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Home » Exclusive: 54 microfinance-related suicides in AP, says SERP Report

## Exclusive: 54 microfinance-related suicides in AP, says SERP Report

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**of victims of MFIs in AP State – prepared by Gender UNIT, SERP** **Updated on 25/10/2010**

Verified by Whom	Dt.	Victims Name	Village/ mandal	MFIs name	
	Khammm	Vaddadi Fhathima	Pasupaka village, Aswaraopet Mandal	M/S SKS Micro Finance Limited Sharemoola Micro Finance Ltd	An amount of Rs. 10000/ loan was taken from SKS Micro finance Ltd Rs. 84446 was taken from Share Moola company. Because of harassment for

Microfinance Focus, Oct 28, 2010: Microfinance Focus has obtained a report prepared by the Gender Unit of SERP (Society for Elimination of Rural Poverty), listing the victims of microfinance institutions in Andhra Pradesh. Out of the 123 alleged cases of harassment that the report lists out, there are 54 death cases. According to the list, some of largest microfinance institutions are alleged in most of the cases.

Meanwhile, Mr. Alok Prasad, CEO of MFIN (Microfinance Institutions Network) told Microfinance Focus that MFIN is in the process of constituting a high powered team to look into the alleged suicides in AP. The intention is to have an independent investigation done so as to come to an objective determination of the true facts.

The list was prepared based on the information given by Task Force Committee – Gender Unit/SERP. Mr. Budhithi Rajshekhar, the CEO of SERP however declined to comment on the verification process and the methodology that was adopted to prepare the report. SERP is an autonomous society of the Department of Rural Development, Government of Andhra Pradesh.

In most of the suicide cases, the report claims that borrowers were subjected to unbearable harassment by MFIs, the report claims. Some examples:

K. Venkatakhshmi of Devarapalli, Visakha district, took a loan of Rs. 15000. “16 Years old daughter was harassed and humiliated, asked the girl to do prostitution for repayment, She was kept in a house under Lock, under wrongful confinement, and the girl Committed SUICIDE.”

Jayaramappa of Madakasira SC colony, Madaka sira mandal, Ananthapoor district, took Rs 64000 “from three MFIs. On 3rd of October 2010 committed suicide because of MFIs harassing his wife and abusing with filthy vulgar language.”

However, in a number of cases, there is no mention of harassment, beyond the report of the suicide and a loan amount. The document also refers to a handful of murder cases, with the implication that the debt played a role. For example, it alleges that Bollam Manjula, Dharmarao pet village, Warangal district, received Rs. 16000 loan, which “created feud in the family, between wife and husband about the repayment, with the unbearable harassment. Manjula committed suicide, but the case was treated as domestic violence.”

A handful of cases allege somewhat vaguely that MFI loan officers “abetted” suicide. However, one case alleges that the MFI actually encouraged the suicide. According to the report, Mr. Sale Ganesh of Sitharampoo, Rangareddy district, was subjected to “harassment and abetted commit suicide for getting insurance amount.”

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#### Featured

What and Where is Micro-Finance? Between a rock and a soft place

#### Interview

A few cases of alleged harassment result in a natural death that brought on by said harassment. Mr. Jangam Kasipathi of Lachapet, Medak district, a client of several large MFIs, "due to the harassment of the employees of the Companies for repayment, insults and intimidation to the women in the family till midnight, could not take pressure of the MFIs, died with heart attack on the spot."

While a number few of the suicide cases were reported by DRDA (District Rural Development Authority) itself, most of them were reported sourced from reports by the local media in the state.

Above report is published as is, without editing or verification by Microfinance Focus.



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#### Alleged Harassment for debt repayment by MFIs

Submitted by Professor Dr Satchidananda Sogala (not verified) on Sun, 12/05/2010 - 11:24.

3

Dear All

How can asking for loan repayment be considered harassment? Is it not the duty of the borrower, poor or rich, to pay back what he has received? Is it not ethical requirement? Well, if some one is poor and if some noble-minded people, including the Govt, would like to make grants / give subsidies, no one can quarrel. However, I strongly contest the view that debt repayment follow up is harassment and results in death!

According to my understanding of the Andhra Situation (The position in the rest of India for rural banking is not much different.), the core issue is the debt repayment. One who is objective (There are very few such people, the Governments included!) and one who is aware of the realities of the rural scenario in India can vouch for the fact the debt repayment culture was very strong, particularly among the poor. For instance, even under the Government Poverty Alleviation Programs like IRDP, the repayment was 100 percent according to the central bank study in interior places like Honavar Taluk in the coastal Karnataka.

I do not oppose grants and open subsidies to the poor. But the populist Government measures of loan waivers, the unthinking media support to defaults and the special pleading intellectuals all acted and have nearly damaged the "REPAYMENT CULTURE" and created permissiveness and default.

Microinsurance in Brazil

### Column

What and Where is Micro-Finance? Between a rock and a soft place

### Investment

Global Partnerships lends \$2.5M to two Colombian MFIs

### Microfinance Plus

BlueOrchard's social performance data on microfinance institutions

### Technology

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### In the field

Microfinance Borrowers Demand Higher Loans and Value Added Services

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Empowerment versus Finance: Challenges in Implementing Gender Sensitive Approaches

### Microfinance Mantra

How to assess the real strength of a microfinance institution?

However noble or desirable, financing system cannot function viably if the repayment culture is not there ! Policy makers and public leaders and all of us should recognise this sooner than later!

Thanks and regards  
Satchidanand

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