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Chit Fund System

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Abstract

Nothing on our globe is stationary. As technology is emerging human's efforts are being reducing. Everything in today's world is available on our phones within a click. In concern with emerging technology we have tried best to develop a system which provides atomization for traditional Indian Chit Fund Systems. Whichever rural area it may be there will be an organization which runs Chit Funds, they traditionally maintain enormous registers, books, ledgers for maintain their customers' data. Of course they do maintain manual ledgers for every customers but what about the data security, data volatility. We have bridged the issues of data security, volatility. Our system also maintains the records of fine calculation, which was basically calculated manual & which was very difficult to adapt. If the personnel maintaining the ledgers failed to updated day today transactions it would be a hazardous situation for the organization! Considering every situation we have finely developed our system which will be easily accessible via internet.

Keywords: *Chit Fund, BC, traditional, Indian, Money Plant.*

INTRODUCTION

Chit Funds are growing financial institutions in India that combines credit and savings in a single scheme. In a chit fund scheme, a group of individuals come together for a predetermined time period and contribute to a common pool at regular intervals. In order to understand the working of the chit fund model in India, we studied the size of the registered chit fund industry and how it serves the members.

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We find that the money circulated in the registered chit fund industry ranges from 10 per cent to 50 per cent of bank finance when compared to the total deposits and credits in the bank. The number of chit schemes registered has been reducing over the years.

The average percentage change in the number of schemes registered from 2003 to 2006 is approximately a negative 10 per cent. While the number of schemes has reduced, the total value of registered chit schemes increased by approximately 13 per cent from 2003 to 2006. Our survey of the chit fund members shows that as much as 72 per cent of the members participate in chit funds for saving. Additionally, 96 per cent of the current and non-current chit fund members think that chit funds are safe. Majority of the current and non-current chit fund members belong to low-income households.

Our study also suggests that the institutional arrangements which govern the functioning of the chit scheme that have emerged seem to serve the interest of all participants irrespective of their socio-economic status. Perhaps, this could explain why this industry has survived for such a long period of time. Our findings point to the fact that though chit funds are an important source of finance for small businesses and low-income households in India, there has been a general flow of low value chit schemes from the registered chit fund market. This is mainly because registered chit funds find it less produce to serve the poor due to the increased cost such schemes imposed by the regulators. We find that the chit fund industry addresses the savings needs of people, is considered very safe and also offers loans at lower interest rates than moneylenders.

Chit fund is considered as traditional financial machinery operated by different institutions that prevail in India. It is an indigenous mechanism which together combines savings as well as credit. This scheme is looked as an innovative access to finance and growth of low-income household savings. Chit funds are operating across diverse countries but they are identified differently in different countries. Groups operating a chit fund scheme in India have to be registered under Chit Fund Act 1982.

Financial system helps to increase the output by moving the economic system towards the existing production frontiers, by transforming the given total amount of wealth into productive forms. The ultimate goal of this system is to accelerate the rate

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of economic development. The role is to channelize funds from surplus units to deficit units. The supply of funds depends upon aggregate savings and credit creation by the banking system, while need of funds depends upon demand for investment, consumer durables, housing and so on.

The main function of financial system is to establish a bridge between savers and investors and thereby to encourage saving and investment. Thus a it helps to increase the volume of investment. It becomes possible for the deficit spending units to undertake more investment because it would enable them to command more capital.

OBJECTIVES AND SCOPE OF THE STUDY

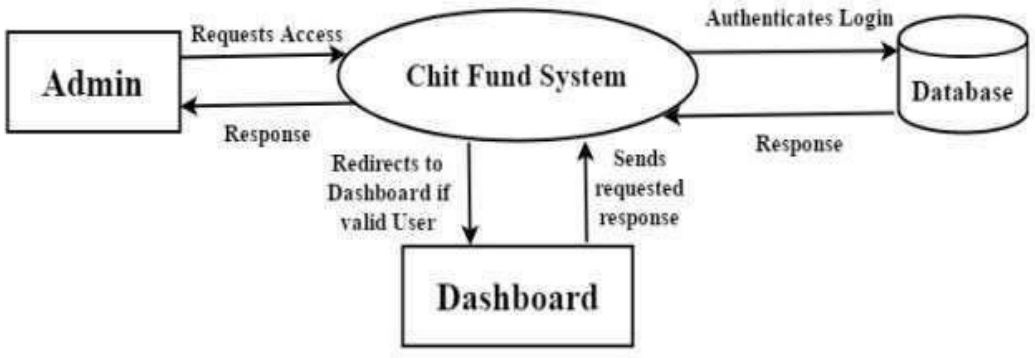
This system is convenient and main reason to develop this is that, it avoids any kind of information from customer. The interface is very smooth.

This project has almost all the requirements. To make interface very simple so that admin can make changes easily and user can understand it properly.

- User-friendly: Interface is simple easy to understand
- Convenient: easy to use.

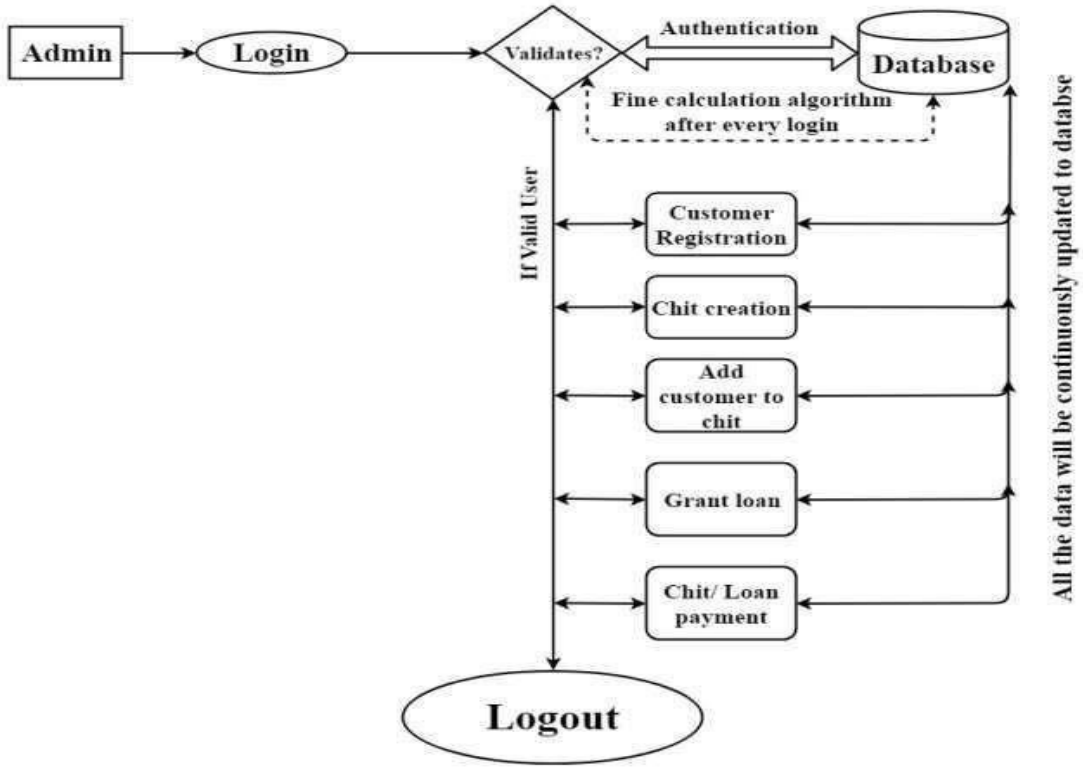
DATA FLOW DIAGRAM

0 Levels DFD

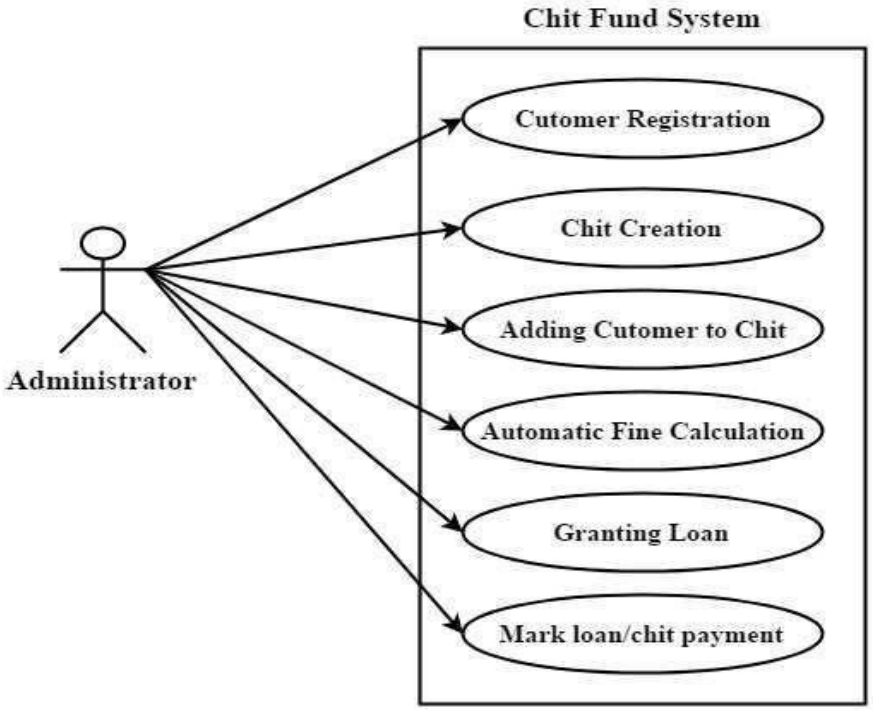


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1 Level DFD



Use Case Diagram:



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Software Used

- Hard disk 10 GB maximum
- RAM 2 GB

Hardware Used

- XAMPP (local server)
- PHP minimum 7.0
- MYSQL database

Application

- Chit fund companies that organize and supervise such schemes are regulated by the chit fund act of that region.

- The chit money collected every month is open for bidding and a member placing the lowest bid gets the money.

Advantage

- Mobile Application for Collection
- One ledger [Member] can be member in multiple chits
- Multi group creation
- Member group interchange
- Multi collection
- Collection boy / Agent module
- Member discontinue
- Chit analysis and profit analyze

CONCLUSION

Every application has its own merits and demerits. This project has covered almost all the requirements. Further requirements and improvements can easily be done since the coding is mainly structured or modular in nature. Since its interface is very simple to understand so admin can make changes easily and user can understand it properly.

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