

Annexure-I

Guiding Notes for Gradation and Validation of SHGs

- The formats are to be used for validation of existing SHGs and grading of new SHGs (Refer to the SHG Validation and Gradation format for Grade-I and grade-II SHGs)
- This format will be used uniformly by all banks, NGO and SHPIs.
- Validation will be done at Panchayat Headquarters; whereas fresh gradation will be done at respective village of SHGs.
- Initially a validation of existing SHGs will be made. Subsequently gradation will be made at regular intervals.
- * Under B.1.b i.e. no. of BPL / Poor & EPVG members: in TRIPTI blocks only or intensive blocks where situational analysis has been conducted, data has to be provided about Poor & EPVG members. In case of other blocks, data has to be provided about number of BPL members.
- Part –I data under C. to be collected only for validation; whereas, in case of gradation both Part-I and Part –II to be collected.
- Part-II data under C. i.e. points 9 and 10 to be collected only during fresh gradation and not for validation as it requires direct observation of a group meeting. Hence, in case of validation the total scores to be calculated out of 80 and in case of gradation it is 90.
- For the purpose of bank linkage, a copy of the gradation sheet will be handed over to the service area bank
- The first grading is to be done after six months of formation of SHG.
- However, to measure the health of SHGs, it is recommended to do this grading at every six months interval irrespective of funding requirement.
- SHGs which are less than six months old need not be graded
- The grading sheet will be used for all types of grading that is 1st, 2nd and onwards

Details on filling up Gradation/Validation format for Grade-I SHGs

(Following is one example to clarify how to document the validation and gradation process)

Name of the District: Malkangiri

Date of Gradation: 12-04-2011

The date of gradation is the date on which the Block SGSY Committee graded that particular SHG. In case the date is not available, leave it blank.

Date of Validation: 22-11-2012

The date of validation of the SHG at the GP level

A. General Information

a. Name of the SHG: **Maa Tarini SHG**

The name of the SHG as mentioned on the Bank Passbook and SHG records

b. Village: **Bariabahal**

c. GP: **Ambaguda**

d. Block: **Mathili**

e. Contact Phone No. (if any) of President/Secretary/member: **0000000000**

Ask for contact number of a SHG member who can be contacted as and when required

B. Basic SHG Related Information

1. a. Total members in SHG: **14**

The existing number of members in the SHG as on the date of assessment will be recorded as the total members in SHG. This data to be obtained by referring to the minutes/resolution book

For example: Maa Tarini SHG had 15 members in the month of July 2012

Maa Tarini SHG has 14 members as on 22nd Nov 2012

Hence the total members in the SHG= 14

1. b. No. Of BPL/ Poor & EPVG/ PWD members:

Total number of SHG members identified belonging to BPL or poor and EPVG or PWD

1. c. SC/ST/minority (Muslim, Christians etc.) member:

Total number of members belonging to SC/ST/Minority

2. a. Name of the Bank & Branch: ***for example:* State Bank of India, Pangam Branch**

Write the full name of the Bank and the Branch name as mentioned above as an example from the Bank Passbook of the SHG

b. SB A/c No. **30086765751**

The updated SB bank account number of the SHG should be mentioned

3. Date of formation: **01-10-2008**

The date of formation mentioned in the minute's book should be considered (or the first meeting date of the SHG may be considered as the date of formation). In case the date is not mentioned in the minute's book, then Bank Passbook should be referred.

4. Total savings by members till date: Rs 2400

Refer to the Savings Register (Individual member). This data to be obtained by adding up the till date savings amount of all members.

5. a. Micro-credit received from Mission Shakti / SC & ST/ Watershed etc. (Y/N): Y

Verify from the bank passbook and may be cross checked from ICDS office.

b. Amount Rs: Rs 5000

6. Revolving fund received under SGSY (Y/N): N

Amount Rs: -

This may be verified from the Bank Passbook and the list available at the Block level

7. Loan received under SGSY /other scheme (Y/N): N

Amount Rs: -

This may be verified from the Bank Passbook and the list available at the Block level

8. Number of times availed bank loans: 1

Total loan (fresh and repeat) Rs: 20,000

This may be verified from the Bank Passbook, Loan register, minutes book

9. Name of the bank Branch availed loan: State Bank of India, Pangam Branch

Loan a/c No: 30086765752

This may be verified from the Bank Passbook, Loan register, minutes book

10. Total Amount of Group Corpus (Rs.)

Total Amount of group corpus= total savings of SHG members + total grant received + total interest received from bank + total interest received from SHG members + total of other sources (fines +voluntary contributions + donation) + income from group enterprise

The above mentioned amount can be calculated by the following formula:

Total corpus= (Cash in Hand + Cash at Bank + Total member loan outstanding) – External loan to be paid by SHG (from Bank/GPLF/ BLF/ Financial Institutions)

Maa Tarini SHG

If Cash in hand= 400

If Cash at Bank= 2700

If total member loan outstanding = 1650

If external loan to be paid by SHG to the Bank = 2000

Therefore the total corpus = $400+2700+1650-2000 = 2750$

11. Total Loan Outstanding (Rs.)

The total loan outstanding can be calculated by adding all the individual members' outstanding loan amount to be given to the SHG

For example: Maa Tarini SHG has 14 members. On the date of assessment, six members have active loan from the SHG. The loan outstanding of each member can be calculated as mentioned below.

Individual member	Loan taken from SHG	Loan repaid to the SHG	Loan Outstanding
A	500	200	300
D	700	500	200
E	800	700	100
F	400	100	300
I	400	50	350
K	500	100	400
Total	3300	1650	1650

Individual loan outstanding can be calculated by using the formula given below:

N.B: Individual loan outstanding= Loan taken up by the members from the SHG – Loan repaid by the members to the SHG

Total loan Outstanding= Sum of Individual loan outstanding

Sl No	Indicator	Criteria	How to fill/ Illustration	Source																
1	Homogeneity of the group	In terms of age, sex, well being status etc.	This is defined basically in terms of similar socioeconomic conditions of members and scoring is based on judgment of the facilitator. Sometimes homogeneity could be defined in terms of same social category of women like SC/ST/Member staying in difficult pockets etc.	Minutes Book Members Profile																
2	Savings Bank account	Opened Savings account in Bank	Each group has to open their savings book in the nearby bank branch. This could be assessed by physical verification of the bank passbook. In case it is misplaced, the counterfoil may be verified.	Bank Passbook																
3. a	Meeting Regularity	% of meetings conducted in last six months	For example: Maa Tarini SHG conducts monthly meeting as per their SHG norms. During the last six months, their total number of meetings should have been 6. But while going through their minutes book/ attendance register, it was found that they had only five meetings in the last six months. So, % of meetings in the last six months= $\frac{5}{6} * 100 = 83.33\%$ As % of meetings conducted is more than 70%, score obtained will be 5	Minutes Book Attendance Register																
3.b	Attendance	%Attendance =	It will be calculated as- the actual attendance divided by desired attendance multiplied by 100 For example: Maa Tarini SHG has 14 members. The SHG conducts monthly meeting. Desired number of members attended meetings in the last six months= $14 * 6 = 84$ But in the last six months, following is the actual attendance in meetings: <table border="1" data-bbox="662 1501 1156 1833"> <thead> <tr> <th>Month</th> <th>Number of member attended meeting</th> </tr> </thead> <tbody> <tr> <td>May</td> <td>13</td> </tr> <tr> <td>June</td> <td>14</td> </tr> <tr> <td>July</td> <td>10</td> </tr> <tr> <td>August</td> <td>14</td> </tr> <tr> <td>September</td> <td>13</td> </tr> <tr> <td>October</td> <td>11</td> </tr> <tr> <td>Total</td> <td>75</td> </tr> </tbody> </table> % attendance= $\frac{75}{84} * 100$	Month	Number of member attended meeting	May	13	June	14	July	10	August	14	September	13	October	11	Total	75	Minutes Book Attendance Register
Month	Number of member attended meeting																			
May	13																			
June	14																			
July	10																			
August	14																			
September	13																			
October	11																			
Total	75																			

			= 89% So the attendance is more than 80% and hence the score obtained will be 5	
4	Bookkeeping	Availability and updated of all the books of records- Minutes Book Savings register Loan register Cash Book Individual pass Book (saving and loan)	Updated books of records- The books of records to be checked for updation till the last meeting	Minutes Book Savings register Loan register Cash Book Individual pass Book (saving and loan)
5	Regularity in savings	% of members saved regularly in the last six months	MaaTarini SHG has 14 members. The SHG saves once in every month. So, each member is expected to save six times. If less than 7(<50%) members save six times (every month they save) regularly the group will get a score of 1 If 7 to 11 members (50 to 80%) save six times regularly, the group will get a score of 5 If more than 11 members (80% and above) save six times regularly, the group will get a score of 10	Savings Register Cash Book Bank/Individual Passbook
6 A	Internal Loaning	% of total available fund used as internal loan	Total loan outstanding amount (on assessment date) divided by Total available funds multiplied by 100 MaaTarini SHG has Rs 2700 in bank. Rs 400 as cash in hand. Total available funds= 2700+400 = 3100 Total amount of loan outstanding = 1650 % of total available fund used as internal loan= 1650/3100*100 = 53 % So % of total available fund used as internal loan is between 50% and 80% hence the score obtained will be 5	Loan Register Cash Book Bank/Individual Passbook

6 B	Internal Loaning	% of members of	<p>% of members having active loan during last six months</p> <p>Maa Tarini has 14 members. Let's say the members are A,B,C,D,E,F,G,H,I,J,K,L,M,N. The following data was obtained regarding active loan during the last six months (active loan means at any given point of time a member has taken loan or has loan outstanding)</p> <table border="1" data-bbox="662 512 1250 848"> <thead> <tr> <th>Month</th> <th>Members taken loan</th> <th>Number of members</th> </tr> </thead> <tbody> <tr> <td>May</td> <td>A, E, K, G</td> <td>4</td> </tr> <tr> <td>June</td> <td>-</td> <td>-</td> </tr> <tr> <td>July</td> <td>-</td> <td>-</td> </tr> <tr> <td>August</td> <td>J, L, M</td> <td>3</td> </tr> <tr> <td>September</td> <td>A, B,F, H</td> <td>3</td> </tr> <tr> <td>October</td> <td>T</td> <td>1</td> </tr> <tr> <td>Total</td> <td></td> <td>11</td> </tr> </tbody> </table> <p>If any member has taken loan twice in the last six months, then it will be counted only once. Hence in the above example, the member A will be counted only once.</p> <p>% of members having active loan during the last six months= total number of members having active loan in the last six months/ total number of members in the SHG*100 $=11/14*100$ $=78.5\%$</p> <p>So the % of members having active loan is more than 50% and less than 80%, hence the score obtained will be 7</p>	Month	Members taken loan	Number of members	May	A, E, K, G	4	June	-	-	July	-	-	August	J, L, M	3	September	A, B,F, H	3	October	T	1	Total		11	Loan Register Cash Book Bank/Individual Passbook
Month	Members taken loan	Number of members																										
May	A, E, K, G	4																										
June	-	-																										
July	-	-																										
August	J, L, M	3																										
September	A, B,F, H	3																										
October	T	1																										
Total		11																										
7 A	Regular Repayments	% of loan repaid by members to SHG (in last six months)	<p>MaaTarini has 14 members.</p> <table border="1" data-bbox="662 1381 1250 1822"> <thead> <tr> <th>Month</th> <th>Demand (supposed to be collected from the SHG members in Rs)</th> <th>Collected (actual)(in Rs)</th> </tr> </thead> <tbody> <tr> <td>May</td> <td>240</td> <td>200</td> </tr> <tr> <td>June</td> <td>200</td> <td>150</td> </tr> <tr> <td>July</td> <td>200</td> <td>200</td> </tr> <tr> <td>August</td> <td>200</td> <td>200</td> </tr> <tr> <td>September</td> <td>240</td> <td>240</td> </tr> <tr> <td>October</td> <td>240</td> <td>150</td> </tr> <tr> <td>Total</td> <td>1320</td> <td>1140</td> </tr> </tbody> </table> <p>% of loan repaid by members to SHG $=1140/1320*100$</p>	Month	Demand (supposed to be collected from the SHG members in Rs)	Collected (actual)(in Rs)	May	240	200	June	200	150	July	200	200	August	200	200	September	240	240	October	240	150	Total	1320	1140	Loan Register Cash Book Bank/Individual Passbook
Month	Demand (supposed to be collected from the SHG members in Rs)	Collected (actual)(in Rs)																										
May	240	200																										
June	200	150																										
July	200	200																										
August	200	200																										
September	240	240																										
October	240	150																										
Total	1320	1140																										

			<p>=86.36%</p> <p>So the % of loan amount repaid is more than 80% and hence the score obtained is 12</p>	
7 B	Regular Repayments	% of Members repaid loan regularly	<p>% of members repaid loan regularly in last six months = total no of members repaid loan in last six months divided by total members availed loan</p> <p>The member wise individual loan details shall be referred while calculating the same</p> <p>If less than 50% of members repaid loan regularly for the last six months, hence score obtained will be 2</p> <p>If 50% to 80% of members repaid loan regularly for the last six months, score obtained will be 7</p> <p>If more than 80% of members repaid loan regularly for the last six months, score obtained will be 12</p>	<p>Loan Register</p> <p>Cash Book</p> <p>Bank/Individual Passbook</p>
8	Rotation of Leadership	Leaders in SHG- President & Secretary have changed every two years or as per the norms decided by the group	<p>SHG Byelaw needs to be checked from the minutes book regarding the norms set for rotation of leadership by SHG</p> <p>To check if the SHG has followed the norms set in the bye-laws, the minutes book resolution need to be checked.</p> <p>To cross-check the change in leadership, the signature of the President/ Secretary before and after the change in leadership needs to be checked</p>	

Additional Details on filling up gradation format for Grade-II

SI No.	Indicator	Criteria	How to fill/ Illustration	Source
7	Participation in social activities (in last six months)	Like participation in MDM, village development activities, anti liquor campaign, sensitization on social issues etc.	Minutes book may be checked to confirm the involvement of the group in any of social activities	<ul style="list-style-type: none"> Minutes Book Interaction with members Any recognition like award /trophy/ certificate
8	Utilization of RF/Bank Loan	Utilization of RF/Bank loan amongst the members of the group	This can be verified by seeing if only the leaders accessed the RF/Bank loan or it is divided equally amongst the members. The maximum marks should be given to those groups where the loan is given according to the need based prioritization	Loan Register Cash Book Individual Passbook
9	Sanitation	% of Members having individual household latrine (IHL)	For example: Maa Tarini has 14 members. Out of these 14 members, 10 members have latrine in their house. The data regarding IHL shall be cross checked from the Block. % of Members having individual household latrine (IHL)= $9/14 \times 100 = 64\%$ So % of members having individual household latrine (IHL) is between 30 to 70%, hence the score is 3	Physical verification

Part B

SI No.	Indicator	Criteria	How to fill/ Illustration	Source
10	Participation	Participation of members in discussion during meeting	This is based on the observation of the assessor during the meeting of SHG that how many members are actively participating in the discussion	Direct Observation of a group meeting
11	Awareness of norms and functions of SHG		This can be verified by interacting with each of the members of the SHG and assessing if they are aware about the norms and functions of the SHG set by the SHG	Interaction with members