

**Record Maintenance in Self Help Groups: A comparative Study of
Government Promoted Groups and Nongovernmental Organizations
Promoted Groups.**

Susmitha.B

Research Scholar
DOS in Social Work
University of Mysore
Mysore

Dr. R. Shivappa

Associate Professor
DOS in Social Work
University of Mysore
Mysore

Concept of SHG:

Self – Help Group (SHG) is a small voluntary association of poor people, preferably from the same socioeconomic background. They come together for the purpose of solving their common problems through self-help and mutual help. The SHG promotes small savings among its members. The savings are kept with a bank. This common fund is in the name of the SHG. Usually, the number of members in one SHG does not exceed twenty.

Beginning of SHGs in India:

A pilot project for linking SHGs with banks was launched by NABARD in 1992. The Reserve Bank of India persuaded Commercial Banks, Regional Rural Banks and Cooperative Banks to actively participate in the linkage programme. Under the RBI's guidelines, banks were given permission to open saving bank account in the name of SHG, and relaxation of security requirements. Thus, an informal credit system was evolved with assistance from formal financial institutions. The agencies involved in the schemes were NABARD, Banks, NGOs and SHGs members. The main objectives were to provide the following:

- Supplementary credit to SHGs
- Reductions in transactions cost for both banks as well as SHGs by reducing Paper work.
- To mobilize small savings among poor rural women.
- To build mutual trust and confidence between Banks, NGOs and rural poor
- To create healthy relations between SHGs members and linking agencies
- Constant supervision and monitoring by banks through NGOs.

The Spread of SHGs in Karnataka:

In Karnataka many NGOs are involved in the promotion of SHGs. MYRADA pioneer in SHG promotion has promoted several self help groups in Karnataka. The other NGOs that are involved are Organization for Development of People, World Vision, Karuna Trust and many more. Being inspired by the progress at the centre and the achievements made by NGOs through SHGs the government of Karnataka also had taken the initiation to form SHGs. Among them the most important programme is sthree Shakti programme introduced by government of Karnataka during 2000. The Programme has been implemented through the department of Women and Child Development where the Anganwadi Workers are playing an important role in formulating and nurturing the group. As per the records maintained by the department of Women and Child Development (2013) there are 1, 40,000 self help groups in Karnataka.

Functions of Self-Help Groups

In order to achieve the main objective, the SHGs undertake various activities. These activities are:

Savings howsoever small they may be should be made in order to mobilize financial resource. The idea is to generate the habit of saving from whatever income is earned in the household;

Loaning and Repayment in smaller quantities but in time. As a micro-finance institution the SHG should be able to provide credit to the members. It is also expected that the members return the money borrowed in time, in full, and with interest so that other members also benefit;

Maintaining Books of Account and Records is the most crucial aspect of management of the SHG as well as of confidence building among the members. The SHG has to ensure that all accounts and the books of account are up to date and maintained to ensure transparency and accuracy. Good accounts reflect the goodwill of the organisation and ensure its credibility. Properly kept records are not only of reference value but also useful in future planning and decision-making;

Member-oriented Action Programmes are conceived and implemented which are recommended and demanded by the members. Most of these programmes are social and economic and even cultural. Such programmes are also usually the agenda of the development projects which promote SHGs.

Programmes can be educational, additional income-generation, off-farm activities, labour-intensive activities, watershed-related and public works construction activities, harnessing water resources for drinking and irrigation, health, education, vocational training etc. etc. Development programmes can be directed at women, youth or farmers;

Liaison and Linkages with financial institutions [FIs]/Government Organizations [GOs] and other agencies. The SHG considers developing relationship with the financial institutions e.g., cooperative bank or the rural branch of a commercial bank, or others, and also relationship with the governmental organizations and other development agencies;

Training and Capacity Building Activities. Self-Help Groups need constant support, assistance, guidance and advice from the promoters and other development agencies. They need constant monitoring, training and education support in order to help them improve their working capacities and capabilities. The members might need some exposure and interaction. They might also need some equipment and technology support. SHGs need to continue improve their capacities.

One important issue worth discussing and deliberating is the record maintenance of SHGs. Because The SHGs conduct meetings every week/fortnight/month, on a scheduled day, time and place. In the meeting, the members pay their savings and loan repayments, interests and fines. And also members take internal loans and make resolutions regarding financial and non-financial matters. The SHGs book keepers have to record all these transactions, discussions and resolutions in books in the meeting.

All groups require training to keep basic books and documents; all record must be kept in a safe box with the group either in the meeting place or with one of the office bearers.

All books must be kept up to date, with transactions being recorded as soon as they occur. All groups must close the books by the end of the calendar financial year. Groups must be helped to develop and maintain their own systems and records for book keeping.

Maintaining books of accounts and records:

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Book keeping is a critical thing to Self Help Groups (SHGs). Every SHG needs book keeping to achieve its goals and evaluate its resolutions, to inform the transactions to all members, to ensure transparency of group transactions (particularly financial transactions), and to build confidence among members. Banks, facilitating organizations and other agencies those who want to support the SHGs also require group records to assess the status and performance of the SHGs (livelihoods 2014).

Record keeping at the group level is very critical for the sustainability of financial operations and continued mutual trust among members. Good quality of booking means completeness, accuracy, up to date information and transparency. There is a need for simple and user-friendly records and books of accounts.

The important books that are to be maintained by the SHG are:

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

Minutes (Meetings) Book: The Minutes Register is also called the MOTHERS BOOK. This book is of primary importance to the SHG especially to establish that it is functioning SHG. A well kept Minutes Book can provide information that distinguishes a performing SHG from an indifferent or a poor one. Guidance Provide to SHGs to maintain Good Minutes should particularly ensure the following Those minutes are recorded in a proper bound register and not on loose sheets of paper clipped together in the file. Loose sheets of paper are easily lost. Further

they lower the credibility of an SHG. □That the Register used for writing minutes has pre marked pages number in serial order. This will serve as a precaution against inserting pages in between subsequently □That the register is serially numbered. The number should be written on the very day that a new register is brought into use.

Individual Members Pass Book: In strengthening the habits of savings rights from the beginning we have found that individual Pas Books play several important roles. □It gave the SHG itself an identity because the Pass Book carried its name and seal □It gave the individual members a ‘badge ‘ of membership □It inspires confidence in the SHG as an Institution with responsible financial systems even though it may have no legal status.

Account Book: This book provides information regarding all the financial transactions that are made in an SHG. Here the information regarding savings, loan, repayment of loan installments, out standing loan and loan taken from bank are all written. In fact this book provides information regarding the financial transactions and financial status of the SHG.

Loan Ledger: it confirms each loan that the member has taken and the repayments that the member has made. The loan pages should exactly match the loan information in the SHG Cash Book kept by the Book Keeper. It is important that each Member have a signed confirmation of their loans and repayments in the SHG.

Challenges and Requirements for Bookkeeping in SHGs

Bookkeeping is a difficult task for SHGs. Most SHG members are minimally educated (if at all), and may be illiterate or semi-literate. Regardless, every SHG should be aware of the status of its outstanding loans to members, the status of its loans from external institutions, and the member payments due at the next meeting. This information is required for financial planning, pursuing delinquent payments, and deciding whether to issue further loans to a member. Knowing the credit history of each member helps in deciding upon future loan disbursements. Accurate and timely bookkeeping ensures that accounting procedures are followed and are in compliance with the rules of the SHG.

The reporting of financial information is also a vital task and is crucial for accurately representing the SHG to outside agencies. Financial reports indicate the profitability and financial position of the group and can be used by banks and other commercial financial institutions to judge the credit-worthiness of a SHG. There are many other potential users of this information. In addition to the SHG and financial institutions, the SHG Promoting Institution

(SHPI) can use performance reports to target training and capacity-building activities, and apex-level agencies such as NABARD (National Bank for Agricultural and Rural Development), SIDBI (Small Industries Development Bank of India) and RBI (Reserve Bank of India) can use aggregated reports to judge the overall health of the SHG industry.

Knowing the importance of record maintenance in SHGs it is also important to conduct studies regarding the record maintenance level of SHGs. Hence the researcher has made an effort to understand the book maintenance of self help groups.

Review of Literature:

State Institute of Rural Development, Assam (2011) has prepared a booklet for trainees, officials working at different levels and Self Help Group promoting institutions which stresses upon the importance of maintaining records in the Self Help Groups. The booklet speaks about the different kinds of books that are to maintained in an SHG.

Wani and -Haq(2013) has undertaken a study in kulgan block to assess the performance of Self help groups promoted under SGSY programme. One of the important area that they have assessed in maintenance of records. It was found that 75 per cent of the groups possessed 2-1 registers only, 25 per cent possessed 5 to 3 registers while as no group possessed 6 or more than 6 registers. Maintenance/updating of the registers were found good in the respective groups.

it could be inferred that in case of 59 SHGs (39.33%) the level of maintenance of books and accounts was more than 80% while in 44 SHGs (29.33%) it was between 60% and 75%. Further, 27 SHGs (18%) the level of maintenance of books and accounts lies in between 40% to 60%. In the remaining 20 SHGs the level of books of accounts maintained was below 40%.

Methodology:

The objective of the study is to understand and describe the record maintenance level of self help groups promoted by NGOs and GOs (sthree Shakti groups) and to make a comparative analysis. The study is conducted in Chamarajanagar District of Karnataka. It is the third most backward district in Karnataka. The district consists of four taluks namely Chamarajanagar, Kollegala, Yelandur and Gundalpet. In all the taluks there are self help groups promoted by governmental as well as non governmental organizations. Under the government programmes the most widely

spreaded SHG programme is the sthree shakti programme under the department of women and child welfare. The sthree shakti groups formed under the department of women and child welfare and the groups formed by the below given NGOs forms the universe of the study.

When the researcher has made an effort to collect the details regarding the SHG promoting NGOs in the district the researcher could find more than 60 NGOs working in the area. However very few NGOs are working effectively. Among the sixty NGOs four NGOs are selected for the purpose of the study. They are MYRADA, ODP, KARUNA TRUST and World Vision.

In this district we can find nearly 3270 sthree shakti groups. The selected NGOs together have formed nearly 2200 groups. The researcher has selected 10% of the groups from both NGO formed groups and the sthree shakti groups. Hence 327 Sthree shakti groups and 220 NGO promoted groups are taken for the purpose of the study.

The researcher has contacted the CDPOs of all the taluks to take information regarding the SHGs, Anganwadi teachers and the supervisors. With the consent and co operation of the staffs of the CDPO department the researcher has selected 10% of the groups from each circle.

To collect data from the NGO promoted groups the researcher worked with the project co ordinators of the NGOs and collected information.

Once the initial work has been done the research scholar had given visits to the SHGs.

To collect data a check list has been prepared and used to check weather all the records are maintained properly or not and who is maintaining the records and so on. As different organizations will maintain books with different names the researcher has decided to check five important records that are to maintained by all the SHGs. They are Attendance Register, Minutes Book, Individual Pass Book, Accounts Book and the Loan ledger. The books are checked for timely up date of all the financial transactions and all the discussions that are held in the group, legibility and Clarity in Writing. The ratings are, for good it is five, for average it is three and for poor it is one. Hence the highest score can be 25; lowest can be 5 and the median being 13.

To fulfill the objectives of the study following statistical hypotheses was constructed and tested subsequently.

Statistical Hypothesis:

There was no significant median difference in Record Maintenance between GO and NGO.

Table 1.

Scores of NGO and GO promoted groups			
Scores			Total
	Govt	NGO	
5	1	0	1
	0.3%	0.0%	0.2%
6	0	1	1
	0.0%	0.5%	0.2%
8	2	2	4
	0.6%	0.9%	0.7%
9	6	2	8
	1.8%	0.9%	1.5%
10	35	6	41
	10.8%	2.7%	7.5%
11	14	15	29
	4.3%	6.8%	5.3%
12	44	36	80
	13.5%	16.2%	14.6%
13	94	44	138
	28.9%	19.8%	25.2%
14	17	12	29
	5.2%	5.4%	5.3%

15	112	104	216
	34.5%	46.8%	39.5%
Total	325	222	547
	100.0%	100.0%	100.0%

The above table shows the percentage score of NGO promoted groups and GO promoted groups and the difference that exists. One government group had scored five the least score and none of the NGO promoted groups has scored less. One NGO promoted groups has scored six which is the second least score. However if we look at the maximum score 112 GO promoted groups i.e. 34.5 % have scored 15 the highest score and 104 NGO promoted groups i.e. 46.8% have scored 15. It is found that the NGO promoted groups are good at maintaining records compared to the GO promoted groups.

Table: 2

Parameters	Median	< md.		>md	
		GO	NGO	GO	NGO
Records	13	102(31.4%)	62(27.9%)	223(68.6%)	160(72.1%)

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The medians of RECORDS are the same across categories of Q12.	Independent-Samples Median Test	.005	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

To test H1 median test was used and the computations made were tabulated in table 6&7. Since $P=0.005 < 0.05$ the test was significant at 5% levels i.e. there exists significant median difference

in record maintenance between the respondents of GOs and NGOs at 5% levels with NGO nurtured groups performing better than GO nurtured groups.

Suggestions:

1. During the process of the study the researcher has found that in many cases the Anganwadi teachers who have the responsibility of promoting and nurturing the sthree shakti groups are given targets and it is an additional responsibility along with the main work. Hence they are forced to form the groups in a hurry and might not be able to give more time to observe and guide in the record maintenance procedure. In case of NGOs the facilitator's responsibility is to manage the groups alone. Hence it is strongly recommended that the department of women and child welfare must appoint separate staffs for the purpose and train them in managing groups.
2. The grading of SHGs must be done on regular basis.
3. Regular trainings must be conducted for SHG members to correct the discrepancies found in the process of grading.

Conclusion: The last three decades have proved that the self help groups play an important role in alleviating poverty and empowering women through economic independence. True, there is no doubt in the fact established through several researches and studies. However if this growth and progress has to be sustainable there is a need for proper record maintenance in the SHGs. As the SHGs get older the money will increase which will in turn increases the financial responsibility. It is also expected that as the SHGs get older they have to start the income generation activities either individually or in group. If it has to happen the SHG members must be good at their record maintenance. Hence there is a greater need for training SHG members in proper record maintenance. It is only then the growth that has been achieved will be sustainable.

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