

HANDBOOK ON TRAINING PROGRAMMES UNDER SHG-BANK LINKAGE (REVISED 2013-14)



**MICRO CREDIT INNOVATIONS DEPARTMENT
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
HEAD OFFICE
MUMBAI
2013**

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2013**

राष्ट्रीय कृषि और ग्रामीण विकास बैंक

सूक्ष्म ऋण नवप्रवर्तन विभाग

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27 August 2013

The Chairman and Managing Director / Chief
Executive Officers
All Scheduled Commercial Banks including
Regional Rural Banks

Dear Sir,

**SHG-Bank Linkage Programme (SHG-BLP) –
Revised Handbook on Training Modules**

As you are aware, NABARD has been supporting and organizing training programmes on SHG-BLP for various stakeholders. Keeping in view the expansion of the programme, changing needs, policies, priorities etc., NABARD undertook a comprehensive Training Need Assessment (TNA) with the assistance of Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ). A National level Training Consultation Meet on SHG-Bank Linkage training was also organised and findings of the study were deliberated upon with all stakeholders. Based on the recommendations made at the consultation meet, the existing training modules have been revised and are forwarded herewith alongwith a few case studies and facilitators' notes.

अध्यक्ष सह प्रबंध निदेशक / मुख्य कार्यपालक अधिकारी
सभी अनुसूचित वाणिज्य बैंकों के साथ क्षेत्रीय ग्रामीण
बैंक

प्रिय महोदय,

**स्वयं सहायता समूह-ऋण सहबद्धता कार्यक्रम
(एसएचजी-बीएलपी)-प्रशिक्षण मॉड्यूल पर संशोधित
पुस्तिका**

जैसा कि विदित हैं, नाबार्ड द्वारा विभिन्न हितधारकों के लिए स्वयं सहायता समूह – ऋण सहबद्धता कार्यक्रम (एसएचजी-बीएलपी) पर प्रशिक्षण कार्यक्रमों को सहायता दी जाती है और आयोजन किया जाता है. कार्यक्रम के विस्तार, बदलती आवश्यकताओं, नीतियां, प्राथमिकताओं, आदि को ध्यान में रखते हुए नाबार्ड ने जीआईजेड की सहायता से व्यापक प्रशिक्षण आवश्यकता आकलन (टीएनए) का कार्य किया. स्वयं सहायता समूह – ऋण सहबद्धता कार्यक्रम प्रशिक्षण पर एक राष्ट्रीय स्तर की प्रशिक्षण परामर्श बैठक भी आयोजित की गयी और अध्ययन के निष्कर्षों पर सभी हितधारकों ने विचार-विमर्श किया. परामर्श बैठक की अनुशंसाओं के आधार पर वर्तमान प्रशिक्षण मॉड्यूलों में संशोधन किया गया है और कुछेक प्रकरण अध्ययन एवं विषय-विशेषज्ञ के नोट इसके साथ भेजा जा रहा है.

Yours faithfully

(B S Suran)
Chief General Manager
Encl: As above

Endt.no. NB.MCID/ ⁵¹² / Trng. Module / 2013-14 of date

Copy together with enclosures forwarded for information and necessary action to:

1. The Secretary to the Government of India, Ministry of Finance, Department of Economic Affairs, Banking Division, Jeevan Deep Building, Parliament Street, New Delhi 110001.
2. The Secretary to the Government of India, Ministry of Rural Development, Krishi Bhavan, New Delhi 110 001.
3. The Director, National Rural Livelihood Mission (NRLM), Ministry of Rural Development, Government of India 6th Floor, Hotel Samrat Kautilya Marg, Chanakypuri, New Delhi - 110021
4. The Secretary to the Government of India, Ministry of Agriculture, Krishi Bhavan, Dr. Rajendra Prasad Road, New Delhi 110001.
5. The Chief General Manager, R.P.C.D, Central Office, 10th Floor, Central Building, P.B No. 10014, Mumbai - 400001
6. The Chairman, Indian Banks Association, Stadium House, 6th Floor, Block 3, Veer Nariman Road, Mumbai - 400020
7. The Chief General Manager/General Manager/Officer-in-Charge, NABARD, Regional Office/Sub Office with a request to furnish copies to Training establishments of Commercial banks & RRBs in the jurisdiction & SRLM units.
8. The Chief General Manager, NABARD, All HO Departments, Mumbai.
9. The Principal, College of Agricultural Banking, Pune.
10. The Director, Bankers' Institute of Rural Development (Society), Lucknow.
11. The OIC, Bankers' Institute of Rural Development, Mangalore/Bolpur.
12. The EA to Chairman, NABARD, HO, Mumbai
13. The EA to Executive Director, NABARD, HO, Mumbai.


(Krishna)
Dy. General Manager

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ACKNOWLEDGEMENT

We sincerely acknowledge the support of GIZ for their contribution in developing the revised training modules for SHG-BLP under its Rural Financial Institutions Programme (RFIP).

mCID, NABARD

1 ORIENTATION PROGRAMME FOR BANKERS

Branch Managers/Field Officers/Officers of Commercial Banks, RRBs and Cooperative Banks

OBJECTIVES

At the end of the training programme, the officer will be able to have better understanding of the development of SHG-BLP. Indicative activities will include

- To identify and analyse the present status of SHG-BLP at the branch level
- To understand SHG-BLP related tasks in the context of SHG -2
- To monitor and manage SHG-BLP more efficiently

Target trainees	Preference would be given to those transferred and those newly recruited officers to rural and semi-urban branches who have not attended any training programme on SHG-BLP. Officials of branches located in places where there is identified potential for SHG banking but the branch itself has yet to take any action in this direction. Officials who might have attended training programme more than 5 years ago and need updating and reorientation.
Number of participants	25 per batch
Identification of participants	NABARD through DDMs may co-ordinate with concerned banks and get a list of prospective trainees for a programme
Duration	One to two days
Organised by	Training institutes of banks, NGOs having demonstrated competency in training on SHG related programmes and resources. In areas where no arrangements can be made, this can be organized by DDMs of the concerned district.
Location	On location programme
Broad contents	SHG-BLP (SHG-2 will form part of all the programmes. Among other aspects depending upon the local needs, NABARD RO / DDM would decide on the exact contents of each programme) Branch plan under SHG-BLP-branch role in supporting promotion, financing and monitoring performance of SHGs
Language	It can be a mix of English and the local language so as to sustain trainees' interest in the whole programme
Field visit to SHGs	Included. Where it is not organized, an interface session to be arranged with primary stakeholders
Faculty	By faculty from training institutes, NGO, DDM wherever necessary.
Reading material	Hand-outs of presentations and other relevant materials
Output indicators	<ul style="list-style-type: none"> • Increase in SHG BLP coverage – savings / credit linkage • Maintaining/ Improvement in repayment performance • Increase in range of provision of products and services to SHGs

Two separate Session Plans

A: with Field Visit and two days duration

B: without Field Visit and one day duration

A: SESSION PLAN WITH FIELD VISIT

(SUGGESTED MODEL, TO BE DEVELOPED TO SUIT LOCAL CONDITIONS)

DURATION: TWO DAYS

Before start of the programme, charts would be displayed relating to SHG-BLP to give a clearer understanding of concepts, social mobilization, organization of people, rating of SHGs, role of NGOs, financing, success stories, problem areas etc.

This would also save time and create greater interest among the participants.

Days, Session No. & Session Title	Contents of the Session	Process and Methodology
Day 1		
Session I 90 Minutes Understanding programme objectives and expectations and review of SHG BLP	<p>Brief introduction to the objectives</p> <p>Review with reference to State Vs. district(s) level. Policy directions of NABARD, RBI & Government</p> <ul style="list-style-type: none"> • Why SHGs? What is a SHG? Functions of a SHG, Rules and regulations of a SHG, Opening of a SHG SB account, KYC norms • Key aspects of SHG 2 – What & Why • Voluntary savings • Cash Credit System/term loan • Changing profile of mature SHGs and their financial service requirements • Enabling JLGs within SHGs for enterprise financing • Working with second tier institutions such as BCs and BFIs 	<p>Lecture / Address (very brief)</p> <p>Presentation & interactive lecture and discussions</p> <p>Only brief introduction to SHG 2 with a mention that detailed discussions will follow</p>
Session II 75 Minutes Non-intensive areas/ states Non-Southern states Financial Services to SHGs	<ul style="list-style-type: none"> • Growth stages of SHGs • SHG rating • Loan Appraisal • Bank assurance • Separate credit lines for mature SHGs – Possibilities of JLGs within SHGs 	<ul style="list-style-type: none"> • Presentation & interactive lecture and group discussions • Develop charts /tables depicting comparison between different stages of growth of SHGs • SHG rating, savings/thrift/ voluntary savings and loan appraisal– importance and what to look for • Cash Credit System Vs. Term Loan • Insurance – advantages and types • From SHGs to JLGs
Session III 75 Minutes Intensive areas/ states Southern States Engaging the second tier institution for sustainability of SHGs & engagement with Government	<ul style="list-style-type: none"> • Engaging good SHPIs – their selection and appraisal and engagement –as BCs and BFIs • Roles and responsibilities of SHPIs and second tier institutions • Sustainability of SHG– specific roles of SHPIs • Govt. sponsored SHG programmes and the role of banks, NRLM etc. 	<ul style="list-style-type: none"> • Presentation & interactive lecture and group discussions • Develop charts /tables depicting explaining pros and cons in using Banks, NGOs, BFIs/BCs as SHPIs,

Days, Session No. & Session Title	Contents of the Session	Process and Methodology
Day 1		
Session III & IV Half day Field Visit		Interface with financing Bank/SHG/ NGO
Day 2		
Session I 90 Minutes Field Visit Presentation	Presentation by teams	Question- answer approach Summing up Learning Points on the basis of presentations.
Session II 90 Minutes Managing growth of SHGs through facilitating Livelihood activities	<ul style="list-style-type: none"> • Changing profile of mature SHGs and their financial service requirements • Product / Enterprise development • Enabling JLGs within SHGs for enterprise financing • Sustainable SHGs, second level institutions facilitating livelihood activities. 	Develop charts /tables depicting <ul style="list-style-type: none"> • Assessing SHGs/NGOs. • Product/ Enterprise development. • Where & how to look as early warning system (irregularity in meetings, savings, multiple membership, bunching of payments etc.)
Session III 90 Minutes Monitoring of SHG-BLP	<ul style="list-style-type: none"> • Desk monitoring, Post sanction follow up mechanism etc. • Improving risk mitigation system • Early warning system (Self-rating, Auditing of SHGs) • BF/CRPs, Bank Mitras, Success Stories etc 	Interactive Session with participants sharing their experience/ approaches
Session IV 60 Minutes Policy, Regulation and Operational Issues	Current status on policy and regulatory aspects Operational issues which need to be addressed	Discussions moderated by the Coordinator of the programme
Session V 30 Minutes Action Plan and Evaluation	<ul style="list-style-type: none"> • Preparation of Action Plan • Evaluation of training programme 	Participants to present their action plan

B: SESSION PLAN WITHOUT FIELD VISIT

(SUGGESTED MODEL, TO BE DEVELOPED TO SUIT LOCAL CONDITIONS)

DURATION: ONE DAY

Before start of the programme, charts would be displayed relating to SHG-BLP to give a clearer understanding of concepts, social mobilization, organization of people, rating of SHGs, role of NGOs, financing, success stories, problem areas etc.

This would also save time and create greater interest among the participants.

Session No. & Session Title	Contents of the Session	Process and Methodology
Session I 90 Minutes As in Training Module 1(a)		
Session II 90 Minutes As in Training Module 1(a)		
Session III 60 Minutes Interface with SHGs-NGOs- Federations - Banks	<ul style="list-style-type: none"> • Changing profile of mature SHGs and their financial service requirements • Voluntary savings • Cash Credit System/term loan • Enterprise financing • Working with second tier institutions • NRLM 	Interactive Mode, Participants encouraged to ask questions appropriate to the objective of the session, avoiding irrelevant questions.
Session IV 60 Minutes Monitoring of SHG-BLP	<ul style="list-style-type: none"> • Desk monitoring, Post sanction follow up mechanism etc. • Improving risk mitigation system • Early warning system (Self-rating, Auditing of SHGs • BF/CRPs, Bank Mitras, Success Stories etc. 	Interactive Session with participants sharing their experience/ approaches.
Session V 30 Minutes Action Plan and Evaluation	<ul style="list-style-type: none"> • Preparation of Action Plan • Evaluation of training programme. 	Participants to present their action plan

2 EXPERIENTIAL PROGRAMME FOR SENIOR OFFICERS OF BANKS

Commercial Banks, RRBs and Cooperative Banks

OBJECTIVES

At the end of the programme, the officer will be able to make greater impact on the development of SHG-BLP. Indicative activities will include:

- To identify and analyse the present status of SHG-BLP and the role of the bank
- To identify the gaps between actual and recommended practices, suggest improvement in SHG-BLP related tasks by the officers/staff engaged in SHG-BLP
- To monitor and manage SHG-BLP more efficiently

Target trainees	Senior officers and officials of Controlling Offices of banks
Number of participants	25 per batch
Identification of participants	NABARD through ROs may send out request allocating seats for a specific programme. DDMs would help in suggesting names of officers who require such programme support
Duration	One day without field visit
Organised by	Training institutes of banks, resource NGOs having demonstrated competency in training on SHG related programmes and resources.
Location	On location programme (at district level) will be preferred
Broad Contents	Advantage –SHG financing – NABARD –SHG 2 Role played by the officials Sustainability of SHGs, product development, encouraging voluntary savings etc SHG-BLP – Plan for branch/Controlling Office/PACS
Language	It can be a mix of English and the local language so as to sustain trainees' interest in the whole programme
Field visit	Not Included
Faculty	Faculty from the training institute, experienced banker, NGO, DDM wherever necessary.
Reading material	Circular copies issued by RBI/NABARD/Govt. agencies, presentations and other relevant materials
Output indicators	<ul style="list-style-type: none"> • Make SHG-BLP a corporate strategy • Increase in SHG account coverage • Improvement in productivity of officers/ staff attending to SHG-BLP work at the branch • Increase in range of products and services to SHGs

SESSION PLAN

(SUGGESTED MODEL TO BE MODIFIED TO SUIT LOCAL CONDITIONS)

Before the start of the programme, charts would be displayed relating to SHG-BLP to give a clearer understanding of concepts, social mobilization, organization of people, rating of SHGs, role of NGOs, Success stories, problem areas, man-management aspects etc. This would also save time and create greater interest among the participants.

Since the programme will be for senior officers, the experts/ faculties handling each session should be those who command respect/ acceptance among the participants. They should be identified well in advance and briefed adequately about the objectives and broad approach they can follow in handling a particular session.

Session No. & Session Title	Contents of the Session	Process and Methodology
Session I 90 Minutes Overview of SHG Bank Linkage Programme	<ul style="list-style-type: none"> • Brief introduction to objectives/ expectations from the programme • Review with reference to state vs. district(s) level. • Policy directions of NABARD, RBI & Government • SHG-2 contents and expectations 	Presentation & interactive lecture and discussions
Session II 90 Minutes Implementation of Components of SHG-2 Concept of NRLM	<ul style="list-style-type: none"> • Changing profile of SHGs and their financial service requirements • Voluntary savings • Importance of loan appraisal -Cash Credit vs. Term loan • Enabling JLGs within SHGs for enterprise financing • Working with second tier institutions • Convergence with NRLM, key features of NRLM, RBI instructions 	<ul style="list-style-type: none"> • Presentation & interactive lecture and group discussions • Develop charts /tables depicting comparison between different stages of growth of SHGs, Cash Credit System vs. Term Loan
Session III 90 Minutes Interface with SHGs -NGOs-SHPI	<ul style="list-style-type: none"> • Invite 3-4 members of 2-3 SHGs with books 	Interactive Mode: participants encouraged to interact with SHG members & peruse their books
Session IV 90 Minutes <ul style="list-style-type: none"> • Operational issues, Simplified procedure for savings bank/ credit linkage • Uniformity of procedures / across bank/branch 	<ul style="list-style-type: none"> • Will cover an overview of various processes/ stages for increasing SHG lending • Measures needed to make SHG-BLP as corporate mission of the bank concerned. • Role of senior officers in meeting the above aspects. • Strategies followed by senior officers in their own organization. 	<ul style="list-style-type: none"> • Brief introduction by the coordinator followed by interactive discussion with participants on 'Importance of Corporate Strategy' • Presentation of success stories of a few senior officers. (officers manning specialised Micro-satellite branches if available in the district are to be preferred) • Group discussion / Case Studies
Action Plan and Evaluation	<ul style="list-style-type: none"> • Preparation of Action Plan • Evaluation of training programme 	Participants to present their action plan

3 RELATIONSHIP BANKING WITH SHGs FOR NON-OFFICER BANK STAFF

Commercial Banks, RRBs & Cooperative Banks

OBJECTIVES

At the end of the training programme, the staff will be able to be responsive to the needs of SHGs, i.e. opening of Savings Bank accounts of SHGs, preparing loan documents, taking greater responsibility for the development of the SHG portfolio of the branch.

Indicative activities will include:

- To identify and take up tasks under SHG-BLP
- To be participative and supportive in managing SHGs/NGOs when visiting the branch/PACS

Target participants	Those working in SHG-BLP related work and those showing interest in SHG-BLP related task
Number of participants	25 per batch to be drawn from nearby branches/PACS
Identification of participants	Commercial banks/RRBs/Coop Banks may identify participants in consultation with DDM, NABARD
Duration	One day
Organised by	The trainers from concerned Commercial banks, RRBs and Cooperative Banks through their district level organizational arrangements and the Head office /local office of the bank wherever available in the district or in a cluster of districts can organize the programme. In areas where no arrangements could be made, this can be organized by DDMs of the concerned district.
Location	On location programme (at block/ district level) will be preferred
Broad contents	Advantage –SHG financing – NABARD –SHG-2 Understanding various processes and procedures under SHG-BLP Aspects required to be understood in dealing with SHGs/NGOs visiting the branch/PACS for doing business
Language	Through local language only
Field visit to SHGs	Not suggested. An interface session with SHG members to be arranged.
Faculty	By trainers in CBs, RRB, CCB and DDM wherever necessary.
Reading material	Need based in vernacular / local language
Output indicators	<ul style="list-style-type: none"> • Increase in SHG account coverage & credit linkage • Average time spent by SHG in a branch is optimal • Improvement in client satisfaction in visiting the branch/ PACS

SESSION PLAN

(SUGGESTED MODEL, TO BE DEVELOPED TO SUIT LOCAL CONDITIONS)

Before start of the programme, charts would be displayed relating to SHG-BLP to give a clear understanding of concepts, social mobilization, organization of people, rating of SHGs, role of NGOs, do's and don'ts for staff in dealing with SHG members and NGO personnel problem areas etc. This would also save time and create greater interest among the participants.

Session No. & Session Title	Contents of the Session	Process and Methodology
Session I 90 Minutes Basic concepts of SHG BLP	<ul style="list-style-type: none"> • Review with reference to state vs. district(s) level. • Forming, Storming, Norming, Performing 	<ul style="list-style-type: none"> • Presentation & interactive lecture and discussions
Session II 90 Minutes Savings and Credit linkage of SHG	<ul style="list-style-type: none"> • KYC norms, Savings, SHG rating • Loan processing, Documentation • Discussion on documents required for Savings Bank/credit linkage 	<ul style="list-style-type: none"> • Briefing by coordinator about working as group. • Group exercises on each of the sub-topics.
Session III 90 Minutes Interface with SHGs -NGOs- SHPI and Concept of NRLM	<ul style="list-style-type: none"> • Promotion of Livelihoods • Convergence with NRLM 	<ul style="list-style-type: none"> • Invite 3-4 members of 2-3 SHGs with books • Interactive Mode: participants encouraged to interact with SHG members & peruse their books
Session IV 90 Minutes Panel discussion on operational issues	Branch Manager from a branch having large no. of SHGs accounts may be invited	<ul style="list-style-type: none"> • Discussions with the panel
Action Plan and Evaluation	<ul style="list-style-type: none"> • Preparation of Action Plan • Evaluation of training programme 	<ul style="list-style-type: none"> • Experienced banker to handle the session • Participants to present their action plan

4 FIELD VISIT TO SHGs FOR BLOCK LEVEL BANKERS COMMITTEE (BLBC) MEMBERS

OBJECTIVES

The objective of arranging these visits is to sensitise the participants, mainly bankers, to the concepts of SHG, its functioning etc. in a cost effective manner. It is hoped that such an approach would usher in tangible results by better appreciation of the SHG-Bank Linkage programme and resolving ground level operational issues

Target Trainees	BLBC members
Expected number of participants	20-25
Duration	Half a day (Preferably after BLBC meeting)
Organised by	LDM/ DDM in association with BDOs
Training methods	<ul style="list-style-type: none"> • Interface with NGO/ SHPI • Field visit • Experience sharing with SHG members
Broad Contents	<ul style="list-style-type: none"> • SHGs- conceptual aspects, formation and linkages, aspects of group function and nurturing. • Participants may also peruse the books of accounts maintained by SHG & benefits to members during the visit, issues in credit linkage etc. • Facilitator to summarise the learnings from the visit and interface.

5 ROLE OF SHPI AND SHG FEDERATION IN SCALING-UP SHG BANK LINKAGE PROGRAMME

Commercial Banks, RRBs, Cooperative Banks & PACS

OBJECTIVES

At the end of the programme, the officer will be able to forge better linkages with second tier institutions and SHPIs for the development of the SHG Bank Linkage Programme

Indicative activities will include:

- To identify and analyse the role of NGOs and federations in SHG-BLP
- To use NGOs / federations in managing SHG-BLP more efficiently

Target participants	Officers of Commercial Banks, RRBs, Cooperative banks and PACS
Number of participants	25 per batch
Identification of participants	NABARD through DDMs would co-ordinate with concerned banks get a list of prospective participants for a programme
Duration	One day
Organised by	DDMs of the concerned district
Location	On location programme (at district level)
Broad contents	<p>Advantage –SHG financing – NABARD –SHG-2</p> <p>How to have good and sustainable SHGs? Social mobilization, organization of people and identification and product development, encouraging voluntary savings etc.</p> <p>Products and services that can be offered to SHGs</p> <p>Role of second tier institutions/federations and their place in SHG BLP</p>
Language	It can be a mix of English and the local language so as to sustain the interest of the participants in the whole programme
Field visit to SHGs	Not required
Faculty	Overall co-ordination will be done by the DDM who will also moderate the programme. Subject matter specialists/experts for panel discussions can be identified and invited
Reading material	Hand-outs optional. Presentations and other relevant materials can be given in the form of a CD
Output indicators	Positive attitudinal change among bankers and better co-ordination among the stakeholders of SHG-BLP

SESSION PLAN

(SUGGESTED MODEL, TO BE DEVELOPED TO SUIT LOCAL CONDITIONS)

Before start of the programme, charts would be displayed relating to SHG-BLP to give a clearer understanding of concept clarity, social mobilization, organization of people, rating of SHGs, role of NGOs, Success stories, problem areas etc. This would also save time and create greater interest among the participants.

Session No. & Session Title	Contents of the Session	Process and Methodology
Session I 90 Minutes Overview of SHG-BLP in the context of SHG-2	<ul style="list-style-type: none"> • Review with reference to state vs. district(s) level • Policy directions of NABARD, RBI & Government • Sustainability of SHGs • Recent developments in MF sector • Role of NGOs and Federations • Support available from NABARD Government Programmes 	Presentation and interactive discussions
Session II 90 min Engaging second tier institutions	<ul style="list-style-type: none"> • Need for second tier institutions for sustainability of SHGs. • Roles and responsibilities • Legal forms • Role for Up scaling SHG-BLP, record maintenance, auditing of SHGs • Capacity building for micro enterprise / Livelihoods • Promotion/ convergence of services • Regd. Federation / SHG members as BC/BF 	Presentation & Case Study
Session III 90 Minutes Interface Session with NGOs and Federations	<ul style="list-style-type: none"> • Understanding of the role of each of the constituents of SHG BLP • Panel discussion with good NGOs / federation • Issues faced by NGOs/federation in working with banks, SHGs, • Way forward 	<ul style="list-style-type: none"> • With Case exercise, inviting NGOs / federation • Reputed NGOs/federations having acceptability among bankers to be invited • Participants may be encouraged to ask questions appropriate to the objective of the programme, DDM to moderate discussions
Session IV 90 minutes Preparation of action plan & valediction	Presentation of Action Plan	PPT containing learning for bankers and interventions

6 EXPOSURE VISIT FOR BANKERS ON 'LEVERAGING SHG MEMBERS AS BC/BF FOR INCLUSIVE GROWTH'

OBJECTIVES

- Facilitating Inclusive growth of the rural poor through community participation
- Appointment of SHG members as BF/BC
- Improvement of the rural business of the banks

Target Trainees	Officers in Controlling Offices and branch managers of Commercial banks and RRBs
Number of participants	15 - 25
Identification of participants	By banks
Duration	1 ½ days – to banks which have effectively integrated SHG-BF/BC initiatives eg. Vidharbha Konkan Gramin Bank (VKGB)
Organised by	NABARD - RO

SESSION PLAN

(SUGGESTED MODEL, TO BE DEVELOPED TO SUIT LOCAL CONDITIONS)

Session No. & Session Title	Contents of the Session	Process and Methodology
DAY 1		
Session I 90 minutes Introduction / Interaction Seeding the concept of SHG – BF/BC initiatives & background	<ul style="list-style-type: none"> • Interaction with CEO/Chairman of concerned RRB -appreciating the Concept • The rationale, benefits, the first steps taken, systems needed, BoD approval, benefit to the organisation etc. 	Interactive Lecture Method (ILM)
Session II 90 minutes Operational issues SHG – Financial Inclusion Complementation	Genesis and approach to the concept <ul style="list-style-type: none"> • Who are the BC/BFs. • What are basis of selection • Training systems • MIS and Monitoring etc. 	ILM

Session No. & Session Title	Contents of the Session	Process and Methodology
Session III 90minutes Operational issues SHG – Financial Inclusion Complementation	Interaction with select members of SHGs as BC/BF – appreciating their concerns, issues and benefits	Moderated Discussion
Session IV 90minutes Appreciate the benefits of integrating SHG-BF/BC	Real benefits of leveraging SHGs <ul style="list-style-type: none"> • Business improvement • inclusive growth • benefits to branch • improvement in recovery • market appreciation etc. 	ILM
DAY 2		
Session I & II Half Day Field visit to good SHGs working as BC/BF	Field interfaces with SHG members <ul style="list-style-type: none"> • Visit to a branch with SHG member in action as BC/BF. • Managing business of the branch and customers • Additional Business generated. • Benefits to the clients, branch, etc. 	Group-wise identified areas
Session III 90 minutes Presentation on Field visits	<ul style="list-style-type: none"> • Action planning: going forward, what next? • Feedback about the Programme 	Group presentation followed by discussion - By Participants

7 TRAINING OF TRAINERS: INSTITUTIONAL DEVELOPMENT OF SHGS

OBJECTIVES

Participants gain in-depth understanding on SHG concept and management and acquire skills to conduct training

Target Trainees	Trainers/Master Trainers from SHPIs and other relevant institutions
Number of participants	20
Identification of participants	By NABARD and SHPIs (NGOs, Special Projects, Government Departments, State Institute of Rural Development-SIRD)
Duration	04 days
Organised by	Resource NGOs having the capabilities of imparting training in local languages
Reading materials	<ul style="list-style-type: none"> • A manual for capacity building of Self-help Affinity groups (SAGs) by MYRADA • Sector-Own Control material developed by APMAS • A manual for finance and management systems of self-help affinity groups with criteria for a social audit by MYRADA. • These need to be updated for latest developments in the field

SESSION PLAN

(SUGGESTED MODEL, TO BE DEVELOPED TO SUIT LOCAL CONDITIONS)

Session No. & Session Title	Contents of the Session	Process and Methodology
DAY 1		
Session I 90 minutes Poverty analysis and Role of SHG in poverty reduction	<ul style="list-style-type: none"> • Introduction to the Programme • Expectations and setting objectives • Definition of poverty and reasons for poverty • Gender issues in poverty • Life cycle credit needs of the poor • Various credit sources available within the village and their advantages and disadvantages • Advantages of SHG compared to other credit sources • Mobilization of poor in to SHGs 	<ul style="list-style-type: none"> • Group Discussion • Story Telling • Interactive Lecture Method (ILM) • A film on SHGs

Session No. & Session Title	Contents of the Session	Process and Methodology
Concept of SHG, role of facilitators	<ul style="list-style-type: none"> • Why SHGs? • Characteristics of a SHG • How to open bank account to secure surplus group fund • Functions of a SHG • Field work roles and responsibilities in promotion of SHG including opening a SB A/c in the bank 	
Session II 90 minutes Various stages in formation of SHGs and SHG Norms	<ul style="list-style-type: none"> • Four stages (Formative, Storming, Norming and Performing) • Bye laws/norms in SHGs & its importance • Importance of regular (monthly/ weekly) meetings? Savings / internal loan, Importance of internal resource generation through savings • How to conduct a SHG meeting • How to ensure the norms are followed by all members of the SHG 	<ul style="list-style-type: none"> • Brainstorming • Group Discussion • Case studies (visible)
Session III 90 minutes Lending (Internal and External loans)	<ul style="list-style-type: none"> • Group Loan procedures and loan sanctioning process • Assessment of member credit need for the loan • Assessment of member's absorption capacity of the loan and repayment capacity to avoid over indebtedness • Prioritization of the loan • Understanding banking terminology (savings products, loan – term loan and cash credit, interest rate of banks) • Assessment of the SHG by a banker • Documentation requirements by the bank • Sanction and loan disbursement to the SHG • Repayment of loans by the SHG • Definition - Delinquency vs. Default • Reason for Delinquency • Cost of default • Strategies for controlling of delinquency • Benefits and Cost of regular and late payments 	<ul style="list-style-type: none"> • Brainstorming • Group Discussion • Role-play (to demonstrate loan sanctioning process in an ideal SHG)

Session No. & Session Title	Contents of the Session	Process and Methodology
Session IV 90 minutes Voluntary Savings, Livelihood Promotion through JLGs	<ul style="list-style-type: none"> • Need for providing an opportunity to members for voluntary savings at SHG • Benefits of voluntary savings to the members • Norms about usage of voluntary savings (be part of group corpus/ not part of group corpus, use or not use for internal lending) • Norms related to safeguarding voluntary savings (surplus at bank, proper accounting systems for voluntary savings) • Providing dividend to voluntary savings • Withdrawal procedures to withdraw voluntary savings • Formation of JLG within SHG to support graduated SHG members • Advantages of JLGs within SHG to both graduated members and remaining SHG members • Bank loans to JLGs to support their higher level credit needs to invest in Enterprise promotion/expansion 	<ul style="list-style-type: none"> • Brainstorming • Story telling • Pictorial Charts • Interactive Lecture Method (ILM) • Group Discussion
DAY 2		
Session I 90 minutes Financial Inclusion & use of SHG members as BC/BF Including deployment of Community Resource Persons (CRPs) as conduit between bank & SHG	<ul style="list-style-type: none"> • Concept of Financial Inclusion (FI) • FI products • Participate in selection of bank's BC/BF in the village • How SHG members can open individual bank accounts BSBDA (Basic Savings Bank Deposit Account) with BC 	<ul style="list-style-type: none"> • Interaction with BC/BF • Interaction with a banker • RBI circulars on BC and BF
Session II 90 minutes Book Keeping for SHGs and Financial Statements	<ul style="list-style-type: none"> • Importance of book keeping • Various books of records at SHG level • Information required by various stakeholders • Preparing Receipts and Payments, Income and Expenditure and Balance Sheet 	<ul style="list-style-type: none"> • ILM • Role-play • Exercise/practice
Session III 90 minutes Systematic approach to training	<ul style="list-style-type: none"> • Elements of training cycle • How to identify training need • How to plan and design a training module 	<ul style="list-style-type: none"> • ILM • Exercise
Session IV 90 minutes Leadership in SHGs	<ul style="list-style-type: none"> • Need & importance for leaders in SHG • Types of leadership • Characteristics of a good leader, Roles and Responsibilities of leaders and members • Rotation of leaders in the group 	<ul style="list-style-type: none"> • Building Game – Need for leader • Game Leadership styles • Demonstration • ILM

Session No. & Session Title	Contents of the Session	Process and Methodology
DAY 3		
Field visit to SHG, NGO/SHPI, / Federation, bank branch (Full day)	<ul style="list-style-type: none"> • Group process and record writing • Role and responsibility of SHPI • Role and responsibility of different tiers of Federations • Experience of bank 	<ul style="list-style-type: none"> • Visit to SHG • Discussions with Field worker of SHPI • Discussion with banker • Reflection on field visit observations in large group
DAY 4		
Session I & II 90 minutes Presentation by the members	Groups to present learnings from the field visit	<ul style="list-style-type: none"> • Moderation by the faculty
Session III 90 minutes Problem solving and conflict resolution Decision Making process in SHGs	<ul style="list-style-type: none"> • Problem solving cycle (define the problem, identify possible alternatives, choose best and appropriate solution, Implement, monitoring and evaluation, problem solved/unsolved) • Reasons for conflicts • Ways to deal with conflicts in a group • Why collective decision making is important for SHGs • Importance of recording decisions in the Minutes register 	<ul style="list-style-type: none"> • ILM • Game • Story • Brain storming • Game (collective decision making) • Fish bowl exercise • Group discussion
Session IV 90 minutes Risk Mitigation Systems Self-rating & Auditing -Preparation of Action Plan & Valediction	<ul style="list-style-type: none"> • Importance of Self-Rating to initiate corrective actions • Self-rating & Auditing • Preparation of Action Plan & Valediction • External Audit of SHGs to cross check • Need for Auditing SHG • The audit process • Preparation of audit report 	<ul style="list-style-type: none"> • ILM • Group Discussion

8 TRAINING OF TRAINERS: MICRO CREDIT PLAN (MCP) FOR SHGs

OBJECTIVES

- Participants gain understanding of MCP process
- Participants acquire the skill of MCP preparation at SHG

Target Trainees	Trainers from SHPIs, SIRD and State Rural Livelihood Mission (SRLM) and other resource agencies
Number of participants	15
Identification of participants	SHPIs, NABARD
Duration	2 days
Organised by	By Resource NGO/NABARD
Reading materials	Material developed by SERP on MCP, Training Material developed by Bihar Rural Livelihoods Promotion Society (BRLPS)

SESSION PLAN

(SUGGESTED MODEL, TO BE DEVELOPED TO SUIT LOCAL CONDITIONS)

Session No. & Session Title	Contents of the Session	Process and Methodology
DAY 1		
Session I 90 minutes What is Micro Credit Plan (MCP) - various steps in developing an MCP	<ul style="list-style-type: none"> • Expectations and Objectives of the Programme • Importance of the Micro Credit Plan for SHG members to mobilise required resources as per their family development • Eligibility of SHG (for e.g. 2 years old SHG) • Advantages of MCP • 7 Steps to develop Micro Credit Plan • Roles and Responsibilities of Field Worker, OB (Office Bearers) and the Banker 	<ul style="list-style-type: none"> • Interactive Lecture Method (ILM) • Group Discussion • Charts on 7 Steps of MCP • Role-play

Session No. & Session Title	Contents of the Session	Process and Methodology
Discussion with SHG members and Preparation of SHG profile	<ul style="list-style-type: none"> • Introduces MCP to the SHG members • Preparation of SHG profile • Guidance to SHG members on how to discuss with family members to develop family cash flow and family investment (development) plan. • SHG profile- both financial and non-financial (norms to be included, category-caste and wealth ranking)- interest rate, loan scheduling, instalment setting, loan size and limit, loan proposal, loan appraisal, loan utilization, loan type, total savings, total loans, interest earned, loans from other sources, fees and fines, grants and revolving funds) 	<ul style="list-style-type: none"> • ILM • Video film on MCP
Session II 90 minutes Preparation of Member profile	<ul style="list-style-type: none"> • Detailed information about each SHG member's savings and loan particulars, repayment, marital status, social and economic condition including asset (livestock, land, house etc.), family members' details (education, health) 	<ul style="list-style-type: none"> • ILM
Member-wise family income and expenditure particulars	<ul style="list-style-type: none"> • Detailed information about each SHG member's family income and expenditure. 	<ul style="list-style-type: none"> • ILM • Group Discussion
Session III 90minutes Member-wise activity proposed and details (Identification of activities by members)	<ul style="list-style-type: none"> • Consumption, Health and Income Generating Activities • Justification and rationale of the activities – Feasibility and viability, sustainability aspects assessment by the members • Member Experience, awareness • Availability of support mechanisms – raw materials and other resources • Time availability of the member and the family members 	<ul style="list-style-type: none"> • ILM
Appraisal and prioritization of the proposed activities of the members (poverty status, need and performance)	Feasibility <ul style="list-style-type: none"> • Availability of raw materials and other resources • Ease of implementation of the activity • Licenses/permissions • Availability of technical support/ information etc. Viability aspects <ul style="list-style-type: none"> • Market possibility • Returns on the activity • Income flows – seasonal, one time, periodic 	<ul style="list-style-type: none"> • ILM • Group Discussion • Role-play

Session No. & Session Title	Contents of the Session	Process and Methodology
Session IV 90 minutes Rotation Plan (to be included – income from the proposed activity, income from family activities, family expenditure, surplus, instalment etc.) Bank linkage requisites & follow up	<ul style="list-style-type: none"> • Based on the Internal Funds availability entitlement/Potential Bank linkage possibility • As per the funds availability and the Prioritisation of the activities rotation plan is decided 	<ul style="list-style-type: none"> • ILM
DAY 2		
Session I & II 90 minutes Field visit to good SHGs having MCP Practicing MCP with the selected SHG	<ul style="list-style-type: none"> • Interaction with SHG members • Assessment of need and activity • Income generation and repayment • Prioritisation of loan proposal of members • Emergent need for credit 	<ul style="list-style-type: none"> • Group-wise identified areas
Session III 90 minutes Presentation on Field visits	<ul style="list-style-type: none"> • Learnings from field visit • How micro credit plan is prepared • How are these vetted by SHG/ SHPI/Bank • Priority and rotation • Documentation 	<ul style="list-style-type: none"> • Group presentation followed by discussion
Session IV 90 minutes Operation issues, Action plan & Valediction	<ul style="list-style-type: none"> • Issues raised by trainees • Issues from field visit • Issues from experience 	<ul style="list-style-type: none"> • Group discussion

9 TRAINING OF TRAINERS: INSTITUTIONAL DEVELOPMENT OF PRODUCER COLLECTIVES (PCs) OF SHG MEMBERS

OBJECTIVES

Participants should understand the need for PCs, issues connected with the concept, establishment, and management of producer collectives

Target Trainees	Trainers from SHPIs, SIRD, SRLM officials, Secretaries of Large sized Multi Service Cooperatives
Number of participants	15
Identification of participants	NGOs, Government Departments, Special Projects, Banks
Duration	3 days
Organised by	By resource NGO/NABARD / BIRD
Reading materials	<ul style="list-style-type: none"> • Readings on Producers Cooperative and Producer Company issued by NABARD • Setting up producer company manual by MP DPIIP • Material developed by Institutions like Basix Livelihoods and experiences of Chetana in promoting Cotton and Pulses Producer Companies.

SESSION PLAN

(SUGGESTED MODEL, TO BE DEVELOPED TO SUIT LOCAL CONDITIONS)

Session No. & Session Title	Contents of the Session	Process and Methodology
DAY 1		
Session I 90 minutes Need for collectives; the services it can offer to producers	<ul style="list-style-type: none"> • Expectations and setting objectives • Understanding Producer Collectives • Needs mappings for aggregators/ Collectives – Environment scanning • Benefits of forming producer collective • Principles of Cooperation 	<ul style="list-style-type: none"> • Brainstorming • Interactive Lecture Method (ILM)
Session II 90 minutes How to form producers' collective with SHG members Evolution process	<ul style="list-style-type: none"> • Evolution process of producer collectives • Identify the community, build trust, cooperation • Baseline survey • Develop Community organisation structure -Types of Collectives • Develop Basic physical infrastructure 	

Session No. & Session Title	Contents of the Session	Process and Methodology
	<ul style="list-style-type: none"> • Aggregation of input needs, addressing skill & knowledge gaps at producers' level • Role of facilitator in mobilising SHG members to form producer collective. • Situation Analysis • Critical Gap Analysis Solution 	<ul style="list-style-type: none"> • ILM • Group Discussion
Session III 90 minutes Legal forms and their pros and cons	<ul style="list-style-type: none"> • Need for registration of producer collective • Producer Cooperatives & Producer Companies • Private Limited Company, Multistate cooperatives, Federations • Limited Liability Partnership Act. • Advantages and limitations of various legal forms of producer collectives 	<ul style="list-style-type: none"> • ILM • Group Discussion
Session IV 90 minutes NABARD schemes for supporting Producer organisations	<ul style="list-style-type: none"> • Credit plus approach • Support through loan/equity • Support for Capacity building • Support for market linkage 	<ul style="list-style-type: none"> • ILM • Discussion
DAY 2		
Full Day Visit to producer collectives	<ul style="list-style-type: none"> • Discussions with members (including board members) and staff of collective • Operations (accounting, MIS, audit etc.) of collective • Business 	<ul style="list-style-type: none"> • Observation • Interview with staff and members
DAY 3		
Session I & II 90 minutes + 90 minutes Debriefing on the visit on the basis of group presentations	<ul style="list-style-type: none"> • Observations related to organisational Systems and Processes - (governance, operations, Business) • Key learning from the visit - How local human capability is developed, integration and separation of activities, convergence of resources. 	<ul style="list-style-type: none"> • Group Discussion • Presentation to large group
Session III 90 minutes Strategic Business Plan for growth	<ul style="list-style-type: none"> • Planning for growth – Vision, Mission, Governance, Management, Business, Finance • Issues from experience • Issues from field visit 	<ul style="list-style-type: none"> • Group discussion moderated by the Faculty Member
Session IV 90 minutes Operational Issues & Valediction	<ul style="list-style-type: none"> • Trainees feedback • Action Plan 	<ul style="list-style-type: none"> • ILM • Audio visuals

10 TRAINING OF TRAINERS: INSTITUTIONAL DEVELOPMENT OF FEDERATIONS

OBJECTIVES

- To build a perspective on the need for promoting self-help federations owned and controlled by members
- To build conceptual clarity and impart knowledge on various aspects related to design and building good management and governance practices and sustainability of federations
- Leveraging Regd. Federation as Business & Development Correspondents

Target Trainees	Trainers from SHPIs, SIRD, SRLMs
Number of Participants	15
Identification of Participants	NGOs, Government Departments, Funding Agencies, Special Projects, Banks
Duration	4 Days
Organized by	By Resource NGOs/NABARD / BIRD
Reading Materials	<ul style="list-style-type: none"> • Putting Institutions First – Even in Micro Finance by MYRADA • The Positive Path: Using appreciative inquiry in Rural Indian Communities by MYRADA • Handbook for Trainers' on SHG Federation by ENABLE • Sector-Own Control material developed by APMAS • Technical series on Board Roles & Responsibilities, how to conduct General Body meetings and Board Meetings developed by APMAS

SESSION PLAN

(SUGGESTED MODEL, TO BE DEVELOPED TO SUIT LOCAL CONDITIONS)

Session No. & Session Title	Contents of the Session	Process and Methodology
DAY 1		
Session I 60 minutes Overview and importance of SHG as a building block for the federation	<ul style="list-style-type: none"> • What is a Federation? • Why are federations needed? SHGs' perspective and promoter's perspective. • Help participants to understand the importance of federation to support SHGs. • Regd. Federation as enablers of Financial inclusion Regd. Federation as BC /BF 	<ul style="list-style-type: none"> • ILM (Interactive Lecture Method) • Chart, Markers • Pictorial charts of woman who does several activities (within the house in the work)

Session No. & Session Title	Contents of the Session	Process and Methodology
Session II 60 minutes Purpose and Functions of Federations	<ul style="list-style-type: none"> • What are the various activities/ functions that a federation must undertake? • What are the principles that a federation should keep in mind/ follow while selecting activities/ functions to be provided to its members. • How to select services that are needed by SHGs? • Regd. Federation as BC/BF providing Doorstep Services 	<ul style="list-style-type: none"> • ILM • Group Discussion • Chart Markers • List of “Guiding Principles” for promotion of Federations
Session III 60 minutes Design and structure of SHG federations	<ul style="list-style-type: none"> • Various models in Federation promoted by various SHPIs • Develop appropriate design and structure of federation • Legal Framework 	<ul style="list-style-type: none"> • A film on models of federation (or put on various models of federation) • Group Discussion on designing federation structure based on the given case study
Session IV 60 minutes Practices and processes for good governance	<ul style="list-style-type: none"> • What is governance • Processes and practices to be establish good governance • Decision making • Balancing board and management - Roles and responsibilities of board members • Roles of CEO and staff 	<ul style="list-style-type: none"> • ILM • Case Study
Session V 60 minutes Roles and responsibilities of General Body/ Board/ and Office Bearers and staff,	<ul style="list-style-type: none"> • What is General Body in a Federation Structure? • Importance and significance of General Body • General Body meeting • Advance measures to be taken for conducting the meeting • Activities during the meeting • Activities After the meeting 	<ul style="list-style-type: none"> • ILM • Group Discussion • Role-play • Chart markers
DAY 2		
Session I 90 minutes Leadership & team building	<ul style="list-style-type: none"> • Role and qualities of leader • Problem solving • Decision making • Delegation 	<ul style="list-style-type: none"> • ILM • Audio visual clips on leadership
Session II 90 minutes Training on Book Keeping -Accounting Concepts	<ul style="list-style-type: none"> • Accounting Concepts and Principles • Introduction to Accounts <ul style="list-style-type: none"> ◆ Books ◆ Records ◆ Statements ◆ Receipts and Payments ◆ Account Heads 	<ul style="list-style-type: none"> • ILM • Chart Markers • One set of books of accounts – Federation • Exercise

Session No. & Session Title	Contents of the Session	Process and Methodology
Session III 90 minutes Training on Book Keeping -Cash book, Member Ledger, Interest calculation	<ul style="list-style-type: none"> • Cash Book • Member Ledger • General Ledger • Demand, Collection, Balance Worksheet • Interest Calculations 	<ul style="list-style-type: none"> • Exercises • Charts Markers
Session IV 90 minutes Training on Book Keeping -Key financial ratios	<ul style="list-style-type: none"> • Key Financial Ratios <ul style="list-style-type: none"> ◆ Operational Efficiency (Operating Cost ratio) ◆ Personnel Costs vs Administrative Costs ◆ Financial Self Sufficiency (FSS) 	<ul style="list-style-type: none"> • Exercises • Charts Markers
DAY 3		
Field visit to a good working Federation	<ul style="list-style-type: none"> • Interaction with Federation Executive Committee • Services provided to SHG • Revenue model and long term viability • Supervision/guidance and promotion role 	<ul style="list-style-type: none"> • Group-wise tasks on selected area
DAY 4		
Session I & II 90 minutes each Presentation of learning from the field visit	<ul style="list-style-type: none"> • Learning from field visit on felt-need and organization of federation • Role, responsibility and governance • Financial sustainability / operational relevance to clients 	<ul style="list-style-type: none"> • Group presentation on identified area • Discussion and debate
Session III 90 minutes Statutory compliance & regulatory Requirements	<ul style="list-style-type: none"> • Legal framework • Compliance to rules • Reporting to higher tier institutions • Customer rights and protection 	<ul style="list-style-type: none"> • ILM • Classroom discussion
Session IV 90 minutes Operational problems & Valediction	<ul style="list-style-type: none"> • Panel discussions and operational problems 	<ul style="list-style-type: none"> • Discussion

11 MICRO ENTERPRISES DEVELOPMENT PROGRAMME (MEDP)

OBJECTIVES

At the end of the training programme, SHG members should have sufficient skills and self-confidence to take up micro enterprises.

Target trainees	Members of matured SHGs
Number of participants	30 per batch
Identification of participants	NABARD through DDMs, bankers, SHPI & get a list of prospective trainees for a programme
Duration	2 to 13 days
Organised by	NGOs having demonstrated competency in training on SHG – Livelihood related programmes and resources, Rural Self Employment. Training Institutes (RSETI)
Location	Preferably on-location programme
Broad contents	Entrepreneurial Competencies – importance, explanation with examples, case study for identification of different competencies. Activity specific skill, Practical inputs from the marketing experts, guidance for approaching banks for repeat finance, raw material buying and selling the finished products.
Language	Local language to sustain trainees' interest in the whole programme.
Field visit to SHGs Micro Enterprise	Field visit to successful enterprises run by SHGs may be Included. Where it is not organized, an interface session to be arranged with Primary Stakeholders
Faculty	By faculty from training institutes, NGO, Marketing & Trade experts, DDM wherever necessary.
Reading material	Activity related materials
Output indicators	Establishment of Individual / Group micro enterprises

A: SESSION PLAN

(SUGGESTED MODEL TO BE MODIFIED TO SUIT SPECIFIC ACTIVITY & DEPENDENT ON THE DURATION OF THE PROGRAMME)

DURATION: 2-13 DAYS

Before the start of the programme, charts would be displayed relating to MEDP to give a clearer understanding of concepts, social mobilization, activity selection, role of NGOs & banks, Success stories, financing, problem areas etc. This would also save time and create greater interest among the participants.

Day, Session No. & Session Title	Contents of the Session	Process and Methodology
DAY 1		
Session I 90 minutes Understanding programme objectives & Expectations Why self-employment – Advantages over wage employment, Entrepreneurship Development – What, Why & How?	<ul style="list-style-type: none"> • Brief Introduction to the objectives • To list out the advantages of self-employment vis-à-vis wage Employment • To show the difference between the Entrepreneurship, Self-employment and Income Generating Activity. • To explain the process of Entrepreneurship Development. 	<ul style="list-style-type: none"> • Lecture • storytelling • interactions, • audio & videos
Session II 90 minutes Entrepreneurial competencies – importance, explanation with examples, case study for identification of different competencies	<ul style="list-style-type: none"> • To know the traits of a successful entrepreneur • To know the relevance of entrepreneurial competencies at different stages of enterprise launching and management • To know the details and impact of different competencies • To identify entrepreneurial competencies in a successful entrepreneur through a case study 	<ul style="list-style-type: none"> • Lecture, • interactions • case study
Session III 90 minutes Market survey – sources, nature of information to be collected, analysed etc.	<ul style="list-style-type: none"> • Methodology, need and importance, process of conducting marketing survey, key components, questionnaire, tips for effective market survey, collection of data, analysis of data and report preparation, defining the size of the activity 	<ul style="list-style-type: none"> • Lecture • Interaction • collection of data • report preparation • group discussions • presentation • analysis
DAY 2-12		
Activity based Skill	<ul style="list-style-type: none"> • Activity related training for acquiring skill to manage procurement of raw materials to finished products 	
Last Session		
90 minutes Feedback & Valedictory		

B: SUGGESTED SESSION CONTENTS FOR SOME OF THE MEDP ACTIVITIES

1. SYSTEM OF RICE INTENSIFICATION (SRI)

Salient features associated with SRI Practice
 Comparisons of SRI and Traditional
 Nursery Bed Preparation and its Treatment
 Composition of cow dung manure at seed bed
 Careful uprooting of Seedlings
 Tips for Uprooting of Seedlings
 Tips for Transplanting the seedlings in the main field
 Distance Marking & Transplantation, Counting of Tillers
 Output Comparisons of SRI and Non- SRI

2. DAIRY FARMING

Dairy farming as a sustainable self-employment venture – prospects
 Dairy farming – Correct practices, misconceptions
 Nutrition & feeding of dairy animals, preparation of feeds & use of azola (cattle feed)
 Fodder crops – description, cultivation aspects
 Calf rearing & calf-management practices for production of a healthy cow/ buffalo
 Cattle shed – construction, importance of hygiene & cleanliness – management practices
 Dairy animals - important diseases & their control, vaccination
 Production of clean milk - practices, milk products
 Field visit for interface with successful dairy farmers
 Use of cow dung & urine for preparation of Farm Yard Manure (FYM), bio-gas plant, compost pit preparation
 Economics of a Dairy unit – preparation of project report

3. POULTRY

Scope and importance of poultry, commercial poultry farming, back yard poultry
 Poultry breeds – description of different breeds – layers & broilers
 Poultry - systems of bird rearing, infrastructure requirement, types of sheds and their construction
 Poultry equipment and their maintenance
 Introduction & replacement of birds, flock schedule – management practices of rearing
 Feeding of birds, types of feeds, manufacturing of feed
 Poultry diseases- symptoms, vaccination & prevention
 General Management of a Poultry (layer & broiler), practices, cleanliness & hygiene of sheds, cleaning & fumigation
 Procurement of chicks, transportation, chick care
 Marketing of poultry eggs & meat – interaction with a successful entrepreneur
 Post evening session Time management
 Visit to a poultry unit for interface & practical learning
 Preparation of project report for a poultry unit
 Insurance for poultry

4. PISCICULTURE (INLAND FISHERIES)

Inland Fisheries – Description & scope, Fish culture - Cultivable species – Description
 Construction of Pond, types & Management, weed control
 Fish seed culture
 Breeding methodology of Major fish species – Indian major carps - description, methods of culture
 Common Diseases of fish & their management
 Fresh water prawn culture – Economics & viability
 Prawn – Mono culture & poly culture
 Prawn culture in brackish water
 Visit to fishery unit for interface with successful entrepreneur
 Economics of fish farming – Preparation of project report

5. VERMI COMPOSTING

Organic farming - Significance & scope
 Vermi composting as a self-employment activity
 Use of cow dung & urine for preparation of Farm Yard Manure (FYM), composting–Description
 Vermi composting methodologies – Details & description
 Vermi composting - Selection of site & organic materials
 Vermi Composting – Practical demonstration, preparation of pits, filling of pits, dressing materials, manure & earthworm
 Field visits for interface with successful dairy farmers/ entrepreneurs of vermi compost
 Vermi compost - Usage & dosage for major crops, analysis of nutrients, packaging & marketing of vermi compost
 Renewable Energy, an appropriate alternative – Description, scope

6. BEE KEEPING

Bee keeping – History, present scenario & Description
 Commercial Bee keeping – Requirements & Prospects
 Honeybee and Honey – Types and Classification
 Identification of flora and location of sites – Description
 Tools & equipment for bee keeping – Description & Demonstration
 Bee Box – Description & Demonstration – Cleaning of boxes – Practical (Two sessions)
 Building of comb and colony – Demonstration
 Division of colony - Description & Demonstration
 Month wise calendar of operations in bee keeping
 Effect of nectar/ pollen properties on Honey production, honey descriptions
 Methods of preservation of Honey

7. HAND EMBROIDERY

Information on thread and needles (Kamal work, Zardosi & Suzan), Fabric & ring – Practical

Design tracing on cloth, Running stitch – Practical

Flower making in running stitch – Theory & practical

Chain stitch, Double chain stitch, Magic chain – Practical (3 sessions)

Kamal work & satin work – Practical (Full day)

Button hole stitch

Zardosi work with Suzan, Chain, Tickly, Mothi, Pipe, Cut beds work etc

8. CULTIVATION OF MEDICINAL & AROMATIC PLANTS

Common medicinal plants – description & usage

Use of medicinal plants in large scale ayurvedic drug manufacturing–description, scope for production

Cultivation of Aromatic plants – history, practices & prospects

Taxonomic classification & nomenclature of common medicinal & aromatic plants

Use of drugs of plant origin in alternative therapy– Homeopathy, Unani, Tibetan, Sidda etc.
use of plants as common house hold medicine

Package of practices of major medicinal plants like coleus, gloriosa, senna,

Amla, Isabgol, Baje etc. (any other medicinal plants of the region)

Package of practices of major Aromatic plants like Lemon grass, citronella, vetiver, palma rosa, Scented Geraniem, Patchouli, Rosemary, etc. (any other aromatic plants of the region)

Use of Aromatic oils – description, fragrance in cosmetics, extraction from different plant parts/ Processing – methodologies & procedure Use of Aroma chemicals for value addition for products

Visit to Herbarium of Aromatic & Medicinal plants- interaction with successful entrepreneur

Marketing aspects, Supporting institutions and their schemes

Interaction with a successful entrepreneur

Preparation of project Report

9. MUSHROOM CULTIVATION

Mushroom – description, edible types, natural growth aspects, climatic requirement

Commercial cultivation of Mushroom – practices, Package of practice for white button Mushroom

Spawn culture – preparation, Water management and humidity maintenance

Picking and post-harvest treatment of mushrooms, Abiotic disorders in mushroom and precautions

Package of cultivation practices for oyster mushrooms –paddy straw method, Packaging and canning of mushrooms

Visit to a mushroom farm /unit – discussion with an entrepreneur

Preparation of project report for a Mushroom cultivation unit

10. MANUFACTURE OF UTILITY ITEMS FROM WASTE

Door mat – Theory, Design of different door mat, Different types of Mats

Door mat work from Jute, Door mat work from Pent cloth, Doormat from Waste Sari

Doormat from Waste Sari, Mat from Waste sari

Moti Toran – Theory & Practicals, Designing Tildi Toran, Zooda Work

Flower vase from waste bottle, Handkerchief from waste bottle cap

Wall piece – Theory, Decoration on wall piece , Flower pot – Theory, Flower on lamp – Practical Flower on Ring,

Interaction with a successful entrepreneur

Preparation of project Report

11. PAPER COVER, PAPER BAG, ENVELOPE & FILE MAKING

Need for paper products - a substitute to plastic, evaluation of papers, Selection of products, paper quality, availability of papers

Paper covers from used cement cover and newspaper cover – Practical

Paper bags, envelops and files - Theory & Practice

Interaction with a successful entrepreneur

Business plan/project report preparation

12. JUTE PRODUCTS MANUFACTURING

Introduction & Scope of Jute and its products

Tools required for preparation of Jute products, preparation of raw materials

New designs in jute foot wear

Money purses, ladies purses - Varieties & new designs

Preparation of bags - College bag, ladies hand bag, side bag and letter bag Theory & Practice

Preparation of office files & photo frames – Theory & Practical, Preparation of mat sets for dining table, walls etc.

Preparation of decoration items-Hangings, flower pots etc. - Theory & Practice

New varieties of curtains, joolas, key chains etc. – Theory & Practice

Preparation of letter boxes & letter holders - Theory & Practice

Visit to jute products manufacturing industry

Business plan/project report preparation

12 TRAINING PROGRAMME FOR ELECTED MEMBERS OF PANCHAYAT RAJ INSTITUTIONS

OBJECTIVES

Sensitisation of PRI members on SHG-Bank Linkage Programme

Target Trainees	Elected representatives of Panchayat Raj Institutions
Number of participants	25-30
Identification of participants	By NABARD /Govt. Agencies
Duration	01 day
Organised by	NABARD in association with NGOs/SHPs/ Training Establishments
Location	Local level where good working NGO & SHGs are available
Resource persons	From NABARD, NGO, Government
Broad Contents	Peoples' participation in development process, SHGs concepts etc.
Reading Material	Important circulars issued by NABARD/RBI and the latest policy developments.
Training methods	<ul style="list-style-type: none"> • Lectures • Field visit • Group Discussions • Experience sharing • Case study • Action planning

SESSION PLAN

(SUGGESTED MODEL, TO BE DEVELOPED TO SUIT LOCAL CONDITIONS)

Session No. & Session Title	Contents of the Session	Process and Methodology
DAY 1		
Session I 60 minutes Peoples' participation in development process	<ul style="list-style-type: none"> • Group vs Individual • Its importance, advantages of savings focussed group approach- sustainability • Characteristic features of group approach • Target oriented programmes vs. programmes focussed on sustainable and continual improvements 	Lecture
Session II 60 minutes Genesis, concept & importance of Self-Help Groups.	<ul style="list-style-type: none"> • Definition of SHG, Objectives of SHG, Characteristics of a SHG, How to open bank accounts for a SHG, loan to SHGs- term loan / Cash credit etc. • Best practices in SHG linkage - Promotion of SHGs by various agencies- role of SHPIs, rationale of internal lending, consumption needs, fixing of interest rate, freedom of selection of activity. Credit and non-credit inputs. Assessment of SHGs and NGOs/ SHPIs. Linkage with banks- different models of linkage. • Support in dealing with chronic defaulters 	Experience sharing and lecture
Session III 60 minutes Major Government programmes and SHGs	NRLM guidelines and broad contours of the programme, convergence with other Govt. Programmes, Involvement of NABARD/ RBI Government. Role of SHGs in government development programmes	Lecture
Session IV 60 minutes Interface with government official/ NGO on SHG promotion.		Interface
Session V 60 minutes Action Plan		By participants

13 INSTITUTIONAL BUILDING PROGRAMME FOR PARTNER NGOS INVOLVED IN MICRO FINANCE (SHG-BLP)

OBJECTIVES

To provide necessary skills and orientation to partner NGO (PNGO) staff in issues connected with SHG-Bank Linkage so as to improve their innate skills with the help of local Resource NGO (RNGO). The specific objectives involve:

- To strengthen the capacities of small partner NGOs to facilitate social mobilisation of communities in targeted areas;
- To increase and improve skills in nurturing SHGs, resolving conflict, improve community engagement and facilitate SHG-Bank linkages;
- To improve training delivery and appreciate critical issues concerning livelihood facilitation for SHG members.

Eligibility Criteria Smaller PNGO working with NABARD and having done reasonably good work in the field of SHG-BLP or in any other development segment.

Target clients Staff/Programme Coordinators/field staff working with participant PNGO, it should be ensured that the CEO of the PNGO also has adequate orientation to support the SHG-BLP initiative

Special features

- As this an attachment programme for short period; unlike the conventional training programme, which is classroom oriented; it is expected that the participant trainee will also gain from greater desk / field exposure and also get suitable hands-on experience in important aspects of SHG-BLP.
- RNGO will ensure to effectively train the PNGO staff to independently undertake the task of mobilisation of communities, facilitate nurturing and formation of SHGs, including meeting the reporting / documentation requirements of development organisations (NABARD) which support formation and development of SHGs.

Resource NGO

- The partnership concept implies that the partner NGO (PNGO) would have similar goals in SHG formation and is facing similar challenges, albeit in different contexts.
- The RNGO should be engaged and well-versed / experienced in SHG-Bank Linkage programme and issues connected with it.
- It should be willing to undertake the attachment-cum-training programme as defined by NABARD.

Approach

- RO to select 1-2 resource NGOs (RNGOs) in the state that serves as a training partner or has implemented large SHPI projects and other development projects satisfactorily for NABARD in the past 2-3 years.
- Target staff to include regular staff as identified by PNGOs –two staff per partner NGO and a maximum of 6 members (from 3 PNGOs) of the state may be included in the programme.
- The PNGO staff will be placed with RNGO for 7 day attachment programme.
- The attachment will cover both desk training and field exposure. RNGO will facilitate transfer of skills essential for facilitating the smooth planning, grounding, monitoring & reporting of SHG-BANK Linkage programme.
- The partnership training should entail transfer of expertise in planning, designing, and implementing result oriented action planning by the PNGO staff.
- RO to conduct two or more programme every year, depending on the number of PNGOs and ensure this is need-based and outcome-based programme.

Suggested Duration & Schedule

The Attachment-cum-Capacity Building Programme would have two modules.

1. Desk Level training : 2-3 days

Covering subjects like how to formulate a project, especially SHPI project, MIS systems and procedure, Services provided to SHGs. Inputs on how these activities are organised by the Resource NGOs.

2. Field training : 4-5 days

Covering practical aspects like how to form a SHG, how meetings are conducted, how internal lending is done by the groups, how books of accounts are maintained, how proceedings are maintained/recorded, building up documents for bank linkage, rating of SHGs, auditing of books of accounts of the SHGs, data maintenance by the NGO, training of SHG members/leaders, contents, hard copy/soft copy, how livelihood promotion is done by Resource NGO, how federations are organised, what services it provides to the groups, charges levied for the services, books of accounts of the federation etc.

Expected Outcomes for NABARD

- Facilitate capacity development of partner organisations to evolve as longer term and effective partners in the development sphere.
- Improve efficiency of smaller NGOs engaged with NABARD programmes, which could lead to promotion of sustainable and quality SHGs and establishment of livelihoods etc.

ANNEXURE 1

SUGGESTED IMPORTANT TOPICS FOR SOME SESSIONS

A. SHG 2: REVISITING THE SHG BANK LINKAGE PROGRAMME

• Why SHG 2?

- SHG-2 widening the choices of the SHG clients especially the financial product
- Saving potential of SHG member which is yet to be fully tapped
- Repeat loans denied even after prompt repayment of previous loans
- Multiple borrowings by SHG members is a reality
- There is tremendous heterogeneity among the poor (SHG members), especially after they access 1-2 credit cycles, needs to acknowledge this heterogeneity.
- Limited banker interface & monitoring

• Features of SHG 2

◆ Voluntary Savings (VSs) – Why?

- Compulsory savings in the group often restricted to the lowest savings of a member of SHG
- Savings capacity & potential varies across members – growth of rural economy has improved earnings of rural folks / capacity to save more
- Members' surplus savings over & above compulsory savings are encouraged to be made in the individual accounts with the banks directly by the concerned member.
- Until members of SHG graduate to the level of opening & maintaining individual bank accounts, there is need for suitable alternate framework within the group. In such cases, members may park voluntary savings within the group.
- In case voluntary savings are kept within the group, SHGs to have freedom to decide proportionate share in interest income or dividend from the group.

◆ Cash Credit / Overdraft for SHGs

- Existing system of lending (term loans / Cash Credit Limits to SHGs – Advantages / disadvantages
- Why Cash Credit system of lending for SHGs? - Avoid frequent renewals – repeat documentation by banks – Affords flexibility – reduce cost of borrowing
- Time limit for CC advances – fixation of CC limits – withdrawals v/s savings – repayment norms
- Intra group lending norms – repayment period

◆ JLGs within SHGs

- Promotion of Livelihoods
- A few members may grow faster to start or expand economic activities requiring higher level of loans beyond normal capacity of SHG member
- JLG of such members can access bank credit independently for any economic activity, still being a part of SHG

◆ Improving Risk Mitigation

- To gain financing bank's confidence
- Self-rating by SHGs for initiating corrective actions
- Audit of SHGs cover aspects of regularity of meetings, internal lending, book keeping etc.
- Banks to appoint BF's among active SHG members.

◆ Building Second Tier Institutions

- Sustained hand-holding by SHPIs to ensure SHG's sustainability
- Banks to engage the services of active members of SHGs, NGOs, other entities as BF's for monitoring functioning of SHGs

B. SCHEME FOR PROMOTION OF WOMEN SHGs (WSHG) IN BACKWARD DISTRICTS & LEFT WING EXTREMISM AFFECTED DISTRICTS OF INDIA

- A scheme in association with GoI aimed at viable & self-sustainable model for promotion & financing of WSHG through involvement of anchor NGO
- Identification of anchor NGO / support agency and approval of bankers' committee
- Institutional commitment with banks ensured through MoU between identified NGO and bank to finance SHGs
- Promotional grant assistance from WSHG Fund
- SHGs to be credit linked preferably with Cash Credit
- Awareness and capacity development programmes for key stakeholders to be conducted with assistance from NABARD
- A service charge of 5% per annum on loan outstanding is payable to the anchor NGO to ensure continued hand holding, monitoring of SHGs and also continued interest of NGO in the project
- Additional responsibilities of the anchor NGO for ensuring continued support to SHGs promoted

C. BROAD LIST OF ITEMS TO BE SEEN DURING FIELD VISITS

◆ Visit to Banks:

- How did you satisfy yourself about the functioning of the group?
- The extent of loan provided? How the quantum was arrived at? What are the terms and conditions of lending to SHGs? Who sanctioned the loan (Branch Manager or Controlling Office)?
- What are the documents/agreements obtained? Purposes thereof?
- What are the recovery experiences?
- Role of NGO in promoting SHGs, providing training and coordinating the activities.
- Whether group will be able to carry on after NGOs withdraws - comment on the sustainability of the group.

◆ Visit to NGO/Village Association (VA)/ SHPI

- Objectives of NGO/VA, and its experience in formation and nurturing of SHGs/JLGs. Since when is NGO in existence? KYC aspects of the NGO/VA. It should not be blacklisted by any Government agencies. NGO/VA staff should neither be office bearers of any political party nor active members of any political party.
- Legal form of the NGO. Who are on the Board of Governors of the NGO? Are they socially ori-

ented towards serving the poor? What is their commitment and standing in the society? What are the other development activities under taken by NGO/VA for empowering the poor?

- Process and strategy adopted for orienting the community for SHG approach. What were the difficulties faced? What were the satisfying and frustrating aspects?
- What are the sources of funds for the NGO/VA and its application?
- Sustainability of the groups, in case of NGO withdrawal, time frame, strategy etc.
- Visit the groups formed by the NGO and ascertain that the community is empowered by the NGO/VA in the true sense.
- Infrastructural facilities at the disposal of the NGO/VA. Office, furnitures, communication, mobility, meeting hall, training centres, owned premises, trained faculty.

◆ Visit to SHG:

- How are the groups formed? What were the motivational factors?
- Since how long have the groups been functioning?
- How many members are there? Is it a registered or unregistered group?
- How often does the group meet? Is there any fixed place? Does the group meet regularly? Is there any system of deciding any formal/informal agenda? Are the members informed in advance?
- How much savings from members are mobilised?
- Are all the members regular in contributing? What happens if some members are not able to pay deposit in time? Is there any system of fines?
- Did the group first start financing from its own collection? How long did it continue? What was the experience?
- What are the books of accounts maintained? Who maintains it? Is there any rotation of the group leaders?
- Has the group applied for any loan from NGO/Bank?
- What is the extent of such a loan? How does the group disburse loans out of this? Is it kept separately from loans out of own deposits?
- What is the rate of interest charged? How much interest the group charges from its members? Is it different for loans out of deposit and loans out of Bank loan? How is the repayment period fixed?
- What is the recovery performance at different levels? How does the group tackle non-repayment of loans by members?
- Who decides the purpose for which loan can be sanctioned? What is the normal repayment period? Is there a system of grace period? What is the system of taking subsequent loans? What are the benefits as being members?
- Bank loan is CC or Term loan? How is the limit fixed by the bank?
- Whether members are aware of the rate of interest charged by bankers, distinguishing features of Cash Credit & Term Loan?
- Whether members do voluntary savings?

D. KYC NORMS

◆ Discussion on List of documents asked for by banks for opening Savings Bank Account

- Bye-laws, if any, of the SHG. This is not a must. If the group has not formulated any such rules or regulations, SB a/c can be opened/loan can be sanctioned without them.
- Resolution (photo copy of the original minutes) - The SHG has to pass a resolution in the group meeting, signed by all members, indicating their decision to open SB A/c with the bank.
- Authorisation from SHG: The SHG should authorise at least three members, any two of whom

would jointly operate upon their account. The resolution along with the filled-in application form duly signed by the authorised representatives of the SHG.

- Photograph and signature of the members
- Please refer RBI circular no. RBI/2012-13/459 (DBOD.AML.BC.No. 87/14.01.001/2012-13 dated March 28, 2013. Accordingly, KYC verification of all the members of SHG needs not be done while opening the savings bank account of the SHG and KYC verification of all the office bearers would suffice. As regards KYC verification at the time of credit linking of SHGs, it is clarified that since KYC would have already been verified while opening the savings bank account and the account continues to be in operation and is to be used for credit linkage, no separate KYC verification of the members or office bearers is necessary. Banks are advised by RBI to revise their KYC policy in the light of the above instructions and ensure strict adherence to the same.

◆ **KYC identification documents to be submitted by the applicant**

(Any one document from each of the following two lists subject to bank's satisfaction)

List I (Latest/Recent photo identification documents)

- i. Passport
- ii. Driving licence with photograph
- iii. Voter's identity card
- iv. PAN card, Government ID Card
- v. Identity Card/Confirmation from employer
- vi. Letters from recognised public authority or public servant verifying the identity (photo) of the customer
- vii. Any other document with photograph evidencing identity of the applicant acceptable to the bank.

List II (Latest/recent documents showing address proof)

- i. Passport
- ii. Driving licence with address, Voter's identity card
- iii. Telephone bill, Electricity bill, Ration Card
- iv. Bank account Statement with full address
- v. Income/Wealth tax assessment order (with address)
- vi. Letter from employer/any document of communication issued by any authority of Central/ State Government or local body showing residential address
- vii. Any documentary evidence in support of residential address acceptable to the bank
- viii. In case of married women address proof of the groom is acceptable.

ANNEXURE 2

SESSION PLAN FOR INTRODUCTION, FEEDBACK, RECAP, MID-TRAINING FEEDBACK AND PROGRAMME CONCLUSION (QUALITY ASSURANCE SYSTEM)

Session Type	Objective	Contents of the Session	Process and Methodology
Introduction	Participants understand the objectives of the programme and also understand the coverage of the programme	<ul style="list-style-type: none"> • Introduction to the programme • Derive participants expectations • Setting the objectives • Situation at the beginning of the training - Pre-Test (First Day Morning prior to commence of training) 	<ul style="list-style-type: none"> • Interactive Lecture Method (ILM) <p>Teaching aids needed:</p> <ul style="list-style-type: none"> • Charts • Markers • Programme Schedule
Feedback on Training Programme (Daily at the end of the day)	Participants understand the activity that needs to be during training programme.	<ul style="list-style-type: none"> • Take Feedback on Content, Processes, Session flow, logistics and language (At the end of every day training) • Trainers' team discuss and make changes in the training programme as per the feedback (At the end of every day after discussing about participants feedback) 	<ul style="list-style-type: none"> • Large Group Discussion • Mood Meter • Suggestion Box <p>Teaching aids needed:</p> <ul style="list-style-type: none"> • Charts • Markers
Recap of the previous day proceedings (At the beginning of the everyday training)	Participants understand the importance and how to facilitate the recap of the previous day training proceedings and learning	<ul style="list-style-type: none"> • Explain to participants the importance of conducting recap every day morning of the training programme so that participants remember the previous day proceedings and learning • Participants understand various ways to conduct recap • Establish a link between the previous day's sessions and today's sessions through recap 	<ul style="list-style-type: none"> • Steering Committee • Quiz • Game <p>Teaching aids needed:</p> <ul style="list-style-type: none"> • Charts • Markers • A Ball
Mid-Training Feedback	Participants understand the activity that needs to be done at the mid of the training.	<ul style="list-style-type: none"> • Pace of learning • Cross check achievement of objectives • Make required changes in training to achieve the objectives of the programme 	<ul style="list-style-type: none"> • Large Group Discussion <p>Teaching aids needed:</p> <ul style="list-style-type: none"> • Charts • Markers

Session Type	Objective	Contents of the Session	Process and Methodology
Programme Conclusion (At the end of training)	Participants understand the activity that needs to be done immediately after the training programme	<ul style="list-style-type: none"> • Situation at the end of the Training -Post-Test • Training event evaluation (both oral & written) • Action Plan and support required from training team 	<ul style="list-style-type: none"> • Post Test • Evaluation Form • Large Group Discussion <p>Teaching aids needed:</p> <ul style="list-style-type: none"> • Charts • Markers
Analysis of Feedback (After Training Programme and not part of the training programme)	Participants understand how to analyse the result of pre test and post-test results, feedback and use the information to enhance quality of training programme.	<ul style="list-style-type: none"> • Analysis of pre-test and post-test • Analysis of feedback/Training Evaluation • Incorporate the inputs to enhance/revise the training programme • Develop training agenda for trainers based on the analysis of training programme 	<ul style="list-style-type: none"> •Exercise <p>Teaching aids needed:</p> <ul style="list-style-type: none"> • Charts • Markers • Evaluation Form

ANNEXURE 3

CASE STUDY – SHG MEMBER AS BUSINESS FACILITATOR

- i. **Background:** ABC Bank has taken up the agenda of Financial Inclusion in letter and spirit and has come out with various initiatives. One such initiative was engaging SHG members as Business Facilitator (BF). This has been implemented in ABC bank's Ut branch.
- ii. **Branch profile:** Ut is a semi-urban branch headed by a Branch Manager, assisted by 2 Assistant Branch Managers, 1 Rural Development Officer (4 days per week), 4 clerks and 2 sub-staff. The branch caters to the credit needs of 5 panchayat villages with a population of 8,500. The major loan portfolio of the branch is in agricultural jewel loans, crop loans followed by small business loans. SHG portfolio outstanding is Rs.4 crore with 280 SHGs, whereas 400 SHGs have savings bank accounts with the branch. Recently, 3 Business Correspondents have been appointed for making bank transactions.
- iii. **SHG member as BF:** The bank has entered into an MoU on 5th Nov 2008 with Ms. Uma Maheswari, a SHG member. She has studied up to 12th standard and has worked in an NGO as field supervisor for 3 years. She manages 50 SHGs formed by her as an individual volunteer. She was given one-day training at the Bank's apex training institute at Chennai and the Branch manager gave on-the-job training. She is well versed in Banks's products and services and interest rates. She carries out the SHG loan documentation. She does field visits on her two-wheeler in the morning (9 am to 1 pm) and then works at the branch for 2 to 3 hours. She covers 5 panchayats within a radius of 12 kms. For recovering NPAs, she even makes 10 to 15 times repeat visit to chronic defaulters. She has paid Rs. 25,000 to the bank as caution deposit. Her contract is renewed year to year.
- iv. **Performance of BF:** (as of Dec 2011- since inception in 2008).

Sl. no.	Products / Services offered by BF	No / Amount in Rs.	Commission payable by the Bank to BF.
1.	Savings bank A/Cs opened	500	Rs.10 per a/c
2	No Frills accounts opened	1500	Rs.2 per a/c
3	Recurring deposit opened	100	No commission
4	Agri / Non-farm sector loans @ Rs. 30,000 on an average	150	Rs.250 per lakh of loan
5	Recovery in NPAs	Rs.70 lakhs NPA recovered	Rs.250 per lakh of NPA recovered
6	Deposits mobilized	Rs.50 lakhs	No commission
7	Current a/c opening	nil	Rs.10 per a/c.

No targets have been fixed for her work. During the last 3 years, Branch NPA recovery was Rs.1.3 crore and out of which Rs.70 lakh was recovered by BF. She gives information to the branch manager, on the jewel loans / sugar cane tie up loans availed by the family members of the overdue borrowers. When sugar cane proceeds come into the account or jewel is redeemed, branch counsels the family member to regularize the loans of other family members and this has resulted in good NPA recovery. She has knowledge of almost all families and provides intelligent feedback to the branch manager when required.

She has received a commission of about Rs.5000 per month and incurs an expense of Rs.400 on fuel, Rs.500 on Mobile and makes a net of around Rs. 4,000. Earlier, as an NGO facilitator, she was drawing Rs. 2500.

- v. Perception of Branch Manager:** The Branch Manager perceives the BF as a good channel for business development since the SHG member hails from the local community has more acceptance at the local level and she can easily relate to other women and reach to more clients. She has critical information on negative behaviours, which will help her to screen the prospective borrowers for the bank, resulting in prevention of risks like adverse selection and moral hazards.

He emphasizes that BF's integrity is very crucial; otherwise reputation risk to the bank will be high. The Branch Manager feels that 3 Business Correspondents (BCs) appointed recently will not be competitors for BF, as their roles are different.

The RDO feels that for the work carried out by her, the BF is not adequately rewarded. He finds that the bank needs to pay a reasonable fee on deposits mobilized also, as this will add to the income stream of BF and will enable her to continue as BF. He thinks that the branch does not want to showcase the full work of BF due to threat perceptions about the work carried out by BF vis-a-vis the other staff. He also finds that BCs and BF need to work together for better financial inclusion and to avoid confusion in the field.

- vi.** Interaction with the Regional Manager reveals that even though 'SHG woman as BF' has been proved as a good model, this has not been piloted in other branches. He feels that identifying a person with personal integrity is a more challenging task.

Key questions to the participants:

- 1) Do you think SHG member as BF is a viable and scalable model?
- 2) What would be the selection criteria for selection of a SHG member as a BF?
- 3) How do you address the concerns of the RDO?
- 4) If you were the RM what would you do to propagate this BF model?

ANNEXURE 4

CASE STUDY - ABC BANK, KAVERIPATTINAM BRANCH

THE CASE

- i. **Background:** ABC Bank is a proactive bank, focused on agricultural and rural development initiatives. Its association with the Self Help Group (SHG) movement since its inception has made it to evolve innovative micro finance programs to address the growing needs of the SHGs. One such initiative was the launch of exclusive special branches for Self Help Group financing. After initial pilots from 2000 to 2006, it had mainstreamed the concept and at present 45 such special branches for SHGs are functioning across India. Out of the total Rs. 2,800 crore SHG loan portfolio of ABC bank, one third is contributed by these 45 branches.
- ii. ABC Bank's Kaveripattinam branch is in Krishnagiri district of Tamil Nadu state. The district is located in a strategic place, very close to Bangalore, an IT hub and Hosur, an industrial hub. In Kaveripattinam block, there are 36 panchayats and 546 habitations. Its population is 1,48,325 out of which, 72,677 are women. ABC Bank's Kaveripattinam branch links SHGs from all over the district though major portfolio is from Kaveripattinam block.
- iii. **Manpower at the Branch:** The specialized branch is headed by a Branch Manager and two clerical staff. The branch is supported by a Rural Development Officer, who visits the branch 4 days per week. Rural Development Officers as specialists support the branch in appraisal of SHGs, monitoring the SHGs, co-ordinating with NGOs and taking up visits for recovery follow ups.
- iv. **Functioning of SHGs:**
 - Most of the SHGs have two meetings per month usually in the morning. In one they collect savings and internal loan and in the other, bank loan repayment collection is made. On the day of the meeting, they remit the amount at the bank.
 - SHG members save Rs. 50 to Rs. 100 per meeting and they practice optional savings.
 - Book keeping is checked by an internal audit team of NGOs every quarter and the books of SHGs are audited by external auditors every two years. Some groups have taken the signatures of members in blank minutes books.
 - Older SHGs have distributed their accumulated interest and part of savings to members and this has motivated many members to continue to be in groups and in increasing the savings in the groups.
- v. **SHG Lending Operations:** Branch uses the SHG rating format, which was last revised in 2005. The branch assembles 5 groups in a common place for the rating. While this saves time, verification of whether the members mentioned in the resolution actually live in the village and whether they have any enterprise is difficult. Appraisal formats track SHG's previous loan repayment and savings. No aspect of the

individual member is assessed. During the disbursement of loans, cash is given to animators (SHG leaders) who in turn disburse it to members at the NGO's office. Most of the SHGs share the bank loan equally among the members. Bank loan is given to SHG members up to the age of 55 years only.

- vi. Market Dynamics:** Many MFIs and private banks like CIC Bank and DFC Bank are also active in the semi-urban areas and they also lend larger sums often diluting credit norms. These private banks bypass NGOs after the first cycle and directly fund the SHG. This is emerging as a challenge.

Some of the experienced NGO staff, who build up the grass root relations with SHGs for a period of 4 to 5 years, exit the NGO and take the SHGs under their fold and form a new NGO. Branch Managers lend to such SHGs without assessing the underlying risks.

- vii. SHG Portfolio:** The business status of the specialized branch is given in Annexure 1. Disbursement and Income and expenses are given in Annexure 2.

- viii. Key Issues/Challenges in the Business:** The large number of SHGs in a single branch has brought out key issues/challenges.

- **Cash Remittance:** Most of the group meetings, in which bank loan collection takes place, are scheduled between the 5th and 15th of every month between 10 to 11 am. In that period every day around 150 SHGs with 2 to 3 members from each group visit the branch for remitting the recoveries. The average remittance is Rs. 25 lakhs per day. This creates lot of pressure at the branch with only one clerk at the cash counter and more waiting time and delay to the SHG members.
- **Overdue List Preparation:** The branch normally gives a loan repaymentⁱ term of 36 monthly instalments to SHGs and this is officially mentioned in loan documents. Accordingly, the clerk at the branch enters the repayment tenure in the Core Banking Software (CBS). But, SHGs in general prefer to have a short repayment period and are keen on getting higher loan amounts in every subsequent cycle. In the branch area, SHGs follow a 23 months cycle i.e. in 20 months, they pay the principal and in 3 months, they pay the interest. As two types of repayment schedules are actually practiced at the field, the branch is not able to find the overdue status of a SHG at any given point of time. Even if one SHG misses one instalment, it will not show as overdue in CBS, as the branch has given 36 months as repayment period. Hence, monthly overdue list preparation at the branch remains a challenging task.
- **Increase in Overdues:** The Non-Performing assets in SHGs have increased marginally from Rs. 4.06 lakhs as of Mar 2011 to Rs. 4.08 lakhs as of Mar 2012. But, the overdues in SHGs have increased from Rs. 83.75 lakhs (72 SHGs) to Rs. 103 lakhs (114 SHGs). As the number of SHGs having overdues and amount of overdues have gone up, the branch as well as the controlling office are concerned.
- **Pattern of Loan Disbursements & its Impacts:** A quick look at various loan applications, SHG records and the interactions with SHG members and NGOs has revealed that 60% of the loans were used for productive purposes and the balance used mainly for housing, children's education and consumption purposes. Investing short term SHG loans in housing, which has to be a long term loan, will lead to cash flow problems for the SHG members and too much consumption loans will affect their repayment capacity.

ⁱ⁾ Even though the Govt. of India's recent guideline insists that all SHG loans need to be treated as cash credit loans, Branch managers feel that prescribing monthly repayments for SHG will enable SHGs to build a credit track record in the branch. Hence, branches even though fulfilled documentation for cash credit, treat the loan accounts as if they were term loans.

During the first 3 months of inception of the specialized branch, the branch has disbursed Rs.10 crore as loans to SHGs, which is almost close to 40% of annual disbursement. This higher disbursement in a short period because of pressures from various quarters, has diluted the due diligence part at the operational level and almost 20% of SHGs, which had taken loans during that period have become overdue groups and still some of those SHGs are having long pending overdues.

The financial year 2011-12 had seen two elections and loan disbursements had been stopped for almost 4 months, because the model code of conduct as prescribed by the election commission was in force. During this 4 months period, the repayment of SHG loans had come down in the branch.

- **Inflated Savings:** Generally, SHG members make a saving of Rs. 50 to Rs. 100 per meeting on an average and they conduct two meetings per month. ABC bank has sanctioned loans in the ratio of up to 1:10 (Savings: Loans ratio). Now, the ABC bank has reduced it to 1:4 level since few members deposit money into the group as special savings, just preceding the loan appraisal resulting in enhancement of eligible credit limits to the SHGs.
- **Multiple Memberships:** The operating area of the branch is almost saturated with SHGs, as the SHG program was started two decades back. In many villages, the member is in more than one group. But, identification of multiple memberships is an emerging challenge, particularly when a new Branch Manager takes over.
- **Individual Loans:** Many SHGs are more than 10 years old. Most of the SHG members have completed four to five loan cycles and have built up a good credit track record in the bank and require individual loans. A case is discussed to illustrate the need. Mrs. Jeyanthi hails from a business family, had joined the Tamil annai SHG in Kaveripattinam seven years ago. She runs a “snack-Nippat” making as a family run unit. “Nippat” making is very famous in Kaveripattinam area and is being sent to various markets in Bangalore and Mumbai. So far, she has taken 4 SHG Bank linkage loans viz. I-Rs. 25,000, II-Rs. 65,000, III-Rs. 60,000 and IV- Rs. 60,000 and invested in the snack making business. She has created a brand name for her product- “Sakthi”. Her daily production is worth Rs. 15,000. She has identified an automatic machine, being manufactured by Tech Aromac India Pvt Ltd, Coimbatore for increasing the productivity of her unit. The machine processes 40 kg. of flour per hour, which will take a full day, if done by 4 labourers manually. The machine costs Rs.2 lakhs. As the loan being sought by her is quite high at around Rs.2 lakhs, from the current level of Rs.60,000 per member being given by her SHG, she would like an individual loan. When she approached the Branch Manager for an individual loan and offered to comply with all bank norms like margin and security, the Branch Manager said that as a specialized branch for the SHGs, they do not have individual loan product. Mrs. Jeyanthi’s case is not an isolated one. Like her many women entrepreneurs’ credit requirements are well beyond the current ceiling under the group loan.
- **Service by the Front Line Staff:** An informal discussion with the SHG members waiting at the branch revealed that they are not satisfied with the services offered by the front line staff at the counter. The counter staffs do not update the pass book immediately after the receipt of cash, but they ask the women to collect the pass book in the evening, which makes them to wait at the branch for long hours or they leave the pass book at the branch and sometimes it gets lost in the process. Moreover, counter staffs do not accept cash in the afternoon even though the official business hours are extended up to 3.30pm.
- **Collection of Service Charge by NGOs:** The receipt of govt. funding has been reduced to a minimum to NGOs affiliated with the govt. program. All the NGOs uniformly collect 2% of bank loan amount as their service charge for meeting their operational cost. They issue receipts to the groups. NGOs employ

field officers, who nurture these SHGs and monitor SHGs for repayment. NGOs offer minimal training to SHG members on basic group concepts and to SHG leaders on book keeping. Bank is not paying any fee to the NGOs for using their services, but totally depends on NGOs for monitoring of SHGs, as the bank's outreach is limited. Bank do not insist on any report from NGOs on SHGs quality viz. regularity of meetings, attendance in meetings, sharing of SHG loans and outstanding of loans with SHG leaders and status of SHG book keeping.

- **Difficulty in Coordinating with NGOs:** In Kaveripattinam branch, SHGs formed by 15 NGOs are being serviced. Each NGO has got differential access to funding and so their infrastructure and manpower resources vary. In some cases, staffs of NGO resign and start a new NGO and they poach some groups. The branch is facing considerable challenges to coordinate with the NGOs.

ix. Problems to be Analysed and Strategies to be Evolved:

- A branch situation has been presented to you for discussing the issues and to evolve the strategies. Do you think a separate branch for SHG lending is a good idea for the business of the branch? Under what conditions would a separate branch be feasible?
- Assume that you are going to take charge of this branch and in that case what strategies would you adopt as "Best Practices" as a Branch Manager?
- Please assess the risks in the operations. How will you address them?
- Identify the opportunities in the market for business development and how will you convince your controlling office to avail of these opportunities?

BUSINESS POSITION

1. Business status of the ABC Bank, Kaveripattinam branch. (Rs. In lakhs)

Component	As of Mar 2011		As of Mar 2012	
Total advances	1320	3375.32	1342	3413.64
Total priority sector advances	1320	3375.32	1342	3413.64
Total SHG loans outstanding	1320	3375.32	1342	3413.64
Out of total SHG loans o/s,				
- Revolving fund	241	81.06	181	44.55
- Economic assistance	4	19.75	4	16.25
- Direct linkage	1175	3274.51	1157	3352.84
Total Deposits from SHGs	--	1040.59	--	684.10
Total Savings deposits from SHGs	--	954.11	--	458.97
Total NPAs in SHGs	3	4.06	3	4.08
Annual demand from SHGs	1100	600.00	1200	700.00
Annual Collections from SHGs	1028	516.25	1086	597.00
Overdues from SHGs	72	83.75	114	103.00
Repayment %	97%		96%	

2. Disbursements at the Branch and Income & Expenses of the Branch:

For 2011-12, Rs. 27 crore was disbursed against a target of Rs. 30 crore

Monthly income and expenses statement of the branch –Mar 2012 (approx.):

(Rs. In lakhs)

Income	Expenses
Interest income: 37.49	Salary: 2.00
Other income: 0.70	Admin: 0.10
	Interest paid to HO: 19.79
Total income: 38.19 - (a)	Total Expenses: 21.89 – (b)
Monthly net income: (a-b): 16.30	

NOTES TO THE TRAINING FACILITATOR

- The Training Facilitator (TF) should explain the methodology to the participants on how to proceed with the “Case analysis”.
- The time to be allotted is two hours.
- The total time should be split as given below:
 - Case analysis and discussion by the sub group – 60 minutes
 - Report writing- in charts (as Bullet points) - 15 minutes
 - Presentation by sub-groups to the plenary @15 minutes each - 30 minutes
 - Wrap up and consolidation by TF - 15 minutes
- There are no straight right or wrong answers. Each issue depends upon a particular context and based on various internal and external factors.
- TF should share the Best practices and Risk prone practices given in the hand-out at the end of the session and wrap up the session with key learnings.
- At the end of the training, during evaluation and feedback session, TF should encourage the participants to write down an action plan on how they will use the learnings in their branch/controlling office, when they go back.

KEY LEARNINGS

BEST PRACTICES / RISK PRONE PRACTICES IN THE “ABC BANK CASE”

The best practices identified below are location specific to ABC Bank’s case given above. The facilitator should lead discussions towards the issues pointed out below and make clear that the best practices suggested here are very specific for this very case study. Other solutions for other branches might be advisable.

Sl. no.	Component / Issues	Best Practice Adopted at the Branch
1	Special Structure	Being a Specialized Branch for SHG, the SHGs can be better served in a much focused manner and more outreach with better impact can be achieved.
2	Support through Specialist Officers	The Rural Development Officers (RDO) are placed at the branch and controlling office to provide support to the branch in field works like SHG loan appraisal, recovery and monitoring of SHGs. The RDO at controlling office facilitates capacity building of branch RDOs at every monthly meeting.
3	Crowding at the cash counter of the Branch, as space is limited in the branch premises	The Branch Manager and NGO need to discuss the matter and arrive at a schedule for cash remittance by SHGs, taking into account the meeting dates of SHGs in which bank repayment is collected and the loan repayment due date. As specific date has been allocated to each NGO, no crowding happens and the work load is spread over throughout the month.
4	Manager is not aware of assessing a NGO for SHG program.	Controlling office (Zonal office) can play a role in the approval of a new NGO for Self Help Group linkage program. ZO has analysed the governance structure, management capacity and SHG experience and repayment history of NGOs and created a panel of NGOs, which are only eligible for SHG bank credit linkage. While manager can assess the NGO approval has to be at ZO.
6	Preparation of list of overdue SHGs every month.	Zonal office prepares the NGO-wise overdue list every month in an excel sheet and sends to the Branch (which have been calculated as per the term followed by SHG i.e. 20 months for principal and last 3 months for Interest).
7	Control of Overdue through monitoring NGO	While assessing the loan application of a SHG, the branch / zonal office (if loan is more than Rs. 5 lakhs) can assess the overdue of SHGs of that particular NGO in that branch and as well as in other branches. If any abnormal overdue is noticed except the cases beyond the control of the NGO, in such cases, new loans are not granted. This forces the NGOs to monitor the SHG repayment very closely.

Sl.no	Component / Issues	Best Practice Adopted at the Branch
8	Fixing credit limit in case of inflated savings.	Bank does not consider just the cumulative savings for fixing the credit limit. They can map the savings accumulation in a matrix and see whether any bulk and unusually high amount has come in as savings and then exclude such odd savings and consider only regular savings to arrive at the eligible credit limit.
9	Avoiding multiple memberships.	When the Bank opens an SB account for a new SHG, the SHG info card (wherein individual member details are captured with photo and KYC documents) of that new SHG is shown to other NGO field staff, whose NGOs operate in that area. After ensuring from other NGOs only for any dual membership by any household, SB account is opened by the bank.
10	Reviewing NGOs	Branch conducts the NGO review meeting once in a month on a Saturday. The branch maintains a minute book for the meeting. Issues like planning for new group account opening, appraisal, documentation, disbursement and recovery visits are discussed and issues between NGOs also resolved in the meeting.
11	Verification of original minutes for withdrawal of funds	For all withdrawal of funds by SHGs, the SHG submits a group resolution copy to the bank and also shows the original minutes' book to the voucher passing officer of the bank. The concerned officer verifies the book and allows withdrawal, which reduces the scope for misuse of group funds
12	Capturing assets and liabilities info of members	As larger amount is sanctioned as SHG loans and the same is collateral free, Bank collects an A&L (Assets & Liabilities) statement of all SHG members, when the loan limit of SHG is more than Rs. 5 lakhs. A&L captures the information of moveable, immovable and other liquid assets and liabilities of all SHG members, which will enable the branch to find out the net worth of members. In case of default, this will be valuable information to the branch, to decide on which asset to fall back for recovery.
13	Change of SHG leaders during the currency of the loan	Rotation of SHG leaders should be encouraged to avoid the dependence of the SHG on a single person and Branch takes care not to allow the change of leaders during the currency of the bank loan, as leaders are more accountable for loan recovery, as they play a vital role in allocating the bank loan among members.
14	Delegation of sanction power to the Branch Manager	Sanction power has been delegated to the Branch Managers to sanction SHG loans to the tune of Rs. 5 lakhs. As the power is with the Branch Manager, the loan disposal is quick. Above Rs. 5 lakhs, the proposal is being sent to Zonal office for sanction, which takes a time lag of 4 to 6 weeks.

Sl.no	Component / Issues	Best Practice Adopted at the Branch
15	Meeting of NGOs at the Zonal office	Zonal office conducts the NGOs' meeting every quarter and invites all the NGOs participating in the SHG Bank Linkage program. This forum serves to resolve many issues that cannot be addressed at the branch level and also to follow up the pending loan proposals (of above Rs. 5 lakhs loan applications) at the Zonal office by NGOs.
16	Conduct of SHG meeting	Most of the SHGs conduct their meetings in the morning at 10.00 am. It will be easy for the staff to come and attend the day-time group meetings.
17	Flexible Savings	SHG members save two times per month @ Rs.50 per month as minimum and whatever they can, they save as maximum
18	SHG book keeping and awareness of members on SHG funds.	SHG books of accounts are neatly maintained. Members are aware of the corpus size.
19	Remittance of the repayment collections by the SHG	Most of the SHGs collect the bank repayment amount in the monthly meetings and remit at the branch on the same day.
20	Avoiding the accumulation of a higher corpus	Higher accumulation of corpus brings its own problem like possible misuse of funds by leaders or excessive lending through internal loans to members and easy terms like no principal payments every month and bullet payments or only interest payments. Once in 4 to 5 years, SHG have distributed savings and a part of interest accumulation. Maintaining an appropriate size of corpus is a prudent strategy.
21	Voluntary parking of group funds as Fixed Deposits	Most of the SHGs, which availed Rs. 5 lakhs loan or above from bank, have parked Rs. 50,000 as Fixed Deposit in the bank. This has not been insisted by the bank, as the bank should not take any collateral for SHG financing. SHGs voluntarily have done this, which acts as a risk fund also to meet the unexpected defaults by any member. This also encourages the Branch Manager to lend quickly to the SHG.
22	Internal audit	Once in a quarter, NGO staff carries out the checking of the SHG's accounting books and confirm the book keeping.
23	External audit	Once in two years, NGOs facilitate auditing of SHG accounts by external Chartered Accountants. The fee to the auditor is paid by SHGs. (It is better if the SHG gets its books of accounts audited at the end of every financial year.)

Sl.no	Risk Prone Practices	How to Avoid Such Risks?
24	Sharing of overdue borrowers list during Joint recovery camps	In Shoolagiri block, all the NGOs participate in Joint recovery camps every month and hence, each NGO is aware of the negative list (overdue borrowers) of other NGOs and this prevents multiple borrowing by SHG members.
25	Mutual consultation on SHG info card	NGO discusses informally and scrutinizes the SHG info card of the bank and allows the bank to go ahead with the opening of accounts for the bank. This kind of mutual help among the operating level staff of NGO is a welcome sign.

Risk Prone Practices:

Sl.no	Risk Prone Practices	How to Avoid Such Risks?
1	Off-site rating of SHGs	The Branch Manager assembles 5 SHGs in a place (off-site) and conducts rating. On-site rating is safe, as the Branch Manager can find out whether all the members are from the same village or any outsider has joined the group and also whether the member has any business or enterprise
2	Appraisal based on loan cycle and savings. Even in loan appraisal format of above Rs. 5 lakhs loan, nowhere the household cash flow (consumption and enterprise income and expenses) of the members are captured to assess the repayment capacity. Loans are sanctioned based on savings and on each loan cycle, higher loan amount is sanctioned.	Repayment capacity of the members should be assessed based on the household cash-flow approach and loan size should be limited to match with the repayment capacity and level of the volume of the economic activity undertaken. This is needed for larger loan sizes such as those above Rs. 5 lakhs.
3	Bank loans divided equally: All members share the bank loan obtained by SHGs equally, irrespective of their needs. In one case, it was reported that one member, who has received an equal share in the bank loan, has given that amount to another member, even though in the SHG resolution her name is recorded. NGO staff has also approved this kind of loan transfers.	<ul style="list-style-type: none"> -Branch should motivate the SHGs to share the loan among the members based on the need and repayment capacity and not equally explaining the effect under and over financing. - Branch Manager should educate the SHG members that members should not transfer the loan to other members themselves
4	The loan amount is not disbursed to the members at the branch, but to animators (SHG leaders) and representatives. Later, animator (SHG leaders) and representative disburse to members. In between, scope for misuse by animator (SHG leaders) is more.	Branch Manager should ensure that the loan amount may be disbursed to the members in public and the Branch Manager should inform all about the interest rate, fees and repayment period and caution them that no money should be paid without receipt.
5	Some private banks by-pass the promoting NGOs in the second loan cycle	Only when the loan size goes up (in every subsequent loan cycle) the risk is more to the bank and bank needs the support from NGOs for better monitoring of the groups. When NGOs are by-passed by the bank, banks are exposed to maximum risks, in cases where the Manager who credit linked the groups is transferred. Hence, by-passing NGOs should be avoided.

Sl.no	Risk Prone Practices	How to Avoid Such Risks?
6	The exiting NGO staff starts a new NGO and poaches SHGs nurtured by them in their previous employer, to their fold.	This practice should not be encouraged. But, should be reported to Lead District manager and AGM of NABARD for restricting any access to institutional finance to SHGs of such unethical person's NGO.
7	Diluting due diligence norms during huge disbursements at a short notice.	When pressure is exerted on the branch to disburse a huge amount on the eve of functions like inaugural ceremonies or VIP visits, the scope for dilution of due diligence is more and hence the chances of these loans turning as bad loans in future, are more. Huge loan disbursements on a particular day should be avoided.
8	A quick look at various loan applications, SHG records and the interactions with SHG members and NGOs has revealed that 60% of the loans were used for productive purposes and the balance is used mainly for Housing, children's education and consumption purposes. Investing short term SHG loans in Housing, which has to be a long term loan, will lead to cash flow problems for the SHG members and too much consumption loans will affect their repayment capacity.	Even though RBI guidelines say that Bank loan to SHGs is purpose neutral, this guideline is based on the assumption that the dividing line between the consumption purpose and productive purpose for a poor household is a grey area. But, in higher loan cycles i.e. third loan cycle and above, the loan size becomes bigger. In that case, the bank needs to keep a close look at the purpose for which the bank loan goes. Then only, the repayment of bank loan in such cases can be ensured, through the incremental income expected out of the enterprise in which the loan will be invested. Branch managers need to guide the SHGs on investing suitable enterprises to ensure incremental income.
9	Choice of Men SHGs is generally a risky proposition.	Men SHGs are very limited in numbers. Men SHGs are not stable as men often migrate to nearby towns in search of better job opportunities. Under certain govt. programs, Men SHGs were formed by a few NGOs. NGOs and Banks prefer women SHGs.
10	Obtaining members' signature in blank Minutes book	Normally, any discussion on loan allocation (be it internal loan or Bank loan) should be recorded and decision also should find a place in the minutes book, this minute should be read to all SHG members in the group meeting and members signature should be obtained. But, in some SHG minutes books, the signatures of members are taken on blank pages of the minutes book in advance for two to three months. Later, this will lead to misuse by the leaders of SHGs.
11	Branch Manager and Loan Officers restrict the loans to SHG members, who are above the age of 55 years, even though loan can be extended up to the age of 60 years. (Insurance cover is also available to mitigate the credit risk up to the age of 60 years of SHG members).	This will hurt these senior members, who would have contributed a lot during the initial years of the SHG formation. Branch Managers should promote inclusive banking by encouraging SHGs to consider adequate loan (may be of small size to match with their activity level of enterprise managed by them) to these senior members.

Opportunities

Sl. No.	Opportunities	How to Harness the Opportunities?
1	Bank is depending more on NGOs for SHG financing. Bank has no other data on regular functioning of SHGs. Now, NGOs take 2% of Bank loan as service charge to sustain their operations and they do not have any formal agreements with the bank. NGOs have not computerized their SHG portfolio and depend on manual MIS.	Banks can institutionalize the process by bringing them on board as Business Facilitators. Bank can pay a nominal fee to the NGO for the SHG loans to be sponsored by them. This process will increase the accountability of the NGO to the Bank and the Bank can get some qualitative data on SHGs from NGOs. NGOs and SHG members can play the role of a Business Facilitator effectively.
2	Ms. Jeyanthi's case quoted in the case sheet is a clear example of SHG member graduating to mainstream banking. More than 60 SHGs have repaid Rs. 5 lakhs loans to bank, two times and in such matured SHGs, the credit requirement of individual members is quite high and suitable for graduating them to individual loan category.	For graduating clients, who have repaid three loan cycles and credit requirements are more than Rs. 50,000 per person, Bank can design an "Individual Loan" product without collateral. This will be welcomed by many SHG women.

ANNEXURE 5

EXERCISE FOR BANKERS

Business Simulation Exercises are commonly used by Multi-National Companies for training their top executives. As they have to take lot of strategic decisions, which will affect the whole organizations and create a tangible impact throughout the organization, they are trained using Business Simulation Exercises, which provides an opportunity to learn from different scenarios and learn the decision making skills without the loss of money and without putting the organization into risk. The Business simulation exercises listed herein below are developed from the actual scenarios seen during the field visits and the events and processes shared by the various stakeholders to the consultant.

These Business Simulation Exercises can be inserted in various sessions, depending upon the topic handled during the particular session of the SHG training programs for various categories of staff.

Process:

- The Trainer should brief the participants about the Business Simulation exercise.
- The trainer should present the card having one Business Simulation –Decision point and facilitate a discussion on the issue and should try to elicit the ways to handle such situations and to elicit the impacts of those decisions.
- Then “Impact on decisions” card for that particular issue may be shown to the participants.
- The trainer should take up the Business Simulation –Decision points one by one.

Card no.	Key issues in SHG Bank Linkage Programme	Ways and means of addressing them
SHG as a strategic business choice		
1	<p>Many Branch Managers, particularly urban managers and senior executives deem SHG lending as a charity activity and not view it as a Profitable and Strategic Business choice.</p> <p>As a Trainer, how you would convince Branch Managers or Executives.</p>	<p>These mind-set issues can be addressed through sharing facts and figures. Some facts of ABC bank.</p> <ul style="list-style-type: none"> • The bank is having a SHG portfolio of around Rs. 2600 crores. • The Bank is disbursing loans to SHGs to the tune of around Rs. 2400 crores/year. • SHG portfolio brings an interest income of around Rs. 250 crore and non-interest income of around Rs. 15 crore per annum. • The average annual income of Rs. 265 crore from the SHG portfolio can meet around 40% of total salary of all the staff of around 19,000 employees. • When the Bank's agricultural loan recovery is at 83% (in which most secured loans viz. Jewel loans and Agricultural Term loans are included), the SHG recovery is 97% (90% on time and 7% within 90 days). • NPA levels are also very low at around 80 crore, which accounts for 3% of the portfolio.

Card no.	Key issues in SHG Bank Linkage Programme	Ways and means of addressing them
SHG as a strategic business choice		
		<ul style="list-style-type: none"> • The risk for the bank's SHG portfolio of Rs. 2,600 crore is well diversified and spread over 2.1 million households. • As the loans are short term, the recycling of funds is faster • As the cash recovery is made, it gives the banks float funds • Hence, on all counts SHG portfolio contributes to the top line and Bottom-line of the bank and is a strategic business.
2	Whether "SHG financing" is a viable option, if it is rolled out through separate Specialized branches.	<p>ABC Bank, which views 'Rural banking' as a means to bring profitability to the bank and prosperity to the rural people, has done pilots on scaling-up SHG advances through a special window of the branch from 2000 to 2006 and thereafter evolved the "Specialized Branch for SHGs" concept. Over 6 years, the bank has established around 45 specialized SHG branches across India, which have a total portfolio of around Rs. 900 crore, i.e. 35% of the bank's total portfolio of Rs. 2,600 crore.</p> <p>The average portfolio of SHGs in a specialized branch increases from Rs. 2.6 crore level (when the branch took over the portfolio in a general branch) to Rs. 20 crore, because of the focused approach.</p> <p>Specialised branches is an option especially in the areas with high concentration of SHGs.</p>
3	SHG lending is riskier as it is unsecured lending;	Peer pressure is the security in SHG lending. Even when we have security in other lending, it is really difficult for realising the value of the securities. Security per se should not be viewed in isolation, for determining it as a safe advance.
4	Some staff has bias towards rural clients and they do not consider social banking as a priority in the larger interests of the nation.	<ul style="list-style-type: none"> • Only inclusive growth can ensure a safe environment and peaceful society, which will attract more investments and will spur growth. • Branch Manager should collect some "Transformational" case studies and tell the staff about them and convince them. Here is one such case. • In one of the rural branch at Usilampatti, all the clerical staff was transferred and all 7 new staff came from Madurai town and they were well experienced. They were having a biased attitude towards rural clients. They were taken to one SHG on an exposure visit and they interacted with a SHG woman, who said "Before joining our SHG, I was an illicit liquor maker and was earning Rs. 500 a day. After joining SHG, I changed my way of life and started a tiffin stall with loan from my SHG and earning only Rs. 50 per day (happened in 2004). But, now I am very happy, because earlier I faced daily harassment from police and I could not tell others what business I was doing. Now I am the proud owner of a tiffin centre. Thanks to the SHG and the bank for this total transformation in my life". Even though her income has come down, she is happy. On hearing this live case, the staff changed their attitude and started extending extraordinary cooperation to the SHG program at the branch, which resulted in expansion of SHG portfolio of the Branch to a level of Rs. 24 crore (2012)

Card no.	Key issues in SHG Bank Linkage Programme	Ways and means of addressing them
Account opening for SHGs		
1	<p>RDT NGO is operating in Kancheepuram district and they have received a grant for forming new groups from NABARD. They have formed SHGs and approached the nearest nationalized bank for SHG SB account opening. The Branch Manager refused to open the SB account. Later, an independent person approached the Branch Manager and asked for the reasons.</p> <p>The Branch Manager said, "First they would open SB accounts. Then, after 6 months, they would compel us to give loans, which will increase our work load."</p>	<ul style="list-style-type: none"> • SB Account opening of SHGs has to be encouraged as it will turn into a good income yielding business for the branch both from savings and loan perspective. • As the groups are formed under the NABARD Project, the Project Monitoring Committee will also monitor the groups, which is an added advantage to the bank • If properly leveraged and the members network is used to the benefit of the bank, the bank can cross-sell many other financial services to the household of SHG members. • NGO supports monitoring
2	<p>A new SHG has been formed by an NGO, who has no knowledge of SHG promotion. As the chief of the NGO is known to the Branch Manager, the branch opens the SB account for the group without verifying the KYC documents of all members. After 6 months, the bank disburses a loan to the SHG. The SHG repays regularly for 2 months. For 3rd and 4th month, the group repays part of the instalment. When the Branch Manager visited the group he found that 4 members are attending as they are hailing from other villages. After obtaining loan they did not attend the group meetings.</p> <p>How to avoid such risk?</p>	<ul style="list-style-type: none"> • During the account opening stage, no compromise should be made on due diligence of all members. • All members' KYC document copies may be taken and verified with originals, to avoid outsiders joining the group.
3	<p>A new SHG's SB account was opened at the BCD bank with an initial deposit of SHG's savings and the SHG was not given the SB pass book. When the SHG leader asked for the pass book, the officer sitting at the counter said, "You operate the account for some time and then, if satisfied, we would give the pass book". SHG leader goes to meet the Branch Manager.</p> <p>If you are a Branch Manager, how you will react?</p>	<ul style="list-style-type: none"> - The money deposited by the SHG leader belongs to a group of people and it is common money. The members would like to see the Bank's pass book as a proof of evidence for the payment of their money into the bank. - If pass book is not given, this will give room for misuse of group funds by SHG leaders.

Card no.	Key issues in SHG Bank Linkage Programme	Ways and means of addressing them
Appraisal of SHGs		
1	<p>Jasmine SHG is functioning in Willanoor village for the last 4 years. They have an accumulated savings of Rs. 72,000 and around Rs. 70,000 is always outstanding as their internal loans with the members. Mrs. Mariammal, Animator (SHG leader) manages the group and has full control over the financial transactions as she continues to be the leader for these 4 years. The group has already repaid 2 bank loans and established a good credit track record. You are the new Branch Manager of a rural branch, where the Jasmine SHG is having its account. The outgoing BM also has briefed you about some problems in the SHG, related with its internal loan management by its Animator.</p> <p>Now the SHG has approached you for its third loan. You have also completed the credit rating using the tool and the group is found eligible for the loan amount, for which they have applied. But, during your observation, you have noted that some meetings have not been conducted and savings not collected on some occasions. When you questioned the group, they told you that during those occasions, the animator was away and the members do not know how to write the books of accounts, even though some members are literate in the group.</p> <p>As a Branch Manager, you have decided to give the loan to this group. But, under these circumstances, how can you protect the bank's interest to mitigate the risks in this case?</p>	<p>Risks identified:</p> <ul style="list-style-type: none"> • The same SHG leader is managing the SHG for the last 4 years and has created an over dependence on a single individual, which is "dependency" risk. • The group's internal loan portfolio management is not satisfactory. • It is evident that the members are not keen to learn the book keeping and take on the responsibility of managing the finance, in the absence of their leader. <p>Risk mitigation:</p> <ul style="list-style-type: none"> • You can suggest to the group that the SHG can opt to rotate their leadership, so that the same individual is not continued for a long period. This should be handled very carefully. • SHG members should be advised to monitor the financial decisions made in the group meetings so that the internal loans management improves. • Literate members should be asked to learn the book keeping and they should start taking charge of record maintenance.
2	<p>Murugan SHG is functioning in Mailam for the last 2 years with 15 members. They have savings of Rs. 36,000. They have repaid a bank loan of Rs. 72,000 and have applied for a loan of Rs. 1,44,000. As a Branch Manager, you have taken up an on-site rating and interacted with SHG members. You found the group is eligible for the loan.</p> <p>When you read the group resolution they have passed, it comes to your notice that the group has decided to allocate Rs. 40,000 each to 2 members (animator and representative) and the rest of the loan Rs. 64,000 will be given to 10 members @ Rs. 6,400 each for doing businesses. What are the risks and what will you advise?</p>	<p>Risks identified:</p> <ul style="list-style-type: none"> • Even though the bank loan is not equally shared and it has been given based on the needs of the members, two members (that too leaders) have been allocated very high amount out of the total group loan. There is credit risk <p>Risk mitigation:</p> <ul style="list-style-type: none"> • Even though the SHG members have the freedom to decide the loan amount per member, they should be advised not to give large amount, disproportionate to the loan amount given to others. • In such cases, wherever the members require a higher loan, the SHG may ask the Branch Manager to consider that particular individual under its mainstream lending program, as an individual loan.

Card no.	Key issues in SHG Bank Linkage Programme	Ways and means of addressing them
Appraisal of SHGs		
3	<p>Lotus SHG is functioning for 3 years and all its 14 members have a very good understanding between them. They have an accumulated savings of Rs. 50,000. The SHG has applied for a loan of Rs. 2,00,000 and the same has been sanctioned but not disbursed, as the loan was sanctioned in the fag end of the financial year. In the meantime, the BM, who has sanctioned the loan, has been transferred and you are the new Branch Manager. Even though the loan has been sanctioned by the previous BM, you wanted to meet the group to find out about the utilization of the loan. During your visit, the SHG leader is not available. You have met two SHG members and in the loan application their name has been mentioned for Rs. 15,000 loan each for dairying. When you further enquired with the members about what breed they are going to purchase, they told that they do not want the loan and this loan will be taken by their SHG leader and she would repay the loan. How you would take it forward to mitigate the risks?</p>	<p>Risks identified:</p> <ul style="list-style-type: none"> • One member taking the loan and used by other member is equivalent to a ghost loan. • Scope for credit risk, as the actual borrowing member will not be using it and will not care to repay • Other member using the loan will not also give priority for repayment as the loan is not in their name. <p>Risk mitigation:</p> <ul style="list-style-type: none"> • All members should be enquired about their real needs and BM has to find out the no. of persons who will not use the loan, but will pass on the loan amount to other members. • Educate the members of the fall outs and problems of such practices and ultimately the members' credit history with the bank can get tarnished. • Such loan amount arrived at as members not intending to use by themselves, should be deducted and a lesser loan limit should be disbursed and it should be made transparent.
4	<p>ACD NGO is a reputed NGO in Nagar district, which has promoted backward and forward linkages on a value chain approach in selected sub-sectors like herbals, mango, and vegetables. Under a partnership with ICRISAT (International Crops Research Institute for Semi Arid Tropics) it has trained SHG members to cultivate vegetables like tomato and cucumber in M village and has created a cold storage facility. The SHG members used to take money from money lenders for vegetable farming @36% per annum for 6 months. When they approached a nearby Regional Rural Bank branch, the Branch Manager refused to lend to this SHG.</p> <p>Now, you are taking over this branch as a new Branch Manager. How would you deal with this case?</p>	<ul style="list-style-type: none"> • SHG members are trained by the ACD NGO. • Backward and forward linkages are ensured by the NGO. • In agricultural sector, the price is more volatile and here as the cold storage is available, SHG women farmers can store their produce and can sell, when they get a better price. • Technical assistance support by an internationally reputed organization like ICRISAT (International Crops Research Institute for Semi Arid Tropics) is a value addition. • Hence, it is deemed as a relatively less risky advance and Branch Manager should start giving loans to the SHG farmers.

Card no.	Key issues in SHG Bank Linkage Programme	Ways and means of addressing them
Appraisal of SHGs		
5	XYZ bank branch at Nallur receives a loan application for a Rs. 1,00,000 loan. The desk based - rating has been done by the officials of the Govt. dept. in a routine way. Branch Manager relies on the rating done by the Govt. official, and disburses the loan to the group. If you were the Branch Manager, what action you would have taken?	<ul style="list-style-type: none"> • Branch Manager should not be satisfied with the Desk based rating being done by others. Such rating will give a lot of room for misuse by the vested interests. • Branch Manager or other bank official should visit the SHGs for on-site rating. • During the on-site rating, Branch Manager can talk to the individual SHG members and confirm whether all members are from the same village, chances for migration, whether more than one member belongs to the same family and cross-check whether they know the group's transactions. Thus the rating exercise and individual interaction will ensure that all risks are assessed by the Branch Manager.
6	Mrs Amutha was working as a field officer in an NGO called "Villupuram Rural Development Trust –VRDT". She worked in the NGO for more than 4 years. She was looking after 40 Self Help Groups in her area. She commands good respect in the branch where her SHGs are having bank accounts, as she used to assist the branch in filling up the bank documents for SHGs, which came to the bank for borrowing. For some problems with the VRDT NGO, she had resigned from her job and started a new NGO herself, with her husband and in-laws in the board of the new NGO. She has taken over 20 SHGs, which were managed by her in VRDT and brought those SHGs under her new NGO. Now, she has approached you for bank loan to 5 of those SHGs. How you will react in this case?	<p>Risks identified:</p> <ul style="list-style-type: none"> • Poaching of SHGs of another NGO is highly unethical and cannot be sustainable. • The board structure of the new NGO is simply a "Cousin Board" with no independent board members. <p>Risk mitigation:</p> <ul style="list-style-type: none"> • The NGO may be asked to restructure their board with the induction of independent people and persons of expertise in different fields, including microfinance. • Stern warning should be given not to poach the SHGs and return those SHGs also to the original parent NGO, who has formed the group. • The new groups formed by the new NGO formed by Amutha may be considered on its merits provided the NGO passes through a thorough assessment i.e. Governance, Operations, Management, Accounting & Finance and Compliance & Disclosure.
Documentation		
1	You are taking charge of a branch. When you are verifying the loan documents of SHGs, you have observed a point, i.e. DPN (Demand Promissory Note) and agreement has been signed by all the members of the SHG. When you asked the outgoing Branch Manager, he responded, "SHG documentation has been done in the branch in this way for the last 5 years". How you would proceed?	<ul style="list-style-type: none"> • No need for taking documents from all individual members, which will increase the workload and would affect the productivity. • NABARD has introduced the Uniform Documentation. • Inter-se Agreement, a Power of Attorney taken by the bank is signed by all the members and through which the group members authorize two or three leaders as their authorized representatives to deal with the bank on behalf of the group. • Hence, it is in order, if the Demand Promissory Note (DPN) and the loan agreement from the authorized representatives of the groups are taken.

Card no.	Key issues in SHG Bank Linkage Programme	Ways and means of addressing them
Documentation		
2	A SHG brings an inter-se agreement to the branch for availing a loan from the branch. <ul style="list-style-type: none"> As a Branch Manager, what precaution you would take when accepting the Inter-se agreement? 	<ul style="list-style-type: none"> The date of purchase of stamp paper is written on the stamp paper. This date should be prior to the date of the Inter-se Agreement. Sometimes, NGOs put a date on the inter-se agreement, which is prior to the date of purchase of the stamp paper, which makes the document invalid.
3	You are assuming charge as a Branch Manager in a rural branch. During the course of taking charge, you have observed that for a Rs. 4 lakh loan under Economic Assistance facility SGSY scheme, the bank has taken the equitable Mortgage (EM) of lands as security. When you asked the outgoing Branch Manager, he replied "Sir, it is the custom in this area and in one of the Block Level Bankers Committee (BLBC) meetings, Lead District Manager (LDM) also told to take EM for the SGSY-EA loans and hence we are following this norm".	<ul style="list-style-type: none"> With regard to security norms, RBI has issued a very clear circular. SHG loans are collateral free. Up to Rs. 5 lakhs, no security has to be taken. Only the hypothecation of assets financed will be the security. Hence, EM of lands should not be taken as additional security.
Disbursement		
1	Your branch has sanctioned a SHG loan of Rs. 2,00,000 to a SHG. This will be shared by all the 20 members equally. The branch asks all the members to come to the branch on the date of disbursement and in front of the Branch Manager, the loan is given to the members directly, after the group withdraws the loan funds from the SB account. On the day of disbursement, only 15 members have turned up to the branch. As a Branch Manager, would you release Rs. 2,00,000 or Rs. 1,50,000 only?	<ul style="list-style-type: none"> The misuse of loan funds happens in cases where the members do not turn up at the branch. Hence, it is a prudent measure to find out the reason why 5 members have not come on that date of disbursement. If the reasons are genuine, 5 members may be asked to come on another day for making the disbursement. If there are doubts about the members' absence, better not to give the loan and the branch can reduce the loan limit.
2	KOB branch has sanctioned a loan of Rs. 3 lakhs to Vinayagar SHG. The loan amount has been disbursed and credited to their SB account. As on the date of disbursement SHG leaders were out of town, they did not turn up. Next day, the state govt. announced the Model Code of Conduct for the forthcoming elections. After the announcement of Model Code of Conduct, SHG comes to the branch and request you to release the loan. How would you proceed?	<ul style="list-style-type: none"> When the Model Code of Conduct is in force, loan disbursement to SHGs is prohibited by the Election Commission. Hence, the Branch Manager should not disburse the loan amount to the SHG till the code is in force.

Card no.	Key issues in SHG Bank Linkage Programme	Ways and means of addressing them
Repeat loans		
1	<p>In Alappuzha district, a nationalized bank, which was doing SHG financing intensively, put a general ban on new exposure to SHGs, as it faced a problem with a particular NGO having a sizable SHG loan portfolio. The Regional Office of the bank communicated this ban, but not in clear terms. Hence, every Branch Manager interpreted the communication in their own way, which resulted in lower SHG portfolio of the bank in the district and the fast rising of NPAs in SHG portfolio. The following is an example of such interpretation.</p> <p>Dharsana farm SHG of Kayalpuram is functioning since 2001 and having banking relationship with the bank since then. The SHG has taken 9 bank loans so far to the tune of Rs. 65.50 lakhs and repaid properly. As their NGO is actively promoting JLGs, their group has been converted into 4 JLGs of 5 members each, while also retaining the SHG intact. When they approached the Bank for Rs. 4 lakhs loan, the Branch Manager told them that Regional Office has banned fresh exposures to new groups. As he declined, the SHG has taken Rs. 4 lakhs from the local money lender at an interest of 36% per annum to finance their activities. How could the Branch Manager have handled the case differently?</p>	<ul style="list-style-type: none"> • There is abundant caution by the Regional office but at the same time no clear instructions. • Branch Manager knows the exact loan history of the SHG and he can very well take up with the Regional Office and get an exemption for sanctioning a repeat loan for the SHG. • When the AGM of the bank in the Regional Office was contacted, he told that he would very well give permission immediately, as the said case is not a new group and have a very long and good repayment track record. • Besides this, when a Branch Manager rejects a loan to a well deserving SHG, it affects the morale of other SHGs and other SHGs also will not show interest in closing the loan. • Hence, sudden stopping of credit flow will affect the bank's interest in bringing down the credit portfolio level and will increase the overdue pile up. It is always prudent to ensure the credit channel is kept open, and drive home the message that whenever group pays back the money, they will have the option to take repeat loans. This should be demonstrated and disseminated to SHGs.
2	<p>In a nationalized bank's branch at Pudupatty, the Branch Manager used to renew the same credit limit to the SHG on repeat loans even when the groups are asking higher loan sizes. How you would view this practice?</p>	<ul style="list-style-type: none"> • Repeat loans are relatively risk free compared to new ones. • It costs 5 times more to bring in a new customer to the bank than to retain the existing customer. • As the SHG has repaid the previous loan promptly and created a track record, it can be considered for sanctioning a higher loan limit subject to other factors like need from the members and repayment capacity of the members. <ul style="list-style-type: none"> - Sanctioning a higher loan amount in the repeat loans will encourage other SHGs also to repay in time and get higher loans. - Hence, uniformly giving the same limit on repeat loans will not be an encouraging factor and is not a good practice to follow.

Card no.	Key issues in SHG Bank Linkage Programme	Ways and means of addressing them
Regular Operations		
1	<p>In many branches, SHG comes and remits the payment in the morning around 11 am and waits for the pass book till 4 pm. The clerks at the counter do not show any empathy. Instead, they tell them that they are not their main customers. How you will change the attitude problem of the counter staff?</p>	<ul style="list-style-type: none"> • Branch Manager should talk to such staff having attitude issues on a one to one basis. • Branch Manager should share with the staff about the contribution of SHG portfolio to the branch's profitability. • SHG members can benefit the branch, as they bring in spin-off benefits by bringing in new-customers for other services of the bank, through word of mouth. A satisfied client would tell at least 5 people about her "Customer delight" experience at the branch. If it is a negative experience, she would tell it to more people and it would create a negative image for the bank in the community and there will not be an enabling atmosphere for a rapid growth of the bank.
2	<p>A SHG comes to the branch and deposits its savings mobilized in the group meeting from its members. It gives a withdrawal slip later to take the money for disbursing internal loans. The staff at the counter refuses to entertain such requests and advise them to come on a different date or to only do transaction for the net amount depositing. As a Branch Manager, how would you advise your branch staff?</p>	<ul style="list-style-type: none"> • Of course, netting is the best option for advanced financial management. • For a SHG, they are just entering the Financial management domain and the savings collected should be immediately remitted into the bank account on the same date or the very next date and the receipt of the bank should be kept with the concerned minutes book for cross verification. • For every withdrawal, they should pass the resolution to keep track on the common money, of what goes out of the group. • Asking them to combine these two basic steps, will not be in the best interest of groups, who are in the first level of Financial Literacy hierarchy. • Branch Manager should motivate the staff to extend co-operation to SHGs.
3	<p>Two leaders of a SHG have come to your branch and they have met the loan officer. They have requested him to change the office bearers of the group as per their latest group resolution and the present leaders have completed 3 years. They have also brought the new leaders for introducing them to the Bank. Loan officer has commented, "You people keep on changing the leaders as per your whims and fancies. In bank, we have lots of work, we cannot change the leaders." How you would advise your loan officer?</p>	<ul style="list-style-type: none"> • Banks and NGOs accept that the SHG leaders should be changed once in two to three to avoid over dependence on one individual by the group, which is a major risk in many groups. • Frauds are bound to happen, where the same person continues as a leader for a long time. • Branch Manager should tell the Loan officer, in many cases, we insist them to change and the groups are resistant as no other member comes forward to take the responsibility. • Here, as the group themselves has decided to change the leaders, we should encourage and support their decision, which reduces the risk to the bank. • Moreover the new leaders, who have come to the branch, should not face the "Bad experience" at the first instance itself, as the first impression is the best impression.

Card no.	Key issues in SHG Bank Linkage Programme	Ways and means of addressing them
4	<p>A SHG has come to the branch for remitting their loan repayment. When the SHG leader has handed over the repayment money to the cashier, the Cashier scolded her not to come with small denomination notes like Rs. 10 and Rs. 50 notes in future.</p> <p>How would you advise the Branch Cashier?</p>	<ul style="list-style-type: none"> • Even in rural branches, the counting is being done by machine and not manually. • Branch Manager should call the cashier in the evening after the close of working hours and explain about the money transactions of the SHG members which are usually in small denomination notes.

Delinquency Management

1	<p>A specialized branch for SHGs was started by a Leading nationalized bank in a rural centre. The Branch Manager of the specialized branch was given a high target so as to make the branch break even within a short period. In his enthusiasm, he worked very hard and even lent to SHGs coming from a distance of more than 50 to 60 km. The SHG portfolio went up to Rs. 24 crores from Rs. 3 crores within a short period of 18 months. But, when a new Branch Manager came in, the specialized branch was in its next phase of life cycle i.e. stabilization phase from the initial start-up phase. Hence, Branch Manager reduced the lending to the far-off groups. This sent a wrong signal among the SHGs from these far off locations and all these SHGs numbering around 60 SHGs stopped repayment stating the reason that they find it difficult to commute to the branch by changing two buses.</p> <p>How could this situation have been avoided?</p>	<ul style="list-style-type: none"> • In general, it is always better to confine the lending operations within a radius of 20 to 30 km depending upon the physical connectivity to the place. This will be convenient both for the SHG and the banker. • This branch has transferred many SHGs from far-off places to its nearest other branch located close to those SHGs. Branches at the initial start-up phase always commit this mistake in their eagerness to bring in more new customers • No group will think of the distance factor while getting a loan from the bank, as their only focus will be to get the loan in any way. • The groups should have been systematically handed over to another branch instead of stoppage of loans.
2	<p>In the start-up phase, the branch functioned with less manpower and moreover, the persons posted had not joined the branch. In such cases, the Branch Manager had personally done all work in loan administration and would be in close touch with the NGOs. Many times, the basic norms had been diluted to build up the portfolio quickly to meet the Head Office targets.</p> <p>When an analysis of SHG loan overdue was done, 50% of overdue was from that initial period lending.</p> <p>Analyse the possible factors leading to delinquencies?</p>	<ul style="list-style-type: none"> • In the initial times, because of shortage of manpower the Branch Manager would have relied more on NGO for rating of groups. • Relying too much on well written accounts book is also a risk. Fraudulent leaders manipulate the SHG records in a perfect way. • Basic norms like seeing the group members in person at the time of rating should not be compromised or delegated to any outsider for want of time. • If individual village visit was not possible, Branch Manager could have asked the NGO to bring those members to the branch for ID verification and interaction with members (normally many managers limit their interaction with leaders, who always give a rosy picture of their groups and hide the vital risk factors) to know about their household and enterprise. • Proper due diligence on whether the member is a permanent resident, meetings held, attendance, savings pattern, internal loan repayment, book keeping verification will enable the Branch Manager to avoid choosing a wrong SHG.

Card no.	Key issues in SHG Bank Linkage Programme	Ways and means of addressing them
Delinquency Management		
3	<p>In one of the SHG intensive branch, it was found that in a particular panchayat village XYZ in CDE district, the SHGs are having banking relationship in two nationalized banks. During the debt waiver announced by the Govt. of India, some SHGs banking with one bank got the waiver benefit and other bank's SHGs had not been given the benefit, as it did not become eligible for the waiver norms. But, SHGs took it very seriously and blamed the Branch Manager and told that he personally stopped the govt. benefit reaching them. All the 60 SHGs have stopped repaying and it resulted in an NPA pile up of Rs. 2.10 crore.</p> <p>How can the branch deal with this case?</p>	<ul style="list-style-type: none"> • The branch has put in two NGOs as Business Facilitator for addressing the NPA problem. • BFs were given a commission of 0.25% of NPA recovered. • Legal notices were issued to bring pressure on them • Lok Adalat sessions were held continuously, wherein Bank's AGM also participated. Lok Adalat offered more discounts to the long pending overdue and offered them a maximum time of 6 months to re-pay. BFs followed up very closely. • OTS (One Time Settlement) had been offered for overdue SHGs to make them come for the negotiating table. The offer was reduction of 10% in principal and total waiver of interest kept in Mol (Memorandum of Interest). • BFs made it clear to the SHGs that once the SHGs clear through OTS, such SHGs will not have access for any future loans. On hearing about this condition, some SHGs have come forward to repay the total amount rather than the lesser amount as arrived at during the OTS negotiation. • Over a period of the last 3 years, BFs recovered Rs. 83 lakhs of NPAs and brought the Branch NPA level to Rs. 1.25 crore (128 loan accounts) out of Rs. 24 crore SHG loan portfolio spread over 1,800 SHGs in the branch, which comes to a level of 5.2% of the SHG portfolio. • The branch sent a strong message to the community that SHG closing a loan is being given a new loan once it restructured itself and started following the basics. • The lesson is the recovery of NPA will not happen overnight. • The follow-up action should be continuous and through many approaches. • The credit flow should not be stopped. The branch used to disburse on an average Rs. 2 crore per month as a normal activity in the branch.
4	<p>One branch has given liberal loans to SHG members. Later, when the Branch Manager was transferred, most of the loans became overdue and bad loans. A deep analysis revealed the following:</p> <ul style="list-style-type: none"> • Same SHG had received a RF (Revolving fund, EA, Direct linkage loan, and some members of those SHGs have received crop loans as well in their individual capacity. <p>How would you avoid such excess exposures?</p>	<ul style="list-style-type: none"> • Branch Manager should exercise proper due diligence for assessing the repayment capacity of the individual members of SHG and then based on the need and repayment capacity, loans should be given. • Multiple facilities to the same member may be avoided.

Card no.	Key issues in SHG Bank Linkage Programme	Ways and means of addressing them
New Delivery Channels		
1	<p>One NGO has formed SHGs in ABC district and got an approval from NABARD for forming ABG (Activity Based Groups) out of SHG members. i.e. 5 selected entrepreneurial members were selected and formed as ABG. They retain the SHG membership for savings, internal loans and other social causes. They are in ABG for getting a higher quantum of loan (planned loan per member Rs. 50,000 for purchase of 2 cross bred cows) and for getting backward and forward linkage support. ABGs opened their SB account with a leading nationalized bank and submitted the proposal for loan to the bank.</p> <p>Bank has not given its sanction, as it feels that the present scheme does not provide for this and it has to be referred to Head Office.</p> <p>How would you handle this case?</p>	<ul style="list-style-type: none"> • For a banker, this model has got several advantages. • Higher loan is considered only for selected 5 entrepreneurs and not all the 20 members in a SHG. • Very small size group and increased chances for cohesion and less chance for disintegration of group because of better understanding in a small group. • Provision of backward and forward linkage will sustain the business and will boost the credit demand. • As ABG members have previous credit track record in SHGs, lending a higher loan is not risky. • As a Branch Manager, it is good investment opportunity for the branch. • It is a way of Graduation process as per the NABARD's latest SHG-version 2.
2	<p>A leading bank has engaged 5 NGOs in xxx circle as BFs. As the payment by the bank was not remunerative, 3 NGOs dropped out of the BF scheme. Two NGOs are functioning as BFs in a rural branch since 2007. They were getting a monthly fee of around Rs. 4,500 per person per month (total payment by the bank for 2 BFs was Rs. 9,000 per month). They were managing all the appraisals for SHG loans, documentation and NPA recovery. They come to the branch daily and remain in the branch from 10 am to 8 pm till the Branch Manager closes the branch.</p> <p>For the last 3 months they received only Rs. 4,000 for the quarter (which works out to Rs. 666 per month per person), though they maintained the same business levels, i.e. approximately Rs. 2 crore SHG loan disbursement per month. Branch Manager has not supported BFs' case and not questioned the unilateral decisions of the desk officer at the controlling office to reduce the remuneration.</p> <p>What would you do if you were the Branch Manager?</p>	<ul style="list-style-type: none"> • Branch Manager should take up with higher officials at the controlling office and should explain the outcome of the BFs' work and help extended by them in NPA recovery. • Executives should conduct quarterly review meeting with BFs, which will give the BFs an opportunity to share and provide direct feedback to the Regional Head.

ANNEXURE 6

POST-TRAINING FEEDBACK FORM

Post-Training Feed back

Sample Feedback form:

Program conducted at :..... on.....

Conducted by:

Name of the participant: Bank:		Designation:		Branch:	
	Excellent	Good	Moderate	Not satisfied	Remarks, if any
Methodology					
Content of the training program					
Training materials given to the trainees					
Use of Audio-video tools for learning					
Exposure visit / Client interface meeting.					

Key learning from the training:

What action plan you have as a result of having undergone the training:



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