

Policy paper on “Sector-own Control (SOC) - Review of Sustainability of SHGs & SHG Federations in India”

Executive Summary

This paper presents results from the implementation of Sector Own Control (SOC – also called Self-Regulation or in vernacular as *Swayam Niyantrana Udhyamam*) of SHGs & SHG federations over a decade and recommends mainstreaming of self-regulation for the self-reliance & sustainability of the SHG movement in India. The focus is on the women's SHGs and their federations that, after completion of Sector-own Control (SOC) pilot in 2010 & it's up scaling over the past 10 years, have entered into the mainstreaming phase through dissemination at sector level. In addition, focus is on the recently initiated development of self-help farmer producer organizations (FPOs) of smallholders, which is still in the initial phase. The Indian self-help movement proved to be one of the world's largest and most successful networks of women-led community based, member-owned cooperative organizations engaged in providing micro-financial services under the Reserve Bank of India (RBI) & National Bank for Agriculture & Rural Development (NABARD) spearheaded SHG – Bank linkage program. As on March 2022, there are 12 million SHGs covering around 144 million women managing their own savings of around 20 billion USD of savings and another 20 Billion USD of bank loans. It follows the internationally approved cooperative principles of self-help, self-administration, self-responsibility, and mutual support as once formulated by the German cooperative pioneer Friedrich Wilhelm Raiffeisen.

What is SOC / Self-Regulation?

SHG and their federations have their own regulation & supervision (grading, audit & elections at SHG & SHG federation level) to ensure good governance and management at all levels, which could be called as self-regulation. They also need to enforce the compliance with prudential regulation standards by their own supervisory body.

SOC – Origins and Progress/Current Status

The development process of SOC, an approved governance and control concept of member-owned self-help and cooperative organizations, is supported by NGOs, National and State Governments as well as national and international promoters. The Indian non-governmental organization Mahila Abhivruddhi Society (APMAS) as a technical assistance and capacity building agency has been spearheading the movement for self-regulation to strengthen the Indian self-help movement since the year 2008. The German Cooperative and Raiffeisen Confederation (DGRV) joined this participatory process within the framework of its international cooperative development activities and in partnership with APMAS. Together with the government-promoted Society for Elimination of Rural Poverty (SERP) both partners have provided intensive support through jointly facilitating the establishment and the scaling-up of the so called “Kamareddy cluster Pilot” in the Nizamabad District (now Kamareddy District) of the southern Telangana State. A cluster of five Sub-district level SHG Federations, 193 Village Organizations and 5000 SHGs successfully piloted the development and implementation of a SHG-model for “Self-Regulation” or “Sector-own Control (SOC)”.

Inspired by insights and experiences of the pilot and their dissemination, several other SHG federations promoted by 17 Self-Help Promoting Institutions (SHPIs) including NGOs, State

Rural Livelihood Missions, State Urban Livelihood Missions, Corporate Social Responsibility (CSR) agencies in 10 Indian states have already adopted and implemented the SOC concept in whole or in part, both in rural & urban areas. The progress of the self-regulation components of SOC concept are give below in Table 1.

Particulars	#	Particulars	#
Resource pool development		Regular SHG bookkeeping, auditing & MIS	30,000
SHG bookkeepers trained	5,000	SHG trained on SNU	50,000
SHG auditors	3,200	Federation Board trained on SNU	2,000
Community resource pool developed	1,000	SHGs paid audit fee to federations	25,000
		Legal compliances in SHG federations	2,000

The impact assessment of SOC project clearly revealed that overall, a sense of ownership has increased among SHG members, and they feel that the SHG Federation is their institutions which need to be governed and managed by themselves. With the sense of ownership, accountability has increased and leaders are taking charge of managerial and monitoring roles in their SHGs, Village Organisations of SHGs and Cluster Level Federations. Members are playing their roles of management, so it increases the transparency among leaders as well as members about their fund's availability, assets, profits, and debts also. Productivity of staff also increased as they are not needed to involve their time in the facilitation of meetings, so they are engaging themselves in providing benefits of Govt. schemes to members and supporting members in their livelihood's promotion activities guidance and linkages. Confidence level of women leaders has increased significantly as they are feeling much capable to own and govern their institutions. Leadership rotation provides an opportunity of equal opportunity to members become leaders and it's creating a level of trust among institutions regarding their functioning and operations as well. A strong pool of leaders developed as social capital in the cluster federation and providing regular support for institutional quality enhancement. As women leaders and community cadres are actively playing their roles in their community to create a positive image of SHG Federations in their community as well in the outer world. Table 2 provides a summary of the performance of SHGs and SHG-based associations in the pilot cluster of Kamareddy district over the seven-year period 2011 to 2018.

Table 2: Changes in performance of SHGs, VOs and MS in KCPS cluster 2011 to 2018

Key elements	As of July 2011			As of December 2018		
	SHG level	VO level	MS level	SHG level	VO level	MS level
Updating books of accounts	60.7%	50.6%	90%	97.3%	100%	100%
Average savings (Rs)	29,761	38,373	95,627	85,600 SHGs started Health & StreeNidhi savings	74,000 SHGs started Health & StreeNidhi savings	6,96,898
Regular internal audit*	74%	56%	Not started	84% SHG financial audit on monthly basis	100%	100%
Rotation of own funds	67%	40%	43%	71%	76%	12%**
Overall recover of	45%	75%	77%	91.8%	92%	100%

Key elements	As of July 2011			As of December 2018		
	SHG level	VO level	MS level	SHG level	VO level	MS level
loans						
Profitability	78%	100%	100%	100%	100%	100%
Legal compliances						
Elections	35%	100%	100%	74%	100%	100%
Statutory Audit	NA	99%	100%	NA	100%	100%
Annual General Body meetings	32%	99%	100%	84%	100%	100%
Annual returns filing	NA	100%	100%	NA	100%	100%
** Internal funds are invested in higher level federation for accessing higher quantum of loans. Hence the rotation % of internal loans is less						

This was the promising beginning of mainstreaming the self-regulation/ SOC concept in the country to develop SHGs and their federations as autonomous & independent member-owned business organizations. However, additional efforts and external support from NABARD, NRLM, NULM and State Governments are required in mainstreaming and to achieve the economic, social, and societal objectives set with the promotion of self-help movement in the country. Dealing with the self-help movement, this paper focuses on SHG structures and FPOs demonstrating which impacts of implementing the self-regulation / SOC concept have already achieved and what still must be done by its mainstreaming. In principle, however, the results can easily be transferred to other cooperative self-help structures. The paper especially addresses involved shareholders, i. e., policy makers, promoters, regulators, SHG federations, Farmer Producer Organizations (FPOs), banks & financial institutions.

SHGs and their Federations

The self-help movement, over the years, has shown a dynamic development. Hardly anyone had expected such a success when the SHG movement pioneered by NGOs began more than 30 years ago. As on 31 March 2022, 11.9 million SHGs exist in India, covering an estimate of more than 142-million-member households. 90% of the SHGs are women SHGs. If assumed that each member represents a household of 5 Persons on average, SHGs impact 500 million people belonging to the poor in rural & urban population. Adding to the direct economic benefits, SHGs have an enormous positive impact on social cohesion among their members, on the improved ability to solve social conflicts, and on the empowerment and strengthening of the social position of women within their families and their communities. The SHGs & Federations served as platforms for women to realize their full potential.

Despite the tremendous positive impact on the economic and social situation of the poor, especially in rural areas, SHGs as a structure of informal, small, basically stand-alone women groups face many challenges. These constrain their service capacity, bargaining power, and even hindering or endangering their effectiveness and sustainability. Therefore, following good cooperative practices, in the late 1990s SHPIs started facilitating SHGs to uniting themselves into federations of member-owned, bottom-up structured, multilevel federation systems at village-, sub-district, and district-level. Comparable to so-called secondary institutions of other cooperative organizations, the SHG Federations' mission is to help their local SHG constituents through supportive and complementary services to informal groups.

The services, SHG federations are providing to their constituents can be grouped in institutional development, financial intermediation, livelihood enhancement, business support services, and social intermediation. Although federations in many places still are in early stages of development, it has already proved to bring many benefits to SHGs and their members. This includes mobilizing economies of scale, extending value chains, broadening, and deepening of SHGs' service packages, and enabling capacity building among primary members, managers, and professionals etc. Larger business and broader service diversity contribute to improving effectiveness and efficiency of the individual SHG increasing the attractiveness of SHG membership. SHG federations take up monitoring, rating & audit of the member-SHG. In the meantime, the SHG-Model is also being used for improving the livelihood of sub-urban and urban poor, particularly slum dwellers.

Role of Self-help Promoting Institutions (SHPIs) - Enabling or Restrictive

In promoting the self-help movement, it is still often evident that measures and practices that may be intended as promotion hinder or even endanger the path to self-reliance and sustainability of self-help structures. The implementation of an effective self-regulation / SOC concept has proven to be extremely useful and necessary to make such negative effects transparent enabling timely response to avoid such support measures or at least to mitigate their impacts. Few examples may illustrate such risks of counteract promotion practices such as availability of corpus for its business and providing recurring grants to meet the operational cost by promoting institutions. This support has made them too dependent on external support resulted in compromising on their autonomy and independence to emerge as business organization Similarly increasing bank loan to SHGs and increasing grant support to federations, level of member stake at SHGs and federations reduced significantly. That may result in reduced ownership & control of the members and also resulted in elected representatives are lacking responsibility and accountability. In addition to this, federations also suffering from low levels of managerial and technical understanding of banking and finance, leading to adoption of inappropriate accounting practices, insufficient information system, inadequate internal control, and ineffective risk management. In this context achieving self-reliance of the SHG federations - and ensuring that the vision of the federation is dictated by its members is real challenge.

Sector-own Control (SOC): Good Practices and Impact Pathway

SHGs, FPOs and generally cooperative organizations are suitable for self-regulation (SOC), i. e. to be governed and controlled by their members. The SOC comprises important tools as: Active participation of SHG members in governance and control, transparent accounting, sector-wide internal control, and regular external (compulsory) audit on all institutional levels. As cornerstone of the mentioned pilot system, a member-based supervision federation at block level, i. e. Kamareddy Cluster Paryavekshana Samakhya, has been established. This institutionalizing of SOC as such, follows a century-old proven German cooperative tradition and good practice of conducting SOC services. The supervision federation is in charge of audit and technical assistance services to the SHG-institutions. Specifically, it is organizing and conducting audits of the governance/management plus financial/economic results of the SHG cluster institutions. Furthermore, it is providing capacity building and technical assistance services to the cluster as well as scaling-up services for self-help organizations in other

regions. The federation is equipped with trained management and staff, recruited among SHG members, comprising auditors, accountants, trainers, and community resource persons.

The following good practices of SOC have been focused upon during the pilot:

- provide the necessary training and field support to constituent SHGs, SHG federations and FPOs, for quality bookkeeping, accounting, internal audit, monitoring systems & accountability systems
- help establish management information systems & computerization at all levels
- help establish business and management performance standards at all levels and promote the internalization of those standards at all levels
- help in ensuring payment of patronage bonus at every level and helps prevent withdrawal and encourage growth of own funds
- ensure that members and Boards/committees at various levels understand financial statements and that they review the functioning of their respective organisations from the point of view of the business growth and organisation's own growth
- undertake internal audit of SHG federations and FPOs and audit of SHGs by SHG federations
- maintain a panel of chartered accountants for use by the movement, and educate and negotiate with chartered accountants, on the specific needs of the movement
- ensure monitoring of business and management performance of SHGs, SHG federations and provide necessary guidance to them on actions including training, to be undertaken for improved performance at various levels
- rate SHG federations for the information of their membership on the soundness of their organisations
- ensure that elections are conducted in an open and transparent manner so that members can elect the most prudent and not necessarily, the most vocal or smart, to assume responsibility for the running of the organisation.

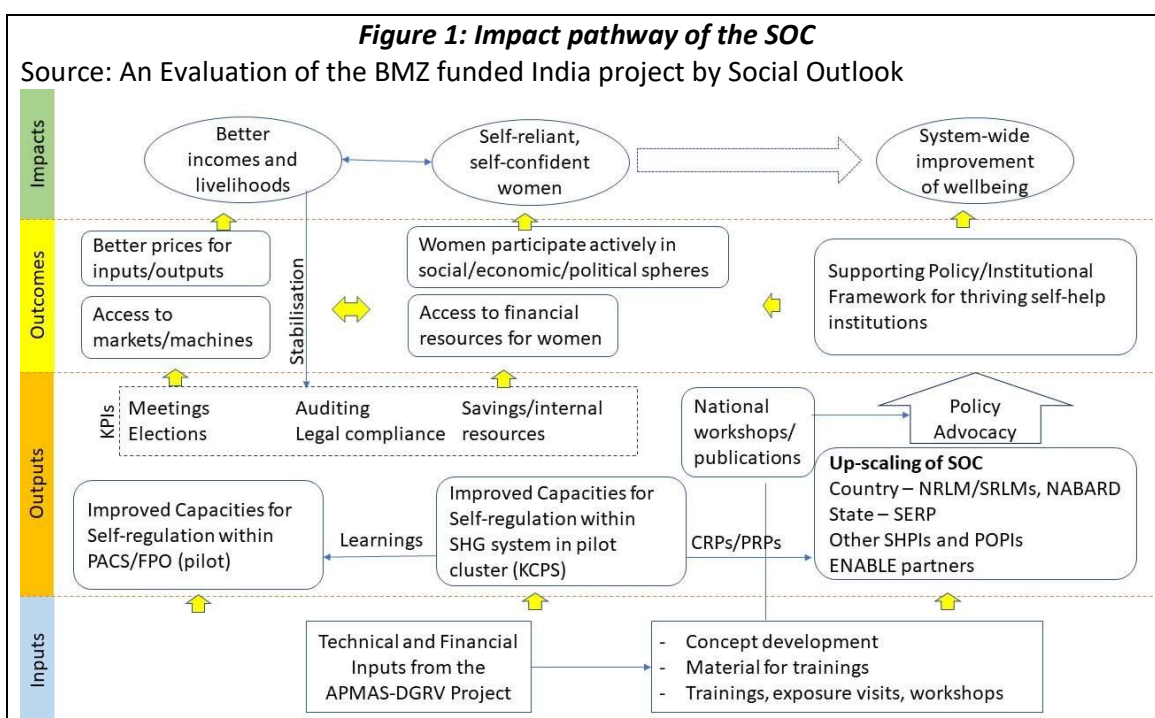
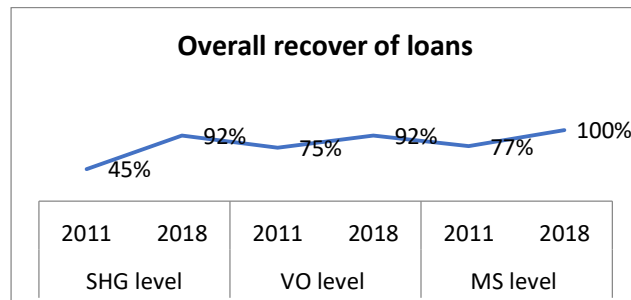
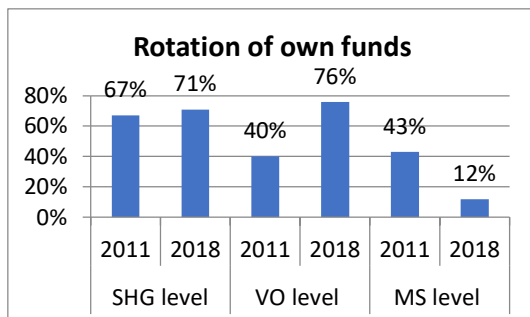
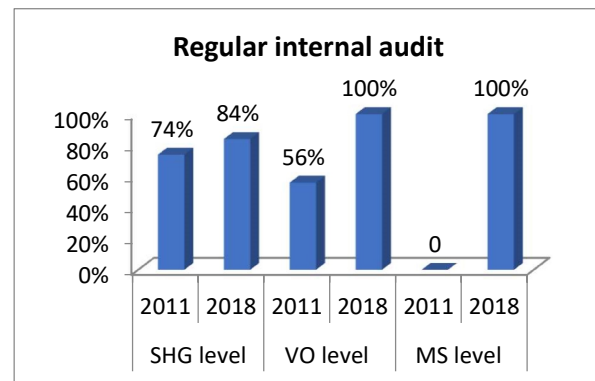
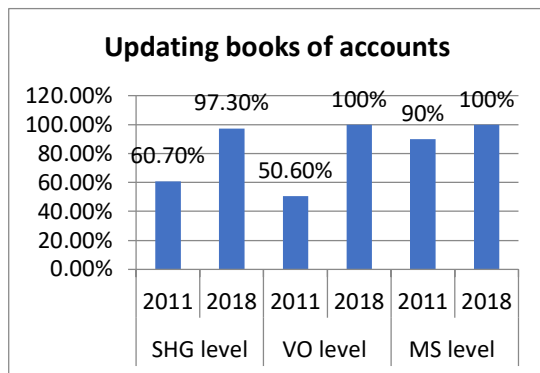
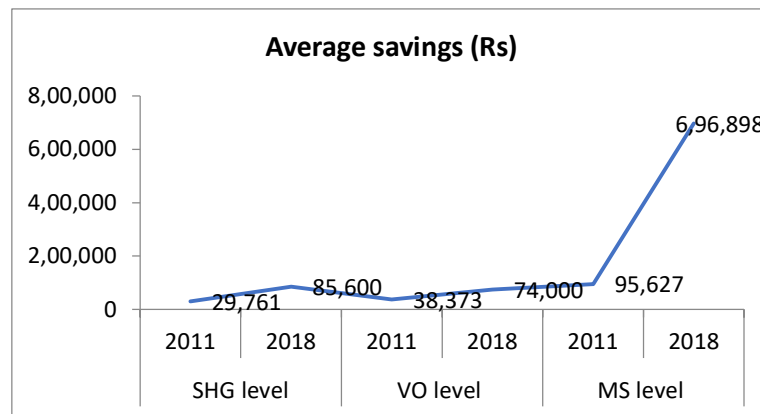


Figure 1 provides a mapping of the intended impact pathway of SOC. The result of cluster-pilot and scaling up have confirmed that the implementation of an effective institutionalized self-regulation according to the SOC model is of existential importance for member-owned, multi-level self-help structures. Regardless of their specific entrepreneurial orientation or purposes, secures reaching efficiency, transparency, self-reliance, and sustainability. Important, it creates and preserves ownership feeling among members/users on their institutions, a necessary feature and specific strength of self-help organizations. Using effective SOC allows self-help organizations to make advantages as well as threats transparent, enabling adequate and timely response. It serves as a reliable source of information about needs of improving and developing existing self-help structures and concepts for establishing new ones.



Outcomes of Implementation of SOC in Three States

The impacts to date, approved in the Kamareddy SOC cluster pilot and the scaling up underline the importance to mainstream the self-regulation/SOC model in order to put self-help structures on the path to self-reliance and sustainability. Table 3 gives the outcomes of the implementation of SOC with partners in three states, viz., Rajasthan, Bihar and Maharashtra.

Table 3: Outcomes of the SOC with partners - An assessment conducted in 2021				
State	Rajasthan		Bihar	Maharashtra
District	Alwar	Bhilwara	Nawada	Rajguru Nagar
Promoting Organisation	IBTADA	Rajeevika	Jeevika	Chaitanya
Name of Federation	Kranti Mahila Manch (CLF)	Surya CLF, Shambhugarh	Dharohar CLF	GMSS
Dependency on promoters for conducting SHG meeting	Reduced from 90% to 60%	Meetings are Regularized with support of Community Manager	Meetings are Regularized with support of Community Manager	50% SHGs are conducting their own meetings
Regularity of meetings	12 meetings	12 meetings	12 meetings	12 meetings
Elections & Leadership change	Norms set at SHG & Federation level	Regular elections happening at SHG and Secondary level federation	Elections are happening at SHG & Primary level Federations	Regularity of elections at Primary & Secondary level federations
Regularity of bookkeeping at SHG & Federation level	100% Updated & proper bookkeeping is followed by own bookkeepers	50% SHGs level & 80% Federation level updating of books happening	30% SHGs books are up to date & 70% at CLFs level following proper bookkeeping	100% SHGs & federation has proper bookkeeping
Introduction of fee for services	100% SHGs & Federation	Introduced concept for audit at 100% SHG level	Introduced concept for payment for bookkeeping in 30% SHGs	100% SHGs & Federation
Savings by members	80% members in majority SHGs increased special savings from Rs.200 to 500	56% of SHGs increased savings	80% SHGs payment of savings regularized	30% of SHGs increased savings from Rs. 50 to Rs.200
Increase in average loan per SHG	Rs.21,700 to Rs.24,300	Rs.33,00 to Rs.67,300		Rs.15,000 to Rs.35,403
Increase income of SHGs	18%	45%	40%	48%
Audit of SHGs is done regularly	SHG member developed as auditors and conducting audit of SHGs	SHG member developed as auditors and conducting audit of SHGs	SHG member developed as auditors and conducting audit of SHGs	SHG women developed as Audit jankars and conducting audits
Regularity of Board meetings	100%	100%	100%	100%
Attendance in Board meetings	Maintaining minimum 90%	Maintaining minimum 90%	Maintaining minimum 90%	Maintaining minimum 90%

State	Rajasthan		Bihar	Maharashtra
District	Alwar	Bhilwara	Nawada	Rajguru Nagar
Profitability of federations (CLFs)	Rs.4 lakhs surplus	Rs. 10.9 lakh surplus	Rs. 12 lakhs	Rs.44.7 lakh surplus
Legal compliances (on time & regular)	On time & regular	On time & regular	Not registered. But conducting annual general body meetings	On time & regular

This is precisely where the SOC model comes in, by trying to eliminate such deficits through targeted capacity building, advisory support, and coaching, as proven in the Kamareddy cluster pilot and up scaling of SOC.

Though large number of the federations act as multi service-federations, they do not have adequate funds to meet the credit demand from members and promoting new enterprises or improve existing livelihood activities. Some of the federations have borrowings from Financial Institutions (FI). However, ecosystems for facilitating SHG federation - bank linkage are lacking. Moreover, majority federations do not adopt a business-like approach in pricing their products and services or consider their operations to be commercial and majority of them are dependent on grant funds and perpetual funding from State Governments. SOC provides SHG members / SHGs, their representatives, and office bearers with the necessary transparency and accountability to be able to intervene with corrections.

SOC – The FPO Challenge

Similarly, FPOs promotion is more top down approach and target orientated. These FPOs are accessing technical, capacity building and business development support from CBBOs. Similarly FPOs also accessing management grant, equity grant from promoting institutions under Government of India's Central Sector Scheme managed by the Ministry of Agriculture & Farmers Welfare with very little role for the State Governments. As the focus of the promoters is more on business of the organization, FPOs are suffering with weak governance, low business management skill & technical understanding insufficient information system, inadequate accounting & internal controls and ineffective risk management etc.

FPOs are also facing number of issues for optimizing their sustainability. One of the problems facing by FPOs is member share capital defines the ownership of an enterprise, who in turn makes decisions. Since equity contribution by members in FPOs are limited, feeling of ownership and active participation in decision making is also limited. Similarly, FPOs are receiving funds from external agencies and the ratio compared to own funds, external funds is high. Hence, the quantum of risk that members are willing to take in their enterprise and their faith in and commitment to their own organizations are also limited. FPOs also targeting small & marginal farmers, are facing the problem of breaking-even when the promoters 'support ends. Markets are more competitive; hence margins are low. FPOs also facing problems related to formation of financial capital, technology, and management etc. Most of the FPOs are pre-occupied with the collective procurement of inputs and marketing those to members. Limited number of FPOs have been successful in post-harvest management – primary processing, secondary processing, branding & marketing as a part of agriculture value chain development. There is scope for the FPOs to form their own federations which can take up

secondary processing and marketing; and these FPO federations could also perform the function of sector-own control (SOC).

It is difficult to regulate and supervise above aspects by external bodies, because of widespread nature of the institutions. Hence, Members' own control and supervision is necessary to make these institutions follow the standards and to ensure self-reliance. For this the following actions to be taken up by various stakeholders.

1. SOC should be scaled up and mainstreamed in SHG movement across the country.
2. The SOC practices are also urgently needed in Farmers Producers Organisations. Hence, advocate and institutionalise SOC practices while promotion and nurturing them.
3. Facilitate SHG federations and FPOs engage with regulatory bodies and service providers on behalf of the movement, where necessary
4. NABARD and NRLM should collaborate with competent organisations to promote and mainstream SOC in SHGs, SHG federations and FPOs
5. NRLM/NABARD should invest in developing 'SOC- Social Capital' who will train members and also support in facilitation of SOC practices
6. SRLMs & Promoting institutions under Central Sector Scheme of promoting 10,000 new FPOs, can promote an autonomous State or Regional Level Self-regulation body (SRO) of the SHGs & SHG federations and FPOs through a self-financing model.

Conclusion and Policy Recommendations

In general, a widespread and well-functioning self-help movement, equipped with an appropriate SOC system is of eminent importance for the country. This becomes even more relevant as per the Supreme Court Judgement which affirms the right form cooperative as a fundamental right of the citizens under 19(1)(c) to ensure that all the cooperative laws in the country are enabling to ensure autonomy & independence of the cooperatives as member-owned enterprises practicing self-regulation & self-supervision.

At the micro level, self-help organizations promote the economic, social, and cultural situation of the single members and their families. It strengthens the individual positioning of the members in their respective family and community. Among the members in their combined role as owners and users, it mobilizes self-initiative and willingness to collaborate, promotes capacity building, and creates new professional and entrepreneurial perspectives as well as employment opportunities.

At the macro level, the self-help movement with its SHGs, SHG federations and FPOs and similar cooperative structures can significantly contribute to improving the socio-economic situation of the rural and urban areas. It can enhance the livelihood of the population in these areas and to serve the poverty alleviation. Additionally, it helps to reduce unemployment, rural exodus, and migration, especially among the young population. Overall, a well-institutionalized self-help movement contributes to the development of the country and its prosperity.

The development of cooperative self-help structures in India has made significant progress. Some of the mature self-help organizations have already taken big steps towards self-reliance and sustainability. This applies in particular if they have successfully institutionalized an effective self-regulation / SOC concept. However, despite this progress, not all existing self-help structures have reached a sufficient state of functionality, self-reliance, and sustainability. So far, they have not activated the socio-economic capacity potential that self-help organizations can mobilize.

The reasons are different and complex and basically affects all stakeholders. Mainstreaming the self-regulation / SOC concept in the country can decisively contribute to the elimination of institutional deficits as well as to achieving self-reliance and sustainability at existing and new found self-help structures. However, the mainstreaming of the SOC concept urgently requires important accompanying and supporting measures to ensure the necessary success.

In the following, the most urgent issues to be solved are being listed, assigned to the relevant stakeholder group, without releasing the other stakeholders from the necessity to contribute on their part:

Self-help and cooperative networks

- Developing a clear strategic concept approved and supported commonly by the members, elected representatives, the management, and staff. It should contain clear and binding statements about the common mission of purposes to be pursued, and the vision of how this could best and sustainably be achieved. These must be supplemented by appropriate planning with clear assignment of tasks, timing, and responsibility for implementation. Keeping the strategic concept up to date by regularly adjusting according to variations of members` needs, emerging conditions and the relevant framework.
- Adequately institutionalizing self-help multi-level systems to be bottom-up built by a broad base of member-owned primary and their secondary institutions. Well-organizing division of functions between the several tier-institutions according to the principle of subsidiarity and based on the nature of institutions – business or service functions.
- Implementing a member-based effective governance and control system according to the self-regulation model as proved by the Kamareddy pilot, or similar Self-Regulation models. Institutionalize self-regulation / SOC and development / training activities in member-owned special associations that, in contrast to the other secondary institutions, have no business or social tasks to perform.
- The changing complexities of member management, human resource development, financial management have necessitated availability of professional assistance to SHG federations through adequately trained and professional paid staff on appropriate terms working under the elected body. Use of “best practitioners” as Community Resource Persons (CRPs) would be another way to enhance the quality of SHGs and SHG federations Providing sufficient capacity building for members and their representatives to enable them to guideline and control the professional management of secondary institutions.
- Establishing business links and elaborations between different cooperative self-help institutions (SHGs, FPOs, PACSs, other cooperative organizations) respective their secondary institutions. Using specific know-how, product offer and service supply of these insti-

tutions to extend and enrich own product and services programs according to members' needs. Such collaboration could make the cooperative membership additionally attractive.

- The financial federation should develop linkage with banks and other Financial Institutions (FI) to meet credit demand of the members, to have diversified sources of funds and increase offering services to SHGs in the federation to improve its Operational and Financial Self Sufficiency. For this federating must get themselves rated by a credible rating agency. For federations to attract mainstream funds, they must demonstrate excellence in governance, systems, and sustainability. SHG federations have gained prominence as livelihood promotion organizations. Many SHG federations are involved in collective procurement and marketing activities. Hence, there is a need for institutional design for promoting FPOs by SHG federations. For Sector Own Control (SOC) to be institutionalized, a service federation at State or Regional Level could be promoted as service federation for SHG federations, FPOs and other cooperative institutions based on the learning from the German Cooperative Experience.

Promoting institutions

- Disseminating, advocating, and supporting the self-help and cooperative structures country wide completing their systems with the self-regulation / SOC concept. When promoting self-help initiatives, follow a coordinated approach with other stakeholders involved to strengthen and sustainably secure the common promotional effects and ensures them in the long term.
- Promoting and respecting the preservation of the self-help character in support of the development, institutionalization, and business orientation of self-help organizations. At the latest after an initial phase, project management and control should increasingly be transferred step by step to the elected member representatives. Accordingly, the promoting institutions should take on the role of facilitating and then, if necessary, of coaching depending on the needs and in consultation with the representatives of the respective SH organization.
- Pursuing a transparent transformation strategy right from the start. Avoiding engagements and intervention in the governance- and business-functions reserved for the self-help organizations and their members themselves, such as e. g. the control and supervisory functions or the role of a microfinance institution. Instead, offering capacity building to equip members, office bearers and staff from the ranks of the self-help organization with the necessary professional know-how.
- Similarly, FPOs, requires facilitation of strong governance and management, handholding support for technical, market linkages, working capital and infrastructure facilities which will ensure sustainable, self-reliant, business organization. Government of India and other key stakeholders should make resources available & facilitate convergence of resources for creation of farm infrastructure at FPO level for cleaning, grading, sorting, assaying, processing, branding & transportation of Agri commodities up to delivery/ market centres as also for establishment of custom hiring centres for the benefit of shareholder members.

Government and governmental agencies

- Do not consider self-help structures and cooperatives only as institutions for the poor, based on general political objectives such as poverty alleviation and women empowerment. This will undermine the fully economic and social potential which the self-help and cooperative movement are able to mobilize as cooperative organizations around the world have demonstrated. They are pursuing the concept of open membership, i.e. primarily the common interests determine for whom the membership is possible rather than socio-economic categories.
- Self-help and cooperative structures need an appropriate legal and regulatory framework comprising proper political commitment, legislation, sector-owned control (self-regulation) as well as external regulation and supervision. The model legislation may consider the uniqueness of self-help and cooperative structures, may have space for self-governance, ensure a level playing field and encourage compliance to legal requirements. Indian Mutual Aided Cooperative Society (MACS) Acts are close to being an appropriate model law. Model liberal cooperative law for SHG federations needed.
- Financial federations conducting sector-owned control need additionally appropriate external regulation and supervision by financial authorities encouraging confidence building internally and externally. To achieve effective and economically efficient external regulation and supervision, the financial authorities should base their activities on the SOC systems of the self-help and cooperative structures.
- Even very effective self-control and external regulatory activities cannot entirely prevent any risks generally associated with the financial intermediation. Therefore, the establishment of a protection or stabilization system for self-help and cooperative institutions dealing with financial intermediation aimed at avoiding or compensating such losses is necessary, in-line with best international practice.
- Government of India and State Governments to promote professionally managed and self-financing federations to take responsibility for Sector Own Control. For example in Kerala, Kudumbhasree Audit & Accounts Services (KAAS) is set up as a membership based service organization successfully. APMAS also facilitated service organisations at different level with considerable success. A supervisory federation of SHG federations and FPOs, FPO federations can be promoted for long-term sustainability.

In general, these tasks concern all stakeholders: National & State Governments, Banks and relevant public administrations, non-governmental organizations (NGOs) and facilitators, and in particular, the Self-help networks of SHGs / SHG federations, FPGs / FPOs, other member-based cooperative organizations. There is a mutual dependency between the policies, measures, and activities of the individual stakeholders about the further development of the self-help structures. This makes it necessary to have a coordinated approach ensuring that the effects are compatible and mutually supportive, but not contrary.