**Requirement Summary of a Chit Fund Company**

**PART A – ABOUT THE ENTERPRISE**

**I. INTRODUCTION**

**Based on Valmiki Chit Fund Pvt. Ltd**

The company was incorporated as a non-governmental private limited company on the 28th August 2012 and is registered with Company Identification Number U65992AP2012PTC082723. The company has an authorized capital of Rs 1,000,000 and paid-up capital of Rs 100,000. It is located at:

No. 1-57/73, Anjaiah Nagar,

Opposite Ramky Tower,

Gachibowli,

Hyderabad–500032

The Directors:

1. Venkatraman Nanduri - Director
2. Nanduri Kameshwori–Managing Director

**II. BACKGROUND**

Chit funds are popular modes of saving and borrowing which are based upon the concept mutual benefit of members. A group of people contribute towards the chit value and one member from the group is given the prize amount and dividends are distributed to all other members. The Chit fund company charges a service fee for conducting the scheme.

**PART B- DATA REQUIREMMENTS OF THE PROCESSES**

**I. PROJECT SCOPE**

Currently the company is maintaining manual records for all its activities and seeks automating some of the operational work.

The purpose of the system is to create a convenient and easy-to-use system for managing chit fund operations. The system is based on a relational database design and works from a central location on MYSQL/ORACLE and could be accessed over the INTERNET.

**II. OVERVIEW**

A chit has 50 members in the group, and each member contributes Rs.2000 i.e, collectively Rs. 100,000 (50\*2000). An auction is conducted on a monthly basis where all the members participate and the person who discounts the maximum is declared as the prized subscriber. If there is more than one person who discounts the maximum, the successful Bidder will be determined by way of lots, where in, the tokens bearing the numbers allotted to the members is put into a box and one token is drawn by any of the members present in the auction and thus, the member whose token number is drawn in the lots will be declared as the Successful Prized Bidder.

The maximum bid allowed is 50% of the total value, which means that, a person forgoes Rs. 50,000 and the balance Rs.50,000 is paid to the prized subscriber(s). Out of the 50% discount, 10% of chit value (Rs 5,000) goes to the company towards company’s commission (profit) for conducting the chit and balance Rs 45,000 (90% of 50,000) is equally distributed (Rs 900 per member) as dividend to all members of the group. The dividend earned is the interest on an installment basis.

When there are no maximum bidders, then there would be open auction conducted within 5 minutes and the person who bids the highest is declared as Successful Bidder. For Example: Suppose, in the 7th month, the Successful Bidder was declared at 40%, then the company is paid commission of Rs. 5,000 (10% of chit value) and all members of the group will get a dividend of Rs.700 each (35,000 divided among 50 members).

The Successful Bidder is required to give guarantees depending on his future liability of the chit. No guarantor is required, if he agrees to pay all future installments in one lump sum.

Only non-prized subscribers whose payments are up to date can participate in the auctions.

The company would disperse the prized amount within 3 working days provided that the guarantees are satisfactory and the documentation approved. The prized subscriber has to continue to pay the monthly installments till the termination of the chit.

Those members who do not want to borrow funds can contribute to the chit and after the 40th month, if there are no bidders for the auction, a lot declares one of the remaining members as Successful Bidder and the prized amount is paid to them. They either have options to submit sureties or prefer Future liability deducted, upon which the balance amount is paid from the prized amount. The dividend accrued for the 50 months are the returns on investment for the monthly deposit made to their accounts.

**Defaulting Subscribers**:

1. If a **prized subscriber** defaults in paying his subscription, the Company is liable to pay the amount of subscription of the defaulting subscriber. The member details are handed over to collection agent who:

* Initiates collection process and recalls the entire amount paid to the member from the member/guarantor. Provides a written notice of his removal within 15 days of defaulting.
* Initiates a legal action against defaulter/ guarantor.

2. If **non-prized subscriber** defaults in paying his subscription, he would not be eligible for futures auctions. His membership in the group is suspended and company is liable to pay the amount of subscription of the defaulting subscriber. His dues are settled only after the closure of the scheme.

**III. PROFIT GENERATION**

The profit for the company is arrived by netting the revenue and expenses. The details of revenue and expenses are indicated below:

1. **Revenue:** Following items contribute to the revenue of the company:
   1. Fee income for conducting chit schemes
   2. Income from rent on properties owned by the company
   3. Income from deposits with Bank
2. **Expenses:** Following expenses are incurred:
   1. Staff Salary
   2. Agent Commission
   3. Collectors Salary
   4. Interest on loans availed from banks
   5. Rent paid for premises
   6. Miscellaneous expenses

**PART C – REQUIREMENT SUMMARY**

**I. DATA REQUIREMENTS FOR PROCESS**

Based on analysis, following processes are required for managing the chit fund. It is to be noted that 'Master' implies that most of the data in that section shall be static and will not dynamically change with time. Operational data shall dynamically be altered:

**Master Maintenance**

1. **User Maintenance** – Add/Modify/Delete options available

Two levels of users:

* + 1. Admin (Default user for user maintenance)
    2. User

1. **Chit Group** – Add/Close-Get registration number from Registrar after providing Bank deposit or Property as security
2. **Agent Maintenance** – Add/Delete - Business development agents promote new subscribers for Chit groups. Depending on business generated commission would be paid to the agents
3. **Collection Maintenance**– Add/Delete collection staff

**Operational**

1. **Group Members maintenance**- Add /Cancel- While cancelling subscriber’s journal entries should be passed for settlement. One subscriber may have multiple tickets in different groups
2. **Assign collecting staff for group**
3. **Subscriber Details** – Add/ Modify – Name, address, contact, etc
4. **Receipts/Payments** - Monthly Installments, Arrears collection, Bid Payments, Agent Commission. Subscriptions will be collected in different modes like cash, Cheque, drafts. Penalty would be charged for delayed payments at rate of 1% per month (minimum penalty 1 month). After getting proper guarantees from the prized Subscribers Bid payments will be issue to those subscribers. In Cancel Subscribers payments agents’ commission will be deducted from payable subscription amount. While making receipts /payments entries should be passed in accounts module tables.
5. **Cheque Returns** - If any cheque returns that receipt should be cancelled. That receipt number should not be used again. Cheque returns entries should be passed to respective accounts in Accounts module tables.
6. **Maintain Auctions** – Minutes are documented. Highest bid amount and subscriber details will be recorded. That bid amount would be distributed equally to all subscribers in that group. Subscription amount should be paid before next auction date. Journal entries should be passed in Accounts module tables.
7. **Subscriber Ledger**

**Reports/ Enquiries**

1. List auction dates
2. Customer wise report
3. Group-wise outstanding – Regular/ Arrears
4. Agent-wise Commission
5. Collection staff-wise outstanding
6. Returned Cheque list
7. Date-wise reports
8. Prized Subscriber Outstanding
9. Non Prized Subscriber Outstanding
10. Balance Sheet and Profit Loss Statement

**II. CONSTRAINTS ON THE DATABASE**

* Implementation of database is centralized
* Parallel operation with Manual system
* Access rights based on user profile available
* Direct access to database is fully restricted
* SQL/PL-SQL used in the application
* Audit logs enabled which could slow down the system

**III. CONSTRAINTS ON THE DATA**

* Staff will consists of Managers, Agents, Collectors, Auction Conductors & Other Helpers. All of them won't be given access to the database system. Access will be granted based on the user profile.
* Only one agent can sell to a given subscriber. Once that customer is captured, another agent cannot try to sell to the same subscriber.
* A subscriber can enroll in any number of schemes/groups at a given time.
* A collector can collect the subscription fee only for the group allotted to him/her.
* A group has a minimum & maximum number of subscribers.
* Internal transactions of the company is managed by a manager.
* A guarantee needs to be provided for each auction by the prized subscriber/winner.
* The account balance derived (Credit minus Debit) shall be reconciled between bank statement and internal bank accounts manually on a monthly basis.

**IV. DETAILED DATA ELEMENTS**

**[Remarks indicate the Data Requirements & Constraints]**

The following data elements have been identified for the above processes:

1. **Staff Master**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type (size)** | **Remarks** |
| User\_id | Integer(11) | User-id of the staff using the application |
| Staff\_Name | Varchar(30) | Name of the staff |
| Date\_of\_Birth | datetime | Date of Birth of the member |
| Sex | Char(1) | Male(M)/Female(F) |
| Dept | Varchar(30) | Department to which staff belongs |

1. **User Master**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type (size)** | **Remarks** |
| User\_id | Integer(11) | User-id of the staff using the application |
| User\_Password | Varchar(32) | Password of the staff using the application |
| User\_Level | Integer(1) | Id level of the user- (1-Normal-User, 9–Admin) |
| Name | Varchar(30) | Name of the user |
| Dept | Varchar(30) | Department to which user belongs |

The system is centrally managed and options available to all departments.

* Each user has separate User id & Password. Admin Users have authority to manage other users.
* Users have options to change their passwords.
* Not every member of the staff will be a member of User.

1. **Group Master**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type (size)** | **Remarks** |
| Grp\_id | Integer(11) | Group-id assigned for each chit fund group |
| No\_of\_Subs | Integer(11) | Number of Subscribers in the group |
| Amount | Integer (11) | Amount of subscription |
| Frequency | Char(1) | W-Weekly/M-Monthly |

This table indicates the scheme/group in which the subscribers/customers will invest and its corresponding details.

1. **Agent Master**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type (size)** | **Remarks** |
| Agent\_id | Integer(11) | Id-number of the sales agent |
| name | Varchar(30) | Name of the sales agent |
| Address | Varchar(30) | Address of sales agent |
| Sex | Char(1) | Sex of agent (Male/Female) |
| Date\_of\_birth | Date | Date of Birth of agent |
| Agent\_active | Char(1) | Is agent currently active (0-No,1-Yes) |
| Date\_inactive | Date | Date when agent was deactivated |

This table indicates the details of each and every agent who will try to pursue/capture the customers in the various schemes.

1. **Collection Master**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type (size)** | **Remarks** |
| Coll\_id | Integer(11) | Id number of the Collector |
| name | Varchar(30) | Name of the sales Collector |
| Address | Varchar(30) | Address of sales Collector |
| Sex | Char(1) | Sex of Collector (Male/ Female) |
| Date\_of\_birth | Date | Date of Birth of Collector |
| Coll\_Active | Char(1) | Is Collector currently active (0- No,1-Yes) |
| Date\_inactive | Date | Date when Collector was deactivated |

This table gives us the details of all the collectors who will collect the subscription amount for each of their respective groups.

1. **Subscriber Master**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type (size)** | **Remarks** |
| sub\_id | Integer(11) | Subscriber-Id |
| name | Varchar(30) | Name of Subscriber |
| address | Varchar(30) | Subscriber’s Address |
| sex | Char(1) | Sex of Subscriber (M-Male, F-Female) |
| date\_of\_birth | Date | Date of Birth of Subscriber |
| occupation | Varchar(30) | Occupation of Subscriber |
| mobile | Integer(11) | Mobile Number of Subscriber |
| email | Varchar(30) | Email of Subscriber |
| Agent\_id | Integer(11) | Agent-Id who got the Subscriber |
| nom\_name | Varchar(30) | Name of Nominee of Subscriber |
| nom\_addr | Varchar(30) | Nominee’s Address |

This table gives us valuable details of the subscriber.

1. **Subscriber Group**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type (size)** | **Remarks** |
| id | Integer(11) | Auto incremented primary key |
| sub\_id | Integer(11) | Subscriber-Id |
| grp\_id | Integer(11) | Group-id of scheme (Array) |
| sub\_Pay\_status | Char(1) | Installments Paid (Y- Paid, N-Not-paid) |
| amount\_paid | Integer(11) | The amount of money paid for the Subscription group till date |

This table acts as a link thereby telling us all the groups a given subscriber has enrolled in.

1. **Group Member**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type (size)** | **Remarks** |
| id | Integer(11) | Auto incremented primary key |
| Grp\_id | Integer(11) | Group-Id of the scheme |
| Sub\_id | Integer(11) | Subscriber-Id belonging to the scheme |
| Grp\_Active | Char(1) | Is Subscriber active (0-No,1–Yes) |
| Grp\_Date\_Open | Date | Subscriber date of Joining |
| Grp\_Date\_Closed | Date | Subscriber date of Closed |
| defaulted | Integer(1) | If the subscriber has paid or not. |

This table gives us the details of each group which includes specifics such as the id's of the subscribers for each group.

1. **Collector Group**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type** | **Remarks** |
| id | Integer(11) | Auto incremented primary key |
| Coll\_id | Integer(11) | Collector-Id for group assigned |
| Grp\_id | Integer(11) | Group Id assigned to collector |

This is a linking table which connects each collector to a scheme/group.

1. **Receipt Payments**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type** | **Remarks** |
| Sub\_id | Integer(11) | Subscriber-id |
| Trans\_Date | Date | Date of Transaction |
| Amount | Integer(11) | Amount transacted |
| Grp\_id | Integer(11) | Values (1-Payment, 2-Receipt) |
| Rec\_Cash\_Cheque | Integer(11) | Values (1-Cash, 2-Cheque) |
| Chq\_No | Integer(20) | Cheque Number in case payment is by Cheque |
| Coll\_id | Integer(11) | Collector-id if got by collector |
| Agent\_id | Integer(11) | Agent-id if got by agent |
| Trans\_id | Integer(11) | Transaction-Id auto generated by system |

Every time a transaction is made by the subscriber, a receipt is issued and the above details are stored.

1. **Cheque\_Master**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type** | **Remarks** |
| Sub\_id | Integer(11) | Subscriber id who provided Cheque |
| Trans\_Date | Date | Transaction date when Cheque was deposited |
| Amount | Integer(11) | Amount of Cheque |
| Chq\_No | Integer(20) | Cheque Number |
| Lodged\_Date | Date | Date Lodged with Bank |
| Payment\_Status | Integer(11) | Values ((1-Received, 2-Lodged 3-Returned) |
| Settle\_Date | Date | Date when Cheque was realized or returned from the Bank |

If the mode of payment is a cheque, then details regarding the same are additionally stored

1. **Auction Master**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type** | **Remarks** |
| Auc\_id | Integer(11) | Auto incremented id for the auction |
| Grp\_id | Integer(11) | Group-id for which auction was done |
| Date | Date | Auction Date |
| Minutes\_of\_meeting | Varchar(500) | Minutes of meeting |
| Sub\_id | Integer(11) | Id of the Prized Subscriber |
| Amount | Integer(11) | Amount of Bid |
| Flag | Char(1) | Y-Provided, N-Not Provided |

An auction is conducted whose details are stored in the above table.

1. **Subscriber Ledger**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type (size)** | **Remarks** |
| Sub\_id | Integer(11) | Subscriber-id |
| Trans\_id | Integer(11) | Transaction id generated by system from receipt table |
| Trans\_Date | Date | Transaction Date |
| Amount | Integer(11) | Amount |

All the transactions made by each and every subscriber are stored in the above table.

1. **Account Master**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type** | **Remarks** |
| Acc\_id | Integer(11) | Account id of the internal account |
| Acc\_Name | Varchar(30) | Name of the account |
| balance | Integer(35) | Amount left in the Internal Account |

A record of internal accounts such as investments/safety deposit boxes/Fixed Deposits of the Chit Fund Company is stored in the above table.

1. **Account Ledger**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type** | **Remarks** |
| Acc\_id | Integer(11) | Account id of the internal account |
| Trans\_Date | Date | Transaction Date |
| Debit\_Credit | Integer(11) | Values (1-Debit, 2-Credit) |
| Amount | Integer(11) | Amount |
| Trans\_id | Integer(11) | Transaction id generated by the system |

The account ledger contains all internal account transactions of the company and transactions done at the bank. The account balance derived (Credit minus Debit) shall be reconciled between bank statement and internal bank accounts manually on a monthly basis.

1. **Auction Conductor**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type (size)** | **Remarks** |
| Grp\_id | Integer(11) | Group-id for which auction was done |
| name | Varchar(30) | Name of Auction Conductor |
| Date\_of\_birth | Date | Date of Birth of the Auction Conductor |
| sex | Char(1) | Gender of the Auction Conductor |
| Address | Varchar(50) | Address of the Auction Conductor |

The auction conductor is a staff member who conducts the auction, and reports the auction details back to the

system users for entry.

1. **Managers**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Data Type (size)** | **Remarks** |
| User\_id | Integer(11) | User-id of the staff using the application |
| Dept | Varchar(30) | Department to which Manager belongs |

Manager head one or more than one of the departments, and has all access pass when using the software.