MICROFINANCE INSTITUTIONS IN INDIA: AN OVERVIEW

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Abstract

Most poor people manage to mobilize resources to develop their enterprises and their dwellings slowly over time. Financial services could enable the poor to leverage their initiative, accelerating the process of building incomes, assets and economic security. However, conventional finance institutions seldom lend down-market to serve the needs of low-income families and women-headed households. They are very often denied access to credit for any purpose. More than subsidies poor need access to credit. Absence of formal employment makes them 'non-bankable'. Therefore the fundamental problem is not so much of unaffordable terms of loan as the lack of access to credit itself (Kim, 1995). This forces them to borrow from local money lenders at exorbitant interest rates. Many innovative institutional mechanisms have been developed across the world to enhance credit to poor even in the absence of formal mortgage. The lack of access to credit for the poor is attributable to practical difficulties arising from the discrepancy between the more of operation followed by financial institutions and the economic characteristics and financing needs of low-income households. For example, commercial lending institutions require that borrowers have a stable source of income out of which principal and interest can be paid back according to the agreed terms. However, the income of many self employed households is not stable, regardless of its size. A large number of small loans are needed to serve the poor, but lenders prefer dealing with large loans in small numbers to minimize administration costs. They also look for collateral with a clear title – which many low-income households do not have. In addition bankers tend to consider low income households a bad risk imposing exceedingly high information monitoring costs on operation. Presently (2009), there are about 150 micro-finance institutions (MFI) in India, with a gross loan portfolio of USD 4.5 billion, 26.6 million active borrowers, 144.4 USD average loan balance per borrower, 204.9 million USD deposits, 5.1 billion USD total assets and 2 million depositors.

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Definition and Concept

Microfinance is the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services (http://en.wikipedia.org/). More broadly, it is a movement whose object is "a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers" (Robert *et al*., 2004). Those who promote microfinance generally believe that such access will help poor people move out of poverty.

Microfinance is a broad category of services, which include microcredit. Microcredit can be defined as the provision of credit services to poor clients. Although microcredit by definition can achieve only a small portion of the goals of microfinance, conflation of the two terms is endemic in public discourse. In other words, critics attack microcredit while referring to it indiscriminately as either 'microcredit' or 'microfinance'. Due to the broad range of microfinance services, it is difficult to assess impact, and no studies to date have done so.

Introduction

Traditionally, banks have not provided financial services, such as loans, to clients with little or no cash income. Banks incur substantial costs to manage a client account, regardless of how small the sums of money involved. The fixed cost of processing loans of any size is considerable as assessment of potential borrowers, their repayment prospects and security; administration of outstanding loans, collecting from delinquent borrowers, etc., has to be done in all cases. There is a break-even point in providing loans or deposits below which banks lose money on each transaction they make. Poor people usually fall below that breakeven point. A similar equation resists efforts to deliver other financial services to poor people.

In addition, most poor people have few assets that can be secured by a bank as collateral. As documented extensively by Hernando de Soto and others, even if they happen to own land in the developing world, they may not have effective title to it (Hernando, 1989). This means that the bank will have little recourse against defaulting borrowers.

Because of these difficulties, when poor people borrow they often rely on relatives or a local moneylender, whose interest rates can be very high. An analysis of 28 studies of informal money lending rates in 14 countries in Asia, Latin America and Africa concluded that 76% of moneylender rates exceed 10% per month, including 22% that exceeded 100% per month. Moneylenders usually charge higher rates to poorer borrowers than to less poor ones (Robinson, 2001). While moneylenders are often demonized and accused of usury, their services are convenient and fast, and they can be very flexible when borrowers run into problems. Hopes of quickly putting them out of business have proven unrealistic, even in places where microfinance institutions are active.

While the success of the Grameen Bank (which now serves over 7 million poor Bangladeshi women) has inspired the world, it has proved difficult to replicate this success. In nations with lower population densities, meeting the operating costs of a retail branch by serving nearby customers has proven considerably more challenging.

Although much progress has been made, the problem has not been solved yet, and the overwhelming majority of people who earn less than $1 a day, especially in the rural areas, continue to have no practical access to formal sector finance. Microfinance has been growing rapidly with $25 billion currently at work in microfinance loans. It is estimated that the industry needs $250 billion to get capital to all the poor people who need it (Deutsche Bank, 2007). The industry has been growing rapidly, and concerns have arisen that the rate of capital flowing into microfinance is a potential risk unless managed well (http://www.citigroup.com/).

Principles of Microfinance

Ensuring financial services to poor people is best done by expanding the number of financial institutions available to them, as well as by strengthening the capacity of those institutions. In recent years there has also been increasing emphasis on expanding the diversity of institutions, since different institutions serve different needs. Some principles that summarize a century and a half of development practice were encapsulated in 2004 by Consultative Group to Assist the Poor (CGAP) and endorsed by the Group of Eight leaders at the G8 Summit on June 10, 2004 (Helms, 2006):

- Poor people need not just loans but also savings, insurance and money transfer services.

- Microfinance must be useful to poor households: helping them raise income, build up assets and/or cushion themselves against external shocks.
- "Microfinance can pay for itself." Subsidies from donors and government are scarce and uncertain, and so to reach large numbers of poor people, microfinance must pay for itself.
- Microfinance means building permanent local institutions.
- Microfinance also means integrating the financial needs of poor people into a country's mainstream financial system.
- "The job of government is to enable financial services, not to provide them."
- "Donor funds should complement private capital, not compete with it."
- "The key bottleneck is the shortage of strong institutions and managers." Donors should focus on capacity building.
- Interest rate ceilings hurt poor people by preventing microfinance institutions from covering their costs, which chokes off the supply of credit.
- Microfinance institutions should measure and disclose their performance – both financially and socially.

Microfinance is considered as a tool for socio-economic development, and can be clearly distinguished from charity. Families who are destitute, or so poor they are unlikely to be able to generate the cash flow required to repay a loan, should be recipients of charity. Others are best served by financial institutions.

Current scale of microfinance operations

No systematic effort to map the distribution of microfinance has yet been undertaken. A useful recent benchmark was established by an analysis of 'alternative financial institutions' in the developing world in 2004 (Robert *et al*., 2004). The authors counted approximately 665 million client accounts at over 3,000 institutions that are serving people who are poorer than those served by the commercial banks. Of these accounts, 120 million were with institutions normally understood to practice microfinance. Reflecting the diverse historical roots of the movement, however, they also included postal savings banks (318 million accounts), state agricultural and development banks (172 million accounts), financial cooperatives and credit unions (35 million accounts) and specialized rural banks (19 million accounts).

An important source of detailed data on selected microfinance institutions is the Micro Banking Bulletin, which is published by Microfinance Information Exchange. At the end of 2009 it was tracking 1,084 MFIs that were serving 74 million borrowers ($38 billion in outstanding loans) and 67 million savers ($23 billion in deposits) (Microfinance Information Exchange, 2009).

Mechanisms Adopted in other South Asian Nations

The Grameen Bank in Bangladesh

The concept is the brainchild of Dr Muhammad Yunus of Chittagong University who felt concern at the pittance earned by landless women after a long arduous day's work labouring for other people. He reasoned that if these women could work for themselves instead of working for others they could retain much of the surplus generated by their labours, currently enjoyed by others. Established in 1976, the Grameen Bank (GB) has over 1000 branches (a branch covers 25-30 villages, around 240 groups and 1200 borrowers) in every province of Bangladesh, borrowing groups in 28,000 villages, 12 lakh borrowers with over 90% being women. It has an annual growth rate of 20% in terms of its borrowers. The most important feature is the recovery rate of loans, which is as high as 98%. A still more interesting feature is the ingenious manner of advancing credit without any "collateral security".

Factors behind success of the Grameen Bank are: participatory process in every aspect of lending mechanism, peer pressure of group members on each other, lending for activities which generate regular income, weekly collection of loans in small amount, intense interaction with borrowers through weekly meetings, strong central management, dedicated field staff, extensive staff training willingness to innovate, committed pragmatic leadership and decentralized as well as participatory style of working.

Linking Banks with Self-Help Groups in Indonesia

In Indonesia, financial liberalization since 1988, disenchantment with traditional subsidized credit programs and an openness to innovative approaches led the Central Bank to support a pilot project in which 13 participating banks, with the assistance of 12 NGOs, have lent to about 420 self-help groups (SHGs) in the first phase, to be on lent to their members.

Some of the principles underlying the project are: (1) The SHGs are to use part of their funds (almost 60%) for lending to their members and the rest for depositing in a bank to serve as the basis for refinancing from the bank; (2) Savings are to come first: no credit will be granted by the SHG without savings by the individual members of the SHG. These savings are to serve as partial collateral for their loans; (3) The joint and several liability of the members is to serve as a substitute for physical collateral for that part of loans to members in excess of their savings deposits; (4) Credit decisions for on lending to members are to be taken by the group collectively; (5) Central Bank refinance is to be at an interest rate equal to the interest rate at which the savings are mobilized; (6) All the intermediaries (the Central Bank, banks, NGOs and SHGs) will charge an interest margin to cover their costs; (7) Interest rates on savings and credit for members are to be market rates to be determined locally by the participating institutions; (8) Instead of penalties for arrears, the banks may impose an extra incentive charge to be refunded in the case of timely repayments; (9) The ratio of credit to savings will be contingent upon the creditworthiness of the group and the viability of the projects to be implemented, and is to increase over time with repayment performance; (10) SHGs may levy an extra charge on the interest rate for internal fund generation (which would be self-imposed forced savings).

Within the first ten months of the implementation period, by March 1990, 7 private banks and 11 branches of government banks had made 229 group loans to SHGs, which had retailed them to about 3500 members. Loans totaling about $0.4 million had been disbursed, on an average of about $2000 per group and $118 per member. SHG savings deposits with the bank amounted to about $400 per group, giving a credit to savings ratio of about 5. NGOs have received loans from the banks at 22 to 24 per cent which is only slightly higher than the refinancing rate of large to small banks. Rates to end users have been between 30 to 44 per cent after the NGOs and SHGs have added their margins to cover costs and build funds to cover joint and several liability. Only one of the participating banks had sought a guarantee under the scheme from the Central Bank.

Pag IBIG Fund - Philippines

Pag IBIG Fund is one of the most financially stable Government owned -and-controlled Corporations in Philippines today. Pag IBIG is an acronym for Pagtulungan sa Kinabukasan

(Partnership for the Future), Ikaw (You), Banko (Bank) Industriya (Industry) Gobyerno (Government). To date, it has a total of 1.2 million members with a fund base of US $ 800 million. The fund is a provident savings fund and a housing credit system for the wage earners. Savings and Housing are closely intertwined and the first step was to take care of the member's basic need for housing. The Fund instituted a systematic, regular and easy savings system and tapped new groups of savers who could not be reached by commercial banks and became a major source of funds for developing the economy. Membership to the fund was made voluntary in 1987. A member could withdraw his accumulated savings upon maturity of his membership after 20 years, permanent departure from the country, total disability, retirement or separation from service due to health.

Housing loans were the Fund's greatest attraction, for which reason, a Trust Fund Agreement with the National Housing Mortgage and Finance Corporation (NHMFC) was entered into. The agreement allows the Fund to direct its lending through the NHMFC Secondary Mortgage Market System, where mortgage instruments are traded by NHMFC. The Fund was guaranteed a fixed return making it possible for the Fund to lend to its members at 9% p.a. and declare dividends. Thus Pag IBIG helps every Filipino to have his own house by pooling the savings of its members and channeling them for the long term financing requirement of housing.

Urban Community Development Office of Thailand

Urban Community Development Office (UCDO) was established in 1992 as a government sponsored organization with the mandate of enhancing the capacity of slum dwellers and urban poor, through credit provision process, to generate income on a stable basis and to obtain adequate housing with secure rights and improved living environment. UCDO facilitates the formation and strengthening of savings and credit organizations in urban poor communities through technical assistance and training on organization and management of the savings groups. The office provides wholesale loans to these member organizations to on-lend to individuals to support community development. Therefore, it serves as a bank for urban poor. To be eligible for UCDO loan, the saving group must have been engaged in savings activities for at least three months and demonstrate a clear management structure. Credit is provided as a tool to unleash communities' potential for self improvement.

All committee members of a community group must sign their names as guarantors for a loan. In the case of housing projects, land titles or the housing may have to be put as collateral as well. The lending rate is set based on cost of funds and provision for bad debts and a markup for community organizations. Current rates are kept below commercial rates thanks to UCDO's access to low cost funds. The community can decide upon the loan amount and the repayment period within the prescribed maximum terms. The community or savings group may repay daily, weekly, fortnightly or monthly. The method of repayment is flexible and arranged according to the needs and process decided by the community. The repayment rate stands at 98.7%. As of Mach 1996, $ 17.8 million of credit was disbursed to the benefit of about 3000 families in 62 communities. Housing loans accounted for $12.6 million, followed by income enhancement loans ($3.8 million) and general purpose loans ($1.4 million).

The Indian Context

Regionally the highest concentration of these accounts was in India (188 million accounts representing 18% of the total national population). The lowest concentrations were in Latin American and the Caribbean (14 million accounts representing 3% of the total population) and Africa (27 million accounts representing 4% of the total population, with the highest rate of penetration in West Africa, and the highest growth rate in Eastern and Southern Africa) (MFW4A – Microfinance, 2010).

As of 2009, the total MFIs in India across all dates is 149, with a gross loan portfolio of USD 4.5 billion, 26.6 million active borrowers, USD 144.4 average loan balance per borrower, USD 204.9 million deposits, 5.1 billion total assets and 2 million depositors (www.mixmarket.org/mfi/country/India).

Credit Rating and Information Services of India Ltd. (CRISIL)

Credit Rating and Information Services of India Ltd. (CRISIL) is India's leading Ratings, Research, Risk and Policy Advisory Company based in Mumbai. CRISIL's majority shareholder is Standard & Poor's, a division of The McGraw-Hill Companies and the world's foremost provider of financial market intelligence. CRISIL pioneered ratings in India more than 20 years ago, and is today the undisputed business leader, with the largest number of rated entities and rating products: CRISIL's rating experience covers more than 24654 entities, including 14,500 small and medium enterprises (SMEs).

CRISIL offers domestic and international customers (IREVNA, international arm and a division of CRISIL handles international customers) with independent information, opinions and solutions related to credit ratings and risk assessment; energy, infrastructure and corporate advisory; research on India's economy, industries and companies; global equity research; fund services; and risk management.

In late 2009, CRISIL which is India's leading ratings, research and risk advisory company released its list of top 50 microfinance institutions in India. The report titled India's Top 50 Microfinance Institutions presents an overview of leading players in India's microfinance institution (MFI) space (http://indiamicrofinance.com). This is the first inaugural issue and includes additional commentary analyzing the key strengths and challenges of different microfinance players in the sector. The publication is part of CRISIL's enabling role in the structured evolution of the MFI sector in India.

CRISIL launched MFI grading as early as in 2002 and has since then become the world's first mainstream rating agency to develop a separate methodology and scale to assess MFIs. Currently CRISIL has assessed more than 140 MFIs, and is currently the most preferred rating agency in the Indian microfinance space. Market sources reveal that some of these microfinance institutions which figure in the top 50 are in talks with merchant bankers and investors to tap the primary markets and want to gauge the response to SKS Microfinance's IPO before they fast track their own listing plans.

Top 50 Microfinance Institutions in India

The CRISIL has ranked the top 50 microfinance institutions in India by loan amount outstanding for 2009 as follows:

1. SKS Microfinance Ltd (SKSMPL)
2. Spandana Sphoorty Financial Ltd (SSFL)
3. Share Microfin Limited (SML)
4. Asmitha Microfin Ltd (AML)
5. Shri Kshetra Dharmasthala Rural Development Project(SKDRDP)
6. Bhartiya Samruddhi Finance Limited (BSFL)
7. Bandhan Society
8. Cashpor Micro Credit (CMC)

9. Grama Vidiyal Micro Finance Pvt Ltd (GVMFL)
10. Grameen FinancialServices Pvt Ltd (GFSPL)
11. Madura Micro Finance Ltd (MMFL)
12. BSS Microfinance Bangalore Pvt Ltd (BMPL)
13. Equitas Micro Finance India P Ltd (Equitas)
14. Bandhan Financial Services Pvt Ltd (BFSPL)
15. Sarvodaya Nano Finance Ltd (SNFL)
16. BWDA Finance Limited (BFL)
17. Ujjivan FinancialServices Pvt Ltd (UFSPL)
18. Future Financial Services Chittoor Ltd (FFSL)
19. ESAF Microfinance & Investments Pvt. Ltd (EMFIL)
20. S.M.I.L.E Microfinance Limited
21. SWAWS Credit Corporation India Pvt Ltd (SCCI)
22. Sanghamithra Rural Financial Services (SRFS)
23. Saadhana Microfin
24. Gram Utthan Kendrapara,
25. Rashtriya Seva Samithi (RASS)
26. Sahara Utsarga Welfare Society (SUWS)
27. Sonata Finance Pvt Ltd (Sonata)
28. Rashtriya Gramin Vikas Nidhi
29. Arohan Financial Services Ltd (AFSL)
30. Janalakshmi Financial Services Pvt Ltd (JFSPL)
31. Annapurna Financial Services Pvt Ltd
32. Hand in Hand (HiH)
33. Payakaraopeta Women's Mutually Aided Co-operative Thrift and Credit Society (PWMACTS)
34. Aadarsha Welfare Society(AWS)
35. Adhikar
36. Village Financial Services Pvt Ltd (VFSPL)
37. Sahara Uttarayan
38. RORES Micro Entrepreneur Development Trust(RMEDT)

39. Centre for Rural Social Action (CReSA)
40. Indur Intideepam Federation Ltd (IIMF)
41. Welfare Organisation for Multipurpose Mass Awareness Network (WOMAN)
42. Pragathi Mutually Aided Cooperative Credit and Marketing Federation Ltd(PMACS)
43. Indian Association for Savings and Credit(IASC)
44. Sewa Mutually Aided Cooperative Thrift Societies Federation Ltd (Sewa)
45. Initiatives for Development Bangalore, Foundation (IDF)
46. Gandhi Smaraka Grama Seva Kendram (GSGSK)
47. Swayamshree Micro Credit Services (SMCS)
48. ASOMI
49. Janodaya Trust
50. Community Development Centre (CDC)

Evidence for reducing poverty

Over the last ten years, however, successful experiences in providing finance to small entrepreneur and producers demonstrate that poor people, when given access to responsive and timely financial services at market rates, repay their loans and use the proceeds to increase their income and assets. This is not surprising since the only realistic alternative for them is to borrow from informal market at an interest much higher than market rates. Community banks, NGOs and grass root savings and credit groups around the world have shown that these microenterprise loans can be profitable for borrowers and for the lenders, making microfinance one of the most effective poverty reducing strategies. Microfinance can contribute to solving the problem of inadequate housing and urban services as an integral part of poverty alleviation programs.

Research on the actual effectiveness of microfinance as a tool for economic development remains slim, in part owing to the difficulty in monitoring and measuring this impact (Littlefield *et al*., 2003). Some proponents of microfinance have asserted, without offering credible evidence, that microfinance has the power to single-handedly defeat poverty. This assertion has been the source of considerable criticism. Most criticisms of microfinance have actually been criticisms of microcredit, delivered in the absence of other microfinance services such as savings, remittances, payments and insurance.

- Many of the benefits from microcredit are in fact loaned to people with existing business, and not to those seeking to establish new businesses. Many of those receiving microcredit also used the loans to supplement the family income.
- The income that went up in business was true only for men, and not for women. This is striking because one of the supposed major beneficiaries of microfinance is supposed to be targeted at women.
- Whilst microcredit is not necessarily bad and can generate some positive benefits, despite some lenders charging interest rates between 40-60%, it isn't the panacea that it is purported to be. He advocates rather than focusing strictly on microcredit, also giving citizens in poor countries access to rudimentary and cheap savings accounts.
- There has been much criticism of the high interest rates charged to borrowers. The annual rates charged to clients are higher, as they also include local inflation and the bad debt expenses of the microfinance institution (Microfinance Information Exchange, Inc., 2007).
- Milford Bateman, the author of Why Doesn't Microfinance Work?, argues that microcredit offers only an "illusion of poverty reduction". "As in any lottery or game of chance, a few in poverty do manage to establish microenterprises that produce a decent living," he argues, but "these isolated and often temporary positives are swamped by the largely overlooked negatives."
- The role of donors has also been questioned. The Consultative Group to Assist the Poor (CGAP) recently commented that "a large proportion of the money they spend is not effective, either because it gets hung up in unsuccessful and often complicated funding mechanisms, or it goes to partners that are not held accountable for performance (Helms, 2006).
- There has also been criticism of micro-lenders for not taking more responsibility for the working conditions of poor households, particularly when borrowers become quasi-wage labourers, selling crafts or agricultural produce through an organization controlled by the MFI.

- In July 2010 India's biggest MFI, SKS Microfinance also went public. In this case, Muhammad Yunus publicly stated his disagreement, saying that the poor should be the only beneficiaries of microfinance.
- Microcredit has been blamed for many suicides in India: aggressive lending by microcredit companies in Andra Pradesh is said to have resulted in over 80 deaths in 2010.
- The majority of people got worse because of the high interests and mafia like ways of trying to get that interest money from the poor.

Features of the successful MFIs

Some distinguishing features of the successful microfinance institutions are given hereunder.

- Those MFIs that have instilled financial value/discipline through savings and have demonstrated a matching value themselves before lending have been successful.
- A recovery system based on social intermediation and various options including non-financial mechanisms has proved to be effective.
- The communities in which households are direct stake holders have successfully demonstrated the success of programs. A precondition for success is to involve community directly in the program.
- Savings and credit are both critical for success and savings should precede credit.
- Chances of success are more with women; programs designed with women are more successful.
- The programs which are designed taking into account the localized and geographical differences have been successful.
- Effective and responsive accounting and monitoring mechanisms have been an important and critical ingredient for the success of programs.
- The operational success has been more when interest rates are at or near market rates. The crucial problem is not the interest rates but access to finance.

- A program which is able to leverage maximum funds from formal market has been successful. Experience indicates that it is possible to leverage higher funds against deposits.
- Selected non-financial services, viz. business, marketing support services enhance success.
- Appropriate incentives for borrowing and proper graduation of credit have been essential component of success.
- A successful program can not be generalized for all needs and geographical spread. The programs which are simple and replicable in similar contexts have contributed to success.
- The programs which have been able to demonstrate on some measurable scale that the quality of life has improved have been successful.
- To be successful the program productivity with outreach should match.
- The credit mechanism should be flexible meeting multiple credit needs: The programs which have taken care of other needs such as consumption, marriage etc. besides the main shelter, infrastructure or economic needs are successful.
- Another factor that has contributed to the success is the broad environment. A facilitative environment and enabling regulatory regime contributes to the success.
- An essential factor for success is that all development programs should converge across sectors.

Weaknesses of Existing Microfinance Models

Some weaknesses of microfinance are as follows:

- The Grameen Bank of Bangladesh, though has successfully served the rural poor relying on group responsibility to replace the collateral requirements, however, involves too much of external subsidy which is not replicable. The repayment system of 50 weekly equal installments is not practical because poor do not have a stable job and have to migrate to other places for jobs. Credit alone cannot alleviate poverty and the Grameen model is based only on credit. Micro-finance is time taking process. Haste can lead to wrong selection of activities and beneficiaries.

- In the Kerala model (Shreyas), the rules make it difficult to give adequate credit (only 40-50 percent of amount is available for lending).
- In Nari Nidhi/Pradan system, it perhaps is not reaching the very poor.
- Most of the existing microfinance institutions are facing problems regarding skilled labour which is not available for local level accounting. Drop out of trained staff is very high.
- Most of the models do not lend for agriculture. Agriculture lending has not been experimented.

Conclusion

The poor repay their loans and are willing to pay for higher interest rates than commercial banks provided that access to credit is provided. The solidarity group pressure and sequential lending provide strong repayment motivation and produce extremely low default rates. Further, the poor save and hence microfinance should provide both savings and loan facilities. Thus banking on the poor can be a profitable business. However, attaining financial viability and sustainability is the major institutional challenge. Deposit mobilization is the major means for microfinance institutions to expand outreach by leveraging equity. In order to be sustainable, microfinance lending should be grounded on market principles because large scale lending cannot be accomplished through subsidies. Eventually it would be ideal to enhance the creditworthiness of the poor and to make them more "bankable" to financial institutions and enable them to qualify for long-term credit from the formal sector. Microfinance institutions have a lot to contribute to this by building financial discipline and educating borrowers about repayment requirements. The MFI models lack an appropriate legal and financial structure. A forum/network of micro-financier (self-regulating organization) is desired.

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