



Informal Credit System Through Social Entrepreneurs in Tiruchirappalli District, Tamil Nadu

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ABSTRACT

As a group of registered social entrepreneurs having homogenous social and economic backgrounds, voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs tackles social issues such as reduction in poverty, unemployment and facilitating social entrepreneurship. To contribute positively to the sustainability of the SHG is a multi-pronged approach has been taken in with the NGOs movement, placing a focus on saving and other interventions of social empowerment, education and health are differentiate it from the strictly microfinance model. This paper is part of a research study undertaken by the social entrepreneurship in Tiruchirappalli district in Tamilnadu.

KEYWORDS : Social empowerment, SHGs, Social entrepreneurship, NGOs Social change

Introduction

NGO's are considered as an emerging social entrepreneur in many ways concerning its activities. Social entrepreneurship takes responsibility for an innovative and untested idea for positive social change and usher that idea from dream to reality, the enables social entrepreneur to make lasting impact on the most difficult problems is a special combination of groundbreaking creativity and steadfast execution. As the field of social entrepreneurship has grown, new funding streams have developed to support social entrepreneurs on their pathways to change. Thus, the main aim of social entrepreneurship is to further social and environmental goals for a good cause. Social entrepreneurs are most commonly associated with the voluntary and not-for-profit sectors it not a preclude making a profit. Social entrepreneurs are allows for the necessary innovations and the ability to see beyond the orthodoxy of a particular field. Hence, there is a need to understand the role of social entrepreneurs in informal credit system of lead bank scheme in Tiruchirappalli District.

Statement of the Problem

The problems of poverty are still very prevalent in developing countries such as India where the benefits of development often fail to raise the standard of living for the poor. The voluntary organizations, Government Organizations, religious faith, societal cleavages, Government policy, and family structure can all influence social entrepreneurs. In addition to innovative not-for-profit ventures, social entrepreneurship can include social purpose business ventures, such as for-profit community development banks, and hybrid organization mixing not-for-profit elements, such as homeless shelters that start business to train and employ their residents. Social entrepreneurs look for the most effective moths of serving their social missions. Social entrepreneurship is concerned with the entrepreneurs who undertake large-scale social innovation-which may or may not involve a social enterprise. All informants have been pointed out the importance of continuous learning and the knowledge of policy and legislation by not distinguishing the need for specific knowledge necessary for social activities. It highlights the informal credit through social entrepreneurship among there people in the lower level in any organization of the society, suggests the ways to help them develop social entrepreneurs to succeed in their ventures and to make the NGOs movement in the country. In this regards, this paper to examine the structure of informal credit system of the lead bank scheme in Tiruchirappalli District.

Objective of the Study

The main objective of the study is to identify the informal credit system through Social Entrepreneurs in Tiruchirappalli District.

Methodology

The present paper is Quantative in nature based on secondary data, which are available in the Report of Potential Linked Credit Plan, Tiruchirappalli District. Collected data have been analyzed with the help of simple percentage.

Informal Credit System of Social Entrepreneurship in India

The microfinance programmer in India has emerged as not only the largest in the world having covered about 9.7 crore households as on 31 March 2010 but also the main contributor towards financial inclusion in the country. In fact, the informal system has been recognized as a mass movement and the synthesis between the formal financial system and the informal sector. A new fund named women SHG's development fund with a corpus of Rs. 500 crore has been created to be maintained with NABARD, to be used to refinance banks for lending to women SHG's. As on 31 March 2010, there are 2911 Self Help Promoting Institution and 779 Microfinance Institutions that are working along with banks for the uplift of poor. As on 31 March 2010, there were Rs. 69.53 saving linked SHGs in the country, of which Rs. 48.51 lakhs groups are credit linked covering Rs. 9.7 crore of the poor households. The outstanding bank loan as on 31 March 2010 stood at Rs. 28038 crore.

Self Help Groups in Tamilnadu

Tamilnadu is ranked 2nd in the country after Andhra Pradesh in SHG bank linkage programmer and there are 852791 cumulative number of groups. The cumulative number of SHGs credit linked in Tamilnadu as on 31 March 2011 stood at 441311 with an aggregate bank loan of Rs. 8129.61 crore. The average loan per SHG in the state as on 31 March 2011 is Rs.70000. As on 31 March 2011, an amount of Rs. 28 lakhs has been pumped into the informal credit delivery system through the post offices in the state. Mahalir Thittam is based on Self Help Group approach and is implemented in partnership with community based on Non Governmental Organizations. As on 31 March 2011, there were Rs. 5.94 lakhs SHGs under Mahalir Thittam with a total savings of Rs. 44.55 crore. Such Lead Bank profile of the Tiruchirappalli District details is given below the table 1.

Table No 1. Lead Bank profile of the District (As at end - March 2013)

Detail of the lead bank	Numbers
Total Number of bank branches in the district	292
Number of blocks where SHGs are credit linked	14
Number of NGOs participating in credit linkage programme	39
Number of Panchayat level federations of SHG	408
Of which restructured	272
Panchayat Level Federations (PLFs) provided with Bulk Loan	12
PLFs provided with incentive of Rs. 1 Lakh each	81

Source: Potential Linked Credit Plan 2012-2013.

The above table .1 brings about the profile of the lead bank in Tiruchirappalli District. There are 292 branches in this District and credit linked with 14 Blocks. 39 NGOs participating in credit linkage programmer, 408 Panchayat level federations of SHGs in the District, of which 272 were restructured. 12 PLF provided with SHGs giving bulk loan in the district and 81 SHGs receiving each RS. 1 Lakhs incentive of Panchayat level federation Tiruchirappalli district.

Expansion and Maintenance of NGOs in Tiruchirappalli district

The district has the presence of many NGOs who are outside the fold of Mahalir Thittam. Besides SHG bank linkage these NGOs are also involved in activity specific/gender, oriented/health and hygiene/physically mentally challenged children developmental activities. It is desirable that these NGOs and Voluntary Organisation are brought within the fold government support. NGOs who are mahalir thittam approved have also to be exposed to social empowerment and development activities. And also premier colleges, centre for women studies of Bharathidasan University in the district have outreach programmer whereby they adopt villages and implement developmental activities through the student community. In NGOs are Brother of St.Gabriel, St.Anne's congregations, Thapovan Ashram of Sri Ramakrishna Mission, and Vazhikatti of Salesian Brother all have adopted rural areas for development. Self-employment oriented training, education, informal education; evening tuition centres and traditional Medicare system are some of the areas of their working. Such Expansion and Sustenance of NGOs details are given below the table 2.

Table No 2. Expansion and Maintenance of NGOs in The district as SHPIs.

Name of the NGOs	Amount Sanctioned	Total grant amount released	No. of SHGs promoted	No. of beneficiaries
SHEPHERD	9,00,000	7,80,000	520	520
Udhayam	1,60,000	1,60,000	100	100
Udhayam	1,50,000	1,50,000	50	50
Udhayam	2,88,000	30,000	42	0
SPPD	1,50,000	51,000	45	38

Source: Potential Linked Credit Plan 2012-2013.

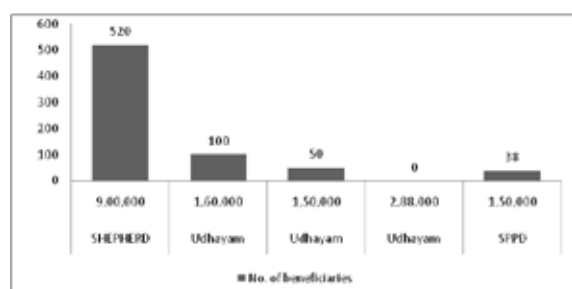
The above table .2 indicates that the expansion and maintenance of NGOs in the district as self help group promotion institution.

Rs. 9,00,000 sanctioned to SHEPHERD to promote 520 SHG with 520 beneficiaries.

Rs. 5,98,000 sanctioned to Udhayam to promote 192 SHG with 150 beneficiaries.

Rs. 1,50,000 sanctioned to SPPD to promote 45 SHG with 38 beneficiaries.

CHART No 1. Expansion and Maintenance of NGOs in The district as SHPIs



SHGs Goals and Strategy in Tiruchirappalli district

The number of SHGs formed, credit linked with the banking system in the district has grown steadily over the year. Per group average loan more than doubled over the past five year. The annual group

formation target is set by mahalir thittam taking into consideration the women population block wise, number of SHGs in existence and the scope for new formation. NGOs wise allocation is made and the progress of formation and credit linkage is monitored monthly. Such SHGs Goals and Strategy details are given below the table 3.

Table No 3. SHGs Goals and Strategy in Tiruchirappalli district.

Particulars	As on 31 March 2010	As on 31 March 2011	During 2010-11	Percentage
No. of SHGs saving in lead bank	15330	17480	2150	6.6%
No. of SHGs credit in lead bank	14352	21657	7305	20.3%
Amt. of bank loan availed (Rs. 00,000)	17411	26478.65	9067.65	21.1%
Average loan per SHGs in Rs.	121314.10	122263.70	124129.36	98.4%

Source: Potential Linked Credit Plan 2012-2013.

As on 31st March 2011, 17480 saving accounts in lead bank by SHG as against 15330 saving accounts in March 2010. It shows that 6.6 percent increase from 2010 to 2011. 21657 credit accounts in lead bank by SHG as against 14352 credit accounts in March 2010. It shows that 20.3 percent increase from 2010 to 2011. 26478.65 loan accounts in lead bank by SHG as against 17411 loan accounts in March 2010. It shows that 21.1 percent increase from 2010 to 2011. During 2010 to 2011 loan account per SHGs is increase 124129.39; its 98.4 percent loan account is increase in lead bank of self help group.

CHART No 2. SHGs Goals and Strategy in Tiruchirappalli district.



Suggestions

1. The Self Help Group movement in Tiruchirappalli district in Tamilnadu, an initiative by the National Bank for Agriculture and Rural Development (NABARD) in 2013, recorded a multidimensional growth in informal credit sector.
2. NGO's are actively engaged in promotion of SHG in the district. Hence, the informal credit system should be routed through the NGO's for effective utilization of the fund.
3. The government should consider extending interest free loan to SHGs are special incentives to social entrepreneurship and timely guidance to them in knowing various activities of entrepreneurship for their sustained growth.
4. Social entrepreneurs in the district mostly involved in promotion of SHG, establishment of home etc. It should promote the economic activities also.

Conclusion

Social entrepreneurs in terms of NGO's in Tiruchirappalli district is one of the unavoidable sectors which provides assistance and linkage between the funding agencies and beneficiaries. Banks and NABARD channelize their schemes and programme through NGO's in the district. Hence it is concludes, the social entrepreneurship in Tiruchirappalli district as an informal credit delivery system between the authorities and beneficiaries. And also extended its activities in socio economic empowerment have been effectively implemented.

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