

S E L F - H E L P G R O U P (SHG)

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WHAT IS SHG – DEFINITION

“Self-Help is a Trust, Belief, and Conviction that the Community, no matter how backward, has resources that can be mobilised for meeting individual’s local needs and that of the community for making local improvements and bringing about social change.”

BASIS:

1. Self-Help is based on and built upon Self-respect and Self Determination
2. Self-help is not only Economic Independence, but also has a strong
3. Social aspect for bringing about social transformation.

CHARACTERISTICS OF SHG

1. Small-homogenous group for face to face interaction and relationship. The membership of a group may range from 10-20. Ideal number of members would be between 15 -20. Membership should not be more than 20 because the group will then have to be legally registered. Economic homogeneity is very essential. (i.e. all belonging to the marginalized or poorer section of the community).
2. Has a code of conduct –bye-laws / rules and regulations for effective administration and management of the group.
3. Participatory Decision making Process.
4. Mobilises Local Resources through regular savings.
5. Plans own Programme with own Resources.

PRINCIPLES OF SHG (Ingredients that make a SHG)

1. Interaction / Meetings / Reflection / Analysis and Action
2. Regular Savings
3. Trust in one's self and among members in the group
4. Consensus
5. Records
6. Access to Funds
7. Team management of Resources

FUNCTIONING OF THE SHG

1. The group functions democratically with 2-3 office bearers elected by a consensus of the group. Two office bearers viz. the President and Secretary are essential, while a third office bearer i.e. a Treasurer is optional. Better to restrict the office bearers to just two- President and Secretary.
2. Office bearers should rotate at least once in two years. Ideal rotation would be once every year, depending on availability of educated members to act as Secretary.
3. Group meets periodically at fixed intervals for the following purpose:
 - a) to discuss, reflect on and find solutions to socio-economic issues / problems of members, the group and of the community.
 - b) to transact business.
4. All members' attendance and active participation at meetings is essential.
5. Decisions are taken at meetings by a consensus of the group and not by the President and Secretary alone. The President and Secretary manage the administration of group as per the bye-laws and group consensus.

6. All business is transacted at meetings and not privately with the President or Secretary at their residence. The following business is transacted at meetings:
- a) Collecting savings, fines, interest on loans, instalment of refund of loans, and contribution for nominal administrative expenses.
 - b) Decision on loan applications, and the amount to be sanctioned.
 - c) Decision to take up any social or common activity in the village.
 - d) Decision to take up a common economic activity to build up the group's corpus
 - e) Deliberation and decision on disciplinary action against any member.
 - f) Deliberation and decision on disciplinary action against the President or Secretary in case of miss-management of the affairs of the group or the funds of the group.
 - g) Decision on application for admission as a member or for resignation from membership.
 - h) Decision to participate in any SHG meeting or training programme organised by the government or by any NGO.
 - i) Deliberation and reflection on any social or economic issue or issue of injustice affecting an individual member or her / his family, the group, or the community at large and plan a strategy to address the problem or to confront the issue, in case of injustice.
7. All savings, interest, any group profit from a common activity and fines and refunds of loans are deposited in the group's Bank Account, preferably by the 10th. of every month or as soon as the collection is made. However, if loans are sanctioned, the refunds received could be utilised for further loaning instead of depositing the amount refunded in the bank. But in case of savings, interest on loans, group profit and fines, it is always advisable to first deposit the amounts in the Bank and later withdraw the amount required for loaning, either on the same day or later. This practice would give the bankers a good picture of the regularity of the group's savings and corpus.

8. A regular monthly contribution (fixed by the bye-laws) is collected from each member for the group's nominal administrative expenses like : stationery, travel, refreshments for meetings, any training fees etc. The contribution is entered in a separate contribution register and is transferred to a separate ledger account after recording in the cash book. Under no circumstances can the corpus of the group (savings, fines, interest or any group profit) be utilised for nominal expenses.
9. Until the Cash is deposited in the Bank, or for that matter, all floating cash is kept in a cash box. The cash box is kept in the custody of the President while the key to the box is kept with the Secretary or vice-versa (as decided by the group).

RECORDS / REGISTERS AND BOOKS OF ACCOUNTS :

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| 1. Savings / Contribution Register | 7. Attendance Register |
| 2. Cash Book | (To record attendance at meetings-
which are held at least once a month) |
| 3. Bank Book | 8. Daily Diary |
| 4. General Ledger
(Individual's Savings Ledger, Contri.
& Exp. Ledgers, Interest Ledgers, etc.) | 9. Monthly Trial Balance |
| 5. Loan ledger | 10. Member's loan applications and
their respective Demand and
Repayment Schedules of loans. |
| 6. Proceedings or Minutes Book | 11. Individual Member's Pass Books. |

IMPORTANT ASPECTS TO KEEP IN MIND FOR PROMOTION OF SHGs

1. Numbers – Not less than 10 and not more than 20.
2. Election of President and Secretary- At least the Secretary should be educated (at least 8th. passed)
3. Opening Bank Account in the name of the SHG.

(The service area concept for opening Bank accounts of SHGs has been done away with by guidelines from NABARD)

4. All members to deposit savings before the 8th. of each month.
5. All group savings to be deposited in the Bank by the 10th. of each month.
6. Savings not to be touched for at least four months. (Ideal time for building the group's corpus would be six months).
7. After four or six months, from the date of its establishment (depending on the group's decision) the group should begin internal loaning i.e. loans to be given to members from the groups own savings. Maximum amount to be withdrawn from the bank and maximum number of members to take loans.
8. After a further six month period (from the time the group begins internal loaning) the group should be evaluated / assessed or rated on basis on NABARD format.
9. If the group secures 75 % and above the group will be eligible for loan from the Bank or the NGO (in case the NGO extends loan facilities to SHGs promoted by them). At this stage the group could be linked to the SGSY (Swarnajayanti Gram Swarajgar Yojana) Programme of the Government or for direct linkage to the Banks – for Bank loan.

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Balipara

FOR GANA CHETANA SAMAJ

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