

FINANCE & MANAGEMENT SYSTEMS OF SELF HELP GROUPS

Books maintained by SHGs and their Usage

SHG as credit Plus Institutions have their own agenda, design their own set of Rules & Regulations and have their own system of functioning. Under SGSY Bankers are encouraged to finance those SHGs and to extend credit to those SHGs, which are considered to be sound investment opportunities. The Banks while financing the SHGs will look for indicators reflecting on the quality of the finance and management system adopted by the SHGs. This training on Finance and Management systems of SHGs is meant primarily for the village level workers who are promoting and monitoring SHGs. One question that has been asked is "Is it really possible for SHG members whose members are largely illiterate and can at the most write only their name and read numerals maintain these documents. Experience has shown that once an SHG realizes the importance of maintaining records and documents they are willing to hire and pay for these services of a literate person from the village to help them with record maintenance. As the SHG progresses it is recommended that annual audit of SHGs accounts be done by Chartered accountants.

SHG TRANSACTIONS MAYBE SMALL TODAY BUT WILL NOT REMAIN SMALL TOMMORROW. Book Keeping System must be able to accommodate the needs of the future, so ensure that there is adequate space in all record Books and that proper systems are maintained from the beginning.

ADMISSION REGISTER

The admission Register provides a status record of members at the time of joining the SHG. It is an important book since it gives base socio-economic status of the members at the time of joining the group and forms the data base on which periodic assessment can be made of the impact of SHG Membership on the lives of its members. It goes without saying then, that this register has to be carefully filled to ensure that it reflects as closely as possible the actual socio-economic status of members. The data is compiled using various participatory methods.

While creating the Admission Register the following points have to be borne in mind.:

- The First page of the Admission Register should contain an index listing member's names in order of membership and indicating the page number allotted to each person.
- Each Person must be given Membership numbers at the time of joining. The serial number in which a person joins an SHG also becomes his/her membership number. Membership numbers are important because in rural area many men and women have the same names. Membership numbers also make it easy for responsibilities to be regularly rotated among the members in serial order (E.g. If members No 5 chaired this weeks meeting member No 6 will automatically chair the next meeting.
- Each member must be allotted a separate set of pages in the admission register.
- When a member leaves the SHGs her/His number must be kept vacant and not allotted to anybody else (for example, a new person joining the group), as it will cause confusion. Her/his page in the Admission Register must record that she/he is no longer a member. Her/his reasons for leaving must also be recorded

The Admission register is not something to be filled as a matter of routine. If it is correctly filled and regularly updates as new facts come to light or changes occur in the family can become a valuable database.

ATTENDANCE REGISTER

There is no ambiguity about this Book: it is a record of the member's attendance at the SG meetings. One of the ***critical indicators*** of a performing SHG is the level of attendance of the members at meetings. A record of attendance is therefore of crucial importance. SHGs with over 80% attendance of members at meetings on average tend to be functioning well. Attendance however is not enough members must also come on time to meeting without having to be reminded. For this, it is important that the SHGs have a fixed day of the week a fixed time and a fixed place for meetings, many SHGs levy fine on members who are late or who fail to show up for meetings without prior intimation. One other point of importance with regard to attendance is to see whether it is the same few members who are repeatedly absent. If this is so, then the reasons must be discussed. Appropriate corrective action can be initiated.

WHY THE ATTENDANCE REGISTER IS IMPORTANT:

- Attendance is taken at the start of the meeting whereas the Minutes Book is signed at the end of the meeting.

- From the Minutes Book it may be possible to find out who was absent but it is not possible to find out who was late, such latecomers are usually fined.
- If the average attendance for the year has to be calculated, it will involve going back to the minutes of all the meetings held in the year, to count the signatures and tally them with the member's name. This is a tedious job
- Continuous absence or irregular attendance calls for some action by the group as soon as is noticed. It is easier to assess this through the attendance Register than through checking back through the Minutes
- Three Meetings missed in a row by a members may passed unnoticed in the Minutes Book but it is immediately noticeable in the Attendance Register which will have -A-A-A_ in a row against the member

If the ATTENDANCE REGISTER is going to used a Management Tool the points **given below require attention :**

1. It is better to a lot one page in the Register for each month. If there are Blank columns they can be struck out before going on to the next page.
2. The meeting date must include the date, month and Year. Additionally, it is also a good reference to record the serial number of the meeting against the date.
3. Mark "P" for Present "L" for members granted leave of absence (i.e. absent with prior intimation) and "A" for each members who are absent without prior intimation
4. At the end of each meeting record the total number of members present as against the total number of members in the grioup.8/10 will indicate that 8 out of 10 members were present.
5. Make a member wise summary statement of attendence half yearly and annually. Kong Jenny=10/12 will indicate that Kong Jenny was present for 10 meetings out of 12 meetings held during the year. Small prizes can be given for maximum attendance.
6. An analysis of the Attendance Register can be made once in 3-6 months to see if there are any trends and patterns that require attention. For example has the groups been meeting regularly. What is the average

attendance at each meeting? Are the same members continually absent? And so on each of these indicators will have to be separately discussed with the group and suitable corrective action taken to improve functioning of the group. If several members are regularly absent, do not assume that they are not interested in an SHG, they may want to start their separate SHG

- Attendance at meetings is an important indicator of the SHGs relevance to its members. Attendance alone can be an important determinant of whether the SHG requires to be restructures or it's functioning requires to be modified.

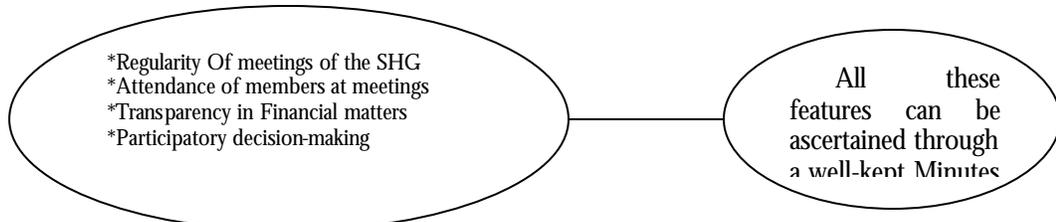
GIVEN BELOW IS AN INDICATIVE TABLE TO HELP REFLECT ON THE QUESTION

Possible Reasons	Possible lines of Action
SHG meeting time is not suitable for all members	Discuss with members. They can change the meeting days and timings to suit their convenience
SHG meeting place is not convenient for all the members	Discuss with members. They can fix an alternate place that is convenient to all
Some members keep away because they cannot get along well with some other members	Discuss with members and find out if such interpersonal problems can be solved. If not it is better to divide and form separate groups of members with shared common interest or affinities.
Some members are not interested	Discuss with them and other members and find out why. Maybe they have different expectations from the group. Maybe they want quick benefits but are unwilling to share in their responsibilities. Maybe their interest conflict with the interest of the other members of the group. Can their interests and expectations be accommodated without compromising the SHG concept? If not, it maybe better to motivate such members to leave the group. Often such members drop out on their own.
Any other reasons	Discuss with members and help them find appropriate solutions on their own

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MINUTES(MEETINGS) BOOK

The Minutes Register is also called the MOTHERS BOOK. This book is of primary importance to the SHG especially to establish that it is functioning SHG. A well kept Minutes Book can provide information that distinguishes a performing SHG from an indifferent or a poor one.



Guidance Provide to SHGs to maintain Good Minutes should particularly ensure the following

- Those minutes are recorded in a proper bound register and not on loose sheets of paper clipped together in the file. Loose sheets of paper are easily lost. Further they lower the credibility of an SHG
- That the Register used for writing minutes has pre marked pages number in serial order. This will serve as a precaution against inserting pages in between subsequently
- That the register is serially numbered. The number should be written on the very day that a new register is brought into use. This will make tracking easy and indicate the loss of books if any.
- That each meeting is serially numbered along with the date of occurrence. A two year old groups that is on meeting no.50 inspires more confidence than a two year old group that is on meeting No 20
- That in between written matters there are no blank spaces in the Minutes. Blank spaces in each page has to be scored out before the Minutes are signed by the members otherwise they present a potential danger that matter maybe subsequently inserted and appear as if it the consent of all members.

- That at the end of each meeting the minutes are read to the group before obtaining the signatures of members and thereafter signed by all the members present. This is to make sure that members who cannot read are in agreement with what is recorded. Another member or book writer must countersign Thumb impressions.
- That if a new register for Minutes must not be introduced while the old one still has a page or two left. If for some reasons then that the blank pages must be cancelled.

The **Minutes Book** is an indication of how seriously the SHG concept is being understood and promoted. All the other major books record financial transactions after they have occurred. The Minutes Books records transactions both financial and non-financial. That demonstrates thoughts, processes, creativity, range of vision, and sometimes the dreams and aspirations of the group. The more the number of issues discussed, the greater the thoroughness with which they are discussed, the more the attention that is given to cover these details on record, the more vibrant the groups can be believed to be.

IMPORTANT: Visitors attending SHG meetings are often asked by the members to sign in the Minutes Books. Some Visitors do not just sign; they also record their comments. It is better not to encourage this practice. Visitors should write their comments in the Visitors Books and not in the Minutes Books.

INDIVIDUAL MEMBERS PASS BOOK

In strengthening the habits of savings from the beginning we have found that individual Pass Books *play several important roles*

- It gave the SHG itself an identity because the Pass Book carried its name and seal
- It gave the individual members a 'badge' of membership
- It inspires confidence in the SHG as an Institution with responsible financial systems even though it may have no legal status
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- **Note:** Only authorized persons must sign the Individual Pass Book. The choice of this person must be recorded in the Minutes Book to confirm that it is a decision taken by the SHG as a whole. The authorized person must sign in the Passbook to confirm savings and withdrawals of the members. The members must also be

encouraged to sign so that he/she is aware of the entries being made.

Staff of the Block must not sign in the Passbook in place of the authorized representative. It must be borne in mind that a pass book is not a full and final proof of a transaction having taken place, it must be supported with other documents e.g. Minutes Book entries, cash book and Bank book entries savings and Loan Ledgers, Receipts and Payment Vouchers

The **Individual members Pass Book** must always be kept in the possession of the concerned members themselves. Many SHGs tend to collect them and keep them all in one place maybe in the house of the Secretary. *They state that*

- (a) they are safer with the Secretary
 - (b) The chances of the passbooks being forgotten during a meeting are eliminated
 - (c) the Secretary or book writer can update the pass book even after the meeting is over
- Of course these arguments may sound reasonable. Nevertheless this practice should not be encouraged, as it does not build a responsible attitude towards the passbook

RECEIPTS & PAYMENT VOUCHER

- A Receipt Voucher acknowledges that money has come in to the SHG account from the members or from any other source.
- A payment Voucher acknowledges that money has gone out of the SHG account to the members and or to other parties.
- It is on the basis of these receipts and Payment vouchers that the entire Cash/bank Book is built up
