

Regarding exploitation of vulnerable communities by Micro-Finance Institutions and private Self-Help Groups in the country-Laid

DR. RANI SRIKUMAR (TENKASI): I wish to draw the attention of the Government to the alarming exploitation of vulnerable communities by certain Microfinance Institutions (MFIs) and private Self-Help Groups (SHGs). These institutions are not empowering individuals but driving them into deep distress through predatory lending practices. This resulted in tragic consequences, including families being displaced and individuals taking their own lives. The distress is particularly acute in regions where Beedi and Matchbox industries, traditionally a source of livelihood for many, are in severe decline. With falling demand and rising operational costs, workers and small-scale producers in these industries are forced to borrow from MFIs and SHGs to survive. This cycle of indebtedness has taken a severe social and emotional toll on families. Reports of harassment by lenders, public humiliation, and relentless recovery tactics have led to unbearable mental distress for borrowers. I urge the Government to take immediate action to address this crisis. Firstly, MFIs and SHGs must be strictly regulated to ensure transparency in lending practices, with clear and accessible terms provided in local languages. Additionally, there should be caps on interest rates and strict penalties for exploitative practices. Borrowers must be empowered through financial literacy campaigns to better understand their rights.