

LOAN SHARKS

Thabani Dlamini a 65 year old pensioner could not apply for his child's bursary because his and identity document and together with the grant access card were confiscated by a loan shark as security for the monies loaned to him. When he failed to pay for one instalment, he was severely assaulted by the loan shark and was admitted in hospital for a week. In addition to this, he also has to date paid almost sixty percent in interest for the monies he borrowed, and the loan shark is still demanding more monies from Thabani. This week we are focusing on the illegal activities of the loan sharks. Is this practice by the loan sharks allowed? Can they put the law into their own hands and beat a person up for a non-payment of a debt? No the law does not allow this. The National Credit Act was introduced for a specific reason that is to protect the consumers like Thabani from the micro lenders like the loan sharks.

There are a lot of forbidden practices in action by loan sharks who are sprouting on a daily basis. Loan sharks have been charging more than the prescribed legal percent interest and were charging more than sixty percent onwards. These loan sharks are continuing to flourish despite the introduction of the National Credit Act which strictly forbids such practices. Loan sharks are spread across the country and have a tendency prey on the poor and the disadvantaged. Thabani is one of the many candidates who have suffered under the hands of the loan sharks, and still is suffering. This claim was backed by the South African Social Security Agency (SASSA) who said in a statement that loan sharks were using illegal methods to obtain

security against money borrowed.

SASSA confirmed that there are hundreds of thousands of social beneficiaries whose payment cards and identity documents have been confiscated by loan sharks as security for the money borrowed.

The department also warned the loan sharks involved in this unscrupulous practice to stop or risk being arrested. Thousands of people have been victims of this practice, and those who have been victims are advised to report the matter to their nearest SASSA offices and the police. This is so because it is absolutely illegal for any unauthorised person to take away and keep someone's payment card or identity document as these belong to the state. This entails that whoever is assaulted by a loan shark, or has his or her identity documents confiscated by a loan shark, must report to the nearest police station and SASSA offices. This might be easy on paper, but in real life loan sharks are not the ordinary law abiding citizen as they tend to use force and scare tactics to the vulnerable members of the society.

Not all micro lenders in the country are doing these doggy practises. The ones who are doing illegal activities have gone so deep underground that only their clients know where and how to get hold of them. This is very dangerous as the vulnerable members in the community will be abused by the micro lenders who in turn escape the long arm of the law as the whole transaction will have been done not in the ordinary course of business. This makes it so difficult for the police to track the loan sharks and hence the

effectiveness of the National Credit Act might be found wanting.

These informal underground micro lenders function on a completely informal basis. In some cases they allegedly wait for the pension day at rural pay points and then walk up and down the lines of pensioners offering cheap loans. Once they secure a pensioner or any other helpless victim, they confiscate their pension cards and their ID books as security. This seems normal as it has been the norm to these members of the community, but it is totally wrong and unlawful as those affected are being denied access to government services where such documents were required. Their right to vote has also been put under threat in many cases as some people have failed to vote as they were not in possession of the identity documents. These identity documents are of paramount importance as they will serve as essential tools in the next year's general elections. Therefore the loan sharks must not prevent them from exercising their right to vote by keeping their identity documents.

How much interest is supposed to be paid? What must the loan shark do if you miss an instalment or if you cannot repay your debt? For more on the rights and interpretation of the National Credit Act against the loan sharks don't miss our next article.

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5 MILLION NEW JOBS BY 2020
What are the Milestones? What are The Roles? Government and Business Combined.

The target was set and the race is now already on. The disappointing factor is that while the car moves forward, there are those drivers and passengers who keep their eyes glued to the rear view mirror.

There is a number of angles to this at community level. Job creation is a matter that Government is a key player; directly or indirectly.

The small business has laws that govern its operation. Some of the business that small business undertakes is from Government. The first milestone is for government to pay small businesses in time (definitely not 30 days) so that the SMME sector cannot only keep the existing jobs but also have a role in the creation of new jobs. Delayed payments kill the SMME sector.

A royalty program which is an extended way of local economic empowerment is the next mile stone. Each province has vast natural resources and there are corporate companies there busy exploiting these resources for financial gain. Government needs to impose a royalty fee along side with Corporate Social Investment (CSI) to benefit the local community and through the LED departments, channel that money in a way that benefits these community in terms of jobs while they process these resources. Some will prefer to refer to this as beneficiation. The royalty can be calculated by evaluating the resource on the ground and work from there.

The third milestone is to create target skills creation for the next eight years in a very visible manner. South Africa has a shortage of essential skills. Fortunately Khanyisa back to School project has identified this and are already assisting on this one. The shortage of essential skills can be resolved by the

concerned companies that need these skills to work with training institutions directly with the aid of government to identify subject specific students in the localities and incentivise them to do their best to obtain good marks and then take them in for specific further education and training after which they work for the companies concerned. This will actually kill two birds with one stone, develop skills for a starving industry through incentivising students to achieve high marks at school.

The fourth and final mile stone is for Government, through Local Economic Development (LED) should actively identify projects in the local municipalities and develop ways to turn these projects into beneficiation centers for identified sectors and people withing the communities. The CSI divisions of the local companies can fund these centers and grow them into viable projects while they process bi-products of these corporations.

Five million new jobs is about 10% of the country's population which means a job for one person in every ten including those that are already employed. The government and some willing corporations have already put systems in place to meet this target but if it is left until too late, the target may not be met!

The focus should not be only on physical traditional employment but also on self employment. This then also calls for a concrete platform for SMME to spring from and also to have systems in place for them to become not only sustainable but profitable as well.

Till next week: Adios!

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