CHAPTER V
FORMATION AND MANAGEMENT OF SHGS AND
DIFFERENT SCHEMES AND PROGRAMMES

5.1 INTRODUCTION

This chapter presents Registration of SHGs, Regulation of SHGs, Guidelines of Micro-finance for SHGs, Administration and Management of SHGs, different records maintained by SHGs, objectives of SHGs, powers and rights and duties of members of SHGs different Schemes and programmes for women development through SHGs. And also Mahalir Thittam, the current status of SHGs functioning in Tamil Nadu in terms of Number, funds involved, progress attained, supports extended by government are also exhibited.

5.2 TAMILNADU CORPORATION FOR DEVELOPMENT OF WOMEN

Socio-economic development and empowerment of women is sine qua non for the holistic development of society. The Tamil Nadu Corporation for Development of women (TNCDW) was established in 1983 with this objective in mind. The Corporation implements Mahalir Thittam, International Fund for Agricultural Development (IFAD) assisted Post-Tsunami Sustainable Livelihoods Programme and also SGSY, a major anti-poverty programme meant for self-employment of rural poor.

The Self - Help Group movement which was started in a small way in Dharmapuri District in the year 1989, has now grown into a mammoth movement covering all districts of the State targeting poor families and the marginalised sections of the society. TNCDW which has been spearheading the SHG movement has brought out
a qualitative change in the lives of women through its definitive interventions over the last two decades.

5.3 RESTRUCTURING AND STRENGTHENING ON TNCDW

In order to bring greater synergy and better coordination in implementing various schemes for Self-Help Groups, TNCDW was brought under the control of Rural Development and Panchayat Raj Department from July 2006.

5.3.1 MAHALIR THITTAM

The Programme is implemented in partnership with NGOs and community based organizations which are affiliated with TNCDW after due process. So far 3, 91,311 SHGs have been formed as on March 2009 with 62.93 lakh women members and with total savings of 2167 crores.

5.3.2 MAHALIR THITTAM MISSION STATEMENT

Mahalir Thittam scheme was implemented with the aim of focusing women’s empowerment, which is a major component of socio-economic development. This scheme was formed with the following missions:

1. To build the capacity of the poor and the advantaged women in order that they are enabled to cross social and economic barriers and thereby facilitate their full development into empowered citizens of the state.

2. To achieve equality in the status of the poor women while participation with decision makers and beneficiaries in the democratic, economic, social and cultural spheres of life.

3. To create democratic, economic and social processes of institutions so as to enable the poor women to participate fully and actively in decision making in the family and community and also at the local, district, state and national levels.
4. To empower women to work together with men as equal partners and to inspire new generations of women and men to work together for equality, sustainable development with communal harmony and promote and ensure the human rights of women at a stages of their life cycle.

5.4 OBJECTIVES OF MAHALIR THITTAM

The Mahair Thittam in Tami Nadu was focused on the poor and disadvantaged women consisting of social, economic and capacity building of women, with the following objectives:

a) Attaining social empowerment through the equal Status, participation and power of decision-making in community, Village, and household level by overcoming and breaking social, cultural and religious barriers to achieve equal status of women.

b) Achieving economic empowerment through the greater access to financial resources outside household reduced vulnerability of the poor women to crisis, famine, food etc. Equal access and control over resources at the household level and significant increase in their family income, which leads to financial self-reliance of women.

c) Creating capacity-building through better awareness on health, education environment, improved functional literacy, numerically better communication skills, Self-Help and mutual help of the women in the long run.

5.5 STRETEGY AND ROLE OF MAHALIR THITTAM

The strategy of Mahalir Thittam is to cover the strong partnership with banks such as NABARD and NGOs, specific targeting of the poorest of the poor, planned NGOs, specific targeting of the poorest of the poor, planned NGOs support and guidance, systematic training for women, financial discipline through internal
ending external credit for goal groups and sustainability through participation approach.

Mahalir Thittam is an unusual long-term partnership between three agencies-the state government, non-governmental organizations and banks including NABARD and other financial institutions. The endeavour is to combine the wide reach and resource available to the state, with the grass roots presence, goodwill, commitment and innovative work of the NGO’s together with support from NABARD and credit from banks and other funding sources.

The Mahalir Thittam scheme is being implemented and managed by Tami Nadu Corporation for Development of women, for this purpose. It has project management Unit at state level unit (PMU), Project implementation Unit at district level (PIU) and block level unit. These units give their guidance and supports to SHGs for their development.

5.6 BENEFITS ENJOYED BY THE WOMEN MEMBERS AFTER JOINING SHGs IN MAHALIR THITTAM

Improvement in the habit of savings, improvement in confidence level of the members to meet any emergencies, implementation of schemes for the development of their villages, Improvement in education’, heath, sanitation due to awareness created through discussions held the group during meetings.

Finding solution to community issues such as drinking water supply, laying of roads, improving irrigational facilities, street light, abolition of breading illicit liquor, early marriage etc. Freeing themselves from the indigenous moneylenders and middlemen who were charging exorbitant rate of interest ranging from 60% to 100%, building courage to participate in Gram sabha meetings and to contest panchayate election. Hence, the overall development of women has been mentioned as the most important benefit of this programme.
5.7 SELF HELP GROUP

Self-Help Group (SHG) is an informal social movement, which otherwise called as thrift and credit groups is the self-managed group of poor people.

It is an association of people belonging to similar socio economic characteristics residing in the same locality. The SHG is a small economically homogeneous and affinity group of rural poor which voluntarily agrees to contribute to a common fund to be lent to its own members as per group decision, which works for group solidarity, self and group awareness, social and economic empowerment in the way of democratic functioning.

The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment thereof. ‘All for all’ is the principle behind SHG’s Concept. It is mainly concerned with the poor and it is for the people, by the people and of the people and Gandhi Sarvodaya is found within this.

Though the term self-help refers to the provision of aid to self, it emphasizes on self-determination, self-sufficiency, self-reliance, self-assertion, self-respect, self-governance, self-employment and self-empowerment by mobilizing internal resources of the members of the group. The SHG is a small, economically homogeneous group of poor women drawn-from BPL families.

5.8 OBJECTIVES OF SHG

The following are the objectives of SHGs,

1. To create awareness among the women about economic problems.
2. To identify the common interest of the group members.
3. To carry out the common interest in the most efficient and economical way.
4. To enable the women to cross all social and economic barriers.
5. To get equality of status in democratic, economic, social and cultural spheres of life.

6. To empower women to work together with men as equals in all respect.

7. To promote and ensure the human rights of women at all stages of their life cycle.

**5.9 FORMATION OF SHG**

Formation of SHG is a crucial process with Voluntarism as a necessary basis for the formation of conscious avoidance of incentives like loans at the initial stage. Identification of families is done either through base line survey or wealth ranking or with the help of below poverty line (BPL) lists prepared by DRDA’s or participatory roe. Rural approval of the problems of the village women such as low wages, indebtedness to money lenders, child labour, ill-health and casteconflicts. Problem identification was followed by meetings and organizing of women for forming SHG’s in the area selected.

In order to facilitate the cohesion and sustainability, the size of the groups could be in the range of 10-20. The geographical continuity in residence and the willingness of co-members will be respected. Special efforts will be made for inclusion of the poorest women widows, divorced, deserted, handicapped women and women belonging to SC/ST Community. Once the groups are formed by Mathi’s or NGO’s filed workers, the functionaries are selected normally by consensus. In almost all the group’s women with leadership quality and those who have the time to work for the group have been selected as leaders.

These groups were formed on the basis of mutual trust and understanding. In the first meeting, group members were explained about their objectives, role and responsibilities of SHGs. The women group called as sangams or kuzhu has specific home like Indra, Victoria, Roja, Samandi, Thenkoodu etc and the activities of the group are decided by a group members at the time of their meeting.
The following are these types of meetings conducted by SHGs; regularly meeting for disbursement of loan and monthly or weekly meeting for discussing general issues pertaining to the group and community. In order to enable all women living below poverty line to join and benefit from the Self Help Group movement, it has been estimated that one lakh new SHGs have to be formed in the State.

To achieve this, it has been decided to form 50,000 new SHGs in the year 2009-10 and another 50,000 new SHGs during 2010-2011. By doing so, Tamil Nadu will have the distinction of enrolling all women living below poverty line into SHG movement.

Table 5.1

Administrative Structure of Self-Help Groups (State Level)

<table>
<thead>
<tr>
<th>Official Members</th>
<th>State level</th>
<th>Ministry of Rural Development Member / Secretary / Joint Secretary Department of Rural Development and Ministry of Panchayatraj State level Co-ordination Committee</th>
<th>Non-Official Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official Members</td>
<td>District level</td>
<td>Chairman Member / Secretary District level development agency for each district District collector / Chairman Zilla Parishad Chairman (Vice-Chairman)</td>
<td>Non-Official Members</td>
</tr>
<tr>
<td>Official Members</td>
<td>Taluk level</td>
<td>Member of Governing Body Project Director (DRDA) Asst. Project Director (DWCRA)</td>
<td>Non-Official Members</td>
</tr>
<tr>
<td>Official Members</td>
<td>Village level</td>
<td>Taluk Level Organization Village level Organization Self Help Group Leade</td>
<td>Non-Official Members</td>
</tr>
</tbody>
</table>
5.10 SELF – HELP GROUP MODEL

The Self-help Group Model was presented in Fig. 1.1. The Self-help Groups go through various stages of group formation. Initially a benchmark survey is undertaken and problems are identified followed by other stages conscientization, selection of groups, identifying roles of members.

The next stage is group action. At this stage, the members of the self-help groups will be given training related to technologies / production units and are linked with financial institutions like banks, credit unions etc. The other stage is facilitation which includes the change-agent intervention and implementation of corrective measures and the final stage is evaluation.

Figure 5.1: Self-help Group Model

(Source: women development corporation)
In this stage, problems identified during implementation of the scheme will be monitored and workable solutions will be identified and implemented. If problem arises in the course of any of these stages, it may be corrected adopting corrective measures.

The reverse arrow in Fig.1.1 indicates that after group formation, monitoring and evaluation can be undertaken at each stage while selecting the groups, identifying leaders, registration of groups etc. As a part of general awareness/conscientization programme, these meetings emphasize the importance of groups, group formation and their importance in starting income generating activities. The members are made aware of the possibilities of income generating vocations and also about the credit facilities given by various financial institutions in starting such enterprise.

The strength of a group and its sustainability depends on the facilitation that has gone behind the formation of the groups. The group dynamics in fact reflects the kind of facilitation the group has undergone. Training is a critical input in the effective implementation of self-help groups. The members of the group consist of rural women, who come forward voluntarily, who have enough leisure time and are prepared to take up such enterprise. They are exposed to Entrepreneurship Development Programme as well. From this perspective the SHGs function in different stages.

5.11 MAJOR BASIS IN THE FORMATION OF SHG

a) Affinity Based:

There needs to be a strong feeling of “affinity” which connects and binds every member of the SHG together. This affinity should be based on pre-existing relationships of trust. These relations are non-exploitative and not bound by the duration of intervention.
This “affinity” may originate from various factors - certain social features, like a degree of homogeneity among the members (in terms of economic status, social status etc.), neighbourhood relationship, same caste or religion on certain structural features like a common origin (blood or ancestral village) or same livelihood base (daily wage earners, landless or marginal farmers), at times may be based on similar activities undertaken by each member (like basket weavers).

b) **Activity Based:**

Under the project it is necessary that all members of SHG should have common primary economic activity. Only those community members who are doing common economic activity can form SHG. It will be easy for the members of SHG based on common activity to link with market and federations for the extension of activity.

**Table: 5.2 District Wise Total Number of SHGs in Tamil Nadu as on 31st March 2009**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>District</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Groups Formed</td>
<td>Women Enrolled</td>
<td>Groups Formed</td>
</tr>
<tr>
<td>1</td>
<td>Ariyalur</td>
<td>5391</td>
<td>86712</td>
<td>517</td>
</tr>
<tr>
<td>2</td>
<td>Chennai</td>
<td>0</td>
<td>0</td>
<td>19620</td>
</tr>
<tr>
<td>3</td>
<td>Coimbatore</td>
<td>10578</td>
<td>167455</td>
<td>10284</td>
</tr>
<tr>
<td>4</td>
<td>Cuddalore</td>
<td>12490</td>
<td>208999</td>
<td>3415</td>
</tr>
<tr>
<td>5</td>
<td>Dharmapuri</td>
<td>5807</td>
<td>94109</td>
<td>798</td>
</tr>
<tr>
<td>6</td>
<td>Dindigul</td>
<td>9676</td>
<td>152724</td>
<td>2193</td>
</tr>
<tr>
<td>7</td>
<td>Erode</td>
<td>11500</td>
<td>184602</td>
<td>5502</td>
</tr>
</tbody>
</table>
Among the 31 districts, Chennai is one of the leading project implementation units in the formation of SHGs and in the implementation of the Scheme. As far as formation of SHGs is concerned, Kancheepuram ranks first with 3, 42, 770 lakhs members followed by Coimbatore (3, 22,479 lakhs) and Chennai (3, 14,189 lakhs). With regard to the ratio between urban and rural SHGs, the composition of rural SHGs is noticed to be very high in all districts except in Chennai district.
Table – 5.3: Given below table gives the details of SHGs in Tamil Nadu as on 31.03.2009

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of SHGs</td>
<td>3,91,311</td>
</tr>
<tr>
<td>No. of Group Members</td>
<td>62.93 lakhs</td>
</tr>
<tr>
<td>No. of Rural Groups</td>
<td>2,72,092</td>
</tr>
<tr>
<td>No. of Members in Rural SHGs</td>
<td>44,14,895</td>
</tr>
<tr>
<td>No. of Urban Groups</td>
<td>1,19,219</td>
</tr>
<tr>
<td>No. of Members in Urban SHGs</td>
<td>18,78,106</td>
</tr>
<tr>
<td>Total Savings</td>
<td>2167 crores</td>
</tr>
</tbody>
</table>

In Tamil Nadu, there are 3, 91,311 Self-Help Groups, total membership of about 62,93,001 with the benefit of 5, 422 crores in the last three years. Since the program was launched in 1998, the total savings with 3, 91, 11 SHGs were 2, 16,707.16 lakhs in Tamil Nadu. As decided previously, the Government has formed a lot of federations from Panchayat level to urban level. During the next two years, group formation will be undertaken with special focus on NREGS women workers, urban slum dwellers and in village panchayats where SHG coverage is still inadequate.

5.12 REGISTRATION OF SHG

5.13.1 PURPOSE OF REGISTRATION

The SHGs will have to register themselves to get the assistance from the project. The purpose of registration is to create an identity of SHG and it to formalize it. The objective of registration is not only to get assistance from the project but to utilize the amount received from the project and to take action according to the rules and regulations. With the new SHG, existing SHG also have to register themselves to get assistance from the project.
5.13.2 NECESSARY REQUIREMENTS FOR REGISTRATION OF SHG

i. Minimum two meetings to be conducted by SHG.

ii. Naming of SHG to be done also office bearers to be selected.

iii. Each member has to agree to do saving in group.

iv. SHG has to select one activity.

v. Members of SHG are agreeing to take responsibilities collectively as well as individually. Members of the SHG have to take pledge that they have taken decision democratically to register their group with the project.

vi. By taking pledge of formation of SHG it will be written on meeting minutes register and will be signed by all members.

**Members will be agreed on following points:**

- a) Members of SHG are agreeing to take responsibilities collectively as well as individually for all works and financial responsibilities.

- b) All member will do saving in each meeting of group.

- c) Profit will be distributed equally among all members.

- d) They will keep all account books, documents and reports and will show them to all members.

- e) During the audit if any objection rose, then in future they would try to solve that; otherwise they will not be eligible to get support from project.
5.14 SHG REGISTRATION PROCESS

Registration process is very easy in which SHG has to fill one registration form. Format of registration form enclosed in format – 7(A). Objective of formation, members and office bearers and bank signatory should be clearly mentioned in registration form. Before registration one member of PFT by participating in SHG meeting should have to verify that all members are attending the meeting; officer bearers have been selected and members are doing saving. Verification will be done in format – 7(A), registration form. Registration process is compulsory for both new livelihood based SHG and existing SHG. Only those SHG who will register in PFT office under the project will be eligible to get support from the project. After verification coordinator, PFT will provide P a g e | 132 registration code after doing registration in format – 7(B). Registration information will be sent to District Project Support Unit (DPSU). One copy of format will be with SHG as registration certificate.

5.15 TYPE OF SHG

The third code of registration shows the type of SHG. It shows by which type of members, caste, gender, group is formed.

Table: 5.4 Type of SHG members

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
<th>K</th>
<th>L</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General (Women and men mixed)</td>
<td>OBC (Women and men mixed)</td>
<td>Schedule tribe (Women and men mixed)</td>
<td>Schedule caste (Women and men mixed)</td>
<td>General (Women)</td>
<td>OBC (Women)</td>
<td>Schedule tribe (Women)</td>
<td>Schedule caste (Women)</td>
<td>General (Men)</td>
<td>OBC (Men)</td>
<td>Schedule tribe (Men)</td>
<td>Schedule caste</td>
</tr>
</tbody>
</table>
If in any group, a number of members belong to different castes, the caste code will be used for the caste to which majority of the members belongs. If the caste wise number of members is equal then the code will be used for comparatively lower caste.

5.16 INTERNAL WORKING AND OPERATIONAL RULES

To operate internal work in a systematic manner, Self Help Group has to fix rules through consensus. Rules should be fixed in such a way so that all members are able to follow them and to be supportive to achieve the group’s objective. Each member of the group has different situations and needs, but in a group it is necessary that all members should work in a group spirit; then only objective of group can be achieved. Through this spirit, group’s rules are formed and imposed equally on all members of the groups. Rule ensures operation of activity and role responsibilities of each member. In General Assembly meeting with the consensus of all members, in the following way rules should be made and signature of all members got by entering in minutes register.

5.16.1 Meeting Related Rule: It will be compulsory for SHGs formed under the project, to conduct bi-monthly (once in fifteen days) meeting. Day, time and place of meeting should be fixed with consensus and all must be intimated to ensure maximum presence.

5.16.2 Attendance Related Rules: The presence of all members in meeting is compulsory. If, any member is not participating in a meeting then he/she has to inform in advance with reason. If a member, without any prior information is, absent or comes late for a meeting, then penalty should be collected from these members. Group can fix some amount for penalty. Penalty amount should be nominal so that all members will be able to pay.
5.16.3 Rules Related to New membership and removal of member from Group:
Group can make rules for removal of a member. If, any member leaves the group before minimum fixed period then the group can keep some amount of his savings. If any member leaves the group any time then up to that period he/she will equally share profit or loss of that period. Likewise a group can make rules to add a new member. The New member has to deposit the amount equal to the saving of old members. Also the new member has to deposit the expenditure incurred by other members in cash box, account books; in account opening etc. if the group wants to remove any member then it will be necessary to hear that member before taking any decision.

5.16.4 Saving Related Rules: Members should fix the saving amount by consensus. Saving amount will be that, which all members can deposit on time. After some time, if all members are agreed then group can increase the saving amount. If in any meeting any member does not do saving then in next meeting he/she can deposit the saving. Group can make rule to charge penalty for late submission of savings. Group corpus will be formed from savings.

5.16.5 Loan Related Rules: Fixation of minimum and maximum loan amount by the group. Provide loans to group’s members only from its corpus. Fix penalty for late repayment of loan. Any amount can be fixed as penalty.

5.16.6 Rules Related to Interest Rate: Group should fix the rate of interest in such a way that it remains less than the rate of interest charged by local money lenders. If a member fails to repay the loan on fixed time of period then extra interest can be charged as penalty on the remaining loan amount.

5.16.7 Rules Related to Working Period of Office bearers: The working period of the office bearers will be fixed as president’s working period will be for one year. Likewise secretary’s working period can be for one year. It can be increased for one more year if work found is satisfactory. If any person is unable to full fill his/her responsibility then through consensus General Assembly can remove that person from the post before completion of work period.
5.16.8 Rules Related to Decision Making: All decisions in a group will be taken with consensus of all members. Minimum 60% members’ presence is compulsory to take decision on any issue.

5.17 Rule related to prioritization of Loan Disbursement: Group decides as to which activity preference will be given. The member has to give loan proposal which should have the purpose of loan, loan amount, and repayment period and instalment amount. Before sanction of loan proposal, group will evaluate the need and repayment capacity and then prepare a repayment schedule in such a way that member is able to repay the loan amount in given time period. In case of natural calamity, accident or health problem, if a member fails to repay the loan on time; in that case he can request the group and group can change the repayment schedule.

5.18 Rule for Discipline: The objective of the rule regarding discipline is not only for penalty or to increase the income. It is to make the person sincere towards the group. Penalty makes person sincere and responsible towards the group and its working.

Group can make rules in following way:

i. If, the group increases rate of interest any time then it will be applicable for those member who are taking loan on or after that date.

ii. If, the case meeting has not been organized in fixed time period no relaxation on interest amount will be given to members.

iii. At the time of repayment of first interest, principal amount will be taken.

iv. In case of death of a member, the membership of the group can be given to any member of his family and he/she will be responsible to repay the loan amount.

v. Interest on saving: - no interest will be paid on savings.
5.19 Types of repayment of loans:

5.19.1 One time repayment: at the time of loan seeking, the member can give proposal for repayment of loan on fixed time period. In this type of loan, members have facility to repay the loan in one time and before completion of time other members cannot demand to repay the amount.

5.19.2 Repayment in Instalments: In this type of loan at the time of getting loan, member can give repayment proposal in equal instalments in fixed time period. Repayment of instalment starts with the loan.

5.20 Bank Account of SHG

It will be necessary for the group to open a bank account in the nearest nationalized bank. The President or the Secretary will keep the cheque book, pass book and other documents.

5.21 Model Agenda of SHG Meeting

It is compulsory for the group to organize meeting on a prescribed day. The meeting will be organized at the members’ house. Time and place of meeting should be decided by consensus and information should be given to all members otherwise all members will not be able to come to meeting. The meeting time and place can be changed but prior information of the same would be necessary to be given to the members. The meeting process should be simple. The different steps of meeting process will be focusing on financial discipline but their objective will be economical development.

5.22 Steps proposed for group meeting:

The following steps are proposed for group meeting;
5.22.1 Step – 1: Initiation of Meeting:

i. All members will gather on a pre-decided day, place and time.

ii. The meeting can be started with songs, or oath.

iii. After this one member will read all the rules one by one and other members will repeat the same.

iv. All members will sit in circle and if, the book keeper is not a member of group then it is compulsory for him/her to participate in a meeting.

v. Cash box and records/books will be kept in the middle.

vi. Secretary will start the meeting.

vii. Although the president will chair the meeting formally in each meeting all members will select one member to chair that meeting. Due to this all members will get opportunity to chair the meeting. The President of the group will support them to organize meeting in proper way.

viii. If the book keeper is absent then the group can take decision to authorize any other educated person to write the records/meeting minutes.

ix. The book keeper should write the minutes and different details like Name of Group, Meeting date, attendance, reason of absent etc.

x. All decisions in a group will be taken through consensus. To maintain transparency, a minimum of 60% members should compulsorily be present in the meeting at the time of decision.

xi. If required minimum number of members do not participate in meeting then decision taken in such meeting will not be acceptable. Group should not distribute loan in such meeting.
xii. The spectacle of less than 80% members present should not be continuous in meetings. In that case group will not be able to get the eligible marks in grading and will remain isolated from other schemes and banks.

xiii. If any member, remains absent in continuous three meetings then other members should try to know the reason and if the reason is found unsatisfactory, notice should be given to that member.

5.22.2 Step – 2: Discussion in Meeting

Member can start discussion with topics like education, health, governance system etc, So that all members will become aware of the present conditions and will be able to give the suggestions to improve the same. Through these discussions the knowledge level of the members and understanding will increase. After that, the members can discuss the issues on which decision has to be taken. The book keeper should write these discussions and decisions taken, in minutes register.

5.22.3 Step – 3: Reconciliation of Cash

The book keeper will do entry of opening balance, which is a closing balance of last month, in cash book. One member will reconcile the cash of cash box with cash book and details written in minutes register. After reconciliation, the member should keep cash back into cash box.

5.22.4 Step – 4: Verification of Purpose of Loan

The book keeper will give information about loan disbursed in the last meeting by reading cash book and minutes register. The Chairman of the meeting will ask the members about utilization status of loan amount. Any important information should be entered in minutes register.
5.22.5 Step – 5: Receipts

One member will collect the amount. It will be collected in the following series: Penalty · Interest · Repayment of Principal · Savings · Other. If any member is unable to repay the loan amount in the meeting, then the group will be informed. After discussion the group will fix the next date and amount for repayment. If any member due to any reason is unable to repay the loan amount and due to this he/she is not attending the meeting then the group should motivate that member by identifying the reason and the repayment of loan should be ensured in coming months. If, any member is unable to attend the meeting due to any reason and wants to deposit savings and instalment of loan amount, he/she can send it with the help of other member.

The amount will be deposited in his/her name but in the meeting register he will be marked absent. After getting all receipts, the accounts will be reconciled with cash and bank pass book and information of same will be given to members. Any other payment like member’s travelling allowance, bank interest; payment to book keeper etc. will be done in the same time. Cash shall be kept in cash box.

5.22.6 Step – 6: Loan Proposal Approval and Distribution Process

The Chairman will ask members to tell their loan amount. Before assessment of any new proposal it will be ensured that the member has returned previous loan amount completely with interest. It will also be ensured that the member is doing saving regularly and timely. The book keeper will inform the members about applicant’s attendance details, proposed loan amount, purpose of loan and repayment period.

The applicant will inform the group about loan repayment period, instalments, and type of loan and about resources through which he will repay the loan. All members, through consensus will take a decision whether approval should be given or not? And what will be the loan amount. The book keeper will enter the transactions detail in cash book, minute register of SHG and in members pass book.
In case of lack of available corpus fund, SHG can reduce the applicant’s loan amount demanded.

5.22.7 Step – 7: Reconciliation of Cash Book

After completion of all receipts and payments the book keeper will write remaining cash in cash book and group register. This amount should reconcile with cash book and amount written in minute register. If remaining cash amount does not reconcile with cash book and entry of meeting minutes register then other member should recount the remaining amount. If still the amount is not tallied then with the consensus of all members the book keeper will reconcile the amount by showing the difference as an income or expenditure. The book keeper will prepare a note on it and will get the signature of president. Any entry cannot be deleted, only amount received and amount balanced can be changed in cash book and minutes register.

5.22.8 Step – 8: Reminder to Loan Receiver about principal and interest Amount

The book keeper will inform about the status of principal loan amount. The president or the chairman of the meeting will remind the members of the loan repayment. Likewise reminder will be given for repayment of the interest amount.

5.22.9 Step – 9: Attendance and Valediction of Meeting

The group will take a decision, as to which member will keep the cash box and which one will keep the key. Likewise decision for account books and registers. Any member or book keeper will do entry of attendance in cash book and minutes register and all members will affix the signature.

The book keeper will read the name of members who came late in the meeting and penalty will be collected in this meeting or in the next meeting. The pass books will be returned to the members. The bookkeeper will read the entry of cash book and minutes register in front of the members. The book keeper and any member will
affix signature in cash book and minutes register. One member will be selected to send the monthly progress report to PFT officer. The place for next meeting will be fixed. The chairman, will close the meeting and all members will keep the materials with them safely. In the next day of the meeting, saving should be deposited in bank account and deposit slip will be kept for record. In the next meeting deposit slip will be shown to all members. This will help to keep transparency among the members.

5.23 Cash Box

SHG has to purchase cash box, meeting register and other registers. Groups, which complete two meetings successfully, and will do saving and get registered under the project, need to keep required registers. SHG has to deposit received amount in bank account. For emergency need, they can keep some cash in cash box. The group will decide the maximum and minimum limit of cash to keep in cash box. Cash box will be locked. After the meeting, one member will keep the cash box and other will keep the key. After each meeting, responsible person will be changed.

5.24 In Case of Death of Group Member

During the membership each member has to nominate one person. At the time of death, the savings of that member, after deducting the loan amount, will be given to the nominee.

5.25 Account and Record Keeping of Group

At SHG level, account and record keeping are necessary so that savings of members, internal loaning, and amount received from Village Development Committee and other schemes can be managed and utilized properly. SHG has to keep all records according to the financial year. The Financial year will be from 1st day of April to 31st day of March. SHG has to maintain new registers for each financial year. SHG has to purchase all registers from the market.

5.25.1 Attendance Register: At the starting of the meeting attendance will be taken. It will be necessary to take signature or thumb impression of members in attendance register.

5.25.2 Meeting Minutes Register: The minutes of each meeting will be prepared in two copies; one copy will be sent to PFT office for MIS entry. Due to following reasons it is necessary to write the minutes of each meeting,

a. Members can remember the decisions taken in each meeting.

b. Any villages can get information about decisions taken.

c. All members can become aware about action taken on decisions.

d. Group can enclose the copy of meeting minutes with demand proposals.

5.26 Saving and Loan Account (Ledger):

Each member will have separate account. Two pages will be kept for each member, which will have the detail of saving account and loan account of the member. With signature, date, monthly saving, and total saving will be in saving account and at loan account, sanctioned loan amount, principal amount received, interest received, penalty received and remaining loan will be entered with member’s signature.

5.27 Voucher:

SHG has to keep voucher for each receipt and payment of amount. Voucher will be of three types:
5.27.1 **I Receipt Voucher:** SHG has to make one receipt voucher for each receiving like saving/loan instalment received from members, loan received from VDC/Bank and other receipts.

5.27.2 **II Payment Voucher:** for each payment SHG has to make payment voucher like payment voucher for payment of bill of service provider, shopkeeper etc.

5.27.3 **III General Voucher:** All transactions not entered in cash book, will be maintained in general voucher.

5.28 **Cash Book:**

All receipts and payments are entered in cash book. In cash book it is necessary to have different columns for bank and cash. Transaction will be either receipt or payment and will be done by cash or through bank. In receipt information, date wise, account/ledger’s page no./ voucher no., name of member and reason of receiving, cash or bank and in payment date wise, account/ledger’s page no./ Voucher no., name of member and reason of payment, cash or bank will be entered.

5.29 **Ledger:**

In ledger, there is a separate page for each head. All transactions related to income or expenditure, are written in the same place.

5.30 **Trial Balance**

At the end of every month, after doing all entry of transactions in cash book and ledger, it is necessary to do the analysis of balance of each account head after adding head wise all entries done. In trial balance total of receipt and payment column should be equal. If it’s not equal then one needs to review all the totals of ledger and entry on trial balance.
5.31 Grading of Self Help Group

5.32 Objective of Evaluation/Grading of Self Help Group

It is important to do time to time grading of SHG to know whether group is implementing the selected activity properly or not, whether the group is strong or not and whether it is ready to do the work of next phase or not. The objective of grading is to know the weaknesses of SHG so that these weaknesses can be removed through training the capacity building. Under the project, SHGs will be evaluated time to time, to grade them.

5.33 Process of SHG Grading/ Evaluation

On the basis of different stages, different parameters have been developed for time to time grading of SHG. To complete any stage successfully it is necessary for SHG to get the minimum required marks in each evaluation. Two formats {format – 8 (A) (B)} have been prepared to evaluate SHG on different time. Format – 8 (A) (First Grading) will be used to know the maturity of SHG and format – 8 (B) (Second Grading) will be used to know the stability. Grading work should not be based on questionnaire in which members not participate actively. The grading should be participative in which all members got the opportunity to express his/her views.

Table: 5.5: Grading / Evaluation of SHG will be done as given below:

<table>
<thead>
<tr>
<th>Grading</th>
<th>Period</th>
<th>Stage</th>
<th>Status Evaluation of SHG</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>After 6 months</td>
<td>In Fifth Stage</td>
<td>Mature Group</td>
</tr>
<tr>
<td>Second</td>
<td>After 12 months</td>
<td>In seventh stage</td>
<td>Stable Group</td>
</tr>
</tbody>
</table>
5.34 First Evaluation / Grading

After 6 months first grading of SHG should be done. Parameters have been developed in format – 8 (A) for first grading. Through this grading it is important to know whether the group is formed properly and ready to enter the next stage. The objective of grading is to know the weaknesses of SHG so that these weaknesses can be removed through training the capacity building. In each, three months grading should be done otherwise it won’t get the minimum required marks. If, group has been formed in any other scheme and completed 6 months from the date of formation and is going to associate with the project, then first grading can be done directly to know the eligibility to start economic activity. The first grading process is as follows;

5.34.1. Grading According to MIS: MIS operator will digitize meeting report after each meeting of SHG at PFT office. According to the entry done in computer software, the marks for parameter 1 to 4 of format – 8 (A) will be received automatically through MIS report. These parameters are related to attendance of members, regular saving and recovery of loan etc.

5.34.2. Grading through Participate in Meeting and by Review of Documents: To give marks for parameter 5, documents and account management, first, PFT members should review the records.

5.34.3. Conclusion of First Grading: from parameters 1 to 5 out of total 50 marks if group receives a minimum of 30 marks (60%) and livelihood plan has been prepared, these types of group will be the mature group. After passing first grading, SHG can be selected for livelihood loan from the project and convergence with bank. The groups that do not receive the minimum required marks have to do more progress for convergence. The members can be informed about lacuna. Capacity building should be done through training and after three months, the group can be re-evaluated.
5.35 Second Grading

After 6 months from the date of passing of first grading, one more grading of SHG will be done. This grading helps to know whether the group is working effectively or not and whether SHG is capable to start economic activity or not. For second grading, different parameters in format – 8 (B) have been prepared. The second grading process is as follows: -

5.35.1. Grading According to MIS: The marks for parameter 1 to 6 of format – 8 (B) will be received automatically through MIS report.

5.35.2 Grading through participation in Meeting and by Review of Documents: PFT members should review the records to give marks for parameter 7, documents and account management.

5.35.3. Conclusion of Second Grading: from parameters 1 to 8 out of total 80 marks if group receives a minimum of 48 marks (60%), then these types of group will be the stable group. If the groups receive less than 48 marks, then the members and the officer bearers of group can be informed about weak areas. Capacity building should be done through training and after one month, the group can be re-evaluated, till they get minimum qualified marks.

5.36 Grading Committee

To ensure better coordination between SHG and bank it is necessary that bank should participate in grading work. The following committee has been provisioned for grading under the project:

I. Coordinator, PFT under which the village is placed.

II. Two PFT members of same cluster. Micro finance and social worker members will be preferred.
III. Bank Manager or bank representative authorized by manager, of the respective bank in which groups are having their account.

5.37 Process to Prepare SHG Livelihood Plan

5.38 Livelihood Plan of SHG

At the time of SHG formation, special focus will be given on affinity and common activity. All members of SHG will select the common activity for secure livelihood and run it commercially. SHG has to prepare one livelihood plan to run their activity and to develop infrastructure, working capital, materials and equipments, skill enhancement and for other facilities. Through this livelihood plan, the group can get support from different schemes and financial institutions.

To fulfil the following objectives, SHG has to prepare the livelihood plan;

i. To meet loan requirement for activities of members.

ii. Ensure process and development road through identification and evaluation of assets available at family and at group level.

iii. To fulfil long term needs.

iv. To get grant/loan facility from different schemes/organizations.

v. For, on priority basis, utilization of limited resources to fulfil the needs of SHG members.

vi. For strengthening of capabilities of members and SHG.

vii. For development of financial management skill.
5.39 Important Stages of Preparation of SHG Livelihood Plan

In format – 5, Family Survey, the target family of the project has given the information on which activity they want to take in a group. On the basis of family survey format and common activity members gather in a form of group. This activity can be related to agriculture, animal husbandry, small industries etc. For commercialization of each activity it is necessary that all components related to activity like at family level necessary infrastructure, materials and equipment, working capital etc and at village level to support activity required infrastructure like storage facility, collection centre etc. are available. In the last chapter with the help of service map and village profile, net planning for five important activities have been prepared which will help to prepare complete livelihood plan. Important stages to prepare livelihood plan are as follows;

5.39.1 First Stage: (Need Assessment at Family / Member Level):

PFT has collected complete information about each target family in family survey format -5. This format is possessing information about the number of family members in a family, type of land, animals, assets and yearly income and expenditure, loan etc. In this format, family level need assessment has been done for activity going to be implemented through group. Before making livelihood plan PFT member should discuss the information given in family survey format with each member of group and their vision should be developed in a way so as to see in next 5 years where they want to see their activity. PFT should do the following assessment with group: 1. Participation, 2. Analysis, 3. Problem Analysis, 4. Target Analysis, 5. Alternative Analysis.

PFT with the support of all SHG members should do the analysis of activity in following points;
I. For proper implementation of activity proposed by group members, what type of facilities and infrastructure are available with the group?

II. For implementation of activity, what type of materials, equipment, machinery, infrastructure, facility etc. are required.

III. Through what sources/ schemes members will manage required materials, equipment, machinery etc.

IV. Which work the member will take in hand through the group. Accordingly that member will identify the work selected through group.

V. Out of selected works, how much money is required to do the work selected on priority basis?

VI. For implementation of selected work how much money is available with the member and how much money he/she needs from the group.

VII. According to the family survey format monthly income and expenditure of family will be analysed. On the basis of this it will be assessed as to by which period the member can repay the amount without any problem to group. Accordingly the number of repayment instalments will be fixed.

5.39.2 Second Stage:

Need Assessment at Group Level – if through the group, a few members select same type of work then by discussion with members it should be analyzed as to how many members can be benefited by providing one facility. For example 5 families of group show their interest for a well but according to resource map irrigation requirements can be full filled by making only one well then at group level one well can be proposed. If all members distribute the total construction cost of the well equally, then member will need small loan.
5.39.3 Third Stage:

by doing the above analysis with all members PFT will prepare Family Investment Plan for first priority in format – 9 (A) and for second priority in format – 9 (B). If more than two priorities come, then format can be prepared for them too.

5.39.4 Fourth Stage: (Assessment of Infrastructure required at Village Level)

According to net planning it will be analysed in a village level to ensure backward and forward linkages for activities selected by groups, what are the lacunas in the available and required infrastructures of the village. On the basis of village profile and resource map, to support the livelihood activities proposed by group, required infrastructure like electricity, collection and storage facilities, approach road, processing units, chilling centres etc. will be identified and analysed as to how many required, what will be the cost and from which schemes it will be met.

5.39.5 Fifth Stage: (SHG Livelihood Plan)

After Family Investment Planning and after analysis of required infrastructure at village level, SHG Livelihood Plan will be prepared in format 10 as given below;

I. SHG Detail: In it Name of SHG, Registration Code, Village name, Cluster name, District name and passing date of first grading will be available.

II. Name of Primary Activity: in it primary activity taken by group will be written. Under primary sector activities like agriculture, animal husbandry, goatry, piggery etc and in secondary sector activities like handloom, handicraft, motorcycle repairing, etc will be written.

III. Required/Available/unavailable assets/infrastructure/Equipments with SHG for implementation of Activity: for successful implementation of activity required assets/infrastructure/equipment’s number and quantity will be given. For example if activity is agriculture then area of agriculture land, number of irrigation sources like
well/bore/etc. agriculture equipment like plow, ox. Seed driller, pump, pipe etc will be given. If activity is related to self-employment then activity place, shop, available machine and equipment details should be given. Through analysis we came to know that out of required assets/infrastructure/equipment which are available and unavailable with the groups. Details of required unavailable assets/material’s quantity and number, approximate cost and financial sources will be given. Group will also indicate on priority basis which work in which year is to be taken up. It should indicate for example for agriculture land development, well construction, motor pump etc then area of land for development, approximate cost and from which scheme this work can be done and on priority basis in which year this work can be done.

Likewise for well construction the number of wells, approximate cost, scheme through which work can be done should be indicated. If the group wants to take loan for proposed work, then indicate the name of bank in proposed financial source. Also indicate the year in which it wants to take loan.

IV. **Annual Work Plan of SHG:** after above analysis as per Family/Member Invest Plan and priority basis works can be divided in years. By indicating year wise Work’s details like name of work, quantity/number, approximate cost, financial source etc. yearly work plan of SHG will be prepared.

V. **Training Need:** if the members required training or exposure for successful implementation of activity then it is necessary to give details like the name of training proposal.

VI. **Required/Proposed Infrastructure/work for Activity at Village Level:** to support activity selected by SHG, Village wise identification and evaluation, of required community infrastructure like electricity, collection and storage facility, chilling plan etc. approximate cost and source through which work can be done, should be done.
VII. Approximate Profit from Activity: profit should be analyzed by indicating enhancement in income/enhancement in work days/reduction in migration etc.

VIII. Insurance of Assets Created for Activity for their Security and Insurance of Members: indicate name of insurance company and required amount.

IX. Effect on Environment: it is necessary to do environment review for all activities. Environment review will be done by working committee of Village Development Committee and the president will sign it. PFT will support and verify the work. Environment Effect Format – 10 (A) will be enclosed with SHG Livelihood Plan.

X. Market Linkages: indicate the name of market from where material will be purchased and product will be sold with distance mentioned.

XI. Bank Linkages: indicate name from where amount for activity or working capital is proposed.

XII. Distribution of Profit among Members: indicate maintenance of assets and distribution of profit among members.

5.40 Sanction of SHG Livelihood Plan

Livelihood Plan prepared by SHG with the help of PFT will be verified by PFT. SHG, through PFT will send the livelihood plan to District Project Support Unit (DPSU) for examination and evaluation. The “Cross Learning Committee” of DPSU, according to the condition of the area and the required assets and facilities, will examine and evaluate the livelihood plan. Subject matter specialist of cross learning committee will ensure that for the proposed activity required assets/infrastructure, market facilities are available in the area and in future which type of facilities can be developed through different schemes. After cross learning committee examination, District Project Manager, with remarks will send the livelihood plan to VDC for sanction. VDC will discuss livelihood plan with
respective SHG and if satisfied will sanction the proposal and information to respective SHG will be sent.

5.41 Implementation of SHG Livelihood Plan

PFT will include the yearly work, proposed in livelihood plan, sanctioned by VDC, in work plan of Gram Panchayat. PFT will start the process to provide resources to SHG. According to rules and requirements of different schemes separate proposals will be prepared and sent either directly or through District Project Support Unit (DPSU) to respective departments/ agencies. Loan proposal/ application format for different types of work has been forwarded to VDC by SHG according to process shown in next chapter.

5.42 Stock Register

Entry of each material purchased by SHG will be entered in stock book. In stock register detail about material received like source, date, quantity etc likewise on the one side of the page and detail about issue of material will be entered like date of issue, quantity, to whom etc. on the other side of the page.

5.43 Process to keep stock register

I. The material purchased one time and utilized till it becomes inactive known as “permanent material” like pump, tent material etc.

II. The material purchased repeatedly and which utilized as raw material known as “Utilized Material”. Like Purchased wheat to prepare flour, wood purchased to prepare furniture.

III. If, buffalo, goat, hen or other animal are purchased then purchased material will be known as “livestock material”.

IV. Stock register is also like an account book in which same type of materials will be entered in same page. By doing date wise entry, balance will be calculated after issue or receiving of materials.

V. Voucher number of purchased materials will be entered in stock register. And the page number, in which material details are entered, will be written in cash memo.

5.44 Account Management and other Important Points

5.44.1 Bank Reconciliation Paper

I. Difference between bank balance shown in cash book and shown in pass book.

II. Identification of reason of difference known as reconciliation paper.

III. Payment done by cheque has been entered in bank side of cash book but if the person to whom cheque was given has not taken amount even after one month, in that case bank balance shown in cash book will be less than what is shown in pass book.

IV. Cheque received has been entered in cash book but the bank has not yet received the amount from other bank. In that case bank balance shown in cash book will be more than the balance shown in the pass book.

V. Due to lack of awareness about interest given by bank or service charges taken by bank, difference comes in balance shown in cash book and shown in pass book.

VI. Miscalculation done by bank or by us, may also be the reason of difference. In above given conditions in the following way we have to identify the reason for differences:
i. First reconcile the transactions entered in cash book and pass book. With this we will become aware as to which, entry is left either in cash book or pass book.

ii. When, the left amount is found in the pass book, then deduct that amount from cash book balance. Balance of both will reconcile.

5.45 JOINT LIABILITY GROUPS

The SHG Bank Linkage Programme has bought relief to the millions of the poor especially the womenfolk who had no assets in their name. Studies have revealed that the programme has not only enabled these women to avail financial services through the formal banking channel and improve their economic status but also empowered them on various fronts. Nevertheless, there was a section of the society, especially the landless poor whose credit requirements were higher and who were not in a position to offer any security or collaterals. To address this problem and provide relief to the farmers, NABARD and instructions had launched a pilot project in 2004-2005 in select states to augment credit flow for these clients through the “Joint Liability Group”. Based on the success of the pilot and the union budget 2006-07 pronouncements, a separate scheme for finding JLGs of tenant farmers was formulated by NABARD and instructions thereto were issued in 2006-07. Subsequently, recognizing the potential in generating more livelihood opportunities, a separate scheme on JLGs for non-farm sector was also devised in 2009-10. To give a fillip to the programme, NABARD introduces an incentive scheme for the JLG promoting institutions in 2009-10. The scheme covers JLGs formed and credit linked for agriculture, allied activities and nonfarm related activities.

5.46 Features of JLG

An informal group of 4-10 individuals coming together for the purpose of availing bank loan on individual basis of through group mechanism against mutual guarantee for undertaking any economic activity in agriculture and allied sector
The members should be residing in the same village/area/neighbourhood and should know and trust each other well enough to take up joint liability for group/individual loans. Members who have defaulted to any other formal financial institution in the past are debarred from group membership. More than one person from the same family should not be included in the same JLG.

5.47 JLG Scheme in Tamil Nadu:

Tamil Nadu was one of the states the JLG scheme was piloted. As at the end of 31 December 2013, there were 112000 JLGs with loans disbursed to the tune of RS 1813.65 crore. As in the case of SHG-BLP, the state Government took a lead in the budget of 2008-09 that on the analogy of SHGs, JLGs of formers will be provided loans for cultivation purposes. Further each group will also be given a revolving fund of RS 10000/- per group through the Cooperative Banks. (Government of Tamil Nadu order 52863/3008 dated 14 may 2008). This incentive scheme gave a major boost to the programme with as many as 104311 JLGs formed and loans extended to the tune of RS 1689.35 crore by various cooperative banks. To replicate the success of this programme in other states, exposure visits were organized in various districts of Tamil Nadu for banks officials of those states.
5.48 Initiatives of NABARD, Tamil Nadu Regional Office:

It has been our constant endeavour to lay greater thrust of financing of JLGs in the state. In addition to conducting sensitization programs for all the stakeholders, we have also organized exposure visits for bank officials/NGO from within and outside state. Under the NABARD JLG incentive scheme, support has been extended to a cross section of different stakeholders, viz., Cooperative Banks, Commercial Banks, Regional Rural Bank and NGOs for formation and credit linkage of close to
25000 JLGs with a grant assistance of RS 423.68 lakh. It has also extended financial support for undertaking various capacity building interventions for bankers, NGOs including Farmers Club/SHG and JLG members.

Cooperative Banks: As far as JLG financing is concerned, Cooperative banks rank number one in the state with all the Cooperative banks extending crop loans to JLGs and a few of them for taking up allied and non-farm activities.

5.49 Vellore DCCB - Malas of Lambanis travel to Malaysia: Three hundred gypsy women financed by Vellore DCCB have created magic through the beads strings. Bank loan through JLG mode has lifted them to niche market. The malas are being traded all over India and have also found an export market in Malaysia.

5.50 Savings Led JLGs of Pudukkottai DCCB:

Vadavalam PACS of Pudukkottai DCCB has been forming and credit linking since 2008-09. Each member has been saving RS 100/- per month and the corpus is being used for internal lending. The members have availed two cycles of JLG loans for crop production and dairy activities and repaid the loan on time.

JLG loan has enabled the member’s to adopt better farm practices. In addition to groundnut and paddy, the members are undertaking floriculture and adopting organic farming in select places. Sprinkler irrigation is being adopted for floriculture. Dairy activity has been flourishing with the milk being sold to society/private agents. The member’s earnings have gone up significantly by selling flowers such as Mary gold, sampangi, rose, pachai in the Pudukkottai market.

The JLG route has enabled the members to increase their income, save and repay the loan on time.

The society operates in two revenue villages. Shri.V.Ramaswami, Secretary of the Society is happy to state that there is they overdue in any of the loan account i.e. either JLGs or SHGs.
The CCB has another feather to its cap as all the PACS affiliated to it are promoting SHGs as well as JLGs.

5.51 Kancheepuram DCCB - Bismillah JLG have weaved their way to success

Ten Muslim women working on daily wages and undertaking embroidery work for nearby dwellers formed a JLG and availed the first loan paranthur PACs.

Prompt repayment and well-functioning of the group prompted the society in further extending a loan of RS 2.40 lack for REED GRASS MAT production activity. The rise in income of the members has been a boon for enabling higher education of their children.

5.52 REGIONAL RURAL BANK

5.53 Pandyan Grama Bank: More than 5200 JLGs have been financed with concentration in Non-farm sector and allied activities.

5.54 JLGs revive traditional activities

Five sculptors of Venkanaickenpatti have carved their way to success by forming a joint Group to carry on their traditional activity of sculpture making, which was abandoned by their previous generation due to financial constraints. A bank loan of RS 25000/- each has revived their activity.

50 women of Arasaradi, Madurai district engaged in jasmine flower cultivation have scaled a step higher by organizing themselves into 10 joint Liability Groups.

Fifteen Power Loom weavers of kallakurichi, villupuram district were saved from the clutches lenders through the JLG mode. But for the timely assistance from the bank they would have never out of financial crisis.
5.55 Fishermen JLGs adopt the savings Led model SHG:

Tharuvvaikulam is a coastal branch of the RRB with most of the clients hailing from fishermen community. Earlier, these members did not have any savings habit. They were motivated to form JLGs and adopt “Savings Led” model of SHGs, for inculcating the habit of savings in them. The groups are now functioning effectively under this model, with regular savings, group meetings, internal lending, account maintenance, etc. The bank credit through the JLG mode has increased the family’s net income and improved their standard of living.

5.56 JLGs of traders

JLG mode has enabled a large numbers of traders in Kariapatti village to improve their business without resorting to high cost borrowing from money lenders. Similar interventions have been undertaken by the bank in other areas too. Traders are now proud owners of Vegetable shop, Textiles, Cool drinks Stall, Grocery Shops, Photo studio, Xerox centers, etc.

5.57 Pallavan Grama Bank - Shri muniappa Meenavar Mandram JLG:

The JLG was formed in oddanur village of Dharmapuri district, one of the financial inclusion villages of the bank. Bank has sanctioned RS 1.00 Lack to the JLG in 2012 for acquiring assets, viz., boats, and nets for their fishing activity. Members were also able to save a substantial portion of their income due to the reduced interest burden. The JLG members are also having savings account and availing internal loans from their savings.

The fish catch is sold to mettur Fishermen Co-op Society. Unsold fish is dried and sold in the local market. The group members are prompt in their repayment.
5.58 New generation private sector banks also enter into the foray

HDFC Bank was sanctioned grant assistance by NABARD for formation of 1250 JLGs. The bank was successfully formed and credit linked all the 1250 groups.

The bank has a dedicated field force which is involved in JLG formation and credit linkage. The model has been serving as a tool for financial inclusion in a number of cases who hitherto were not a part of the formal banking channel. The bank provided doorstep banking services to the JLGs which range from opening of SB A/C, loan documentation, repayments etc.

Among those who reaped the benefits of JLG loan were Anandi of Thiruvarur district who is engaged in tailoring activity and Vimala Devi in Erode district who has opened a vegetable shop. Dreams of many such women have been fulfilled by owning as asset and generating income therefrom.

5.59 The Business Correspondent way

IFMR Rural Channels and services Private Limited, Chennai was supported for Formation and credit linkage of JLGs in their operational area in two districts viz. Ariyalur & Pudukottai. The private limited company has credit linked the JLGs through branches of Axis bank in the above districts. The activities financed range from farming to dairy.

One such JLG members who has inspired in formation of many more JLGs in the area is ponnambal availed a loan of RS 15000/- to purchase a cow. She sold the milk to a nearby of RS 48000/- through the activity and has repaid all the depts. She proudly states that her contribution has provided surplus income to the family. Her dream is the convert her thatched house to a concrete roof and purchases another cow. The JLG along with many others have been a role model in repaying loan on time.
5.60 Public Sector Banks join the scheme in a big way

The Zonal Office of bank of India, Coimbatore has been supported for formations are credit linkage of 3000 JLGs in Trichy district. The Bank within a short span of three months has provided loans to more than 1000 JLGs for various agriculture and allied activities. The JLGs have also promptly started repaying the installments. The members who were otherwise languishing for loans could succeed through the JLG mode

5.61 NGOs play a key role in the scheme:

Veerapandiya Kattabomman Farmers Club was supported for forming 100 JLGs of marginal farmers undertaking maize cultivation in Ottapidaram Block of Tuticorin district. The JLG mode enabled the members to have access to training of scientific cultivation of maize. Two of the members ot these JLGs have also been awarded first and second prizes in the State of maximum productivity under irrigation and non-irrigation conditions. The project has drawn the attention of banker’s district authorities and farmers in the district.

5.62 Star Welfare Organisation of the Rural Development Trust of Kanchipuram:

200 JLGs have been formed and credit linked by SWORD Trust for undertaking silk weaving, vegetable cultivation and dairy activities. This has enabled them to not only secure loan from the banks but also of economies of scale.

5.63 Vetri JLG: Five women members working as daily laborers in a private silk unit with low wages were facilitated to form a group in 2010 and avail loan from State Bank of India. The group members have started a silk weaving unit with the above loan and the marketing assistance is rendered by the NGO.
5.64 Shalom Foundations, Tiruchirapalli:

In February 2012, the NGO which started on a small note of formation of 25 JLGs with the support of NABARD has been able to successfully form and credit link 100 JLGs of dairy farmers. This has reinforced the confidence of the banks in the district for extending loans in the JLG mode. The NGO has been a role model for many more NGOs in the neighbouring districts.

5.65 JLGs from SHGs: Association for Rural development, Madurai was supported for training of SHG members in sanitary napkins production. The members after availing the training have started making the product and marketing it in the brand name of “Sugavasam”. The members in the above SHGs have formed into JLGs and secured loans from Canara Bank.

5.66 Banks: Since the loan to the JLG is extended for economic activity repayment performance is good. This is turn also improves the loan portfolio of the bank and increase their share of priority sector lending. The JLG members assist in improving the other business of the branch there by increasing the business mix. This is one of the best products under financial inclusion.

5.67 JLG members: Mode of availing bank loan for pursuing an economic activity by offering mutual guarantee. It enables the members to come out of the debt trap, improve their income there by improving their economic and social status.

5.68 NABARD continues to support promotion of JLGs through

Grant assistance under JLG incentive scheme to joint Liability Group Promoting Institutions i.e. Banks, NGOs etc. (JLGPIs) Support for capacity buildings of all Stakeholders 100% refinance support for loans sanctioned and released by banks to JLGs.