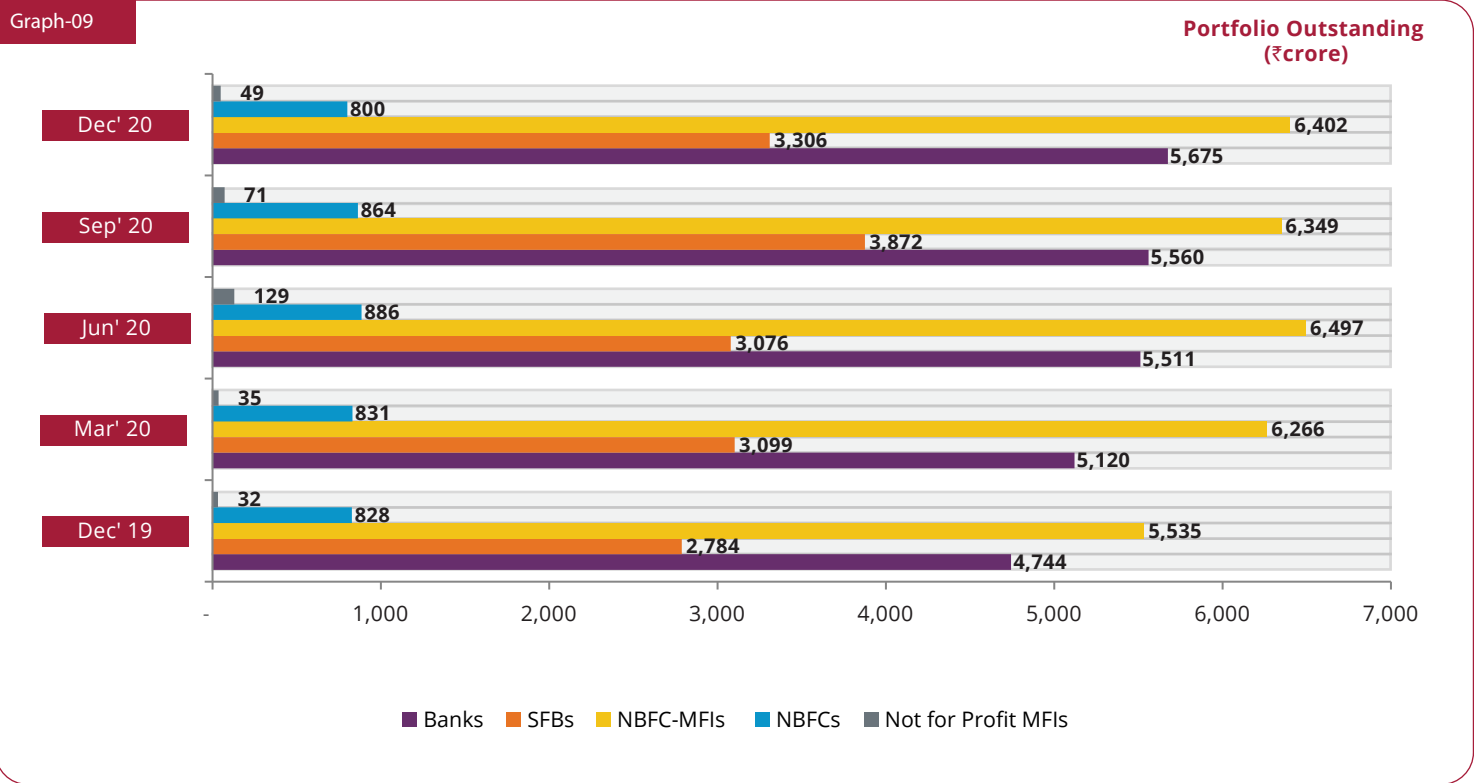
No. of Loans ('000)

Ticket Size	OND' 19	JFM' 20	AMJ' 20	JAS' 20	OND' 20
0K-10K	106	74	6	31	258
10K-20K	154	135	75	145	143
20K-30K	495	486	13	130	315
30K-40K	478	486	14	130	235
40K-50K	187	223	6	95	165
50K-60K	132	154	6	62	151
60K Plus	69	89	5	51	167
Total	1,621	1,647	125	644	1,434

Table-09

- On Y-o-Y basis, the number of disbursements declined by 11.5% in Maharashtra as compared to 3% Y-o-Y growth on pan India level
- 142% of Y-o-Y growth is registered in 60K Plus category from OND' 19 to OND' 20

# Maharashtra: Portfolio Trends

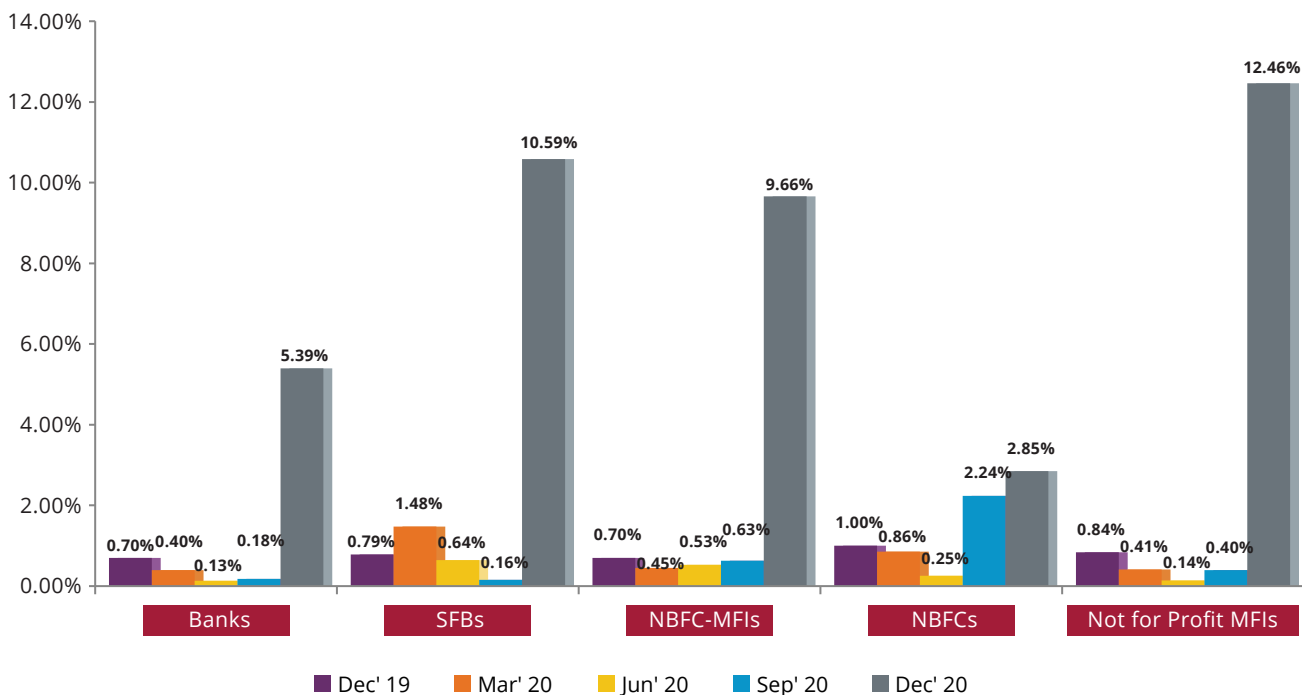


- Maharashtra has registered Y-o-Y growth of 17% from December 2019 to December 2020
- Banks are slowly recovering from COVID period and have registered growth of 2% from September 2020 to December 2020 but at the same time SFBs have witnessed negative growth of 15% for the same period
- Market share of NBFC-MFIs is highest in all the quarters in Maharashtra



# Maharashtra: 90+ Delinquency Trends

Graph-10



- 90+ delinquency is highest for all the Lenders in December 2020 compared to other quarters
- Not for Profit MFIs witnessed the highest delinquency at 12.46% in December 2020

**Note:** Delinquencies calculated basis POS.

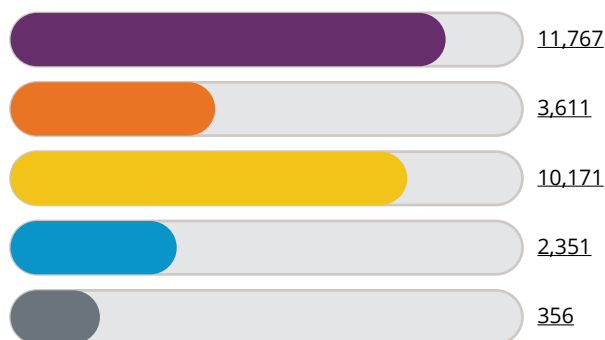


| Aspirational  
**Districts**

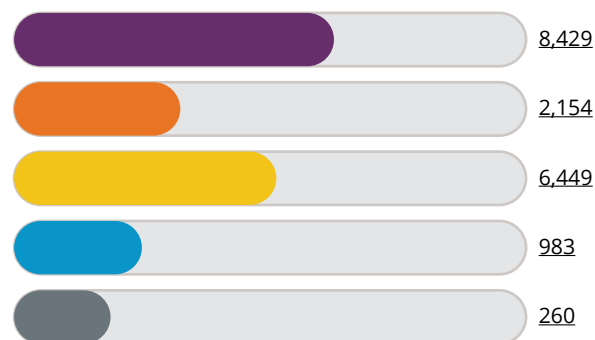
# Aspirational Districts – December 2020 Overview

Graph-11

Portfolio (₹ crore)



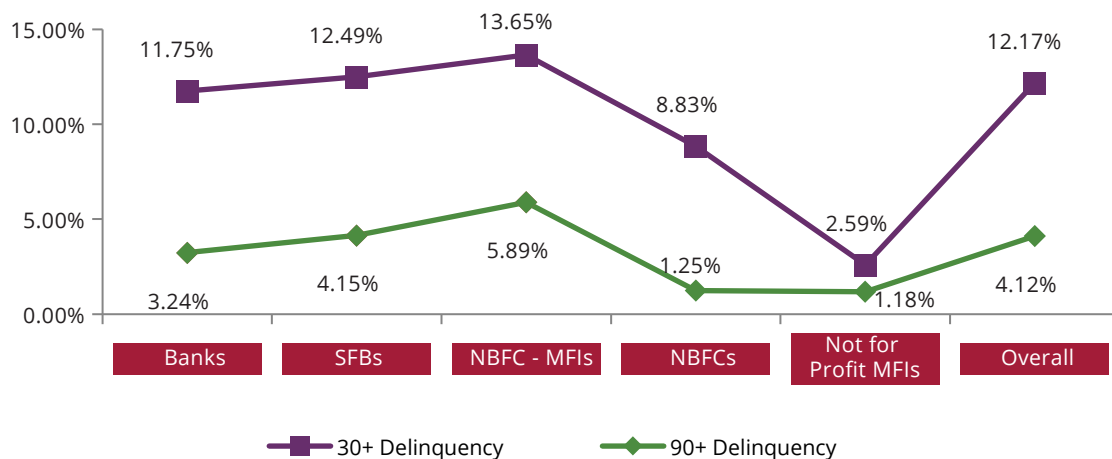
Amount Disbursed (₹crore) – Jan'20 to Dec'20



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

Graph-12

30+ and 90+ POS Delinquency lender category wise



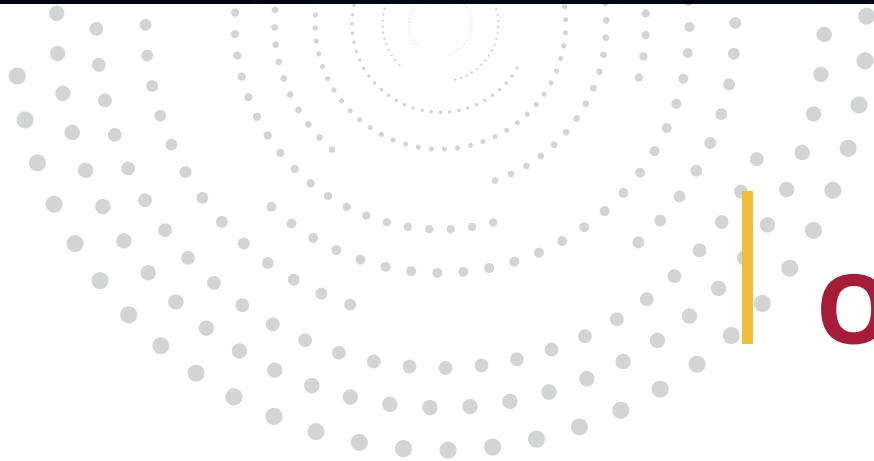
■ 30+ Delinquency ◆ 90+ Delinquency

Aspirational Districts Growth Particulars	December 2017	December 2020	Growth %
Active Customer Penetration ('000)	4,155	7,900	90%
Disbursement Amount (₹crore)	14,374 *	23,914 **	66%
Active Loans ('000)	6,925	13,299	92%
Portfolio Outstanding (₹crore)	11,175	28,256	153%
30+ Delinquency	1.54%	12.17%	-
90+ Delinquency	0.75%	4.12%	-

- Total portfolio outstanding in Aspirational Districts stood at ₹28,256 crore, as of December 2020, with 42% share of Banks, followed by 36% share of NBFC-MFI
- NBFC-MFIs have the highest 90+ delinquency across Aspirational Districts
- Portfolio Outstanding grew by 153% and disbursement amount witnessed growth of 66% from December 2017 to December 2020

Table-10

Note: \*Disbursement January 2017 to December 2017  
 \*\*Disbursement January 2020 to December 2020  
 Delinquencies are calculated basis POS

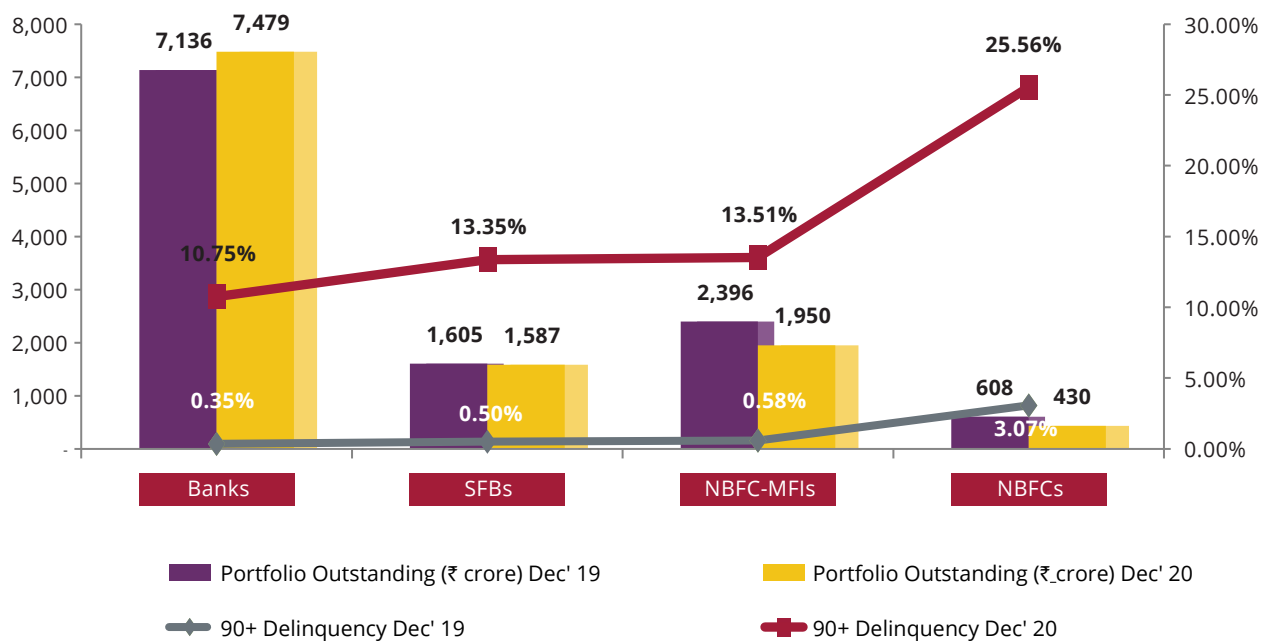


Assam  
**Overview**

# Assam Overview – as on December 2019 & December 2020

Graph-13

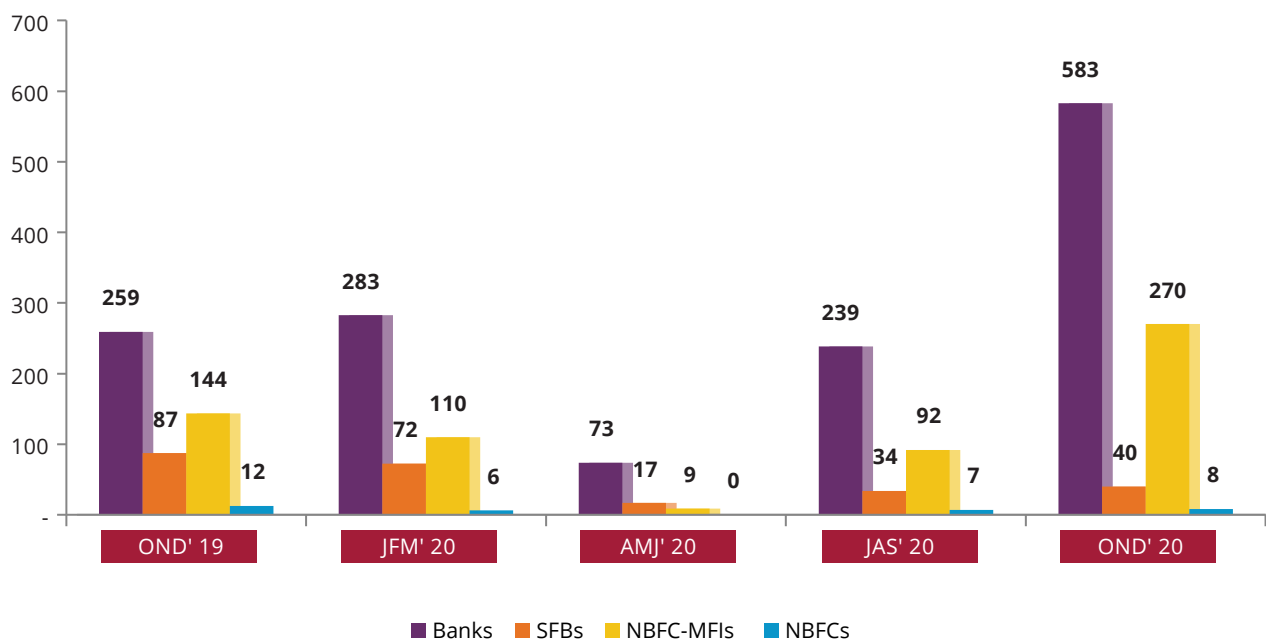
Portfolio Outstanding & 90+ Delinquency



- Banks registered 5% Y-o-Y growth from December 2019 to December 2020
- Banks contribution is highest towards total portfolio outstanding of Assam in December 2019 and December 2020
- 90+ delinquencies have increased in all the lenders in December 2020 compared to December 2019
- 90+ delinquency as on December 2020 of Assam is higher than pan India 90+ delinquency

# Assam – Sourcing Trends

Graph-14



Average Ticket Size (in ₹)

Lender Type	OND' 19	OND' 20	Y-o-Y growth rate %
Banks	62,034	31,368	-49%
SFBs	39,932	40,898	2%
NBFC – MFIs	30,734	25,975	-15%
NBFCs	32,989	40,733	23%
Overall ATS of Assam	48,524	30,259	-38%

Table-11

- Overall loan sourcing grew by 79% from OND' 19 to OND' 20
- Overall ATS of Assam dropped by 38% from ₹48,524 in OND' 19 to ₹30,259 in OND' 20



## 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. Under Microfinance, the Bank has cumulatively sanctioned ₹19,871 crore to more than 100 MFIs, as on March 2020. 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 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.

## About Equifax

Equifax is a global information solutions company that uses trusted unique data, innovative analytics, technology and industry expertise to power organizations and individuals around the world by transforming knowledge into insights that help make more informed business and personal decisions.

Headquartered in Atlanta, Ga., Equifax operates or has investments in 24 countries in North America, Central and South America, Europe and the Asia Pacific region. It is a member of Standard & Poor's (S&P) 500® index and its common stock is traded on the New York Stock Exchange (NYSE) under the symbol EFX. Equifax employs 11,000 employees worldwide. With a global legacy of over 120 years in the credit industry, in 2010, Equifax established a presence in India market and was licensed by RBI to operate as a CIC. Over the last 9 years, the credit bureau has grown to 4000+ members including Banks, NBFCs, MFIs and insurers. These members provide data on demographic and repayment information on millions of Indian consumers. In 2014, Equifax further grew its footprint in India through acquisition of an analytics firm. Equifax Analytics Pvt. Ltd is Equifax's fully owned analytics entity in India, which delivers unparalleled customized analytics solutions that enrich both the performance of businesses and the lives of consumers.

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