



# THE MANAGEMENT OF WOMEN'S SELF HELP GROUPS

Volume 5

Strategies and Practices Series



**Andhra Pradesh Rural Livelihoods Programme**





# The Management of Women's Self Help Groups

Volume 3

Strategies and Practices Series



Andhra Pradesh Rural Livelihoods Programme  
Hyderabad

## What is a Self Help Group?

Any group of people who recognise their common needs and come together to address them collectively is a Self Help Group.

More and more such groups are being formed at the village and community levels.

## Why?

Perhaps, the answer lies in the fact that

- Anti-poverty programmes and other development services are often unable to reach the poorest.
- The people for whom the programmes are meant are often not involved in them
- Women, in particular, do not find their rightful place in these programmes

## So are Self Help Groups the magic solution?

Of course not.

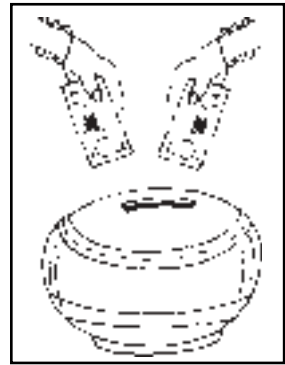
Simply because there are no magic solutions.

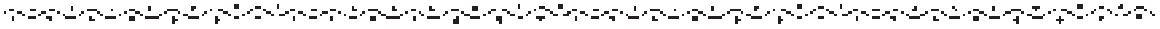
The advantage of the group approach is that it builds solidarity among the poor. Despite their individual vulnerabilities, collectivity gives them the negotiating power to demand their share in development. Not surprisingly, development practices have now begun to focus around Self Help Groups to promote greater participation of the people as well as the empowerment of the poor.

In fact, there are many kinds of SHGs. We have Watershed Committees, Vana Samrakshana Samitis (Forest Protection Committees), Self Employed Youth Associations, Mother Committees, Village Education Committees, Water Users Associations, etc. Each of these was formed in order to meet specific objectives.

## So, what kind of Self Help Groups will we be discussing in this book?

In the pages that follow we will be examining the following:-





## Preface

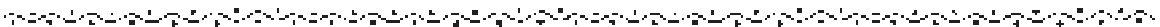
The Andhra Pradesh Rural Livelihoods Programme (APRLP) is the joint initiative of the Government of Andhra Pradesh and DFID (UK Government). The aim of APRLP is to work with the ongoing watershed programme to improve the livelihoods of the poorest people in rain-fed areas and to promote the participation of women in land-based development interventions and other livelihood initiatives. APRLP works with the ongoing watershed programme in Prakasam, Nalgonda, Mahabubnagar, Kurnool and Ananthapur districts.

The Women's Self-Help Movement has built up considerable human, social and financial capital. APRLP recognises the potential importance of SHGs in promoting and enhancing the livelihood opportunities of the poor.

This volume outlines the ways in which APRLP is seeking to strengthen Self Help Groups (SHGs) expand the scope of their activities. It focuses on SHGs in the context of APRLP and optimising their participation in watershed activities and in livelihoods. One important precondition is that the poorest members of the community should be organised into SHGs so they are not left out of the development process yet again. The processes outlined in this book are based on experiences generated through pilot projects

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August 2002



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## Chapter 1

# Women's Self Help Group – A Brief History of its Development

### Why do women need to organise themselves?

The vulnerability of women can be attributed to

- a) widespread poverty, which impact more on women
- b) low perception of their personal capabilities
- c) limited opportunities
- d) inaccessibility of external resources
- e) low or nonexistent personal savings, assets, etc.

### The History of Women's SHG Movement

#### During the eighties

New thinking has emerged on credit delivery systems. Formal banking institutions, despite their phenomenal expansion, remained inaccessible to large sections of the rural poor, especially to women. Consequently, they have continued to be dependent on moneylenders and other informal sources of credit, which have further aggravated the situation of women.

In the early eighties community-based institutions were formed to promote savings and credit activities. These provided

- mutual support groups of 15-20 members
- loans for income-generating activities
- incentives to save money

A number of NGOs stepped in to promote and support savings and credit programmes among the poor. Most agencies have based these programmes on the model designed and presented by John and Marguerite Hatch in *The Village Bank Manual* (1989).

Since the mid-1980s these programmes have been evolving to fit local conditions. The utility of SHGs is much wider and encompasses the

- Mobilisation of financial resources in rural areas
- Participation by the rural poor
- Development of new financial instruments, which function to complement existing institutions



## During the nineties

The success of savings and credit activities the world over led the GoI to extend policy support for these community-based initiatives, particularly since the SHG movement held out great promise to women.

- The GoI began a programme for the Development of Women and Children in Rural Areas (DWCRA), a sub-scheme of the Integrated Rural Development Programme (IRDP), exclusively for women. The focus was mainly on making women partners in development. The SHG movement built on these efforts and sought to empower women.
- The Reserve Bank of India, in 1996, directed all banks to finance Self Help Groups as part of their normal lending operations. There were a few contributory factors for this decision.
  - The success of NABARD's pilot project in 1992 for linking SHGs with banks
  - Growth of women's Self Help Group movement
- Thereafter, several state governments have begun to take up SHGs in their agenda with the lead provided by the Department of Women Development and Child Welfare.
- Re-financing institutions like SIDBI have come forward to support the SHG movement
- Now SHGs find a place in different sectoral programs viz., Watershed Development and Joint Forest Management. So also in SC/ST/BC corporations



The GoAP initiated an ongoing dialogue with bankers at all levels to enhance SHG access to bank credit. As a result more than half of the NABARD support for SHGs in India have gone to AP. All these contributed to

- a shift by which women became not just beneficiaries of government programmes but stakeholders in their own right
- increased momentum for SHG linkages with banks, thus mainstreaming the SHG movement

## Current issues

The ability of SHG movement to act as an instrument to benefit the poor has reached a critical stage. Its future depends on three factors

- The ability to reach the poorest of the poor
  - How are the left-out poor to be brought into the SHG movement, so that they do not lose yet another opportunity?
- The ability of groups to expand their scope beyond credit and thrift activities
  - Can the provision of credit alone enable people to break out of the vicious circle of poverty?
- The ability of sectoral programmes to integrate SHGs

- How can we realise the potential and role of SHGs in various sectoral programmes?

APRLP recognises that these issues need to be addressed as it seeks to broad base the SHG movement in its watershed-based livelihood programme.

### In the APRLP context

APRLP is a support programme to the watershed movement in Andhra Pradesh. This movement has focused on three broad categories of village institutions

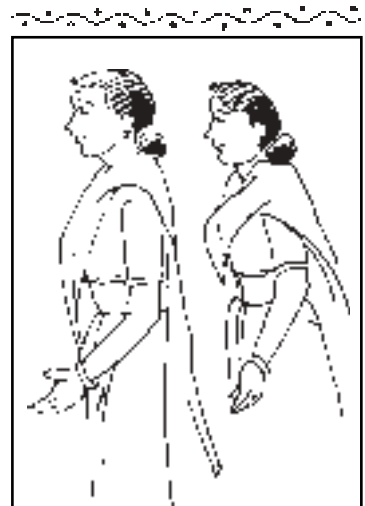
- Watershed Associations/Committees
- User Groups
- Women's Self Help Groups

So far the focus on watershed management has been on the first category. It has failed to devolve responsibilities to SHGs and UGs. Though SHGs are proposed as a strategy for reaching the poor and increasing women's participation in watershed development, their role has hitherto been limited to savings and credit activities. APRLP has been working towards actualising a role for women in watershed management. It has been

- Asserting the need for women's participation in planning and implementation of watershed activities
- Working to devolve responsibility and to enlist their participation in support of the poor

The following measures are proposed for mainstreaming the women and the poor in the APRLP context

- All the poor will be organised into SHGs
- Women will establish a Revolving Fund at the Village Organisation level for increasing livelihood options
- Women will have more effective negotiation power with the Watershed Committee



## Chapter 2

# Formation of SHGs

### Know your target groups

Should SHGs consist of women alone or both men and women?

It has been agreed that SHGs could be formed both for men and women.

But, it should be kept in mind that

- the focus needs to be on women because they are disadvantaged, exploited and not involved in community affairs. Hence, the imperative to empower them.
- the focus on women is not because they are willing to organise, attend meetings and save regularly; but because they have specific needs.
- while organising women into SHGs women from poorer strata should be given priority.

### Who are these women?

Women in

- Landless households who subsist as agriculture labourers.
- Marginal farming households, who own up to 2.50 acres, but depend on wage opportunities.
- Specific communities who deserve priority treatment such as STs, SCs, etc.
- Other occupational groups who lack technology and access to services, and therefore, continue to struggle for their livelihoods.
- Households involved in informal activities, but who survive by depending on moneylenders.

Laxmi, a thirty-five year old agricultural labourer, used to live in a small mud hut with her husband (Venkaiah), one son (Mahesh) and two daughters (Bhagya and Lalitha). Venkaiah inherited 1.5 acres of dry land from his parents. He used to depend on a local moneylender for seeds, fertilizers and pesticides. His entire harvest, therefore, went into repaying loans (and their steep interests). After the agriculture season, he was forced to take on work in nearby villages.

In 1998 there was a severe drought in the area. The entire family migrated to Hyderabad during this period. During this time Venkaiah fell sick. He has since been recuperating at home and has been unable to do much work. The family had to sell their two cows to meet his hospital expenses.

Laxmi became the principle earner in the household. On an average, she found no more than 120 days of work in a year. About 60 days in a year she worked in agriculture

fields, and the rest of the days she sought jobs in construction sites, etc. Laxmi earned Rs. 25 per day as against a male labourer, whose daily wage is Rs. 50 per day.

Two years passed. Her daughter was 14 year old and Laxmi decided to get her married. She mortgaged her land for the dowry and other wedding expenses.

Her elder son had to take on work to substitute the family income, which was just sufficient to run the household. The debts accumulated. Laxmi sold away 1.5 acres of land to the landlord for the loan amount. With the southwest monsoon, her thatched roof collapsed. She and her household were forced to move into their neighbour's house.

She mortgaged her ration card to secure a loan for repairing the roof. If she has to get the card back, she will have to pay Rs. 150. Without her ration card, she was forced to buy provisions in the open market. She was caught up in the vicious cycle of poverty. She could find no way out of her situation. Until...



### How can you identify them?

Certain critical processes have to be introduced for identifying these poor women.

- If external agencies take the lead in identifying the poor, there is a risk that the community may overrule their findings.
- Hence, the principle actors in finding the real poor should be the people themselves.
- Facilitators could motivate the people to do a poverty ranking amongst themselves, of all families in the village

### What does poverty ranking mean?

Let's start with an example: There are two households in a village

**Household 1** - A family of five, a woman and her husband, their two children and her aged mother-in-law. Their assets include 2 acres of dry land, 4 cows, a pucca house and a bullock cart. Their children are enrolled in school. The number of earning members is two.

**Household 2** - A family of seven, a woman and her husband and their five children. Their assets include one acre of dry land, a thatched house and two cattle. Their children are not enrolled in school. One of them is a child labourer and so the number of earning members is three.

If we compare the social and economic conditions of these households, Household 2 will be seen to be high in poverty-priority.

While doing poverty ranking, the people should repeat this exercise with all the households. They should compare the conditions of one household with those of

others in the village. The families could be classified into four types—non-poor, not-so-poor, poor and very poor.

In large villages poverty ranking may be a difficult exercise, if the village is taken as a whole. In these circumstances, it would be best to begin with a cluster of households in order to gain an overall picture of the village.

### What information is required for ranking?

Poverty ranking does not require a long-drawn out and exhaustive gathering of data. It asks for information on four broad areas, which will facilitate quick decision taking. It would be best to generate certain criteria participatively prior to the start of poverty ranking in a village.

1. Strengths:: assets, human power, etc
2. Threats:: lower agriculture wages, less opportunity for work, etc
3. Constraints: inability to obtain formal credit
4. Perceptions: gender, powerlessness, self-respect

Poverty ranking could be conducted around these sets of information. The specific problems of landless, adivasis and women need to be given more weightage.

After poverty ranking, the findings can be placed before the Gram Sabha for the sharing of information and the ratification of decisions. Continuous negotiations are also required to ensure provisions for the poor. In fact the first SHG to be formed in the village should ideally comprise women from the very poor families.

Laxmi happened to meet Venkamma, a WDT member, in June 2001. It was from her that she first heard about the activities that were about to start in their village for poor families like hers. Laxmi decided to attend the village gathering, though she expected big, empty promises to be made. This meeting, however, turned out to be different from the other meetings. The community was asked to talk and discuss their problem amongst themselves. The villagers were also asked to identify the vulnerable families in that village. Laxmi's life-story found many sympathisers. Since she was the main earner, hers was classified as a "woman-headed household". The villagers noted that she had three dependents to take care of, even though she had very few assets. Moreover, her son had been forced into child labour. Even in comparison with other destitute families, her situation was found to be extremely vulnerable.

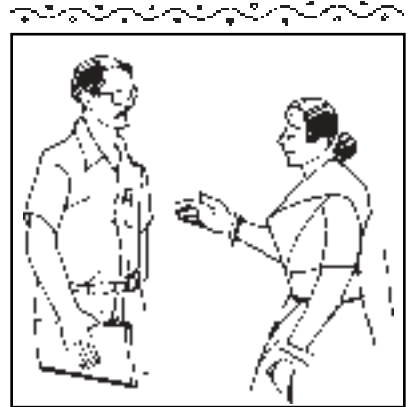
The village had a total of 127 households. The community decided to identify the poor, and then rank the households into four categories—the non-poor, the not-so-poor, the poor and the very poor. At the end of this poverty-ranking exercise, it was found that the village had

- 23 families who were *non-poor*. They owned irrigated land and a number of other assets.
- 56 families who were *not-so-poor*. They owned over 5 acres of rain-fed land and few other assets.

- 27 families who were *poor*. They owned less than one acre. Every year they struggled for agricultural investment. Besides self-agriculture, they also had to work as wage earners.
- 16 families who were *very poor*. All of them were landless. 3 among them were women-headed families. They depended on wage labour and seasonal migration.
- 5 families have *special* problems because there were aged, physically unwell, and handicapped members.

Laxmi's was one among the 16 *very poor* families. Later the Gram Sabha met, discussed these findings in detail

and agreed on them. Shortly afterwards...



### How can women form SHGs?

- **Motivation:** Women, usually have many reservations about forming SHGs, primarily because they are unaware of the potential of group formation. What they know from hearsay also makes them believe that saving is an activity that only the well-off can indulge in. Hence, much time will have to be devoted to explaining the processes, possibilities and purposes of SHGs through active discussions with them.

Facilitation is especially important during group formation and strengthening. The WDT and the livelihood worker will have to shoulder the responsibility for this. They can seek the support of functioning Self Help Groups in the village. The facilitator will need to:

- Take up informed debate with individuals, small groups, stakeholder groups, etc. during the first month
- Help members come together at regular intervals. These can be used to clarify expectations and fears
- Help the group to take decisions on leadership, activity and group rules when it begins functioning

The role of the facilitator will change once the groups have started their activities. Thereafter, the PIAs will increasingly support the groups for establishing linkages.

- **Self-formation:** Groups are responsible for selecting their own members and leaders. The self-selection feature is vital, because group members share collective responsibility.
- **Homogenous composition:** A group should be formed by drawing women from similar socio-economic situations (caste, occupation, income levels, age) from the neighbourhood. This is because

- Homogenous groups provide mutual space and support for each other
- If group members are from diverse backgrounds, there is a possibility that a few members will dominate. This will affect group cohesiveness
- **Small and viable group-size:** Usually the group-size should be between 10 and 15 members; and only one member of a family should participate in a group. This optimum size will ensure effective peer group pressure and decision-making. If a group has more than 20 members, it should register itself.
- **First stage:** This stage, the initial 6 months or so, is predominantly a lesson-learning and solidarity-building one. The implications and the functions of SHGs get clarified through experience, and cohesion among group members gets built.
- **Meeting:** Once a group of 10 or 20 women are sufficiently ready and they have formed into a group, they should have regular meetings.
  - In their first meeting, they will discuss the concepts, rules and regulations of SHG formation and functioning.
  - In subsequent meetings, savings will be collected and a bank account will be opened. The group will further discuss and finalise the group's rules and regulations. They will select group leaders and fix the day, time, and periodicity of group meetings. Records of the meetings and financial transactions will be maintained from this point onwards.
  - All further meetings will be conducted at regular intervals. The meetings, besides carrying out savings and credit transactions, should also focus on other issues considered important by the group members.
- **Use of capital:** From the outset the group should discuss, plan and initiate rotation of savings into loans for meeting members' needs. Savings should not be left idle in the bank.
- **Reaching out to others:** When the group has gained experience, it should gradually motivate other women in the village to organise into groups.





When Venkamma visited the village again, she went around and met Laxmi and the other women who were identified as being very poor. She encouraged them to come together and form an SHG. All the women, except one were very reluctant. Rajamma had heard that the two existing groups in the village had received grants. She hoped that if she became a member of an SHG, she could also access government schemes and other funds easily. The other women, however, had many doubts:

“How can we save, when we cannot even eat properly everyday?”

“Do we have the time to meet regularly? We have to do outside work and then work at home.”

“My neighbour Rukki says that the leaders take away and use all the money. What will happen to us, if the little money we have goes?”

The next day Venkamma came again. This time she met these women along with leaders of existing Self Help Groups in the village.



Together, they discussed the benefits of SHGs. They explained that SHG savings could be started with as little as Rs. 10, or even Rs. 5. By itself, this money will not be very useful. Instead of putting it into the folds of their saree, if they put it together, it would add up to a lot of money. Like small drops come together to form the big ocean. Their collective savings will be as much as Rs. 150/- to Rs. 200/- per month. This can be used for meeting members' needs. For instance, Laxmi will be able to release the ration card, which she had pawned with the moneylender.

The women went back and discussed this with their husbands and relatives. Venkaiah encouraged Laxmi. Four other women also seemed prepared to come together. They motivated others in their neighbourhood. Finally twelve women joined together to form an SHG. At first they went to the meetings of the other SHGs and saw what went on there. When they started, they fixed a small saving of Rs. 10/- per member per month. But that was only the beginning...

## Chapter 3

# The Activities of SHGs in the APRLP Context

Traditionally SHGs have participated primarily in savings and credit activities. Under APRLP the three main activities for SHGs are

- savings and credit activities
- integrating women into the watershed agenda
- facilitating better livelihood options for women

These additional activities will have implications on the structure and leadership of the SHGs.

### Savings and Credit Activities



Three main SHG functions are envisaged in the initial savings and credit stages.

- Group Management
- Savings operations
- Credit operations

If the group neglects any one of these functions, it will affect its other functions. Though they are inter-linked, it is useful to separate them for the purpose of understanding.

### How is group management effected?

Group Management is the way in which members think and work together.

Traditionally, a group has been considered to be effective, if

- it meets credit needs of members
- there are high levels of participation
- there is rapid recycling of credit

The practices required for the effective governance of SHGs have been

- **Vision building:** Groups should have absolute clarity on their goal. The groups need to identify and prioritise their needs. This will determine group functioning and progress
- **Group savings:** Each member should regularly contribute to group savings. Contribution of savings is not merely aimed at mobilising internal resources but also to build the stakes of members
- **Wider Participation:** All members should actively participate in the group. This will reduce the chances of resources being co-opted by elites and will facilitate knowledge-sharing

- **Leadership:** The group should build the capacities of leadership in other members of the group. This can be nurtured by asking members to share responsibilities and by rotating leadership. Customarily, two leaders are selected for each SHG. Under the APRLP programme one will take the lead for savings and credits activities

- The group leaders should be elected and rotated at least once in two years.
- They are responsible for
  1. Convening meetings
  2. Conducting the group's credit business: receiving savings, lending out or investing savings, supervising loan payments, etc.
  3. Keeping regular records of all transactions
  4. Developing linkages and liaison with local government departments and other groups

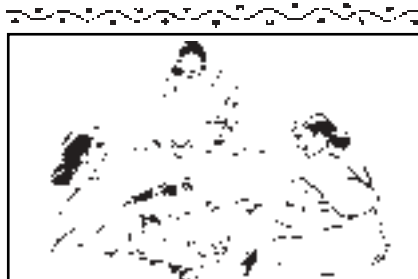


- **Regular Meetings:** Regular meetings are important for cultivating practices and running the core business of the group. Meetings should be held on a fixed day, time, and place every week or fortnight, or at least every month. The group should

- set an **agenda** for the meeting. The meeting should first cover regular items and later take up specific issues
- ensure the **attendance** of all members. There should be a practice of marking attendance and seeking clarifications from the absentees. Even if a member cannot contribute savings for a particular month she should attend meetings. Introducing direct and indirect penalties on absentees and latecomers improves attendance
- transact financial and non-financial matters only in the meetings and in the presence of members to develop trust and transparency

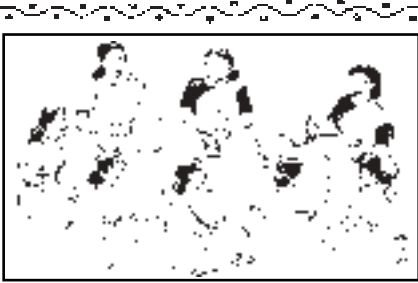


- **Norms:** Usually group evolves rules from practice. Whenever a group takes up a new task, its rules need to be developed further. For this, they can also draw upon the experiences of other well-managed groups. The norms should cover all the aspects of membership, savings and credit operations, decision-making process, etc.



- **Decision-making:** Leaders and members learn to make collective decisions from trial-and-error processes. This is found to be effective where members attend meetings regularly and invest time in collective management

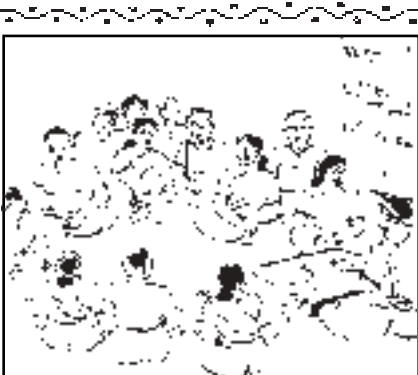
- As far as possible members should take decisions by consensus
- Leaders should not thrust their views on the group
- Members should participate in the group responsibly and not as if it were an unnecessary obligation



- Difference of opinion or conflict should be dealt with carefully
- **Minutes:** As a general rule, all the decisions taken at group meetings are recorded in minutes, and signed by all the members. Similarly all the financial transactions should be recorded in prescribed account books.
- **Custodians of cash and records:** Any cash left after the day's transaction should be kept with the authorised

member of the group and deposited with the bank the following day. For meeting emergencies a small amount may be kept with leaders. All accounts and other records should be kept with the group leader

- **Leaving the group:** A member is able to leave the group but she should clear outstanding liability of the loan
  - In the first year a member is eligible to take back her personal savings.



From the second year a member is eligible to take back her personal saving and the interest on it

- **Enrolment and Expulsion:** The group members by unanimous decision may expel any member of the group for violating the discipline or rules and regulations of working. It can also admit new members into the group
- **Dissolving the group:** If the group wishes to be dissolved
  - All outstanding savings, credit and interest should be paid
  - A date should be fixed for the repayment of all loans
  - On this date all savings and interests should be

proportionately distributed among its members

- All the external grants should be either transferred to other SHGs in the village or to the VO
- **Reformation of Groups:** If some of the members of the dissolved groups wish to re-form their group, even with new members, they can do so. Their savings can be re-invested. The new members joining the group will invest an amount equal to that of the savings of the older members
- **Group based self-monitoring:** A facilitator should support the group in self-assessment once a month

Venkamma timed her next visit to the village to coincide with the date for meeting of this newly formed SHG.

When she reached the place of the meeting, however, she found the place deserted. She made her way to Laxmi's house and found her outside washing. Recognising Venkamma, even from a distance, Laxmi smiled a welcome. She shouted across to her that they had decided not to meet that month because Rukki's son was not well. "If we, who know each other do not make these small

'adjustments' who will?", Laxmi asked. Venkamma did not reply immediately. But she went from house to house and called all the women together—even Rukki.. She said that she wanted to tell them a story. No, three stories.

She told them of a group in the village across the bridge. This group was three years old. And they were very informal, always making 'adjustments' for each other. So they kept the money in the group-leader, Durgamma's house. If someone wanted a loan, she would go to the group leader's house. And Durgamma would say,

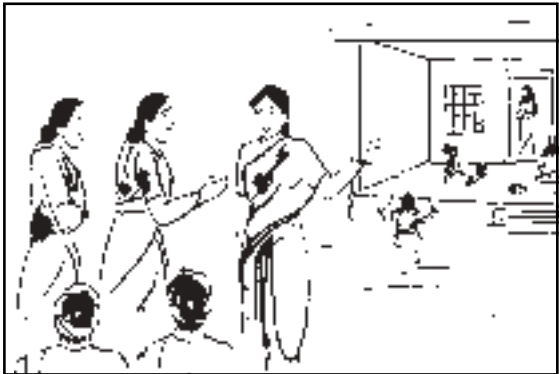
"Come tomorrow, we urgently wanted some money to pay for the old man's medicines. So I took the SHG money. I'll replace it by tomorrow."

Or, "Come next week, I'll ask my husband the sarpanch, if you should be given the loan"

Since they were very informal, they did not bother to keep accounts, etc. Today all the members are unhappy and are thinking of dissolving the group.

But there is another group in the village that lies beyond. The group has fourteen members and they had been putting in their saving regularly on the first of every month. They too would go to the leader's house and submit their money. If anyone fails to come the leader will go to them and collect the money. She promptly put the money in the bank and she also kept personal accounts of these. But they did not bother to meet regularly. "Why should we meet only to deposit money and to take loans?", they thought. Just three months back the leader fell ill and she went to her mother's house. "I have just come from her village," Venkamma said. This group, which seemed to be functioning ok, is now nearly dysfunctional. In the time the leader was away no one knew what to do, how and where to deposit their savings, how to get loans. Oh, you must see the confusion", Venkamma said shaking her head.

But the group in our neighbouring village, they decided from the beginning that there would be no "adjustments"—everything would be according to rules. They met regularly, discussed money matters, wrote minutes, kept accounts, deposited the money in banks. And they shared all these responsibilities equally. When they met,



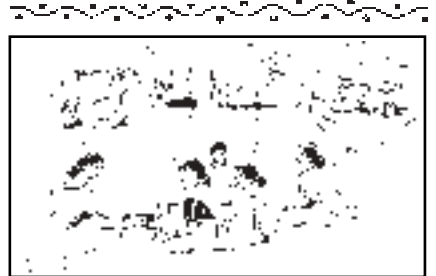
they also discussed the happenings in the village. Why, only the other month they heard that a thirteen-year-old girl in the village was going to be taken out of school and married off. They discussed this matter and decided to go to her parents and ask them not to do so. "When I last heard the parents had agreed to delay her marriage for the time being. They didn't want to send her to school though. They were still talking to her parents and trying to persuade them."

"Now", Venkamma said, after she finished her stories. "You decide what kind of group you want to be." Every women there had understood what Venkamma was trying to tell them. They decided to meet the very next day and make rules. They also decided to follow the rules they made scrupulously.

### How are savings operations practised?

The group should start with savings and only when it has stabilised in this area, should it take up lending operations. Group savings have become increasingly vital for peer group lending schemes. Group savings are useful in

- inculcating financial discipline and the habit of saving among its members
  - creating leverage with local financial institutions
  - reducing dependence on money lenders
  - creating stakes for the members in the management
    - fostering greater accountability
    - **Compulsory savings:** Each member should regularly contribute to group savings. A general rule is that compulsory savings in a group is decided after taking the minimum possible saving by any member in a group
    - The amount of savings could be very small, say Rs. 5 or Rs. 10 per member per month. The group can decide on the amount after considering its members capacities
    - The amount of compulsory savings is to be uniform for all the members
  - **Special savings:** Special savings may also be accepted from members
- Each member should be given a passbook for transactions with the group. The group can decide on the interest to be provided on savings for motivating members to save
- **Bank Account:** Each group can open an account in its name with any branch of the bank. Ideally, the group should deposit all the savings collected and should draw amounts from the bank for giving loans to its members. The requirements for starting and operating a bank account are:
    - The savings are kept in savings bank account in the name of the group. Under no circumstances can the account be in the name of a member



- A copy of the resolution passed by the group, authorizing the opening of an account and the persons who will jointly operate the account, will be submitted with the bank for opening the account
- A copy of the rules of the group should also be furnished to the bank along with the resolution
- The persons authorized to operate the account should change when the leadership is rotated
- Regular transaction with the bank is desirable as it will strengthen the relation between bank and SHG
- It will be better if the members of the group are made to visit a bank branch on a rotational basis

### How are credit operations carried out?

Members' savings form the initial source for a group's credit operations. It can build upon its resources with time. The other sources of funds are bank loans; one-time grants from DRDA; and interest accrued from lending.

Credit is a serious matter. The success of group management and savings operations is critically linked to credit operations. Savings and credit activities of the SHG are particularly intended for the poor. Hence, the lending procedures have to be simple, flexible, and transaction cost encouraged to be at a minimum. The loan should be disbursed quickly even for small activities and for starting businesses. The following practices are in use for the credit operations of a group.

### Linkages and Collaborations

Under **NABARD's** SHG-Bank Programme, banks will finance Self Help Groups. But certain conditions must be fulfilled:

- A group should be at least one year old and should have stabilised its savings and credit operations. Banks usually finance such groups after an independent assessment of its performance. (See Annexure I for the assessment format developed by NABARD)
- Bank loans are given to a group, and this is in turn advanced to group members.
- Any default in repayment by a member is the liability of the group.
- The bank will charge interest at the rate of 11% and will leave the group to charge interest from its members as per its practice.

The group can also get a one-time grant support from **DRDA**. Usually, grants are released every year to groups based on seniority, subject to availability of funds. (See Annexure II for the assessment format of SHGs by the Department of Rural Development.) The following conditions should, however, be fulfilled

- After opening an account the group should register with the Mandal Development Officer and the Village Secretary
- The SHG should submit its application for a grant after completing one year

- **Size of loan:** The members are given loans in proportion to their savings. The savings-loan ratio is 1:3 in the initial stage of the group. This might increase at a later stage as decided by the group
- The size, purpose, and terms of loans are made in accordance with the borrower's needs
- Groups should begin with a set amount for the first loan, a slightly larger one for the second loan, and an increase in the loan size for each subsequent loan
- **Purpose of loans:** The group should give priority to absolute necessities. The loans could start with consumption and proceed to a range of livelihood needs viz., production, working capital for trading, assets, micro-enterprises, etc. As the group matures the ratio of consumption loans comes down. In exceptional cases loans could also be considered for redemption of debts from moneylenders
- **Procedures followed:** A day is fixed every week or month for the disbursement and recovery of loans
- Members submit loan applications to the group or to the leaders
- All loan applications are approved or rejected in group meetings based on needs-prioritisation



- The group obtains promissory notes for each loan from the member
- The loans are disbursed only at group meetings
- The practice of giving a second loan before the first is repaid should be carefully assessed
- No members should be allowed to repeatedly corner all loans
- Loan terms are adjusted to fit the economic activities of the borrowers

- **Rate of interest and terms and conditions:** The group's rate of interest can range from 18% to 24% per annum. It is better to apply uniform terms and conditions, including interest, for all types of loans irrespective of its source to the group
- **Repayment:** The position of recoveries vis-à-vis demand (amount payable) should be reviewed regularly
- Monthly repayments should be encouraged
- Appropriate steps should be taken to deal with lapses in repaying the amount
- All loans are for a set period of time, usually about three months, and maintain an established repayment schedule
- Members qualify for a subsequent loan only after repayment of the previous loan
- Penalties should be fixed for late payments

- The member's presence in the meetings should be insisted even in case of default in payment
- **Security and risk mitigation:** Underlying the group lending mechanism is accountability and mutual trust
- Group members should collectively guarantee loan repayment. As a general rule the members guarantee one another's loans
- Access to subsequent loans is dependent on successful repayment by all group members
- Over time, the group enforces peer group pressure and social control to enable an atmosphere of mutual trust
- Oath taking at the time of disbursement of loan has been found to be effective in some groups
- It is better not to give loans to all the members at once or to share the available funds equally
- Wherever applicable and feasible, loans or assets acquired out of the loan have to be insured



When Laxmi's group was three months old, she applied for a loan. The other members agreed that Laxmi's need was very great and they gave her priority. With the Rs. 200 that she got she redeemed her ration card. That meant that she could get essential food items at a much-reduced price. With the remaining money she bought a hen and started a small kitchen garden.. She even installed a zero-drip irrigation facility on the advice of the local Livelihood Worker. Now she is slightly better off., what with the ration card and the chicken.. What is more she has repaid the first loan and is planning to ask for a second. When the group meets Laxmi talks of what she will do with her second loan. She will buy more chicken, maybe even some sheep. She will improve her garden, so that she can sell some vegetables in the village shandy. Maybe next year at least one of her sons can go to school, she dreams. And she is not the only woman in the group who can now dare to dream of a better future. In fact when they come together they are forever talking about their dreams, and even, sometimes, laughing over their difficulties.

## What are the advantages of the savings and credit activities of SHGs?

The poor borrow from different sources like moneylender, landlords, traders, relatives, banks, etc. When they repay this loan, the interest they pay on it also goes to the rich lender.

Women SHGs build their capital from their savings. This group saving becomes the source for internal loans. The interest paid on these loans goes back to the group fund. Such a circulation of money has many advantages

- Money is readily available, especially when it is required urgently. Since this system depends on trust and group pressure, there is relatively little paperwork and other tedious procedures required by banks, etc.
- Women prioritise the loans for the most needy and can lend even small loans within the group

The poor, who join the SHGs will have access to bank loans without collaterals and guarantees.

## How should accounts and savings & credit information be maintained?

A Self Help Group for savings and credit is entirely based on trust, so it is important for the money to be carefully accounted for. The accounts should be absolutely clear and known to all its members. The accounting procedure should be simple and should detail the monthly savings, the loans disbursed, the loans repaid and the balance in hand. Details of loans taken from banks and other agencies should also be maintained.

Usually we come across different types of books and accounting systems depending on the promoting institutions. For better collaborations and linkages with banks and other financial institutions, it is necessary to have simple and uniform systems.

The following are useful pointers:

- All the groups in a village should follow the same accounting procedures and these should be written in the local language at the time of transaction
- A leader or bookkeeper can maintain these. The honorarium of the bookkeeper should be decided and met by the group
- While maintaining books and systems, groups will record primary transactions. If any analytical reports are needed it would be the responsibility of NGOs, banks and other financial institutions
- The expectations on SHGs are to be kept at the minimum while maintaining the records

APRLP makes efforts to improve the capacity of the bookkeepers as well as the quality of books and records. It advises PIAs to follow locally used systems while continually improving them. It encourages wider consultations among PIAs, SHGs and local government departments for arriving at a consensus in uniform bookkeeping and MIS.

A Self Help Group needs to maintain records and books of accounts because

- A proper system of accounts boosts members' confidence and trust
- It helps members to keep track of financial transactions and make decisions
- Institutions like banks can view its performance and provide loans

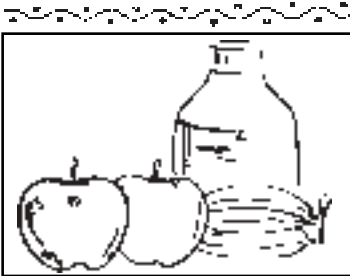
Though formats may vary, they should produce the desired output.

| Sl. No. | Name of the book Type     | Updating frequency                   | By                        | Desired Result/output  |
|---------|---------------------------|--------------------------------------|---------------------------|--|
| 1.      | Minutes Book Register     | Every meeting                        | Bookkeeper / Group leader | 1.Resolutions on all decisions taken<br>2.Details of loans given and conditions if any<br>3.Decisions taken on defaulters. Overdues.<br>4.Particulars of demand-collection over dues for the month<br>5.Cash & bank balances notified. |
| 2       | Member's Passbook Booklet | Every transaction                    | Bookkeeper/ Group leader  | 1.Entries of every transaction.<br>2.Interest collected and credited.<br>3.History of loans taken by the member  |
| 3.      | Saving's ledger Register  | Every transaction                    | Bookkeeper / Group leader | 1.To be maintained for each member.<br>2.Each transaction amounts, interest and balance.   |
| 4.      | Loan Ledger Register      | Every transaction                    | Bookkeeper/ Group leader  | 1.To be maintained for each member and for each loan, if there are more loan accounts.<br>2.Each transaction, amounts, interest and balance  |
| 5.      | Member Profile datasheets | At least once in six months          | Bookkeeper/ Group leader  | 1. Personal data on members  |
| 6.      | Promissory Note/ File     | Whenever loan is given               | Bookkeeper/ Group leader  | 1. Amount, purpose, interest, repayment instalments, signature to be recorded  |
| 7.      | Bank Passbook/Booklet     | Whenever transaction occurs          | Banker                    | 1. Transacted amount, particulars and balancess  |
| 8.      | Pay in slips/Slips        | Whenever money is deposited in banks | Depositor                 | Date, Party's name, Amount, A.C.No, bank stamp and signature   |
| 9.      | Chequebook/Booklet        | Whenever cheques are issued          | Group Leader              | 1. All particulars of the recipients of the cheques, amount, and recipient's signature<br>2. Balance cheques unsigned  |
| 10.     | Status report/ datasheet  | At least once in a month             | Bookkeeper/ SHPA          | 1.status of membership<br>2.status of savings<br>3.status of loans given<br>4.status of overdues<br>5.status of total corpus<br>6. details of loans taken from banks and others<br>7.status of balance                                 |

Some improved formats of bookkeeping can be found in the Annexure

## Integrating Women into Watershed Development

According to established notions, different village institutions and interest groups in a watershed habitation have distinct and different tasks, roles and purposes. Thus, the



- *Watershed Association/Committee* is regarded as one that executes physical works
- *Women* are regarded as those who undertake savings and credit activities by forming SHGs, and have no stakes in watershed development
- *Landless households* are viewed only as people who avail wage opportunities

APRLP recognised that this segregated approach has resulted in much unrealised potential. It is, therefore looking at ways in which women's roles can be developed and landless families can become stakeholders in the watershed programme. This section deals with the participation of women through their SHGs in watershed activities.

APRLP identifies two sets of gender needs

- (i) **Practical Gender Needs:** These are the needs that if addressed, the burden of women's everyday work will be reduced. These might also be first steps in re-positioning and empowering them in the family and the community. These include

- Drinking water and sanitation
- Fuel and fodder
- Girl child education
- Women's health
- Child nutrition and health

And crucially for APRLP,

- Representation in Watershed Committees

- (ii) Strategic Gender Needs

These are the needs, which make a real difference in terms of women's decision-making and equal participation in family, community, watershed affairs, etc. APRLP has identified the following steps for achieving these gender needs

- Women have to be supported through SHGs, thereby mobilising their collective strength
- Women are to be encouraged to be part of the core leadership in Watershed Committee through adequate representation and effective participation

- Personnel, the support structure and CBOs should be sensitised on gender related issues, particularly on women's roles, rights etc.
- Information-sharing and debates on gender issues should be conducted so that women's needs are reflected in the action plans
- Opportunities and options should be provided to improve their skills and abilities
- Access to services and resources should be improved

### How will women be integrated into the watershed programme?

The SHG leader who takes the primary responsibility for livelihood activities will also take the lead in integrating women into watershed development. Each SHG will have one or two guide members within the group responsible for watershed activities. They will, in turn, motivate other members to participate in the watershed activities and prepare sub-plans for wage employment and natural resource management. They will also take the lead in integrating gender specific needs into action plans. During planning, they will demand a share from the watershed funds to address needs like drinking water, improving fuel and fodder, etc.

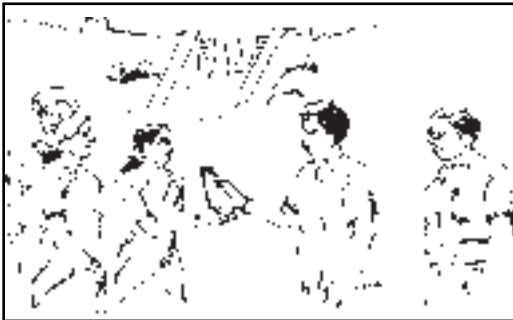
Some of the issues that these guide members could take up are

- Planning and implementation of activities for creating wage employment during off-seasons
- Equal and minimum wages
- Identification/formation of User Groups among and across SHGs to execute programmes, thus eliminating middlemen and contractors
- Creating stakes for the poor

Laxmi and the other women in her group had never really been interested in watershed activities. They saw them as only being useful for the landed. What were women like them to do with watersheds?

But when a new watershed was sanctioned in their village, there was talk of involving women. Laxmi's SHG discussed this matter, first with some puzzlement and then with increasing excitement.

All of them were wage earners. They decided to explore work possibilities in the constructions that would be undertaken for the watersheds. This could help them bring in an income during the lean agricultural season. They appointed two of their members to find out more about these activities and act as their guides. Laxmi was one of them. She discovered that SHGs in other villages had formed wage earners' sub-groups. Some of these wage earners' groups were even asking for higher wages. The women were saying, "We do as much work as men. Even more. Yet we get only half their wage. We should get as much as men." Was it possible? For as long as Laxmi could remember women had always earned less. She took the matter up in their next SHG meeting. All the women in her group supported the demand. Some of them thought that nothing would come of it. But even they wanted to make the demand.



The other guide member also saw a possibility of asking for using the 10 acres of common land. She said that they could develop it into a fodder and fuel plot. She made out a proposal whereby the VO would get 40% of the produce from this land and their group of sixteen women would gain the remaining 60%. They decided to approach other groups in the village for convening a gram sabha and getting approval for their plan.

### Promoting increased Livelihood Opportunities for Women

This section deals with the ways in which SHGs can expand the scope of their livelihood activities.

The practices required for effective involvement in watershed and livelihood activities are

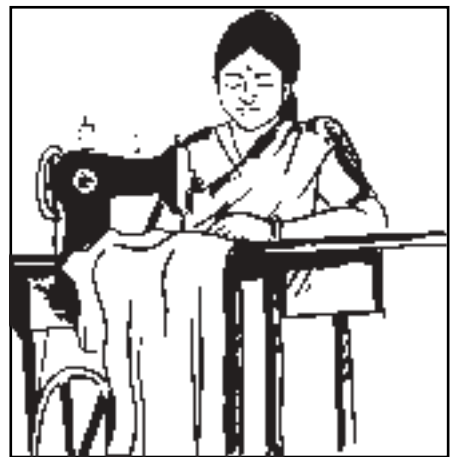
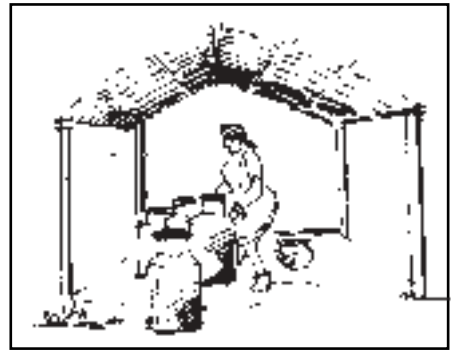
- **Vision building:** This is an exercise in which the whole group discusses the needs of its group members
- **Group Norms and Leadership:** As the group takes up new tasks, its norms also need to be developed accordingly. One of the two group leaders of the SHG will take a lead on livelihood issues and on integrating women's participation in watershed activities
- **Livelihood planning:** Based on the priorities identified during the vision building exercise, the group should involve its members in planning livelihood activities. If for example, the group members are predominantly very poor they may wish to take up issues related to wage employment, CPR development and usufruct rights. (See APRLP, *A Step-by Step Guide to Operationalising the Livelihoods Approach in APRLP* (2002) for more details)
- **Formation of Livelihood Groups:** Based on the planned activities sub-groups can be formed to address livelihood-specific issues, claims and interests. These groups should comprise members with similar needs or involved in similar activities, they will come together as informal livelihood groups
- **Selection of Guide Members:** Guide members are selected in order to promote the activities and issues that have been identified by the group during livelihood planning. These women should either be practicing the identified livelihood activities, or be motivated to pursue them. Usually each livelihood activity will have three master members from the group—for supporting credit linkages; for providing technology and production information; and for marketing and establishing linkages.
- **Functions of Guide Members:** The guide members are required to take the lead in finding new options and opportunities in the identified livelihood activity. They

will first explore specific activities and then motivate other members to participate in them. The guide members will play an active role in the groups pre and postproduction needs by linking with micro-markets, service providers and line departments in order to

- Secure inputs
  - Secure services
  - Sell produce and services
  - Represent identified issues to change processes and practices, in favour of women and other vulnerable families, at the village and higher levels
- **Training:** The selected women should be exposed to practical experiences to augment their knowledge and skills
  - **Activities of Guide Members:** The guide members have to ensure that relevant issues are discussed at various levels in order that they can be addressed collectively
    - At least once a month internal discussions within the group should be initiated
    - Guide members from different groups in the village, who are working in the same livelihood area, should meet monthly
    - They should represent their outstanding issues in the mandal and village organisation meetings as and when required

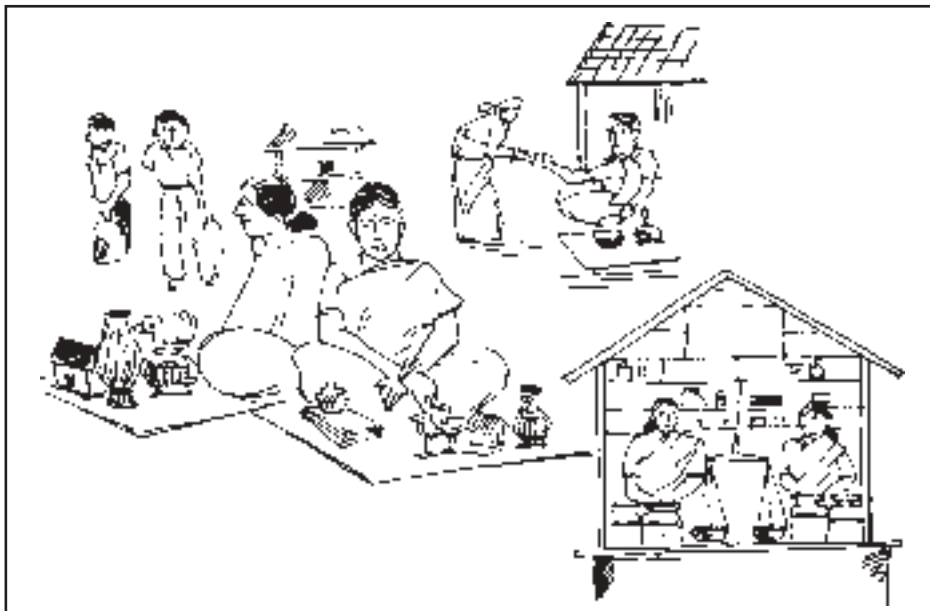
The guide members are also expected to

- Forge linkages with relevant line departments, institutions and Resource Centre
- Work closely with Sangamitras, Livelihood Workers and the WDT
- Take the initiative in making annual plans for their identified livelihood area. These, then become sub-plans for the VO and Watershed Committee
- Undertake initiatives that will promote productivity and viability of the livelihood activity for which they are responsible. For example a group of leather workers can be supported by bulk purchases, credit, improved technology, marketing etc.



- Advance the specific claims and issues raised by their group, for example, gaining usufruct rights on Common Pool Resources
- Advocate changes in government policy that would enable the group
- To promote various production service activities,
- To gain access over markets, economic services, etc.
- To facilitate women’s demands for better livelihood options and opportunities

When Venkamma visited the village shandy, one day, whom should she see there but Laxmi! She was busy selling eggs. There were also some brinjals and tomatoes beside her. During lunch Laxmi talked to her old friend and told her about herself and all the women in her group. Laxmi had started out by buying one hen. There were other members in her group who had also taken loans for keeping poultry. They had formed a sub-group, because, at first, a lot of their birds had fallen sick. Some of them had even died. Rukki, who had been one of the guides of their sub-group worked very hard



to learn how to keep the birds healthy. She went to the veterinary doctor and learnt what to feed them, how to keep them, etc. And then, she had taught it all to the other women. Now Laxmi alone had two-dozen birds. In the early days, two of their members had gone around the village hawking their eggs. Then Rukki made arrangements to sell their produce in the village shandy. There were so many eggs now, when they brought their produce together. This week had been Laxmi's turn to come to the shandy. Next week someone else would come. Laxmi had also brought the small amount of vegetables, which she grew in her backyard. But she sold only what was left over from having fed her children. They also got to eat some of the eggs. "Their ribs don't stick out any longer. The younger one is even attending school," she told Venkamma. The other women were also doing very well. "You will not even recognise Rukki," Laxmi laughed. "She has become so confident. Always attending training camps-either on immunisation, or on marketing. And she comes back and teaches us all this." Venkamma was very happy. Before she left, she suggested that the women should think of ways to insure their birds. Then their investment would be safe. Laxmi nodded.

## Chapter 4

# Participatory Monitoring in Self Help Groups

Under APRLP, women SHG members monitor their own activities using a pictorial chart. Since most of them are illiterate, the programme relies heavily on visual presentation. These enable all the SHG members to participate in the exercise without inhibition.

### Advantages of using the SHG impact-monitoring charts

- They are visual and easy to use
- Besides self-monitoring, this process is useful for understanding the SHG progress and for planning actions that will graduate groups to a desired level
- The charts remain with the group and may be compared over a time to learn how group performance has changed. The reasons for changes can be discussed
- The SHG members may use the charts at village organisation meetings to compare the performance across SHGs in the village.
- They serve to increase awareness among all the members.

The pictorial charts contain 20 indicators represented pictorially such as

- regularity of convening meetings
- attendance of members in the meeting
- growth of SHG members' savings
- increased access to credit from the group's revolving fund
- participation of all group members in decision-making, etc.

Each indicator has a colour code representing different levels of performance

- *Red* indicates a poor performance
- *Blue* indicates a not so satisfactorily performance
- *Yellow* indicates a satisfactory performance
- *Green* indicates an excellent performance

The colour codes ought to be filled against every parameter by every SHG in the village on a monthly basis. The group with the maximum amount of green is considered to have performed well. The final assessment of the group is recorded in summary-sheets. At the end of twelve months these sheets can be compared to assess the progress made by a group during the period. Repeated discussion on best practices for each indicator and related measurement criteria are necessary.

- Initially the group animator explains to the women the 18 indicators listed pictorially on the chart for SHG progress.
- The women of each SHG discuss, assess and report the progress of the group once every month by using the chart.
- Each indicator may be scored on four points

**The self-monitoring chart should be used by following an interactive process.**

- The grading to be given to each indicator is decided upon after discussions among SHG members. For example, take the case of convening meetings. If a group convenes the meeting regularly at a fixed date, venue and time, and if all the members attend these meetings, then that group may decide to score four points for that indicator for that particular month.
- The scores for several months can be marked on the same chart. If a group has consistently low scores for some indicators, then it means that their performance in those areas are weak.
- The monitoring charts will be kept with the SHG

It should be evident that the group uses this monitoring tool to learn and reflect on their performance and take corrective action.

**Model of a Self-monitoring chart**

**Andhra Pradesh Rural Livelihoods Programme**  
**Community Based Self Monitoring**

Group: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Member/Cole: \_\_\_\_\_  
 Name: \_\_\_\_\_

**5**

**STATUS OF SELF HELP GROUPS**

Name of the group: \_\_\_\_\_ Group Code: \_\_\_\_\_ Starting date: \_\_\_\_\_ Number of members: \_\_\_\_\_ Group Field: \_\_\_\_\_

Income generating activities: \_\_\_\_\_ Place of training: \_\_\_\_\_

|  |   |  |   |
|--|---|--|---|
| <br>1<br>Regularity of savings                    | <br>2<br>Regularity of meetings    | <br>3<br>Absence in meetings                          | <br>4<br>Decision making in the group      |
| <br>5<br>Record keeping                          | <br>6<br>Transparency of accounts | <br>7<br>Meet less priority to poor                  | <br>8<br>Regularity of repayment of loans |
| <br>9<br>Loan availing                          | <br>10<br>Bank loan              | <br>11<br>Effective allocation of Govt. Services    | <br>12<br>Business & Marketing           |
| <br>13<br>School going children                 | <br>14<br>Health & Sanitation    | <br>15<br>Training                                  | <br>16<br>Learning new skills            |
| <br>17<br>Participation in watershed activities | <br>18<br>SHG as Star Group      | <br>19<br>Participation in village level activities | <br>20<br>Participation in Social Works  |

Note: Stars have to be filled by putting the pinholes.

| Month | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |  |
|-------|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|----|----|----|--|
| 1     |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 2     |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 3     |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 4     |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 5     |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 6     |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 7     |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 8     |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 9     |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 10    |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 11    |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 12    |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 13    |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 14    |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 15    |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 16    |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 17    |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 18    |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 19    |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |
| 20    |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |  |

## SHG's Functioning indicators along with measurement criteria – Revised

| S. No. | Parameters                                     | Measurement Criteria   |   |  |  |
|--------|--|--|---|--|--|
|        |  | 0-25 (Red)   | 26-50 (Blue)  | 51-75 (Yellow)   | 76-100 (Green)   |
| 1      | Regularity of savings                          | Savings not fixed, in regularin time                                 | Fixed savings but irregular payment   | Regular, fixed Savings in time   | Regular, fixed savings in time in meetings                           |
| 2      | Regularity of meetings                         | No group norms. Meetings held as and when required                   | Not regular as per group norms  | Regular Meetings, but no fixed date, time and place                              | Regular meetings with fixed time, date and place.                    |
| 3      | Attendance of meetings                         | Less than 50% attendance   | 51-70% attendance   | One or two members absent with pre-intimation                                    | 100% attendance  |
| 4      | Decision Making within the group               | Decisions not taken in the meeting. Decisions taken outside meeting. | Decisions taken by the leader and announced in the meeting without any discussion | Decision taken by 4-5 members and endorsed by all after discussion               | Collective decisions by all members after discussion                 |
| 5      | Record keeping                                 | No written records apart from bank / pass book                       | Not update written by external person as per his convenience                      | Written after the meeting by an unpaid external person                           | Written in the meeting by SHG member / a paid account writer         |
| 6      | Transparency of accounts                       | Members not aware of transactions                                    | Only leader and book keeper aware of all transactions                             | More than 50% members aware of all transactions but accounts not read in meeting | All members aware of all transactions & accounts read in the meeting |
| 7      | Need based priority to poor for loan disbursal | No mechanism to identify poor and their needs                        | Limited loan disbursal to identified poor   | Need based loans to identified poor  | Need-based loans to poor with assistance for income enhancement      |
| 8      | Regularity of repayment of loans               | < 90% repayment  | 90% repayment but not in stipulated time  | 100% repayment but not in stipulated time  | 100% timely repayments by all as per stipulated installments         |
| 9      | Loan availing by members                       | Less than 25% members accessed loans                                 | 26-50% members accessed loans.  | ..... 50% members accessed loans   | All members accessed loans   |
| 10     | Bank Loans                                     | Eligible for loans but not approached bank, so far.                  | Availed loan from bank for consumption purpose                                    | Availed loan for production / income generation activities                       | Availed loan more than once for productive purposes                  |

| S. No. | Parameters   | Measurement Criteria  |   |   |   |
|--------|--|---|---|---|---|
|        |  | 0-25 (Red)  | 26-50 (Blue)  | 51-75 (Yellow)  | 76-100 (Green)  |
| 11     | Effective utilization of government services (PHC, school, ration shop, veterinary services etc) | No discussion on government services  | Discussion on quality of government services but no action plan drawn                     | Actions attempted to improve the access and quality of government services by group members | Actions taken to improve the access and quality of government services through collective action of all SHGs / Village level federation.                    |
| 12     | Enterprise and Marketing   | Members not having any skills and not involved in enterprises members ..... have skill nor involved in any enterprise | Members have skills but not involved in enterprises                                       | Members have skills, involved in enterprise but have not done profitable marketing          | Members have enterprises with established market linkages and do profitable marketing   |
| 13     | Children's Education   | No discussion on children's education related issues and children do not attend schools                               | Discussion on importance of education but children do not attend schools                  | Importance of education discussed and boys of the members attend to school                  | Members ensure that both boys and girls attend  |
| 14     | Actions on Health and Nutrition  | No discussion on health and nutrition aspects   | Matters related to health and nutrition discussed but no action plan drawn.               | Children of some members immunized and practice basic health and nutritional aspects        | Discussion, actions planned and practiced on health and nutritional activities through SHG/VO. Children of all members immunized (entire schedule followed) |
| 15     | Training   | Not organized properly. Occasional trainings only to leaders  | One time training to members. No regular and periodic training.                           | Regular periodic trainings only to leaders.No skill based trainings.                        | Regular Periodic trainings to leaders and members along with skill based trainings.   |
| 16     | Receptivity to learning new skills and technologies  | Less than 25% interested in learning new things   | Less than 50% interested in learning new skills and technologies and ready to experiment. | 50% members learn experiment new skills & technologies                                      | More than 60% learn, experiment new skills and technologies and practice the same.  |

| S. No. | Parameters  | Measurement Criteria  |   |   |   |
|--------|---|---|---|---|---|
|        |   | 0-25 (Red)  | 26-50 (Blue)  | 51-75 (Yellow)  | 76-100 (Green)  |
| 17     | Participation in Watershed Programme                  | Participating only to get wage labour                         | Participation limited to receive revolving fund.  | Engaged in activities like nursery raising, CPR development & usage of CPR products                                       | Planning implementation of own and other's work along with monitoring of the progress and influence the decision making in WC/WA meetings.  |
| 18     | SHG as UG   | No UG based works planning in the watershed                   | Plans prepared by UG but SHG not involved in implementation and unaware of expenditure and benefits | Plans prepared and implemented by SHG as UG but no plans and actions for maintenance / management of structures.          | SHG as UG involved in watershed planning and implementation right from site selection., works implementation and maintenance of structures. |
| 19     | Participation in village level federation             | No representation in village level federation / No federation | Membership in federation but no attendance in federation meetings                                   | Membership and participation in federation but not influenced   | Membership and active participation in federation influence decisions discussions.  |
| 20     | SHG involvement in social, community level activities | Not involved  | Social issues, needs, problems known not discussed  | Social, community level needs, issued and problems discussed within the group and among groups, but no collective action. | Collective actions through VO to solve community level issues, needs and problems by the group, along with other groups.                    |

## Annexure I

# Critical Rating of Self Help Groups (Revised)

National Bank for Agriculture and Rural Development

Regional Office, Hyderabad.

Name of the group

Habitation  Mandal

Name of the Bank & Branch  A/c No.

Details of Membership with MACS

Name of MACS

Share Capital A/c No.  SB A/c No.

Date of formation  Size of the Group

Names & Titles of Leaders

Monthly Schedule of meetings Date  Time  Venue

Savings  Frequency  Amount

1. FEELING OF BELONGINGNESS/ HOMOGENEITY/ SOLIDARITY (As observed during intersection with group) 4
  - a) Very Strong 4
  - b) Moderate 2
  - c) Not very much 1
2. GOVERNANCE ISSUES (additive value) 6
  - a) Awareness about objectives of Self Help Group programme 2
  - b) Awareness about rules and regulations of group meetings 1
  - c) Leader responsibility sharing by group functioning 2
  - d) Awareness about member wise savings and loan position 1
3. CONDUCT OF MEETINGS (During the last 6 months) 8
  - a) Meetings are held regularly on fixed date, time and place 8
  - b) Meetings are held regularly once in a month but at the convenience of all members 6
  - c) Meetings are not held regularly but they are conducted on fixed date, time and place 4
  - d) Meetings are irregular 2

|     |  |   |
|-----|--|---|
| 4.  | ATTENDANCE OF <b>MEMBERS</b> IN MEETINGS (During the last six months)  | 8 |
| a)  | Above 90% in all group meetings  | 8 |
| b)  | 70%-90% in all group meetings  | 6 |
| c)  | 50%-70% in all group meetings  | 4 |
| d)  | Less than 50% in all group meetings  | 0 |
| 5.  | FINANCIAL TRANSACTIONS IN THE GROUP (during the last six months)   | 8 |
| a)  | All fund collections <i>from members</i> , financial decisions and disbursement of loans to members are made in this meetings only | 5 |
| b)  | All fund collections <i>from members</i> , financial decisions are made in the meetings but loans are disbursed outside            | 6 |
| c)  | Fund collections <i>from members</i> are made outside meetings, but loan decisions are taken during the meeting.                   | 5 |
| d)  | Both fund collections <i>from members</i> and financial decisions are taken outside the meetings.                                  | 0 |
| 6.  | MEMBER AWARENESS ABOUT ALL FINANCIAL TRANSACTIONS  | 8 |
| a)  | All members are aware about all financial transactions   | 8 |
| b)  | Above 75% of the members are aware about <i>all financial transactions</i>   | 6 |
| c)  | Only few members are aware about <i>all financial transactions</i>   | 4 |
| d)  | None are aware about <i>all financial transactions</i>   | 0 |
| 7.  | REGULARITY ABOUT SAVINGS (During the last six months)  | 8 |
| a)  | 100% on time payment of savings by members   | 8 |
| b)  | 90% time payment of savings by members   | 6 |
| c)  | 70%-90% time payment of savings by members   | 5 |
| d)  | Less than 70% time payment of savings by members   | 3 |
| 8.  | <b>PATTERN OF INTERNAL LENDING</b>   | 8 |
| a)  | Need based loans availed by many members.  | 8 |
| b)  | Need based loans availed by few members  | 6 |
| c)  | Equal distribution of loans among all members  | 3 |
| d)  | Loans extended repeatedly to only few members in the group   | 0 |
| 9.  | <b>VELOCITY OF INTERNAL LENDING</b>  |   |
|     | Formula: <u>Total loans disbursed from the beginning</u>   |   |
|     | Corpus   |   |
|     | (Corpus= Savings+ Interest Earned+ Grant/Seed money)   | 4 |
| a)  | Over 2 times   | 4 |
| b)  | Over 1.5 times   | 3 |
| c)  | Between 1-1.5 times  | 2 |
| d)  | Less than 1 time   | 1 |
| 10. | <b>REPAYMENT TERMS PRESCRIBED</b>  | 4 |
| a)  | Monthly Installments   | 4 |
| b)  | Quarterly Installments   | 3 |
| c)  | Lump-sum Payment   | 2 |

|  |     |
|--|-----|
| 11. <b>REPAYMENT PATTERN</b>   | 8   |
| a) Regular repayment of principal and interest in full, on monthly basis         | 8   |
| b) Regular repayment of principal in part and interest in full, on monthly basis | 4   |
| c) Regular repayment of only interest in full, on monthly basis                  | 4   |
|  | 2   |
| 12. <b>BORROWER QUALITY (Number of defaulting members)</b>                       | 8   |
| a) Less than 2 members   | 8   |
| b) Between 2-5 members   | 4   |
| c) More than 5 members   | 0   |
| 13 <b>LOAN QUALITY</b>   |     |
| Formula: Amount overdue for more than ? months                                   |     |
| Total loans outstanding  | 8   |
| a) Less than 2%  | 8   |
| b) Between 2-5%  | 4   |
| c) More than 5%  | 0   |
| 14. <b>UP-TO-DATE MAINTENANCE OF RECORDS</b>                                     | 10  |
| a) Adherence to the groups Bye-laws  | 1   |
| b) Attendance at the meetings  | 1   |
| c) Financial decisions taken at the meetings                                     | 2   |
| d) Savings Collection  | 2   |
| e) Loan disbursement   | 1   |
| f) Repayment performance   | 1   |
| g) Member wise savings and loan portfolio  | 2   |
| <b>TOTAL MARKS FOR CRITICAL FACTORS</b>  | 100 |
| Total Marks for Critical Factors   | 100 |
| Score for Groups without internal Lending  |     |
| Category 'A' =70-100 Can be considered for Loaning                               | 0   |
| Category 'B' =50-70 Capacity Building Required                                   |     |
| Category 'C' =Less than 50; Intensive Capacity Building Required                 |     |

## Annexure II

### Quarterly group wise information

(prepared by the Department, Rural Development)

Date of Collection of Data:

Name of the Mandal:

Habitation/Habcode:

1. Date of Formation

Group Code

2. No. of members\_\_\_\_ SC\_\_\_\_ ST\_\_\_\_ BC  
\_\_\_\_OC\_\_\_\_Minority

Name of the Group

3. (a) Bank & Branch Name:  
(b) A/C No. \_\_\_\_\_

5. Age (Years)

4. Leaders

1. \_\_\_\_\_

2. \_\_\_\_\_

|       |       |       |
|-------|-------|-------|
| 18-25 | 26-40 | 41-70 |
|-------|-------|-------|

6. No. of members having access to Drinking Water (PWS) \_\_\_\_\_

7. No. of members having access to ISL \_\_\_\_\_

| 1. | Corpus available with the group (in Rs.)   | Actual (Rs) | Marks   |
|----|--|-------------|---|
|    | 1. Savings<br>i) Total cumulative savings and interest including under rotation, Rs.<br>ii) Out of 1.i) above Savings during the quarter (Min. Sav= Tot Memb*30* 3)<br><br>2. Revolving Fund/ Matching Grant Rs. (from DRDA /SC Corp.)<br>3 Loan<br>i) With subsidy under IRDP/SGSY (Outstanding)Rs<br>ii) NABARD/ SHGs linkage (Outstanding) /MACS/VO Rs.<br>Total Corpus (1(i) + 2 +?) |             | Above Min. Sav=10<br>Below Min. Sav=5<br>If there is an RF/MG=5<br>If there is a subsidy=5<br>If there is a linkage=5 |
| 2. | Whether the group is maintaining books, resolutions and records up to date   | Yes/No      | If yes 10 Marks   |
| 3. | Meetings:<br>i) No. of meetings conducted during the quarter<br>ii) Average attendance of members  |             | Minimum 3 meetings 5 Marks<br>Avg. 80% atnd, 5 Marks  |

|     |  |  |  |
|-----|--|--|--|
| 4.  | Internal lending (Loans Outstanding in Rs.)<br>*1. Above 100% (Corpus rotated more than once)<br>*2. 100%<br>*3. below 100%<br>(* Note: Calculations should be made through computer   |  | Above 100% 10 marks<br>100% 5 Marks<br>Below 100% 3 marks                                    |
| 5.  | a) No. of members availed loans<br>b) status of repayment of loans<br>(i) Demand during the quarter (in Rs.)<br>(ii) Collection during the quarter (in Rs.)<br>* 1. Good (75% and above)<br>* 2. Fair (50%)<br>* 3. Average (Below 50%)<br>(* Note: Calculations should be made through computer |  | More than 75% availed loans 5 marks<br>If Good, 10 marks<br>Fair, 5 marks<br>Average 3 Marks |
| 6.  | a. No. of group members involved in IGA<br>b. Members engaged in<br>i) Agriculture<br>ii) Animal Husbandry<br>iii) Business<br>iv) Service<br>v) Others (Pl. specify)  |  |  |
| 7.  | Additional monthly income per member generated from the economic activity  |  | More than Rs.1000<br>=5 marks  |
| 8.  | a) No. of Children in the school going age<br>b) No. of Children attending School  |  | If 100% attendance in school 10 marks<br>else 5 marks  |
| 9.  | Members who follow good Family Planning methods<br>i) Total members in SHG<br>ii) Eligible for family Planning<br>iii) Underwent family planning out of column (ii)  |  | If underwent Family Planning 100% 10 marks<br>else 5 marks                                   |
| 10. | Immunization<br>a) Children in the immunization age<br>b) Children immunized   |  | If children 100% immunized 10 marks<br>else 5 marks  |

Marks above 75% 'A' grade  
Between 50% and 75% 'B' Grade  
Below 50% 'C' Grade

Signature of the Enumerator :  
Name & Designation :

## Annexure III

### Minutes Books

Suggested Formats

Self Help Group \_\_\_\_\_

Villages \_\_\_\_\_ Mandal \_\_\_\_\_

Date of Meeting: \_\_\_\_\_ Place: \_\_\_\_\_ Time: \_\_\_\_\_

No. of Members: \_\_\_\_\_ Members Attended: \_\_\_\_\_ Members absent with permission \_\_\_\_\_

---

Item:

---

Resolution:

---

Signature of members attended:

---

#### Savings Ledger

Self Help Group \_\_\_\_\_

Villages \_\_\_\_\_ Mandal \_\_\_\_\_

Name of member:

| Date | Particulars | Deposit | Interest Credit | Withdrawn | Balance |
|------|-------------|---------|-----------------|-----------|---------|
|      |             |         |                 |           |         |
|      |             |         |                 |           |         |
|      |             |         |                 |           |         |
|      |             |         |                 |           |         |

## Savings Ledger

Index

| Sl.No. | Name of the Member | Page No: |
|--------|--------------------|----------|
|        |                    |          |
|        |                    |          |
|        |                    |          |

## Savings A/c (Group)

| Date/<br>Month | Particulars | Amount<br>Collected | Interest Credit | Amount<br>withdrawn | Total Group |
|----------------|-------------|---------------------|-----------------|---------------------|-------------|
|                |             |                     |                 |                     |             |
|                |             |                     |                 |                     |             |
|                |             |                     |                 |                     |             |

## Savings Ledger

Self Help Group \_\_\_\_\_

Villages \_\_\_\_\_ Mandal \_\_\_\_\_

| Sl. No. | Name of the Member | Loan A/c. number | Page Number |
|---------|--------------------|------------------|-------------|
|         |                    |                  |             |
|         |                    |                  |             |
|         |                    |                  |             |

## Group Loan Account

| Date/<br>Month | Particulars | Given |      | Cummulative Bal: |      | Recovery          |                   |                       |                             |
|----------------|-------------|-------|------|------------------|------|-------------------|-------------------|-----------------------|-----------------------------|
|                |             | No.   | Amt. | No.              | Amt. | Amt.<br>Collected | Total<br>Recovery | Interest<br>Collected | Total Interest<br>Collected |
|                |             |       |      |                  |      |                   |                   |                       |                             |
|                |             |       |      |                  |      |                   |                   |                       |                             |
|                |             |       |      |                  |      |                   |                   |                       |                             |

**Members Loans A/c.**

Name: \_\_\_\_\_

Loan Account No: \_\_\_\_\_ Purpose \_\_\_\_\_ Installments \_\_\_\_\_ Intrest(%) \_\_\_\_\_

| Date | Particulars | Amt. Given | Recovery |          | Balance | Overdue Amount |
|------|-------------|------------|----------|----------|---------|----------------|
|      |             |            | Savings  | Interest |         |                |
|      |             |            |          |          |         |                |
|      |             |            |          |          |         |                |
|      |             |            |          |          |         |                |
|      |             |            |          |          |         |                |

**Loan Ledger**

Member Loan History

| Sl. No. | Name of the Member | Loans taken so far upto beginning of year |  | Loan taken During the year |        |       |      |         |       |        |         |       |        |         |  |  |  |  |  |  |  |  |  |
|---------|--------------------|---|--|----------------------------|--------|-------|------|---------|-------|--------|---------|-------|--------|---------|--|--|--|--|--|--|--|--|--|
|         |                    |   |  | No.                        | Amount | Month | Amt. | Purpose | Month | Amount | Purpose | Month | Amount | Purpose |  |  |  |  |  |  |  |  |  |
|         |                    |   |  |                            |        |       |      |         |       |        |         |       |        |         |  |  |  |  |  |  |  |  |  |
|         |                    |   |  |                            |        |       |      |         |       |        |         |       |        |         |  |  |  |  |  |  |  |  |  |
|         |                    |   |  |                            |        |       |      |         |       |        |         |       |        |         |  |  |  |  |  |  |  |  |  |
|         |                    |   |  |                            |        |       |      |         |       |        |         |       |        |         |  |  |  |  |  |  |  |  |  |

Self Help Group \_\_\_\_\_

Villages \_\_\_\_\_ Mandal \_\_\_\_\_

Staats Report for the Month of \_\_\_\_\_

Meeting Held on: \_\_\_\_\_ No. of Members Attended the meeting \_\_\_\_\_

|            |                               |  |    |  |                 |  |            |  |
|------------|-------------------------------|--|----|--|-----------------|--|------------|--|
| Membership | At the Beginning of the Month |  | SC |  | Poor            |  | Farming    |  |
|            | Addition                      |  | ST |  | Poorest of Poor |  | Labour     |  |
|            | Drop outs                     |  | BC |  | Others          |  | Enterprise |  |
|            | Net                           |  | OC |  |                 |  | Service    |  |

| Funds          | Beginning | Collected | Refund | Balance |
|----------------|-----------|-----------|--------|---------|
| Savings        |           |           |        |         |
| Making Grant   |           |           |        |         |
| Deposits       |           |           |        |         |
| VO loan        |           |           |        |         |
| MMS/MACYS loan |           |           |        |         |
| Bank loan      |           |           |        |         |
| Others         |           |           |        |         |
| Interst income |           |           |        |         |
| Fe & Charges   |           |           |        |         |
| Total          |           |           |        |         |

**Balance**

Cash Balance Rs. \_\_\_\_\_  
 Bank Balance Rs. \_\_\_\_\_  
 Total Rs. \_\_\_\_\_  
 Amount Required for loan Rs. \_\_\_\_\_  
 No  
 Amount Rs. \_\_\_\_\_

**Status Report for the Month of** Rs. \_\_\_\_\_

Members Held on: \_\_\_\_\_ No. of Members attended the Meeting \_\_\_\_\_

**Loans Given**

|                        | No. | Amount |
|------------------------|-----|--------|
| Loans given so far     |     |        |
| Loans given this month |     |        |
| Total                  |     |        |

**Loans Outstanding**

|                         | No. | Amount |
|-------------------------|-----|--------|
| Beginning of the month  |     |        |
| Amt. Given              |     |        |
| Cleared                 |     |        |
| At the end of the month |     |        |

**Loans Overdues**

|                     | No. | Amount |
|---------------------|-----|--------|
| Less than one month |     |        |
| 2-3 months          |     |        |
| 3 months Above      |     |        |

No. of members not taken loan so far :  
 No. of members taken loan so far :  
 No of members with Loan Account :  
 Activities Taken up :

Self Help Group \_\_\_\_\_

Villages \_\_\_\_\_ Mandal \_\_\_\_\_

Member Profile:

Name \_\_\_\_\_ Date of Joining Group \_\_\_\_\_

Date of Birth/Age: \_\_\_\_\_ Main Occupation \_\_\_\_\_ Caste \_\_\_\_\_ own income \_\_\_\_\_  
Sub Occupation \_\_\_\_\_ Family \_\_\_\_\_

Income:

Since of Family: \_\_\_\_\_ Children Below 0-5: \_\_\_\_\_ Tye of user group \_\_\_\_\_

Children going to School \_\_\_\_\_ Type of livelihood group \_\_\_\_\_

Children immunized \_\_\_\_\_

|                   | Yes | No |
|-------------------|-----|----|
| Literate          |     |    |
| Handicapped       |     |    |
| Head of Family    |     |    |
| Married           |     |    |
| Own Land          |     |    |
| Own Home          |     |    |
| PWS               |     |    |
| ISC               |     |    |
| User Group Member |     |    |
| LH Group member   |     |    |
| Enterprise        |     |    |
| Skilled Worker    |     |    |
| Group Leader      |     |    |
| VO Rep            |     |    |
| MACS Rep          |     |    |
| Mother Committe   |     |    |

Assets:

Name

Value

**Liabilities**

Name \_\_\_\_\_ Amount \_\_\_\_\_

Loan Taken \_\_\_\_\_

| Date | Purpose | Interest | Amount | Cleared on |
|------|---------|----------|--------|------------|
|      |         |          |        |            |
|      |         |          |        |            |
|      |         |          |        |            |
|      |         |          |        |            |
|      |         |          |        |            |

**Trainings Received**

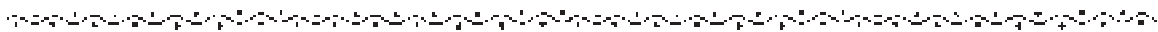
| Date | Programme |
|------|-----------|
|      |           |
|      |           |
|      |           |
|      |           |
|      |           |
|      |           |

## List of Abbreviations

|        |   |  |
|--------|---|--|
| PSU    | – | Programme Support Unit                             |
| APRLP  | – | Andhra Pradesh Rural Livelihoods Programme         |
| PD     | – | Project Director                                   |
| DPAP   | – | Drought Prone Area Programme                       |
| DDP    | – | Desert Development Programme                       |
| DFID   | – | Department for International Development           |
| GOI    | – | Government of India                                |
| GoAP   | – | Government of Andhra Pradesh                       |
| VO     | – | Village Organisation                               |
| RF     | – | Revolving Fund                                     |
| SHGs   | – | Self Help Groups                                   |
| LW     | – | Livelihood Watersheds                              |
| WDT    | – | Watershed Development Team                         |
| PMU    | – | Programme Management Unit                          |
| PSA    | – | Participatory Situation Analysis                   |
| MOU    | – | Memorandum of Understanding                        |
| WA     | – | Watershed Association                              |
| UG     | – | User Groups  |
| DRDA   | – | District Rural Development Agency                  |
| DCBC   | – | District Capacity Building Centre                  |
| MO     | – | Mandal Organisation'                               |
| KVK    | – | Krishi Vignana Kendra                              |
| FTC    | – | Farmers' Training Centre                           |
| MPLADS | – | Member of Parliament Local Area Development Scheme |
| NGO    | – | Non Governmental Organisation                      |
| CPR    | – | Common Pool Resources                              |

### Institutions Names

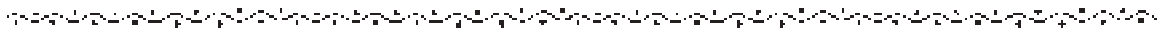
|                      |   |  |
|----------------------|---|--|
| MANAGE<br>Management | – | National Institute for Agricultural & Extension    |
| MART                 | – | Marketing and Research Team                        |
| CRIDA                | – | Central Research Institute for Dryland Agriculture |
| ANGRAU               | – | Acharya N.G. Ranga Agricultural University         |
| BAIF                 | – | Bharatiya Agro Industries Foundation               |
| PEACE                | – | Peoples' Action for Creative Education             |
| NGO                  | – | Non Government Organisation.                       |



This document has been consolidated by Mr. N.L. Narasimha Reddy of PSU

It has evolved through the collective experience of various stakeholders in the programme and through discussions with the Commissioner, Rural Development Commissioner, Women Empowerment and Self employment Project Management Unit, APRLP Project Directors-DPAP/DDP of Nalgonda, Kurnool, Prakasam, Ananthapur, Mahaboobnagar Project Directors DRDA of Nalgonda, Kurnool, Prakasam, Ananthapur, Mahaboobnagar, MANAGE, DCBC members of Nalgonda, Kurnool, Prakasam, Ananthapur, Mahaboobnagar, WASSAN and the twelve APRLP pilot projects.

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## **Andhra Pradesh Rural Livelihoods Programme**

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