

Managing Change: A Case Study of Paryavekshana Samakhya in Kamareddy District of Telangana

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Mahila Abhivruddhi Society (MAS), a Non-Government Organisation based in Hyderabad, works for mobilization of the rural poor to form collectives for thrift and savings. It has been working in the district since 2001. The Self Help Groups which they formed grew in number and were federated into Primary Level Federations (Village Organizations) and Secondary Level Federations (Mandal Samakhyas). While MAS was busy in social mobilization and bringing about stability for the SHGs, the checks and balance aspects had taken a back seat, until a notice was received from the Registrar of Cooperatives to submit the annual reports and to conduct regularly the Annual General Meetings of the SHGs. This case study tracks how, despite all the constraints, they put in place a self-regulatory system within the SHG movement and how it transformed the SHGs from a minimum regulated body to highly successful self-regulated units. The Paryaveksham Samakhya, which brought about this transformation, was recognized as a National Resource Organization by the National Rural Livelihood Mission and was invited to other states to strengthen the SHG movement.

Key Words: *Self Help Groups, Village Organizations, Mandal Samakhyas, Self-Regulation, Risk Mitigation*

1. The Genesis of the Problem

Mahila Abhivruddhi Society (MAS) is a technical resource organization with a mission to promote women's Self-Help Groups¹ (SHGs) and their federations, farmers' organizations and village development committees to realize the full potential for achieving sustainable development and inclusive growth (www.apmas.org). It is registered under the Andhra Pradesh (Telangana Area) Public Societies Registration Act and the Foreign Contribution Regulation Act (FCRA).

Since its inception in July 2001, MAS has promoted a substantial number of SHGs and federated them into Village Organizations (Primary Level Federation) and Mandal Samakhyas (Secondary

¹ A Self Help Group (SHG) is a body comprising 15-20 members from the marginalized community that come together voluntarily with the objective of pooling their savings and disbursing loans to its members from the savings on terms and condition decided by the group.

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Level Federation) in the five blocks of Kamareddy District in the erstwhile Andhra Pradesh, now Telangana. During the initial years, the focus was to mobilize the poor, explain the benefits of collectivization, encourage the formation of thrift groups, prepare rules and regulations to govern their operations, elect group leaders, assign responsibilities to the leaders and ensure that the group works cohesively through regular weekly/monthly meetings. The main objective was to stabilize the groups so that they would become sustainable in the short run.

The process continued smoothly till 2006-07 when the SHGs and Village Organizations (VOs) received show-cause notices from the District Agriculture and Cooperative Department, for not conducting the Annual General Meetings of members and failing to submit the books of account to the Registrar of Cooperatives, which is mandatory under the cooperative bye-laws. It emerged that the SHGs and Village Organizations (VOs) were not following the prudential norms laid down by the regulator.

On receiving the notice, the members got agitated. They presumed that the groups would be dissolved and their savings would be seized if due compliance was not followed. They did not know how to deal with the crisis so they approached MAS for a solution. MAS being their promoter-institution realized that, apart from mere SHG mobilization, it had also to actively concentrate on the aspects of monitoring, evaluation and control by developing an adequate mechanism for efficient book-keeping, accounting and also regular auditing of the SHGs by an independent body.

A strong need was thus felt for training the members of SHGs, VOs and MSs so that they could prepare and maintain accurate accounts and keep proper records diligently as per the norms. Another requirement was to develop a system of hind-sight at each level, viz. SHG, VO, MS and ZS so that checks and balances were firmly in place. Yet another important goal to be achieved was to introduce a system of 'Rating every SHG' based on the audit report. Hence the mission of the MAS was to make the SHG members implement the regulators' prudential norms, viz. holding of timely elections, conducting annual general body meetings, distributing surplus (profit) among members and submitting books of account to the Registrar of Cooperatives.

The task was difficult because the groups did not have sufficient funds to spend on annual and quarterly audits by authorized chartered accountant firms. Besides, such an exercise (expenditure) would have wiped out any surplus they had generated, and, it would also have killed the incentive of the members to save (thrift). It was also difficult to convince chartered accountants to conduct audit in small SHGs which were located in far-flung villages as well. Training the members to conduct self-audit was an alternative but was not feasible because most of the members were illiterate/semi-literate village women with very little understanding of business processes and

systems. There was also the constraint of not getting the right type of members to be trained, hence the chances of success was deemed doubtful.

Amidst all these apprehensions and constraints, one idea which dominated the discussion among the MAS members was that, if the SHGs and their federations had to become self-reliant and sustainable, the members themselves would have to have the control. In order to achieve this objective, the members themselves would have to understand the processes and systems, keep proper records of the financial transactions and not depend on outsiders to do the job. The transformation towards self-regulation and self-reliance had to be built from within so that it would get institutionalized in the long run. As a first step in this direction, MAS decided to tap the resource from amongst the members of the SHGs/VOs and raising a cadre of professionals by proper training and guidance. Thus, MAS intended to inculcate an ethos of self-regulation, accountability and ownership among the members through training and capacity building.

2. Snapshot of Legal Framework of a Village Organization

Normally 30-35 SHGs are federated to form a VO, which is then registered under the AP Mutually Aided Co-operative Societies Act, 1995 (APMACS Act, 1995). This Act requires that surplus arising from SHG operations should be first allocated to cover the deficit and fund other reserve requirements, and, the remaining amount is to be distributed among members based on their patronage. Losses should be covered through balance in deficit cover fund, and if such balance is not available, by debiting the members' accounts. All such policy decisions should be taken at the Annual General Body Meeting. The Executive Committee of the Village Organization is responsible to the member SHGs and it is mandatory for the VOs to conduct the Annual General Meeting of the member SHGs. All the office bearers of the SHGs are ex officio representatives in the VO.

MAS performs SHG mobilization and capacity building activities in five blocks of Kamareddy district – Kamareddy, SS Nagar, Domakonda, Machareddy and Bikanoor (*Exhibit 1*). At the village level there are Self Help Groups comprising 10 women members. Each self-help group has two office bearers who are called 'first leader' and 'second leader'. The office bearers are elected by the group members. The SHG leaders' responsibilities are: to collect savings from the members, disburse loans and recover the installments due on (also outstanding) loans and maintain proper records of all the transactions that take place at the meeting. The savings and loan cards given to the members are also signed by the leaders as a token of acknowledgement of the transactions.

A group of 30-35 SHGs of the village form a Village Organization (VO). The first and second leaders of member-SHG are representatives at the VO. The VO is a legal entity since it is

registered under APMACS Act. All the representatives at the VO elect a 24-member Executive Committee (EC) and the EC elects the office bearers from amongst themselves through secret ballot. The Village Organization has five office bearers – President, Vice President, Secretary, Joint Secretary and Treasurer. The meetings of the VO are conducted twice a month (normally on 15th and 29th).

A group of 40-50 VOs form the Mandal Samakhya (MS) which operates at the block level. The President and Vice-President of the VOs are the representatives to the MS. The members of the Mandal Samakhya also elect their office bearers, whose responsibilities are to:

- Provide savings and credit services to VOs.
- Secure forward and backward linkages with the government departments.
- Ensure social security and risk management.

The Mandal Samakhyas finally form the Zilla Samakhya at the district level and each MS has its representative in the ZS. The ZS works closely with the government departments and undertakes policy advocacy and provides forward and backward linkages.

3. *Source of Credit Linkages for the Kamareddy Cluster SHGs*

There are four different sources of loans for the SHG members in Kamareddy cluster:

- The members can avail loan(s) from within its Group on terms and conditions decided upon by the SHG itself.
- The Village Organization also provides loans to its member SHGs on terms and conditions decided by the lender. The fund from which the VO lends to SHG is received from the MS at the rate of 6% interest and disburses it at 18% per annum, thus there is a net interest margin of 12%, which is a source of income for the VO. The VO makes loan disbursements by cheque to an SHG, based on the cumulative demand of the SHG members. The SHG then distributes it among its members as per individual demands. The MS receives one-time grant of around Rs. 50,00,000 from SERP from which it allocates loans to VOs and SHGs.
- The SHG also receives loans from the commercial bank(s) via SHG-Bank linkage. This loan is directly credited to the SHG account. The SHG in turn distributes it among the members based on their demand.
- Another credit linkage is Streenidhi Credit Cooperative Federation Limited,² which is promoted by the Telangana Government and Mandal Samakhyas, to supplement credit flow

² Streenidhi provides quick credit to the SHGs at affordable rates through mobile interface so that they do not borrow at usurious rates of interest. Every SHG has to contribute Rs 100 per month to Samrudhi deposit of Streenidhi to retain its membership

from the banking sector (www.sthreenidhi.ap.gov.in). The application for Streenidhi loan is processed by the VO, based on the demand by the member-SHG. The individual SHGs can repay the loan directly, but the repayment is tracked and discussed in the VO meeting, based on the demand sheet sent by the Streenidhi Credit Cooperative for better control.

4. Objectives of the Study

- To understand the governance issues in a Community-Based Organization for the poor.
- To understand the difficulties in implementing regulatory mechanism in a Community-Based Organization for the poor.
- To understand the process of transformation from a leas-regulated to a strictly self-regulated institution.

5. Methodology

In order to obtain an in-depth idea of the functioning of the various players in the management of change, it was deemed necessary to have personal interactions; hence the author:

- Attended a meeting of one of the Self Help Groups called “Ambika” in the Simrapally village in the Domakonda block and interacted with all the members.
- Attended a meeting of one of the VOs called “Adarsh Mahila Sangha” in the Arapally village in the Machareddy block.
- Had a Focused Group Discussion with the members of a Self Help Group and Village Organization.
- Interviewed the team members of KPS who were involved in capacity-building activities.
- Interviewed the team members of MAS who were providing support to KPS, SHGs and SHG Federations in order to make them self-sustainable and self-reliant entities.

6. Addressing Self-Regulation and Accountability:

The Kamareddy Paryavekshana Samakhya Experiment

MAS felt that for effective Self-Regulation, the business functions of SHG Federations should be strictly separated from the Control and Regulatory functions. Therefore, a separate supervisory

body was required to be set up. Streamlining and stabilizing the structures, systems, and work processes to attain the goal of self-regulation was indeed an onerous task.

After many rounds of deliberations, it was decided to develop an independent structure within the SHG model by building on the strengths of its existing structure, resources and then involving and developing members at all levels so that the change is owned and managed by the people themselves. Members are the greatest asset of any 'group', and, they can be imparted the requisite skills, supported with resources, equipped with information and given authority to contribute to the business objective(s) in significant ways.

With these objectives, the Kamareddy Paryavekshana Samakhya (KPS) was formed. Its mandate was to strengthen the internal capacity, improve the systems and processes, promote self-discipline, increase accountability and manage financial, human and material resources for maximizing returns for the members.

The Board of Kamareddy Paryavekshana Samiti (KPS) comprised five proactive and intelligent members selected from the five block-level federations (Mandal Samakhya). The board employed a skeletal team of staff for training, capacity building, monitoring, evaluation and feedback.

At the initial phase, the literate and enthusiastic members of the well-managed SHGs were selected through a test devised and conducted by the KPS. The members were selected only from those SHGs who had excellent track records of loan recovery, savings mobilization, regular attendance at meetings, held the mandated elections and showed leadership qualities. The selected candidates were trained by the KPS team. Their training included active participation by the trainees in solving problems for effective and efficient book keeping. After the training they had to appear for a practical exam in order to be selected as Community Resource Book Keepers, who in turn would be responsible for training the book keepers at the SHG level.

The second phase consisted of building a cadre of audit resource persons who would keep track of the quality of book keeping. At the MS level there were 1,593 book keepers who had been adequately trained. From amongst them 420 book keepers were selected after a preliminary test for further training in the audit function to be appointed as Community Resource Auditors. They would in turn train the book keepers at SHG level so that a book-keeper of one SHG could audit the book of another SHG.

KPS also trained a cadre of Community Resource Facilitators, who were selected from amongst the active members of the SHGs after a careful selection process. They were imparted internal training to advise the SHGs on social issues, leadership skills and financial literacy.

7. *Audit Process in SHGs and VOs*

The auditor of an SHG is appointed by the General Body, i.e. all SHG members present. She is either a competent women from another SHG (peer audit) or a member of the Executive Committee (EC) of the VO, who has been trained to function as an auditor. The auditor should never be a member of same SHG and she is also transferred every three months by the General body of the SHG. The audit is done every quarter. One copy of the audit report is given to the respective SHG members while another copy is given to KPS for analysis and remedial action (*Exhibit 2*). The KPS enters the audit data into the MIS system and does an analysis for follow up action. If the SHG is running in loss, then the reasons for losses are analyzed by the KPS. Based on the audit performance and predefined performance indicators, each SHG is also given a performance rating (*Exhibit 3*).

The VO is a registered body that has to submit books of account to the Co-operative Registrar at the end of the year. The external auditor is a Chartered Accountant appointed by the General body and reports to the General Body about the functioning of the Executive Committee, also called the “Board of Directors” in APMACS Act, 1995. The report by the chartered accountant is presented to General body and also to Paryavekshana Samakhya for scrutiny and analysis.

Internal audit is conducted at the end of each month by the EC members who have been trained in internal auditing. At every monthly meeting a new EC member is appointed for internal audit. At the subsequent monthly meeting, the report is presented and discussed. At the MS level the internal audit takes place half-yearly and external audit is conducted once a year.

8. *The Change Process*

The SHGs in Kamareddy District have been transformed from a barely regulated to efficiently self-regulated bodies that adhere strictly to the prudential norms and guidelines of the government regulators. What did really help the process of transformation? The SHG members were not aware of the proper methods of book-keeping, auditing, monitoring, etc.; so they were not really concerned. The Self Help Promoting Institution (SHPI) was also engrossed in building up the organizational structure, mobilizing members to form SHGs, ensuring regular meetings, monitoring the collection of regular savings, advancing loans, federating the SHGs into primary and secondary level federations and so on, oblivious of the fact that checks and balances had to be adhered to and prudential norms that have been laid down by regulating authorities had to be followed. The notice from the government, like a sudden bolt from the blue, made the members conscious of an impending problem and they felt concerned about the fate of their savings which they had accumulated so conscientiously and with a lot of aspiration. The concern for their savings kindled a commitment among them to search for a solution. So they approached MAS, the

promoter of SHPI that equipped them with the necessary competence by forming a separate regulatory organization – KPS – which not only trained them but monitored them, and also analyzed their performance and provided regular feedback for improvement (*Exhibit 4*). Thus their determination to find a solution in a crisis situation helped in the total transformation.

As the SHG movement grew, the internal dynamics among the members became more complex; hence it was imperative to ensure that there was sufficient trust generated among the members to engage in cohesive action. Such trust can be generated through two mechanisms:

- Expansion through occupationally or regionally-focused action and trust-based groups, and
- Inculcate an ethical code of conduct within the groups conducive to reduce conflict and increase solidarity.

It was found that SHGs in Kamareddy were already focused regionally and occupationally. KPS enforced a sound governance structure and drew up an ethical code of conduct through a slew of measures, like competency enhancement, efficient accounting procedure, regularity in auditing, introducing a rating system, preparing of annual report, regularity in distributing of surplus (dividends) to members, conducting annual general meeting and submitting annual report on time to the regulator. These stringent measures strengthened the bond among the members because they realized that their investment would be safe and the organization would protect their interests.

We can also explain this change process through the Kurt Lewin's 'three-stage change model'.

- The first stage is 'Unfreezing', which means creating a perception that a change is needed. Since many people will naturally resist change, the aim of the unfreezing stage is to create an awareness of how the status quo is detrimental to the growth of the organization in some way. Old behaviors, current way of thinking, existing processes, resources and organizational structures must be studied to communicate to the employees how a change is necessary for the organization to create and/or maintain and enhance a competitive advantage. Communication is the key activity during the unfreezing stage so that employees can become informed about the imminent change, the logic behind the desired change and how the change will benefit each member. The idea is that the more we know about a change and the more we feel it is necessary and urgent, the more motivated we are to accept the change.
 - In the case of Kamareddy Cluster of SHGs, the unfreezing process started when they got a notice from the regulatory authorities highlighting their lapses and the need for adhering to the prudential guidelines. The anxiety of losing their meager savings triggered the process of transformation. This was further strengthened by the SHPI when they

communicated to all the SHG and VO members about the reason for the notice, the changes that are required and benefits that would accrue from the changes.

- The second stage is 'Changing', which means implementing the change. During this process people learn about new behavior patterns, revised processes and new ways of thinking. People undergo a lot of pain and anxiety during this stage, so there has to be focused education and transparent communication during this phase to re-emphasize the benefits that will accrue from the change.
 - KPS aided by MAS and financially supported by DGRV, developed a lot of training material in the vernacular language on topics related to Book-keeping, Auditing, Risk Management, Profit Distribution and Governance for the benefit of the members. These booklets, containing only 10 to 15 pages, were given to the members, after explaining the contents, during their monthly meetings. Members who were able to comprehend better were requested to appear for a test so that they could become community book-keepers or auditors or facilitators.
- The third stage is 'Freezing', which means stabilizing and re-enforcing the new state. Refreezing steps are important so that people do not revert back to thinking and acting in old ways.

Through efforts of KPS, self-regulation became ingrained among SHG members. Monthly audits and subsequent ratings have become regular features. The audit report is analyzed by KPS and feedback given to the members for compliance and further improvement. Members have also realized that availing loans from commercial banks have become easier because of positive audit ratings of their SHGs and banks are now eager to lend to them. This is yet another factor which has helped in freezing the desired change.

9. Sustaining the Change

When a change-initiative has been successful and has created an advantage, the question is: 'how to institutionalize that change for an appropriate period of time'? Institutionalization helps to sustain the gains at every stage, develop new strategies, identify the gaps and bridge the lacuna. By forming KPS, MAS institutionalized the change which was taking place in Kamareddy SHG-cluster. KPS, in its interaction with members of the SHGs emphasized the need for checks and balances within the system and self-monitoring for the safety and security of their savings. The members also realized that banks were no longer averse to giving them loans based on the scrutiny of the audit reports and audit ratings of their SHGs. The best performing SHGs were also felicitated by MAS once a year in recognition their efforts. This was a way to motivate other SHGs to perform better.

The training provided by KPS is not a one-time effort. The report provided by the auditors are collected regularly, analyzed carefully by the KPS and discussed in detail with the SHG representative in the VO to identify the gaps and develop appropriate strategies to tighten the loose ends. It is a cycle of Design, Collect, Analyze, Dialogue and Course Correction (*Exhibit 5*).

10. Dilemma about KPS

The idea to form KPS was conceived by MAS in the year 2007, but there was apprehension regarding the future role of KPS as to what would be their fate once all the SHGs in Kamareddy district were trained to become self-reliant. Would there be any long-term scope of work for KPS in the future? This dilemma delayed the registration of KPS as an Independent Resource Organization. As per the APMCS Act, 1995, registration requires an investment of Rs. 1,50,000 as share capital and Rs. 50,000 as membership fee. The MAS was dithering to spend that amount of money unless justified by income prospect in the long term. In the mean time, KPS continued to provide training and capacity-building services to the SHGs as an unregistered body.

11. Opportunity Knocks at the Door

NABARD in its Circular 65(A)/MCID-04/2011-12, dated March 27, 2012, advised the bankers to strengthen their risk-monitoring mechanism of SHGs and capture SHG data through CBS platform. This would help to strengthen bankers' confidence in lending to SHGs. The other measures suggested were:

- Develop a self-rating mechanism of SHGs.
- Obtain third-party assessment of SHG operations through active SHG members or NGOs or other agencies that promote SHGs (SHPI).
- Handhold SHGs with the help of NGOs or other agencies (SHPI) and provide support services till they become sustainable, e. g. help the SHG members to open individual savings accounts, guide and improve existing livelihood income, train them in financial literacy, etc.

This circular opened the window of opportunity for KPS to showcase its expertise in implementing the concept of self-regulation in SHGs. They were invited by SERP at the behest of NRLM³ (National Rural Livelihood Mission) to provide resource training to the SHG projects in other states like Bihar and West Bengal. On August 8, 2013, KPS got registered under Mutually Aided Cooperative Societies Act, 1995. It was designated as a Resource Centre for SERP for providing

³ World Bank-aided mission which aims at creating efficient and effective institutional platforms of the rural poor, enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services.

support services to various State Level Rural Livelihood Missions⁴ (SRLMs) in the implementation of resource block strategy in their states. It also acquired the status of a National Resource Organisation for NRLM.

12. Kamareddy Paryavekshana Samiti Goes National

KPS spent a major part of the year 2014-15 supporting SRLM-promoted SHG projects in Bihar and West Bengal. Its Community Cadres went to other states to support and guide their SHG movements for which they were richly remunerated (MAS Annual Report 2014-15). KPS also got other projects in Bihar through NABARD and GIZ⁵ for formation and strengthening the SHG movement in different districts. There was increasing demands for their services from SHG movements across the different states.

Conclusion

Engagement of members' hearts (emotions) and minds (intellect) is at the core of any successful change. People must be aligned to the common vision and tuned into the strategy, and, at every level they have to be educated/informed and involved so that they are enabled to own and manage the desired change themselves. At the same time, the proposed change should take care to preserve the current strengths and built upon them further. Another important factor to be ensured is that monitoring and evaluation of the impact due to the change should be a continuous process and course correction should be undertaken to bridge the gaps based on the evaluation feedback.

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⁴State-level society responsible for implementing NRLM in the respective states.

⁵Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). GmbH works for sustainable economic and social development in India

Exhibit 1: SHG clusters in Kamareddy District

Blocks	Kama Reddy	SS Nagar		Doma konda	Machareddy		Bhiknoor		Total
Name of the MS	Kama reddy	SS Nagar MS	Kalabai rava MS	Doma konda MS	Macha reddy MS	Laxmina rasimuha MS	Bhika noor MS	Sidirame shwar MS	
No. of SHG members	10956	5744	6805	14202	6707	7909	8683	6447	67453
No. of SHG	999	563	667	1359	621	725	805	598	6337
No. of VO	45	24	32	55	25	33	36	29	279
No. of MS	1	1	1	1	1	2	1	2	10

Exhibit 2: Format of Report of the Internal Auditor

1. Name of the SHG/Federation
2. Date of Audit
3. Month for which audit was undertaken
4. Names of the Internal Auditor
5. Cash on Hand Today
6. Cash as per Cash Book
7. Cash in bank as per Bank passbook on the last day of previous month
 - a. Cash in bank as per cash book on the last day of the previous month
 - b. Difference, if any and reason(s) for the difference
8. Cash on hand was more than the acceptable limit on the following dates _____
9. The cash book was written fully till _____ (date)
10. Cash book entries were in pen/pencil.

11. List the receipts/payment vouchers that have not been entered in the passbook
12. The following transactions were not acceptable for the following reasons, e. g. : no signature, exceeds budget, no authorization
13. Have all the transactions in demand collection balance sheet been carried into the cash book and the loan ledger? (Yes/No).
 - a. IfNo, then reason to be provided
14. Have all transactions in the cash book been posted in General Ledger? (Yes/No)
 - a. IfNo, details of the transaction to be noted
15. Have all the cheque leaves been accounted for in the cash book? (Yes/No).
16. Was the cheque issue register well maintained (Yes/No)
17. Are all the fixed deposit receipts available and entered in General ledger? (Yes/N.)
 - a. IfNo, then mention the amount and dates on which such FDs were made.
18. The following advances should be collected immediately along with pending interest:

Date on which advance was given	Name of the person	Advance Amount	Installment Pending	Interest Pending

19. The following members are irregular in thrift remittance

Name of SHG	Thrift irregular since	Thrift Amount

20. The following members are irregular in loan remittance

Name of SHG	Loan Outstanding	Date of last loan instalment	Instalment Amount Overdue (Rs)	Date of last interest payment	Amount of Interest Overdue

21. Interest was incorrectly collected from the following persons

Name	Date	Interest Due (Rs.)	Interest Collected (Rs.)	Date of last interest payment	Amount of Interest Overdue

22. The total loans against each member- SHG - is shown below.

Of the total loan outstanding of Rs _____, _____ number of SHGs have more than 20% of the total loan outstanding. That is, default by any of these will pose a high risk to the federation.

Name	Loan 1	Loan 2	Loan 3	Total Loan

23. The following commodities' stock position was not clear, as the purchase and sale cum stock register are not maintained (Provide details)

24. The following assets purchased/disposed during the last month was not mentioned in fixed asset register (Provide details)

25. Are all the borrowings from external sources in the past month backed by resolution of executive committee and by agreement with lenders? (Yes/No)

26. The amounts due to creditors in the past 3 months and amounts paid are as shown below:

Name	Secondary Level federation	Bank	Others
Amount which became due during the past three months			
Amount paid to creditors during the past 3 months			
Amount overdue to creditor as on the last date of the quarter			
Interest overdue to creditors on the last date of the quarter			

27. The following statements were verified. They were correct summaries of transactions which took place during the last month

Particulars	Receipt & Payment statement	Income & Expenditure statement	Purchases & Sales	Balance Sheet
Prepared for month of				
Discussed in meeting of				

28. Interest payable on thrift since start of the year is Rs _____

29. Profit/Loss since the start of the year Rs _____

Deduct from this interest due on thrift Rs _____

Deduct also interest due to creditors Rs _____

Therefore, actual profit/loss is Rs _____

30. Compliance with the previous report _____

Exhibit 3: Indicators of Financial Well-being of an SHG for Rating Purpose

1. Attendance at meetings
2. Continued growth in savings
3. Continued internal lending
4. Regular earning on internal loans

5. Regular repayment of internal and external loans
6. Annual payment of interest on savings
7. Regular earning of profit
8. Equitable distribution of profit every year to members
9. Excellent book-keeping

Exhibit 4: The Process of Change



Exhibit 5: Sustaining the Change

