



**AmaJangalaYojana**  
CFPMP Cell  
Odisha Forestry Sector Development Society  
SFTRI Campus, Ghatikia, Bhubaneswar-751 003

Letter No. **788** /AJY- CFPMP Cell-**100/2017**

Date: **10-02-2017**

To

**Part-I Division:**

The DFO-Cum-DMU Chief, Baripada, Bonai, Deogarh, Jeypore, Keonjhar, Rourkela, Parlakhemundi

**Part-II Division:**

The DFO-Cum-DMU Chief, Angul, Balasore (WL), Balliguda, Koraput, Rayagada, Phulbani

**Part-III Division:**

The DFO-Cum-DMU Chief, Rairangpur, Keonjhar (WL), Bolangir, Kalahandi (N), Kalahandi (S), Sambalpur, Bamara (WL), Baragarh, Khariar, Malkangiri, Satkosia (WL)

Sub: **Guidelines of taking up Income Generation Activities (IGA) under Ama Jangala Yojana**

Please find enclosed herewith a copy of the guidelines prepared to take up Income Generation Activities (IGA) under Ama Jangala Yojana. These guidelines may also be provided to all lower level DMU and FMU staff and PMU team members for their reference. They may please be instructed to take steps immediately for mobilizing the Community and Self Help Groups (SHGs) for undertaking of IGAs following the procedures provided in the guidelines.

**This will be treated as most urgent**

Encl: As above

  
**Additional Project Director (AJY)**

Copy to the Field Director, STR and RCCF Baripada and the RCCF, Angul, Bhawanipatana, Berhampur, Koraput, Rourkela, and Sambalpur for information and necessary action.

Copy to GIS Cell, OFSDP for information and necessary action

  
**Additional Project Director (AJY)**

**Guidelines of taking up Income Generating Activities (IGA)  
under Ama Jangala Yojana**

**1. Background**

One of the foremost objectives of Ama Jangala Yojana (AJY) is to generate alternative sources of income by enhancing the livelihood opportunities of the people living in and around forests. This intervention is essential to reduce pressure of the community depending on the forest for livelihood. A systematic approach to facilitate the IGA activities is envisaged under the AJY scheme. The P-NGO team will take a leading role to facilitate and manage the activities at grass root level.

**2. Basic Approach of Implementation of Income Generating Activities under AJY**

Experiences of IGA processes gained in other projects have shown that more than the financial support, some basic approach is required to be followed in order to be successful and sustainable in creating IGA opportunities to the rural people:

- IGA is always demand-driven as per requirement of the market and credit and not supply-driven to meet physical/financial targets or to utilize the natural resources just because “they are there”.
- IGA is to be supported not only by resource-based interventions but also with adequate capacity development, & skill improvement i.e. the training of SHG to handle a particular enterprise/IGA as a group or as individual member.
- IGA support is to be facilitated coupled with adequate, appropriate and innovative forward and backward integrations (with credit, capacity development, input supply and market institutions) to remain viable and sustainable

Major Activities under IGA

Identification, formation & strengthening of SHG	SHG identification Informal & formal Capacity Building of SHG
Microenterprise development & business planning Promotion of Cluster IGA	Handholding SHG/ record keeping capacity and skill development/value addition Preparation of business plan/ Training, Linkages & federating/linkage to OLM
Market linkage support	Through Big traders and outside city markets

### 3. Type of IGA to be promoted:

The IGA support to the community can be rendered at multiple stages which are:

- o **Individual Member of SHG or CIG** (Common Interest Group) based IGAs within a SHG
- o **Small IGAs (Individual SHG Based)** - Small loan based IGA with a short gestation period to individual SHG for gaining income by selling at local market with handholding provision by project facilitators and in convergence with other local potential agencies including OLM.
- o **Cluster-IGAs Group of SHGs** involved in an IGA around a single commodity through its collective marketing/ value addition with an objective to get higher return through linkage to higher markets by scaling up and also in linkage with other support agencies-BDS providers.

### 4. SHG Selection/Prioritization

Selection of right SHG for IGA linkage under AJY is very important considering presence of more number of SHGs per VSS, their varied socio-economic background and forest-dependence, their capacity and status in terms of carrying out thrift, credit and social activities as well as their diverse

past experience with subsidy/ grant/revolving fund linkages for income generation. In order to facilitate proper selection/prioritization of SHG, a SHG prioritization process has been developed and the **SHG rating tool is provided (Annexure-I). The prioritised list of SHGs in a VSS would be prepared based on the SHG rating tools.**

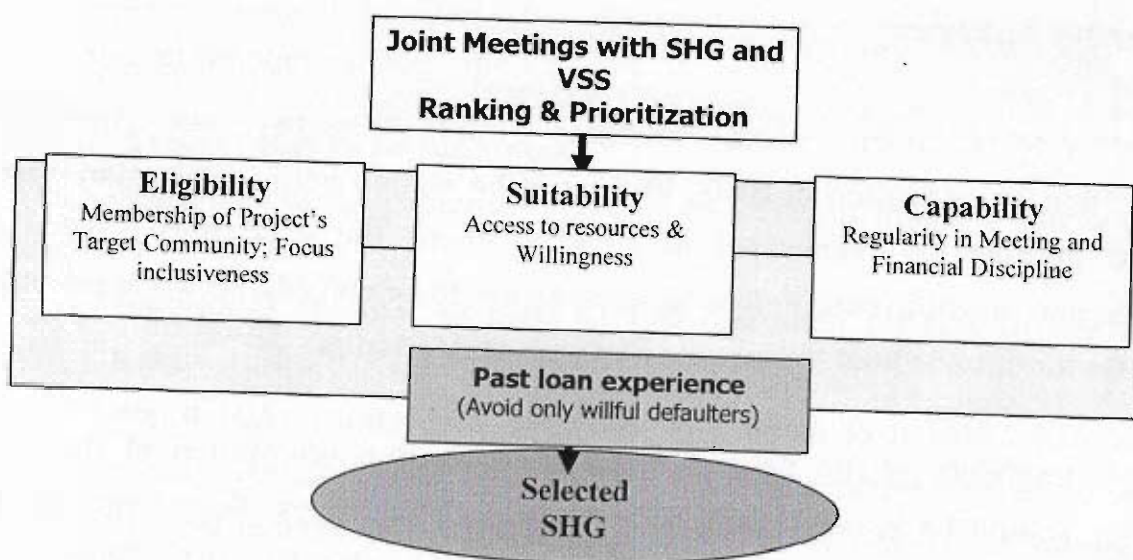
**It is very important that the target community (poor, tribal and forest dependent) of the project should have prioritized access to IGA support and at the same time it is highly essential to avoid early failures or abortive linkages.**

The P-NGO team must facilitate the VSS to take up this selection/prioritization of SHG. VSS must be shared with information about SHG grading and sensitized in advance about the need and process of selection/prioritization. Following aspects are to be considered while selecting SHGs for outside loan linkage may be with OLM/Banks.

- Eligibility of the SHG: The membership and orientation of the SHG should be in conformity with the project objectives. Scores against the SHG grading tool will be utilized to screen potential SHGs. Priority will be given to SHGs with higher % of forest produce collectors, tribal, BPL, landless etc. and also those having better awareness about SHG principles and forest protection/development.
- Suitability of the SHG: The candidate SHG should have access to the identified product in desired quantity and form or there must be potential to augment availability of the same immediately. The SHG members must also be willing to take up the identified IGA. Their IGA preference as collected during microplanning or as reflected in the IGA matrix can also be referred to.
- Capability of the SHG: Requisite skill or past experience is not a must, but preferable. However, the SHG should have regularity in meetings and a minimum financial discipline and integrity as reflected from their

score of SHG rating tools. During capability assessment of the SHGs, the training needs of the SHG will also have to be identified

- o Past Loan Experience: Another crucial aspect that will have to be considered is the credit and other supports availed/being availed from other institutions by the SHG and their status while finalizing the SHG selection. The NGO team and VSS may also adopt some specific criteria as per the local situation. However, that requires to be discussed in detail and recorded. Only wilful defaulters should be avoided.



### 5. Focus on informal SHG Strengthening for Dormant / Laggards SHGs

Present status of most of the SHG indicates a very low level of awareness regarding basic concepts of SHG and microfinance, poor record keeping and financial transaction, very limited internal loaning, not so successful past IGA experiences etc., though the level of enthusiasm and collective action potential is very high. There has been very limited access to capacity building or exposure and most of the SHG members are illiterate. There is an urgent need of enhancing awareness, proper capacity building, right exposure and assistance for proper record keeping so as to appropriately graduate them for IGA.

In this context, Development Officer of NGO will provide quality time, attend meetings of SHG (at least one per month) and help them in enhancing their understanding of SHG concept, expose them to microfinance practices and build their capacity in SHG and financial management. While doing so, the VSS animator is to be closely involved. NGO Team Leader and FMU Chief must monitor the progress of SHG to bring the dormant/ laggard SHGs to an active stage.

#### 6. **Ground works to SHG Strengthening (Normal SHGs)**

<b>Aspects</b>	<b>Things to be focussed during handholding</b>
Conceptual awareness	Concept of Self Help; Principles of Thrift & credit; Social Responsibility of SHG – Village education, sanitation, liquor prohibition, conflict resolution etc, Environmental Democratization – involvement and decision making in management of natural resources viz. forest, water and land; setting rules/ bye-laws for group, awareness about banking rules and other schemes
Right Meeting	Regularity, Fixed Time & Place, Circular sitting arrangements, fixing Agenda, maintaining transparency, financial transaction during the meeting, attendance, penalty for absence, assistance of animator during meeting
Right Saving	Manageable amount, maintaining regularity, fixing penalty for default, maintaining record and individual ledgers
Internal Loaning	Practicing inter-loaning regularly, repayment every month with full interest & capital undertaking IGAs by Individual members/CIG/ SHG as whole.
Marketing the SHG product	Creating linkages with traders, local markets, town traders etc for marketing of small IGA product
Right Record Keeping	Using Mission Shakti Oriya Register, facilitation of record keeping by animator, Maintaining transparency in record keeping

#### 7. **Informal Capacity Building of SHG by NGO Team & Animator**

- All identified SHG in a FMU will be divided into three groups and each team member (TL may take less) will take up the responsibility of a group as per the location. Each team member will maintain the list of all its SHG with their salient features and group them into different classes, as per their status in terms of desired SHG traits – e.g.

- awareness about SHG concept, regular savings, regular internal-loaning, regular meeting, appropriate record keeping etc.
- Monthly meeting dates of SHG will be mutually fixed / re-fixed to suit the facilitators (NGO team member and animator) and the group. A calendar of such dates will be maintained at FMU (by NGO team) and at DMU (By p-NGO Coordination Committee) level. At least one meeting of each SHG per month has to be attended by a member of NGO team. Monthly plan and report of NGO team should reflect this.
- Facilitator will develop a guideline on **SHG at a glance** for all SHG. This should be kept with SHG. It may have two parts – fixed information and dynamic information (e.g. total savings, total loan, outstanding etc.). Dynamic information has to be updated every month during SHG meeting.
- For record keeping, SHG register developed by Mission Shakti (available at block and DRDA @ RS 140) can be used.
- Animator will help SHG members to become functionally numerate
- FES or FMU chief will monitor the progress of SHG strengthening in their fortnightly review meeting and DMU Chief will review the same at the DMU level review meeting

### 8. Cluster Formation and Establishment

Major steps involved in cluster development	Activities carried out under each step
<ul style="list-style-type: none"> <li>▪ Cluster Planning</li> </ul>	<ul style="list-style-type: none"> <li>▪ Identification of cluster:</li> <li>▪ Select the right cluster for initiating activity with PCI or BDS provider</li> <li>▪ Identify target villages and the SHGs</li> <li>▪ Consultation with SHGs, VSS members, project staff</li> <li>▪ Submission of list of these clusters with FMU-wise names of VSS and SHG, name of PCI/BDSP along with specific rationale behind their selection to PMU through DMU.</li> </ul>
<ul style="list-style-type: none"> <li>▪ Base line information about the cluster</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mapping of Clusters</li> <li>▪ Mapping infrastructure</li> <li>▪ Preparation of Product profile</li> <li>▪ Trader mapping for the cluster</li> </ul>
<ul style="list-style-type: none"> <li>▪ Organization cluster meeting</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sensitization of SHGs on cluster development</li> <li>▪ Participatory discussion to arrive at consensus on roles and responsibilities of members and leaders</li> <li>▪ Meeting between the cluster members and the PCI/BDPS wherein roles and responsibilities of PCI/BDPS and cluster will be discussed and finalized.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Finalizing institutional arrangement</li> <li>▪ Formal agreement between PCI/BDPS and cluster</li> </ul>
<ul style="list-style-type: none"> <li>▪ Cluster Establishment and registration</li> </ul>	<ul style="list-style-type: none"> <li>▪ Formation of cluster level committee</li> <li>▪ Physically launched with infrastructural facility</li> <li>▪ Formation DMU level coordination committee</li> <li>▪ Bylaw preparation for registration as producer Company</li> <li>▪ Registration</li> </ul>
<ul style="list-style-type: none"> <li>▪ Business plan prepared with financial linkage and capacity building of stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▪ A proper business plan for setting up the units to be prepared in consultation with the community, PCI/BDPS and project staff</li> <li>▪ Financial linkage with VSS, banks, other financial institutions, related schemes and projects</li> </ul>
<ul style="list-style-type: none"> <li>▪ Initiation of cluster activities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Procurement of machine and equipment Installation of business unit in convergence with line department</li> <li>▪ Common infrastructure development and fixed assets</li> <li>▪ Bulk raw material procurement to lower cost of inputs and low transaction costs</li> <li>▪ Quality of input ensured</li> <li>▪ Aggregation and value addition activities</li> <li>▪ Accessing service of BDPS/PCI</li> </ul>
<ul style="list-style-type: none"> <li>▪ Marketing of final products of the cluster</li> </ul>	<ul style="list-style-type: none"> <li>▪ Trader selection</li> <li>▪ Negotiation</li> <li>▪ Marketing Linkage and sale event organized</li> <li>▪ Record keeping, profit sharing etc.</li> </ul>

**(A detail description on cluster development process is given in Annexure-II)**

## **9. Steps to be followed in the process of IGA Implementation**

### **Step 1: Capacity Building of Facilitators**

Considering the exposure and capability of facilitators at DMU, FMU and VSS levels in the areas of SHG and IGA promotion, their strategic capacity building, both in the beginning of the grounding as well as during IGA implementation process are very important. Apart from the formal capacity building modules of state level training programs, informal and continuous orientations and follow up programs shall be taken up. Some of the suggestive programs are:



Orientation Programs	Focus topic	Participants	Facilitator
DMU level orientations (Once in every three months)	SHG & IGA	All Member Secretaries and DOs	NGO Chief, TLs FES
Circle level interaction (once in every 6 months )	Small IGA & Cluster-based IGA	NGO Chief, FES, TLs & Dos	PMU Official, RCCF, DMU Chief
DMU level monthly review meetings	Special sessions on SHG & IGA	FMU teams including NGO	DMU Chief, FES
FMU level Fortnightly meetings	Progress and problems in SHG & IGA promotion	FMU teams including NGO	FMU Chief

**Step 2 : Identification of IGA, Cluster and PCI & Institutional arrangement**

In a DMU level workshop facilitated by FES, IGA options for the DMU, IGA based clusters (VSSs and SHGs- name, number & profile), & suitable PCIs (Potential Collaborating Institutions) will be discussed and prioritized. This list will be validated through visit to the selected clusters and interaction with primary and secondary stakeholders by the NGO team leader and concerned FEO (FMU). The infrastructure supports required for carrying out the selected IGA in and around the finalized cluster will be listed and discussion will be carried out with the concerned agency for provision of the facility. Institutional arrangements among SHG, NGO, and department will be chalked out with facilitation by the P-NGO team and FES through meetings with the stakeholders, wherein roles and responsibilities of the institution will be discussed and decided.

**Step 3 : Enhancing skills of selected SHGs for identified IGA**

Potential training institutions and sites of skill enhancement will be listed and screened by the FES with assistance of P-NGO, as per the training needs of the SHGs with respect to the focus IGA. The training and exposure programs will be arranged by the DMUs accordingly.

#### **Step 4 : Preparation of Business Plan and detail Action Plan to initiate IGA (Annexure-III)**

Facilitators at SHG and Cluster level will help in preparation of business plans for the focus IGA.

As per the requirements of external credit assistance spelled out in the business plan, facilitators (including Institutional Partner) will help SHG and their cluster-institution in exploring and formalizing financial assistance with banks, other financial institutions or related schemes/projects. They will also facilitate formalization of linkages with input supplying, infrastructure and marketing agencies which may involve signing of formal MoU with specific terms and conditions.

Facilitators will help the SHG and their cluster level organizations in procuring raw materials, equipments etc. by following appropriate procedure and in taking charge of the infrastructure facility like storage godown, processing yard etc. They will also help them in initiating their IGA and carrying out activities like aggregation/ storage / processing / grading/ marketing and maintaining accounts, repaying loans and sharing benefits. Facilitators are also required to help SHG in logistic coordination, quality checks, sticking to deadlines and targets, bargaining and trade-negotiations in the beginning. They will closely monitor the progress. Records with respect to profit generated and their distribution among the SHG members are to be also maintained regularly and closely monitored by the facilitator. Literate SHG member(s) or in their absence VSS animator will maintain the records.

**Table 1: Roles and Responsibilities of Key Stakeholders**

Levels	Stakeholders	Key Responsibilities
PMU	DPD (LLI)	<ul style="list-style-type: none"><li>○ Development of Guideline &amp; strategies</li><li>○ Issue of circulars and office orders &amp; following up</li><li>○ Arrange state level convergence</li></ul>
DMU	DMU / Asst DMU Chief	<ul style="list-style-type: none"><li>○ Facilitate and monitor the activity</li></ul>
	PNGO Chief	<ul style="list-style-type: none"><li>○ Facilitate and monitor prioritization/selection of SHG &amp; their strengthening</li><li>○ Coordinate cluster-level meeting between stakeholders for finalization of cluster, IGA &amp; PCI (Potential</li></ul>

		<p>Convergence Institutions)</p> <ul style="list-style-type: none"> <li>○ Facilitate identification of institutions for infrastructural, input, credit, capacity building and marketing support at DMU/cluster level</li> <li>○ Facilitate and coordinate institutional arrangements between stakeholders</li> <li>○ Coordinate and monitor IGA-related skill development activities</li> <li>○ Facilitate and monitor preparation of business plans, mobilization of resources and supports for launching of IGA</li> <li>○ Monitor and report the progress of IGA</li> </ul>
<b>FMU</b>	FMU Chief	<ul style="list-style-type: none"> <li>○ Facilitate and monitor the activity</li> </ul>
	NGO team	<ul style="list-style-type: none"> <li>○ Carry out prioritization/selection of SHG &amp; their strengthening</li> <li>○ Conduct cluster-level meeting between stakeholders for finalization of cluster, IGA &amp; PCI (Potential Convergence Institutions)</li> <li>○ Help p- NGO Team Leader in identification of institutions for infrastructural, input, credit, capacity building and marketing support at cluster level</li> <li>○ Conduct meeting with the potential partner-stakeholders and plan institutional arrangements</li> <li>○ Arrange for conducting of IGA-related skill development activities for SHG</li> <li>○ Guide SHG/cluster in preparation of business plans and support them with mobilization of resources and supports for launching of IGA</li> <li>○ Facilitate local marketing channels</li> <li>○ Ensure observance of proper weight and measures and follow up of rules (NTFP deregulation, GP rules etc.) related to trade of forest and agriculture produce</li> <li>○ Monitor and report the progress of IGA to DMU</li> </ul>
<b>VSS</b>	DO of NGO team and VSS Member Secretary supported by <b>VSS animator</b>	<ul style="list-style-type: none"> <li>○ Conduct VSS meetings to prioritize/select of SHG &amp; strengthen them with formal/informal capacity building programs/book-keeping assistance</li> <li>○ Assist SHG in linking with institutions for infrastructural, input, credit, capacity building and marketing support</li> <li>○ Assist SHG developing and accommodating to institutional arrangements with partner-stakeholders</li> <li>○ Assist SHG in attending skill development activities related to IGA</li> <li>○ Assist SHG in preparation of business plans and link them with other agencies for desired support services required for launching of IGA</li> <li>○ Assist SHG to access local marketing channels and get</li> </ul>

		<p>optimum return</p> <ul style="list-style-type: none"> <li>○ Ensure observance of proper weight and measures and follow up of rules ( NTFP deregulation, APMC, GP rules etc.) related to trade of forest and agriculture produce</li> <li>○ Monitor and report the progress of IGA to FMU</li> </ul>
<b>SHG</b>	President, Secretary and Treasurer	<ul style="list-style-type: none"> <li>○ Participate in training/exposures and regular meetings to internalize the concept of self help, social mobilization and entrepreneurship</li> <li>○ Regularly carrying out thrift, credit and other social/ecological activities as envisaged in the project</li> <li>○ Regularly maintaining all records and keeping themselves updated</li> <li>○ Participate in processes for selection of IGA, cluster and PCI</li> <li>○ Entering into appropriate institutional arrangement and maintaining desired linkage</li> <li>○ Prepare business plan</li> <li>○ Adopt fair practices and follow existing rules while carrying out IGA</li> <li>○ Participate in the cluster development/federation building process</li> </ul>

#### **Convergence of SHGs with Odisha Livelihood Mission programme**

- VSS wise Identification of SHGs (Instruction given from PMU vide letter no 208/ dated 01.07.2016)
- Implementation of Income Generation Activities under Ama Jangala Yojana – convergence with Odisha Livelihood Mission for availing financial assistance (instruction given from PMU vide letter no 530/ date 05.11.2016)
- Facilitating SHGs in conducting of their regular meeting, Book keeping.
- Providing prioritised list of identified SHGs to OLM authority at District and Block level
- Mobilisation of loans from OLM through GPLF and CLF.

**(The detail GPLF operational manual followed under Odisha Livelihood Mission is enclosed herewith for Reference-Annexure-IV)**

**Annexure-I**

**Orissa Forestry Sector Development Society (OFSDS)**

**Format I**

**Basic Information Collection about SHGs in VSS under Ama Jangala Yojana**  
 (To be collected in each Village by the Member Secretary with the help of P-NGO staff)

1. Name of the FMU:
2. Name of the DMU:
3. Name of the Village / EDC

3. SHGs in the Villages

Sl No	Name of the SHG	No of Members			Date of Formation (Date-Month-Year)	Promoted by Scheme/Project (Govt/NGO/ Bank)	Present Activities (Put '✓' and mention name of the IGA and Social activity)					
		F	M	ST			Savings	Credit	IGA	Social		

5.

Sl No	Name of the SHG	Name of the President	In position since (mention month, year)	Name of the Secretary	In position since (mention month, year)

Prepared by  
(Member Secretary)

Verified by  
(FEO)

Authenticated by  
(FMU Chief)

**Format II**  
**Rating Tool for SHG Grading<sup>1</sup>**

(To be collected for SHG more than 6 months old)

SI No	Indicators	Score	Mark Given
1	<b>MEMBERSHIP PROFILE (Additive)</b>		
a	Vulnerable and Forest Dependents (>80% are Tribal)	2	
b	Vulnerable and Forest Dependents (>80% are Forest Dependents)	2	
c	Vulnerable and Forest Dependents (>80% are from Below Poverty Line households)	2	
d	Vulnerable and Forest Dependents (>80% belong to same Neighborhood)	2	
e	Vulnerable and Forest Dependents (>80% are Landless)	2	
2	<b>GOVERNANACE ISSUES (Additive Value; Yes -1 and No-0)</b>		
A	Awareness about SHG (Members are aware about principles of Self Help)	1/0	
C	Awareness about SHG (Members aware about the rules and regulations of SHG)	1/0	
D	Awareness about SHG (Members are aware of loan and savings status-group & Individual)	1/0	
E	Awareness about SHG (Members have attended training programs on SHG/enterprise etc.)	1/0	
F	Awareness about SHG (Members are aware of roles and responsibility of the SHG leader/office bearers)	1/0	
B	Awareness about forest protection (Members are aware about the need of forest and wildlife protection)	1/0	
G	Awareness about forest protection (Members are aware of the principle of Eco-development)	1/0	
H	Awareness about forest protection (Members are aware of Wild life regulations)	1/0	
I	Awareness about Livelihood Opportunities (Members are aware of development schemes likeMGNREGA, SGSY etc.)	1/0	
J	Awareness about Livelihood Opportunities (Members are aware about Eco-tourism )	1/0	
3	<b>CONDUCT OF MEETINGS (last 6 months for weekly or 1 year for monthly frequency of meetings)</b>		
A	Meeting (>90%)are held regularly (weekly/monthly) on a fixed date, time and place	9	
B	Meeting (71 -90%)are held regularly (weekly/monthly) on a fixed date, time and place	6	
C	Meetings (50-70%)are held regularly (weekly/monthly) on a fixed date, time and place	3	
D	Meetings (<50%) are held regularly (weekly/monthly) on a fixed date, time and place	0	
4	<b>ATTENDANCE IN MEETING (Average attendance in last 6 months for weekly or 1 year for monthly frequency of meetings)</b>		
A	Above 90% in all group meetings	9	
B	71 -90% in all group meetings	6	
C	50-70% in all group meetings	3	
D	<50% in all group meetings	0	

Sl No	Indicators	Score	Mark Given
<b>5</b>	<b>FINANCIAL TRANSACTIONS IN THE GROUP</b>		
A	All financial decisions and transactions (fund collections and loan disbursements) are made during meetings only	9	
B	All financial decisions and fund collections are made during meetings only but loan disbursements done outside	6	
C	All financial decisions and loan disbursements are made during meetings only but fund collections done outside	3	
D	All financial transactions (fund collections and loan disbursements) outside meetings	0	
<b>6</b>	<b>REGULARITY OF SAVINGS (in last 6 months for weekly or 1 year for monthly frequency of meetings)</b>		
A	>95% on time payment of savings by all members	9	
B	85-94% on time payment of savings by all members	6	
C	60-84% on time payment of savings by all members	3	
D	<60% on time payment of savings by all members	0	
<b>7</b>	<b>PATTERN OF INTERNAL LENDING</b>		
A	Loans for IGA	9	
B	Loans for IGA and personal consumption	6	
C	Loans for need-based personal consumption only	3	
D	No internal lending/ Lending to outsiders	0	
<b>8</b>	<b>REPAYMENT PATTERN</b>		
A	Monthly Installment (Regular monthly repayment of principal and interest in full as decided)	9	
B	Monthly Installments (Regular monthly repayment of any other type viz. only principal/only interest/principal and interest in other ratio)	6	
C	Quarterly repayment / Lump sum(one-time) repayment	3	
D	Irregular repayment/No repayment	0	
<b>9</b>	<b>NUMBER OF MEMBERS HAVING LOAN OVERDUE AS ON DATE OF GRADING</b>		
A	All members are repaying regularly and no one is having any overdue	8	
B	Between 1-4 members are having overdue	4	
C	More than 4 members having overdue	0	
<b>10</b>	<b>UP TO DATE MAINTENANCE OF RECORDS (Additive : Adequately/properly maintained (1) &amp; timeliness/regular in maintaining(1))</b>		
A	Attendance in the meeting	1+1	
B	Financial Decisions taken in the Meetings	1+1	
C	Loan disbursement	1+1	
D	Savings Collection	1+1	
E	Member-wise savings and loan portfolio(Cash & Bank Status)	1+1	
<b>11</b>	<b>SOCIAL/ECOLOGICAL INVOLVEMENT (additive)</b>		
A	Members are involved in forest protection	2	
B	Members are involved in Village Education Committee	2	
C	Members are involved in other committee like water and sanitation/watershed committee etc.	2	
D	Members sending their children to school/Anganwadi	2	

### Annexure I

#### Potential source of this information

SI No	Indicators	Source
1	Membership Profile	FGD with Members; BPL record (Panchayat)
2	Governance Issues	FGD (Lead questions given in <b>Annexure II</b> )
3	Conduct of Meetings	Minutes/Meeting Register of SHG; FGD
4	Attendance In Meetings	Attendance Register
5	Financial Transactions in the Group	FGD; Records
6	Regularity of Savings	Individual Pass Books; SHG cash book
7	Pattern of Internal Lending	FGD; Loan records
8	Repayment Pattern	Individual Pass Books; SHG cash book; Loan register
9	Number of Members having loan overdue as on date of grading	Loan register
10	Up to date Maintenance of Records	Different SHG Records, bank pass books etc.
11	Social/Ecological Involvements	FGD

### Annexure II

#### Lead Questions to be asked in FGD related to Governance Issues

*(Score '1' if at least 2 of the SHG members, in addition to the President and Secretary of SHG, knows the answer else '0'; In case of more than one question or more than one answer to a question, any one correct answer will be treated 'correct' will be awarded '1' score )*

2	GOVERNANACE ISSUES	Lead Questions to be Asked	Remark
a	Awareness about SHG (Members are aware about principles of Self Help)	Why did you form SHG?	Possible Answer - To help each other financially, socially
b	Awareness about SHG (Members aware about the rules and regulations of SHG)	What is the amount of savings per month per individual or what is the interest rate charged for internal loans?	Verify the answer in individual passbook/loan register
c	Awareness about SHG (Members are aware of loan and savings status- group & Individual)	How much is your total savings so far? Or What is the status of loan taken by you?	Verify the answer in individual passbook/loan register and if the amount is correct/rounded up figure the answer may be treated as correct
d	Awareness about SHG (Members have attended training programs on SHG/enterprise etc.)	Have you attended any training program?	Verify the answer? If answer is yes, treat it as correct.
e	Awareness about SHG (Members are aware of roles and responsibility of the SHG leader/office bearers)	What are the role/ responsibility of President /Treasurer?	Treat as correct if at least one answer is correct
f	Awareness about forest protection (Members are aware about the need of	Is forest protection necessary? If 'yes' why?	The correct answer to 'why' could be (any one is 'correct') For meeting livelihood needs



2	GOVERNANACE ISSUES	Lead Questions to be Asked	Remark
	forest protection)		(fuel, fodder, timber, NTFP), or To ensure flow of ecosystem services (water, climate moderation etc.).
g	Awareness about forest protection (Members are aware of Joint Forest Management- EDC)	What are the Eco-development activities?  Who is the secretary of EDC?	Committee formation, livelihoods and community development activities  Forester
h	Awareness about forest protection (Members are aware of PA regulations)	In the event of animal depredation what are the rights of the community?	Right to get compensation
i	Awareness about Livelihood Opportunities (Members are aware of development schemes like NREGA, SGSY etc.)	How many days a household is entitled to get work in a year under NREGA?  Who is eligible to get benefit under SGSY scheme?	100 days  SHG
j	Awareness about Livelihood Opportunities (Members are aware of Eco-tourism)	What is eco-tourism?  Example of Eco-tourism case in Satakosia	It is low impact/(often) small scale travel to usually protected areas It helps educate the traveler; provides funds for conservation; directly benefits the economic development and political empowerment of local communities; and fosters respect for different cultures and for human rights ( <i>any one point touched, will get full mark</i> )  TIPPS, Tikarpada

### Annexure III

#### Brief guideline about the process of collection and compilation of information

1. **Timing:** Ideally this activity shall be undertaken before/during the micro planning.
2. **Carrying out exercise:** The team members will carry out this exercise in the field as facilitators and involve the village animator and VSS president in the process. The formats will be filled by the Member Secretary.
3. **No of Meetings with each SHG:** Minimum 1-2 sittings/meetings are required with each SHG to collect this information.
4. **Planning Meeting with SHG:** There should be separate meeting with each SHG and SHGs must be informed about the meeting in advance. They must be informed to bring all their records, pass books etc. with them for the meeting.

5. **Time and Place of Meeting:** Meeting should be conducted at a place and time as per the convenience of the SHG members.
6. **Explaining Purpose & Sharing Result:** In the beginning SHG members must be explained about the objective of grading and that it is a tool for positive discrimination and for assessment of the training needs. In the end members should be shared with the score of the SHG along with the areas where they need to improve.
7. **Facilitator:** The facilitator of the tool must be completely conversant with the tool and must have had prior experience of engagements with SHG. Hands on experience of using SHG rating tools are highly preferred. Women staff members should be given preference to facilitate the tool.
8. **Compilation of Information:** DEO will compile (in MSEXCEL) the information for all SHGs FMU-wise and send that to DMU & PMU.

#### Annexure IV

#### **General Guidelines for Focus Group Discussion with SHG Members**

1. **Rapport:** Build a rapport with the group first
2. **Leading questions:** Don't ask leading questions. Ask open-ended questions first, and then follow up with supplementary questions
3. **Monopoly on discussion:** Don't allow one person to monopolize the discussion. Involve others in the discussion.
4. **Memorize formats:** Memorize questions so that there is no gap in your questioning/discussion – which breaks the rapport
5. **Listen to responses:** Listen to what they have to say – carefully, and don't interrupt! Respond only after they have finished what they have to say.
6. **Perspective:** Remember, it is not an evaluation to find fault – help the SHG members to give correct responses and their suggestions clearly
7. **Simple questions:** Keep the questions simple and focused: Don't ask complicated questions!
8. **Exit strategy:** Plan your 'exit strategy'. What will you say at the end of the FGD?

## **1 Cluster Development**

In cluster development, it is expected that each cluster of about 10-14 SHGs from 5-7 VSS will upscale a business activity around a potential product in a contiguous geographical area.

### **1.1 Cluster Planning**

#### *1.1.1 Identification of Clusters*

Following identification of P-NGO will submit a list of these clusters with FMU-wise names of VSS/EDC and SHG, product profile (resource inventory, present interventions, market information etc.), name of PCI/BDSP along with specific rationale behind their selection to DMU. Subsequently, P NGO will validate the list through physical visit to the clusters and interaction with primary (VSS/EDC and SHG) and secondary stakeholders (project staff – Member Secretary, FMU Chief and FES). During these interactions, willingness and capability of SHGs and PCI (Potential Collaborative Institutions/BDSP (Business Development Service Provider) in taking up the task will be explored along with local viability of IGA option in terms of resources/skill, risk/profitability. The validated list of clusters with detail background information will be submitted to DMU.

#### *1.1.2 Mapping of Clusters*

The infrastructure supports (storage, buildings and equipments for processing (e.g. drying yards, processing machines, marketing etc.) required for carrying out the particular IGA in and around the finalized cluster will have to be listed and mapped by the P-NGO. Some of such facilities may already be available locally with Govt agencies viz. TDCC go- downs/processing yards, Panchayat go- down, WFP go- down, cold storage of Horticulture Deptt, marketing yards of RMC etc. In many areas such facilities are also available with private industries or NGOs (viz. Turmeric processing unit of KASAM in Phulbani, Tamarind processing unit of Harsha Trust in Bissam Katak etc.).

The P NGO is expected to consult the report, discuss with concerned departments/projects etc. and verify the status of such facilities and willingness of the agencies to arrive at a final list of such infrastructures which can be made available for IGA. Based upon these, P NGO will prepare a map and list of such infrastructure, clearly mentioning the name of owner agency, their willingness to provide the same, state of the facility in terms of need of repair etc and the terms and conditions for the use of the same by the cluster.

## **1.2 Organization of Cluster meetings**

Following finalization and mapping of clusters PNGO will facilitate conducting of a series of two meetings, where in the same will be shared with the cluster members and roles and responsibilities of each SHG/CIG will be discussed and finalized. In these meetings, concerned member secretaries and FES will also remain present.

One meeting will also be conducted between the cluster members and the PCI/BDPS wherein roles and responsibilities of PCI/BDPS and cluster will be discussed and finalized. PNGO will also facilitate an interaction of the PCI/BDPS with DMU wherein the agreed upon roles and responsibilities will be discussed and vetted upon through convergence of activities.

## **1.3 Establishment and Registration of Clusters**

### *1.3.1 Physical establishment of cluster with go-down, CFC etc.*

Cluster will be physically launched with the availability of infrastructural facilities like go-downs, Common facility centres, Drying yards etc. formally to its respective constituent SHG/CIG as per the roles and responsibility agreed upon. A cluster level committee has to be constituted to look into day to day management of cluster and coordination among and with outside stakeholders. The constitution and roles and responsibility of this committee have to be suggested by PNGO.

PNGO will facilitate formation of such cluster committee and ensure their meeting at a common place once in every month.

There will also be a DMU level cluster-coordination committee, with members drawn from clusters (atleast 2-4 from each cluster), The FMU Chiefs will also be members of the Committee. DMU-Chief will be ex-officio Chairman of the committee. The committee will meet every month to review the progress of Clusters and facilitate their task.

### *1.3.2 Registration of clusters*

Considering the fact that Cluster is envisaged as a long-term microenterprise, their formalization is inevitable. In discussion with the project, PNGO will explore formalization of clusters through registration. It could be registered as an Producer Company etc.

## **1.4 Preparation of Business plan and forging credit linkage**

### *1.4.1 Developing business plan of the cluster*

P-NGO will facilitate preparation of business plans at SHG and Cluster level for the selected IGA. These business plans will take into consideration such plans already suggested as per local situations.

#### *1.4.2 Organizing resources as required through linkages with financial institutions*

After the requirements of external credit assistance is spelled out in the business plan, P NGO will assist SHG and cluster committee in exploring and formalizing financial assistance from VSS/EDC, the banks, other financial institutions or related schemes/projects. While doing so, the assistance of PCI/BDPS can be utilized. On behalf of the SHG and clusters, can also help the bank, other financial institutions or related schemes/projects in complying with their stipulated provisions for providing the assistance.

### **1.5 Initiation of Cluster activities**

#### *1.5.1 Constructions and repair of go-down, drying yard, CFC etc.*

P NGO will assist cluster committee and SHG/CIG in repairing of infrastructures taken over for carrying out the IGA out of the money made available to the committee/SHG for this purpose as per business plan. P NGO will also help committee and SHG to get assistance through rural go-down schemes of NABARD if required for construction of new go-down.

#### *1.5.2 Initiation of aggregation, value additions, procurements*

IGASA will assist the committee and SHG/CIG in procurement, aggregation, segregation, value addition of the products regularly. Through regular visits to procurement centres they will ensure maintenance of quality and timely payment. They will also facilitate with PCI/BDPS for regular and adequate access to their services by the committee/SHG as well as regular and timely lifting of the products and payments from them.

#### *1.5.3 Maintenance of account and records by clusters*

One of the key roles of the IGASA is to assist the committee/SHG/CIG in maintaining the detail account and facilitate reporting of the same regularly and timely to the PMU through DMU. In this aspect, project is designing some MIS formats which can be used.

**(Suggestive) Format for Business Plan (Annexure-III)**

**Type of IGA:**

**Name of the Cluster:**

**VSS:**

**FMU:**

**DMU:**

Sl no.	Particulars	Details
1.	Cluster size (SHGs / VSSs nos.)	
2.	Raw materials required (type, quality, quantity with frequency of requirement and places of pooling etc.)	
3.	Supplier /Collector of raw materials	
4.	Payment procedure and terms and conditions	
5.	Processing to be taken up (type of processing, technology involved and availability) if any	
6.	Equipment and infrastructure required for processing and their cost	
7.	Training/skill Development (requirement of capacity building, cost of capacity building, institutional arrangement for CB)	
8.	Storage (infrastructure required and locations, institutional arrangements)	
9.	Quality Control Measures required	
10.	Selling of Product ( quantity, frequency and place where to be sold along with institutional arrangements)	
11.	Payment procedures and terms and conditions	
12.	Abstract budget (fixed and recurring costs)	
13.	Margin Money Contribution for the IGAs by SHGs	

14.	Amount required from VSS and the time line of assistance	
15.	Other possible sources of assistance	
16.	Cost Benefit Analysis	Attach the economics of IGA
17.	Repayment Plan	
18.	Distribution of benefit	
19.	Risks	
20.	Continuance Plan	

**GRAM PANCHAYAT LEVEL FEDERATION  
[GPLF]**

**OPERATIONAL MANUAL**

**Odisha Livelihoods Mission**

**Panchayati Raj Department, Government of Odisha**



**CONTENTS**

1.	Overview of Gram Panchayat-level Federation (GPLF).....	5
1.1.	Definition .....	5
1.2.	Core values.....	5
1.3.	Objectives .....	6
1.4.	GPLF Roles.....	6
1.5.	Characteristics of GPLF.....	7
1.6.	Legal Form.....	7
1.7.	Dissolution .....	7
2	Membership .....	7
2.1	Eligibility Criteria for GPLF membership .....	8
2.2	Cessation of Membership .....	8
3	Structure and Governance.....	9
3.1	Organizational Structure.....	9
3.2	GPLF General Body.....	13
3.3	GPLF Executive Committee .....	14
3.4	GPLF Office Bearers.....	15
3.5.	GPLF Book-keeper cum AUDITOR .....	17
3.6	GPLF Committees.....	18
4.0	Systems.....	22
4.1	Office.....	22
4.2	Bank Accounts.....	22
4.3	Books.....	23
4.4	Reports.....	23
4.5	Annual audit.....	24
5.0	Sources of Funds .....	24

5.1	Entrance Fee and Subscription .....	24
5.2	Interest on Loans / Service Charges .....	24
5.3	External Loans .....	24
5.4	Corpus Grants .....	24
6.0	Lending Process, Policy and Rules .....	25
6.1	Application Process .....	25
6.2	Loan Process .....	25
6.3	Eligibility .....	25
6.4	Terms and Conditions .....	25
6.5	Interest Rates .....	26
6.6	Loan Application .....	26
6.7	Loan Appraisal .....	26
6.8	Loan Approval .....	26
6.9	Loan Disbursement .....	26
7.0	Loan Policy .....	26
8.0	Surplus Allocation .....	27
8.1	General Reserves .....	27
8.2	Social Security Fund .....	27
8.3	Dividend .....	27
	Annex 1. GPLF Structure .....	28



**ABBREVIATION**

CIF	:	Community Investment Fund
CLF	:	Cluster Level Forum
EC	:	Executive Committee
EPVG	:	Extremely Poor & Vulnerable Group
GB	:	General Body
GP	:	Gram Panchayat
GPLF	:	Gram Panchayat Level Federation
MBK	:	Master Book Keeper
MIP	:	Micro Investment Plan
RGB	:	Representative General Body
SHG	:	Self Help Group

~

## 1. OVERVIEW OF GRAM PANCHAYAT-LEVEL FEDERATION (GPLF)

### 1.1. DEFINITION

A GPLF consists of women Self Help Groups (SHGs) of individuals joined together on the basis of mutuality and affinity from the poorer sections of society. The GPLF is confined to a network of SHGs of a particular Gram Panchayat. It provides a common platform for member SHGs to share their experiences and to voice their problems. The GPLF can help achieve what individual SHGs cannot, by pooling talent and resources from the GP/Block/District. The GPLF will focus on financial intermediation, formation & nurture to development of SHGs. It can act as a service provider to individual SHG & Cluster level forum on demand. Once it gets matured it will act as an executive wing of GP. The Jurisdiction of GPLF will be coterminous with the territorial jurisdiction of GP. However in exceptionally GPs where there is concentration of more number of women SHGs, say more than 100, two federations may be formed in rare occasions. It can also guide and monitor the functioning of SHGs in a cluster level forum (CLF) form new SHGs and train them on various operational areas for their sustainability.

### 1.2. CORE VALUES

The core values of a GPLF are:

- 1.2.1. It is apolitical.
- 1.2.2. Develop Social capital & develop social entrepreneurship amongst its members.
- 1.2.3. Decide together on matters that impact the growth and sustainability of the GPLF.
- 1.2.4. Maintain transparency in all operations.
- 1.2.5. Give priority to the development of women and children.
- 1.2.6. Help the poor and vulnerable to improve their standard of living.
- 1.2.7. Support the physically challenged and disadvantaged sections of the constituent members.
- 1.2.8. Ensure proper usage of own fund, members' fund, donated fund, and borrowed fund in mutual trust.

---

**1.3. OBJECTIVES**

Objectives of the GPLF are to:

- 1.3.1. Empower the rural poor on economic and social aspects through formation and Strengthening of SHGs.
- 1.3.2. Build the capacities of SHGs, their members and office bearers to run the federation efficiently.
- 1.3.3. Borrow fund from various sources on various mutual beneficial terms and conditions, and lend these funds to member SHGs for on-lending to their members.
- 1.3.4. Receive grants for the benefit of the poor and utilize them according to the stated terms and conditions. Grants may be received in cash or in kind, and may be awarded by Government agencies, national and international institutions and individuals.
- 1.3.5. Resolve conflicts among SHGs and others and address social issues at the Gram Panchayat.
- 1.3.6. Develop and strengthen the network of SHGs in the Gram Panchayat and thereby contribute to the sustainability of member SHGs.
- 1.3.7. Ensure the financial sustainability of the GPLF by efficiently managing the financial, physical and human resources available to it.

---

**1.4. GPLF ROLES**

- 1.4.1. Identify and mobilize all eligible women into SHGs through motivation and support to Cluster Level Forums (CLFs).
- 1.4.2. Disseminate information to SHGs on a variety of topics to strengthen the activities of the SHGs.
- 1.4.3. Prepare a Capacity Building Plan for Member SHGs and facilitate its implementation.
- 1.4.4. Arrange for grading, credit rating and credit linkages.
- 1.4.5. Provide accounting and auditing services to SHGs.
- 1.4.6. Provide loans to SHGs for further on-lending to their members.
- 1.4.7. Resolve conflicts between and within SHGs.
- 1.4.8. Provide or facilitate support services to help members to enhance their income from selected activities.
- 1.4.9. Liaise with Government agencies and other service providers such as banks, insurance companies and business advisory services.
- 1.4.10. Any other role which will enhance the quality of life of member SHGs

- 1.4.11 Tie up arrangement with central & state Govt. to help SHG participate in exhibition, fairs & mela.

---

## 1.5 CHARACTERISTICS OF GPLF

GPLF shall have the following characteristics:

- 1.5.1. Seek to enroll all eligible SHGs in the Panchayat level federation as members.
- 1.5.2. Seek to mobilize all poor households into SHGs.
- 1.5.3. Govern themselves effectively with representation of all member SHGs, through well-functioning office bearers, General Body, Representative General Body, Executive Committee and Cluster Level Forums (CLFs).
- 1.5.4. Periodically elect new office bearers and EC members to provide an opportunity for the development of leadership capacities among the large number of SHG members.
- 1.5.5. Effectively and efficiently provide services, particularly financial, to their members.
- 1.5.6. Ensure total transparency of their activities so that all member SHGs and other stakeholders are aware of GPLF functions and the decision making process.
- 1.5.7. Financially sustain themselves by efficiently managing resources and generating a surplus after meeting all costs.
- 1.5.8. Rotation of leadership
- 1.5.9. Accountability, the obligation imposed by law lawful order or regulation on an offer or other person for keeping accurate record of property, document and funds.
- 1.5.10. Help replicate good practices in all SHGs.

---

## 1.6 LEGAL FORM

The GPLF is an autonomous body of SHGs that works for their personal, mutual, social and economic development. It may be registered under appropriate Act as per the law of the land.

---

## 1.7 DISSOLUTION

The GPLF General Body (GPLF-GB) has the power to dissolve the GPLF. To decide on the subject of "Dissolution of GPLF",  $\frac{3}{4}$ <sup>th</sup> of the total members of the General Body must be present & approve the resolution in the meeting. In the event of the dissolution of the GPLF, all debts and liabilities, any property whatsoever, shall be paid to or distributed among the members of the GPLF or, with the approval of the GB, by passing a special resolution (at least  $\frac{3}{4}$ th of the members present must consent), shall be given / transferred to any other similar GPLF.

---

## 2 MEMBERSHIP



## 2.1 ELIGIBILITY CRITERIA FOR GPLF MEMBERSHIP

- 2.1.1 SHGs must be in existence for at least 3 months in the concerned GP irrespective of their promoters & having bank A/C, are eligible to become members.
- 2.1.2 SHGs who have availed Bank loan and if defaulted may be members. However, their representative members to GPLF will not hold any office of GPLF till the default amount is regularized. The GPLF will ensure regularization of the loan amount of such SHG within a reasonable time limit.
- 2.1.3 The SHGs must have been a member of Cluster Level Forum (CLF) and also CLF should recommend the SHGs for membership in GPLF.
- 2.1.4 SHGs must be willing to pay a non-refundable entrance fee of Rs.100/- , subscription amount/monthly saving at the rate prescribed by the GPLF and a non-refundable annual renewal fee of Rs.100/- this may be increased from time to time as required by GPLF depending on the paying capacity of the constituent members.

## 2.2 CESSATION OF MEMBERSHIP

GPLF membership may be ceased for an SHG on following ground:

- 2.2.1 On voluntary withdrawal of the SHG from membership.
- 2.2.2 On non-payment of subscription/monthly saving for three consecutive months after the grace period, if any, as specified in the GPLF by-laws.
- 2.2.3 Non-attendance in three CLF meeting consecutively.
- 2.2.4 On termination of the SHG by the General Body for acting against the interests or the objectives of the GPLF.
- 2.2.5 After becoming member in the GPLF, SHG availing bank loan or loan from GPLF, if defaults in repayment of its obligations will cease to be member.
- 2.2.6 If indulged in any unlawful activities/criminal activities/misappropriation.
- 2.2.7 If the SHG is in arrears of prescribed subscription fee and a period of 90 days is over after delivering notice to such SHG to such effect, the SHG shall cease to be a membership of the federation after the General Body resolves to that effect. Any SHG, who ceases to be a member for any reason, shall nevertheless remain liable for and pay to the federation all dues.
- 2.2.8 Any SHG who ceases to be a member of the GPLF may be readmitted to the membership as the General Body may determine.

### 3 STRUCTURE AND GOVERNANCE

#### 3.1 ORGANIZATIONAL STRUCTURE

The GPLF General Body (GB) which consists of all SHG members and GPLF Executive Committee (EC) which consist of representation from the CLF EC are the two mandatory structures in the organizational structure. Any other structure (like Representative General Body) is a byproduct of the process

The GPLF consists of the following structures:

A. Gram Panchayat-level federation General Body (GPLF-GB).

All the SHG members in that GP will form the Gram Panchayat-level federation General Body (GPLF-GB). The federation shall meet at least once a year preferable in the month of October last week to desire / improve the Action plan, monitor and review its progress, approve the financial statement, review the inclusion of poor & EPVG in the SHG fold, and also resolve differences and disputes between different Self Help Groups, resolve conflict if any to finalize the allegations, take action against the defaulters, approve the arrangements for the collection of public / voluntary donations and contributions from the community and individual members, lay down procedure for the community and individual members, lay down procedure for the operation and maintenance of assets created, approve the activities that can be taken up with the money available in the GPLF account. Such meeting shall be held within not more than fifteen months after the date of the last preceding meeting. The meeting shall be convened, as directed by the President, under the signature of the Secretary, who will also be the Secretary of the General Body. The President of the Federation shall also be the President of the General Body and shall preside over its meetings. In her absence, the Vice-President shall preside over that meeting. "The annual statement of accounts" and "the annual report" on the activities of the Federation shall be placed in the Meeting for the approval of the General Body. Apart from the regular meeting they may have special or issue related meetings.

B. Representative General Body of GPLF (RGB). Representatives of each SHG who are member of the CLF Executive Committee or in other words the Executive Committee members of the CLF together will be called the GPLF-RGB. The representative body will meet at least once in a year preferably at an interval of 6 months to general body meeting to desire/ improve the GPLF Action plan, monitor and review its progress, approve financial statements, formation of Self-Help Groups, and also resolve differences and disputes between different Self Help Groups if any to finalize the allegations; recommend to GPLF general body for action against the defaulters, ensue the GB approved arrangements for the collection of public / voluntary donations and contributions from the community and individual members, lay down procedure for the community and individual members, lay down procedure for the operation and maintenance of





assets created. The representative body will create voice and space for the poor in the SHG and help initiate development intervention for poverty reduction. The RGB will work on the nitty-gritty of each dimensions of the GPLF before placing to the GPLF-GB. Membership of the RGB will be coterminous with the tenure of CLF membership. The RGB shall meet on 1<sup>st</sup> week of April. RGB also conducts the federation office bearer election in their meeting. Apart from the regular meeting they may have special or issue related meetings.

- C. Cluster Level Forum (CLF) is a platform for sharing of experiences of SHGs and extends mutual support to improve the overall performance. The CLF will create voice and space for the poor in the village and help initiate development intervention for poverty reduction.

SIZE: CLF will be formed at village level with 5-15 SHGs as members.

**Case 1: Less than 5 number of SHGs in the revenue village (minimum 3 SHGs in the revenue village):**

If there are less than 5 numbers of SHGs in the revenue village but 3 or more than 3 SHGs, then Cluster level forum will be formed with the existing number of SHGs with more than 2 member representation from each SHG. Minimum 7 members must be nominated to form the CLF EC.

**Case 2: Less than 3 SHGs in the revenue village:**

No CLF will be formed for that revenue village. The SHGs will be linked to the neighboring CLF. The neighboring CRP-CM will do the facilitation in that revenue village.

**Case 3: More than fifteen SHGs in the revenue village:**

If more than 15 SHGs exist in the revenue village, then two CLFs may be formed.

If CLF EC does not agree to split the CLF into 2, then considering village affinity, geographical and cultural scenario, the CLF may be kept intact and be allowed to nurture more than 15 SHGs.

**Representation at CLF:** The member SHGs will nominate their members to represent them at the CLF.

- Two representatives from each SHG, one leader and one general member who are Poor or vulnerable (eg: EPVG in TRIPTI) will be nominated by each SHG to the CLF.
  - a. In Scheduled area, both the representatives from the SHG must be tribal. Hence the Office Bearer of the CLF in scheduled area will be exclusively tribal.

✓

- b. In non-scheduled area, out of the two representatives, one must be a leader and the other must be poor or vulnerable based on the auto-inclusion criteria
  - The CLF will send three of its office bearers from the executive committee as representative to GPLF, out of which at least one representative shall be from poor/EPVG /tribal category.
    - a. In Scheduled area, the three representatives from CLF must be tribal. Out of these 3 tribal, one must be poor or vulnerable based on the auto-inclusion criteria.
    - b. In Non-Scheduled area, out of the three representatives, one must be poor or vulnerable based on the auto-inclusion criteria
- D. Gram Panchayat-level federation Executive Committee (GPLF-EC): The GPLF-EC shall mean the Executive Committee of the Federation. As essentially an operational body, primarily concerned with execution of Poverty eradication & livelihoods enhancement programmes. The affairs of the Federation shall be administrated by the GPLF executive Committee subject to the overall supervision and control of the RGB & GB. The executive Committee will be nominated by CLFs. Each CLF shall nominate three member from their office bearers as executive committee members of GPLF, out of which at least one representative shall be from poor or vulnerable (based on the auto-inclusion criteria) in non-scheduled area and in scheduled area all the 3 must be tribal and at least one amongst the three must be poor or vulnerable based on the auto-inclusion criteria.

**Case 1: Less than 3 CLFs in the GPLF**

If there are less than 3 CLFs in the GPLF, then all the office bearers of the CLF will be nominated to form GPLF EC. Apart from the office bearers, any one CLF may nominate additional member (poor or vulnerable based on the auto-inclusion criteria) from the CLF EC to the GPLF. To nominate the additional member, the two CLF shall organize a joint CLF EC meeting in which it shall be jointly decided on the additional member to be nominated. Thus at any point of time, it has to be ensured that the GPLF EC shall consist of not less than 11 members.

**Case 2: 3 to 5 CLFs in the GPLF:**

If there are 3 to 5 CLFs in the GPLF, then three members shall be nominated from their office bearers as executive committee members of GPLF, out of which at least one representative shall be from poor or vulnerable (based on the auto-inclusion criteria) in non-scheduled area and in scheduled area all the 3 must be tribal and at least one amongst the three must be poor or vulnerable based on the auto-inclusion criteria.



*\*\*The number of CLF is as on date. In future if the number of CLFs increase to more than 5 then the nomination may be changed as per the operational manual and bye law.*

**Case 3: More than 5 CLFs in the GPLF:**

If there are more than 5 CLFs in the GPLF, then two members shall be nominated from their office bearers as executive committee members of GPLF, out of which at least one representative shall be from the poor or vulnerable category (based on the auto-inclusion criteria) in non-scheduled area and in scheduled area both must be tribal and at least one amongst the two must be poor or vulnerable based on the auto-inclusion criteria.

*\*\*\*\* In case of equal number of votes during decision making then final decision will be taken by draw system (chit system).*

- E. Gram Panchayat-level federation Office Bearers (GPLF-OB). The GPLF-RGB will elect the five office bearers i.e. President, Vice – President, Secretary, Joint Secretary & Treasurer from among the GPLF-EC members those are nominated office bearers of CLF.
- a. In Scheduled area, Office Bearer must be Trihal only. Out of the 5 Office Bearers, at least 2 tribal OB must be poor or vulnerable based on the auto-inclusion criteria.
  - b. In non-scheduled area, at least 2 office bearers shall be elected from poor or vulnerable based on the auto-inclusion criteria.

The term of GPLF office bearers will be 2 years. The same person cannot be the office bearer for more than 2 consecutive terms. Elections of Office Bearers will be conducted once in every two years in meeting of the RGB preferably in the month of April. Members of the EC office bearer shall not be office bearers in SHGs once they are elected to the EC officer bearer.

- F. Sub-Committees.: Sub-Committees shall be formed after completion of Situational Analysis in the GP.

For smooth functioning of GPLF six functional committees will be formed with member's representation from the RGB and Executive Committee of the GPLF. The GPLF may constitute (a) Social Service Committee (b) Finance & fund management committee (c) Procurement & Purchase committee (d) Participatory Monitoring Committee (e) Utilization Verification Committee (f) Livelihoods promotion Committee to carry out various developmental activities. The size of each Committee shall be 5 members out of which 3 members from RGB & Two members from EC and one must be from Poor and EPVG category. In scheduled area, all the Sub Committee members must be tribal and at least one must be from Poor and EPVG category. The tenure of each Committee shall be 2 years. All committees shall coterminous with the termination of RGB. Every committee will meet at least once in every month.



- G. Leadership. Election of Office Bearers will be conducted once in every two years in the representative general body meeting.

The election conducted once in two years, should be completed by the month of April and the new executive bodies would take over charges from the following April onwards. The tenure of the Executive Committee shall commence from April when they take charge and will be completed by March two years (24 months) later. If for any reason any RGB is having a circumstance under which they cannot conduct elections then the tenure of the Executive Committee shall end with the RGB elections only. Although every member of the GPLF –RGB has the right to elect and to be elected to various positions, Office bearer positions of President or Secretary of the GPLF should be represented by EPVG/Poor family member.

---

### 3.2 GPLF GENERAL BODY

- 3.2.1 Membership. All the members of SHGs who have joined the GPLF together constitute the GPLF General Body (GB).

3.2.2 Meetings.

- 1 The Representative to the General Body (RGB) shall meet in April while the General Body (GB) will meet in October every year. The meeting in the October will be Annual General Body Meeting in which the annual audit report and Annual Action Plan will be placed which was approved by the Executive Committee. In April, the RGB meeting will help the GPLF to prepare the Annual Action Plan for the current year to be approved by the General Body. The GPLF may convene Extra-ordinary General Body meetings if considered necessary by the Executive Committee /RGB.
- 2 The quorum of the General Body meeting shall be two thirds individual members of SHGs affiliated with the GPLF. In case of no quorum, the meeting shall be adjourned to another day, which would be announced by the GPLF President.
- 3 The GPLF President will preside over General Body meetings. In her absence, the Vice President will preside over the meeting.

3.2.3 Roles. The roles of the GPLF-General Body are as follows:

- 1 Agree to abide by core principles as specified in Section 1.2 .1 to 1.2.8 of this Manual.
- 2 GPLF office bearers: President, Secretary, Treasurer, Vice president & Joint Secretary shall be elected in the RGB meetings & concurrent to that effect approval will be given by the General body.
- 3 Approve the audit report.
- 4 Approve the Annual Action Plan.
- 5 Approve the hudget.



- 6 Approve the broad framework on terms and conditions for loans (mode of payment, terms of repayment, rate of interest, etc. for each loan source).

### 3.3 GPLF EXECUTIVE COMMITTEE

3.3.1 Membership: the three representatives of the CLF will constitute the Executive Committee members of the GPLF.

- 1 The GPLF-EC shall have at least 11 members.
- 2 If the size of the GPLF-EC falls below 11 due to less number of CLF or less number of SHGs, then the GPLF-RGB will co-opt the remaining number of EC members in the RG Body meeting. The GPLF-RGB shall decide from where the additional representatives shall be elected co-opted.
- 3 The term of GPLF-EC members shall be 2 years. The retiring members are eligible for re-election, but the same person cannot be elected for more than 2 terms consecutively.

3.3.2 Meetings. GPLF-EC meetings shall be convened at least once in a month. The quorum for the meetings shall be a minimum of two third of the total number of EC members.

3.3.3 Roles.

- 1 Certifying claims by SHG support organizations such as Government /NGOs regarding group formation, monitoring and training.
- 2 Managing common assets and infrastructure for the benefit of all member SHGs including management of loans under the framework approved by the GPLF-GB.
- 3 Entering into agreement with external agencies to discharge SHG-related activities for the benefit of member SHGs, like NRLM/SGSY, Group insurance ,SHG bank linkage etc and entities which offer support for the income generating activities of SHG members.
- 4 Serving as a bridge between the BLF and SHGs.
- 5 Conducting Situational Analysis in the GP. Subsequent validation of the SA may be delegated to Participatory Monitoring Sub Committee.
- 6 Procuring services like micro-insurance for SHG members with assistance from the Social service Committee.
- 7 Reviewing loans that have been appraised by the CLF as per Micro Investment Plan and making a decision on each of these loans (approval, request for more information, or denial) based on the broad framework agreed by the GPLF-GB.
- 8 Monitoring the loan repayment performance of member SHGs with the assistance of the Finance and Fund Management Committee.
- 9 Taking action on overdue loans in accordance with decisions taken by the GPLF-GB.

- 10 Prioritizing loans to member SHGs whenever there are insufficient funds to meet the credit demand.
- 11 Ensuring that financial and accounting systems are established at both the SHG and GPLF levels, and that these systems provide accurate and timely information on loan status.
- 12 Ensuring effective and efficient use of funds so that all administrative costs of the GPLF can be met from the income generated through its operations, that external loans can be repaid on time and the value of members' funds (share capital, deposits, etc) and capital grants (if) is maintained.

### 3.4 GPLF OFFICE BEARERS

#### 3.4.1 General Rules.

- 1 The GPLF will have 5 office bearers: President, Secretary, Treasurer, Vice-president and Joint Secretary.
- 2 The GPLF-RGB will elect the office bearers from among the GPLF-EC members. In the selection of office bearers, at least 2 office bearers shall be elected from the Poor or vulnerable group based on the auto-inclusion criteria & either the Secretary or the President shall be from any of these categories. The term of GPLF office bearers will be 2 years. The same person cannot be the office bearer for more than 2 terms consecutively.
- 3 In scheduled area, all office bearers must be tribal only. Out of 5 office bearer, at least 2 must be poor or vulnerable based on the auto-inclusion criteria and President or Secretary must be tribal and belong to Poor or vulnerable based on auto-inclusion criteria.
- 4 In non-scheduled area, at least 2 office bearers shall be elected from the Poor or vulnerable based on the auto-inclusion criteria and either the Secretary or the President shall be from any of these categories
- 5 While selecting the new set of office bearers, the GB shall ensure that no more than 2 term members are re-elected.
- 6 If the SHG leader becomes the GPLF Office Bearer then she cannot exercise her financial powers in the SHG and CLF. Hence the SHG/CLF can nominate any other member from Cashier or Treasurer as case may be for financial transaction. Same rule applies to SHG member working in government projects/PRI representative.
- 7 The meeting venue should be the GPLF Office.
- 8 If any member is absent for three conjugative meetings then through recall system that member will be replaced.

#### 3.4.2 Responsibilities of President.

- 1 The President shall preside over all the meetings of the federation, General, Governing/Executive & representative Body. Whenever it is necessary President may delegate her power to the Vice-President.



2 Ensure that the decisions taken by the GPLF-GB are carried out at the operational level.

3 Representing the GPLF in different forums.

3.4.3 Responsibilities of Secretary.

1 The Secretary shall be in charge of all correspondence and records of the Federation and keep the minutes of all the meetings. The Secretary shall exercise general supervision over the staff and affairs of the federation.

2 Convening GPLF-EC meetings at least once a month.

3 Convening GPLF-GB meeting at least once a Year & RGB meetings at least once in six months.

4 Maintaining the Minutes Book.

5 Sharing reports with external agencies at periodic intervals as agreed.

6 Operating GPLF bank accounts jointly with the President.

7 Representing the GPLF in different forums, along with or in the absence of the President & Vice president.

8 Authenticating reports and agreements for and on behalf of the GPLF.

9 To sue and be sued on behalf of the GPLF.

10 Submitting reports and statements in time.

3.4.4 Responsibilities of Treasurer.

1 The Treasurer shall receive all the sums of money due to the federation and issue receipts thereof. She shall keep all books of accounts of the federation and prepare annual statement of accounts for submitting to the General Body, RGB & EC. She shall prepare list of defaulting members.

2 Supervising the maintenance of books of accounts and registers.

3 Ensuring periodic audits and placing the audit reports before the GB for approval.

4 Along with the Secretary, authenticating reports and agreements for and on behalf of the GPLF.

3.4.5 Responsibilities of Vice President.

1. The Vice-President shall assist the President in all matters and perform all the duties and responsibilities delegated or assigned to her from time to time by the President or the Executive Committee. During the absence/ unavailability of the President the Vice-President shall act as the President.



### 3.4.5 Responsibilities of Joint Secretary

- 1 The Joint Secretary shall assist the Secretary in all matters and perform all duties and responsibilities delegated or assigned to her from time to time by the President/ Secretary or the Executive Committee. During the absence/ unavailability of the Secretary the Joint-Secretary shall act as the Secretary.

## 3.5. GPLF BOOK-KEEPER CUM AUDITOR

With the approval of the Executive Committee the GPLF will engage Master Book Keeper cum auditor (MBK) to write the Books of Accounts of the GPLF and train the Community Resource Person (CRP) to help the SHGs in maintenance of records.

### 3.5.1 Appointment.

- 1 The GPLF-EC may engage Master book keeper cum auditor, preferably a member from member SHGs, to maintain day to day GPLF office accounts and audit the SHG books of account half yearly.
- 2 The GPLF-EC will decide the remuneration and other terms of the GPLF Master book-keeper cum auditor & CRP.
- 3 The GPLF-EC will have the right to remove the Master book-keeper & CRP from its services for reasons it deems sufficient, including financial misappropriation, poor performance, or any other reasons deemed to adversely affect the functioning of the GPLF & SHG.
- 4 The appointment, removal, remuneration, and other terms of the master bookkeeper & CRP should be validated by the GPLF-GB

### 3.5.2 Roles

- 1 The master bookkeeper maintains the GPLF's books of account. This includes maintaining the necessary physical books and all supporting documents for financial transactions (as required under the GPLF Accounting Manual).
- 2 The bookkeeper prepares the monthly, quarterly and annual GPLF performance reports, based on GPLF activities during the period and the reports submitted by CLF/SHGs.
- 3 The bookkeeper prepares monthly, quarterly, and annual financial statements of the GPLF and submits them to the EC.
- 4 The master bookkeeper maintains an office attendance register and tour-diary.
- 5 The master bookkeeper undertakes any other roles given to her by the GPLF-EC.

### 3.5.3 Reporting and Review

- 1 The bookkeeper provides monthly work reports to the GPLF-EC in a standard format that details the routine and special tasks undertaken during the month.





- 2 The GPLF-EC reviews the bookkeeper's monthly report in its monthly meetings and provides necessary guidance.
- 3 The GPLF-EC reviews the performance of the bookkeeper annually, and as appropriate, recommends changes in the terms of appointment, including remuneration.

---

### 3.6 GPLF COMMITTEES

#### 3.6.1 General Rules.

- The GPLF-RGB may constitute six Committees from amongst its members to carry out various developmental activities for the betterment of its members and the village.
- The size of each Committee shall be 5 members out of which 3 members are from RGB & two from the GPLF EC.

Here RGB refers to the members who are not part of the GPLF EC.

- The tenure of each Committee shall be 2 years & coterminous with RGB election. Each committee will meet at least once every month.
- Each Committee shall appoint one President amongst its members who will lead the agenda of the Committee.

#### 3.6.2 Social Service Committee

The Social service Committee will be formed taking 5 members out of which 3 members from RGB & Two members from EC and one must be from Poor and EPVG category. In case of Scheduled area, all the members of the Sub Committee shall be tribal and one amongst them must belong to the Poor and EPVG category. RGB will nominate the EC and RGB members to the Social Services Committee, subsequently approved by the GB.

#### Roles and responsibilities

1. To ensure the inclusion of the left-out poor and tribal to groups (with the support of the social inclusion committee of CLF)
2. To prepare the inclusion plan of the GPLF
3. Monitoring the implementation of different social development programs of the Government
4. To address social problems amongst the SHGs and/or villagers such as bonded labour, child labour, equity issue etc.

5. To facilitate the members to access basic amenities like drinking water, street lights, roads, schools and sanitation.
6. To educate eligible members and their spouses on the specifics of micro-insurance programs supported by the GPLF and enroll members as appropriate.
7. Plan and monitor special activities for the EPVGs
8. Monitoring and ensuring quality management of community based services

### 3.6.3 Finance & Fund Management committee

The Finance & Fund Management committee will be formed taking 5 members out of which 3 members from RGB & two members from EC and one must be from Poor and EPVG category. In case of Scheduled area, all the members of the Sub Committee shall be tribal and one amongst them must belong to the Poor and EPVG category. RGB will nominate the EC and RGB members to the Finance & Fund Management Committee, subsequently approved by the GB.

#### Roles & Responsibilities

1. The Finance & Fund Management Committee will consolidate the loan applications and submit the same to the EC of the GPLF for approval
2. Linkage with the bank for leveraging additional funds from the bank
3. Prepare the annual budget of the GPLF and place it before the Executive Committee for approval.
4. Monitor repayment performance by SHGs to the GPLF and banks, and recommend necessary action in case of delinquency.
5. Recommend to create a risk fund at GPLF level to take care of the delinquency of the loan.
6. Recommend to GPLF introducing micro financial products in insurance and remittance.
7. Liaison with Institutions, Banks for tailor made Financial Products for the benefit of the group members. The Financial product may include saving, Loan, Insurance and Remittance.
8. To ensure collection of premiums from members and remittance of these premiums to the insurance companies, without any delay.
9. To follow up with the insurance companies for ensuring timely release of compensation to beneficiaries.



10. Facilitation for settlement of insurance claims & any other financial activity as and when necessary.
11. Appraising the MIPs submitted by the member SHGs.
12. Reporting to GB/RGB progress on status of MIPs appraised, CIF funds received and disbursed to members during GB/RGB meetings.

#### 3.6.4 Procurement & Purchase committee

The Procurement & Purchase committee will be formed taking 5 members out of which 3 members from RGB & two members from EC and one must be from Poor and EPVG category. In case of Scheduled area, all the members of the Sub Committee shall be tribal and one amongst them must belong to the Poor and EPVG category. RGB will nominate the EC and RGB members to the Procurement & Purchase Committee, subsequently approved by the GB.

##### Roles & Responsibilities

1. Preparing annual procurement plans and submitting the same to the Executive Committee for approval and take validation of GPLF GB/RGB.
2. Taking responsibility for implementation of procurement plans and ensuring compliances with agreed procurement procedures.
3. Ensuring that the display board provided updated information on all procurement decisions.
4. Ensuring that all member SHGs are aware about procurement procedures.
5. Reporting to GB/RGB during the GB/RGB meeting on Procurement & Purchase made during the year, issues arising during procurement and process undertaken to resolve these issues.

#### 3.6.5 Participatory Monitoring Committee

The Participatory Monitoring Committee will be formed taking 5 members out of which 3 members from RGB & two members from EC and one must be from Poor and EPVG category. In case of Scheduled area, all the members of the Sub Committee shall be tribal and one amongst them must belong to the Poor and EPVG category. RGB will nominate the EC and RGB members to the Participatory Monitoring Committee, subsequently approved by the GB.



Responsibilities

- 1 The Committee shall ensure and monitor that funds allocated by GPLF.
- 2 It shall inform the GB regarding irregularities, if any, in the group.
- 3 It shall monitor the left-out poor have been formed into groups or not
- 4 If any complain regarding the functioning of GPLF is received at OLM office, the Committee shall redress before intervention by the project team.
- 5 Ensuring that all the committees follow the procurement procedures.
- 6 Reporting to GB regarding any violation or deviation of rules by the EC or any other committees.
- 7 Monitoring the adherence to project principles and rules in selection of beneficiaries, implementation of sub-projects and all decisions of GB/RGB.
- 8 Ensuring that transparency and accountability systems are in place and functioning.
- 9 Investigating and reporting to EC any instances of complaints or reports of misappropriation or misuse of loan funds.
- 10 Monitoring SHG performance, particularly on timely repayment of loans by members, and recommend necessary action in the case of delinquency. Ensuring grading / credit rating of eligible SHGs, review the linkage status at regular intervals, and ascertain that all eligible groups are linked with local banks.

#### 3.6.6 Utilization Verification Committee

The Utilization Verification Committee will be formed taking 5 members out of which 3 members from RGB & Two members from EC and one must be from Poor and EPVG category. In case of Scheduled area, all the members of the Sub Committee shall be tribal and one amongst them must belong to the Poor and EPVG category. RGB will nominate the EC and RGB members to the Utilization Verification Committee, subsequently approved by the GB.



Responsibilities

1. Verify randomly at least 25% of the loans sanctioned to SHGs to confirm utilization of funds for intended purposes;
2. Record outcome of random verification of sanctioned loans in a systematic way; and
3. Report to EC regarding any instances of misuse of loan funds, other than intended purposes.

## 3.6.7 Livelihood Promotion Committee.

The Livelihood Promotion Committee will be formed taking 5 members out of which 3 members from RGB & Two members from EC and one must be from Poor and EPVG category. In case of Scheduled area, all the members of the Sub Committee shall be tribal and one amongst them must belong to the Poor and EPVG category. RGB will nominate the EC and RGB members to the Livelihood Promotion Committee, subsequently approved by the GB.

Responsibilities

1. The Livelihood Promotion Committee to render services like identifying the suitable livelihoods options for the member organizations or individuals.
2. To facilitating the SHGs and its members for preparing household micro investment plans.
3. To facilitating the SHGs and its members for preparing micro enterprise plans for promotion of livelihoods.
4. Committee shall also be responsible for organizing producers groups to take up agriculture and other allied livelihoods.
5. Collective marketing shall also be facilitated by the committee for Promotion of cluster level enterprises.

**4.0 SYSTEMS****4.1 OFFICE**

Each GPLF will maintain an office with minimum official formalities like table, chair, files, & rack etc. preferably at GP Headquarters.

**4.2 BANK ACCOUNTS**

Each GPLF shall open bank account/s in the name of the GPLF preferably at a nearby Nationalized Bank, which will be jointly operated by the President and Secretary.



### 4.3 BOOKS

The following set of registers and records shall be in place and maintained by each GPLF.

1. Minutes book cum Attendance Register (GPLF-GB meeting & GPLF-RGB Meeting)
2. GPLF-EC: Minutes book cum Attendance Register (GPLF-EC meeting)
3. GPLF-Sub-committees: Minutes cum activities register
4. Membership Register
5. Asset cum stock Register
6. Voucher
7. Loan Ledger
8. Saving Ledger
9. Cash Book
10. General Ledger
11. Any other subsidiary registers (training and exposure register, PPIF/CIF register, visiting register etc )

### 4.4 REPORTS

GPLFs will prepare the monthly, quarterly, half yearly and annual reports in standardized formats. Key indicators from the reports will be displayed on the Notice Board for transparency and public accountability.

4.4.1 Monthly Performance Report (MPR): The MPR provides key performance indicators on the functioning of the GPLF and its affiliated SHGs during the month. These include attendance in SHG and GPLF-EC meetings, consolidated savings details in SHGs, loan performance details in SHGs and GPLF, and insurance premiums and claims details.

4.4.2 Quarterly Performance report (QPR): The QPR provides key performance indicators on the functioning of the GPLF and its affiliated SHGs during the quarter. These include attendance and key decisions in quarterly GPLF-GB meetings, achievements on savings, loans, and insurance premium mobilization against quarterly plans, information on quarterly internal audits, and achievements against plans for activities of the GPLF committees.

#### 4.4.3 Half Yearly Performance Report (HPR)

The HPR provides key performance indicators on the functioning of the GPLF and its affiliated SHGs up-to the mid-year. These include attendance and key decisions in half-yearly GPLF-GB meetings, achievements on savings, loans, and insurance premium mobilization against plans for mid-term review.

#### 4.4.4 Annual Report (AR):

The AR provides key performance indicators on the functioning of the GPLF and its affiliated SHGs during the year. These include achievements on savings, loans, and insurance premium mobilization against annual plans, information from the annual external audit, and attendance and key decisions taken during the Annual General Body Meetings.

#### 4.5 ANNUAL AUDIT

- 1 The GPLF will be subject to annual external audit by Chartered Accountants appointed by the General Body.
- 2 The General Body will approve the terms of reference and remuneration to be paid to the Chartered Accountant.
- 3 The audit report will be placed/shared at the Annual General Body meeting and approval will be taken. Key indicators of the annual audit report will be displayed on the Notice Board.

### 5.0 SOURCES OF FUNDS

#### 5.1 ENTRANCE FEE AND SUBSCRIPTION

- 5.1.1 All SHGs that have become members of the GPLF shall pay a non-refundable entrance fee of Rs.100/- (Rupees Hundred Only) and annual renewal fee of Rs.100/- (Rupees Hundred Only). The Member SHG will be contributing their saving amount in a fixed amount on monthly basis to be decided by the GPLF
- 5.1.2 SHGs shall purchase shares as a member institution if required and arrange for its members to purchase shares if necessary.
- 5.1.3 Whenever an SHG withdraws from GPLF membership, the SHG's share capital shall be refundable to the SHG, including any dividend credited to the share capital and it's savings after adjustment of the liabilities.

#### 5.2 INTEREST ON LOANS / SERVICE CHARGES.

Revenues for the GPLF consist primarily from interest on lending, and service charges, if any, as decided by the GPLF-GB.

#### 5.3 EXTERNAL LOANS

The General Body of the GPLF has the authority to decide on the quantum of funds to be borrowed, the rate of interest and other terms of the loan. The President and the Secretary are the authorized persons of GPLF to enter into loan agreements on behalf of the GPLF. President and secretary can sue and can be sued.

#### 5.4 CORPUS GRANTS.

The General Body of the GPLF has the authority to decide on applying for corpus grants, if available. This includes the CIF (Community Investment Fund).



## 6.0 LENDING PROCESS, POLICY AND RULES

### 6.1 APPLICATION PROCESS.

- 6.1.1 As part of an annual planning process, all member SHGs of the GPLF shall prepare a financial plan with respect to Micro-investment plan (MIP). This plan shall identify each member's credit needs, creditworthiness, and capacity to absorb external credit for livelihood purposes, as well as prioritization of the credit needs among members and approved loan limits for each member.
- 6.1.2 The financial plan shall form the basis for mobilization of loans from the GPLF, including that borrowed from external resources, such as banks, and that obtained as corpus grants.
- 6.1.3 Applicants will get continuous access to loans on prompt repayment of earlier loans, and subject to availability of funds.
- 6.1.4 Repayment of loans shall be ensured by member SHGs, on the specified dates, The Finance committee shall monitor the repayment but not handle cash.

### 6.2 LOAN PROCESS

Every SHG has to prepare a Micro Investment Plan (MIP) to mobilize funds from internally or externally to meet out their need. SHG members shall submit loan requests during SHG meetings. All SHG members jointly decide whether to approve the request. If approved, they also decide whether they would provide the loan from SHG's own funds or from external funds such as a loan from the GPLF or bank. If a decision is taken to submit a loan request to the GPLF, it prepares the necessary loan application and submits the application to the GPLF.

### 6.3 ELIGIBILITY.

All member SHGs (graded as A & B) that have membership in the GPLF and are not defaulters of previous loans provided by the GPLF are eligible for loans after review by the Finance Committee.

### 6.4 TERMS AND CONDITIONS

The GPLF-GB shall approve the broad framework on terms and conditions for loans (mode of payment, terms of repayment, rate of interest, etc. for each loan source), including that provided from external funds managed by the GPLF, (including CIF) according to generally accepted best practices. These best practices include use of full-cost-covering interest rates, and repayment terms based on the cash flows of the economic activities supported. The GPLF-EC shall have all powers to manage loans under the framework approved by the GPLF-GB, including the powers to prioritize, decide, release and recover all loans.



**6.5 INTEREST RATES**

The interest rate will be determined on the basis of actual prevailing market interest rate (Bank Rate). GPLF may also decide on interest rate on loans sourced from bulk borrowings from banks/ financial institutions depending on the cost of those loans.

**6.6 LOAN APPLICATION**

The loan application must be a simple document which includes the loan purpose, the amount requested, the rate of interest and the proposed repayment schedule. The loan application must have the co-signatures of SHG members, binding the co-signatories in case of non-repayment, and include the signature of all members of the SHG.

**6.7 LOAN APPRAISAL**

The loan applications received from the concerned CLF of its member SHGs duly appraised are reappraised by the Finance Committee. The Finance Committee will forward the application to the GPLF-EC along with its appraisal findings and recommendations.

**6.8 LOAN APPROVAL**

Loans to member SHGs shall be approved or denied by the GPLF-EC following review by the Finance Committee. The GPLF-EC decisions on loan applications shall be communicated to the concerned SHGs and also publicly displayed on the notice board. In case of non-approval of loan, the members SHG can directly take-up with EC of GPLF.

**6.9 LOAN DISBURSEMENT.**

- 6.9.1 Loan disbursement shall be made after completing the loan application, appraisal and approval process and finalizing documentation for the loan. This includes specifying the repayment schedule and applicable penalties, if any, in case of default.
- 6.9.2 Each loan for a member SHG must have a Promissory Note signed by the SHG office bearers and guaranteed by other SHG members for joint and severally liability.
- 6.9.3 The loan funds shall be released to the concerned SHG's bank account through a/c payee cheque after completion of this process.
- 6.9.4 The CLF will facilitate and monitor the loan disbursement process.

**7.0 LOAN POLICY**

- 7.1 Loan Exposure should be in such manners that at any point of time, one particular SHG cannot have more than 15% of the total CIF and any other grant received by the GPLF.
- 7.2 The Liquidity of the Federation should be maxim of 20% of the group saving and others like, interest fine etc with the GPLF to meet urgency needs of its members.

- 7.3. The source and use of Funds should be planned by the Executive Committee of the GPLF on yearly basis.
- 7.4. The loan will be sanctioned to a member SHG depending upon the availability of fund based on prioritization. At any point of time the total loan outstanding of all SHGs availed loan should not exceed 90% of the available fund for loan.
- 7.5. The maximum ceiling of loan support to a SHG will not exceed 10 times the ratio of the SHG's total savings amount subject to requirement based on MIP and prioritization.

## 8.0 SURPLUS ALLOCATION

The GPLF, on completion of its annual audit, and after adjustments have been made to the accounts as outlined above, shall allocate its surplus, as detailed below.

### 8.1 GENERAL RESERVES

Amount to be determined by GPLF to increase the capital base

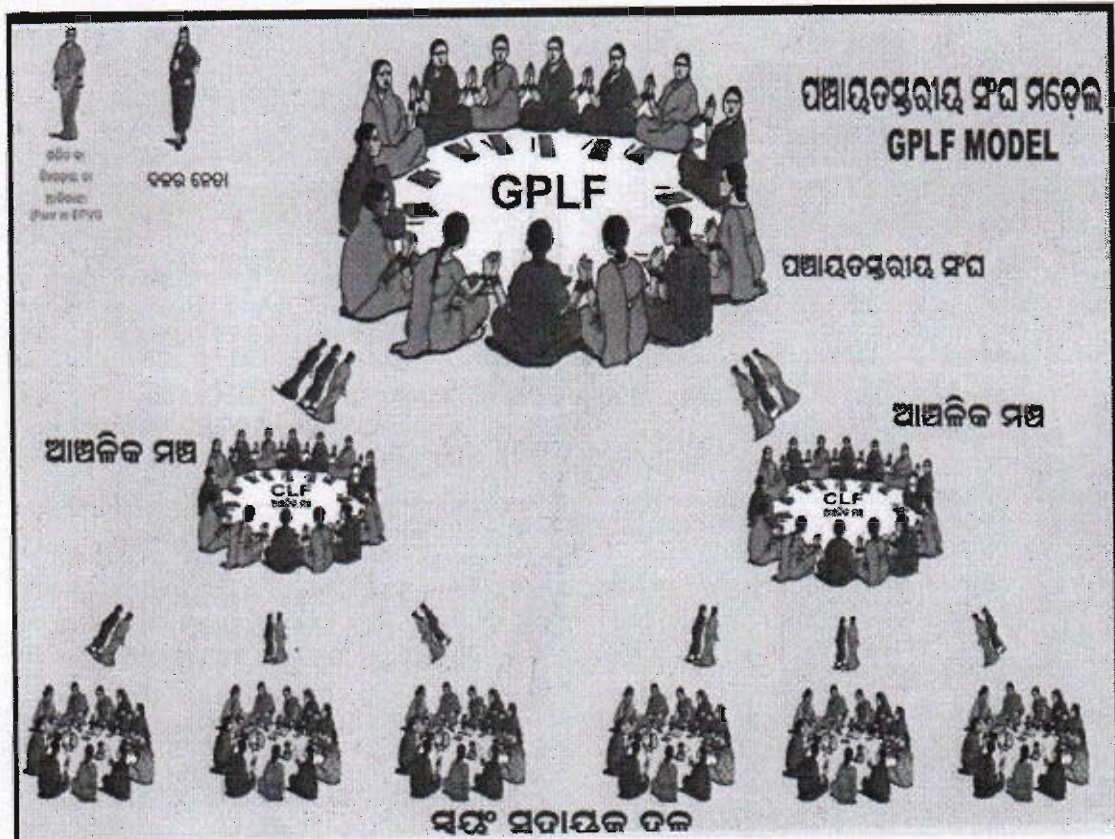
### 8.2 SOCIAL SECURITY FUND

Allocations to this fund shall be used for payment to dependents of a deceased or disabled member. Such payments shall be a minimum of Rs. 5000/- from the surplus generated during the financial year. The norms and modalities for providing these payments will be decided by the GPLF-GB.

### 8.3 DIVIDEND

Members of the GPLF who have contributed and participated in the activities of the Federation may be allocated dividends from the surplus generated during the financial year. The amount of dividend shall be divided by the number of individual members in the GPLF for arriving at the dividend amount for each individual. The dividend amount shall be distributed to the concerned SHGs based on the number of members in each SHG.

ANNEX 1. GPLF STRUCTURE



~