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B.Com Honours | Semester III | Calicut University

SOCIAL ENTREPRENEURSHIP

Course Code: COM3MN202 • Module 3 Notes

Module III: Social Entrepreneurship and its Linkage with NGOs, Microfinance, etc.

Social entrepreneurship operates within an interconnected ecosystem of civil society organizations, microfinance institutions, digital technology platforms, and community self-help networks.

Unit 12: Role of NGOs in Social Entrepreneurship & NGO-Social Enterprise Transition

Non-Governmental Organizations (NGOs) pioneer social grass-roots advocacy. Many NGOs transition into hybrid social enterprises to overcome "donor fatigue" and achieve permanent revenue self-sufficiency.
Transition Drivers: Replacing erratic philanthropic grants with sustainable earned revenue streams, improving operational accountability, and scaling impact through market mechanisms.

Unit 13: Impact of Microfinance on Social Entrepreneurship – Micro-Credit & Joint Liability Groups

Microfinance provides small, collateral-free loans (micro-credit) to low-income entrepreneurs.
1. Joint Liability Group (JLG) Model: Peer pressure and mutual group guarantees replace physical collateral, yielding repayment rates over 98%.
2. Financial Sustainability Formula:

> **Portfolio at Risk (PAR 30) = (Overdue Principal Balance > 30 Days / Total Loan Portfolio) × 100**

Unit 14: Integration of ICT in Social Entrepreneurship – Digital Platforms & Agritech

Information and Communication Technology (ICT) democratizes access to essential services:
Agritech Platforms: Providing real-time crop prices, weather advisory, and direct market linkage to smallholder farmers (e.g., e-NAM, DeHaat).
Fintech & Telemedicine: Delivering digital micro-payments (UPI) and remote healthcare diagnostics to rural populations.

Unit 15: Empowerment through Self-Help Groups (SHGs) – Kudumbashree & Micro-Enterprises

1. SHG Framework: Small affinity-based groups of 10-20 rural women who pool micro-savings and take internal loans.
2. Kudumbashree Model (Kerala): State poverty eradication mission empowering over 4.5 million women through micro-enterprises, community farming, and local governance integration.

Unit 16: Case Studies on Successful Social Entrepreneurship Models

Examining pioneer social venture frameworks:
Aravind Eye Care System: High-volume, cross-subsidized cataract surgeries curing preventable blindness.
SEWA (Self Employed Women's Association): Organizing informal sector female workers into trade unions and micro-cooperatives.
SELCO Solar: Decentralized solar energy solutions tailored for underserved street vendors and rural households.

Practical Case Problem (Microfinance Portfolio Risk & Repayment Analysis): A microfinance social enterprise has a total active loan portfolio of Rs. 50,00,000 distributed across 1,000 women SHG members. 950 members pay their monthly installments on time. 30 members have payments overdue by 15 days (Rs. 1,50,000 principal). 20 members have payments overdue by 45 days (Rs. 1,00,000 principal). Calculate PAR 30 percentage and evaluate portfolio health.

Step-by-Step Solution:

- *Overdue Balance > 30 Days:* Rs. 1,00,000 (45 days overdue portfolio).
- *Total Active Loan Portfolio:* Rs. 50,00,000.
- **PAR 30 Calculation:**
  > **PAR 30 = (1,00,000 / 50,00,000) × 100 = 2.0%**
- *Evaluation:* A PAR 30 of 2.0% is well within the healthy industry benchmark (< 3.0%), demonstrating excellent SHG repayment discipline!