

Training Manual on Self-Help Groups for Micro-Enterprise Development

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Haryana Forest Department*

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Preface

Establishment of income generating micro-enterprises in project villages by disadvantaged groups is one of the 12 measurable outcomes envisaged under Haryana Community Forestry Project (HCFP). Achievement of this outcome is necessary for the project to achieve its wider objective of building up the capacity of rural communities to undertake a process of sustainable management of natural resources. This is also necessary to achieve the immediate objective of involving disadvantaged sections of village communities in self-directed development.

Women, along with those without land and other resources or those who have low social status, constitute the core of the disadvantaged sections. Such sections have no clear idea about development avenues and income generating self-employment ventures due to low level of education, non-development of organisational capabilities and inadequacy of capital. Their insecure employment status, coupled with the absence of thrift, prevents them from taking benefit from credit linked self-employment programmes promoted by the welfare state with the help of financial institutions. It has, therefore, been realised that any credit supported economic development programme for the rural poor should begin with organisational efforts with emphasis on thrift and savings.

The task of recommending a strategy for HCFP for implementing the component of income generating activities for disadvantaged groups was entrusted to the Institute of Development Initiatives, New Delhi. The report submitted by the institute recommended the strategy of building up the organisational capability of the poor, with the core initial activities of thrift and mutually supported credit, through the medium of Self-Help Groups, as the starting point for learning about self-employment ventures, training support and eventual linkage with banks for investment credit. The strategy was discussed in a workshop organised by the project with technical support from the institute and with participation from senior project staff and representatives of different Governmental and non-governmental organisations. The workshop found the strategy of forming Self-Help Groups of women and men drawn from disadvantaged sections, organising and training the members for micro-enterprises, to be sound and sustainable, though time-consuming.

Self-Help Groups have become the focal point of poverty reduction efforts and occupies pride of place in national programmes such as Swarnajayanti Gram Swarajgar Yojana, Rural Women Development and Empowerment Project, Swayamsidha Project and promotional programmes of the National Bank of Agriculture and Rural Development. The national goal is to form at least one Self-Help Group in every village in India during the next few years. The work of HCFP will be a small contribution to the national effort. The HCFP has to work in consonance with other organisations, availing and making available technical and other resources needed for making the Self-Help movement a success.

During the last two years, HCFP has been able to form about 100 Self-Help Groups spread over some 60 villages. In some places HCFP has been able to involve NGOs in this task. But in several places NGOs with the requisite capability are not available. In some places, grassroots level consultants have been employed on short-term basis to form and nurture Self-Help Groups. However, in the long run, the project will have to build up its own capabilities to implement this component. The cadre of Link Workers, available in project villages, is one section that, with proper training, can take up the activity.

Training programmes were organised for the Link Workers in all sub-divisions in 2002, using the first version of this training manual. Experience gained therein has been made use of in revising the manual.

This training manual has been designed as a tool for the persons forming and nurturing Self-Help Groups, to enable them to train members and office bearers of the groups in the concepts, processes and procedures of group functioning. It has been written in very simple language for easy understanding by grassroots level functionaries.

The manual is divided into 14 modules. The first four modules are devoted to explaining the concept of Self-Help and the principles of group functioning and points that need to be attended to while forming groups. The field worker can use these modules at the stage of group formation. This is followed by different topics that a group should understand for management of the collective effort. The field worker can use each of these modules when attending the group meetings. Each training module would take about one hour. It is obligatory for the field worker (be it the Link Worker or the grassroots consultant) to be present as an observer in each of the group meetings for the first six months.

While developing this manual, we have drawn liberally upon material developed by other organisations. These include the publications of the Swashakti Project of the Government of India, the training manual of Myrada, case studies made by the lead M&E agency for the Swashakti Project (Agricultural Finance Corporation), and the publications of National Institute for Public Co-operation and Child Development.

It is hoped that this training manual may be of help to the field workers engaged in Self-Help Group formation. The manual should also help the project staff to have a good understanding of the approach to be adopted in implementing this important project sub-component.

Joseph Viruthiyel
TA Sociologist

MODULE 1

WHAT IS A SELF-HELP GROUP?

Learning Objectives:

At the end of the session, participants will share a common understanding of the following:

- the concept of Self-Help Groups (SHGs);
- the characteristics of a good SHG;
- why SHGs are needed;
- what role they play in meeting the objectives of HCFP.

Material Required:

Thermocol board/flannel board, chart paper, sketch pens, markers, index cards, drawings of different collections of people (e.g. children in a classroom, a crowd at the temple festival, a family, etc.).

Procedure:

1. Distribute index cards and sketch pens to participants. Show them the pictures. Ask two participants to describe the pictures. Ask them to write down what they understand by the question: WHAT IS A GROUP? Display the answers on the board. Arrive at the following conclusions:

A group consists of people, sharing a common interest, working together to achieve a common goal, knowing each other by face and having intimate interaction with each other.

2. Now ask: **WHAT IS A SELF-HELP GROUP?** Repeat procedure 1 and arrive at the common understanding that:

A Self-Help Group is an informal association of people in a village, hamlet or urban neighbourhood with the following characteristics:

- The size of the group is in the range of 10-20.
- The members share similar characteristics such as same sex, caste, occupation, poverty attributes etc (homogeneity).
- Members are bound by trust, mutual respect and affection (affinity).
- Though informal, the group follows sound organisational management principles such as agreed rules and regulations, frequent meetings, maintenance of accounts etc.
- Mutual help (**one for all and all for one**) is the guiding principle of the group.

- Members are guided by the principle of self-help rather than dependence on external help.
 - Members are bound together by the collective goal of improving their income and social status primarily through the organisational strength of working together.
 - As the first step towards the above, members make small savings every month.
 - From the common pool thus created, they meet the small credit needs of members who otherwise would have to approach the moneylender. Interest is charged on this small loan, which helps the group to build up its common pool. Members decide the rates of interest and loan repayment instalments.
 - The group opens a saving bank account in a financial institution (bank, cooperative society) in which all cash balances, except those that are needed for day-to-day expenses, are deposited.
 - On the strength of its common fund (including savings, outstanding internal loans and interest collections) the group accesses credit from the bank. The group can withdraw money from this credit line as and when its members need credit to start income generating ventures.
 - During its meetings, the group also discusses other common issues and takes up collective action to solve problems of their own members as well as of the community.
 - The group also becomes capable to access support from ongoing development programmes sponsored by government and non-government organisations.
3. Ask the participants to identify the affinity groups in their own villages. Do members of those groups share mutual trust and affection? Do they support each other in times of crisis?
 4. Some of the participants may have experience in forming Self-Help Groups. Ask them if they have the characteristics of affinity, homogeneity and transparent functioning and self-help. How? If not why? Have they developed more mutual trust and affection after becoming members of SHGs? What was your role in promoting this increase?
 5. What self-help activities have they undertaken? (i.e. have they done any activity together, without being prompted by you or other outsiders?) What was the outcome?

MODULE 2

WHY SELF-HELP GROUPS?

Discuss with the participants why it is important to form Self-Help Groups. This can be from two angles: from the angle of group members and from the angle of objectives of Haryana Community Forestry project. Note down all the answers on a blackboard.

Collect a few sticks about a foot long and 5 mm thick. Hand over one stick to a participant and ask him/her to break it. Give three sticks to another participant and ask him/her to break it. Give nine sticks to another participant and let him/her try to break it. As the number of sticks increase, it becomes more difficult to break them. Conclude **that unity is strength** and this is one reason why groups are formed, for, united, even the poor can break the barriers to their development. Nine at a time.

Ask the participants what benefit members of successful SHGs that they know of have had from the group. Was there anything that they could not achieve before, which they can achieve now? Have they been exposed to any new opportunity? What is the contribution of members to the group?

Now play the following game:

Take eight matchsticks. Make a figure that looks like a downward looking fish as shown in the picture below. Ask the participants to move just three matchsticks to change the direction of the fish so that it is facing upwards. Conclude that the three things that that people need to achieve progress are **COLLECTIVE ACTION, UNITY and SELF-HELP**.



*Ask the participants to narrate incidents from their experience that indicate that the rural poor could not avail of benefits from ongoing Government programmes **due to the absence of collective action, unity and self-help**.*

For example, millions of the poor were given loan and subsidy under the Integrated Rural Development Programme to purchase income-generating assets. Many could not increase their incomes due to several factors as: (probe the reasons)

- Being cheated by dealers.
- Having to pay bribe.
- Getting poor quality assets.
- Having insufficient working capital for managing the enterprise.
- Losing wages for meeting official requirements.
- Not having the right attitude and skills for managing the enterprise.

Similarly, the Government spent a lot of money in the social forestry programme. Still we do not have enough tree cover over land. WHY? (Probe.) The reasons could be:

- People were not involved in planning and executing the programme.
- People thought it is the responsibility of the government to look after the trees.
- People needed firewood and, in the absence of sufficient money, they cut down the trees.
- Villages did not have enough grass lands and therefore people let loose their animals into the tree plantations and the animals grazed the young saplings.

Thus we see that all programmes, for which people did not feel the ownership and collective action, unity and self-help were not the guiding principles, failed to meet their objective of social and economic development.

Now, what is the relevance of SHGs in the context of HCFP?

The ultimate objective of HCFP is initiating a process of self directed rural development, in which natural resources are developed and protected by people themselves, that is the village community. This will be possible only when the needs and goals of all sections of the village community are met. A section of the village community, which is termed as the disadvantaged groups, will have no motivation to participate in planning and implementing community forestry development projects unless they have opportunities for generating additional income. For this to be possible, these people have to develop the capacity to access all opportunities provided by the Government in terms of skills development, finance and other support. By working together in Self-Help Groups these people can develop such capacity in a relatively short period of one to three years.

MODULE 3

HOW TO FORM A SELF-HELP GROUP?

Learning Objectives:

At the end of this session, the participants should have the skills to identify potential members of SHGs on the basis of homogeneity, affinity and common interests, convince them about the advantages of forming Self-Help Groups, and help form the group.

Contents:

If the field worker is the Link Worker from the same village, he/she will be aware about the social situation in the village, about the affinity groups already existing, the *mohallas* (neighbourhoods) in which the poor live etc. But the field worker of an NGO will be new to the village and will have to familiarise himself/herself with the situation. The PRA and microplan documents available with the VRMC would be a good starting point. Thereafter, the field worker should hold discussions with VRMC members and the Panchayat, especially with the women members. This will give sufficient background about the neighbourhoods in which the poor live, their interest to form small groups for initiating income generating activities, etc.

Visit these neighbourhoods and hold focus group discussions with the women/or men who have interest to form groups. Tell them about the concept of SHG, its advantages, the principles on which it will be formed, the responsibilities that the members will have to bear, etc. Tell them that this programme is meant mainly for the poor who have similar interests, and the objective of coming out of the situation of poverty. The members should be having or are willing to develop good interpersonal relationships.

As the SHG has to be a self-selected entity formed on the basis of shared interests and affinity, it would be better to help the people to evolve their own criteria of selection. Wealth ranking exercise and a social linkage diagram can be useful tools for this purpose.

Now ask the participants to do a wealth ranking exercise. The first step is to lay down the criteria. Sometimes, the list of poor people of the village (BPL list) may not match with these criteria and in that case the criteria selected by villagers must be given preference. The criteria may revolve around the following:

Criteria (illustrative)	Poor	Not poor
Type of House	Kaccha, no toilet, no tap water, no electricity.	Pakka, has toilet, has tap water, has electricity.
Land	Has no land or has only very little land.	Has enough land to meet all necessary expenditure.
Work	Has only low paid work, leaving insufficient income. Cannot miss a day's work, otherwise family will go without food.	Has a well paid job. Has enough leisure time.
Education	Self, spouse and children are uneducated; cannot send children to a desired institution.	Most family members have high school level education; can afford expensive institutions.
Health	Cannot meet medical expenses.	Can comfortably meet medical expenses.
Entertainment	Has no TV, cannot go to movies frequently.	Has TV, can have any type of entertainment desired.

After agreeing on the criteria, categorise all households in the village in these two groups.

Now collect all that are categorised as poor and create a linkage diagram. The linkages could be:

- Households with most frequent interaction
- Households which go to work together
- Households with whom they have no difficulty in sharing food
- Households which are not disliked
- Households which have a common skill

These linkage diagrams will give a basis for self-selection of group members. It is to be remembered that this is not a single day's exercise, but may take several visits. Do not hurry.

After the membership is identified, the members should meet at a common place, in the presence of the field worker, decide on a name, objectives and activities. In the next two to three meetings (at this stage the meetings should be weekly – this may be for about a month) the group should frame its bye-laws, saving amount and frequency, leaders etc.

MODULE 4

HOW TO FRAME RULES AND REGULATIONS OF SHGs?

Learning Objectives:

At the end of the session the participants will be able to guide their SHGs to frame their rules and regulations (bye-laws) after extensive discussions within the group. The model bye-laws developed by HCFP may guide the SHG members to draw up their bye-laws, but they should not be forced to adopt them as they are.

Material required:

Pictures of people queuing up for a bus, people crossing the road at a zebra crossing, a school bell being rung, etc.

Contents:

Wherever two or more people come together, certain rules of behaviour develop automatically. Many of these rules are informal or governed by custom. But wherever people join together for a common objective and financial transactions take place there is a need to have rules written down. In democratic organisations, these rules must be agreed to and understood by all the members and they must be followed strictly. Any deviant behaviour must be discouraged through a set procedure. To make financial transactions transparent, proper accounts must be maintained. In the absence of these the organisation will disintegrate.

Self-Help Groups are democratic institutions and they must follow the norms of democratic self-governance. These norms, necessarily in the written form, are called the bye-laws of SHGs. These bye-laws must contain the following:

- Objectives of the group
- Procedure for election of representatives
- Periodic change of representatives
- Time of meeting and periodicity of meeting
- The amount and periodicity of saving
- Operation of the bank account
- Procedure for sanction of loan, amount of loan, purpose of loan, rate of interest to be charged, repayment period
- Fines/penalties for non-attendance in meetings, late payment of savings, late or non-payment of loan instalments or other undesirable behaviour
- Activities to be taken up by the group other than saving and credit
- Procedure for withdrawal from membership
- Distribution among members of income from group business

Remember:

- These rules must be written in the local language at the end of the second meeting of the group.
- The rules must be evolved through consensus. Do not impose on them any rule that they have difficulty to follow. “What will work for them?” should be the guiding principle.
- All members must understand the rules.
- There should be flexibility to modify the rules as the group gains experience.
- The rules must be implemented in spirit.
- The rules must be signed by each member.
- It is the duty of the field worker/community organiser to ensure that the SHG has written rules by the end of the second meeting. Only then can the SHG be considered to have been formed.

Responsibilities of the field worker when the SHG is framing its rules:

Help the group members to arrive at their rules and regulations through extensive discussions, help them to write them down and keep the document safely and educate them about their strict observance. Within two months all group members should be fully aware of them.

Note:

The trainees may use a similar procedure adopted below to help SHGs to frame their bye-laws.

Procedure:

1. **Show pictures** of people standing in a queue, a school bell being rung, school children using a zebra crossing and a woman filling a form in the bank. Ask the following questions:
 - Why is there a queue in the bus shelter? What will happen if there were no queues?
 - Why is the peon striking the gong? What will happen if there were no fixed school timings?
 - Why is the teacher taking attendance of children? What will happen otherwise?
 - Why are traffic rules needed?

Summarise the answers and demonstrate the importance of rules and regulations for proper functioning of SHGs. Emphasise that in the absence of rules, there will be indiscipline, lack of unity. Hard-earned savings of members will not be safe. The deserving will not get loan. Banks will refuse to cooperate, support from development agencies will not be possible.

2. **Ask the participants:** What rules have your SHGs adopted (regarding the following):
 - Objectives of the group (saving and credit, take up IGAs, develop natural resources, acquire skills, participate in development activities, learn to read and write....)
 - Membership (Who can join? Who cannot? When and how can a member leave?)
 - Meetings (When? Where? Quorum? How to deal with absentees? What will be discussed?)
 - Saving? (Minimum amount per month? When and how withdrawal of saving is permitted?)
 - Loans? (Who will get the loan? How to decide the priority? Purpose? Interest? How to ensure that loan is properly utilized? When and how to repay? Penal interest for default?)
 - How to choose representatives? (Who? How? When to change them?)
3. **Discuss:** Which of the above rules are working well? Which are not? Why? Do you have an action plan to improve the situation?
4. **Emphasise:** The responsibilities of Field Workers at this stage.
5. **Narrate** the following case study and brainstorm the usefulness of rules.

An SHG frames its Rules

Khanda village in the Alewa block of Jind district in Haryana has a successful SHG called Baba Parashuram Swashakti group. It was formed on 13 February 2001 and has 20 members. They unanimously selected Narayana Devi as President. They started saving Rs. 20 per month. After discussions, they decided that those who absent themselves from monthly group meetings will have to pay a fine of Rs. 5. It was also decided that every member will pay the monthly saving in the meeting to be held on 2nd of every month. Late payment will invite a fine of Rs. 2 per day. The group opened its account in the Alewa branch of Punjab National Bank. The group started giving loans to its members after 3 months. Members get loan at 12% per annum interest rate, while non-members can take loan at the rate of 24% per annum. Loan repayment instalment is also fixed, taking into account the repayment capacity of the borrower. So far 6 members have taken small loans for their emergency requirements. All borrowers are repaying the loan in time.

Questions:

1. What rules were framed by Baba Parashuram group?
2. On what issues should a new group usually frame rules?
3. Should all rules be written down in a register? What will be the advantages of written rules?
4. Who has the authority to frame rules of the group? What are the advantages of rules made unanimously?
5. Can we change the rules later? Under what circumstances can rules be changed?
6. The group will eventually earn a profit from the saving and loan process. Should the profit be distributed among members at the end of one year, two years, three years? What proportion of the loan should be distributed?
7. Is it good to give loans to non-members? What precautions should be taken in that event?

MODULE 5

HOW TO MOBILIZE AND MANAGE SHG SAVINGS?

Learning objectives:

- To understand the need for savings
- To understand how to encourage savings
- To understand how to account the savings

Content 1: The importance of savings

Mobilizing savings from members is one of the first and very important functions of Self-Help Groups. Every family saves – even the poorest. But this may not be regular or the amount may not count for much. But if many people save together according to prescribed frequency and rules, savings become a regular habit and the collective effort will be substantial.

Saving is an amount set apart from our earnings for a future need. We may need all that money for meeting present needs. But we make a small sacrifice and cut out the avoidable needs. The purpose is that we will need that money for a future need, for which no money will be available except our saving. In the absence of this saving we have to beg for money from others. They may not be willing to give us that money or may charge high interest or may ask for some obligation, which we may not like to perform.

When we deposit our savings with the group, it is our money. It will be kept safe. It will also grow because the group can give loans on interest to those of us who need loans in emergencies. The interest they pay to the group helps the group fund to grow. Each of us has a share in this profit. The following case study shows the importance of saving:

How Chunni Devi Saved her Family from Starvation

Unchaheed is a small village in Chitrakoot district of Uttar Pradesh. Lallu, Chunnidevi's husband, was working as a labourer with a big farmer named Lalji. Though Lallu himself was a farmer, he had to work for Lalji as he had borrowed money when he had fallen ill. When his Rabi crop was about to be harvested, Lalji came to the field and demanded his money back, failing which he would confiscate Lallu's crop. Lallu did not know what to do. Chunni Devi, Lallu's wife, was a member of a woman Self-Help Group in the village. She rushed to the President of the group who agreed to consider giving her a loan equal to the amount needed to repay Lalji. The Secretary called a meeting of group members immediately. Group members were convinced about the genuineness of the request. The money was withdrawn from the bank. Chunnidevi returned the landlord's money and the couple brought back the grains to their home. This saved the family from starvation. Later, Chunni Devi started a grocery shop of her own, again through a loan raised from the group. Lallu also left working for the landlord and now helps his wife in the business full-time.

Content 2: How to encourage savings

To encourage poor people to save is not a very easy or popular task. This is because the poor do not have enough money at any given time. Saving requires some sacrifice or leaving out expenditure on some present need. People are also concerned about the safety of their money. This is particularly so if they have been cheated in the past by false organisations or people. Therefore it is important to make people aware of the need for saving and the special measures which will be taken by SHGs to protect their hard-earned money. These can be explained through the following:

- People fall in a debt trap when they do not have sufficient income throughout the year and fail to save when they have some income.
- Poor people need money in emergencies. These emergencies are rarely anticipated.
- At those times they have to beg for loans from a moneylender or big landlord. In return, they have to mortgage their ornaments, house or land. The interest charged is so high that they are never able to repay the loan in time. Thus they end up losing their property and become poorer. Even social exploitation may follow.
- Most of the loan needs of the poor are not eligible for financing by banks.
- As women do not generally have property in their own names, few of them can take loan from banks.
- To take loan from outsiders is not considered good in our culture.
- But if a woman of a poor family cultivates the habit of saving at least 50 paise per day she will be able to save Rs. 15 per month. The Self-Help Group offers a forum where she can deposit this saving safely. When in dire need she can get a loan from the group. It is her own money.
- If she opens an individual saving account in a bank, she will have to go to the bank to open the account and she will have to go to the bank every time she has to deposit the money. Community saving is superior to individual saving by banks also.
- Saving increases financial discipline among the poor. Banks are willing to finance groups which are successful in managing their savings. This opens up another avenue for poverty reduction.
- Regular saving is the best guarantee for the long term sustainability of the group.

Tell some folk tales or show a puppet show illustrating the importance of saving.

Saving through SHG is a common activity, which builds up unity and fellow feeling.

- Every one does some saving. For example, a poor farmer does not eat all his grains when the crop is harvested. He stores some for future use or for next year's seed.
- Even a poor woman sets apart a portion of her daily provisions to use at a time of dire need.
- Saving is the starting point for the society's economic growth.
- It is not important how much you save, but that you do some saving.
- Unity is strength. When many poor women together save small amounts of money over a long period, the amount becomes big.
- This amount can become the source for attracting larger funds from banks and government institutions.

- It is easier for banks and government institutions to deal with groups of people than with individuals. This makes providing support services, such as training, marketing support etc, easier.
- When women undertake common saving regularly, and manage it according to the rules they have made for themselves, they feel that it is their own money. This gives them a sense of self-confidence and self-reliance.

Content 3: How to manage savings

- Fix the amount of saving and its frequency (weekly/fortnightly/monthly) after thorough discussion among members. The amount the poorest among the group can pay should be the starting point.
- After some time, the amount of saving can be increased with mutual consent.
- Decide on what portion of the saving should be returned to individual members who may leave the group at a later date.
- The saving amount should be collected only in group meetings.
- The saving amount should be noted in the saving ledger and the member's pass book at the same time as it is paid.
- All members should pay at the due date and late payment, except in emergencies, should be fined.
- The amount collected should be immediately deposited in the saving account of the group. The cashier should retain cash only to the extent permitted in the bye-laws. This cash is to be used for such purposes as meeting day-to-day expenses or giving small emergency loans (e.g. giving Rs. 100 as loan to a member who has suddenly fallen ill at night).
- The group saving-cum-loan ledger and pass book must be kept by the cashier and not by an outsider.
- No office bearer should use the group fund for her personal expenses or keep it as cash with her.
- The office bearers should personally go to the bank to deposit the money. It is advisable to take a different member along to the bank every time.
- When going to deposit the money in the bank always carry the pass book and insist on its updating.
- Give details of saving collection, lending and other expenses to members in every monthly meeting.

Money is such a thing that it creates suspicion in the minds of people very fast. When the question of common saving is raised, people begin to think whether somebody will not run away with their hard-earned money. Therefore it is very important to make it very clear in the very beginning that the group's saving will be controlled by the group members themselves and not by any outsider. In the beginning people may feel that they are not able to manage the fund on their own. This inferiority feeling should be overcome and they should be encouraged to take full responsibility for managing their fund. It may take at least 3-4 meetings before this sense of responsibility is inculcated among members and office bearers.

MODULE 6

HOW TO MANAGE INTER-LENDING?

Learning Objectives:

- To draw attention of members to the common credit needs of poor families and women.
- To understand the traditional sources of loan and how unsatisfactory the system is.
- To develop the understanding that Self-Help Groups can meet the credit needs of women in a more beneficial manner.
- To emphasize the need for adopting good practices to be followed, so that money lent comes back and the group funds are safe and grow.

Material required: Chart paper and marker. Pictures of common items for which the poor need loan.

Introduction

Collecting saving and keeping it in a savings bank account is not an end in itself for SHGs. The group should not wait for loans from banks, which will happen only 6 to 9 months after starting the saving activity. The money saved can be used to give loans to individual members to meet their small credit needs for any purpose. The group will charge interest on such loans at rates that are acceptable to all group members. These interest rates should be greater than bank interest rates, but lower than moneylenders' rates. The interest charged helps the group to build up its own capital. A portion of this profit can be distributed among members at intervals agreeable to all members.

Some groups collect savings just to keep in a bank account. They get only a very nominal interest from banks. Before banks agree to lend money to the groups they want to see whether the group is able to do inter-lending successfully and get back money from members. That is why they wait for 6 to 9 months before they lend to groups. In the absence of inter-lending, members have to depend on moneylenders for their small credit needs. As they have to pay heavy interest to the moneylender, they may not be able to continue their savings. Further, they see no other usefulness of the group than collecting savings. This leads to losing interest in group activities and demanding their savings back. Some groups in HCFP have broken up due to this. That is why HCFP has now made inter-lending another qualifying precondition for giving matching grant to SHGs.

Inter-lending also helps to build up credit discipline among members. In successful SHGs repayment is almost 100%. Banks will have no hesitation to lend money to such groups. Bank loans come directly to the group. The group can use this money to finance income generating activities of members – whether group ventures or individual ventures. The group lends to members at a higher rate than it has to pay to banks. This is an additional source of income to the groups, the profit ultimately going to members.

Content 1: Common credit needs of poor families

Poor families need small loans to meet even small necessities of life. These necessities include:

- to buy medicine for a sick mother-in-law or to take a pregnant wife to hospital;

- to buy books or dress for a school-going child;
- to treat a sick cow;
- to repair the house;
- to repay a previous loan;
- to buy food when there is no work.

Some of these necessities often come up without any advance warning, maybe even at night.

The traditional sources of meeting such credit needs are relatives, a landlord or a moneylender. Poor families may not have relatives who can lend them the needed amount at such short notice. Further, taking loan from relatives may lead to incurring obligations from them. If the family goes to the landlord for money, he may try to put sterner conditions on the family regarding work, such as paying lower wages, making the family bonded to the landlord or even charging high rate of interest. The moneylender, of course, will be willing to give the money even at night, but a very high interest rate. The family will not be able to repay the loan in time. This may lead to abuse, confiscation of all valuables or even the house. Non-repayment in time also leads to bad name in society. Banks will not lend for these small needs that do not lead to production of goods or services.

The poor will also require loans for production purposes. Examples are:

- to buy a cow
- to buy seeds, fertilizer and pesticides
- to buy a plough and bullock cart
- to install a hand-pump
- to buy a sewing machine, etc.

Brainstorming:

Why do poor families take loan? Note down the answers on a chart paper through the medium of pictures.

Categorize the answers into two groups: loans for consumption (daily needs) and loans for production.

Content 2: Landlords/moneylenders are exploitative, banks are not accessible

Moneylenders will be happy to advance loans for these purposes, but will charge very high interest or take the land or ornaments as security. Banks are willing to advance loans for these purposes and charge reasonable interest. But they also require security and the borrower has to undergo time-consuming procedures. The borrower will have to visit the bank several times to complete the formalities and get certificates from several village and government officials.

Brainstorming:

How many times in the last year did you take loan? From where? For what purpose? Did you get the loan when you wanted? How much interest did you have to pay? Were you able to repay in time? If not, what were the consequences?

Role Play:

Taking loan from Bank: Select three participants. One is the manager, the second is the agent, and the third is the loan applicant. Let them act out the process of taking loan.

Taking loan from Cooperative Society: One participant acts as the Secretary of the Cooperative Society, the second is the loan applicant. Ask them to act out the loan taking process.

Taking loan from Landlord/Moneylender: The loan taking process is acted out by two participants - one the borrower, the other one a big farmer or moneylender.

Bring the discussion to the understanding that the system of taking loan from relatives, moneylenders or landlords is not satisfactory. Therefore the poor need a more reliable and efficient system.

Now ask: What system of credit is needed for the poor? The answers will be some of the following:

- Small amounts of loan are available
- Loan is available when needed
- Loan must be available for all needs – daily needs as well as investment needs
- Interest rate should not be exploitative
- Loans must be available without security or mortgage of property

Content 3: Self-Help Groups provide an alternative channel for meeting credit needs

Brainstorming:

What is the best way to meet your daily needs or production needs? To borrow money? Use your own money? Have your own bank?

By pooling the saving of all members in your Self-Help Group you have created your own bank. Banks are institutions that collect deposits from the public and lend that money to the public who needs it and earn a profit from this business.

Your group is your own bank. Like any other bank it collects savings. Now perhaps you are depositing this money in the saving bank account. You earn less than 40 paisa per hundred rupees. If you borrow Rs. 100 from the bank you will have to pay up to Rs. 2 per month to the bank. If you borrow Rs. 100 from the moneylender you will have to pay more than Rs. 5 per month as interest. And you will have to repay Rs. 100 you have borrowed.

Now since your group has money, can you not borrow from the bank that you own? You can pay to it the same interest that you pay to the bank, but in the end each member will have an equal share in the profit. And your bank will grow in size. You will not need to go to another bank or to the moneylender for your credit needs.

Content 4: Good practices for lending by Self-Help Groups

One of the important activities of the Self-Help Group is to lend money to its members when they need it. Many groups start the lending activity from the third month. They do not take up this activity before the third month because:

- It is necessary for saving to become a regular habit among members, before the group can take up lending;
- It takes at least three months for members to develop trust and mutual confidence;
- Within three months it will be clear whether all members are willing to take active part in activities of the group, such as attending group meetings, contributing savings etc.
- Three months are needed for the group to collect enough funds to lend. For example, if the group has 20 members contributing Rs. 20 per month, the group will have Rs. 1200 at the end of the third month.
- Within three months the group has developed sufficient experience of book keeping and accounting.

Process for Loan approval

Before undertaking the lending activity, the group should decide on the following:

- How much money each member can borrow.
- For what purpose loan can be given.
- Rate of interest, period of repayment, fine for late payment.

The practices followed by good groups are the following:

- Members request loans during group meetings.
- In the group meetings, members discuss whether the borrower is eligible for loan. Timely saving, regular attendance in meetings and timely repayment of earlier loans are important in arriving at the decision.
- All members express their opinion on the request and take a common decision.
- In the beginning only a fixed portion of the saving amount of the group is used for giving loans. As confidence in members increases, the proportion is increased and only a small portion is kept reserved for emergency needs.
- The limit of loan is determined by the size of savings. Most groups advance loans to the extent of two or three times the saving of the individual member.
- It is desirable that in the beginning loans for only small amounts are given, so that the credit needs of the maximum number of members can be met. If the entire fund is used to lend to only one or two members, other members will have to wait for a long period to get loan. This will create dissatisfaction.
- When the group is able to get funds from HCFP through matching grant or a cash credit from the bank, it can give bigger loans.
- Good groups do not give more than one loan to the same member at one time.
- The group decides for which purpose loan can be given on a priority basis. Usually, hospitalisation, delivery cases etc are given priority over other consumption loans.
- As the group grows, more and more members take loans for income generating activities.

- Income generating activities about which members have knowledge or skills are given preference. For example, if a woman has the experience of rearing cows and if this activity is viable in the area, it gets preference over soap making, for which she needs special training and where the market is not assured.
- Some groups have fixed the same interest rate for all activities, while others charge higher interest for consumption loans. This discourages taking of consumption loans frequently.
- Groups fix interest rates a little higher than bank rates and much lower than the rates of the moneylender. Interest varies from 2 to 3 per cent per month.
- The basis of lending is mutual trust. But for loans above Rs. 5000 some groups take additional securities.
- After the loan has been given for income generating activities, the group verifies that asset has been created and is put to proper use as promised by the borrower.
- Sometimes the repayment period is fixed on the basis of size of loan. For example, a loan up to Rs. 250 is repayable in 2 months, those between Rs. 250-500 in 4 months etc (in equal monthly instalments).
- Loan repayment is more than 95% in good groups. These groups are very strict in ensuring timely repayment. But when the borrower has genuine difficulty, the repayment is rescheduled.

Reasons for good repayment rate of SHG loans

Repayment rate is very high even in villages where default of bank loan is widespread due to the following reasons:

- Members know each other face to face. Every member knows that it is her money that is being lent. So whenever a member shows unwillingness to repay, other members put pressure on her.
- At the same time, they are willing to accommodate to genuine difficulty of the borrower.
- Since the members know each other, they are aware of the borrower's need and eligibility.
- The fund available with the group is not sufficient to meet the credit needs of all. Only when those who have taken loan earlier repay the loan as scheduled, can the other needy members get loan. This is another source of pressure.
- The hope of getting a fresh loan from the group is also a good motive for timely repayment.
- In the rural situation, loan default is considered a disgrace and no one would be willing to bear this disgrace at least in front of the fellow members.
- In those groups where all members participate actively in decision making, the success of inter-lending is assured.

The following case studies can be used to convey the above messages. These can also be used for role-play.

Gram Vikas SHG, Surendranagar

Gram Vikas Self-Help Group, functioning since last eight years, is a good model of enforcing credit discipline among its members. The group belongs to Dandalpur Village I drought prone Surendranagar District of Gujarat. This district is notorious for its very low bank recovery rate of 23-30 %. But Gram Vikas SHG boasts of a recovery rate of 95%. The major purposes of loans are purchase of agricultural implements, deepening of wells and other activities related to agriculture. Whenever a borrower delays payment of her instalment, she is reminded about it in group meetings. When she fails to pay two instalments, group representatives go to her house and try to make her understand the consequences. If repayment does not take place even after that, her share of saving is suspended and she is faced with the threat of expulsion. Only at four occasions were the representatives compelled to go to the borrower's house.

Ganga's Gift

Kaushalya Devi, a working class woman, is a member of the Ganga Self-Help Group in Nariar Village of Motipur Block in Bihar. Since several years she has been working as a vegetable vendor. She used to go from village to village carrying headloads of vegetables for sale. With all the hard work, she was not able to earn enough to feed her family.

One day, as she was going about selling vegetables, she came across a group of women engaged in an animated discussion. Curious, she also sat down with the women. She came to know that this was a group of working class women engaged in saving and taking up social activities. The group was known as Ganga SHG. Kaushalya requested the President of the group to enrol her as a member of the group. She paid the entire saving fund that was due from the beginning. Within one month, she was able to get a loan of Rs. 500 from the group to buy a pushcart. She had to repay the loan in 5 months at the rate of Rs. 101 per month, which included interest also. She has repaid all instalments.

After some time the Punjab National bank gave a loan of Rs. 46,000 to the group at a concessional rate of 4% per year. The group started using this money to give larger loans to members for their income generating activities. The group continued to charge the interest rate of 24% per year. The profit of 20% went to the group's common fund. A portion of the profit is distributed to group members at the end of each financial year.

Kaushalya Devi took a loan of Rs. 3000 from the group for growing vegetables on a plot of land leased from a big farmer. Her husband who was getting seasonal work for about 90 days in a year mainly does the vegetable growing work. The Block Agricultural Officer has helped the couple with technical advice regarding vegetable cultivation. Kaushalya sells the fresh farm vegetables. With the profit she has been able to buy a buffalo. The health of her ill-nourished children has improved substantially due to availability of fresh milk and good vegetables.

Prosperity through reviving traditional activity

Women power has changed the face of the Sahni community in Barita thola in the State of Bihar. The community was leading a hand to mouth existence. Due to lack of capital, they had given up their traditional occupation of fish farming and had become dependent on seasonal agricultural labour.

It was at this time that an NGO organised a 20-member strong Women's Self-Help Group in the village. Each member started saving Rs. 20 per month from their wages and contributing this saving to the group fund. After 3 months the group started lending money for emergency requirements of members. The group fund began to grow from the lending activity and through savings. At the end of 6 months, the local bank in which the group had its savings account was willing to lend money to the group to take up income generating ventures. Now the question was what activity they should take up with the loan. They all agreed that it should be an activity for which they had basic skills, the products should have a ready market and local resources should be available. There was unanimity that fish rearing is the right activity. The local Branch Manager and DDM, NABARD took the group members to the District Fisheries Officer for exposing them to modern techniques of fish rearing. The Fisheries Officer took the women around to demonstration fish ponds and showed them the different stages and techniques of rearing fish from fingerling to big fish. A one-week training was organised.

Equipped with the knowledge and promise of loan from the bank, the women decided to revive their traditional activity. They took the village ponds from the Panchayat on long term lease, in which they rear different varieties of table fish. The Sahni thola is marching towards prosperity. Villagers are happy since they are getting fresh fish at cheaper rates. Contractors come from far away places to ferry the fish to urban centres. The group is planning to buy a van to deliver the fish at urban centres and earn a better profit.

MODULE 7

HOW TO EDUCATE SHG MEMBERS ABOUT THEIR RESPONSIBILITIES?

Learning Objectives:

At the end of this session, the participants should have better skills to make SHG members aware of the need for them to meet all obligations that they have committed to fulfil by joining the group.

Contents:

An SHG is the common property of all the members. It is like their family. It is their business – the business of earning better income, better social facilities and increased support from the programmes meant for them. The activity of saving small amounts, lending the money to needy members and earning a profit from this activity itself is an income earning activity. At a later stage (say between 6 and 9 months), the group can get loans from banks to start any profitable economic activity, for which they have a skill or aptitude and which has a market. This will also free them from the burden of heavy interest to moneylenders. As they get stronger, they can get their share of development assistance from various quarters.

But for these things to be possible each member should fulfil her/his responsibilities to the group. Otherwise, the group will collapse and their time and effort will be wasted.

Procedure:

1. Display pictures of a classroom and a family and ask: What are the responsibilities of different members of a family? What happens if one member refuses to discharge his/her responsibilities? What roles do the teacher and students have in the classroom? What happens if the student does not do his homework? What happens if the teacher does not come to the class for several days? What happens when a collection is taken in the village for a public cause without issuing proper receipts and the organiser runs away with the money?

Flag all the answers. Emphasise that each one has to fulfil the role s/he has been assigned or s/he has agreed to perform. Otherwise social interaction is not possible and confusion will prevail.

2. Play the Game “The Rebel in the Circle”. Call six of the participants to the centre of the room and ask them to form a circle, hold hands and move in a clockwise direction. When the circle is moving smoothly, secretly motivate one member not to cooperate. Once his or her movement is stopped, the other members also cannot move in the circle even if they want to do so. Confusion develops.

The message is that if any one member in the group disobeys rules, it becomes difficult for the group to function well.

3. **Ask the participants to list the responsibilities of members of an SHG.** Display the answers and flag on the following:

Regarding SHG functioning:

- To attend all SHG meetings on a specified date, time and venue.
- To actively participate in the meetings and give suggestions on the issues being discussed.
- To select representatives (office bearers) and change them once in a year.
- To follow all the rules and maintain unity.

Regarding Saving and Loan:

- To contribute the saving amount agreed upon on the fixed day (usually the first or second meeting of the month).
- To utilize the loan taken from the group for the agreed purpose only.
- After initially availing consumption loan, if needed, to utilize loans for income generating activities.
- To make repayment of loan, with interest, at the agreed time.
- To keep track of his/her own individual saving and loan record.
- To ensure that all members utilize their loans properly and repay in time.

Regarding Record Maintenance:

- To pay or receive cash only during the meeting.
- To bring the individual passbooks in each meeting for updating.
- To keep track whether the treasurer has deposited cash in the saving bank account.
- To monitor timely maintenance of all books and records of the group by the office bearers.
- To insist on receipts for each cash payment.
- If illiterate, to learn to sign, read, write and count.

Regarding Development Activities:

- To discuss common issues that affect the members and give suggestions to tackle them.
- To attend all training programmes.
- To contact Panchayat, government and non-government organisations to speed up development activities in the village.

4. After this, steer the discussion towards the responsibilities of officer bearers (representatives). These may be:

Regarding Group Functioning:

- To be present in the meeting venue at least 10 minutes before the scheduled time.

- To bring all books and documents to the meeting.
- To ensure that meetings take place.
- To ensure that decisions are taken after consulting all the members in the meeting

Managing Interpersonal Relationships:

- To ensure that members maintain good relationships among themselves.
- To manage internal conflicts tactfully.

Managing Public Relations:

- To establish amicable relationships with the rest of the village community including the Panchayat.
- To establish good coordination with public institutions and banks.

Capacity Building of Members:

- To share information with members.
- To motivate members to attend training.
- To encourage literacy and adoption of good practices needed for a healthy living.

Maintenance of Books and Records:

- To record attendance in meetings and prepare minutes at the venue itself.
- To update the saving-cum-loan ledger for each month.
- To issue and update member passbooks.
- To get the books of accounts audited every month.
- To keep all records safely and produce them whenever required.
- To issue receipts for all cash received.

Duties of Field Workers regarding this aspect:

- To ensure that within the first two months, all members are fully aware of their responsibilities and are committed to discharge them.
- To attend every meeting in the first 6 months and train group members in different aspects of group functioning.
- To ensure that the group has all the required documents (books and records) provided by the project and ensure that office bearers are trained to maintain them. Till they acquire sufficient proficiency, the Field Worker may have to write the documents.
- To facilitate training of group members and office bearers.

Case study: Discuss the following case study and emphasise that it is good to change office bearers who do not work for the interest of the entire group.

Bhawani Group Changes its Secretary

Village Bhagwantpur in Tikamgarh District of Madhya Pradesh has three Self-Help Groups. All the members of the Bhawani group are illiterate. Therefore the husband of the secretary looked after record maintenance and accounts keeping. All the three groups were to celebrate Independence Day together. The secretary and her husband had information about the programme, but did not care to inform the other members. As a result they could not participate in the function. When the members came to know about this after the event, they convened an emergency meeting of the group. They decided that a secretary who cannot even do a simple task should not continue in office. Though the field worker requested to give the secretary a second chance, the women did not budge, saying that this was not the first instance of wrongdoing by the secretary. They were all along suspecting that accounts were not maintained properly. They selected a new secretary and the group is satisfied with her work. The group has also started learning to read and write with the help of a college going boy from the village.

Questions:

1. What was the mistake of the Secretary of the Bhawani group?
2. Do you agree with the action taken by the members of Bhawani group in changing the Secretary?
3. What are the responsibilities of office bearers of the SHG?
4. What are the responsibilities of members? Under what circumstances can the office bearers be removed from office? Has your group made any rules on this aspect?
5. Is it to good to elect office bearers every year, every two years etc? Why should office bearers be changed at fixed intervals?
6. Under what circumstances can a member be expelled from the group? Should her saving amount be returned to her in full when she is expelled? What happens to the loan outstanding in her name?

MODULE 8

HOW TO TRAIN SHGs IN BOOKKEEPING AND ACCOUNTING?

Learning Objectives:

At the end of the session, the participants will have better skills to:

- Make SHG members aware of the need to maintain proper records and account books.
- Explain all the records and books of accounts necessary for SHGs.
- Explain the importance of auditing of accounts.

Contents:

1. In every organisation, it is very important to maintain records of its operations and also the record of its financial transactions. For SHGs, the important operational aspects need to be recorded in their membership and meeting registers. Financial records track the movement of money in order to keep a watch on its financial health. Money is coming in and going out. Services have to be paid for. Income is received or due to be received. What is due must be estimated. This is possible only when books of accounts are maintained. The guiding principle is that all transactions are recorded, preferably on the same day. The following transactions usually take place in an SHG:

- Receiving savings/ refunding saving amount to members who may leave
- Giving loans and receiving repayment
- Receiving interest on loans
- Receiving loans from banks and paying back the loan amount
- Paying interest on bank loans
- Receiving grants/donations
- Paying for expenses

2. The essential records of an SHG under HCFP are:

- Membership register
- Attendance register
- Meeting proceedings
- Cash book
- Saving & loan ledger
- Bank ledger
- Group's bank passbook
- Individual passbooks

3. The treasurer is the office bearer who is responsible to ensure that all account books are maintained properly. But a book writer may help her in this work. The writer must be honest, acceptable, should have numeric skill and must be able to write accurately, and should not be able to influence the group in any way. Initially the field worker may do this job, but a person from the village must be selected and trained for this purpose. This person can be paid a suitable honorarium by the group when/if the number of transactions and the group's surpluses increase.
4. **The accounts must be audited at least once in a year. Auditing is a systematic verification of the accounts by a person other than SHG members. Its purpose is to check if there are any errors or omissions, to rectify errors and help to avoid errors in the future.**

Procedure:

1. Play the “**Money Game**”.

Distribute pieces of paper indicating currencies of different denominations to two participants. Ask them to distribute these to half the number of the other participants and collect them back after 2 minutes. Then ask them to distribute the money to the other half and again collect the money back. Now ask these two participants to tell to whom they gave how much and from whom they received how much. Most probably they will not be able to remember. Ask two other participants to repeat the same procedure, but now writing down to whom they are giving money and from whom they are receiving. The amount given and taken must also be written. This time we will have a correct record.

Ask what the participants have learnt from this game. Keeping a record of financial transactions is very important.

2. Now ask the participants what records are being maintained by the SHGs. Are these the ones prescribed by HCFP? How do members identify these record books? By colour? By thickness? By a local name? Let the participants describe each record. Do SHG members feel that this recording is a burden or a necessity? Are the books taken care of? Are most members aware of them? What efforts have been made to ensure that SHGs use them? Are members allowed to examine the records?
3. Who has the responsibility to record attendance in meetings? To write the minutes of meetings? What do the minutes contain? Are the minutes of the previous meeting read out in the next meeting? What is usually discussed in meetings? If the discussion focuses on savings and credit, what else ought to be discussed? Is the field worker present in meetings? Who writes the account books? If the field worker is doing it, when will the group be able to take up the responsibility? Is the group in a position to pay for a book writer?
4. How can a member be sure that her saving is safe? How does she know that she has her due share of the profit from the group's business? How can members be sure that the loans issued by the group are repaid in time by the loanees? How is the group sure that it is paying the correct principal and interest to the bank? How do they know that there are no mistakes in all these transactions?

MODULE 9

HOW TO DEVELOP LEADERSHIP IN SHGs?

Learning Objectives:

At the end of this session the trainees will be able to:

- Explain to SHG members the need to assign specific responsibilities to three persons who may be called leaders, representatives or office bearers.
- Explain that the people thus selected must be those who trust and respect the other members, have a vision and encourage members to participate in group decision making.
- Explain that the leaders should have specific term of office and they should be changed after the end of the term.

Contents:

1. Need for leadership

For the proper functioning of an organisation, responsibilities must be assigned with regard to performance of essential functions of the organisation. If everyone is left to do everything, there will be confusion.

Assigning responsibilities helps to:

- coordinate all activities of the group;
- build good relationships among members;
- ensure that all members participate effectively in group activities;
- monitor group progress and improve performance;
- coordinate with banks and other organisations;
- bring out the best in every member.

They may be called office bearers or representatives. They need not be called leaders, as this will give the feeling that all the other members are followers.

2. Why leaders must be changed periodically

SHGs member with specific responsibilities must be selected through consensus by all the group members. Their term of office must be specified and new leaders must be selected after the end of the term. Changing the leaders periodically helps:

- to create opportunities for all members to develop leadership qualities;
- the sharing of responsibilities/development of collective leadership;
- smooth functioning of the SHG even if some members are absent;
- to promote belongingness and ownership of the group by all members;

- to avoid domination of the majority by a few influential members.

The outgoing leaders must take action to change the leadership. The change of leadership should therefore be initiated 2-3 months before the term of previous office bearers ends.

Leadership can be changed by the group even before the fixed term if:

- the behaviour of present leaders is undesirable;
- they are not performing their roles well;
- they are misusing group funds

3. Qualities of good leadership

Leaders must be democratic and encourage all other members to participate in group activities including decision making. They will be responsible, impartial and supportive of others. They should not be selfish, dominating and dictatorial (autocratic leaders). They should not be irresponsible or refuse to take risks or think that the others will do their job (dummy leaders). SHGs need leaders who are:

- self-disciplined;
- balanced in attitude and behaviour;
- involving all members in group activities;
- willing to forgo their credit needs for the sake of others;
- patient;
- concerned about the development of the group.

4. Conflicts related to leadership

- Selecting leaders:** If the group is not homogeneous, people of different sub-groups may want to have their own people as leaders. Sometimes women who are dominant in the village community may want to assume a leadership role, while others may dislike these people. In some situations, nobody may volunteer to be a leader, fearing responsibility. The field worker can tackle such situations by explaining the necessity for people to shoulder responsibilities if the group is to function well and pointing out the qualities of good leaders. In case it is feared that a dominant sub-group may submerge other sub-groups, some form of secret ballot can be adopted. Sometimes people may not volunteer for a leadership role as they do not realise their potential. If this is so, observe how group members behave in the group and what are their hidden leadership qualities. Those with potential can be discretely encouraged.
- Autocratic leadership:** Dominating leaders do not like dissent and will force others to toe their line. As time passes, resentment will develop and the group will collapse. This behaviour may be due to the fact that the leader may have wrong notions about leadership or if it is not easy for the leader to admit mistakes. Proper training by the field worker during group meetings in the first three months will help to overcome this problem.

- c) **Handling of cash:** This responsibility is carried out by the treasurer. Handling of cash is a very sensitive issue. If the treasurer is not honest, she can use the money for her own needs. Sometimes members may develop mistrust, even when the treasurer has done nothing wrong. To avoid this situation, the bye-laws should specify the maximum amount that can be kept with the treasurer for the group's emergency expenses. Any amount over this amount must be deposited in the bank. All cash should be kept in the cash box and the key of the box must be with the secretary. Members should take turns to deposit money in the bank.
- d) **Leaders taking loans first:** In order to avoid such situations, leaders should draw loans from the group only after all other needy members have had the opportunity to avail of the group's loans. In some groups, it has been observed that leaders take loans in the name of other members. This should be strictly avoided. The field worker can subtly suggest to the leaders that by not taking any type of benefit from the group till other members have had their turn, they would be enhancing their respect and trust from members.
- e) **Superiority complex of leaders:** Some leaders may think that the group owes its existence to them. Such leaders will take decisions on their own, suppress the others and corner all the benefits. In such cases, the field worker should:
- Educate the members about the dangers of dominant leadership
 - Spend time with the leader, win her confidence and try to change her attitude.
 - If the leader refuses to change, motivate the members to change the leader.
 - Narrate the examples of good leaders.
 - Demonstrate the qualities of good leaders and dangers of poor leadership.
- f) **Change of leadership:** In many groups leaders refuse to be changed as they do not want to relinquish powers and privileges, or they may not cooperate with the new leaders. This problem will not become serious if:
- Members and leaders know the scheduled time for leadership change;
 - The outgoing leader's fear that she may not continue to enjoy respect is removed. She should be assured that her experience as a senior member will continue to be availed by other members.
- g) **Nobody volunteers to be leader:** This problem may arise when the earlier leadership was humiliated without justification or when members fear taking up responsibility. In some areas there may also be opposition from family members.

This situation arises due to having no opportunities for building up skills and confidence and due to non-transfer of knowledge. The members should be given the opportunity to attend all training on offer. Group leaders can also share their experience and knowledge with other members. There should also be opportunities for sharing experience with other successful groups.

- h) **Lack of knowledge of the leader's role and responsibilities:** The field worker should explain to the group the roles and responsibilities of each office bearer and train them to develop capabilities for the same. The roles are:

President: Conduct meetings, help members to take collective decisions, solve members' problems, share information with members.

Secretary: Inform dates of meetings, fix agenda of meetings, record attendance in meetings, prepare minutes of meetings, keep the key of the cash box.

Treasurer: Responsible for all cash transactions in the group, keep custody of cash, monitor loan utilisation and repayment.

Collective responsibility: Represent the group in other forums, deal with the bank, appraise loan applications, plan and implement programmes.

Procedure:

Through games, case histories and other interactive methods introduce the concepts and build up the awareness of field workers how to develop good leadership in their SHGs.

Game to explain the need for good leadership

Paper Art: Divide the participants into two groups. Select two participants as observers. The observers should observe what each group is doing, who does what, who does more of the physical work, who gives directions. Which group did the assigned work faster? Why?

Provide paper and scissors to the two groups of participants. Ask them to cut the paper in the shape they want or prepare a collage. The group that develops the best piece of art will be appreciated.

Then tell the observers to give their observations. Conclude that the group that had better leadership brought out the best work. Who were the leaders? How did they get the work done?

Game to demonstrate different styles of leadership

Take four glass tumblers and fill them with water. Call in four participants. Ask one of them to put a pebble in the glass, another to add some water to the second glass, another to put some wet clay in the third glass and the last one to put sugar in the fourth glass. Ask the other participants to explain what happened to the four glasses. The pebble in one glass represents an autocratic leader. It dominates and does not mingle in the water. In the second glass, water was added, but it does not make any difference as the glass was already full. This represents the dummy leader. The mud made the third glass dirty, just like some leaders can destroy their groups. The sugar made the fourth glass sweet, and a good leader should be like this – making things sweeter and better for the group's members.

Use the following story or a similar story to illustrate the need for honesty in leaders. The moral of this story is that you cannot fool everyone for all the time. A good leader must be honest and should lead by obtaining respect through dedicated work and not by causing fear in others.

The Blue Fox

Once a fox went to steal a chicken from a village, but the dogs chased it away. While running away, the fox fell into a drum of blue dye. The next day, the wild animals in the jungle were surprised to see a strange blue creature. The clever fox told them that God had sent him from heaven to protect them and that he was their new king. The scared animals brought out a feast for their new king and began to worship him. The fox gradually became fat and proud and started ordering everyone. On a full moon night, the foxes in the forest began to howl. The fox king also began to sing after them. Hearing their king howl, the other animals knew that this was only an ordinary fox and they gave him a hard bashing.

Pictures that can be shown

1. Two women drawing a cart filled with several women. This represents a situation when the leader has to do the entire job and other members do not take up any responsibility.
2. Two women sitting in the cart and several women drawing it. This denotes that the leaders are domineering and get all the benefits for themselves.
3. A cart filled with vegetables, being drawn from the front and pushed from the rear by women. This is the ideal situation where the cart (the group) reaches its destination through collective effort. Leadership gets rotated.

MODULE 10

HOW TO DEVELOP CAPABILITY FOR CONFLICT RESOLUTION?

Learning Objectives:

- The field worker should be able to identify potential areas of conflicts during the course of group development.
- The field worker should be able to explain to group members that conflicts naturally arise in any activity where people come together and that there is nothing wrong in this.
- The field worker should be able to help groups to recognise conflicts and try to resolve them through consensus.

Contents:

1. Conflicts are natural to social life. People have different personalities, family backgrounds, life experiences, attitudes and interests. These lead to disagreements and disputes and, if they are not solved amicably, to conflicts. These disagreements may develop on the basis of competition for benefits, perception of inequality or injustice in the distribution of benefits, dissatisfaction with behaviour and attitudes of others and so on. As mistrust increases, communication breaks down and leads to greater misunderstanding. Attitudes become rigid and hostility develops. Groups need to ensure that disagreements do not lead to suspicion, mistrust and hostility.
2. Disagreements, in fact, can help group development if they are managed properly. These disagreements will resolve naturally in the course of discussions in group meetings, if it is ensured that all viewpoints are given an equal chance to be heard. A watch must always be kept to ensure that disagreements do not lead to mistrust. If this happens, the field worker must help the groups to address the problem squarely. Any delay will lead to disintegration of the group. In case the conflict cannot be settled by the field worker or the group, help can be taken from other groups, village elders or other resource persons.
3. Some approaches to deal with conflicts are:
 - Avoidance (refuses to discuss – not acceptable)
 - Covering up differences, which in fact exist (not acceptable)
 - Bargaining to maximise each person's gain (common gain must be the ultimate criterion)
 - Forcing (undesirable)
 - Problem-solving by accepting differences and resolving them collaboratively. This is the ideal approach and implies recognition of factors that cause conflict, acceptance of different ways of thinking and willingness to change one's stand.
4. Steps in solving conflicts:
 - Discuss what happened. Who are involved? What are their viewpoints?
 - Listen to the possible solutions.

- Identify the pros and cons of each solution.
- Adopt the most effective and collective solution. What is good for all? What if some other choice is made?
- Implement the solution. When? Who will do what?
- Review the implementation.

5. **Conflicts relating to the field worker:** Some conflicts emerge at the group formation stage itself. Firstly, the village women may doubt the motive of the field worker in forming groups. This may be due to the following reasons:

- The field worker herself may not be clear about the purpose and functions of SHGs;
- She may lack communication skills;
- She may not have the ability to recognise and respect other people's strengths;
- She may lack the willingness to involve poor people in decision making;
- She may want to take all the decisions on her own.

These defects must be removed through appropriate training of the field worker before she goes into the village. Once in the village, she should interact with the potential members informally and also take key persons in the village (such as Panchayat, VRMC, Mahila Mandal, *Anganwadi* functionaries, school teachers, etc.) into confidence and seek their cooperation.

Secondly, the field worker may face opposition from local leaders. This happens when these leaders have an interest to give benefit to a particular section of the community (not necessarily the poor). If the field worker does not toe their line, they may spread false messages. Therefore it is very important to be very careful in taking the help of the local leaders.

Thirdly, the way the field worker works may itself be a matter of dispute. For example, in a village with deep caste animosities, if the field worker forms a group with only one caste, the other castes may be dissatisfied. Similarly, frequent visits to the house of one or two members may also create suspicion. Therefore, the field worker should interact with all the villagers irrespective of their caste or economic status and inform all sections about the purpose of group formation. She should not be biased towards any one. Those who cannot join the groups because they are rich or better off should be made aware of the rationale for selection.

6. **Conflicts due to high expectations:** In many cases an impression is created that by the mere fact of joining the group, members will get bank loans, or the project will implement income generating activities on their behalf without them having to do anything. Sometimes women from families who have defaulted in repayment of bank loans may be included in such groups. Some bank managers may refuse to open accounts of such groups. All this leads to conflicts and breakdown of groups.

In such situations, the field worker should clarify the concept and purpose of SGH formation at the pre group formation stage itself. The idea of self-help should be clearly communicated – that they should develop their own strength by working together so that others including banks and the government would come to them on their own, instead of

them being forced to bend before any one. On the basis of this strength they should be able to demand their rights from banks and the government.

7. **Problems due to family pressure:** In many places other family members do not allow women members to attend meetings and give their savings on time. Women's ability to assume leadership may be restricted by social taboos against their going outside the village. The husband may force a member to take a loan so that he can misuse it. To solve this problem, gender sensitisation programmes are necessary, that is, along with group members' own training, the village in general should be educated about the purpose of group formation and also the need to give better status and respect to women. The members should, during group meetings, discuss the family problems that may affect their participation in group activities. The group, as a collective, can exert moral pressure. Men can be invited to special functions organised by the SHG. In the income generation activity, the husband, if unemployed, can be involved as a partner.

8. **Conflicts as to framing and implementing rules and regulations:** The stage of framing bye-laws is likely to witness considerable differences of opinion. This is so particularly in respect of fixing the saving amount, fixing the interest rate on loans, distribution of profits, fixing the upper limit of loans for different purposes, fixing repayment norms, etc. The field worker should take the following steps:
 - Explain the need for bye-laws.
 - Explain every aspect of the bye-laws and the importance of following them strictly.
 - Explain the effect of violation of rules on the group's development.
 - Involve all members in drawing up the bye-laws, so that no one feels that they have been thrust upon her by the field worker or the other members.
 - Relevant sections of the bye-laws must be read out in meetings when a particular issue is being discussed. For example, when sanctioning a loan, the rule regarding interest rate and repayment should be read out.
 - When the situation demands, the interpretation of bye-laws must be made flexible. Example: a woman who was repaying all her instalments regularly fell sick. She could not work for a week. Therefore she cannot pay the current instalment. The group can take a decision that she can pay the amount next month without penal interest.

9. **Conflicts due to lack of discipline:** Not attending meetings on time, not allowing some members to speak, not paying the savings on time, not returning loans in time, disobeying the norms of behaviour agreed upon, etc. will lead to unnecessary disputes and disintegration. The following thumb rules should be applied:
 - Meeting place and time should be fixed after ascertaining the convenience of all members.
 - Non-attendance in meetings without prior intimation, except in emergencies, should be penalised.
 - Habitual absentees must be removed from membership.
 - Saving and loan repayments should not be accepted if they are sent through others.
 - Loans should be given to the members in person.

- Group meetings should not continue for longer than required and the members should know how long the meeting will last.
- Meetings should be held in an interesting manner and members should have an opportunity to learn new things in each meeting.
- The distribution of group earnings should be proportionate to the duration of a member's saving and amount saved.
- The members should agree on the mode of distribution of surplus or its reinvestment. The achievements of the group and the benefits accrued must be shared with members at the end of each financial year.

Procedure:

Explain each of the above through a game, a role play and a story.

Tea Cup Game:

Ask participants to sit in a circle. Place a tea cup in the middle of the circle. Ask each participant on which side of the cup the handle is fixed. Some will say it is on the left, some will say it is on the right. Some may not see the handle at all. Who is right? Who is wrong? Each one has her viewpoint.

Role Play:

Give four pieces of coloured cellophane paper to four participants. They have to cover their eyes with the paper. Now place any white object in the centre of the classroom. Ask the participants who have covered their eyes to tell the colour of the object. Tell them to convince all others that the colour of the object is in fact the one they have said it is. As they fail to do this, ask them to uncover their eyes and look at the object fresh and identify the colour. The message is that the way you look at things is shaped by your experience.

Story of the Doll:

A hermit once came to a village. He met several craftsmen in the village. He called all the artisans together and asked them to make a sculpture of a beautiful girl. The potter brought clay. The sculptor carved the figure of a girl. The weaver dressed her in a beautiful silk sari. The bangle seller brought bangles, the goldsmith made a *mangalasutra* for her and the cobbler made shoes. The hermit, fascinated by the beauty of the figure, gave it life. Now each one of them wanted to marry her. Who does the girl really belong to?

Case Study: The case study overleaf illustrates how a group enterprise based on traditional skills of women can work successfully and also the dangers of conflict arising during the pursuing of such activities, which may even lead to a split in the group.

The Washer Women of Denkanikota

Denkanikota is a small village in the Dharmapuri district of Tamil Nadu. A community of washermen, originally from Andhra Pradesh, is residing in this village since many generations. An NGO called MYRADA organised a Self-Help Group of washer women of this village in 1990. The group had 22 members initially. Of these, 12 were engaged in washing clothes and used to earn Rs. 200-300 per month. The other members were economically better off and had given up their traditional work. Radhabai, an educated member of the group, was elected President.

Hosur town, which is 25 kms from the village, is an upcoming industrial area. Radhabai's husband, Chandramohan, suggested that the group can try for a contract of washing the uniforms of the industrial units in Hosur. Titan Jewellers and Reckit & Coleman agreed to give a contract to the group. But before formally signing the contract, the companies watched the quality of the work of the group for a week. About 800 clothes had to be collected every third day from Hosur. The 13 members, who were engaged in the washing activity, took the full responsibility of collecting clothes, washing and pressing them and delivering them back to the factories. Radhabai maintained the accounts and kept in touch with customers.

The women felt the need for buying a vehicle for ferrying the consignment. At that time the group had a corpus of Rs. 18,700 comprised of savings and interest earning. The Indian Bank financed a loan of Rs. 75,000 to the group to buy a mini-van in 1992. The loan carried an interest of 12% per annum, and the loan was repayable in 4 years.

In this period, some misunderstandings emerged between the active members and the inactive members. The loan was issued in the name of only the active group of 12 women. The requests of members from the other faction for loans for consumption purposes were not entertained by the group, as some loan was already outstanding in their name. Things came to such a pass that the son of Gangubai, from the rival faction, misbehaved with Radhabai, the President. Gangubai sided with her son and accused Radhabai of fudging accounts. The inactive members decided to break away from the group as they felt they were not benefiting at all from the washing business. It was then decided to refund the saving amount of the 9 dissatisfied members.

The faction led by Radhabai decided to keep the group alive after taking a solemn oath that they will never fight among themselves and amicably settle all disputes that may arise in future. The group is quite active now, each member regularly contributing Rs. 10 every week. They meet every Wednesday at Radhabai's house. There is 85% attendance in meetings. The members are fined Rs. 1 for late coming at meetings, Rs. 5 for being absent from meetings and Rs. 2 for chewing pan in meetings. However, there are only a few instances where members are to be fined. Meetings always begin with a prayer song and other social issues are discussed besides economic issues.

The group helped a non-member with a grant of Rs. 200 when she was fatally ill. The group also agitated before the municipal committee to get piped water supply in the village. As the Municipal Committee was facing fund constraint, the group collected Rs. 2500 from the village and gave to the committee to get the work done.

Each member of the group now earns Rs. 700 to Rs. 900 per month from the laundry business. The group has plans to construct a modern dhobi ghat with rooms for dryer and steam press. The group will be able to discharge its loan fully in a few months.

Exercise:

1. Analyse the strengths and weaknesses of this group.
2. Discuss other methods of conflict resolution that may have prevented division.
3. Discuss the pros and cons of modernising the Dhobi ghat.

The case study was written in 1995. Courtesy: Girija Srinivasan, Training of of Self-Help Groups: A Guide (Department of Women and Child Development, Government of India).

MODULE 11

HOW TO ESTABLISH CREDIT LINKAGE WITH BANKS?

Learning Objectives:

With the help of this module, the field worker should be able to educate the groups on:

- Why a group should have a bank account.
- When an SHG can get a bank loan and what it will do with it.
- What needs to be done to obtain a bank loan.

Contents:

1. **Why is bank credit needed?** The rural poor need to borrow money for a variety of purposes like meeting emergencies and hardships, for social obligations like marriage, festivals and childbirth, for income generating activities and for working capital for their enterprises. One of the important objectives of SHGs is to meet their need for credit for consumption as well as for income generation through their small enterprises. If they go to the money-lender they have to mortgage their land or pledge their ornaments and pay very high interest. If they go to banks individually, they may not be able to give security and will not be able to meet procedural requirements of banks.

The poor need credit which is:

- Flexible
- Timely
- Adequate
- Non-exploitative
- Available at any time (even in the night)
- Graduated (small loans to larger loans)
- Repeated

The SHG can provide credit with the above qualities to its members. But the amount they save in the group may not be sufficient to meet the needs of all members. Taking individual loans may also increase their costs, as they have to forgo wages when they go to the bank. Giving small loans is quite expensive for banks also and the banks fear to give small loans to numerous borrowers, as past experience shows that many small borrowers do not repay their loans. This has landed banks in heavy losses.

To reduce costs to the borrower and to the banks, to ensure proper utilisation of credit and timely repayment and to avoid cumbersome procedures, banks are willing to give loans to Self-Help Groups of the poor. The group will lend to the members. It will assess the credit needs of the members and whether the purpose is suitable for generating an adequate income to the borrower. The group will pay normal interest to the bank and

charge a slightly higher level of interest from members. This higher interest is the profit of the group, which goes to the common fund and can be distributed to members.

2. **How banks assess SHGs:** Banks apply the following criteria to assess the eligibility of the SHG for a loan:

- All group members must be contributing the minimum savings regularly.
- In the first 6 months of its existence, the group should lend its saving fund among members for their consumption or production requirements.
- The amount lent to members is repaid to the group regularly (at least 90% of the amount due for repayment must have been paid back to the group).
- The group shall not owe any overdue amount to any other financial institution or agency.
- The group must hold its meetings regularly and at least 80% of the members must attend the meetings.
- The group's accounts should be audited periodically.
- Some banks insist that the group should not have any member whose family members are defaulters of loans taken from any financial institution.
- The group's minutes books and account books must be maintained properly.
- The group's minute book and account book must be open for inspection.
- The NGO or the sponsoring agency must certify that the group is working well.

3. **Bank Procedures:**

- The group should apply for credit in the prescribed application form (this can be done in the 5th month after formation, as the bank will take some time to process the application). The form must be signed by the President and Secretary and be attested by the sponsoring agency.
- The amount applied for must be based on the group's assessment of its capacity to repay the loan, the demand for loans from members and the willingness of members to repay.
- The group collectively stands guarantee for repayment.
- The required documents are attached with the application form (these may include details of date of formation, bye-laws, photographs of signatories, and resolution authorising the President and Secretary/Cashier to apply for the loan in the name of the group).
- The bank gives loans to the group and not to individual members. The group in turn will lend the money to members.
- The group will pay interest on the loan amount to the bank.
- The group will repay the principal in the instalments agreed upon.
- The bank sanctions a cash credit limit to the group. This will be two times the common fund initially, which can go up to 5 times or higher later, depending on the repayment performance.

- The group needs to draw only the amount required by it on any specific date, so that it needs to pay interest only on the amount actually withdrawn. For example, suppose the credit limit is Rs. 1 lakh. In February the group needs Rs. 20,000 and it needs to withdraw only that much. In March it may need Rs. 30,000, it can draw that amount then.

4. **Difficulties that SHGs may face when lending:** Disagreements among members may arise when:

- The group is not clear about its lending policy;
- Its lending policy is not followed;
- Credit demands of all members are not met;
- No proper assessments of loan requests are made;
- Use of loan is not monitored.

Therefore, before taking up lending activity, the group should decide on:

- Eligibility criteria for taking loan;
- Purpose of loan and period of loan;
- How much money can be given for consumption and how much for income generation;
- Interest to be charged;
- Repayment schedule;
- Action on defaulters;
- Follow-up activities (monitoring of loans).

In order to avoid any future conflicts the field worker should:

- Educate SHG members regarding every provision in the banks' lending policy.
- Involve all members in framing the SHG's lending policy (it should not be left to the leaders only).
- Make members aware that if they follow the policies strictly, they will not face problems in the future.
- Build up the capability of leaders to do follow-up and monitoring.
- Educate the members about the need to penalise defaulters and even to remove habitual defaulters from membership, being sensitive, however, to the needs of people who have genuine difficulties.

Disputes may arise when members are not fully aware of the norms of loan appraisal and in evolving these norms. The appraisal may result in rejection of an application, reducing the loan amount or a recommendation that the member should change the proposed activity. To avoid dissatisfaction regarding such decisions, members should be educated about the appraisal norms and their importance for group stability and its financial security. The norms may revolve around:

- Need of the member
- The potential of the activity to generate income in proportion to the investment
- Capacity of the member to carry on the activity
- Marketing potential
- Scope for future expansion
- Skills possessed by the loanee
- Support from family
- Sustainability

Members should be encouraged to take only small loans initially and increase the loan size gradually. This gives them the necessary skills to manage their funds and enterprises properly. If a member takes a large loan, which she cannot repay, she will be like a woman carrying a heavy stone on her head. It gets heavier as time passes.

Fixing of interest rate may constitute a major problem. The interest should cover the interest burden to be paid to the bank, operational costs (expenses in going to the bank, documentation etc.), inflation and the risk of losing capital in case of default. The interest rate should be flexible to reflect changes in the market. Members should be educated that charging of interest is necessary to build up the group's own common fund to achieve financial sustainability, to meet the cost of interest paid to the bank and other expenses.

Lending to non-members should be avoided because:

- The group cannot exert pressure on non-members to repay.
- In case they default the group's common fund, created out of the hard-earned savings of members, will be lost.
- The credit needs of members may not be met.
- The group may be in short supply of funds when money is needed in the future.

Procedure:

Role play (visiting a bank), case stories, games.

Case Story 1: A new member demanding a loan. Chandra joined Shanti SHG when the group was in existence for two years. The very next month she demanded a loan of Rs. 2,000. She was told that as per the lending policy of the group, she could get only Rs. 500 initially. After she repays this amount she can take a higher loan. Since Chandra's intention in joining the group was her need for a loan, she lost interest and left the group.

Case Story 2: Conflict regarding interest rate fixation. In a group in Tamil Nadu, a conflict arose on the issue of the rate of interest. Some members wanted to increase the interest from 2% per month to 5% per month, as some better off members wanted to increase the common fund. Others felt that the poor members could not pay such a high interest rate. The group then decided to analyse the expenditure and income of the group and found that by

charging 3% interest the group could meet its obligation and have a sufficiently good surplus. The group then unanimously decided to fix the interest rate at 3% per month.

Case Story 3: Danger in lending to non-members. Shobha was the treasurer of her group. The group was six months old and the local bank had delayed in opening the group account. The group had started internal lending. In the seventh month total savings were Rs. 1,600, of which Rs. 1,000 was lent to members. Shobha did not like to keep the cash with herself and keeping it idle. So, she lent Rs. 600 to her neighbour who was a non-member, on the condition that she would repay the amount before the next meeting of the group. She did not keep up her promise and Shobha was helpless. Though all the members went to the neighbour's house and demanded their money back, it took 2 months for the lady to return the money.

Case Story 4: Non-repayment of loan due to unrealistic repayment period. Members of a group took loans for undertaking mango cultivation and dairy. The loans were to be repaid in 24 months at the rate of Rs. 200 per month. The members who took the horticultural loans became defaulters. The group discussed the matter to find out the reasons. They found that mango trees started yielding fruit only after 3 years. The inter-crop of pulses, from which the loanees had anticipated some income, had failed. They were also not able to get sufficient work as wage labourers. On the other hand, dairy gave a continuous income for 7 months and the loanees had no difficulty to repay. After finding out the reasons, the group suitably changed the repayment period.

Case Story 5: Group pressure. In a group, one of the members borrowed to purchase milch animals. She did not repay the loan and spent the amount lavishly for her son's marriage. The group gave her a month's time to repay the full amount with penal interest. She did not respond. The group locked the door of her house and kept the key with them. Frightened, the member promised to repay the loan in one week's time. She kept her promise.

MODULE 12

HOW TO DEVELOP AND MANAGE COMMON FUNDS?

Learning Objectives:

To develop the capability of field workers to:

- Educate SHG members regarding the different elements of the common fund.
- Educate members in good practices in developing the common fund.
- Enable SHGs to manage their common funds well.

Contents:

1. The common fund of an SHG consists of all money brought into its account through the common effort of members. These may be returnable or non-returnable. The returnable funds include members' savings and loans taken from financial institutions. Non-returnable funds include membership fees, if any, fines, service charges, bank interest earned, donations and grants (e.g. matching grant from HCFP).

The placement of the common fund usually takes place as follows:

- Given as loans to members
- Cash balance in the cash box
- Bank balance in the SHG's bank account

The amounts placed at these three locations constitute the group's common fund.

2. What to do with the common fund?
 - Surplus money is invested intelligently.
 - Money is not kept idle in the bank but lent to members. This helps earn better interest.
 - Money is borrowed only when the SHG has the ability to repay it on time.
 - Money is not spent on unnecessary ceremonies or other administrative expenses.
 - All financial transactions take place in the meetings. This ensures that all members get involved in the management of the common fund.
3. It is the duty of every member to ensure that the common fund is used properly and is safe. This involves ensuring that:
 - Only eligible members get loans.
 - All loanees repay loans in time.
 - Payment of bank instalments is never delayed, as the interest burden will grow.
 - Loan from the credit limit sanctioned is drawn only when needed.
 - Money is rotated.

4. Risk Fund: Mature groups have the healthy practice of creating a risk fund. The risk fund helps to insure the group against unexpected losses. When the group borrows money it has to repay. It on-lends the money to members. There may be a possibility that some members may fail to repay due to emergencies, death or natural calamities. To mitigate the effect of loss on this account, the risk fund helps to:

- Avoid depletion of capital
- Create security to the corpus
- Give confidence to the banking institutions
- Provide a sense of security to members
- Build up sustainability and confidence.

MODULE 13

HOW TO TAKE UP INCOME GENERATING ACTIVITIES?

Learning Objectives:

At the end of the session the field worker should be able to sensitise the SHG members regarding the prerequisites for taking up income generating activities.

Contents:

1. An income generating activity is an activity in which money is invested to generate income for the member and her family. The requirements of such an activity are:
 - Money to invest (to purchase an asset, to meet the running expenses).
 - Skills for producing the goods/services.
 - Knowledge of tools, equipment and raw materials.
 - Knowledge of the market (prevailing market price, where to sell, when to sell).
 - Knowledge of production expenses.
 - Estimate of income and the surplus.
2. An activity in which the member has experience and skills is less likely to fail. Selection of an appropriate activity is very important, since the failure of the activity leads to non-repayment of the loan and financial loss to the group. The member may be forced to leave the group, and if more members have to do this the group will disintegrate. Therefore, always remember to do the following:
 - Do not be too impatient to force members to take up an IGA, just to be able to keep within your own deadline.
 - Saving and lending itself is an income generating activity, if it is successfully carried out over a long period of time.
 - Give preference to strengthening the activities the women are doing at present.
 - Leave the choice of activities to the members. If you have a better idea, you can try to convince them, but never force.
 - If a new activity is selected, let a few members do it on an experimental basis. If it is successful, others can follow.
 - Don't overcrowd activities in the same area. For example, there cannot be too many tailoring units in the same village.
 - Help the women to visit successful IGAs of other groups.
 - Take particular care regarding purchase of the asset. Let the woman tie up with the seller and inform the group. If the actual cost paid for the asset is less than the loan amount, the woman should pay back the balance to the group.

- Ensure that the asset is not sold to meet exigencies, before the loan is repaid. The group should not remain silent when such things happen, for fear of offending their fellow members.
3. Income generating activities are of three types:
 - Production of goods through processing of raw materials and other inputs
 - Trading in goods (purchase and sale for profit)
 - Providing service at a price (e.g. pressing clothes)
 4. The characteristics of the women who intend to take up any of these activities are:
 - They have few resources. Their main concern is to meet the basic needs of their family. Hence they cannot take risks.
 - They tend to reduce costs rather than increase quality and efficiency. So they cannot compete with large businesses. Therefore, they cannot take up such a sophisticated activity as manufacturing toilet soap or preparing food for supply to airlines.
 - As they have limited skills and knowledge, they cannot adopt sophisticated technology. For example, they cannot raise nurseries based on tissue culture.
 - Illiteracy prevents them from getting support from government agencies like the District Industries Centre. Therefore they must be provided skills training in the chosen field on-the-job within the village itself.
 5. People who need assistance in income generating opportunities are those:
 - Engaged in traditional crafts;
 - Engaged in daily wage labour, but who do not get work throughout the year;
 - Who have irregular work like vegetable selling, beedi making, etc;
 - Who have no work at all, but are willing to do work.
 6. Considerations that should be kept in mind while encouraging people to select an IGA:
 - Is raw material locally available?
 - Does the product have a market?
 - Can they manage the production cost?
 - Do they have the required technical knowledge and skill to do the work?
 - Can the work be carried out within the home or in the village? Do they have the required workspace?
 - Do they have to wait for a long time to get the returns?
 - Is training readily available if upgrading skills is required?
 7. **Support required from the Field Worker:**

- Ask the questions under 6 above to the women in group meetings.
- Find out about their experience, aptitudes and skills.
- Ask them to do a small market survey of the activity they want to pursue.
- Ask them to find out the costs of raw material, labour etc.
- Ask them to calculate the profit margin.
- Arrange training that may be required.
- On your own make marketing tie-ups with local businesses, establishments and organisations.
- Help them to acquire the assets, ensuring that they are not cheated.

8. Some successful IGAs taken up by HCFP Self-Help Groups:

- Vermi-composting
- Cultivation of medicinal herbs
- Candle making
- Soap making
- Pickle making
- Tent house shop
- Sweet box making

Case Study:

The case of the unpurchased goats

In a group a lady took a loan of Rs. 5,000 to buy five goats. Later it came to light that she did not purchase the goats, but spent the money for household expenses. She showed her son's goats to whoever went to visit her. Some members were aware of the fact that she was lying, but they did not make it public. After two months, the son was imprisoned, and the moneylender who gave him money to purchase the goats took them away. She could not repay the loan. When the members pressurised her, she had to lease out her land to repay the loan.

MODULE 14

HOW CAN AN SHG BECOME A VEHICLE FOR SOCIAL DEVELOPMENT?

Learning Objectives:

- To develop the understanding that SHGs need to go beyond the economic functions of saving and credit and also begin to tackle social issues and problems.
- To help the participants to identify some social/ community issues that SHGs can tackle.
- To develop an action plan for tackling any one or two issues.

Content 1: Going Beyond Economics

SHGs cannot become effective people's institutions by concentrating on saving and credit alone, which are basically economic activities. The root causes of poverty are both economic and social. If SHGs do not tackle the social issues, they will be offering only partial solutions. SHG members should be made aware of the role they can play in tackling some of the social issues or undertaking some activities that benefit the community as a whole. Use the case studies given here to bring about this awareness.

Brainstorming:

What activities has your group undertaken so far? Note down the answers to this question on a chart paper. Possible answers are:

- Deposit the saving with the group
- Give loans
- Conduct meetings
- Go to bank to deposit the money
- Discuss income generating activities
- Discuss matching grant from HCFP
- Discuss children's education/school
- Discuss family problems of members;
- Discuss mistreatment of women
- Discuss alcoholism which disturbs family peace
- Discuss tree planting
- Discuss erratic power supply
- Discuss acute drinking water problem
- Discuss Panchayat/VRMC election
- Go to meet the BDO/Tahsildar/SDO to get some problem solved

Categorise the above into economic activities/ social problems/ community action etc.

Emphasise that SHGs have to take care of social issues also, because saving and credit alone do not solve all problems. SHGs have to develop not merely as economic institutions but also as community based institutions able to address social issues at least partially. Unity of members offers an opportunity to try to redress grievances, to initiate developmental activities, to take help of outside agencies for social development and to mobilize local resources and cooperation.

Use the following case studies of how some SHGs have addressed social issues successfully. Develop role plays out of these.

How Women Brought Drinking Water Tankers to the Village

People of Ratkadi village of Sayakla taluk of Surendranagar District (Gujarat) had to put up with acute drinking water shortage during three consecutive drought years. Women had to walk 5 kilometres every day to fetch drinking water. Members of the Self-Help Group in the village discussed the matter in several of its weekly group meetings. They decided to collect women from every household in the village and march towards the tehsil office to draw attention to their plight. On the way, some men made fun of them for their daring to believe that the Tehsil Development Officer (TDO) would be intimidated by their march. The TDO told the women that all the water tankers had been dispatched to different villages. The women insisted that no tanker had come to their village for the last three years. The TDO then advised them to go to the District Collector. Shouting the slogan “We want water”, the women then went to the Collector. Hearing the shouts the Collector himself came out of his chamber and requested a small delegation of the women to go into his chamber. The Collector promised to look into their complaint. The women were not impressed and insisted that a tanker should be released to their village immediately. Finally they were able to return to their village along with the water tanker. Now water is supplied to the village through the tanker every day during summer.

Questions:

1. Have you ever faced acute water shortage in your village?
2. Has anybody taken any collective action to solve the problem? Who? Was the effort successful? Why not?
3. Do you think your group can take up action to solve similar problems?
4. What do you think about the men who teased the women of Ratkadi village? If a similar thing happens in your village, will you be discouraged?

Women Construct Public Bath Room Complex

Women of Thindani village of Chattarpur District in Madhya Pradesh were worked up about the lack of privacy when taking bath near the only public well in the village. Members of the Durga group in the village under the Swashakti project decided to do something about it. They decided to collect boulders from the hills and sand from the river for constructing a public bathing room for women. But how can they get the 7 bags of cement required for constructing the bathing room? The problem was placed before the District Project Manager when she attended a group meeting. She asked them to pass a resolution requesting 7 bags of cement from the project. The local mason agreed to construct the room at concessional rate, but still the construction work would cost Rs. 4000. The group decided to take a collection from every house in the village, but even after that there was a shortage of Rs. 500. The group decided to bear this small cost from its corpus fund.

After 14 days of work, the building was completed. Now all women in the village take bath in this building in full privacy. The prestige of the group has gone up to such an extent that the Panchayat consults the group for all its activities.

Questions:

1. Does your village lack a public convenience, causing women to face difficulties?
2. Do you think that by working as a group women can develop confidence to meet officials for requesting help for needed infrastructure?
3. Was the action taken by the women in Thindani village appropriate? Will a similar action work in your village? Why or why not?

Alcoholic Den Driven out of Village School

The primary school in Mundain village in Kanina Block of Mahendragarh District in Haryana had been turned into a joint for alcoholic drinks by the teachers and some antisocial elements of the village. Two Self-Help Groups of women under Haryana Community Forestry Project are working successfully in this village. The groups have a combined strength of 35 women. Agitated about the antisocial activities in the school, the women put pressure through the Panchayat on the Education Department to stop the activity. The teachers have been suspended and the school temporarily closed. The Secretary of one of the groups has also taken up the cause of a young pregnant bride who has been turned out by her husband and in-laws. The husband has accused the woman of being pregnant even before marriage. The SHG has challenged the husband to prove his charges through proper medical check-up. The dispute is still pending, but the SHG is determined to get justice to the girl.

Questions:

1. Was the action of the groups in dealing with the alcoholics correct?
2. What will you do if you are faced with an injustice committed to a member of your sex? Do you think SHGs can act in the way the Mundain groups did?

Women Establish a School

This is the inspiring story of how four SHGs in the villages of Rajepur Khurd, Rajepur Kalan and Mangupur in Sitapur district of Uttar Pradesh took collective action to meet the educational needs of their children. A Government Primary School was operating in one of the villages, but it was on the other side of the busy GT road. This road was accident-prone and parents were afraid to send their children to this school. One day a combined meeting of four Self-Help Groups of these villages was organised. In the meeting there was unanimity of opinion that a school should be established in one of the centrally located villages. A School Education Committee was formed with the participation of representatives from the four groups. The husband of the Secretary of one of the groups was willing to donate land for the school. Door-to-door collection was taken for mobilizing money to construct the school building. Men, women and children contributed labour. Within a few months a beautiful school building came up. The school was named "Swashakti Shiksha Mandir". The school committee selected good and qualified teachers. The school was inaugurated on 26 July 2001 by the BDO. The school now has a strength of 90 children. Each child has to pay Rs. 10 as monthly fee. Teachers' attendance and school matters are monitored by the school committee. On 15th August all the members attended the morning assembly in the school and participated in hoisting of the national flag.

Question:

Do you think education of children is so important as to warrant the action taken by the Sitapur groups?

Content 2: Identification of Potential Social Activities for SHGs**Brainstorming:**

Which problems affect your neighbourhood or your community the most? Of these, what are the problems that your Self-Help Group can make an attempt to solve?

Make a list of the answers on a chart paper. These could be:

- To help illiterate members to learn to write, read and count
- To read newspapers and exchange the information among members and other women in the village
- To organise health camps in the village
- To organise cattle health fare
- To construct public toilets and soak pits
- To establish kitchen gardens
- To establish women nurseries
- To cultivate medicinal plants
- To learn about first aid, children's diseases, women's health problems.
- To take up tree planting
- To undertake rainwater harvesting
- To repair taps of public hydrants
- To clean village drains and streets
- To supply books and clothes to poor children
- To campaign against child marriage, dowry, wife beating, alcoholism

Content 3: Making an Action Plan for Solving Community Problems

Now ask the participants to choose any one problem and prepare an action plan to solve it. The following points should be kept in mind:

- What is the activity?
- What will we do?
- Who will participate? Who will benefit?
- How much money is needed? What are the other resources needed? How to get these? Who will coordinate the different activities?
- Where to start? When to start? When will we finish the work?
- Can we accomplish the work within our limitations? Who will help us? How?

After the action plan is made, ask the participants to make a presentation of the same.

MODULE 15

WHY AND HOW TO FORM NETWORKS OF SELF-HELP GROUPS?

Learning objectives:

At the end of the session, participants will share a common understanding of the need for networking, the concept of networking, objectives, roles and activities of networks, size and membership of networks, how a network is formed and governance of networks.

Learning tools:

Chart papers and marker.

Contents:

I Need for networking of SHGs

1. A single group is limited by its lack of visibility. Very few people will know about a particular SHG outside its village. An SHG represents only 10 to 20 women. This small size makes it very difficult for the group to work for desired changes through acting as a pressure group. In a network the groups can benefit more from public services from Panchayat, block and district level agencies.
2. It is possible that single groups break up easily, when they run into problems or face conflict situations. SHGs which form networks have a better chance of solving such internal problems.
3. A network is in a stronger position to make linkages with other institutions for mutual benefit.
4. When groups are networked, training and capacity building of their representatives can be more cost-effective and practical. The efforts by supporting agencies get minimised.
5. Networking provides a forum to the SHGs for regular interaction and information exchange and dissemination.
6. The strengths and skills of the SHGs, which form networks, get added up and multiply and their activities become more effective. For example, some groups may have excess funds, while others have inadequate funds. If the funds flow as loans between such groups through a network, financial resources are better utilized.

II What is a network?

A network of SHGs is a structure that connects several SHGs to facilitate information flow and enable collective action. The separate SHGs that form the network are its members. There can be networks at different levels. For example, there can be SHG networks at block, district and division levels.

III Size of the network

To be effective the members of a network should feel a sense of ownership of the network and should know about the activities of the network. The network should know the need of its

members and try to meet them. For this, the network should have good communication systems and the scale of activities should be manageable. The member groups should be as physically close as possible to enable holding of meetings. If the representatives have to travel long distances, attendance in meetings will be poor.

Because of these considerations, it is desirable that the network at the lowest level should not have more than 20 and not less than 10 groups. As HCFP has promoted an average of two SHGs per village, the number of associating villages should not be less than 5 and not more than 10. In any case the area coverage should not be larger than a district. At a later stage these block/district level associations can federate at division level and eventually at State level.

IV Which SHGs can become members of a network?

If the member SHGs are weak, the association will also be weak. Therefore, the following considerations may be made while granting membership to SHGs in the associations:

- Only those SHGs, which have been functioning continuously for past one year, will join the block/district level association.
- The member SHGs should have the characteristics of a good SHG. These characteristics are:
 - Stable membership;
 - Average 80% attendance of members in meetings;
 - Regularity of savings by members;
 - Disciplined use of group corpus for inter-lending (at least 80% loan repayment);
 - Good governance through observance of rules and regulations;
 - Leadership rotation or its possibility;
 - Acceptable levels of record maintenance;
 - Operation of a bank account.

V Governance of SHG networks

Each member SHG will nominate two of its members to the association for a two-year term. It will be obligatory for the nominees to attend the association meetings.

The association will draw up its rules and regulations after discussion among all member SHGs through their nominees. The rules and regulations will be written down and circulated to all member SHGs.

Broadly the rules and regulations will give due place to the following objectives:

- To strengthen the activities of member SHGs;
- To emerge as an institution owned and controlled by member SHGs;
- To play an advocacy role for getting the legitimate entitlements of members of all its constituents through interaction with local bodies, NGOs, government and the general public.

VI The role of a network

- Identify the needs of its member SHGs.
- Meet these needs through internal as well as external resources. The internal resources may be financial or non-financial. The financial resources are the contributions from member SHGs and other assets. These may be used to give loans to member SHGs that require them. The non-financial resources are the constituents' own group management skills, leadership skills and their reputation.
- Make linkages with other institutions and programmes. Since the network represents a large number of persons, effort by the executive body of the network will be effective in attracting external resources for the common benefit of all member SHGs. Linkages can be made with banks for savings and credit, including credit for infrastructure like housing, toilets, drinking water etc, with insurance agencies for insurance schemes, with Government departments for participation in government schemes, and with local, national and international non-government agencies.
- Disseminate information to member SHGs. This will make them capable of taking decisions on the basis of the information provided and getting benefits from it. This can be done through newsletters, annual general body meetings etc.
- Voice the concerns of the members, who have been relatively voiceless till now, in appropriate forums.
- Strengthen member groups through training and skills development.

VII How to form networks

The first step is to build trust and familiarity among the groups in an area that is physically close. This can be done by:

- a. Organising inter-group visits to get to know and learn from each other;
- b. Holding joint training of members from different groups; at this point representatives from different groups get to know each other;
- c. Holding regular meetings of representatives from different groups.

The second step is to formalise the network by drawing up bye-laws, electing office bearers for specific terms, defining roles and responsibilities of office bearers.

The third step is registering the network under a suitable legal framework to give it a distinct identity and autonomy and to enable it to access external resources and support. However, training of the office bearers in managing a registered body should precede registration. Nowadays several national financial institutions are giving loans to registered networks of SHGs for on-lending to member SHGs, instead of routing them through NGOs.

VIII Forming networks should not neglect nurturing of primary groups

It often happens that with the formation of networks, the promoting agency starts neglecting the primary groups. This will weaken the primary groups and once the primary groups are weak, their networks will also be weak. The network should have a system to regularly monitor the stability of its member SHGs.

How a network helped an SHG in conflict resolution

Due to conflict among two of its office bearers, an SHG was on the verge of break-up. The conflict arose due to a rift among their families. The other members were suffering due to this. The group approached its network association to solve the problem. The network association decided to send its President and Vice President to meet the group and the conflicting parties to try to settle the issue. The two leaders were able to convince the warring parties by pointing to the harm being done to the entire group. The group is functioning smoothly now.

Network as a lobbyist

In Tamil Nadu, women field workers assisting Self-Help Groups had to travel long distances to reach the villages. In order to reduce the travel time, they were given bicycles. Seeing the rare sight of women riding bicycles, the local youth started eve-teasing them. Though the women workers complained to the police, no action was taken. When SHG members came to know about the indifference of the police, they collected members of SHGs in several neighbouring villages, totalling 800, and staged a protest rally in front of the police station. The unity showed by the women forced the police authorities to take action against the culprits. This was how a successful network was born.

MODULE 16

HOW CAN SHGs ESTABLISH LINKAGES?

Learning Objectives:

At the end of the session, the participants should be capable of:

- recognising the functions and roles of institutions/organisations/officials operating within and outside their villages in the context of achieving the goals of SHGs;
- analysing the nature of their current relationships with such institutions;
- understanding the need for establishing linkages with other institutions;
- developing a strategy to build up/strengthen relationships and linkages.

Learning aids: Chart paper with linkage diagram, markers/blackboard and chalk.

Content 1: Linkages in the village context

Procedure:

1. Ask the participants to list the institutions that they have come into contact with within or outside the village. Examples could be:

Within village:

Panchayat
VRMC
Mahila Mandal
Watershed Committee
Other SHGs
Youth Club/Sports Club
Patwari's Office/Post Office/Livestock Centre/Village Extension Officer/NGO
Bank branch
School/Anganwadi

Neighbouring villages:

Other SHGs
Other Village Panchayats/village level institutions
Government Officials/NGO officials operating in a neighbouring village, but also catering to their own village
Bank Branch
School
Health Sub-Centre

Block Headquarter:

Panchayat Samiti Office
Other Government Offices/NGOs
Bank/School/College
Primary Health Centre

2. Now ask them what do they know about these institutions/organisations?
Encourage them to answer with helpful tips.

Panchayat: Just like we elect our MLAs to our State Assembly, we elect our Panches. Just like we have a Chief Minister at the State Level, we have a Sarpanch in our Panchayat. All adult men and women in the village can vote to elect their representatives. As an adult woman of your village you can also have the right to get elected as a Panch or a Sarpanch in your Panchayat.

The village Panchayat is the executive body of the Gram Sabha, which is formed by all adult men and women of the village. The executive body should report to the Gram Sabha in meetings convened at least twice in a year. As a member of the Gram Sabha it is the duty of every adult man and woman of the village to attend the gram Sabha meetings, ask the Panchayat what it has done and what it will do in the future. You can question it if you find that funds have not been spent properly. You can ask why special needs of women are always ignored (e.g. women's toilets/improved facilities in the anganwadi/ problem of drinking water etc). If you do not attend meetings and demand your rights, who will get your dues for you?

The Panchayat is responsible for governing the affairs of the village and developing it for the benefit of all residents of the village. This is done within the rules passed by the Government and in accordance with Government policies and programmes. It is responsible for managing and developing all common land, habitation areas, roads, water supply works, schools, etc. It is responsible for developing agriculture, horticulture, forestry, johads, etc. in the village with support from Government departments and agencies.

VRMC: It has been formed as a part of the Village Panchayat to promote forestry in the village. In this institution, the representatives are selected not by election but by consensus. Women are given special representation in the VRMC. If your SHG becomes very active some of your representatives can become members of the VRMC's executive body. When women have more representation in the VRMC, your special needs regarding forestry can be discussed and your demands met.

You may be holding your meetings in your Secretary's house where it is very difficult for 15-20 people to sit. Why not hold meetings in the Chetna Kendra? Because it is too far away from the main village? Why did you not raise this issue when the decision was taken to construct the Kendra at the current place? **When any such decisions are taken in the future, you must voice your opinion strongly through your SHG to the Panchayat/VRMC/Government department.**

Anganwadi: It is an infant care facility created by the Department of Women and Child Welfare in your village. It prepares your baby for school education, provides preventive healthcare facilities and nutritious meals. It is also supposed to give information to expectant and nursing mothers about healthy child care practices. Do you send your baby to the anganwadi? Why not? Are you not satisfied with the care given by the anganwadi worker? Have you talked to the supervisor of the anganwadi who is supposed to visit the centre frequently? Have you informed the Sarpanch about the unsatisfactory service? Have you reported it to the Child Development Project Coordinator at the State Headquarter? **Your SHG is the right forum to raise such issues. Now you are not alone. You have the strength of numbers.**

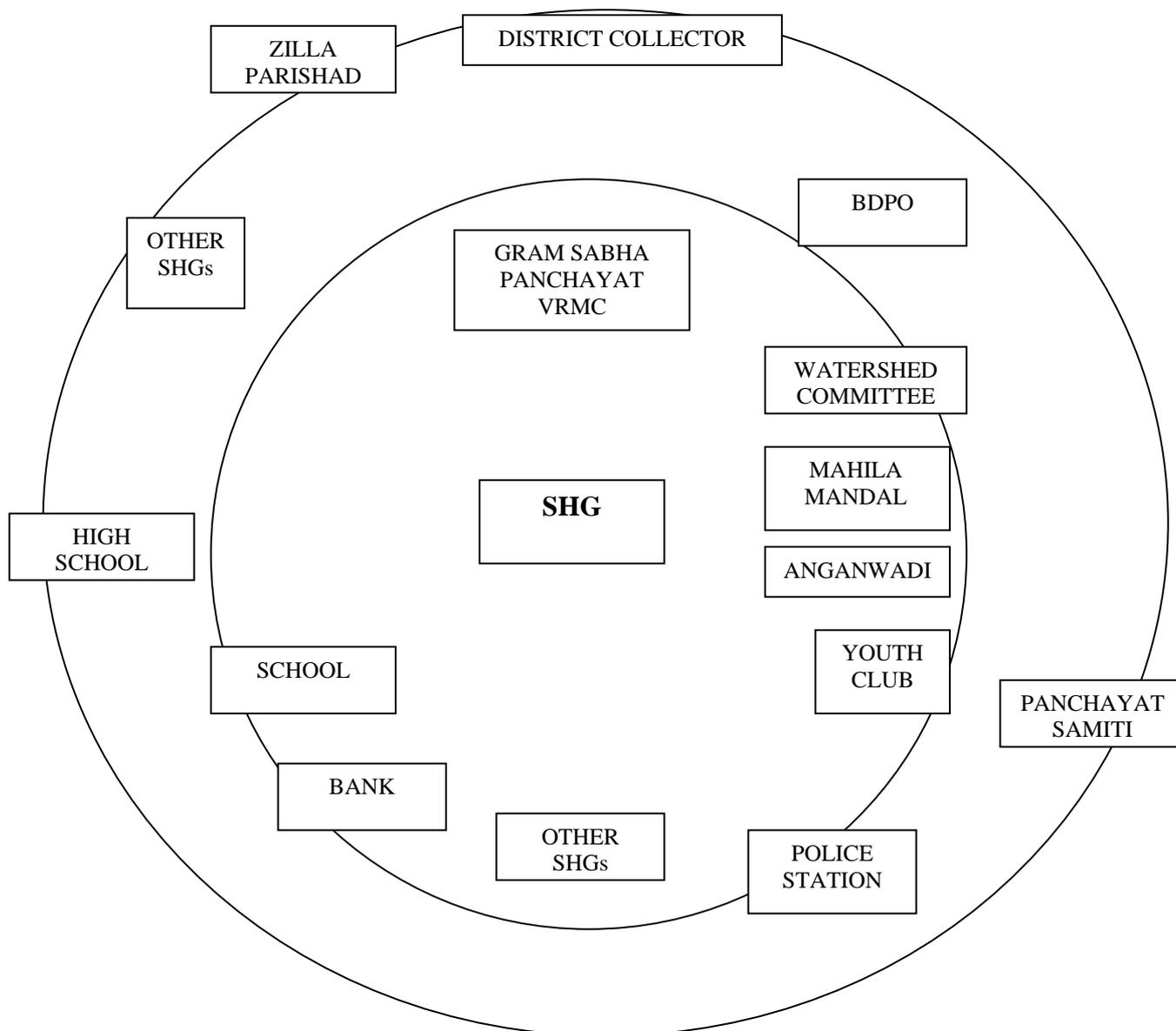
Bank: You have a special relationship with your bank. It ensures safety of the money your SHG collects every month. Your SHG can also borrow money from the bank to help its members to start any economically profitable activity/enterprise. The only condition is that the activity must generate adequate income, i.e. half of the income generated should be sufficient to repay bank loan instalments, the other half being utilized by the member for her own needs. Has your SHG tried to avail of this credit facility from the bank? Why not? Did you invite the bank manager to come and attend the meetings? Was the bank helpful, lukewarm or hostile? Why? If there was a lukewarm or hostile attitude, what did you do?

Note: Options of SHGs facing hostile attitude: Go and meet the District Coordinator of each bank or the District Lead Bank Manager or Asst. General Manager of NABARD posted in the district.

Content 2: Analysis of existing linkages/relationships using a linkage diagram

Draw a linkage diagram similar to the one below on a chart paper. Help the participants to analyse their existing relationship with different institutions within and outside the village. Use different colours to indicate the type of relationship. E.g. green for cooperative relationship, red for hostile relationship, blue for fearful relationship, purple for equal relationship and black for no relationship/no knowledge or awareness about the institution. Guide the participants to understand the need for establishing relationships.

Another way of doing this is through venn diagrams (chapati diagrams) – cut papers in the shape of chapatis, each chapati representing an institution, and arrange them according to the importance the participants assign to them.



Content 3: Why should SHGs establish relationships with other institutions?

Ask the participants about the utility of establishing relationships/linkages with other institutions. Note down the answers on blackboard/chart paper displayed in such a way that it can be seen by all. Answers may be the following:

- for exchange of information;
- to access resources and facilities;
- to gain support for achieving the goals of the SHG;
- for capacity building;
- to start activities that can benefit a wider section of the village community;
- to achieve financial sustenance of the SHG;
- to benefit from Government schemes for which women are eligible, but may be currently deprived of due to the absence of linkages;
- to lessen exploitation through collective strength.

Elicit the opinions of the participants regarding which institutions they think SHGs need to establish linkages with.

Content 4: When should SHGs try for linkages?

After asking the participants their opinions on this question, try to emphasise the following:

- Before trying for linkages, the SHG should be managing their affairs according to their rules and regulations.
- The SHG should have proper record keeping and financial discipline.
- Members must have built up unity and confidence among themselves.
- Leaders must be acceptable to all group members.

MODULE 17

HOW CAN SHGs ACHIEVE CONVERGENCE OF SERVICES?

Learning objectives:

- To make participants aware of the services available from Government departments, which have special significance for women. When members of Self-Help Groups become aware of the existence of such schemes and facilities, they will make efforts to benefit from such schemes.
- This session also gives necessary information to the grassroots level staff of the Haryana Community Forestry Project and participating NGOs about such schemes. With this knowledge, they can assist SHGs to access the benefits for their members.

Content 1: What is convergence of services? Why is it needed?

Procedure: Ask the participants to list the Government programmes from which they have benefited so far. Are their small children attending the anganwadis? Are they themselves getting any support from the anganwadis? Where do they go for medical needs? Do they have to go to a private medical practitioner and spend a lot of money when a Government medical centre is available at a short distance? Why?

After this brainstorming explain the following messages:

Different Government departments and agencies offer a diverse array of services to people living in rural areas. Most of these programmes work in isolation and villagers do not have sufficient information about them. Convergence of services is an effort to make such services available to villagers in an integrated manner. This is best achieved through community based organisations like Panchayats, VRMCs and SHGs.

No department working in isolation can tackle the problems of backwardness and poverty. Therefore convergence of services is the need of the hour.

Content 2: Range of services available to village people

This section gives information about various programmes and schemes. The trainer can introduce the schemes through asking probing questions about their varying needs and leading to the specific schemes. For example: You may find that one of the main problems of women in the village is absence of a public toilet. They do not know how to get around the problem. Motivate them to approach DRDA to get a ladies' common sanitary toilet constructed under the Rural Sanitation programme.

I. Programmes of Department of Women and Child Welfare

1. Integrated Child Development Services (ICDS): This scheme offers a package of supplementary nutrition, immunisation, health care, growth monitoring, pre-school education and health and nutrition education. At the village level, the basic service provider is the anganwadi through the anganwadi workers. For a group of anganwadis

there is a supervisor. At the district level the work is coordinated by the Child Development Project Coordinator. This programme is now operating in 4200 blocks of the country. It benefits 3.9 million expectant and nursing mothers and 20.3 million children under six years of age.

2. Programme for adolescent girls (Kishori Shakti Yojana): This is a sub-component of ICDS and follows the life cycle approach to human development. The objectives of the scheme are to improve the nutritional and health status of girls in the age group 11 –18 years, to provide required literacy and numeracy skills through non-formal education and self-defence techniques. SHGs can approach the department to start such centres in their villages.
3. 815 working women's hostels all over India provide accommodation to 57,683 working women and day-care facilities to 7,528 children in 288 hostels.
4. Indira Mahila Yojana: Under this programme Self-Help Groups of mothers of children enrolled in anganwadis are formed into Self-Help Groups, which are linked at village, block and district levels through cluster associations and federations.
5. Integrated Women Empowerment (Swayamsidha) Programme: This project is operating in selected blocks of the country (three in Haryana). In these blocks, the old Indira Mahila Yojana groups, newly formed groups and women groups formed under any other programme are federated at village, block and district levels. Thus all SHGs of any brand are able to access training and other support from the project. The project is implemented through Project Implementation agencies selected at block level (including NGOs) on the basis of a plan submitted by them. Even an association of SHGs can function as project implementation agency if it has proven capabilities.
6. The STEP programme provides new upgraded skills to poor and assetless women in traditional sectors like agriculture, sericulture, handicrafts, fisheries, dairy, poultry etc for enhancing productivity and generation of income.
7. The NORAD scheme extends assistance for training and skill development and promotion of self-reliance through income generation for women in non-traditional trades.
8. Rashtriya Mahila Kosh (RMK) extends credit facilities to poor and needy women in the informal sectors, formed into Self-Help Groups. The money is routed through NGOs. The main strategy of the scheme is to create an organisational base for women to come together, to analyse their needs and benefit from the existing departmental programmes of the State and Central governments. RMK charges interest at the rate of 8% from NGOs, who in turn are allowed to charge 12% from SHGs. The interest spread of 4% is sufficient for the management cost of NGOs.
9. The National Commission for Women, set up in 1992, covers issues related to safeguarding the rights of women and promotion of their empowerment. The commission works for review of laws, intervention in specific individual complaints of atrocities and sexual harassment of women at their work place, and remedial actions to safeguard the interests of women.
10. Balika Samridhi Yojana was launched in 1997 with the objective of changing the community's attitude towards the girl child. A mother of a girl child in a family below the poverty line is given a post-birth grant of Rs. 500. In order to encourage enrolment and retention of girl children in schools an additional component of scholarship and lumpsum grant are also available. The funds are deposited in the personal account of the girl child in a bank or post office. The child will be entitled to draw the money along with interest

after attaining the age of 18 years. In case she marries before the age of 18 years, she will forgo the interest but can draw the post-birth grant.

11. The Rural Women Development and Empowerment Programme (Swashakti) operates in the districts of Bhiwani, Jind and Sonapat in Haryana. The project emphasises intensive nurturing of SHGs for a three-year project, training and exposure visits, and community asset creation.

II. Department of Rural Development

The Department has a number of anti-poverty programmes for rural poor families living below the poverty line. The programmes include a wide array of self-employment, wage employment, shelter, water supply, sanitation and watershed development.

1. Swarna Jayanti Gram Swarozgar Yojana: This is a self-employment programme for rural people. There is an minor element of subsidy and a major element of bank loan to enable poor people to take up their own micro-enterprises suited to their skills and aptitudes, marketability and technical feasibility. Preference is given to Self-Help Groups, which are eligible for a revolving fund of Rs. 25,000 (Rs. 10,000 as subsidy and Rs. 15,000 as bank loan) on completion of 6 months of existence and subject to a maturing grading. The fund is used to augment group corpus for internal lending. When the group passes a second grading exercise, it is eligible for a subsidy of Rs. 1.25 lakh and a further bank loan which is repayable in five years. Preference is given to SHGs of women.
2. Sampoorna Gramin Rozgar Yojana: This is a wage employment programme, implemented by the village Panchayat, for any community asset creation programme such as pavement of village streets, street lighting, deepening or renovation of ponds, public amenities like sanitary toilets, etc. Poor labourers from the village concerned are employed in construction work and are paid 50% of the wage in cash and the rest as food grains. It is to be ensured that women labourers also get employment. It could be explored if women SHGs can take up the work on a commission basis.
3. Indira Awas Yojana: Poor people without shelter are provided a grant to construct their houses on their own house plots. No contractors are to be engaged by the Panchayat or department personnel. The house is to be registered in the name of the woman of the house.
4. Rural Drinking Water Supply Programme: A common water point provided to every 50 households in the village for protected water supply.
5. Rural Sanitation Programme: A grant is provided to poor households to construct their own sanitary toilets. All schools in rural areas are also to have sanitary toilets under the programme. Can some SHGs take up the contracts?
6. Integrated Watershed Development Programme: This programme operates in drought prone districts of Haryana and Yamunanagar district. In the latter, Forest Department (Territorial) is one of the implementing agencies.

District Rural Development Agency, headed by ADC (Development), is the planning and facilitating agency for these programmes (except for water supply which comes under the Public Health Department) and the Rural Roads Programme (which comes under the Public Works Department).

III. National Bank for Agriculture and Rural Development (NABARD)

NABARD actively supports SHGs. It has issued directives to all banks in India to give priority to SHGs in credit support. It is the duty of the ASGM NABARD posted in almost every district to train bank managers in SHG concepts and nurturing and providing support to SHGs. Bank loans to SHGs come under the purview of priority sector lending and are eligible for automatic refinance.

In addition to the above, NABARD has the following specific schemes for women:

(a) Assistance to Rural Women in Non-farm Development (Arwind):

The objective of the scheme is to encourage lending to rural women, preferably organised into Self-Help Groups. These groups may be formed by voluntary agencies, Women Development Corporations, cooperatives, trusts, etc. The SHGs organised or sponsored by a suitable agency can avail of bank credit normally not exceeding Rs. 50,000 per member. The loan can be utilized for an own account activity or a group activity.

NABARD also provides grants, subject to availability of promotional funds, to meet the sponsoring agency's expenditure for organisation of groups, their sensitisation and training etc. If the agency also provides support in the spheres of raw material, quality control, marketing, etc, the sponsoring agency can get loan assistance under the scheme of Mother Units/Common Service Centres.

(b) Assistance for marketing of Non-farm Products of Rural Women (MAHIMA)

A combination of assistance in the form of grant, revolving fund and refinance is provided to cover marketing services, limited advertising, processing, transportation, packaging, labelling, etc.

The quantum of promotional grant is restricted to Rs. 5,000 per woman entrepreneur and Rs. 2.5 lakh per agency. The ratio of grant to RFA/Bank loan will normally be 1:3. The scheme envisages coverage of at least 50 women, either individually or in groups, to ensure viability of operations.

Collective Dreaming of an SHG Bears Fruit

Ma Bamleshwari Self-Help Group in Rajnandgaon district of Chattisgarh State, formed by stone quarry labour women, has grown beyond the saving and thrift phase and has become a major quarry contractor supplying milestones and other road construction material. The thrift and credit phase helped them to free themselves from the moneylender and to gain self-confidence in dealing with the outside world. In two years the group was able to build up a large group corpus through savings and inter-lending and loan funds of Rs. 1.10 crore through bank linkage. With this they were able to take up various activities. This included taking agricultural land on lease from a local trust for pulse cultivation, from which they earned a substantial profit. Then they took up fish breeding, goat rearing, cycle stores, etc. Even the erstwhile moneylenders who exploited them approached the group for loans.

When the District Collector suggested to them to take over contracts for stone quarries in which they were employed on daily wages of Rs. 35, the women jumped at the idea. So successful was the initial three-month lease that the women expanded their operations and now they are operating thirty quarries. They are supplying milestones for the new roads under construction. The quality of their milestones is superior to that of other contractors. The group's turnover from milestones itself is Rs. one lakh per quarter. The profitability of the venture encouraged the women to make flooring tiles as well.

There were two major defining moments in the life of this SHG. The first was when they outsmarted the local strongman while bidding for the contract to hold the weekly market. The second was when they bought and learnt to ride a bicycle. Earlier they had to wait for buses or walk miles to get to the bank or Government offices. The bicycle has made them independent and more mobile. Earlier people used to laugh at them for riding a bicycle, but now they are respected for their agility and efficiency and the newly found prosperity.

(Adapted from "Fruits of Collective Dreaming" by Bhavdeep Kang in Outlook, 22 September 2003.)

Model Self-Help Group Bye-laws

1. The name of the group shall be -----
-----.
2. The ----- (name of the group) shall be located in village -----, HCFP Sub-division -----, HCFP Division -----
Address of the group is -----

----- Pincode: -----
3. The **objectives** of the ----- (name of the group) are:
 - ❖ To promote saving habit on a regular basis amongst the members;
 - ❖ To make available cash credit on easy terms primarily to expand/start IGAs and secondarily to meet urgent domestic needs;
 - ❖ To form a group which would be eligible for receiving benefits from other Government programmes, which are not available to individuals;
 - ❖ To provide a forum through which women's awareness related to Income Generating Activities (IGAs) such as group & money management, skills, IGA management, record keeping and viability analysis can be increased and other women's development activities can be pursued; and
 - ❖ To build leadership skills of the members so that they can manage the group in rotation.
4. **Membership**
 - ❖ Persons between 18 and 55 years of age at the time of joining, who are:
 - Capable of physical labour required for an IGA.
 - Desirous of saving her/his money with ----- (name of the group).
 - Willing to take loan from the ----- (name of the group) for IGA.
 - And willing to start or expand an IGA with ----- (name of the group).
 - Not listed as defaulters in any of the banks (nationalised/co-operative etc.)
 - ❖ Only a permanent resident¹ of the village shall be eligible to become a member.
 - ❖ Not more than 2 members of a family shall be allowed to join a group.
 - ❖ The total number of the members shall not exceed 20, but a minimum of 10 members shall be observed.

¹ In case of women group daughters-in-law should be preferred over daughters of the village.

5. Savings

- ❖ Every member shall save Rs. ----- per month on ----- (date), on which all members will deposit their individual savings to the treasurer.
- ❖ The -----(name of the group) members shall decide the savings amount on a regular basis from time to time.
- ❖ If a member does not pay her/his monthly saving money on decided date, s/he will be fined with Rs. ----- per ----- (e.g. per month/ week/day etc.)

6. Management of the Group

There shall be a management committee consisting of three persons, viz. Chairperson, Secretary and Treasurer, who shall be elected by all the members and amongst the members for a period of ----- year/s². These office bearers can remain in office continuously for 3 terms or 3 years in case of 1-year tenure and 2 terms or 4 years in case of 2-year tenure. The three committee members must be from three different families. Two members of the same family should not get elected in the management committee. New committee members shall be elected unanimously.

The committee as a whole shall be responsible for strategic as well as day-to-day management of the group. It is preferable that Secretary and Treasurer can read and write. In groups where none of the members can read and write, it is expected that Link Workers will help the group in maintaining the records. Individual responsibilities of the office bearers shall be the following:

Chairperson

- i) Preside over the regular meetings and any other meetings of ----- (name of the group);
- ii) Sign or put thumb impression to approve the decisions and resolutions of the meetings;
- iii) Call or postpone any special meeting;
- iv) Solve any complaint with the help of other office bearers and members, if required;
- v) Check and co-ordinate the activities of Secretary, Treasurer and other members;
- vi) Maintain liaison within and outside the ----- (name of the group) especially with bank, HCFP and other sources of help.

Secretary

- i) Call meetings with prior permission of the Chairperson and prepare agenda for every meeting;
- ii) Maintain a record of the proceedings of all regular and special meetings and read them out at the next meeting;

² One or two years.

- iii) Write resolutions made at each meeting and read them out at the same meeting;
- iv) The Secretary will maintain the following registers:
 - Membership register
 - Attendance register
 - Activity and resolution register
- v) Conduct all meetings and chair a meeting if the Chairperson is absent;
- vi) Verify the books and accounts of the ----- (name of the group) regularly and report to the members in regular meetings.

Treasurer

- i) Preserve important papers and documents related to financial matters;
- ii) Maintain all accounts of the ----- (name of the group), i.e.
 - Members' saving and loan passbook
 - Saving and loan ledger
 - Cash book
 - Bank loan book
- iii) Deposit cash in the post office/Bank within 2 days of collection if cash is more than Rs. _____;
- iv) Pay loan approved by the ----- (name of the group) to members and receive savings, repayment, Interest, etc;
- v) Conduct and preside over the meetings, if Chairperson and Secretary are absent);
- vi) Present all financial reports of the group.

7. Meetings

- ❖ The group will meet ----- time/s every month. The dates of meeting/s are ----- . The Secretary of the group is supposed to give ----- days notice to the members about such meetings.
- ❖ All members shall have the right to attend and take part in discussions at periodic meetings of the ----- (name of the group) and Special Annual Meetings³ and offer suggestions from time to time for better management of the ----- (name of the group).
- ❖ To discuss an urgent and important issue the group will hold special meetings on a shorter notice.
- ❖ If a member does not attend ----- consecutive periodic meetings without any prior information, s/he will have to face penalty of Rs. ----- per meeting.

³ These Special Annual General Meetings are meant to review last year's activities and financial progress and plan the activities for forthcoming year.

8. Managing the Money

- ❖ The loan limit for individual shall be decided by the Management Committee [Chairperson, Secretary and Treasurer] in consultation with the members of the group as per the reason cited or nature of income generating activity. The amount will not exceed Rs. _____/- at a time for productive purpose. No loan can be extended only for consumptive purpose. If a member wants loan for consumptive purpose s/he will have club it with productive purpose.
 - ❖ The interest rate shall be Rs. _____/- per month per Rs. 100/-.
 - ❖ The loan repayment procedure shall be decided by all members of the -----
----- (name of the group). The repayment schedule must be written in the applicant's saving and loan passbook and the group's saving and loan register at the time when the loan is sanctioned.
 - ❖ For a loan a written application addressed to the Chairperson of the -----
----- (name of the group) will be considered during the periodic meetings of the ----- (name of the group).
 - ❖ A loan shall be granted provided that:
 - The member has repaid any previous loan amount in full, along with interest.
 - The proposed loan purpose/income generating activity is viable.
 - The member is saving on a regular basis with the -----
(name of the group) for at least six months.
 - ❖ A member applying for a loan worth more than her/his savings will have to produce two witnesses who have not taken any loan earlier from the group.
 - ❖ The loan requests approved will be noted in the activity and resolution register.
9. All the income that accrues to the ----- (name of the group) from interest on savings, interest on loans, (including the emergency fund) plus returns from penalties and fees will be re-invested in the ----- (name of the group) fund.

10. Withdrawal of Membership

The group members should discuss in detail the procedure and terms of refund of money if a member proposes to leave the group.

11. Disqualification of a Membe

A member may be disqualified by the ----- (name of the group). The disqualification criteria⁴ are:

1. _____
2. _____
3. _____

⁴ Such as non participation in group meetings and activities, not saving regularly, not paying the loan received from the group, not following the rules of the group etc.

12. Maintaining Various Records

- ❖ Every member will be given a saving and loan passbook. It is the responsibility of the Treasurer to make all entries.
- ❖ Membership, Attendance, Activity and Resolution registers will be kept with the Secretary to register membership, proceedings, attendance and resolutions coming out of all meetings.
- ❖ Saving and loan register will be kept with the Treasurer at group level to maintain individual records of their savings and loans.
- ❖ Cash book and bank loan register with the Treasurer will facilitate up-to-date position of all income and expenditure, as well as bank loan received and repaid.

13. Managing the Bank Account

The ----- (name of the group) account shall be kept in the nearest Bank. Treasurer, Chairperson and Secretary (any two) shall have joint signatory power. All withdrawals shall be supported by a resolution of the ----
----- (name of the group).

14. Change in Bye-laws

The rules of the ----- (name of the group) or any part thereof can be amended by all the members present at a General Body Meeting convened for the purpose. To make any change it would be preferable that this change is supported unanimously or by at least 2/3rd of the total members.

15. Dissolving the Group

If at some point of time members with majority vote decide to dissolve the group, the members need to discuss the formalities and terms of group money distribution and group payables and receivables amongst themselves before the group can be dissolved. To dissolve the group it would be preferable that this proposal is supported unanimously or by at least 2/3rd of the total members.

Model Bye-laws for Federations of Self-Help Groups

1. The name of the federation shall be -----
-----.

2. The ----- (name of the federation) shall accept as members Self-Help Groups (SHGs) of -----
(CD Block or District)

Address of the federation is -----

----- Pincode: -----

3. The **objectives** of the ----- (name of the federation) are:

- ❖ To provide a forum for regular interaction and networking between member SHGs;
- ❖ To strengthen the member SHGs through ideas, suggestions, visits, exposure, etc;
- ❖ To take up activities that benefit member SHGs and communities, but cannot be taken up by individual SHGs on their own;
- ❖ To create linkages with other institutions of relevance for the welfare of member SHGs;
- ❖ To provide a forum through which women's awareness related to Income Generating Activities (IGAs) can be increased and other women's development activities can be pursued;
- ❖ To regularly review the functioning of the member SHGs;
- ❖ To promote regular saving and meeting habit amongst the member SHGs;
- ❖ To make available to member SHGs cash credit on easy terms, primarily to expand/start IGAs and secondarily to meet urgent domestic needs;
- ❖ To build leadership skills of the members so that they can manage the SHGs and the federation;
- ❖ -----

4. Membership

- ❖ SHGs in the area defined above, which
 - Have been existing for at least one year;
 - Are meeting and saving regularly (not less than 80% of members);
 - Are repaying any loans given (not less than 90% repayment);
 - Pay the prescribed admission fee and the fixed yearly subscription fees.
- ❖ Each member SHG will elect two of its members to represent the group in the Executive Committee of the federation, for a two-year term. One of the members shall be an SHG office bearer, the other one a general SHG member.

5. Contributions

- ❖ At the time of admission, each SHG shall pay an admission fee of Rs. -----
- ❖ Every member SHG shall pay a subscription fee of Rs. ----- per year.
- ❖ If a member SHG does not pay the yearly subscription fee on the decided date, it will be fined with Rs. ----- per ----- (e.g. per month/week/day etc.)

6. Management of the Federation

An Executive Committee, comprising two representatives per member SHG, shall be responsible for strategic as well as day-to-day management of the federation.

Within the Executive Committee, there shall be a Management Committee consisting of three persons, viz. Chairperson, Secretary and Treasurer, who shall be elected by all the Executive Committee members and amongst the members for a period of one year. These office bearers can remain in office continuously for two terms. The three Management Committee members must be from different SHGs.

Individual responsibilities of the office bearers shall be the following:

Chairperson

- vii) Preside over regular meetings and any other meetings of the federation;
- viii) Sign to approve the decisions and resolutions of the meetings;
- ix) Solve any complaint with the help of other office bearers and members, if required;
- x) Check and co-ordinate the activities of Secretary, Treasurer and other members;
- xi) Maintain liaison within and outside the federation, especially with banks, HCFP and other sources of help.

Secretary

- vii) Call meetings with prior permission of the Chairperson and prepare agenda for every meeting;
- viii) Maintain a record of the proceedings of all regular and special meetings and read them out at the next meeting;
- ix) Write resolutions made at each meeting and read them out at the same meeting;
- x) The Secretary will maintain the following registers:
 - Membership register
 - Attendance register
 - Activity and resolution register
- xi) Conduct all meetings and chair a meeting if the Chairperson is absent;

Treasurer

- vii) Preserve important papers and documents related to financial matters;
- viii) Maintain all accounts of the federation, i.e.
 - Cash book
 - Loan ledger
 - Receipt and payment vouchers
- ix) Receive contributions from member SHGs;
- x) Deposit cash in the post office/Bank within two days of collection if cash is more than Rs. _____;
- xi) Pay loans approved by the federation and receive repayment and interest;
- xii) Present all financial reports of the federation.

7. Meetings

- ❖ The Executive Committee of the federation will meet once every month. In every meeting, the date of the next meeting will be fixed.
- ❖ If an SHG representative does not attend ----- consecutive meetings without any prior information, the SHG will have to face penalty of Rs. ----- per meeting.
- ❖ All member SHGs shall have the right to and be encouraged to propose agenda items for discussion in federation Executive Committee meetings.
- ❖ General Body Meetings of all members from all member SHGs will be held at least once a year.

8. Loans to Member SHGs

- ❖ Loans will be considered during the periodic meetings of the federation based on a written application from any member SHG, addressed to the Chairperson of the federation. The representatives of the applying member SHG will be allowed to take part in the discussion, but will not be allowed to vote.
- ❖ A loan can be granted to a member SHG provided that:
 - The member SHG has paid all federation membership fees due and has repaid any previous loan amount in full, along with interest.
 - The proposed loan purpose/income generating activity is viable.
 - The member SHG is meeting and saving on a regular basis, is following its bye-laws and takes an active interest in the federation.
- ❖ The loan limit for a loan to a member SHG shall be decided by the full Executive Committee, considering the financial position of the federation and its obligation to meet the credit needs of a number of member SHGs.
- ❖ The interest rate shall be Rs. _____ per month per Rs. 100/-.
- ❖ The loan repayment procedure shall be decided by the Executive Committee of the federation.
- ❖ The loan requests approved will be noted in the Activity and Resolution register.

9. All the income that accrues to the federation from interest on savings, interest on loans and returns from penalties and fees will be re-invested in the federation fund.

10. Withdrawal of Membership

The Executive Committee members should discuss in detail the procedure if a member SHG proposes to leave the federation. Any loan given by the federation to that SHG, which is still not repaid, requires special consideration.

11. Disqualification of a Member SHG

A member SHG may be disqualified by the ----- (name of the federation). The disqualification criteria⁵ are:

4. _____
5. _____
6. _____

12. Maintaining Various Records

- ❖ Membership, Attendance, Activity and Resolution registers will be kept with the Secretary to register membership, proceedings, attendance and resolutions coming out of all meetings.
- ❖ Cash book and loan ledger with the Treasurer will facilitate up-to-date position of all income and expenditure, as well as loans given and repaid.

13. Managing the Bank Account

The federation account shall be kept in ----- Bank. Treasurer, Chairperson and Secretary (any two) shall have joint signatory power. All withdrawals shall be supported by a resolution of the Executive Committee of the federation.

14. Change in Bye-laws

The rules of the federation or any part thereof can be amended by all the members present at a General Body meeting. To make any change it would be preferable that this change is supported unanimously or by at least 2/3rd of the total members.

15. Dissolving the Federation

If at some point of time members with majority vote in a General Body meeting decide to dissolve the federation, the members need to discuss the formalities and terms of federation money distribution and federation payables and receivables amongst themselves before the federation can be dissolved. To dissolve the federation, the decision must be unanimous or supported by at least 2/3rd of the total members.

⁵ Such as non-participation in federation meetings and activities, not paying subscription fee, not repaying loan received from the federation, not following the rules of the SHG, etc.