

FORMATION OF THRIFT AND CREDIT GROUPS (TCGs) UNDER URBAN STREE SHAKTI SCHEME

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Abstract: Today in India the problem of urban poverty is increasing very rapidly. There are a very few way to eradicate urban poverty in India. Mainly providing economic support to the urban people, particularly to the urban women, has been proved very fruitful to reduce the poverty in urban India providing economic support or loans to the urban women helps them to empower, not only economically but also socially, further this strengthens the whole society in general.

In Public Administration can classified into two types of administrative regimes. They are centralized regime and decentralized regime. In a centralized regime the power concentrated at the Centre and in a decentralized regime the power transfer from the center to sub-regional governments or local governments. In a decentralized regime the role of local government initiatives. This paper provides a comparative study which gives complete picture of importance of SHG's in municipal administration.

Keyword: Urban, SHGs, TCG, SGSRY, MFIs.

Introduction: Absence of access to timely low cost credit has been the most prominent detriment in the fight against poverty. Women thrift and credit groups have shown the way. In the urban areas Thrift and Credit Groups (TCGs) have been a success under the SGSRY. The SHGs programme of the state government has shown that the effort can be quickly scaled up (75000 groups have been set up in the rural areas. The internal savings of these groups are nearing Rs 70 crores).

Because of both its sustainability and replicability the setting up of the thrift and credit groups will be scaled up in the Nirmala Nagara cities and town. It will be called the urban SHGs programme. This programme is expected to mobilise over 60,000 poor women to form 4000 thrift and credit groups.

Coverage: From the 32 Urban Local Bodies (ULBs) of the Karnataka state 4000 TCGs will be formed. The list of the towns is indicated at annexure-I. Formation of the TCGs is the responsibility of the commissioner and chief officer / project officer of the respective ULBs. To assist these ULBs at the directorate level a project management consultant will be appointed and at the ULBs level NGOs will be appointed.

Eligibility and Timeframe: The existing BPL family list will be made use of for the formation of groups under SHGs scheme. In addition to this about 20% of the other families below the poverty line other than the BPL list will be considered.

If any person is already a member of TCG and if he had availed financial assistance from such groups, such person should not be considered under this scheme. If no financial assistance is availed such persons may be considered under SHGs scheme. The scheme will be implemented within a period of one year.

Convergence with Community Development Society: Groups formed under SHGs will be converged with community development societies (SGSRY scheme). This will help to continue the programme under the scheme. At the district level the deputy commissioner and the project director will review the project. At the ULB level the programme will be implemented by the commissioner / chief officer of the ULB with the help of project officer and community organisers and the NGOs.

Membership: A member should submit a membership enrolment form (format no.1) giving details along with three passport-size photos at the time of enrolment. The members of the group should also submit a group application form (format no.2) to the commissioner / chief officer of the ULB. These applications should be kept in safe custody by the project officer / community organizer of the CDS. If a woman wants to join an existing TCG, her admission would have to be approved by the group.

Selection of Representative: The members will select / elect two representatives for a term of two years: Among them, at least one representative should be literate. After their term ends, two other representatives are selected / elected for the next two years: this rotation of representatives ensures that all members have an effective role in managing the affairs of the TCG.

Documentations:

The registers, books and forms to be maintained by the group include-

- Membership enrolment form (format no.1) –to be kept in a file separately
- Group application form (format no.2)
- Membership register (format no.3)
- Attendance –cum resolution book (format no.4)
- Receipt (format no.5)
- Cash book (format no.6)
- General ledger (format no.7)
- Members individual ledger with at least 10 pages for each member (format no.8)
- Individual pass book (format no.9)
- Loan application form (format no.10)
- Details of sanction of loan (format no.11)

Meetings:

1. The group could meet every week but they must compulsorily meet at least once a month
2. The meeting can be held in a place convenient to all –e.g: the house of a member, a community hall, a school, a school class room, an anganwadi etc.,

All decisions regarding fund management and fund utilization should be recorded in the attendance – cum-resolution book.

Method of Savings and Bank Account Operation: Every member should be encouraged to save at least Rs.1.50 per day or 12.00 per week or Rs 50.00 per month. However, a member can save less or more than this subject to the condition that the monthly savings should not be less than Rs 30.00.

The group should have a savings bank account in its name preferably in a nationalized bank / scheduled bank. The account has to be opened by submitting a copy of the byelaws and other details to the bank. All accounts should be in the name of the group and not in the name of one or more members. All savings received from members should be credited to the account and all loans have to be disbursed through cheques. The bank accounts will be operated jointly by the two representatives.

The savings received from the members should be collected at the meetings and a receipt (format no.5) should be given to the member. The carbon copy of the receipt should be retained with the group.

All savings received from the members should be entered in the cash book (format no 6), the members individual ledgers (format no 8) and in the individual pass books (format no 9) provided to the members.

Month –wise details of the following should be calculated monthly and entered separately in the general ledger (format no 7),

1. Admission fees, etc., collected
2. Savings
3. Interest on savings. If any

4. Loans disbursed on borrowings, if any
5. Payments towards audit etc.,
6. Principle (loan) repaid
7. Interest on loans received
8. Fines, penalties. Etc.,
9. Miscellaneous
10. Other income
11. Interest on borrowings if any

If a member loses a pass book given to her, she can get a new one by paying Rs.10.00.

The savings collected should be deposited by two representatives jointly through a credit slip into the savings bank account of the TCG immediately,

The rate of interest on the members savings earn shall be decided by the group after of the net profit ending ascertaining the net profit ending every year as on 31st March. Not less than 50% of the net profit shall be given as interest to the members proportional to their savings during the financial year (April to March).

Methodology of Lone Sanction: A member can avail a loan only if she saves continuously for six months after becoming a member of the TCG. The members can avail of small loans depending on their need and the money available in the group. Reasons for availing a loan could be many for e.g.-birth in the family, marriage, death in the family, medical treatment travel/vacation, house repairs, religious event, etc. A member who requires loan should fill up the loan application form (format no.10) and hand over to one of the representatives. The group representatives should sign as sureties on behalf of the group on the loan application form.

All loan applications received must be scrutinized. The applications should be put up in the meetings and discussed. Keeping in view the requirements of the applicant, her need and urgency, and the funds available in the group, the applications must be either consensus or a majority decision and minuted accordingly.

If there is more than one application, the group should deliberate in the meeting and take a decision by consensus/majority depending upon the needs of the individual applicants, urgency and the fund amount, which can be given as loan.

The group is free to fix the repayment schedule and the rate of interest on all loans advanced from the common fund. However, it is suggested that the loan repayment be completed within 10 months and rate of interest be Rs 2.00 per month, i.e., 24% per year and the repayment of interest be on the "reducing balance method of interest payment".

Example: Loan of Rs 1000.00, Rate of interest: Rs 2.00 per month or 24% per year, Interest works out to Rs 20.00 per month, As per the "interest payment on reducing balance", the repayment schedule would be:

Month	Loan Amount Pending For Payment	Loan Installment	Interest	Total to be repaid
1 st Month	Rs 1000.00	Rs 100.00	Rs 20.00	Rs 120.00
2 nd Month	Rs 900.00	Rs 100.00	Rs 18.00	Rs 118.00
3 rd Month	Rs 800.00	Rs 100.00	Rs 16.00	Rs 116.00
4 th Month	Rs 700.00	Rs 100.00	Rs 14.00	Rs 114.00
5 th Month	Rs 600.00	Rs 100.00	Rs 12.00	Rs 112.00
6 th Month	Rs 500.00	Rs 100.00	Rs 10.00	Rs 110.00
7 th Month	Rs 400.00	Rs 100.00	Rs 8.00	Rs 108.00
8 th Month	Rs 300.00	Rs 100.00	Rs 6.00	Rs 106.00
9 th Month	Rs 200.00	Rs 100.00	Rs 4.00	Rs 104.00
10 th Month	Rs 100.00	Rs 100.00	Rs 2.00	Rs 102.00
Total =		Rs 1000.00	Rs 110.00	Rs 1110.00

- The principle and interest amounts received from the members is credited to the savings bank account of the group ,
- Penal interest at a additional rate of 2% shall be charged if the loan and interest amount is not repaid within 10 months or the due repayment period fixed by the group.

Revolving Fund: For each TCG group the revolving fund of Rs 5000.00 will be released in two stages. In the first stage an amount of Rs2500.00 will be released after six months of the formation of the groups and in the second stage the remaining amount will be released after the completion of one year of formation and after examining the performance of the groups.

Linkage to Banks or MFIs for Credit to the Group or for Group Enterprises: After one year of the formation of groups action will be taken to provide financial assistance from the banks to the members for setting up individual or group enterprises or for credit enhancement of the group.

Committees: For the implementation of urban SHGs in each ULBs, district level and town level steering /coordinating committees will be formed.

a. District Level Committee: District level committee will consist of the following member.

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| 1. | Deputy commissioner | : Chairperson |
| 2. | Project director, DUDC | : Member secretary |
| 3. | Commissioner | : Member |
| 4. | District deputy director, education dept. | : Member |
| 5. | General Manager/joint director/deputy director, DIC | : Member |
| 6. | Deputy Director, women and child development dept. | : Member |
| 7. | Lead district Manager | : Member |
| 8. | One woman member from the implementing ULBs | : Member |

b. Town Level Committee: The town level committee consist of the following members

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|----|----------------------------|--------------------|
| 1. | President CDS | : President |
| 2. | Commissioner/chief officer | : Member secretary |
| 3. | Project officer | : Permanent Member |
| 4. | Lead bank manager | : Permanent Member |

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|----|---|-------------------------|
| 1) | Assistant director, industries and commerce dept. | } Convergent
Members |
| 2) | Taluk social welfare officer | |
| 3) | Childs development project office | |
| 4) | Block education officer | |
| 5) | NGOs | |

These committees should monitor and guide the programme in the ULBs. They Should meet at least once in a month preferably on a fixed date. In addition to the other government department schemes efforts will be made to exchange the information with the departments like slum clearance board, women and child development dept., SC/ST development corporation etc.

Implementation: For proper implementation of the said scheme a project management consultant will be appointed at the directorate level (DMA). The said project Management consultant will assist the ULBs in the selection of NGOs at ULB level to help in the formation of groups, imparting trainings and to assist the groups to have linkage with bankers or the MFIs.

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