

Microfinance Industry Portfolio reaches 3.93 lakh crores, posts 21% Y-o-Y growth, NBFC-MFIs continues to dominate the microfinance universe

New Delhi, 01 April 2024: As per the data compiled by Sa-Dhan, the largest association of MFIs and SRO microfinance Institutions, that the data for Q3 is close to ₹4 lakh crores. The outstanding of the microcredit is about 21% higher than the previous year at the same time. The MFIs continued to occupy the largest share in the pie with 40% and followed by banks 32% and SFBs at 18%. There has been an overall improvement in the recovery position with the PAR 90 recording 1.04%.

'Microfinance sector is on a boom with overall improved performance in every parameter. This growth story has been continuing for last 2 quarter and expected to continue a few more years.' said Jiji Mammen, ED & CEO. He further said that there is a need to have expansion of microfinance to other geographies which are not fully served at present. Sa-Dhan has taken a lead to identify the issues pertaining the unreached geographies by launching a study with the support of SIDBI. The study report is expected soon and will be made available to public.

The need for awareness creation of micro borrowers is another challenge. Sa-Dhan with the support of DEA Fund of RBI conducted 2250 workshops across the country in 19 states and covered 1.42 lakh persons and imparted such training.

Sa-Dhan is also working to promote micro enterprises among SHGs and JLG members. A project is being implemented to develop one million enterprises in the country said Mr Mammen.

Key Highlights

- ❑ Loan Portfolio of all micro lenders as of Dec' 23 is over ₹3.93 lakh crores, registering growth of 21%, compared to corresponding quarter Q3 of FY 22-23.
- ❑ Number of loan accounts serviced by all micro lenders stands at 1,408 lakhs, posting a Y-o-Y growth of 9%.
- ❑ There has been improvement in the portfolio quality under all buckets during Q3 of FY 23-24, compared to corresponding quarter Q3 of FY 22-23, PAR 30+ dpd improved to 2.24% from 3.43%, PAR 60+ dpd improved to 1.63% from 2.60%, PAR 90+ dpd improved to 1.04% from 1.76%, while PAR 180+ dpd improved to 7.56% from 11.49%.
- ❑ Total disbursement of all micro lenders is ₹96,754 Cr. during Q3 of FY 23-24, posted a healthy growth of 19% compared to corresponding quarter Q3 of FY 22-23.
- ❑ Market share of micro lenders in terms of portfolio shows that the NBFC-MFIs continues to account for the largest share at 40%, followed by the Banks at 32%, SFBs at 18%, NBFCs at 11% and Non-Profit MFIs at 0.18%

- The top 5 states in terms of portfolio are Bihar (₹58,706 Cr.), Tamil Nadu (₹53,304), Uttar Pradesh (₹40,770 Cr.), Karnataka (₹37,427 Cr.) and West Bengal (₹35,431 Cr.), these top 5 states account for approximately 57% of the total portfolio of the industry.
- Among the major states in terms of portfolio (Y-o-Y growth), Uttar Pradesh has recorded (38%) growth, followed by Bihar (35%), Karnataka (30%), Tamil Nadu (25%) and Odisha (24%) respectively above the industry average (21%), while West Bengal has registered modest growth of 8%.
- There has been a significant increase in the number of districts having portfolio greater than ₹2,000 Cr from 14 districts in Dec' 22 to 30 districts as on Dec' 23, the majority of these districts are from Bihar (12 districts), West Bengal (6 districts), Tamil Nadu (5 districts), Karnataka (4 districts) etc.
- Average Ticket Size (ATS) for industry in Q3 of FY 23-24 is ₹48,160 compared to ₹41,267 in Q3 of FY 22-23, registering 17% Y-o-Y growth, the ATS have increased across all micro lenders.

About Sa-Dhan

Sa-Dhan is the first and largest association of Impact Finance Institutions and an RBI recognized Self-Regulatory Organization (SRO) for Microfinance Institutions. It was formed over two decades back for supporting and strengthening the agenda of fostering Inclusive Impact Finance in India. It strives for creating a better understanding of the microfinance sector among policymakers, funders, banks, governments, researchers, and practitioners. Sa-Dhan has 224 members working in 33 States/UTs which includes both, for Profit and Not for Profit MFIs, SHG promoting institutions, SFBs, Banks, rating agencies, capacity-building institutions etc. Sa-Dhan is also recognized as a National Support Organization (NSO) by National Rural Livelihood Mission (NRLM).

For more information, please contact:

Rituparna Roy

Sa-Dhan

Fostering Inclusive Impact Finance

Mobile: +91 9873005101