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54 committed suicide in AP due to microfinance debts, says SERP: report

By IB Times Staff Reporter

The crisis in the southern Indian state of Andhra Pradesh over microfinance-induced suicides has taken an ugly turn with a report published by *Microfinance Focus*, a news portal on Friday.

The media report based on a fact-finding report prepared by the Gender Unit of SERP (Society for Elimination of Rural Poverty) said 54 deaths were microfinance-related, out of 123 cases of alleged harassment by some of the largest and well-known microfinance institutions in the state.

Alok Prasad, CEO of MFIN (Microfinance Institutions Network) which represents NBFC microfinance firms has reportedly responded to *Microfinance Focus* query that the lobby group is in the process of constituting a "high powered team" to look into the alleged suicides in AP.

SERP, an autonomous society of the state rural development department, which prepared the report declined to comment on the verification process and the methodology used in the report. However, it gives instances where borrowers were harassed by MFIs.

In one case the borrower's 16-year-old daughter "was asked to do prostitution for repayment, She was kept in a house under lock, under wrongful confinement, and the girl Committed suicide."

In another case, Jayaramappa of Madakasira SC colony, Madaka sira mandal, Ananthapoor district, took 64,000 rupee loan from three MFIs and on Oct. 3, 2010, he "committed suicide because of MFIs (began) harassing his wife and abusing her in filthy vulgar language," the report said.

Another glaring example of MFIs abetting suicide for insurance was cited in the report. Sale Ganesh of Sithampoor, Rangareddy district, was subjected to "harassment and abetted commit suicide for getting insurance amount," the report said.

Though the report sourced more than half of the 123 cases from local media

reports, which require verification, certainly the report will strengthen the case of the state government against microfinance institutions in Andhra Pradesh. Recently the government issued an ordinance asking all the MFIs in the state to register themselves with the district development agency but the MFIs moved high court against the ordinance.

But the entire issue has brought forth an ugly picture of the microfinance concept that was ushered in the mid-1970s by Nobel laureate Muhammad Yunus of Bangladesh.

The names of MFIs in the SERP report include SKS Microfinance, Spandana Microfinance, SHARE, Asmitha, L&T's microfinance and BASIX Microfinance. For the full list of victims' names in the report, [click here](#).