



Self-Regulation System for SHGs and SHG Federations- Assessment of the outcomes

Jaipal Singh

Table of Contents

1	Executive Summary.....	4
2	Introduction and Background	6
3	Purpose of the study and methodology	8
3.1	Objectives of the study	9
3.2	Study Design.....	9
4	Major inputs provided under SOC	11
5	Assessment of the Outcomes of the Self-Regulation	13
5.1	Outcome of Self-Regulation/ SOC at SHGs	14
5.1.1	SHG meetings are more systematic.....	14
5.1.2	Attendance in the SHG meetings.....	15
5.1.3	SHG meetings are held regularly	15
5.1.4	Bookkeeping is done properly, and bookkeepers are paid by respective institutions.	15
5.1.5	Norms and standards are in place	16
5.1.6	Status of Savings by members	17
5.1.7	Income of SHGs has increased.....	21
5.1.8	SHG- Bank Linkage	24
5.1.9	Audit of SHGs is done regularly.....	27
5.1.10	Financial Viability of the SHGs	28
5.2	Village Organisations or Clusters of SHGs.....	28
5.2.1	Structure of VO	29
5.2.2	Key changes have been observed and found after Self-Regulation implementation in VOs 30	
5.2.3	Services from VO to SHG.....	33
5.3	Cluster Level Federations.....	34
5.3.1	About the SHG Federations and level of self sufficiency	34
5.3.2	Decision making and Role clarity	36
5.3.3	Elections and Leadership Change	37
5.3.4	The capacity of Leaders.....	37
5.3.5	Financial Viability of the Federations.....	38
5.3.6	The services provided by the SHG Federations to VOs, SHGs and SHG members	41
5.3.7	Audit and compliances.....	42
5.3.8	Compliances.....	43
5.3.9	Internal Control Systems.....	43

5.3.10	Governance and Management	44
5.3.11	Annual General Body Meetings	45
5.3.12	Annual Planning	45
5.3.13	Elections and change in leadership.....	46
6	Outcomes & Key Changes after implementation of Self-Regulation at SHGs and SHG Federations 46	
7	Issues and Challenges	49
8	Way forward	50
9	Annexures	52
9.1	Information about partner:.....	52
9.2	Information about CLF	53
9.3	Profile of the Village Organisation	54
9.4	Profile of SHG	55
9.5	Interview of/ Discussion with Partner Staff (Promoting Organisation)	56
9.6	Check List for Focused Group Discussion with CLF leaders / Board Members.....	59
9.7	Check List for Focused Group Discussion with VO leaders	64
9.8	Check list for FGD with SHG members.....	67

List of Tables

Table 1: Sampling and Study Tools	10
Table 2: Summary of Partner Organizations studied for the study	12
Table 3: Change in norms and standards post intervention	16
Table 4: Savings trends among SHGs in Alwar	18
Table 5: Savings trends among SHGs in Bhilwara	19
Table 6: Saving trends among SHGs in Maharashtra	21
Table 7: Income of SHGs (Bhilwara)	22
Table 8: Income of SHGs (Alwar)	23
Table 9: Income of SHGs (Rajguru Nagar)	24
Table 10: Bank loans in SHGs	26
Table 11: Status of VOs in 2017-18 and 2019-20	29
Table 12: Status of VOs in 2017-18 and 2019-20	31
Table 13: Status of clusters in Rajguru Nagar	32
Table 14: Brief Profile of Federations	34
Table 15: Financial viability of Surya CLF	38
Table 16: Financial viability of GMSS	39
Table 17: Financial viability of Kranti Mahila Manch, Alwar	41

List of Figures

Figure 1: Total savings of SHGs in Alwar	18
Figure 2: Total savings of SHGs in Bhilwara	20
Figure 3: Total savings of SHGs in Maharashtra	21
Figure 4: Changes in Income over time (Bhilwara)	22
Figure 5: Changes in income of SHGs over time (Alwar)	23
Figure 6: Changes in income over time (Rajguru Nagar)	24
Figure 7: Change in status of loans across time	27
Figure 8: Change in the Status of Vos in Alwar	29
Figure 9: Change in status of clusters across time in Bhilwara	32
Figure 10: Change in status of clusters across time in Rajguru Nagar	33
Figure 11: Annual income vs annual expenditure trends (in Rs. Lakh) (Surya CLF)	39
Figure 12: Annual income vs annual expenditure (In Rs. lakh) (GMSS)	40
Figure 13: Annual income vs annual expenditure (In Rs. lakh) (Alwar)	41

1 Executive Summary

Self Help Group (SHG) movement in India has made astounding progress in last two decades. Now almost 130 million rural households of country are involved in the SHG movement, which have more than 10 million SHGs and almost 4 lakh Village Organisations (VOs) and more than 30,000 cluster/block level federations of the SHGs. And there is significant amount of money (approx. Rs. 2 lakh crores) that the SHGs and the federations are handling, major part of it is the credit from banks but the savings of SHG members is also significant (about Rs. 50,000 crores). It has taken considerable resources in terms of public investments as well as in terms of efforts by community, by institutions like NRLM, NABARD, Civil Society Organisations and many others to bring the SHG movement to its present status.

This huge institutional infrastructure of SHGs and their federations has potential to help poor to come out of poverty provided that the institutions (SHGs and SHG federations) are self-reliant, sustainable, member centric, and managed & controlled by the members. It has been widely observed that the promoting organisations usually control the community institutions and the grants/ financial support is the instrument of control over the community institutions. Often, the more articulate and influential people from the community also capture the community institutions for meeting their vested interests.

It is extremely important that the community institutions are democratic (all members have equal ownership), autonomous (free from the influence of non-members), self-managed (managed by members only) and self-sustaining (without financial dependence on donors etc.). This can happen if the community organisations are self-regulated (members set their own agenda, they put governance & managerial system in place and ensure the implementation of the systems; and the leaders are capable as well as accountable to members.

APMAS with technical and financial support of DGRV took up a pilot project in Kamareddy district of AP (now Telangana) with 6000 SHGs of five Mandal Samakhya to promote Self-Regulation practices in SHGs, and SHG federations. The pilot was to introduce practices that make members empowered to manage their institutions. ***The self-regulation practices like regular audit, timely election of leaders, annual planning, annual GBMs, grading, focus on savings, correct and updated book keeping, payment for services by institutions themselves, etc. were specially designed and introduced.*** The pilot came out as huge success in terms of members capacity to manage their institutions, governance & management systems in place, capable leadership and SHGs, VOs and Mandal Samakhya becoming self-reliant and sustainable.

Encouraged by the success of the pilot on Self-Regulation in Kamareddy district, the self-regulation was upscaled in more than seven states through State Rural Livelihoods Missions and other SHG Promoting Institutions; wherein APMAS provided technical support. This study was taken up by independent professional for APMAS to find out the outcome of the Self-Regulation scaling up across states and also to suggest way forward to mainstream Self-Regulation in SHG movement to make it self-reliant and sustainable. The study was taken up in three states viz. Rajasthan, Maharashtra and Bihar and detailed discussions with SHG, VO & CLF members/ leaders were held.

Though the outcome of the self-regulation implementation varies across locations, depending on the age of SHGs, model adopted by the SHPI and other local situations but It was found that wherever the self-regulation intervention was done, the members are independently managing their institutions; they are holding their meetings, setting their agenda, writing their books, the savings have increased, the practice of distributing income and savings has stopped, the loan size has increased; the bank

linkage has increased, the repayment of internal as well as bank loan is almost 100% and on time. The SHGs and their federations are already financially self-sustaining or at the verge of becoming financially viable. All SHGs are graded and audited regularly. The audit is done by trained community resource persons and the SHGs are bearing the cost of audit from their income.

Overall, a sense of ownership has increased among SHG members, and they feel that the Federation is their institutions which need to be governed and managed by them only. With the sense of ownership, accountability has increased and leaders are taking charge of managerial and monitoring roles in their SHG, VO and 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 of SHPIs 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 as they are feeling much capable to own and govern their institutions. Leadership rotation provides an opportunity to members to become leaders and creates an environment of trust among them. A strong pool of leaders developed as social capital in the block and providing regular support for institutional quality enhancement. As much as women leaders and cadres are actively playing their roles in their community to create a positive image of Federation in their community as well in the outer world.

Considering the positive outcome of the self-regulation, it is not only desirable but almost necessary that the self-regulation practices should be mainstreamed to make the SHG movement self-reliant and sustainable. This Self-Regulation practice of regular audit of SHGs, VOs and CLFs must be up-scaled. This can be done by developing a team of 'Audit CRPs' from among SHG women at CLF level. NRLM/ SRLMs may collaborate with competent and reputed SHG promoting institutions to mainstream Self-Regulation for self-reliance and sustainability of the SHG movement in India.

The critical aspects of Self-Regulation like timely audit, compliance, timely elections & change of leadership, financial viability, size of savings and loan size (continuous growth) should be made part of CLF and SHG rating tool. The SRLMs should make it mandatory for all SHGs/VOs/CLFs promoted under NRLM, to have annual audit, timely elections, and rating/ grading of all community institutions. SRLMs can promote an autonomous State or Regional Level Self-regulation body (SRO) of the SHGs & SHG federations through a self-financing model.

NABARD has been spearheading the SHG movement in country for more than two decades. Now with NRLM/SRLMs taking over the role of SHPIs, NABARD could possibly take lead to focus on self-reliant and sustainable SHG movement in India. NABARD can fund implementation of Self-Regulation and Self-Supervision at all levels of the SHG movement by supporting & funding capable NGOs to up-scale self-regulation. NABARD could also work with NRLM to implement self-regulation.

2 Introduction and Background

The civil society organisations in India started mobilizing women from socially and economically marginalized households into Self-Help Groups in early 1980s, primarily as a tool of women empowerment. Most poor that time were also financially excluded (lacked access to formal banking sector) and they had to take credit from informal sources at usurious rates. The SHG members started thrift activities and using their savings to provide loan to members. The Department of Women and Child Development, Government of India, took up mobilizing women into SHGs in a big way because it was found that women when come together, can raise their voice and, they can take up economic activity for their economic empowerment.

Ministry of Rural Development, Government of India, launched Swarnjayanti Gram Swarojgar Yojna (SGSY) in 1999 under which the model of SHG was used to address rural poverty. Under this scheme (Swarnjayanti Gram Swarojgar Yojna) the women from poor households were mobilized into SHGs and they were given subsidy & training to take up income generating activity. With introduction of the subsidy, the quality of the SHGs was adversely affected. The SHGs slowly became an instrument of scheme implementation and the control of the SHGs also shifted from its members to the promoters. SHGs started working as extended arm of banks to provide credit to members and to take repayments for the banks. Therefore, the promoting organisation (government) and lending organisations (banks) started influencing the functioning of the SHGs.

With the launch of National Rural Livelihoods Mission (NRLM) in 2011, government has taken over the mandate of mobilizing all poor households in rural India into SHGs. The second and third tier institutions of SHGs i.e., Village Organisations (VOs) and Cluster Level Federations (CLFs) have been formed in huge numbers. At present there are about 11.2 million SHGs¹, of which almost 70% (7.3 million) are formed under National Rural Livelihood Mission (NRLM); and there are more than four lakh VOs and more than 30,000 CLFs in India. The SHGs in India have covered about 138 million rural households (approx. 70% of rural HH). The SHGs are unregistered informal bodies, the VOs are largely unregistered (but registered in southern states), but most CLFs are registered organisations mainly as cooperative societies but, in some cases, they are registered as societies & trusts also.

These SHGs, VOs and CLFs are handling a huge amount of money. As per an estimate, the SHGs have about Rs. 23,000 crores of the members savings and almost equal amount from the interest earned by using their savings as loan to members. The ministry of RD has also provided approx. Rs. 14000 crores as revolving and community investment fund which is being rotated as loan to members through SHGs/VOs and CLFs. Banks have the loan outstanding of Rs. 117,000 crores² to SHGs. Thus, all put together the network of SHGs/VOs/CLFs are handling about Rs. 1.8 lakh to Rs. 2 lakh crores. And this amount is going to increase further because members savings and interest income of SHGs is increasing every week; more credit will flow from banks to SHGs, and government will capitalize the SHGs.

¹ NABARD's Status of Micro Finance in India 2020-21

² NRLM portal (nrlm.govt.in)

The above-mentioned financial figures look huge, and one might get alarmed to know that there is extremely negligible level of regulation of SHGs and SHG federations. But the good part of the story is that most of the funds (member's savings, interest earned by SHGs & revolving fund) are managed by the SHGs themselves; where all members participate and have transparency & accountability. Each SHG federation promoted under National Rural Livelihoods Mission (NRLM) has approx. Rs. 1.5-2 crores fund, which they manage and provide loans to SHGs. Some SHG federations take bulk loan from financial institutions and lend that to SHGs. There are bank managers at branch level who keep tab on the repayments and there are State Rural Livelihoods Missions³, Department of Rural Development in each state which is in touch with SHGs/ VOs and CLFs almost on weekly or monthly basis. As CLFs are mainly registered as cooperative societies, they are also supervised by the state cooperative departments. However, practically the SHG federations themselves conduct their audit, organize their annual general body meetings etc. The Village Organisations and SHGs are unregistered and therefore there is no regulation for them.

No single department has the wherewithal to supervise or regulate because of widespread presence of the SHGs, VOs and CLFs. High level and more complex nature of regulation will be counterproductive because most SHG members are illiterate or barely literate and they will not be able to understand and comply with complex regulation. External supervision or regulation is not justified because it is largely members' own money and bank loans (which SHGs and their federations are handling).

It has also been observed that wherever the Government or the promoters take control and start managing the cooperatives, the members start distancing themselves from the cooperatives and such institutions become defunct & get reduced to a mechanism in hands of a few vested interests. Such institutions become the liability to the government. Credit cooperatives across India is one example of such cooperative institutions.

Therefore, the best possible regulatory framework seems to be such which encourages members' control over SHGs and its federations; a system which ensures that a few elites are not able to control these SHGs and SHG federations to fulfill their vested interests; a system which ensures that the promoting organisations are not able to interfere in the affairs of SHGs and do not make them dependent.

APMAS with financial and technical support of DGRV Germany started working on the issue of Self-Regulation in Self Help Groups and their higher-level institutions i.e., SHG Federations in 2007. It implemented a pilot project in collaboration with SERP, AP in Kamareddy district with five Mandal Samakhyas, reaching out almost 6000 SHGs.

³ State Governments have set up autonomous organisations to implement State Rural Livelihoods Mission and various World Bank supported Rural Livelihoods projects are also implemented by the SRLMs through such autonomous organisations.

Since 2013, a supervisory federation called “Kamareddy Cluster Paryavekshana Samakhya (KCPS)” was formalised by Mandal Samakhyas in Kamareddy cluster. DGRV and APMAS are supporting KCPS for developing and making operational their own system of regulation and supervision and up-scaling the Self-Regulation or Sector-Own-Control (SOC) within Telangana, Andhra Pradesh and other parts of India. As a part of piloting, several self-learning modules on Self-Regulation were developed by APMAS in collaboration with various partners for their widespread use in different parts of India.

APMAS later partnered with several SHG promoting institutions (SHPIs) and State Rural Livelihoods Missions across India to spread the Self-Regulation movement beyond AP and Telangana. It promoted a network of resource organisations (ENABLE network) to scale up the Self-Regulation of SHGs and SHG federations. APMAS has been actively engaged in advocating for Self-Regulation in SHGs & SHG federations with NRLM, NABARD, SRLMs and various civil society organisations.

APMAS conducted several trainings of trainers’ workshops on Self-Regulation, developed the SOC / SNU⁴ books in 7 languages and have proactively sought to campaign for self-regulatory system for the SHGs and their federations through NABARD, NRLM, SRLMs and a large number of NGOs engaged in SHGs in India. APMAS has strong partnership going with NGOs in Rajasthan, Uttar Pradesh, Madhya Pradesh, Odisha, Bihar, Karnataka, Maharashtra, etc. A more intensive partnership with IBTADA, Rajeevika, RGMVP, PRADAN, SRIJAN, PEDO, Sharmik Bharati, Chaitanya, MAVIM, SKDRDP, JEEVIKA, etc. APMAS decided to undertake a study to measure the efficiency and outcome of the Self-Regulation of SHGs and SHG Federations.

SELF REGULATION

The primary goal of the Self-Regulation or the Sector Own Control is to empower SHG members so that they take control of their institutions (SHGs, VOs and CLFs), members set the agenda, have systems in place to manage their institutions so that – all members benefit equally; institutions are democratic, vibrant, sustainable, and accountable to the members.

3 Purpose of the study and methodology

To understand the objectives of ‘assessing the outcome of Self-Regulation up-scaling and mainstreaming with SRLMs & other SHPIs’, it is important to understand the objectives of Self-Regulation and the desired outcomes. Before initiating Self-Regulation, APMAS and Rural Development Department in AP held several initial workshops with representations of SHGs and their federations to identify concerns and issues to be addressed. Four areas of main concern emerged:

Internal funds: Low levels of savings; no interest paid on (mandatory) member savings; reluctance to increase regular savings; tendency of distributing accumulated surplus among members; idle internal funds due to restrictions imposed by banks

⁴ Swayam Niyamtran Udhyam

External loans: Shift of focus from internal lending to external loan channeling and repayment; inadequate access to loans of the size and at the time needed

Systems and processes: Inadequate operational capacities of SHGs and federations; lack of information processing and feedback by federations; inadequate and uncontrolled recordkeeping, leading to mismanagement and fraud.

Specific Objectives of Self Regulation

Economic and social development of SHG members, encompassing- member savings protection, sustainable growth of thrift and credit services, and financial literacy; and

Development of sustainable democratic and legal institutions- Growth of internal resources, Equality among the members, Profitable institutions and Institutional accountability

Dependency on the promoter / external support: SHG Federations are dependent on capacity building, trainings, material development and implementing systems etc. and depending on them for operational cost has led to high external control

In 2008, prior to the start of the pilot project, the **overall objective of SOC** was

rephrased as “To ensure that SHG members set their agenda and manage and control the processes, so that the SHG system works effectively and sustainably for the benefit of SHG members”.

3.1 Objectives of the study

The main objectives of the study are:

1. To measure the outcomes of the SOC in SHGs and SHG federations; i.e., improvement of good governance practices, growth of internal resource & services, improvement of systems, profitability of the institutions, etc.
2. To assess the impact of the SOC at SHGs and SHG federations level; i.e., Ownership & Control, Transparency & Accountability, Self-management and Self-reliance of the institutions.
3. To know the core elements of self-regulation adopted by the promoting institutions and to know the strategies adopted by the promoting agencies in implementation of self-regulation
4. To assess the potential role of SHG federations (at state level) to play the role of delegated supervision authority on behalf of cooperative department.

3.2 Study Design

The study used both quantitative and qualitative methods. GRADES – federation rating tool (developed by APMAS), with some modifications, will be used to assess the performance of the CLF. Under Self-Regulation, there are about eleven types of inputs that are supposed to be provided to the partner SHPIs/ Community institutions. The study tries to find out a) whether all the inputs were given, b) whether the inputs were adopted and c) what is the outcome of the adopted inputs.

Table 1: Sampling and Study Tools

State	Rajasthan		Bihar	Maharashtra
District	Alwar	Bhilwara	Nawada	Rajguru Nagar
Promoting Organisation	IBTADA	Rajeevika	Jeevika (BRLPS)	Chaitnaya
Name of Federation	Kranti Mahila Manch (CLF)	Surya CLF, Shambhugarh	Dharohar CLF	GMSS
Name of VOs	Deepak VO	Laxmi VO	Raj Nandini VO	Pabal Cluster
	Ujala VO	Charbhujia VO		Vetale Cluster
Name of SHGs	Boudh SHG	Leenam SHG	Champa SHG	Savitribai Phule
	Payal SHG	Shree Baba Ramdev SHG		KGN- Kwaja Garib Nawaj
	Deepak SHG	Jai Bhawani SHG		Savitri 1
	Gautam SHG	Bherunath SHG		Muktadevi 3

The study is done across three states viz. Rajasthan, Bihar and Maharashtra. It covered four Cluster Level Federations (CLFs), seven Village Organisations (VOs) and thirteen Self Help Groups (SHGs).

Separate data sheets formats (Annex) were sent to the Promoting organisations/ Federations to seek information on SHGs, VOs and CLFs for this study. This information was on financial and other institutional performance aspects. The data was collected before the visits mainly to economise on time (in data collection) so that more quality time is spent on discussions with members/ leaders of the institutions.

Personal Interview (through a check list) of the main worker in-charge of SOC in the partner SHPI was done. Focused Group Discussion (FGD) with board members of CLFs, FGD with leaders of two VOs at each of three locations, and Discussion with members of two SHGs of each VO were held. The check list of questions/ discussion points are in the end of this report as Annexes. The discussions with the members and leaders in Bihar were done online while rest three locations were visited physically and discussions were held in person.

During this visit, we interacted with SHGs, VOs and CLF and had enriched discussion with members and come across with findings that there is certain positive impact been done after SOC either it is related to structure, systems, process, new products or policy level decision under CLF's functioning and operations.

Limitations of the Study:

Due to the Covid pandemic, visit to one of the sample sites i.e., Bihar, could not be done. The discussion with members of only one SHG and of one VO was done over phone. In person discussion with SHG members and leaders would have brought better clarity on the outcome and issues.

Besides, the support from APMAS to the SHPIs and SHGs/ SHG federations studied was adversely affected due to Covid pandemic, some of the scheduled trainings, workshops etc. were either postponed or were done online.

4 Major inputs provided under Self-Regulation

The basic outline of the design of the pilot project goes back to **opportunities and challenges** identified in 2006 during an assessment of APMAS, a follow-up mission on the scope of APMAS' future involvement in the promotion of the SHG system and the visit of an APMAS policy delegation at DGRV in November 2006. This laid the foundation for a pre-pilot in 2007-2008⁵, based on the following findings:

- A rapidly expanding network of SHGs, supported and monitored by NABARD at national level and by SERP at state level in Andhra Pradesh, gradually replacing the functions of NGOs and other SHPIs, previously involved in the establishment and maintenance of SHGs, with the potential of coordination and harmonization
- Rapidly expanding numbers of federations in India, not recognized, monitored and promoted by NABARD at national level
- A rapidly expanding network of SHG federations in Andhra Pradesh, monitored and promoted by SERP/IKP and registered under the MACS Act of 1995
- Increasing tendency of channeling government programs through SHGs, including subsidized credit programs
- SHGs and federations turning into delivery channels for banks and government
- Though member-owned, federations tend to be promoter-managed
- SHGs and federations increasingly dependent on external human and financial resources
- Inadequate management capacity of SHGs and federations.
- Limited understandings of statutory provisions and legal compliance by board members
- Shift from internal resource mobilization (mandatory savings, profit) and lending to subsidized bank borrowing
- Level of savings in SHGs frequently stagnating, not corresponding to age of groups
- SHGs lacking standardized bookkeeping and qualified bookkeepers and auditors
- SHGs lacking internal and external controls
- SHGs lacking a cohesive and sustainable institutional infrastructure

The self-regulation is a system with several interrelated components and has various components that have synergistic impact on the autonomy and independence of the SHGs and SHG federations. The various components of self-regulation are as follows:

- a) Developing SHG members as community professionals such as resource bookkeepers, bookkeepers, internal auditors, facilitators / trainers, etc.
- b) Establish systems like standardized bookkeeping, information system (MIS), internal audit and internal controlling, etc., at all levels

⁵ The two missions, the delegation visit to Germany and the pre-pilot were supported by InWEnt (Seibel 2006 b, c).

- c) Undertake internal audit of SHGs, VO's and CLFs, and 'statutory' audit of CLFs on regular basis
- d) Establish systems for follow up on internal and external audit
- e) Rating of SHGs, VO's and CLFs/MSs
- f) Ensure that timely elections are held in a free and fair manner at all levels
- g) Developing social capital - training board members, sub-committees, and office bearers
- h) Role clarity between Board, Sub-committees, and Office Bearers
- i) Promoting accountability and transparency among the institutions and functionaries, through strengthening Board meetings & review, conducting General Body meetings and presentation of annual reports, conducting elections and filing returns on time, etc.
- j) Growth of internal sources – growth of savings, increasing internal lending and repayment; increase services
- k) Introducing service fee concept

APMAS signed specific Memorandum of Understanding (MoU) with each of the partner organisations for taking up the SOC initiatives with SHGs and SHG federations. The role of APMAS was to provide technical support to the partners and community institutions, hand hold them to introduce and adopt SOC practices whereas the role of the partner organisations was to roll out the SOC practices in the community institutions and to ensure their adoption by regular monitoring & technical support.

Table 2: Summary of Partner Organizations studied for the study

Name of the Partner Organisation	Date of MoU	Duration of MoU	Remarks
IBTADA – Alwar (Rajasthan)	9 th July 2018	3 years	Regular support after March 2020 stopped due to Covid pandemic
Rajeevika- Bhilwara (Rajasthan)	18 th August 2017	1 year	The MoU could not be extended
Chaitanya- Rajguru Nagar (Maharashtra)	2 nd Feb 2017 ⁶	1.5 years	The informal association of Chaitanya and APMAS is much older than this MoU
Jeevika- Newada (Bihar)	22 nd June 2018	3 years	APMAS is working with Jeevika to support model CLFs and FPOs

⁶ The support to Chaitanya has been for about a decade. The date mentioned is of the last MoU signed between Chaitanya and APMAS for scaling up Self-Regulation

APMAS signed MoU with all partners (SHG promoting organisations) in which the role of APMAS as a support agency for Self-Regulation and that of partner organisations committing to promote SR practices in selected SHGs, VOs and CLFs is clearly spelled out. These MoUs were non-financial in nature which means that APMAS would not be paid by the partner organisations and the partner organisations, or the community institutions (taking up SR practices) would not get any financial support from APMAS.

Before coming to the assessment of the SOC outcome, it is important to look at the inputs provided by APMAS to partners, SHGs and SHG Federations under this pilot. The inputs provided to partners varied to some extent (because of time of association and other logistics reasons) but the common inputs were as:

1. Training cum Exposure visits of staff, SHG Federation Leaders & Staff to SOC work of APMAS in Kamareddy district; for 5 days
2. Assessing the existing systems in place and status of the institutions
3. Support the SHPIs in customizing the SoC in their context
4. Developing resource pool in SHG federations through ToT approach
5. Deputing Community Resource Persons
6. Customizing / adopting tools developed by APMAS made booklets on SOC practices to the partners and SHG Federations The grading and audit formats were shared with SHG Federations
7. Senior staff of APMAS visited SHG Federation, VOs and SHGs during the project period

5 Assessment of the Outcomes of the Self-Regulation

Overall, the Self-Regulation implementation across three partners/ locations studied have shown positive outcome in terms of community ownership on their institutions, financial viability of the institutions, their accountability towards members, capacity of leadership, improved systems in place, and confidence of women. But at the same time, it is extremely difficult to pinpoint the exact change exclusively because of Self-Regulation intervention. The understanding of the promoting organisations on the basic principles of cooperation, need for building autonomy of community institutions, and willingness to provide space to the community has played very significant role in the process of institution building. For example, the SRLMs (Rajeevika and Jeevika) have most of the Self-Regulation practices in their strategy (though, yet to come in practice) and the collaboration with APMAS on Self-Regulation helped them to roll it out in field. In case of Chaitanya, the practices like annual audit, annual general body meetings, annual report, MIS, etc. have become part of institutional strategy.

The exposure visits of the office bearers of the CLFs, VOs and staff members to Self-Regulation /SOC immersion site in Kamareddy district helped them to develop self-confidence to take up Self-Regulation practices. The focused training on audit, grading and leadership rotation were also useful and, in all places, both community as well as staff have adopted regular audit and grading of SHGs, VOs and CLFs.

The partners have their own models of institutions and their own understanding, beliefs and convictions about the peoples' institutions. Therefore, the upscaling strategy is more towards

'building on existing systems' with little modifications and hence the outcome of Self-Regulation also varies from one location to other. For example, in IBTADA, the VOs are not having any financial transactions and they even don't have their bank accounts. Only source of income is the penalty they might get even any member skip the meeting without informing or if they come late. And only expenses they make is on occasional refreshments if there is any visitor come in their meetings. They don't need proper books of accounts etc. Therefore, there is no audit done, no issue of financial viability etc. But as an institution, these VOs are very vibrant, they have regular meetings, the sub committees are working fine, they act on social issues concerning SHG women and also play crucial role in keeping the quality of SHGs high.

In case of Chaitanya, the federation is in business of lending to individual members, the federation takes bulk loan from banks and then on-lend the same to the SHG members. Therefore, it does not encourage the SHGs to credit link with banks. Whereas, in all other locations studied, the SHGs are encouraged to avail loan directly from the banks. The federations also provide loan to SHGs (and not to individual members) but they also proactively facilitate SHG-Bank credit linkages. The rate of interest and other terms of lending from the federations to SHGs (in case of Chaitanya- federation to individual members) also vary across locations.

The model of SHG book-keeping is also different across these Self-Regulation locations. For example, in case of Alwar- IBTADA, the federation staff work as SHG bookkeeper. The SHGs pay the book-keeping fee to the federation and the federation then pays salary to its staff, thus the bookkeepers are paid by SHGs. In rest of the locations, the SHGs have their own women Bookkeepers and pay them directly. Thus, the SOC initiative has not changed the existing practices across partners (which is also a strength of Self-Regulation), but it has successfully introduced various SOC practices like audit, grading of SHGs, planning, AGBMs, compliances and so on.

5.1 Outcome of Self-Regulation/ SOC at SHGs

5.1.1 SHG meetings are more systematic

Most SHGs visited were found to hold their meetings in a very systematic manner. The members come well on time and prepare the meeting agenda. The agenda is displayed on board/chart, and it is read out by the leaders/office bearers to all the members. Before the Self-Regulation intervention, the meetings were held but they were not as systematic/organised as they are now.

All SHGs start their meeting with a prayer or a motivational song in local language. The sitting arrangement in the meetings (office bearers sitting together, having their posts displayed on a nameplate in front of them) is also a new practice introduced under Self-Regulation which both SHGs and VOs have adopted

There is a fixed sequence of things to be done in the SHG/VO meetings – like attendance, self-introduction by members, prayers/ motivational song, reading out the agenda, collection of savings, repayments, giving new loans etc.

The SHGs and VOs have started conducting their meetings on their own; earlier (before SOC intervention) they were dependent on the staff of the Federation or promoting organisation. Now, though the field coordinator or SHG Sakhi from the federation also attend the SHG and VO meetings but SHG/VO members start their meeting on scheduled time without waiting for the staff

In Alwar, the facilitation of SHG meeting has been changed as earlier 90% SHGs were completely dependent on the field coordinator for the meeting facilitation and discussions but after SOC interventions this ratio been decreased to 30%. Around 70 % SHGs now doing their SHG meeting themselves and the field Coordinator only do their bookkeeping role in the meeting.

In Bhilwara and Bihar also, the SHG and VO meetings are held by the members themselves and they are completely independent as far as the meetings are concerned; the staff of the promoter organisation or the federation come in these meetings sometimes, but they (SHGs and VOs) are nor dependent on any external support for holding their meetings.

In Maharashtra, almost 50% SHGs are holding their monthly meetings on their own. However, during the interaction with the researcher, all SHGs members expressed full confidence and said that they can hold their meeting without support of the federation.

5.1.2 Attendance in the SHG meetings

The attendance of members in SHG meetings is 96%. It has not changed after SOC intervention because it was already very high. The high percentage of members attendance in SHG meetings is an indicator of the members owning the SHGs and because most of the SHGs have a norm of imposing a token penalty (ranging from Rs. 10 to Rs. 50/- per member) if any member comes late or does not attend the SHG meetings without prior intimation. Usually, it has been observed that as SHGs become older and the supervision of the promoting organisation comes down, the attendance of members also comes down. But this did not happen, and particularly even during Covid pandemic, almost all members attended the meetings shows the positive impact of the Self-Regulation intervention.

5.1.3 SHG meetings are held regularly

The SHG meetings in Rajeevika and Jeevika (both SRLMs) supported locations are held weekly whereas the SHGs in Alwar and Rajguru Nagar (both supported by the NGOs) are having monthly meetings. Most SHGs have regular meetings (weekly or monthly, as their norms are) and even during Covid pandemic, they had regular meetings. In case of Bhilwara, Rajguru Nagar and Nevada, the number of SHG meetings per year are same as they were in beginning of Self-Regulation intervention, whereas in case of Alwar, there is marginal decrease (from average 12 to 10 meetings), but that is due to Covid. This is also an indication of members owning their institutions and Self-Regulation has its contribution in that.

5.1.4 Bookkeeping is done properly, and bookkeepers are paid by respective institutions

Bookkeeping at SHG in all the locations studied, is proper. The record books are as what the institutions had even before the Self-Regulation and only SHG audit format turned into a book

which is been developed with the support of APMAS and currently CLF is using it for their annual SHG Audit.

In Alwar, the bookkeeping of the SHGs is done by the Field Coordinator in 100% SHGs. SHGs are paying for their bookkeeper from their group corpus and its charged according to the age of SHGs. Whereas, in rest of the locations, the SHGs have their own bookkeepers and they pay them directly.

Maharashtra: In all SHGs visited, one member of the SHG writes the books of the SHG and she is paid @ Rs. 50/- per month as book writing fee. In many cases, the book writer is paid at the time of saving/profit distribution (Rs. 3000/- for five years). Some of the SHG bookkeepers have been writing the books for 10-15 years and they continue to be Secretary or President of their SHGs. This indicates the 'capture of the group by a few influential members' but as most members get loan from the group, there is no rift among members. But as a practice, this is not a good practice.

In Nawada, Bihar, the SHGs have their own book keepers from among the SHG members and the book keepers are paid by the SHGs themselves from their income.

5.1.5 Norms and standards are in place

One good outcome of the Self-Regulation is the proper norms and working standards at SHGs. Members are aware about the significance of the norms for proper functioning of the institutions, and they are not only having the norms, but they are strictly following them as well.

In Alwar, almost 100 % SHGs are having set norms and systems in the SHGs which are: Meeting norms (Timings, sitting arrangements, meeting starting process); Saving mandatory and special saving amount and withdrawal norms; Penalties (Late coming and absence from meetings, Saving and loan default); Interest Rates (9% on special savings, 24% on loan) and Annual Grading and Audit.

Table 3: Change in norms and standards post intervention

Sr No.	Before Self-Regulation/ SOC	After Self-Regulation/ SOC
1.	Meeting norms- sitting arrangement – none Meeting starting process- not clear Late coming – flexible	Members sitting arrangement fixed in circle, with office bearers name plates Proper process- staring with prayer, introduction, agenda reading Penalties on late coming
2.	Saving – Special savings- tentative Withdrawal norms	Started paying interest on special savings, linked it with life goal Changed norms for withdrawal of special savings, Bihar introduced savings for health
3.	Annual GBM and Audit- not regular Audit and Grading done by staff	Regular AGBM and Audit by CRPs Grading done by community leaders

In the norms, it's been found that earlier (before Self-Regulation) grading and audit of SHGs was done by field Coordinator and now it's 100% done by only women cadre as Audit and Grading Sakhi. We found this is a very important change as it increases the ownerships of members and decreases dependency on external staff. Also, there are one significant change observed in the practice of sitting arrangement of the group is All leaders sit in the group with their Designation nameplate, which is very helpful to enhance the motivation of leaders and established recognition of leaders among the members.

5.1.6 Status of Savings by members

As one of the important expected outcomes of Self-Regulation intervention is the increase in savings and to discourage 'distribution of savings', it is useful to look at the saving practices observed across locations. The savings are increasing because the members have increased monthly savings and the income on the savings (interest earned on rotating the savings as loan to members) is credited to the members accounts at the end of the year. Most places, the savings are almost fully used for providing the loan to members and the repayment is also almost 100%.

5.1.6.1 Alwar

Members have two types of savings in the SHGs. First is the mandatory savings which are around Rs. 100-200 monthly by all members and the second one is special savings which is a saving option offered to members where members can save from Rs. 100 to 1000 per month according to their capacity to fulfil their short or mid-term life goals. This saving is offered for a specific period from one year to up to five years with a 9% of interest rate. Earlier 3 to 4 members were doing special savings of Rs. 100- 200 per month in groups and now after Self-Regulation, number of members having special saving have increased up to 7-8 members and tenure from 1 to 3-5 years with the increase of amount from Rs. 100 to 500-2000 per member in SHGs. Most of the SHGs have around 80 % of members deposit in their special savings which are for a maximum of RS. 500 for two to three years. The distribution of mandatory savings been stopped in SHGs after they visited Andhra Pradesh. Both practices are quite beneficial for SHGs for fund mobilization and behavioral change at the members level where the community is learning to plan and manage their future expenses and shifting their perspectives towards fulfilling their needs from savings rather than loans.

RECOGNITION OF SELF-REGULATION

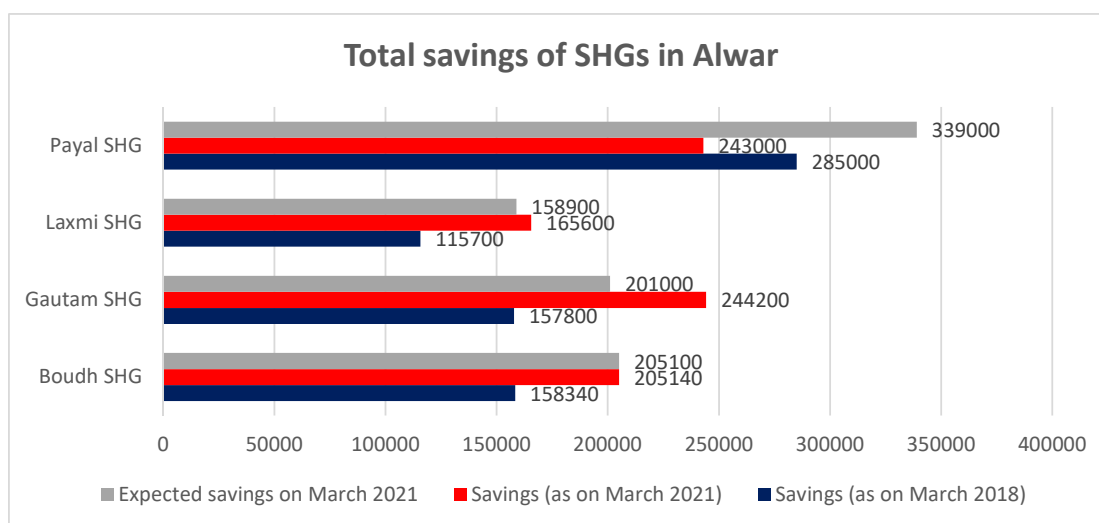
In Bhilwara, one SHG (from Self-Regulation intervention) has received an award for the best SHG in an award function in Delhi. 100% savings, attendance and repayment and increased business were the parameters for which they were named as the best SHG. Partner organization had already set in place certain norms and standards, such as regular meetings, GBMs, audit and bookkeeping practices.

Table 4: Savings trends among SHGs in Alwar

(Amount in Rs)

SHG Name	Members	Saving (Rs per member per month)	Savings (as on March 2018)	Savings (as on March 2021)	Expected savings on March 2021 ⁷
Boudh SHG	13	100	1,58,340	2,05,140	2,05,100
Gautam SHG	12	100	1,57,800	2,44,200 ⁸	2,01,000
Laxmi SHG	12	100	1,15,700	1,65,600 ⁹	1,58,900
Payal SHG	15	Increased from 100 to 200	2,85,000	2,43,000	3,39,000
Total	52		7,16,840	8,57,940	9,04,000

Figure 1: Total savings of SHGs in Alwar



The total savings of the four SHGs visited have increased from Rs. 7.17 lakhs to Rs. 8.58 lakhs. But important point here is that one out of four SHGs also distributed its savings (due to financial distress faced by members because of pandemic), though the same SHG members had increased their monthly saving per member.

The practice of 'special saving' was there in the SHGs before Self-Regulation but the duration of the special savings was only for a year. At the end of the year, members used to withdraw the special savings. But after the Self-Regulation, members are having special savings for

⁷ Calculated by adding expected savings (no. of members x monthly saving per member x no. of months) in the saving amount of March 2018

⁸ SHG reported by adding special savings

⁹ SHG reported by adding special savings

longer period (3 to 5 years) and therefore the SHGs have larger capital to provide credit to its members.

After Self-Regulation intervention, members have decided not to distribute the profits (interest earned by SHG) among themselves; earlier they used to distribute the profits every two-three year. Though it should be mentioned here that the SHGs have distributed their profits during April 2020 because of financial distress that members faced due to covid pandemic. But it was very clear from the discussion with SHGs that they have understood the importance of keeping SHG profits in SHG only.

5.1.6.2 Bhilwara

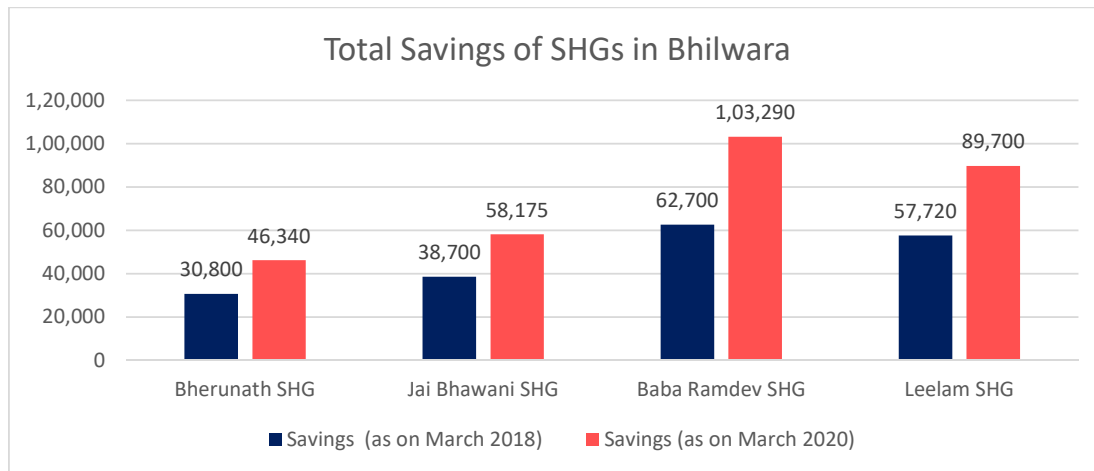
Savings have increased over the last few years. 60% of the SHGs have increased their savings. There has been a significant focus on savings. While savings per member had increased marginally at SHG level, SHGs tried to maintain inflow of regular weekly savings through a strict system of penalties. These savings are not distributed as there was a belief in capitalization. Even during the Covid time, there was no withdrawal of savings. There was a general preference among the members to take loans instead of use their savings. There was trust at SHG level among the members as everyone was almost aware of their total savings. Total outstanding loans as bookkeepers would keep members updated on the figures.

Table 5: Savings trends among SHGs in Bhilwara

(Amount in Rs)

SHG Name	Members	Saving (Rs per member per month)	Savings (as on March 2018)	Savings (as on March 2020)	Expected savings on March 2020
Bherunath SHG	10	80	30,800	46,340	50,000
Jai Bhawani SHG	10	100	38,700	58,175	62,700
Baba Ramdev SHG	11	120	62,700	1,03,290	94,380
Leelam SHG	10	120	57,720	89,700	86,520
Total	41		1,89,920	2,97,505	2,93,600

Figure 2: Total savings of SHGs in Bhilwara



The increase in the savings across SHGs is as per expectation which means that all members are regularly saving and all SHGs have increased savings. Savings have increased by 56.65% in two years. The members are aware about the importance of savings; They don't distribute their savings or the interest income because they want bigger fund with SHGs

5.1.6.3 Maharashtra

The SHGs have the practice of distributing their savings and profits after every five years and they also break the SHGs; a few leaders take new members (by replacing a few old ones) and start new, though the name and bank account remains same. Members told that once the savings and profits amount grow, they feel it safe to distribute and start afresh. It is difficult to relate the savings amount with the date of the formation of the group because of the distribution of savings and the profits.

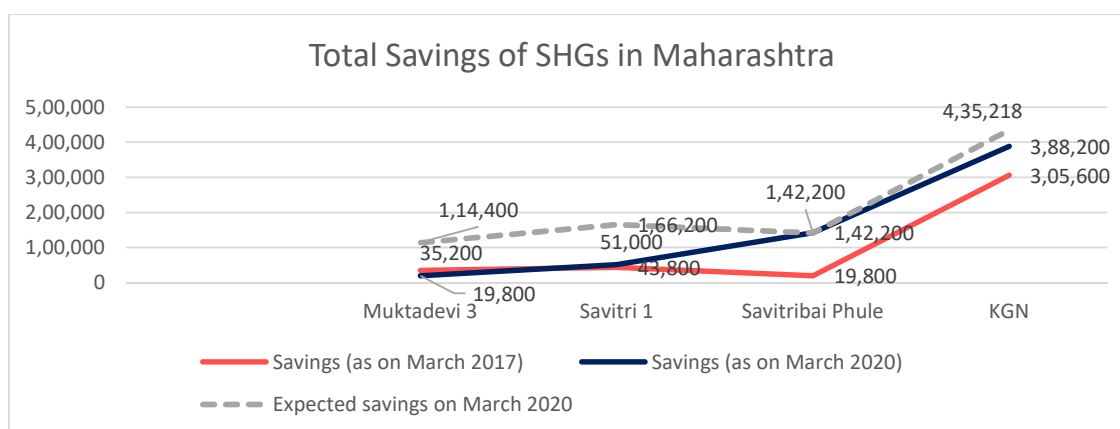
The saving by each member in all the groups visited is Rs. 200/- per month, which is very impressive. Most groups started with Rs. 50/- per member per month savings about 15 years ago and all of them have increased the savings by 4 times over this period. Now all new groups start with Rs. 200/- per member per month savings. Though the amount of saving is decided by members themselves, but the fact is that it is 'vigorously facilitated' by Chaitanya and by the Federation.

Table 6: Saving trends among SHGs in Maharashtra

(Amount in Rs)

SHG Name	Members	Saving (Rs per member per month)	Savings (as on March 2017)	Savings (as on March 2020)	Expected savings on March 2020
Muktadevi 3	11	200	35,200	19,800	1,14,400
Savitri 1	17	200	43,800	51,000	1,66,200
Savitribai Phule	17	200	19,800	1,42,200	1,42,200
KGN	18	200	3,05,600	3,88,200	4,35,218
Total	63		4,04,400	6,01,200	8,58,000

Figure 3: Total savings of SHGs in Maharashtra



Though the net savings in three out of four groups have increased in last three years but if the saving would not have distributed, the total savings should have been to Rs. 8.58 lakhs instead of Rs. 6.01 lakhs. Thus, there is total short of Rs. 2.57 lakh in savings which is 30% shortfall. Three groups distributed their savings during last three years and the fourth group (Savitribai Phule) had distributed its savings four year ago.

5.1.7 Income of SHGs has increased

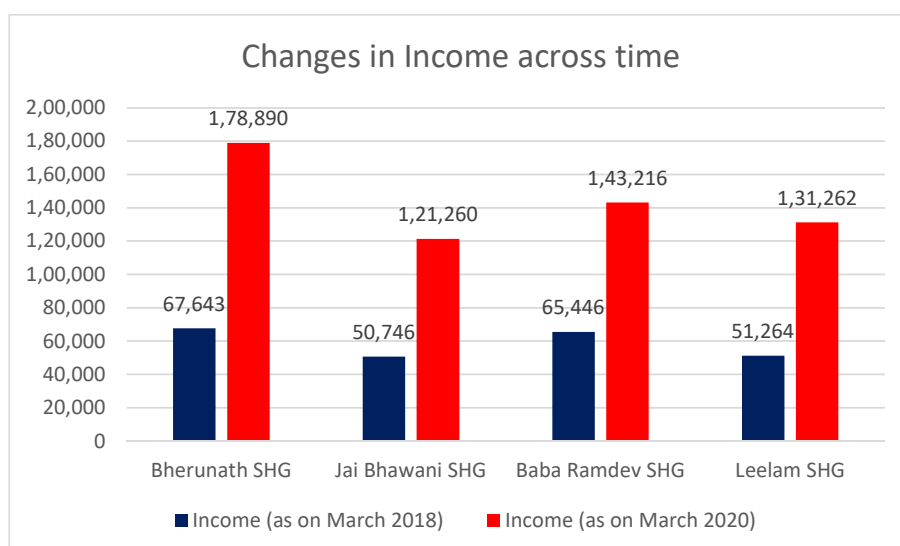
The main source of income of the SHGs is the interest paid by members on the loan taken from SHGs. The savings and the revolving fund have zero cost to the SHGs and most SHGs are charging 18% to 24% annual interest. There is no significant expenditure at SHGs, except small expenses on stationary, fee to bookkeeper etc. Thus, most SHGs have significant income. In SRLM promoted SHGs (Bhilwara & Nawada), the government has given community investment fund which is to be repaid to the federations by the SHGs. The SHGs earn about 9% to 12% annual interest on CIF funds loaned to members. Similarly on the bank loans, the SHGs earn 6% to 10% interest margin annually. The SHG members are aware about the income of the SHGs, and they know that it is their (members) money and they will get it whenever they decide to leave the group. When SHG members were asked about the high rate of interest they charge, they said that it does not matter because the interest remains with the SHGs, and it is used to provide bigger loans to the members.

Table 7: Income of SHGs (Bhilwara)

(Amount in Rs)

SHG Name	Income (as on March 2018)	Income (as on March 2020)	Remarks
Bherunath SHG	67,643	1,78,890	
Jai Bhawani SHG	50,746	1,21,260	
Baba Ramdev SHG	65,446	1,43,216	
Leelam SHG	51,264	1,31,262	
Total	2,35,099	5,74,628	Income increased by 144.4%

Figure 4: Changes in Income over time (Bhilwara)



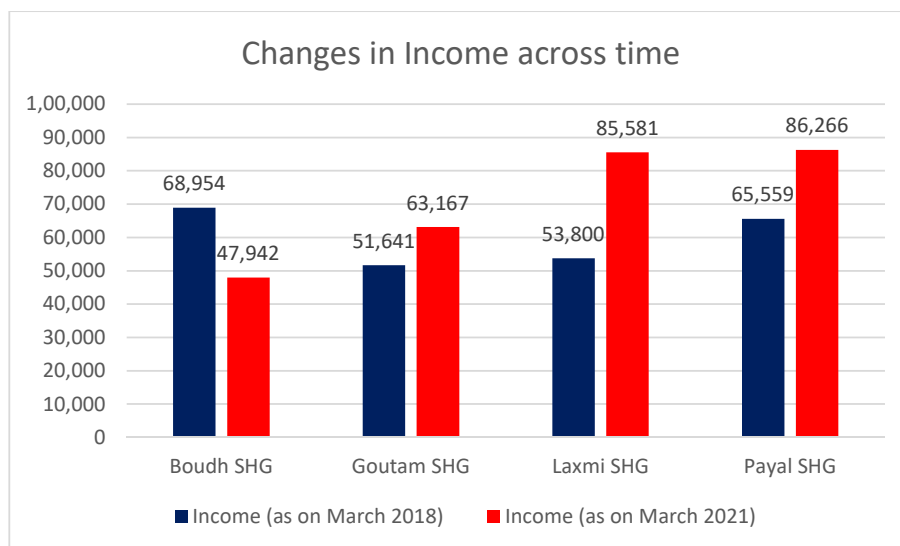
The SHGs in Bhilwara are effectively rotating their savings & income and the bank linkage has increased manifold within two years. This has resulted into 145% increase in the SHG savings. In fact, the income of SHGs is more than their savings. This is an indication of robust SHGs.

Table 8: Income of SHGs (Alwar)

(Amount in Rs)

SHG Name	Income (as on March 2018)	Income (as on March 2021)	Remarks
Boudh SHG	68,954	47,942	Members distributed income
Goutam SHG	51,641	63,167	Members distributed income
Laxmi SHG	53,800	85,581	
Payal SHG	65,559	86,266	
Total	2,39,954	2,82,956	Income increased by 18%

Figure 5: Changes in income of SHGs over time (Alwar)



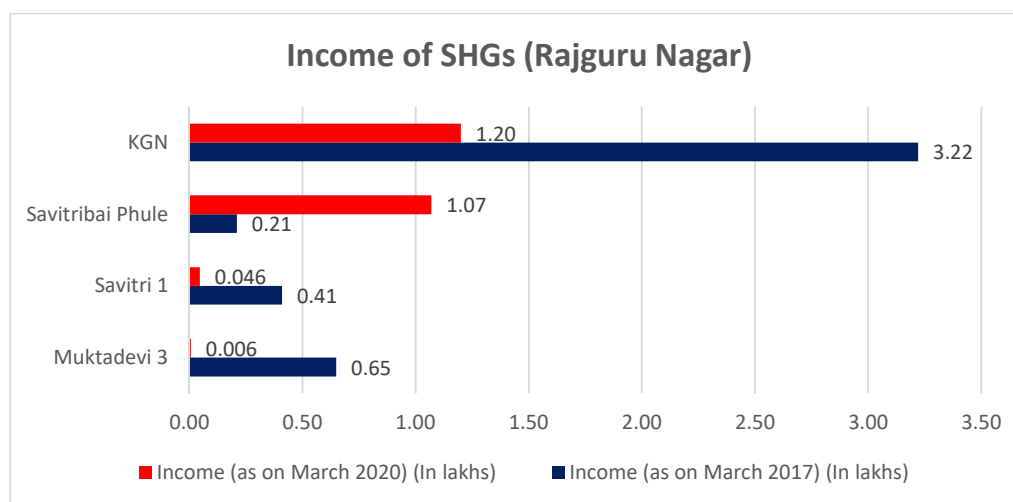
In Alwar, some SHGs had distributed their income due to financial stress faced by members after the Covid pandemic. Thus, there is only marginal increase in the total income of the SHGs i.e., 18% over a period of three years.

Table 9: Income of SHGs (Rajguru Nagar)

(Amount in Rs)

SHG Name	Income (as on March 2017) (In lakhs)	Income (as on March 2020) (In lakhs)	Remarks
Muktadevi 3	0.65	0.006	The SHG distributed its income
Savitri 1	0.41	0.046	Income distributed among members
Savitribai Phule	0.21	1.07	
KGN	3.22	1.20	Income distributed among members
Total	4.49	2.32	Total income reduced by 48%

Figure 6: Changes in income over time (Rajguru Nagar)



In Rajguru Nagar, three out of four SHGs have distributed their income and therefore the total income of the SHGs decreased almost to half of what they had three years ago. Reduced income has led to reduced size of loan to members and loan to fewer members as well.

5.1.8 SHG- Bank Linkage

As per the basic design, the SHGs are expected to inculcate the habit of thrift among members and then meet their credit needs. The SHGs use their savings and any funds they get from promoters/ donors (as revolving fund or community investment fund) to provide loan to members. In Rajeevika and Jeevika (SRLMs), the SHGs have got revolving fund and CIF from government. In case of Alwar (IBTADA) also, some SHGs got coopted in SRLM and they have also got the funds from the SRLMs. But these funds (savings and funds from SRLMs) are not sufficient to meet the credit needs of SHG members, therefore, it is important that the SHGs get linked with banks for meeting the growing credit needs of their members. In case of Rajeevika, Jeevika and IBTADA, all SHGs have credit linkage with banks. But in case of Rajguru

Nagar, no SHG has got any loan from the banks. The federation is lending to SHG members directly.

In Alwar, after SOC, the SHGs leaders have started doing financial transactions with banks on their own, earlier the federation staff used to do bank transactions on behalf of SHGs. Another positive change of SOC is that the SHGs are now repaying bank loans directly to banks; earlier the federation used to collect bank repayments from SHGs in its account and then it used to pay to the banks. SHGs have started putting idle funds (money left after meeting credit need of members) in banks, they feel that it has increased their rapport with banks. The SHGs are yet not directly applying for loan to banks, they give their loan applications to the SHG Federation, and the federation then forward the same to the banks.

Bhilwara: Bank linkage is excellent – all SHGs have taken 5-6 times bank loan and the amount of every bank loan is increasing by 1-2 lakhs. All 4 SHGs are paying their loans on time and their repayment rate is around 90% as per the group visited and above either it is the bank or group loan. There is one loan product in most of the SHGs where loans been distributed based on members performance in SHG meetings and loan need been prioritized by SHG leaders and members, where the Emergency need is on priority as healthcare, livelihoods etc. No loan provision for marriage or consumption needs facility among three groups out of the four.

In Rajguru Nagar, no SHG was found taking loan from the bank because the SHG Federation is in business of lending. The Federation takes bulk loan from the Banks and then provides the loan to SHG members directly, though with the recommendation and guarantee of the SHG. The federation used to give loan to SHGs earlier (as is the practice in most of the SHG-Federations all over India) but about 7 years ago, the federation found that in some cases, only a few influential members were cornering the loan and were depriving marginalised members. So, the GMSS (SHG Federation) decided to give loan to SHG members directly; rather than strengthening the SHGs to deal with above mentioned bad practice.

The federation provides loan to SHG members @ 21% annual interest rate. In addition, it charges processing fee @1% for the loan and takes compulsory fixed deposit @ 5% (this amount is deducted from the loan and is kept as collateral) though interest is paid on the FD to the member and the money is returned to member or adjusted on final repayment of the loan.

The SHGs have also deposited their savings in their Federation and the federation pays 8% annual interest on this saving to the SHGs; though it charges 21% to SHG members when the same money is advanced as loan to members.

As the SHG federation is in business of lending, it does not promote (rather it discourages the SHGs) credit linkage of groups with banks. Most SHG members said that the bank procedure is too cumbersome, and they don't get loan from the banks on time. It is surprising that the members have this opinion even without making any effort to obtain bank loan, no SHG which we visited have ever applied for bank loan.

Many SHG members said that the rate of interest charged by SHGs, and the Federation is too high, but they also added that the interest paid to SHG remains with them and therefore it

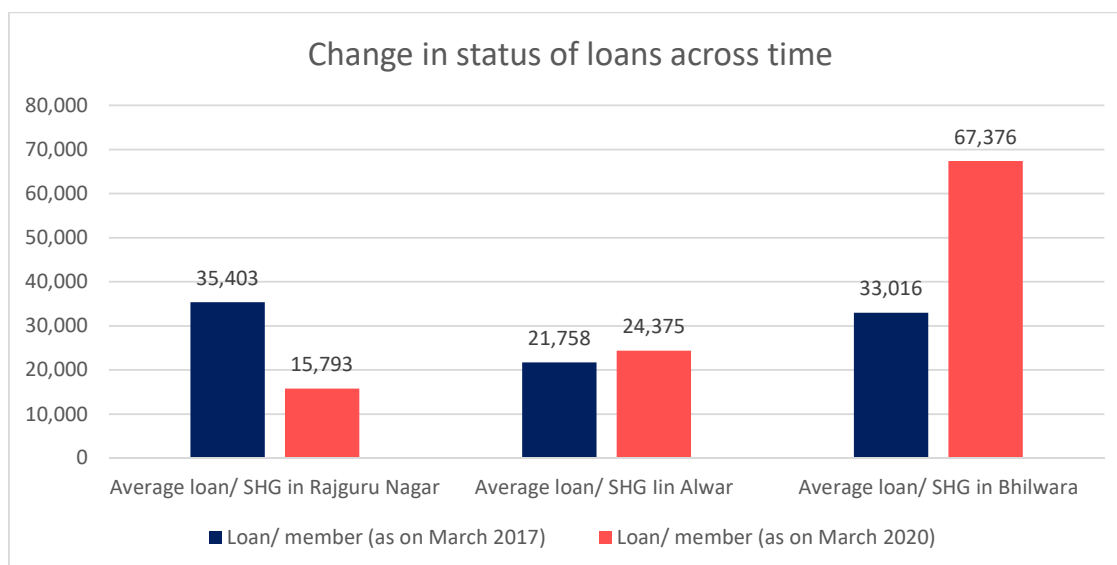
does not matter. Regarding high interest rate charged by the federation, the members said that it is at par with the interest rate charged by moneylenders, so if their own federation is charging high interest, it does not matter (as it is their own federation). But the members have raised the issue of high interest rate to federation and the federation leaders have somehow pacified the members by justifying the need to build financial strength of the federation.

The SHGs have bank accounts but the accounts are not much in use. The loans from the SHGs are given to members in cash and the repayments are also received in cash. The balance cash (amount left after advancing loan to members from the monthly collections of savings + repayments) is kept by the secretary cum bookkeeper of the group. The size of loan to members vary to a great extent; in KGN SHG we found that loan size to members varied from Rs. 7,000/- to Rs. 45,000/-.

Table 10: Bank loans in SHGs

SHG Name	Loan/ member (as on March 2017)	Loan/ member (as on March 2020)	Bad Loan (as on March 2017)	Bad Loan (as on March 2020)	Remarks
Rajguru Nagar					
Muktadevi 3	32,686	4,250	0	0	
Savitri 1	16,258	3,444	0	0	
Savitribai Phule	43,125	18,138	15,219	16,964	
KGN	49,543	37,340	0	11,502	
Average	35,403	15,793			
Alwar					
Boudh	30,115	17,807	0	0	
Goutam	20,944	27,125	0	0	
Laxmi	17,542	23,916	0	0	
Payal	18,433	28,653	0	0	
Average	21,758	24,375			
Bhilwara					
Bherunath	36,381	47,600	0	0	
Baba Ramdev	41,412	80,075	0	0	
Jai Bhawani	21,365	76,370	0	0	
Leenam	32,607	65,460	0	0	
Average	33,016	67,376			

Figure 7: Change in status of loans across time



From the above table it is evident that in Bhilwara, the average loan amount outstanding to SHG member increased by more than 100% from Rs. 33,016/- to Rs. 67,376/-. And the increase of loan size per member is in all the four SHGs studied. This is one location where SHGs did not distribute their income or their savings. The SHG bank linkage is also a significant factor contributing to bigger loan size.

In Alwar, the average loan size per member increased marginally (12%) and the increase is observed in three SHGs whereas in one SHG, the loan size decreased significantly (by 41%). This is the location where SHGs had distributed their income.

In Rajguru Nagar, the average loan size to members decreased by 55% from Rs. 35,403/- to Rs. 15,493/- And the decrease is seen in all the four SHGs studied. This is the location where SHGs have the practice of distributing their income as well as their savings every five years.

5.1.9 Audit of SHGs is done regularly

The annual audit of SHGs is one of the biggest outcomes of Self-Regulation intervention. In all the locations studied, all SHGs are annually audited. APMAS has imparted training and helped the federations to develop local resource persons from SHG members to conduct the SHG audit. It also helped the federations to develop an audit report format and the audit process. Most SHG members we met, understand the importance of annual audit and they (SHGs) pay the audit fee.

In Alwar, the SHG audit is done by SHG women who have been trained as 'SHG Auditors'; earlier (before Self-Regulation) the SHG audit was done by federation staff. Though, the SHGs and VOs are yet to have a system in place where the audit observations are discussed, and action taken on the recommendations.

In Rajguru Nagar, the SHGs are regularly audited by community resource persons called Audit Jankars. The SHGs pay the audit fee @ Rs. 100/- per SHG to the federation and the federation in turn pays to the Audit Jankars. Though, the audit is done by Federation staff with the help

of Jankars. But the practice of annual audit has been adopted. Members are aware about the audit, though they are not so much aware about the details of the audit observations.

In Bhilwara, the audit of the CLF is done by CA. VOs and SHGs audits are done by the trained team of auditors who are members of SHGs. The statutory audit is done on time and in a yearly manner. Due to the covid situation, this year's audit is supposed to be conducted by September 2021. While audit is done, observations of the audit was not written in the audit sheet or shared with the EC members. This could also be because there were no cases on non-confirmation in the Model CLF. The audit format is that which is shared in the SOC training. Audits brought a sense of transparency and trust within the members of the SHG/CLF about the finances of the CLF. The AGBM can only be conducted after the annual audit and hence the Audit results of CLF are presented in the GBM.

10 women have been trained as SHG auditors in Surya CLF. These SHG auditors are paid Rs. 300 per SHG by the SHGs themselves. Rs. 50 is paid to CLF as resource fees. There are 5 VO auditors who are paid Rs. 500 per VO. They are paid by the VO themselves. Audit formats are designed by the CLF themselves based on different cost heads. Audit reports are present in the CLF office.

5.1.10 Financial Viability of the SHGs

Overall, the SHGs have sufficient income to meet their expenses and manage their operations with their funds. The major source of income in SHG is direct interest, interest margin, penalty etc. SHG are paying for services to CLF as Bookkeeper service, Loan service charge, Audit Fee, AGBM expenses of their respective Vo. The SHGs are effectively providing saving and credit services to members. The special savings are provided annual interest of 9% (which is almost 100% higher than interest on the bank saving) and the SHG gets annual interest @ 24%.

5.2 Village Organisations or Clusters of SHGs

Village organisation is the federation of SHGs at the village level. In all the locations studied, the village organisations were unregistered. All VOs have monthly meetings in which two representatives from each member SHG attend the meeting. The meetings of the VOs are also held in similar pattern that of SHGs- starting with prayer/ motivational song, reading out the agenda, and then presentation by each SHG.

The VOs do not do any financial transactions, but they scrutinize the loan application of SHGs to federation and give their recommendation to the federation. The important agenda of the VOs is to see that all member SHGs are repaying the loan to banks/ Federation on time and the quality of the member SHGs is good. The VOs discuss village level issues like sanitation, access of SHG members to Gram Panchayat schemes, if any SHG member is facing any issue like domestic violence etc.

The village organisation though is not a registered body and they also do not make financial transactions, but they are very vibrant and effective on addressing social issues at the village/ Gram Panchayat level. Most VOs have formed sub committees. In Alwar, Kranti Mahila Manch has 25 Vos. Vos has no financial transactions in their meetings and has non-financial roles in

the Federation structure. Vo is working as a monitoring and Coordinating unit among SHG and CLF.

5.2.1 Structure of VO

Two members from each SHGs formed a representative body and four leaders been directly selected from AGBM of VO as office bearers (President, Vice President, Secretary and Treasurer) Vo has 4 sub-committees as Loan Inspection, Social, Livelihood, Group monitoring committees. These committees are helping VO's to the functioning of CLF activities in SHGs and maintain the quality of SHGs for proper VO functioning.

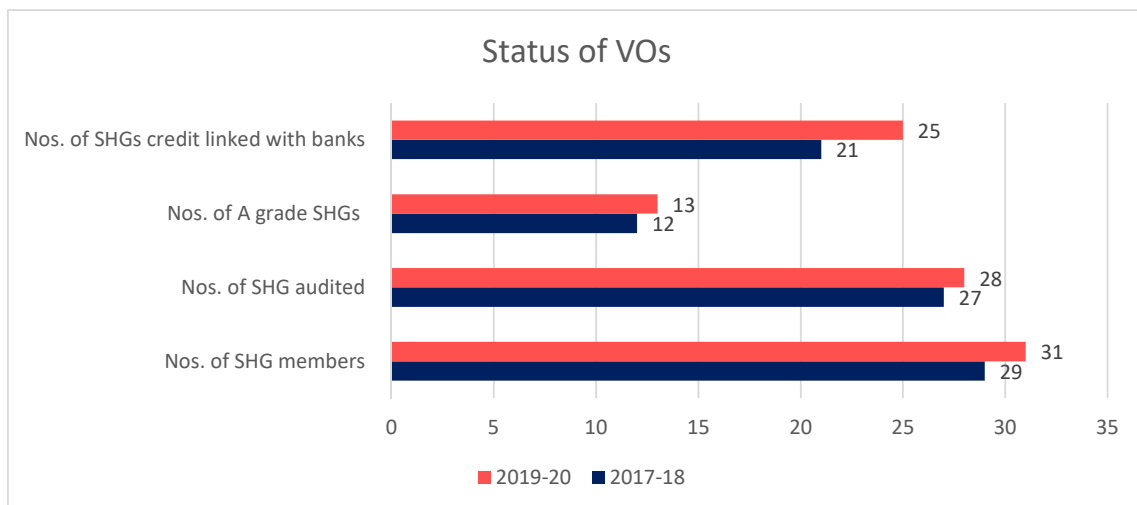
VO meeting is held every month, two members from every SHG participate in this meeting. This meeting is facilitated by leaders with structured agenda like monthly Grading of SHG (Group quality presentation by leaders); Subcommittee presentations; CLF meeting decision sharing; Bank or CLF Loan demand discussion and finalization and social issues of villages as Govt. Scheme linkage.

Table 11: Status of VOs in 2017-18 and 2019-20

Following is the status of two VOs studied in Alwar. As the VOs are not doing any financial transactions, no financial data was available

	2017-18	2019-20	Remarks
Nos. of SHG members	29	31	One VO was split in to two VOs
Nos. of SHG audited	27	28	Almost all SHGs are audited
Nos. of A grade SHGs	12	13	-
Nos. of SHGs credit linked with banks	21	25	-

Figure 8: Change in the Status of Vos in Alwar



Bookkeeping- As there are no financial transactions in the VO meeting, so there is only one book found which is the Minute book and kept all the discussion and decisions recorded in that. This register is maintained by the Field Coordinator.

Leadership- There are four leaders in the VO President, Vice President, Secretary and treasurer. All leaders have been selected (not elected) in the AGBM with mutual consent of all members for two years working tenure and they have a rotation policy and all leaders been changed every three years.

5.2.2 Key changes have been observed and found after Self-Regulation implementation in VOs

- VO had the subcommittees earlier, but it was not functioning well, after SOC and Andhra Visit Subcommittees been reformed in all Vos. All subcommittee members have been trained about their roles and responsibility towards VO functioning. And all members of the subcommittee have very much role clarity about their tasks. Reformation and activation of subcommittee been speed up the work of Vos. Infield and develop a strong bonding between SHG and Vos.
- After SOC All leaders and Sub committee's prepared designation display plates in the VO meeting, which is quite developing the sense of leadership of all active leaders in the Vos.
- Meeting Facilitation was the key role of the Field Coordinator, and all four hours of the meeting was turned around the coordinator infect we can say that the coordinator was looking like a main leading person of VO but after the SOC scenario has been changed completely in terms of ownership leaders been trained to plan their agenda and facilitate their meeting and the sense of ownership is created after SOC. Now women are taking charge of their institutions which was earlier it seems pretty lower.
- The major shift in terms of freedom been found that loan repayments of Bank CLF been done by members directly in their bank accounts now after SOC earlier it was completely dependent on Field Coordinators. This is a single change which been created more transparency in terms of financial freedom.
- Annual Audit has been done earlier by Field Coordinator but after SOC women auditor been trained at the VO level and they are doing Annual audit of all SHGs and submitted their complete report in a printed book format every year in VO. This service is paid by SHGs as Rs. 150 per annum.
- Annual General Body Meeting was completely dependent on the Field Coordinator and all the members were playing as a guest role in this meeting earlier, After SOC every single work been done by VO members it is preparing the grading chart, group financial reports, management of AGBM. this is the major impact on VO which develop the sense of ownership in VO members and helping in grooming leaders and creating new leadership for institutions. This process develops a sense of confidence among members that they can do their work by themselves only and education can't limit to leadership.
- Selection of VO leaders in AGBM was started after SOC earlier it was the part of VO meeting and representative body (2 members from each SHG) was selected their

leaders. Selection of leaders in AGBM rather than VO meeting been a help to boost the confidence of leaders itself when they are been selected among 100-150 women members.

In Bhilwara, the VOs are working very well and their monthly meetings are regular. They (VOs) also form new SHGs by including poor people who are still left out of the SHG network. They have one VO assistant (VOA) who writes the books of the VO and maintain the records. VOA is also a member of a SHG in the same village.

The VOs in Bhilwara have bank accounts and they also manage the vulnerability reduction fund (provided by Rajeevika) and also equally contributed by the member SHGs. The village level livelihoods related support to SHG members is provided by the VO through a cadre specially trained as Krishi Sakhi and Pashu Sakhi.

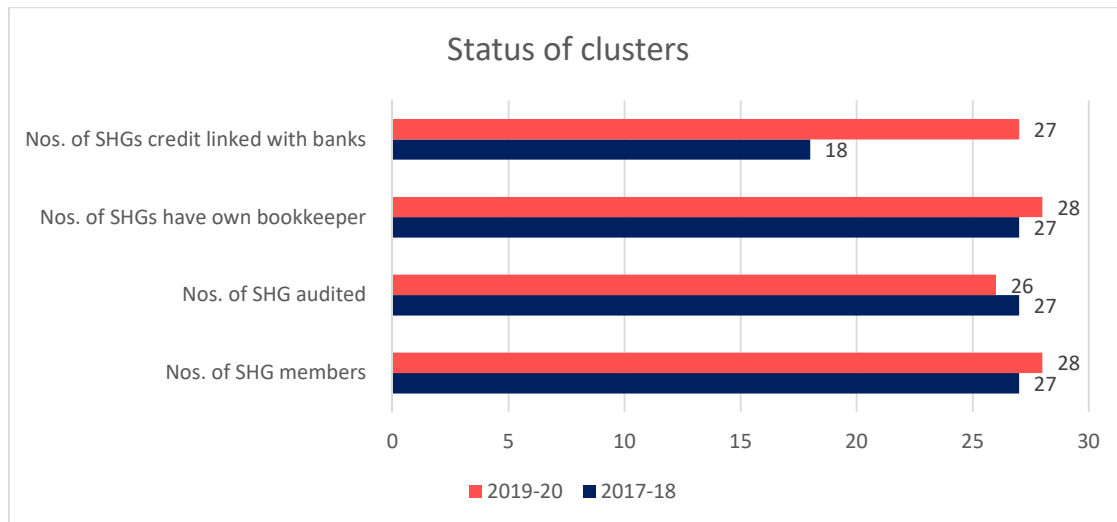
The two VOs studied in Bhilwara have 28 SHGs as members (average 14 SHGs) of which 23 SHGs are of A grade and remaining 5 SHGs are B grade. The grading of SHGs is done regularly. Monthly meetings of the VOs are 100% as per the norms and the attendance in the meetings is also 98% (100% in one VO and 95% in another).

Table 12: Status of VOs in 2017-18 and 2019-20

Following is the data of two VOs studied in Bhilwara.

	2017-18	2019-20	Remarks
Annual Income	Rs. 3.95 Lakh	Rs. 4.29 Lakhs	
Annual Expenditure	Rs. 2.31 Lakhs	Rs. 2.75 Lakhs	
Net Surplus			
Nos. of SHG members	27	28	
Nos. of SHG audited	27	26	
Nos. of SHGs have own bookkeeper	27	28	
Nos. of SHGs credit linked with banks	18	27	
Average size of bank loan to SHGs	Rs. 0.75 Lakhs	Rs. 3 lakhs	
Funds Available with VOs	Rs. 27.97 lakhs	Rs. 45.12	

Figure 9: Change in status of clusters across time in Bhilwara



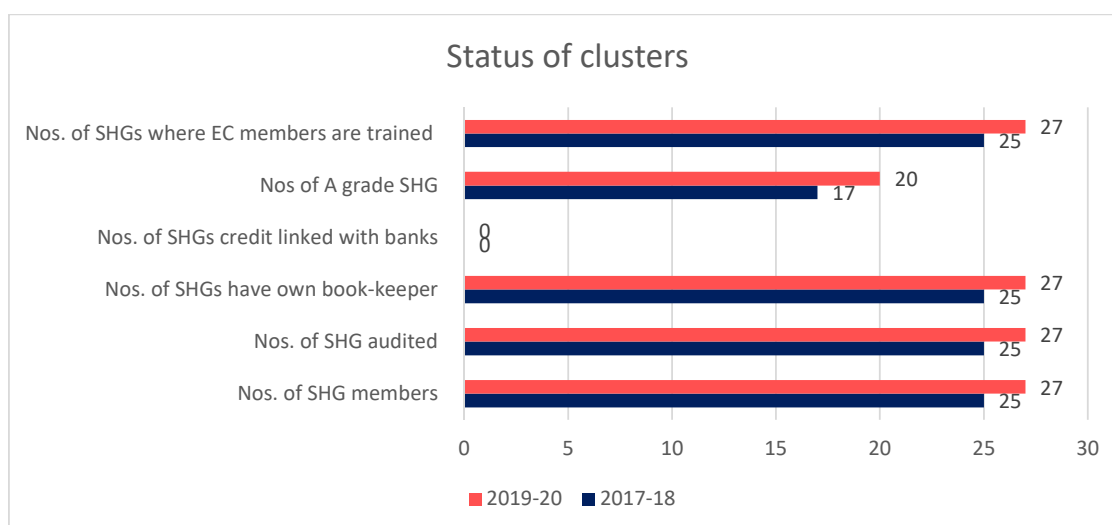
The VOs in Bhilwara are very vibrant and they have regular meetings, have bank accounts, facilitate the lending and repayment of CIF from federation to SHGs and facilitate access of SHG members to government social security schemes and MGNREGA etc. The VOs do take up social issues faced by SHG members but the focus is more on linking SHG members with government programs.

Table 13: Status of clusters in Rajguru Nagar

Following is the data of two clusters/VOs studied in Rajguru Nagar. As the clusters are not doing any financial transactions, no financial data was available.

	2017-18	2019-20	Remarks
Nos. of SHG members	25	27	-
Nos. of SHG audited	25	27	-
Nos. of SHGs have own book-keeper	25	27	-
Nos. of SHGs credit linked with banks	0	0	-
Nos of A grade SHG	17	20	-
Nos. of SHGs where EC members are trained	25	27	-

Figure 10: Change in status of clusters across time in Rajguru Nagar



The clusters in Rajguru Nagar are very strong on women and social issues; they have addressed issues like domestic violence, alcohol consumption by husbands of SHG members; sanitation and health matters etc. There are SHG women who work as Jankars and the clusters monitor their work. The clusters do annual audit of all the SHGs, and also do the grading of the groups.

The VOs do not do any financial transactions and they do not have any regular income or expenses therefore the issue of financial viability is not so significant. They do spend about Rs. 2000-3000 per annum on annual general body meeting and the expenses are shared by the member SHGs.

5.2.3 Services from VO to SHG

VO are working as a village level platform for all the SHGs in the village. The focus of work of the VOs varies across locations studied but most VOs provide following services to SHGs

- The VOs do grading of the member SHGs for their quality and help them to improve the quality; especially if there is any member not repaying the loan, the VO leaders visit them and put pressure/ counsel them to repay the loan.
- The VOs conduct Annual Audit of SHGs through audit CRPs.
- Facilitate the SHG -Bank linkage for credit and also scrutinize SHG loan applications and recommend the same to CLF.
- The women related issues are discussed in VO meetings and VO leaders collectively support the SHG members to address such matters.
- VOs also manage Community Resource Persons to impart training and hand hold SHG members to strengthen their livelihoods
- VOs also take up issues on behalf of SHG members in local Gram Panchayats like widow pension, NREGA job cards and so on.

5.3 Cluster Level Federations

One SHG federation at each location was taken up for this study, thus total four SHG federations were studied. A brief Profile of the federations is as:

Table 14: Brief Profile of Federations

Name of the Federation	Promoting Agency	Registration Status	Year of Formation	Nos. of Members
Kranti Mahila Manch, Laxmangarh, Alwar	IBTADA	Registered as Trust	2014	4220
Surya Rajjevika Mahila Sarvangin Vikas Sahkari Samiti, Shambhugarh, Bhilwara	Rajjevika	Registered as Cooperative Society	2016	5625
Grameen Mahila Savamsiddh Sangh, Rajguru Nagar	Chaitanya	Registered as Trust and Society	1993	9822
Dharohar Jeevika CLF, Newada	Jeevika	Not Registered	--	--

Secondary information about the federations was collected before the visit and during the visit, focused group discussions were held with the staff and leaders of the federations to understand the functioning of the federation, about the understanding of SOC practices, governance of the federation, the services it provides to SHGs and SHG members and so on.

Out of the four federations, three are registered (two as Trusts and one as Cooperative society) and one federation is yet to be registered. The unregistered federation in Bihar is not audited and the data about this federation is also minimal. In addition, the discussion with the leaders of this federation was held online, therefore, the observations about this federation are also very limited.

5.3.1 About the SHG Federations and level of self sufficiency

Kranti Mahila Manch/Federation is working in the Laxmangrah block with 4240 members in 361 SHGs, 25 Vos. Federation is registered under the Trust act in October 2014. Federation is sharing its office with Ibtada in Laxmangarh block. It is working since 2014 in their area. Federation has its office, 12 members of staff to manage their day-to-day operations and all are fully paid by the Federation. All Expenses of Federation functioning is also meet from Federation funds. Federation is also doing their monitoring and review work related to Federation operations and management been done 100% from federation itself. According to the discussion with CLF leaders, they are almost 80% independent and 20% still dependent on the promoting organisation. The key points that SHG leaders shared are:

- SHGs are still dependent for their bookkeeping on Field Coordinators of the federation
- Bank linkages of SHGs are also with Private banks which are charging a higher rate of interest which is 18% cost to SHGs and the linkage with public sector banks is yet to happen

- They seek guidance for future direction from the Promoter organization.
- Federation accounts and financial management monitoring and linkages with projects are also dependent on promoter organizations.
- Capacity-building support of institutions comes from the promoting organisation

The self-sufficiency of the Federation is reflected as all SHGs have their monthly meeting regularly even though they have been done their meeting continues in Covid lockdown with the technologies support. There are some basic norms strictly followed at each level regarding timely repayment of savings and participation of members and leadership rotation on timely, which is the key aspect for the successful functioning of SHGs, Vos and CLF also. Savings and Repayments are mostly deposited on time around 90% SHGs are following the financial discipline in the institutions. Some good practices are continuously following as annual Grading and Internal Audit of all SHGs, Annual Grading of VOs, Annual Internal and External Audit of CLF. Annual General Body meetings of Federations and Vos. Leadership selection in Federation and Vos been done in AGBM. SHGs are paying for all services (Bookkeeping, Loan, Audit) to Federations and they have a very clear perspective towards their ownership of Federations. Federations leaders are sitting in the office and giving 5-7 days for their field operations monitoring and support to SHGs and Vos.

Surya Rajjevika Mahila Sarvangin Vikas Sahkari Samiti, Shambhugarh, Bhilwara is registered as Cooperative Society since 2016. It has 5625 women members from 505 SHGs and it has its own staff and own rented office. It has a team of 12 full time staff (11 women and one man) and a team of 42 community resource persons.

There seemed significant autonomy of the CLF and the minimum involvement of the promoter at the Model CLF. Rajjevika was involved in the budgeting processes especially at block and district level but the EC members seemed aware of how much budgets they had under each head for expenses. EC members said that they take decisions regarding expenditure independently. However, when guidance is required, they would take the support of the finance resource of Rajjevika. The promoter organization mostly keep close supervision of the Community Investment Fund of the CLF as it was provided by the Government.

In the CLF, there did not seem to be much of a case of elite capture in case of decision making and loan usage. However, this could happen in 10% of the SHGs in other clusters. In the SHGs visited almost all members have taken loans and had outstanding amounts. There were some who had taken smaller loans and when asked they responded that they may not have the resources to pay off bigger loans so they took smaller loans. In some of the SHGs even visits to the banks were rotational to enable each member to learn the processes and gain confidence.

While SOC as a term was not very popular, many elements of SOC model were already part of the partner organization from before. Some elements of SOC which improved the style of functioning was the systematic auditing and grading system and the formats which standardized the system and made it easy for every member to understand the grade and functioning of their SHGs. Their dependence on cash mode of transactions had also shifted to

cheque mode and attempts were made to keep expenditure minimum as well as minimum idle cash available with them.

Grameen Mahila Savamsiddh Sangh, Rajguru Nagar started in 1989 and it was registered as Public Trust and Society in 1993; thus, it is almost 28 years old. Its work is in 72 villages. There are 9822 members who are organised in 617 SHGs and the SHGs are federated in to 45 clusters. The federation has a staff of 21 of whom 12 are SHG members as well. It is headed by CEO who is there for almost its inception. There is one Federation Manager, two area managers, eight field workers, four accounts & data entry workers and a team of volunteers. There are 33 office bearers (3 advisors, Chairperson, vice Chairperson, secretary, assistant secretary, treasurer and 25 members). The elections are being held more or less on time. The attendance in the monthly meeting during 2019-20 was 78%.

5.3.2 Decision making and Role clarity

In Kranti Federation, it's been found that around 80 % of decisions of Federations functioning and management been done by Federation leaders. Leaders are not much involved in Income, expenditure, and monitoring of funds in Federations; this is being done by the Manager and accountant which should have been done by Federation leaders. Mostly role clarity was found among staff and leaders at each level only at the Federation level some minor role mix up is there within the Federation Manager vs Federation leaders of financial management and monitoring of Federations funds.

In GMSS, the important decisions are taken by management committee of the federation which meets once a month. Though the CEO and the advisors (Chaitanya's leadership) also play an important role in decision making but federation leaders are generally taken on board, no decision is forced on them. This federation is also providing loan to other federations (and at lower interest rate than what it charges its members), it looks as if this decision was taken by Chaitanya but the leaders of the federation told that it is their mandate to support SHG movement in other parts of district/ state. Similarly, at the SHG and Cluster levels also, the decisions are taken by members by consensus. Though, some leaders are more powerful and have been the group leaders for 10-15 years and they play very crucial role in decision making. It was surprising that the Federation leaders, though they are also members of SHGs, have higher loyalty towards federation than to their own SHGs. This came out clearly why discussing the reasons for federation providing loan to SHG members rather than to SHGs. The federation leaders told that SHG leaders might use the loan for themselves, and they may not give loan to deserving members!

In Surya CLF, the leaders are aware and take most of the decisions in their EC meetings. There is clarity on the roles of the staff and the leaders. The involvement of Promoting Organisation is limited to supervision of Community Investment Fund and the PO also support the CLF in establishing linkages with government schemes.

In Nawada, Bihar, the CLF leadership is confident and meet regularly; the decisions regarding identification of beneficiaries, the repayment of loan, bank linkages etc. are taken by the leaders. But the SHPI (Jeevika/ BRLPS) staff is also actively engaged in the CLF meetings. The

CLF leaders have no issues with the involvement of Jeevika's staff in their affairs, rather, they are happy that the Jeevika is providing full support.

5.3.3 Elections and Leadership Change

In all the federations studied, members are aware of the benefits of regular elections and change in leadership. They also have the systems in place for elections as per their bye laws. The outgoing leaders are given place as advisors (to use their experiences) and new members are given opportunity to lead the SHGs, VOs and CLFs. In all cases, the elections are done in Annual General Body Meetings and mostly it is done by consensus (without ballots).

In Alwar, the leadership rotation was done earlier (before SOC) also in CLF but there was not as a set system. Now, they have been decided to change leaders after every two years and they are following these as a norm in SHG and it's been observed that around 80 % of members got the opportunity to play the role as leaders in all SHGs visited. This process of rotation is pending since last year in some SHGs due to COVID lockdown. The leadership selection process has been done based on selection rather than election as there is no competition among the members for the positions.

In Bhilwara, also there is the system of leadership change in SHGs, VOs and Federation and there is leadership change every two years (as per the byelaws). Earlier there was a system of elections but after Self-Regulation, it is being implemented with sincerity. But the regular elections are not happening in SHGs- the reason is that the members feel that everything is fine, most members are illiterate and they feel that literate members should continue as leaders.

In Bihar, the elections and change in leadership at SHG and VO level is happening but as the federation is yet to be registered, the elections have not been done. The members are aware about it, and they said that they will do it once the federation is registered.

In Maharashtra, the elections in the federation and clusters are happening as per the norms but at SHG level it is difficult to understand because every five years, the SHGs distribute their savings and practically SHGs are formed afresh. There were many SHG leaders who have been as office bearers for a long as 10 to 15 years.

In some places, banks prefer to have same leaders of SHGs so that they don't have to change the list of signatories for the SHG bank accounts; and therefore, they discourage the SHGs to change the leaders.

5.3.4 The capacity of Leaders

The capacity of leaders at each level was found good. Ibtada has built a number of training modules and conducted many training under Self-Regulation which developed very strong leadership in VOs and Federation and enhanced their roles in Governance and management of their institutional works. Leaders at Federation and VO level were found very confident, aware and performing well as per their expected roles at each level. The versatile training has supported leaders groom their capacities in the governance and management roles under

Self-Regulation. The list of training been provided for successful implementation of Self-Regulation are:

- SHG Auditor training
- Vos subcommittee training (Group quality, Loan Monitoring, Livelihoods, Social)
- AGBM data preparation training for VO leaders and members
- AGBM facilitation training to Vos and Federations leaders.
- Federation EC training on Governance roles clarity.
- Federation staff training on SOC

Leaders' capacities have been built to understand the importance of ownership and they have implemented Self-Regulation fully from the SHGs to Federation level and enhanced the role of women in governance and management work of their institutions.

5.3.5 Financial Viability of the Federations

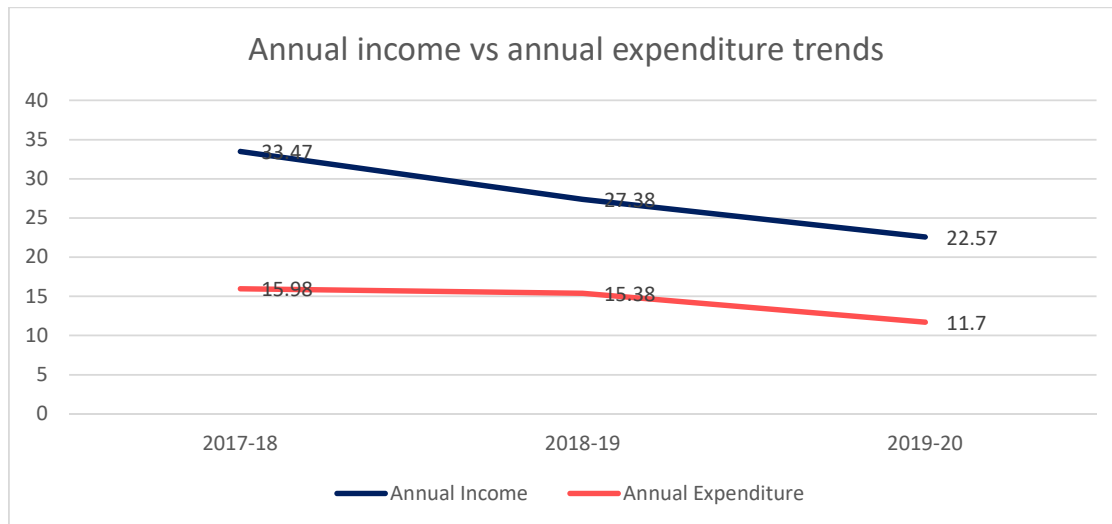
The financial viability issue is critical at SHG Federation level. Three out of four CLFs studied have excess of annual income over annual expenditure. They are financially viable and the SHPIs do not subsidize them any longer. Only one CLF in Bihar is still getting financial support from SHPI for its administrative expenses. In Alwar, the recent trend shows that the annual expenditure of the federation is more than its annual income. Though the federation has its own surplus fund (generated when the federation was getting grants under projects for meeting its expenses and all its income was saved in its corpus) from which the excess expenditure is met. But as the 'excess expenditure over income' is increasing every year, it is a matter of concern. The federation had Rs. 13,000 excess expenditures in year 2019-20 which increased to Rs. 3.15 lakh in year 2020-21.

Table 15: Financial viability of Surya CLF

(Rs. Lakhs)

	2017-18	2018-19	2019-20	Remark
Annual Income	33.47	27.38	22.57	Income from the service charges for sending CRPs to other areas decreased over the years
Annual Expenditure	15.98	15.38	11.70	
Surplus	17.49	12.00	10.87	

Figure 11: Annual income vs annual expenditure trends (in Rs. Lakh) (Surya CLF)



Surya CLF is currently in surplus. Since the time of inception, in 2015, profit is to the amount of Rs. 52,00,000. The biggest income source of CLF is interest from loans given to VOs and its biggest cost is payments to staff.

The annual income of the Federation is coming down because over the years its commission/ service fee received on account of sending CRPs to other districts for Rajeevika's work has gone down. The annual income and annual expenditure at Rs. 22.5 lakh and approx. Rs. 12 lakhs respectively, is stable now. The federation is able to generate an annual surplus of Rs. 10 to Rs. 11 lakhs.

The federation is annually audited by a chartered accountant and the audit reports are available with the federation. But the quality of the audit report is poor. There are no separate schedules prepared for different account heads, most of the account heads are mixed, the revolving fund provided to SHGs by Rajeevika is wrongly included in the balance sheet of the federation and so on. It seems that the priority has been on getting the federations audited to fulfil the compliances requirement.

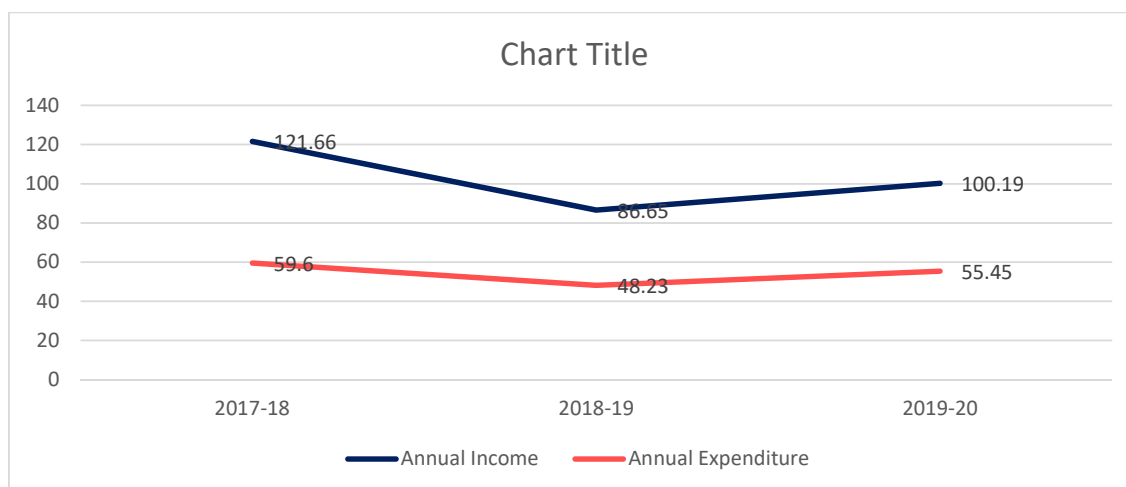
GMSS – SHG Federation is completely financially viable; all its expenses are met from the income of the federation and there is significant annual surplus in the federation.

Table 16: Financial viability of GMSS

(Rs. Lakhs)

Year	Annual Income	Annual Expenditure	Surplus	Remarks
2017-18	121.66	59.60	62.06	
2018-19	86.65	48.23	38.42	
2019-20	100.19	55.45	44.74	

Figure 12: Annual income vs annual expenditure (In Rs. lakh) (GMSS)



The major source of income of the federation is the 'interest' on the loan provided to SHG members and the major item of expenditure is 'salary of staff'. The administrative expenses (staff salary and office exp) are almost same every year; the difference in expenses is due to the interest paid on the loan taken by the federation. There is high fluctuation in the annual income, which is mainly due to the difference in loan provided by the federation.

The federation has a significant amount as deposits from the SHGs and SHG members on which it pays interest @ 8% per annum. If the federation fails to use its entire money as loan to members, it carries the risk of 'reduced income'. Though the audit report of 2020-21 was not available but during the discussion it came out that a large amount of bank loan is unused because due to pandemic, loan offtake by SHG members has come down. Also, the rate of interest the federation charges SHG members is 21% per annum. Many members would find this interest rate as too high to borrow for livelihood activities, and therefore the loan demand might not grow much.

The objective of this assessment is limited to see the outcome of the SOC, therefore I would not comment further on 'ethical side' of the revenue model of the federation but it is useful to understand the model for 'financial viability' aspect and also from members perspective. The surpluses generated by the federation over period of time, gives it a very strong financial strength. Annual surplus of approx. Rs. 50 lakh is a good indicator of financial viability of the federation.

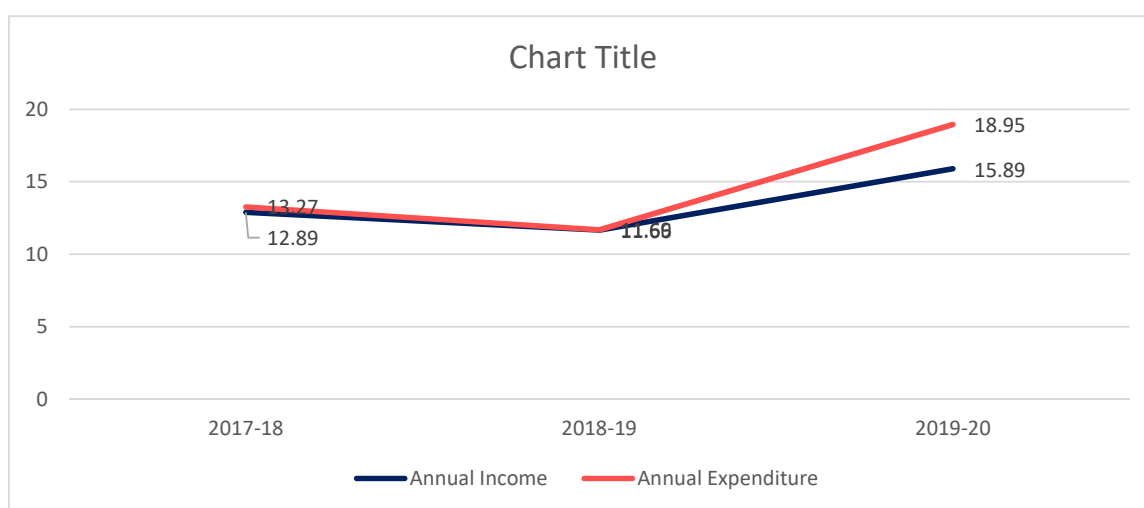
In the meeting with Federation leaders, I asked them to tell one thing that they wanted to do but could not do? They said that they wanted to reduce the interest rate being charged to SHG members but could not do because the federation must be financially viable. It is true, if we assume that the federation starts charging annual interest at 12%, its income will only 60% of what it is today and it will still be financially viable but will not have high surplus to add to its capital.

Table 17: Financial viability of Kranti Mahila Manch, Alwar

(Rs. Lakhs)

Year	Annual Income	Annual Expenditure	Surplus	Remarks
2017-18	12.89	13.27	-0.38	The CLF facilitates bank linkage on which bank provide commission to the promoting agency. An amount of approx. Rs. 7 lakh is yet to be transferred from PO to CLF
2018-19	11.66	11.69	-0.03	
2019-20	15.89	18.95	-3.06	

Figure 13: Annual income vs annual expenditure (In Rs. lakh) (Alwar)



The Kranti Mahila Manch is able to meet all its expenses from its income. It facilitates SHG-Bank linkage with ICICI bank. The ICICI bank has an MoU with promoting agency under which the bank pays incentive to IBTADA on timely repayment by SHGs. All the work is done by CLF and IBTADA distributes the incentive received by it, among the CLFs. Kranti CLF is yet to receive approx. Rs. 7 lakhs as incentive from IBTADA. This amount will be reflected in next years' books. Thus, if the amount of incentive (which is due from IBTADA) is taken into consideration, the CLF will have excess income over expenditure.

5.3.6 The services provided by the SHG Federations to VOs, SHGs and SHG members

The federations are considered as a 'bigger platform' of SHGs by their members. Most SHG members understand and feel that they own the federations and they are providing valuable services to them. Though different federations have different focus of their work but following are the common services that they provide to members:

- a) Federations mobilise left out poor women into new SHGs in their operational area
- b) The SHGs are graded for the quality and whenever any SHG is found wanting on any quality aspect, the federation organise training and the federation leaders visit such SHGs to resolve any conflict among SHG members

- c) Federations facilitates SHG-Bank linkage for credit so that SHG members can avail bigger loans from the SHGs. The federations also provide loan to SHGs (in case of Rajguru Nagar, the Federation provides loan directly to its members).
- d) SHG Federations organise training of member women on livelihoods- taking up livelihoods and managing them; train bookkeepers of the SHGs, and so on.
- e) Facilitate linkages of SHG women with government welfare and development schemes/ programs

The GMSS in Rajguru Nagar has a team of volunteers (called Jankars) through which it provides financial literacy, information about government programs, counselling & legal services to members facing domestic violence etc. The SHGs, clusters and SHG Federations are primarily doing savings & loaning, but they also have a strong focus on social & women issues. The SHGs have helped women members who had faced domestic violence, have raised their voice against illicit liquor sale in villages, have worked on sanitation and cleaning of drainage lines and so on. The SHGs and clusters have also facilitated the access of members to government welfare schemes. The Federation has trained many SHG women as 'Jankar' for facilitating members to access government schemes.

The federation in Alwar, actively facilitate SHG-bank linkage for credit with private sector banks, its livelihoods services through community cadre like Pashu Sakhi and Krishi Sakhi and digital skills through internet Sakhi are very important.

Federation in Bhilwara has a strong service of facilitating MGNREGA to help members in building their private land assets and helping members to have house under PM Awas Yojna. The CLF also has 1 NREGA staff, and 1 staff each on livestock and agriculture related services. The livestock related staff provides information on vaccination of livestock and addresses health related concerns of their livestock for free- such as how to increase quality and quantity of milk production. Agriculture related staff provides information on organic farming. Since this was a model CLF, many members from this CLF, VO and SHG are sent as CRPSs for creating VOs and SHGs for which they are paid a sum of Rs. 700-Rs. 900 per day for 30-45 days. The CLF has also worked on social needs of the area such as health related aspects such as weekly counselling and SRH and on education related aspects such as reducing dropouts.

The Federation in Newada, Bihar helps members to have toilets by providing them loan for toilet construction and also facilitate government linkages for sanitation.

All of the above services are demanded by SHG members and the federation has sound system of assessing the need of SHG women through SHG & cluster meetings. In most cases, issues are raised in the VO meetings and resolved in the VO level. However, certain issues are even raised in the CLF meetings. These are largely in the domain of a) Generating employment/livelihood linkages and market linkages; b) Providing information around social security; c) Revival of dormant SHGs.

5.3.7 Audit and compliances

The registered federations are annually audited by the chartered accountant. The audit reports are presented in the governing board and then in annual general body meetings. The

federation fulfils all the compliances which are mandatory for it as a society or as a public trust. There is no internal audit done in the federations.

The audit reports of the federations vary in the quality and the format. The audit reports of the GMSS in Rajguru Nagar are of the best quality (very structured and in prescribed format) whereas the audit reports of Surya CLF in Bhilwara are of poor quality. It appears that the Chartered Accountant has only put his signature on the report balance sheet and P/L account prepared by the CLF manager. In fact, there are factual errors in those audit reports like the revolving fund provided to SHGs by Rajeevika also figures in the balance sheet of the federation (which should not be the case). The reports also mix the funds received by the federation with other incomes.

Thus, it seems that the impact of SOC is limited to the audit happening in the federations but the federation's members, leaders or the staff is yet to understand the real meaning of the audit and the use of the audit for strengthening their systems. Though the Federation leaders are very confident, articulate, and vocal but many of them are not fully aware about the financial information of the federation (its total deposits, annual income, annual expenditures, profits/ surpluses etc.).

The federation in Rajguru Nagar got A+ rating by an autonomous rating agency (MCRIL) and based on the good rating, the banks sanctioned Cash Credit Limit loan to the federation for on-lending to SHG members.

5.3.8 Compliances

The CLF are doing compliances regularly- like audit, organising AGBMs, preparing annual reports etc. As two of the federations are registered as Trusts/ Society and one as Cooperative society, the compliance requirement is also simple, and they are able to do it. The federations have got the PAN card. They are yet to get registered under 80 G of the IT Act.

5.3.9 Internal Control Systems

The federations have purchasing committee to procure goods and services. They have bank accounts where the signing authorities are 3 office bearers of the EC. They maintain stock registers which are maintained by the accountant. One good practice was that they did not have any pre-signed cheques for use in the CLF office. They do not prefer keeping idle money in the bank as the rate of interest is low. Instead, the general preference and practice is to lend the money to the VOs and SHGs.

Repayment rate is good in the Model CLF with no defaults. SHGs which were dependent on labour as a source of income defaulted /delayed payments during the pandemic, but SHGs where members are dependent on livestock and agriculture did not default. However, it was pointed out by the DPM, that 70% of the big loans in SHGs are taken by 2-3 people and 30% by other members. However, the field data from the SHGs visited did not support this. – It was pointed out by the CLF-CM that this may be true for 10% of the SHGs. When this is observed in any of the SHGs, team members, CC and CLF CM visited the field to address this issue. Another way of ensuring that bad debts could be avoided was that on every loan, there

exists a loan giving process where on stamp paper signature of both the beneficiary and a co-owner's sign is taken.

The federation leaders are aware and vigilant about the need for timely repayment of loans at every stage of the system i.e. from members to SHGs, and SHGs to Banks & CLFs. The loan applications are duly scrutinised at SHG level and the quality (grading and repayment history) of the SHG is considered before giving/ recommending the loan. Most often, Second loan is provided once first loan is repaid. However, in some cases, there is a practice where a member can take one small loan (for consumption) and one big loan (for livelihoods). In case of Rajguru Nagar, member can take one loan from SHG and another from the Federation. But, in all the four locations studied, the members are very much aware about the loans and repayments.

There seemed to be control of expenditure at all levels in all four federations. EC members have tried to reduce their expenses especially in cost of holding meetings. Salaries are a major expense but they are not cut. Members are aware that the expenses of the Federations will have to be met from the income of the federations.

5.3.10 Governance and Management

The Federations have membership of individual SHG members who have paid share capital and all the members constitute 'General Body' of the federations. Two representatives from each VO are nominated to form 'Representative General Body- RGB). Eleven leaders are elected in Executive Committee of the federation in the Annual General Body Meeting. Four office bearers are elected in the general body/ RGB – Chairperson, Vice Chairperson, Treasurer and Secretary.

The Executive Committee of the federations meet once in a month, the RGB also meet once a month and the General Body meeting is held once a year – Annual General Body Meeting. The EC meetings are held regularly, EC members agree that there should be 100% attendance but, on an average, they tried to maintain at least 90% attendance. RGBs are held first and discussion around different issues occur in the RGB. These issues are then taken up and decision on these issues are taken in the EC meeting. Issues raised in the RGB become agenda points in the EC meetings. For effective functioning, the federations have formed sub committees from the members of EC.

In Bhilwara, there are 3 sub committees at CLF level; Social sector committee, bank linkage committees and quality check committee. They are meeting regularly; however, they may not be very effective. There reasons are that bank linkages have mostly been done for every member and basic social linkages are also created such as NREGA, widow and old age pensions etc, so their work has reduced as an exclusive committee. However, DPM also mentioned that CLF and the SHGs have not taken ownership of social protection and linkages to govt. schemes is also absent (other than the basic ones).

In Rajguru Nagar, there is one sub-committee at the federation level which is 'Loan appraisal and disbursal committee'. It has 9 members and it scrutinise the loan applications of the SHG members, the documents etc. and recommends for loan sanction. It's members also occasionally oversee if the members have used the loan for the purpose the loan was taken.

5.3.11 Annual General Body Meetings

Alwar: One another significant outcome of the SCO has been that the members of VOs and CLF have taken complete responsibility of conducting their annual general meetings. Before SOC, it was the responsibility of IBATADA staff (to conduct AGBM of CLF) and Federation staff (for conducting AGBM of VOs). Now the members themselves decide the venue, date of the meeting, they also make all arrangements (tent, chairs, refreshments etc.), invite guests from banks, local government officials, PRIs etc. All expenses of the annual meetings are borne by members/SHGs

Bhilwara: GBMs are held annually. The last GBM was held on 4th March 2021. Due to Covid situation, the 2020 GBM was cancelled. All decisions regarding GBM (date, Time, venue) was taken by the EC members. It was held at a local hall in the area where 450-500 women had gathered. Sarpanch, DPM, Bank Manager had been invited at Chief Guest. The expenses on the GBM was Rs. 8000-Rs. 10,000 and these expenses were borne by the CLF. 5625 members are part of the Surya CLF. Share of capital is not at 100% yet. 5325 members have paid the share capital yet. There are some cases of defunct SHGs from where funds have not been collected yet.

Three days prior to the AGBM, the group meets regularly to create reports to be presented at the GBM. Expenses, budgets for the next year which can be disbursed under different heads, such as cost of CM, resources, Capacity building etc. are kept as discussion points.

GMSS- Annual General Body Meeting: The federation organises annual general body meeting in which two members from each SHG participate. Every SHG contributes Rs. 100/- for annual meeting. The federation has also kept a ceiling on the AGBM expenses up to max of Rs. 25,000/- The audit report and annual action plan is presented to members in AGBM. Also, major achievements are shared and celebrated in the meeting.

5.3.12 Annual Planning

Annual planning process is prevalent. However, planning is a top-down approach not so much bottom-up planning. The annual plan is first presented in the Federation and then at block and district level. Some of the components of the annual plan are Budget, renewal of defunct SHGs, create new SHGs and livelihood and other interventions. It was observed that primarily they have become a banking system and hence there is absence of thinking on ensuring social protection. Some elements which seemed absent from the annual plan are the following: Linkages to govt. schemes; Since the biggest function of the SHGs is on lending money and rotating funds, there is not much in-depth planning on where the utilization of loans should be and how to help growth and develop entrepreneurial activities amidst the SHG members; Inability to internalize the Action Plan and develop it in depth. These plans are approved at GB meeting and are reviewed by EC.

The federation has a system of annual planning, though it is largely restricted to preparation of annual budget only. Besides, the planning is done on the projects that are implemented by promoting organisation i.e. Chaitanya through SHGs & SHG Federation with donor support. The VOs and CLFs have started annual planning and they do have annual work plans, though the plans are very brief and a bit tentative

5.3.13 Elections and change in leadership

As per byelaws, election is supposed to be held every 2 years, and at least once in 5 years. The last election for the position of office bearers was taken place in 2016 and one-third of the members are elected as EC members once every two years.

There is some degree of hesitance in conducting elections for the position of office bearers because CLF was functioning well. However, one-third of the members are elected as EC every 2 years.

6 Outcomes & Key Changes after implementation of Self-Regulation at SHGs and SHG Federations

The outcome of the Sector Own Control (SOC) intervention has been positive and in all four locations studied. Though the extent of outcome vary across locations and the promoting organisations have also played a very critical role in rolling out the SOC practices. There is a willingness observed in the promoting organisations in implementing SOC practices. The fact that the promoting organisations agreed to take up the SOC pilots and signed the MoU is an indication of their initial willingness and during field visits, it was observed that all partners have taken SOC initiative positively and they made necessary efforts to introduce SOC practices and change some of the earlier ways/ practices.

Following are the specific outcomes of the Self-Regulation

1. **Annual Audit:** The audit at SHG, VO and SHG level is happening as a regular practice. All SHGs visited were audited. The federations have trained SHG women members as community resource persons (Audit CRPs or Audit Jankars) with the support of APMAS and these trained CRPs are regularly auditing the SHGs. It is also heartening to note that the SHGs are paying the audit fee from its own resources. The team of trained audit CRPs is a good output of the SOC and it will help in sustaining the practice (audit of SHGs)

The SHG Federations are also being audited annually by qualified chartered accountant. The very fact that the annual audit is done on time, the audit reports are discussed in EC and AGBM and all the audit reports are readily available; can also be attributed to the SOC initiatives. In fact, there is a proper audit process which these federations follow- first all the SHGs are audited and then the Federations are audited.

The audit of VOs was observed only in Bhilwara because the VOs there have financial transactions and keep all the books of accounts. In other locations, the VOs are not having financial transactions and therefore, they are not audited.

2. **Social Capital:** Almost 60 leaders of VOs and federations have been trained as a facilitator on Self-Regulation (SR) practices and they are providing support to the SHGs and VOs for their training and other technical support as per need of SHGs and VOs to adopt Self-Regulation practices. The SHG women who visited Kamareddy Self-

Regulation work in AP and those who got trained on SR practices are acting as SR ambassadors helping to sustain the SR practices.

3. **Regular Elections and rotation of leaders** in SHGs, VOs and Federations on time is another outcome of the Self-Regulation. Though, members knew the importance of elections and leadership change even before the SR initiative, but they were not very strict in enforcing the election on time. But after SR intervention, the election process at all levels (SHGs, VOs and Federations) is being followed as per their bye-laws. SHG changes their leaders every two years in VO and federation it is changed in three years, in some 1/3rd of leaders is changed every year. It is done in AGBM. Though in Rajguru Nagar, we also found a few leaders holding the posts even for 10-15 years.
4. **A set System and Procedure to conduct meetings:** With Self-Regulation initiative across partners, the process and procedure of conducting meetings of SHGs, VOs and CLFs is in place. Now, members sit in a circle, the office bearers have their names and designation displayed, the meetings start with prayer/ motivational song, members set their agenda on their own, they are not dependent on any external person (staff of promoting agency or any other) and most of the decisions are taken by themselves. However, depending on the operational model, the staff of the federation (like in case of Alwar, the book writer from the federation) attend the SHG meetings but even there, the SHG members are independent in conducting meetings. In fact, they charge a token penalty if the bookkeeper is late in the meeting.
5. **Protection of Members' Savings:** The SHG members are aware about the benefits of building their savings (and not distributing the income or the savings once the savings grow to a higher amount) and the income is also credited to the members account every year. In Alwar, members are even saving more than the mandatory savings and that too for a longer period. The SHGs are paying a lucrative interest on the members voluntary savings. In Bihar, members are saving separately for sanitation/ health related issues. Due to Covid pandemic when some member families lost their livelihoods, some SHGs in Alwar distributed their income. However, in Rajguru Nagar, the SHGs are continuing with distribution of their savings and incomes after 5 years.
6. **SHG-Bank Linkages:** The confidence of SHG members and that of banks in SHGs have increased and the SHG bank linkage has increased significantly in Alwar, Bhilwara and Nawada. However, in Rajguru Nagar, the federation is in lending business to SHG members directly, so the SHG-Bank linkage has not happened. The SHG members are visiting bank branches and are dealing directly with bank managers, which is a good indicator of vibrancy in the SHGs. Before SOC, the staff of the promoting agency or the federation was handling the bank affairs on behalf of SHGs in Alwar.
7. **Members holding Annual General Body Meetings:** All federations and VOs are holding their Annual General Body Meetings on their own and the expenses of these events are met by the federations/ VOs themselves. In fact, the SHGs make special

contribution for holding the AGBMs. Now from the preparation of Audit and Grading report of SHGs to Management of Meeting facilitation, meeting arrangements (Inviting guests, Tent, water, Food) everything done by Vo members itself. The role of Federation leaders and EC been increased in Governance which is earlier not as much. The Federation president sits in the office and monitors the work for two days which is done after SOC. This clearly indicates that the members have started owning these second-tier institutions.

8. **Leaders investing their time on building their Institutions:** All leaders are providing 5-7 days support in Federation management and monitoring work as EC meeting, Staff review meeting, Vo Grading, meetings with Banks and follow up with Govt. Departments and external visits.
9. **Expanding Leadership base through Sub-Committees:** The federations have formed subcommittees to look after different works of the federation like sub-committee on SHG/VO quality, another on bank linkage & financial inclusion, another on social issues & accessing government welfare schemes etc. The activeness and efficiency of these sub committees vary across locations, but the system is in place and the members of the sub committees are trained from time to time.
10. **The SHGs are graded for their quality** – SHG members do self-grading, and the VOs also check the grading of member SHGs. All those SHGs having any quality issues are visited by VO leaders and the SHGs are assisted to improve. However, the practice of recognizing the best quality SHG or VO is yet to start. In some places, the federations started the award system for best SHG and VO but they faced some operational matters and so, it was discontinued.
11. **The services provided by the federations** to VOs & SHGs and by VOs to SHGs & SHG members are broadly in four categories- a) financial (promoting savings and providing/helping credit); b) addressing women issues and social issues that SHG members face; c) helping SHG members to access social protection and other developmental schemes of government and d) capacity building of members to augment existing livelihoods or to take up new livelihoods. The regular meetings of SHGs, VOs and CLF's EC are working as a platform for flow of information from members (their expectations) to federation and from federation (about information of government programs etc.) to members.
12. **Financial Viability:** The federations visited under this study are financially self-sufficient and all of them have significant reserve (built from the annual profits) as well. The annual income is more than the annual expenditure. All these federations have a team of 12-15 full time staff and their salaries are fully paid by the federation. Moreover, the federation leaders are aware about the importance of financial self-sufficiency and they keep the tab on expenses and curb the wasteful expenditure if they find any.

13. **Increased confidence and Relevance of Members:** Being part of SHG networks had increased the confidence of the local women. It had resulted in women becoming part of key household decisions as women became part of income sharing and work sharing. SHG Members are convinced of the important role that SHGs have played in changing their lives. As it has reduced their dependence on local moneylenders for loans, it made women active decision makers in their households as well as outside. They also became a source of Panchayat level information channel and these women became key person in raising their voice against social issues such as alcoholism, gender violence and child marriage. Banks have renewed faith in SHGs as their repayment figures are good and they provide good business. Women said that SHGs have empowered them. "Previously when they would go out, they were called as someone's mother or wife but now they are referred as SHG madam". In every meeting they introduce themselves using their own names and that itself brings about a feeling of empowerment of the self.

Overall, a sense of ownership has increased among SHG members, and they feel that the Federation is their institutions which need to be governed and managed by them only. With the sense of ownership, accountability has increased and leaders are taking charge of managerial and monitoring roles in their SHG, VO and 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 as they are feeling much capable to own and govern their institutions. Leadership rotation provides an opportunity of equal rights to members become leaders and it creates an environment of trust among them. A strong pool of leaders developed as social capital in the block and providing regular support for institutional quality enhancement. As much as women leaders and cadres are actively playing their roles in their community to create a positive image of Federation in their community as well in the outer world. This pilot provided wings to women to explore their potentials and break their limitations and a set of images about women in society.

7 Issues and Challenges

The self-regulation practices should have been implemented from the beginning (while forming the institutions) and adequate investments should have been made for members education, leadership development and putting systems of governance and management. Somehow, the focus of the SHPIs is more on the numbers – number of SHGs and Federations being promoted, amount of bank linkages, and so on. This extra focus on the numbers does not allow the SHPIs to let the community take responsibility of their own institutions.

The staff of the SHPIs, especially that of SRLMs lack the understanding of self-regulation and therefore they always feel that it is their (staff's) responsibility to manage the SHGs and their federations. It is a challenge to orient/ train such a large number of staff of different

background on self-regulation (most SRLMs have staff on deputation from different government departments like education, revenue etc. and they have no prior experience of community institutions).

Considering the low level of literacy among SHG members and leaders, the self-regulation practices adoption takes time and the SHPIs will have to have patience and will have to have continued focus on leadership development while creating space for the members/ leaders of SHGs. The pressure of targets sometimes creates pressure on SHPI staff and they then start taking control of the institutions. The SHG leaders also hesitate to confront the SHPI staff because of the financial support they get from SHPIs, if they confront them, they might have to forgo the financial support.

Looking at the size of SHG movement in India, it will need a huge number of trainers, community resource persons, training material in various local languages and even audio-visual material to orient people/ CRPs on the self-regulation practices. It would need financial resources which institutions like NRLM & NABARD should be willing to spend to make SHG movement sustainable.

8 Way forward

The Self-Regulation intervention at four locations studied have been very useful in making SHGs, VOs and CLFs as truly member owned, member controlled and member managed community institutions to a great extent. The promoting organisations have played a critical role in rolling out Self-Regulation. As many SHGs and SHG federations are being formed, it would be appropriate if the complete package of Self-Regulation is implemented/ up scaled across the country.

One of the important outcomes of the Self-Regulation found is the 'regular audit of SHGs, VOs and Cluster Level Federation'. The audit of SHGs and VOs is done by the SHG members who are trained as 'Audit CRPs' and the SHGs themselves are paying for the audit expenses. The regular audit practice) has led to increased transparency in the system which resulted in to increased confidence of members and they (members) taking ownership of their institutions. **This Self-Regulation practice of regular audit of SHGs, VOs and CLFs must be up-scaled. This can be done by developing a team of 'Audit CRPs' from among SHG women at CLF level.**

The self-regulation interventions have made the SHGs, VOs and CLFs self-sustaining in terms of holding their meetings on their own, writing their books, transacting with banks, holding their annual general body meetings and so on. It has resulted in to less dependence of community on project staff/ SHPI staff and therefore SHPIs are able to work efficiently with a smaller number of staff and SHPIs can deploy its staff for other important roles like guiding the CLFs on livelihoods strengthening of members.

NRLM/ SRLMs may collaborate with competent and reputed SHG promoting institutions to mainstream Self-Regulation for self-reliance and sustainability of the SHG movement in India. For about 20-30 CLFs promoted, one agency can be appointed as mentor to develop the CLFs as model CLFs through self-regulation practices. The Self-Regulation of SHGs/VOs and CLFs is need of the hour and it should be taken as a special drive as soon as it is possible.

The critical aspects of Self-Regulation like timely audit, compliance, timely elections & change of leadership, financial viability, size of savings and loan size (continuous growth) should be made part of CLF and SHG rating tool. The SRLMs should make it mandatory for all SHGs/VOs/ CLFs promoted under NRLM, to have annual audit, timely elections, and rating/grading of all community institutions.

SRLMs can promote an autonomous State or Regional Level Self-regulation body (SRO) of the SHGs & SHG federations through a self-financing model. As the savings is ever increasing in the SHGs, annual audit & rating at SHG level and all other levels is necessary. For the CLFs to promote FPOs and run other business enterprises like common facility centres, processing units, etc., they need to be vibrant women-led organisation with good governance & management.

NABARD has been spearheading the SHG movement in country for more than two decades. Now with NRLM/SRLMs taking over the role of SHPIs, NABARD could possibly take lead to focus on self-reliant and sustainable SHG movement in India. **NABARD can fund implementation of Self-Regulation and Self-Supervision at all levels of the SHG movement by supporting & funding capable NGOs to up-scale self-regulation. NABARD could also work with NRLM to implement self-regulation. NABARD could also come up with policy guidelines for SHG Version 3 – SHG federations as financial intermediaries / BCs and also for the SHG federations to take up promoting and supporting FPOs.**

9 Annexures

Information Sheet

9.1 Information about partner:

Name of the partner organisation:

Month/Year of SOC implemented period: From:
To.....

What specific activities/ interventions were undertaken under SOC

- 1.
- 2.
- 3.
- 4.
- 5.

Nos. of Total SHGs promoted:

Nos. of SHGs covered under SOC:

Nos. of total VOs

Nos. of VOs covered under SOC:

Nos. of total CLFs

Nos. of CLFs covered under SOC

No of social capital & community professionals developed

No of SHG bookkeepers		No of VO bookkeepers	
No of SHG auditors		No of VO auditors	
No of facilitators trained			
For SHG trainings		No of CRPs trained	
For VO – EC trainings		No of Sr. CRPs trained	
For CLF EC & Sub-committee trainers			

9.2 Information about CLF

Name of the CLF:

Date of registration of CLF:

PI get a copy of following documents of the CLF

- a) Audit report of the CLF Year 2019-20 , 2018-19 & 2017-18
- b) Annual Progress Report of year 2019-20 , 2018-19 & 2017-18

(Rs.)

	2017-18	2018-19	2019-20
Annual Income			
From Internal Sources			
From External Sources			
Annual Expenditure			
Admin and Management			
Project Expenses			
Loss/Profit			
Nos. of Total VOs:			
Nos. of SHGs:			
Nos. of SHG members:			
Nos. of CLF members (who have paid for shares):			
Nos. of SHGs credit linked with banks			
Average size of bank loan to SHGs			
Nos. of SHGs who took loan from CLF			
Average size of CLF loan			
If CLF has taken bank loan, Nos. of loan taken so far Amount of loans taken			
Total funds available with CLF (Rs.)			
Loans outstanding to SHGs/VOs as on 31 st March			
Amount in cash and bank, including FDs etc. as on March 31 st			
Nos. of full-time staff of CLF			
Male Staff members (Nos.)			
Female Staff members (nos.)			
Nos. of CRPs/ Community Cadre (paid by CLF)			
Nos. of book keepers paid by SHGs/VO			
Nos. of SHG Auditors paid by SHGs/VO			
Nos. of SHGs audited			
Nos of SHGs have own bookkeeper			
No of VOs have own bookkeepers			
Nos. of EC members trained			

9.3 Profile of the Village Organisation

Name of the VO

Date of VO formation:

Information:

So. No.	Year	2017-18:	2018-19	2019-20
1.	Nos. of SHGs in the VO:			
2.	Nos. of SHG members			
3.	Nos. of A grade SHG:			
4.	Nos. of B Grade SHGs			
5.	Nos. of Meetings			
6.	Attendance %age			
7.	Internal Audit (Y/N)			
8.	Annual Income of VO			
9.	Annual Expenditure of VO			
10.	Nos. of SHGs credit linked with banks			
11.	Average size of bank loan to SHGs			
12.	Nos. of SHGs who took loan from VO			
13.	Average size of VO loan			
14.	Total funds available with VO (Rs.)			
15.	Amount in cash and bank, including FDs etc. as on March 31 st			
16.	Nos. of full-time staff of VO			
17.	Male Staff members (Nos.)			
18.	Female Staff members (nos.)			
19.	Nos. of CRPs/ Community Cadre (paid by VO)			
20.	Nos. of book keepers paid by VO			
21.	Nos. of SHG Auditors paid by VO			
22.	Nos. of SHGs audited			
23.	Nos of SHGs have own bookkeeper			
24.	Nos. of EC members trained			

9.4 Profile of SHG

Name of the SHG

Village

Date of Formation

Name of VO

Name of CLF

Nos. of Members in SHG

Sr No.	Details	Dec 2017 Or March 2018	Dec 2020 Or March 2021
1.	Total Savings in SHG		
2.	Total income of SHG (from interest and penalty etc.)		
3.	Other receipts from project/ donors		
4.	Monthly saving per member		
5.	Nos. of members who had taken loan from SHG		
6.	Average size of loan to members from SHGs		
7.	Loan outstanding on members		
8.	No. of bank loans to SHG so far		
9.	Amount of bank loan to SHG so far		
10.	Nos. of defaulter members to SHG		
11.	Amount of bad loan		
12.	Repayment percentage on time		
13.	Nos. of CRPs from SHG members		
14.	Grade of SHG		
15.	Nos. of SHG meetings held during last 12 months		
16.	Attendance percentage in SHG meetings		

9.5 Interview of/ Discussion with Partner Staff (Promoting Organisation)

Explain the purpose of the study: Assessment of the SOC intervention to understand and measure the outcome of the intervention on members, SHGs, VOs and on CLFs, In terms of

- a) Ownership of the institutions by their members
- b) Governance systems –
- c) Increase in services provided by the institutions to the members

Background- how the need for SOC was felt? When has it started and ended? Scale of SOC intervention: in how many CLFs, VOs and SHGs? Out of total how many SHGs, VOs & CLFs?

What are the SOC components adopted by them? Why?

What strategies adopted to ensure members ownership on the process?

The basic questions of which answers would be sought from this discussion are:

- a) What is the level of dependence (lack of autonomy) of the CLFs/ VOs/ SHGs on the promoter? And why?
- b) What is the role of staff of the CLFs vis-à-vis that of the leaders? Who takes the decisions?
- c) Within organisations, is it that all members are equal or only a few (more articulated and influential) leaders take the decisions?
- d) Whether capacity of the leaders and the members of the institutions, have been built to the extent where they are able to understand, appreciate and manage the SOC interventions?
- e) What are the specific changes that have happened due to SOC pilot- like for example, how they treat the interest income – if it is credited to members a/c? what is the equity/debt ratio? Have members increased their stakes in the institutions? Growth in savings, credit, reduction in idle funds and so on.
- f) During the discussions, efforts will be to understand the decision-making process in the institutions? Who makes the decisions?

Which of the following SOC components were implemented?

Sr. No.	SOC Component	Implemented?
1.	Developing SHG members as community professionals such as resource bookkeepers, bookkeepers, internal auditors, facilitators / trainers, etc.	
2.	Establish systems like standardized bookkeeping, information system (MIS), internal audit and internal controlling, etc., at all levels	
3.	Undertake internal audit of SHGs, VOs and CLFs, and 'statutory' audit of CLFs on regular basis	
4.	Establish systems for follow up on internal and external audit	
5.	Rating of SHGs, VOs and MSs	
6.	Ensure that timely elections are held in a free and fair manner at all levels	

7.	Developing social capital - training board members, sub-committees and office bearers	
8.	Role clarity between Board, Sub-committees, and Office Bearers	
9.	Promoting accountability and transparency among the institutions and functionaries, through strengthening Board meetings & review, conducting General Body meetings and presentation of annual reports, conducting elections and filing returns on time, etc.	
10	Growth of internal sources – growth of savings, increasing internal lending and repayment; increase services	
11	Introducing service fee concept	

What inputs/ interventions were done under the initiative?

Sr. No.	Activity	Details	Time/ Duration	Outcome

1. Which activities could not be undertaken? And why? What was the plan under SOC? Was it implemented fully? Any deviation from the plan and the reasons thereof?
2. Is it board led or staff-led? Is there ownership of the initiative? Do they feel that self-regulation is adding value & ensuring sustainability of the institutions?
3. Who paid for capacity building (trainings, exposure visits, community professionals fees, printing of formats etc.)?
4. Who paid for the audit fee etc.?
5. Were community cadre developed? How many and of which types- book keepers, auditors, etc.
6. Management and control of the self-regulation by the community?
7. What is the compliances requirement as per the state Cooperative Societies Act?
8. Have the CLFs been doing compliances?
9. Is there any intervention by state cooperative department in the functioning of the CLFs?
10. What is your (organisational) opinion/ stand on the CLFs doing financial intermediation?

Institutionalization of SOC processes and results: What has been done so far? How shall it be done?

What are the key issues & challenges faced while implementing self-regulation?

What are the learnings?

- Is there clarity among the BoD and the SHGs about SNU?

- Was the process of designing and implementing participatory (was it top down)?
- Do they feel responsible and accountable for the system of self-regulation?
- Is there ownership & commitment to make it work?
- Does self-regulation contribute to stability, sustainable and growth in SHGs and SHG federations? Is it staff-led or community-led? Are they excited about it? Why?

Outcome/ Impact: In terms of

- a) Nos. of SHGs that improved the grades
- b) Change in the per member savings
- c) Change in average loan size
- d) Proportion of internal loan (ratio of internal and bank loan)
- e) Profitability of CLF, VOs and SHGs – any changes after SOC

Acceptance of self-regulation components by Banks, Statutory Auditor, Cooperative Authority & government authorities etc.

Whether they want to upscale? Why? Why not? What are the challenges they are facing?

9.6 Check List for Focused Group Discussion with CLF leaders / Board Members

The main purpose of SOC is to have member owned member managed and member-controlled institutions – SHGs, VOs and CLFs; so that these institutions remain member- centric, help members to develop (socially and economically) and are self- reliant (not dependent on outsiders).

SOC focus on effective and efficient internal control systems so that there is sufficient transparency and accountability of the institutions towards its members

This discussion is to understand the outcome of the SOC pilot project – and it is not evaluation of the Federation.

Data to be collected: Copy of

- a) Annual report of last 2-3 years
- b) Audit Report
- c) Balance Sheet
- d) Income- Expenditure statement
- e) Demand Collection Balances report (including defaulters – no of months and amount)

If possible, you may need to take a SHG bank linkage status of last three years (before and after SoC as well).

Documents to be Checked:

- a) Proceedings Book

General Discussion:

When was the Federation registered? Under which Act?

Nos. of VOs as member of the CLF? Nos. of SHGs members of the VOs in the CLF?

The basic questions of which answers would be sought from this discussion are:

- g) What is the level of dependence (lack of autonomy) of the CLFs/ VOs/ SHGs on the promoter? And why?
- h) What is the role of staff of the CLFs vis-à-vis that of the leaders? Who takes the decisions?
- i) Within organisations, is it that all members are equal or only a few (more articulated and influential) leaders take the decisions?
- j) Whether capacity of the leaders and the members of the institutions, have been built to the extent where they are able to understand, appreciate and manage the SOC interventions?
- k) What are the specific changes that have happened due to SOC pilot- like for example, how they treat the interest income – if it is credited to members a/c? what is the equity/debt ratio? Have members increased their stakes in the institutions? Growth in savings, credit, reduction in idle funds, defaulters and so on.
- l) During the discussions, efforts will be to understand the decision-making process in the institutions. Who makes the decisions?

There are certain 'expected results' from the SOC inputs around governance, management and performance of the institutions. Let's understand the inputs and then talk about the outcomes of the same

Which of the following SOC components were implemented?

Sr. No.	SOC Component	Specific activity undertaken?
1.	Developing SHG members as community professionals such as resource bookkeepers, bookkeepers, internal auditors, facilitators / trainers, etc.	
2.	Establish systems like standardized bookkeeping, information system (MIS), internal audit and internal controlling, etc., at all levels	
3.	Undertake internal audit of SHGs, VOs and CLFs, and 'statutory' audit of CLFs on regular basis	
4.	Establish systems for follow up on internal and external audit	
5.	Rating of SHGs, VOs and CLF	
6.	Ensure that timely elections are held in a free and fair manner at all levels	
7.	Developing social capital - training board members, sub-committees and office bearers	
8.	Role clarity between Board, Sub-committees, and Office Bearers	
9.	Promoting accountability and transparency among the institutions and functionaries, through strengthening Board meetings & review, conducting General Body meetings and presentation of annual reports, conducting elections and filing returns on time, etc.	
10	Growth of internal sources – growth of savings, increasing internal lending and repayment; increase services	
11	Introducing service fee concept	

Focused discussion

Developing Standards

- Did you have standards earlier? What are those?
- Who were involved in developing standards?
- Have you heard about SHG, VO and CLF awards?
- Who is involved in selection of Best SHG, VO and CLF?
- Where do you receive award and why?
- Who are the bookkeepers? Who identified them?

Who is monitoring their work and providing on the job support?

Standard Bookkeeping

Have you changed/ modified the Bookkeeping under SOC? What were the deficiencies, what was changed & why?

Who did it (participatory?) and how?

Who is conducting trainings? Where?

Whether books are user friendly?

Who is writing books and how much is paid?

Monitoring – Reporting from SHGs to VO and CLFs

Who is reviewing the reports?

How are these reports used for reviewing the performance of the institutions, for problem solving and for decision making?

Are there any sub-committees monitoring by visiting? What do they do?

General Body Meetings

How many general body meetings are to be held as per the bye-laws? And how many were held in last two years?

How many members attend the GB meetings?

How much is the expenses on the GBMs and who pays for that?

How many members are there in the CLF?

How many members are yet to pay their share of capital?

Have they prepared any reports for AGBM? What are those?

EC/ Board Meetings

How many board meetings are to be held in a year, as per the bye-laws?

How many EC meetings were held in year 2019-20?

Average attendance in the board meetings?

What is the process of fixing meeting agenda?

What is the process of taking up the issues faced by SHGs and their members?

Planning:

Do the CLF have annual planning process?

If no, why? If, Yes, what is the process

Is there annual plan available with CLF?

Can you describe main points of this years or last year's annual plan?

Whether you used to do annual planning earlier?

What was the process followed?

Who approves the plans?

Who reviews the plans?

Does this result in improved performance?

Audit

Is there a system of internal audit in CLF? And of VOs & SHGs?

Who does the internal audit?

How many SHG women have been trained as auditors?

Who pays the auditors?

Is the statutory audit done? On time?

What is done with the audit report? Is it presented to AGB?
Any action taken on the audit observations?
Was there any internal /external auditing? At what level? Who used to do it?
What are reasons for having auditing system?
Who developed audit format?
What type of information it is covering?
Who is checking quality of audit done by auditors?
Who is keeping audit reports?
How are the audits findings presented at the SHG and federation level?
Does audit have impact?
What did you learn?
Whether statutory auditor using support of internal audit for finalising audit

Compliances

As per the State Cooperative Act, what are the compliances required?
Whether the compliances done in last two years?
Is the CLF registered under IT Act – 12 A or 80G?
Does it have PAN number?
IT returns are filed regularly?

Sub Committees of the Board

Which are the sub committees of the board formed?
Are they meeting regularly?
How effective are these sub committees?

Financial self-sufficiency of the CLF

What is the revenue model of CLF? Major income sources and major costs?
Whether the CLF is in surplus or in deficit in last 2-3 years?
Whether CLF is able to generate sufficient income from its own sources like interest, members fee and service fee etc.?
Annual share of internal resources in meeting CLF's expenses over a period of last three years?

Elections

As per the bye-laws/ policy, what is the system of elections for office bearers of CLF?
Whether the elections are held as per the bye-laws?
What was the earlier practice regarding elections?
What changes have you done?
What kind of impact does it have on the process and on responsible members being elected?
What have we learnt from this experience of facilitating systematic election?

Services provided by CLF to VOs and SHGs

What are the major services CLF is providing to VOs? And whether these services were asked by VOs?
Similarly, the services provided to SHGs by the CLF? And whether the services were asked by SHGs? Are they paying for them?

Internal Control Systems

Who does the purchases?
Whether stock register is maintained?

Check signing authority?
Idle money? How do you deal with that?
Repayment rate? Bad Debts? What are the systems in place to find out any frauds or cases of malpractices, misappropriation of funds etc.
What kind of internal control systems have been introduced?
Was there any internal control mechanism before?
How does that improve the performance of the SHG/VO/MS?
Does this improved accountability and transparency?
What did you learn?

Growth of Savings

Why do you focus on savings?
How are you facilitating growth of savings?
(adding interest on savings on annual basis, increase amount savings, ensuring payment of savings regular basis, ensuring rotation of own funds/keeping less idle funds, ensuring no withdrawal of savings, increase member trust by introducing bookkeeping and auditing system, member education etc)

Growth of Internal Loan

Why do you want to focus on internal loans?
How are you facilitating growth of internal loans?
(interest margin, instalments, need based loans, linkage between savings and loan eligibility, idle funds etc – Also see how bookkeeping and auditing system strengthened the institutions in increasing loan services and also increase growth in corpus of the institution)
Expenditure control??
Acceptance of self-regulation components by Banks, Statutory Auditor, Cooperative Authority, Govt projects / programs etc.
Role clarity among OB members and between OB and Staff
What type of trainings Board received under SOC? Were the trainings useful? How?
What problems you faced while implementing SOC?
Learning?

9.7 Check List for Focused Group Discussion with VO leaders

The main purpose of SOC is to have member owned member managed and member-controlled institutions – SHGs, VOs and CLFs; so that these institutions remain member- centric, help members to develop (socially and economically) and are self- reliant (not dependent on outsiders).

SOC focus on effective and efficient internal control systems so that there is sufficient transparency and accountability of the institutions towards its members

This discussion is to understand the outcome of the SOC pilot project – and it is not evaluation of the VO.

General Discussion:

When the VO was formed? Nos. of SHGs in the VOs?

What is the role of VO? What does it do?

Have you heard about Sector Own Control?

What do you understand by it?

Which specific activities were undertaken under SOC in your VO?

Focused discussion

Developing Standards/ norms

Did you have standards earlier? What are those?

Who were involved in developing standards?

Have you heard about SHG, VO and CLF awards?

Who is involved in selection of Best SHG, VO and CLF?

Where do you receive award and why?

Who are the bookkeepers? Who identified them?

Who is monitoring their work and providing on the job support?

Standard Bookkeeping

Have you changed/ modified the Book Keeping under SOC? What were the deficiencies, what was changed & why?

Who did it (participatory?) and how?

Whether books are user friendly? Who is writing books? Who selected bookkeepers? Who is paying & how much?

Who is given training to bookkeeper

Monitoring – Reporting from SHGs to VO and CLFs

What are reports prepared?

Who is reviewing the reports?

How are these reports used for reviewing the performance of the institutions, for problem solving and for decision making?

Is there any sub-committees monitoring by visiting? What do they do?

Meetings: How many times the VO leaders meet in a month?

Average attendance in the meetings?
What is the process of fixing meeting agenda?
What is the process of taking up the issues faced by SHGs and their members?

Planning: Do the VO have annual planning process?

If no, why? If, Yes, what is the process
Is there annual plan available with VO?
Can you describe main points of this years or last year's annual plan?
Whether you used to do annual planning earlier?
What was the process followed?
Who approves the plans?
Does this result in improved performance?

Audit: Is there a system of internal audit in the VO?

Who does the audit?
How many SHG women have been trained as auditors?
Who pays the auditors?
What is done with the audit report? Is it presented to AGB?
Any action taken on the audit observations?
Was there any auditing, earlier? At what level? Who used to do it?
What are reasons for having auditing system?
Who is keeping audit reports?
Does audit have impact? What did you learn?

Sub Committees of the VO

Is there any role clarity among Office Bearers?
Role clarity between Office Bearers and Sub-committees

Which are the sub committees formed?

Are they meeting regularly?
How effective are these sub committees?

Financial self-sufficiency of the VO

What is the revenue model of VO? Major income sources and major costs?
Whether the VO is in surplus or in deficit in last 2-3 years?
Whether CLF is able to generate sufficient income from its own sources?
How much internal funds are mobilised?

Elections

What is the system of elections for office bearers of VO?
Whether the elections are held regularly as per the norms?
What was the earlier practice regarding elections?
What changes have you done?
What kind of impact does it have on the process and also on responsible members being elected?
What have we learnt from this experience of facilitating systematic election?

Annual General Body meeting

How many AGMs conducted till now?
Why are they conducting? What is the agenda
What information sharing with their members?

Who will bear the cost?

Services provided by VO to SHGs

What are the major services VO is providing to SHGs? And whether these services were asked by SHGs?

Are SHGs paying for them?

Internal Control Systems

Check signing authority?

Cash management norms?

Idle money? How do you deal with that?

Repayment rate? Bad Debts? What are the systems in place to find out any frauds or cases of malpractices, misappropriation of funds etc.

What kind of internal control systems have been introduced?

Was there any internal control mechanism before?

How does that improve the performance of the SHG/VO/MS?

Does this improved accountability and transparency?

What did you learn?

Growth of Savings

Why do you focus on savings?

How are you facilitating growth of savings?

Growth of Internal Loan

Why do you want to focus on internal loans?

How are you facilitating growth of internal loans?

What problems you faced while implementing SOC?

Legal compliances (in case of registered entity)

On time completion of legal compliances

Auditing

Elections

General body

Returns filing

Learning?

9.8 Check list for FGD with SHG members

First explain the purpose of the discussion – about SOC outcomes; not an evaluation but an assessment of the outcome of SOC;

When the SHG was formed?

How many members are there in the SHG?

Main purpose of forming SHG?

Has any member left? How new members are added?

What are the changes in norms, practices etc. after SOC?

Have they distributed money among the members, how many times, is there any change in the practice?

Savings:

Is there any change in the amount a member save? Is any interest paid to member on saving? How do they know? and how do they decide percentage? Do members withdraw their savings anytime?

Do members know about their savings amount in SHG?

Is there any savings defaulter in the SHG?

Would they like to save more?

Bookkeeping

What types of books are kept in SHG?

Who writes the books (SHG members / Community Professional / Promoter staff)?

Who pays to the bookkeeper? From SHG funds or individual members are contributing?

Any change in bookkeeping format or in practice after SOC? Whether the office bearer (s) check the books?

Meetings

Frequency of SHG meeting? Average attendance in the meetings?

Any norms/ penalty for not attending the meeting?

How is the meeting agenda set?

Transactions are only in the meetings or outside the meetings?

Elections

What are the norms for electing SHG office bearers?

When was the last election held?

Auditing

Whether auditing is conducted? How frequent? Who will do? What process? Whether audit report is presented to SHG members?

Grading

Whether there is grading of SHG? Who does the grading? And whether SHG members were consulted while deciding the grading format?

Has the grading of the SHG changed after SOC?

MIS/ reporting

What type of report is sent to VO from the SHG? And in which frequency?

Does SHG raise any issue for discussion and decision to VO or to CLF?

Idle money

How much is the money in hand and in Bank? Vis-à-vis amount outstanding as loan to members?

How many members have taken loan from the SHG? How many have not taken loan even once?

What do you do when loan demand is less and you have surplus money?

Who will deposit amount in the bank (on rotation basis or leaders only or bookkeepers?)

Loaning & Repayments

Is there any growth in quantum of loan or number of loans per member?

What is the repayment rate in SHG? Is it on time? Is there any bad loan?

What is the rate of interest on internal and bank loan? Who decides the interest rate?

Is there any system of prioritizing the loan demand- which type of need is given high priority? Or which members would get priority in case of limited funds and high loan demand?

Viability of SHG

What are annual expenses of the SHG? And what is the source of income? Whether income is sufficient to meet the expenses?

Whether all members have bought shares in the CLF?

What services you are getting from the VO? And from the CLF?

Where do they get trainings? Who will conduct? Are they paying any annual fee or training fee?