

# **A Tool Kit for SHG Facilitator**



**The Institute of Chartered Accountants of India**  
*(Set up by an Act of Parliament)*  
**New Delhi**

# A Tool Kit for SHG Facilitator

**DISCLAIMER:**

The views expressed in this Guide are those of author(s). The Institute of Chartered Accountants of India may not necessarily subscribe to the views expressed by the author(s).



**Committee for Co-operatives & NPO Sectors (CCONPO)**  
**The Institute of Chartered Accountants of India**  
*(Set up by an Act of Parliament)*  
New Delhi

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## Foreword

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India is a country with rich cultural heritage where people of many different communities and religions live together with amicable and harmonious conduct. They remain together in thick and thin in a cohesive manner. With this positive quality of Indians, many individuals and NGOs, act as facilitator and come forward to become intermediaries to form group of people sharing common problems living in same locality. Self Help group (SHG) is a voluntary organization of people where people sit together and discuss problems faced by the members of the group and community and try to find out solutions to common problems. Sometimes, SHGs also indulge in basic financial activities such as providing loans to their members in need.

It is really heartening that the Committee for Cooperatives & NPO Sectors (CCONPO) of the Institute of Chartered Accountants of India (ICAI) has brought out 'A Tool Kit for SHG Facilitator'. This publication brings out all the aspects which are helpful for the facilitator in forming and facilitating the Group. The formats of the books required to be maintained by the SHG, documents required for opening bank account and availing loan facility from bank given in the form of annexure is a sincere and excellent effort taken by the committee.

I would like to congratulate CA. Vijay Kumar Garg, Chairman, CCONPO; CA. V. Murali, Vice-Chairman, CCONPO; other members and special invitees of the committee who have made significant contributions in bringing out this publication.

I hope and wish that this publication would be of immense value to the readers in their professional activities.

Date: Jan 15, 2013

Place: New Delhi

**CA. Jaydeep Narendra Shah**

President, ICAI



## Preface

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Self Help group represents a unique approach of forming a group of people from a common background sharing common problems. SHGs are formed and supported usually by individuals, NGOs and by Government agencies. They are seen to confer many development programmes, both social and economical.

This tool kit includes salient features of SHG, Book Keeping, credit facilities for SHG and do's and don'ts for SHG facilitator of will be helpful for the SHG and facilitator in managing efficient and smooth working of the SHG. The last section of this booklet –'Annexure' which includes formats of various documents would be of immense utility to the facilitator in record keeping and availing credit facilities.

I would like to take this opportunity to place on record my deep appreciation to Dr. Amit Kumar Agrawal, Secretary, Committee for Cooperatives & NPO Sectors who prepared the basic draft of this publication and CA Ashish Tiwari, Executive Officer, CA Aakansha Nigam & CA Deepika Agrawal, Management Trainees for the secretarial assistance rendered by them.

I wish to extend my sincere thanks to CA Badirath Rao, Special Invitee, CCONPO and CA Subhash Mittal, Special Invitee, CCONPO who were instrumental in giving final shape to this document.

I compliment the members of Committee for Co-operative & NPO sectors for their valuable suggestions and comments.

I also thank CA Jaydeep Narendra Shah President, ICAI and CA Subodh Kumar Agrawal, Vice President, ICAI for their able guidance.

I am sure that this tool kit will be of great help to the facilitators in discharging their responsibilities for Self Help Group (SHG).

Place: New Delhi  
Date: 16-01-13

**CA Vijay Kumar Garg**  
Chairman  
Committee for Cooperatives & NPO



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## Chapter 1

# Salient Features of Self Help Group

---

SHG is a group formed by likeminded people living in the same area and facing common problems. They collect a small amount of money from group members and lend to someone in the group who is in need of money. They also try to solve many other problems of each other in the group. Some salient features of SHG are-

1. Homogeneous gathering – It is a group generally formed by 15 - 20 people facing similar problems in order to undertake some common activity through mutual trust and help.
2. Moneylender – SHG acts like a moneylender or a development bank as it collects money from the members and lends the same to those in need. Interest is also charged on lending on monthly basis. The purpose of lending may be medical treatment of family members, marriage and higher education of children, etc.
3. Cooperative Agency – A Self Help Group is formed for the welfare of the members of the group. It is mainly concerned for the members and it is for the people and of the people.
4. Voluntary Agency – It is a voluntary agency of likeminded people of a region. Generally people with same financial background come together and form such a group. No one can be pressurized for joining the group. All members shall decide the functions of the SHG for their benefits and share work accordingly.
5. Women's Role – Women have a vital role to play in SHG as they easily understand the problems faced by their family members.
6. One family, one member – Only one member can participate in a SHG from a family.
7. Registration – Registration of a SHG is not compulsory and it is also not required for opening a bank account.
8. Meetings – Meetings are conducted at regular intervals either weekly, fortnightly or monthly so that members can understand the problems of each other and freely interact for solving these problems.

9. Facilitator – A group can be formed with the help of a facilitator. The facilitator can be a person from the group or an outsider. A facilitator can be an individual or an institution.
10. Record Keeping – The following records are required to be maintained by the SHG – Minutes Book, Savings Register, Loan Register, Weekly/monthly register of receipts and payments, etc. Someone from the group will be trained for this purpose.
11. Training – For smooth functioning of SHG training is required to be given to members who are literate and eligible to learn basic mathematics, writing books, basics of lending, borrowing, etc.
12. Joint Liability Groups (JLGs) within SHGs :A few members of an SHG may graduate faster to start or expand economic activities requiring much higher levels of loans than required by other SHG members. In such cases, the other members may not like to stand mutual guarantee for a few large sized loans. In such cases, a smaller “Joint Liability Group (JLG)” from members of an SHG may be created. The members of JLG will continue to remain members of the SHGs and continue to participate in the activities of SHG.
13. Transparency: In order to further strengthen the various stakeholders' confidence in financing of SHGs a third party assessment of SHGs' operations is desirable. Assessment, inter alia, should cover aspects like regularity in meetings, savings, internal lending process, correctness of interest application, accounting for all receipts and payments, drawing out final accounts of SHGs, etc. The assessment may be informal in nature, but be made compulsory for credit expansion beyond the normal limit of the savings of SHGs. This assessment may be conducted by SHG-level Business Facilitators (Auditors) from NGOs or other agencies, which promote SHGs.
14. Management: For the management of the SHG, office bearers are elected democratically.

## Chapter 2

# Record Keeping

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**Record Keeping** – For the effective and smooth functioning of the SHG, following records are suggested to be maintained by the SHG -

1. **Minutes Book** – The proceedings of the meetings are recorded in this book. Annexure A gives a sample of the minutes of a meeting.
2. **Copy of Rules & Regulations** – The rules and regulations relating to the SHG are written here and updated as and when there are changes. Sample Rules & Regulations are given in Annexure B.
3. **Receipts and Payments Register** – Receipts and payments of cash as well as bank transactions of the SHG are to be maintained separately in this register which is accessed by the group members at every meeting. For a sample Weekly Register see Annexures C & D.
4. **Member's Pass Book** – This is individual member's pass book in which loans and savings of the member are entered. Sample Member's Pass Book is set out in Annexure E.
5. **Membership Book** – This book shows the name, date of joining and address of the members of the group. Sample of a admission book is given in Annexure F.
6. **Application forms for membership** – A person seeking to become a member of a SHG should make an application containing complete details of the person. Sample of the application form is given in Annexure G.
7. **Attendance Register** – Attendance of members in the weekly meeting is noted in this book. Sample Attendance register is given in annexure H.
8. **Stock Register** – This is a record giving stock summary which showing the opening stock, goods inwards, goods outwards, closing stock, etc. Stock Register is given in annexure I.
9. **Loan to Members Book** – The loan sanctioned to the members of the group is entered in this book. It consists of member's name, loan amount, purpose of loan, amount of interest, etc. Sample Loan to Member's Book is set out in annexure J.

10. **Loan to SHG Book** - The loan sanctioned to the group by Bank or any member is entered in this book. It consists of the member's name, loan amount, purpose of loan, amount of interest, etc. Sample Loan to SHG Book is given in Annexure K.
11. **Members Savings Book** - Payments received from members of the SHG are required to be entered in this book. Sample Members Saving Book is given in Annexure L.

## Chapter 3

# Credit Facilities to SHG

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Loans granted by banks to the SHG would be purpose neutral as the group decides the purpose for which loan can be advanced to its members. As indicated by RBI in its circular (Ref: RPCD. FID. BC.No.06/ 12.01.001/ 2011-12 dated 1 July, 2011) banks are expected to meet the entire credit requirements of SHG members for (a) income generation activities, (b) social needs like housing, education, marriage, etc., and (c) debt swapping, etc

### When

As soon as the SHG is formed and two or three meetings are held, it can open a Savings Bank account with the nearest Commercial or Regional Rural Bank or a Cooperative Bank.

The Reserve Bank of India has issued instructions to all banks permitting them to open SB accounts in the name of registered or unregistered SHGs. RBI Circular regarding opening of Bank Account in the name of SHG is reproduced as Annexure M.

### Why

Bank Account essential to keep the thrift and other monies of the SHG safely and also to improve the transparency levels of transactions. Opening of SB account, in fact, is the beginning of relationship between the bank and the SHG.

### How

SB A/c can be opened in the name of the SHG and a saving bank A/c passbook can be issued in the name of SHG.

The following documents are required for opening a saving bank A/c-

1. Resolution for opening a bank account– A resolution regarding opening a bank account passed in the group meeting signed by all members. Sample resolution is given in Annexure N.
2. Resolution for authorization – A resolution for authorizing at least three members of whom any two can operate the SHG Saving Bank Account. Sample resolution is given in Annexure O.
3. Application Form – The duly filled application form can be introduced by the promoter in which the names of the members who can jointly

operate the account have to be specified. Sample Application Form is given in annexure P.

4. Rules and Regulations of the SHG – The rules and regulations of the SHG can also be given with the application form. It is not a mandatory condition for opening a bank account or for loan sanction. Sample Rules and Regulations are given in Annexure B.

#### **Sanction of credit facilities to the SHG**

Loan can be obtained from the bank for the purpose of advancing it monies to any member who is in need of money. Conditions governing the loans are:

1. Loan is always advanced in the name of SHG and not in the name of individual member
2. The loan can be given in the proportion of 1:4 of its savings.
3. Bank does not decide the purpose for which SHG should give loan to its member
4. The group will be responsible for repayment of loan.
5. The documents required by banks for lending to SHG are –
  - Agreement for authorizing minimum three members to operate the account to be executed by all member. Sample resolution is given in Annexure Q.
  - Application form which includes details of the purposes for which SHG gives loans to its members. Sample resolution is given at Annexure R.
  - Articles of agreement duly stamped for use by the bank while financing SHG. Sample resolution is given at Annexure S.

## Chapter 4

# Dos and Don'ts for SHG facilitator

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### Dos

1. Regularly visit the area where the Group's members reside.
2. Introduce yourself if people do not know you.
3. Visit families of your area and talk to them.
4. Interact with informal groups of people gathered around tea shops, bus stand, haat (market), water spots, etc.
5. Observe and listen patiently their problems and note down for necessary action.
6. Become friendly with them.
7. Communicate with the members in their local language.
8. Give more emphasis on interaction with elders and women of the area and ascertain important issues of their families.
9. Carefully and patiently listen to questions asked by the members of the group during meeting.
10. Understand the community and their tradition.
11. Carefully evaluate the persons who can prepare and maintain accounts and records.
12. Explain the importance of working in a group with several examples.
13. Try to win the trust of the people.
14. Involve in the common activities of the area, help to identify groups, how people work in group, etc.
15. Collect information regarding credit needs, incomes, seasonality of earnings, availability of natural resources, skills & markets, etc.

### Don't

1. Tell the families that you are advancing money under any scheme.
2. Promise any subsidy money.
3. Think that you know everything.

## A Tool Kit for SHG Facilitator

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4. Deviate from the subject.
5. Exhibit hostility
6. Express any disbelief.
7. Start explaining your plans in the very first communication.



**Loans Sanctioned:**

The Secretary\_\_\_\_\_ informed the members that the following loan applications were received:

S.No.	Name	Amount (₹)	Purpose
1			Shop
2			Piggery
3			Weaving
4			Weaving unit
5			Vegetable garden

The Secretary\_\_\_\_\_ also informed the members that \_\_\_\_\_ and \_\_\_\_\_ were defaulters in savings contribution and \_\_\_\_\_ and \_\_\_\_\_ were irregular in their attendance at meetings. After a discussion based on the criteria for sanctioning loans the members unanimously decided to grant loans only to \_\_\_\_\_ and \_\_\_\_\_.

All the members exhorted \_\_\_\_\_ and \_\_\_\_\_ to deposit savings contribution regularly and \_\_\_\_\_ and \_\_\_\_\_ to attend meetings regularly for the better performance and growth of the group.

**One Day Capacity Building Programme for Members :**

The Secretary\_\_\_\_\_ informed the members that \_\_\_\_\_ planned to conduct a one day training programmes for all SHG members in their respective groups and had asked the group to choose any convenient date from\_\_\_\_\_. After detailed discussion on various alternative dates and places for the training programme, the group unanimously decided to have the One Day Training Programme on \_\_\_\_\_, at \_\_\_\_\_ at\_\_\_\_\_. Members also unanimously decided to collect an amount of ₹ \_\_\_as extraordinary contribution from each member for refreshments.

**Election of New Management Committee:**

The President\_\_\_\_\_ informed the members that the term of office of the Management Committee had expired and that as per the rules and regulations of the group new members should be elected to the posts in rotation to give all the members a chance to hold office. After much discussion on various proposals, the following names were proposed and seconded before being voted on:

\_\_\_\_\_ proposed that \_\_\_\_\_ be the new \_\_\_\_\_ of the

group and \_\_\_\_\_seconded the proposal. \_\_\_\_proposed that \_\_\_\_\_be the Secretary of the group and \_\_\_\_\_ seconded the proposal. Both the proposals were passed by a majority of votes and Resolution was unanimously adopted.

**Resolution for Election of New Management Committee**

“RESOLVED that Mr/Ms.\_\_\_\_\_, and Mr/Ms.\_\_\_\_\_, cease to be \_\_\_\_\_respectively, of \_\_\_\_\_ SHG w.e.f\_\_\_\_\_, and Further Resolved that in their place, Mr/Ms.\_\_\_\_\_, and Mr/Ms.\_\_\_\_\_, be and are hereby appointed \_\_\_\_\_respectively, of the group, with effect from\_\_\_\_\_.”

**Change of Signatory to the Bank Account:**

The President informed the members that the names of the Past President and Secretary who are signatories to the savings Bank Account had to be replaced by the newly elected President and Secretary. The members therefore unanimously passed the resolution. See Annexure O for change of signatories.

**Vote of Thanks to Outgoing President and Secretary:**

Mr/Ms.\_\_\_\_\_ proposed a vote of thanks to Mr/Ms.\_\_\_\_\_ and Mr/Ms.\_\_\_\_\_, the outgoing President and Secretary for having managed the affairs of the group for a period of two years with dedication. The next meeting was scheduled to be held on \_\_\_\_\_, at \_\_\_\_\_ at \_\_\_\_\_.

Members present Thanked the chairperson for conducting the meetings successfully.

**FOR\_\_\_\_\_SHG**

Date : \_\_\_\_\_

**President / Secretary**

SHG SEAL/ Full Address of SHG

## **B**

### **Specimen Rules & Regulations of the SHG**

1. SHG shall not consist of more than 20 members
2. Membership – The conditions for becoming member of the Self Help Group are -
  - The person should be residing in the same area.
  - The person should have completed 18 years of age.
  - The person should not be of unsound mind.
  - The person should take interest in the working of the SHG.
  - The person should have faith and interest in the objects of the SHG.
  - Similar living standard/like minded people can form a group.
  - Only one member of a family can become a member of the SHG.
  - Members should have the same social and financial background.
3. Termination of membership – The membership of any member of the SHG shall be terminated from the group by passing a resolution in the meeting with consent of atleast three fourth members present in the meeting. The following may be the reasons for termination -
  - Death
  - Resignation
  - For working against the interest of the SHG.
  - Persistent defaulters in making contribution.

The members whose membership is terminated in the aforesaid manner shall have the right to represent themselves in writing and same would be placed for decision in the next meeting and the majority decision on such representation would be final.
4. The group shall conduct a meeting every week or four meetings in a month. The meeting can be conducted after \_\_\_\_\_ or at night at \_\_\_\_\_.
5. In every meeting the group shall discuss and try to find solutions to the problems faced by the members of the group.
6. The quorum of the meeting will be at least two thirds of the total members

7. Each member of the SHG should contribute an amount of ₹ \_\_\_\_\_ as monthly contribution (Savings).
8. Loan can be granted to the members for emergency needs like illness in the family, marriage or for buying of assets for income generation, etc.
9. The saving funds should be used by the SHG for lending to its own members after saving for a minimum period of 2 to 3 months.
10. The group will discuss and decide about the purpose for which loans are to be given to its individual members.
11. The group is collectively responsible for repayment of loans and under no circumstances the SHG should allow any of its members to default in payment of contribution and repayment of loans.
12. Proper accounts are to be kept by the group. Simple and clear books for all transactions are to be maintained.
13. For the smooth functioning of the SHG there will be three key positions viz. President, Secretary and Treasurer. The incumbents to these officials will be elected by majority with at least three fourths of the members present in the meeting.
14. The Rights and duties of the office bearers of the SHG –
  - A. **President**
    - To preside over the meetings.
    - To give the decision making vote in the event of equal votes on any issue.
    - To represent the SHG.
    - To sign agreements and other documents.
    - To sanction loans to the members of SHG as per recommendation of the group meeting.
  - B. **Secretary**
    - To prepare annual budget.
    - To amend or change in Bye-laws of the SHG with majority of at least 3/4 of the members present in the meeting.
    - To convene meeting.
    - To record proceedings and maintaining records.

- To control the income and expenditures.
- To represent the SHG and sign on all legal documents.
- To correspond on behalf of the SHG.
- Admission of new members/termination of members.

**C. Treasurer**

- Ensuring safety of the properties of the SHG.
- To prepare accounts.
- To prepare daily accounts and maintain records.
- To inform to the President/ Secretary about the budget/fund of the SHG.
- To perform other works as may be assigned.

15. In case SHG is having surplus a specified amount as decided by the group is reinvested in corpus fund at the end of every financial year. After retaining profits in corpus, if any surplus is left with the group it is distributed among the members equally.
16. In case the SHG is having Bad Debts, the issue will be discussed in the Group meeting. The amount of bad debt will be written off from the surplus earned at the end of the financial year and in case the SHG is not having any surplus members will equally bear the loss.
17. If at the end of a financial year, the SHG is found to have incurred losses, the members of the group will have to contribute equally to recover the losses.
18. Upon election of New Office Bearers, the role, duties and responsibilities of the outgoing President, Secretary and Treasurer will automatically get transferred over to the new Office Bearers

Date\_\_\_\_\_

**President / Secretary**

SHG SEAL/ Full Address of SHG

**Note: The contents given above are only suggestive. Each bank has a specific A/c opening form.**

**C****Sample Record of Receipts & Payments of Cash Transactions**

Date	Particulars	Opening Balance (Amt in ₹)	Receipts (Amt in ₹)	Payments (Amt in ₹)	Closing Balance (Amt in ₹)	Remarks

General Remarks:

Date\_\_\_\_\_

President / Secretary

SHG SEAL/ Full Address of SHG

**D****Sample Record of Receipts & Payments of Bank Transactions**

Date	Particulars	Opening Balance (Amt in ₹)	Receipts (Amt in ₹)	Payments (Amt in ₹)	Closing Balance (Amt in ₹)

Date\_\_\_\_\_

President / Secretary

SHG SEAL/ Full Address of SHG

**E**

**Specimen of Member's Pass Book**

**Savings Pass Book**

Date	Opening Balance (₹)	Amount Saved (₹)	Closing Balance (₹)	Signature

**Loan Pass Book**

Date of sanction of Loan \_\_\_\_\_ Loan Amount \_\_\_\_\_

Purpose of Loan \_\_\_\_\_ Rate of Interest \_\_\_\_\_

Repayment Installment Monthly/ Quarterly/ Half yearly/ Annual ₹ \_\_\_\_\_

Date	Principal (₹)	Interest (₹)	Penalty (₹)	Balance (₹)	Signature

Date \_\_\_\_\_

President / Secretary

SHG SEAL/ Full Address of SHG

**F****Specimen of Membership Book**

S.No	Name of the member	Date of joining	Address

**G****Sample of Application Form for Admission**

Name of the person \_\_\_\_\_

Address \_\_\_\_\_

No. of Members in the Family \_\_\_\_\_

No. of earning members in the family \_\_\_\_\_

Monthly Income of the Family \_\_\_\_\_

Details of the members in the family

S.No.	Name	Sex	Age	Education	Job	Monthly Income

Approved:

Not Approved (State Reasons):

Date \_\_\_\_\_

President / Secretary

SHG SEAL/ Full Address of SHG

## H

### Sample of Attendance Register

Attendance of the \_\_\_\_ meeting of \_\_\_\_\_ Self Help Group held on \_\_\_\_\_ at \_\_\_\_\_.

S.No.	Name of the Member	Signature/ Thumb Impression

Date \_\_\_\_\_

President / Secretary

SHG SEAL/ Full Address of SHG

I

## Specimen Stock Register

Name of the Product\_\_\_\_\_

Date	Opening Stock	Goods Inwards				Goods Outward				Closing Stock (Qty.)
		From whom	Qty.	Amt in ₹	Cash/ Credit	To whom	Qty.	Amt in ₹	Cash/ Credit	

- If goods are bought by the SHG on credit, it will be regarded as loan to SHG. Therefore enter the amount in Loan to SHG Book.
- If goods are sold by the SHG on credit, it will be regarded as a loan to members. Therefore enter the amount in Loan to Members Book.

Date\_\_\_\_\_

President / Secretary

SHG SEAL/ Full Address of SHG

**J**

**Specimen Loan to Members Book**

Member's name \_\_\_\_\_ S.B.A/c No. \_\_\_\_\_

Loan A/c. No. \_\_\_\_\_ Purpose of loan \_\_\_\_\_

Loan Amount \_\_\_\_\_ Rate of Interest \_\_\_\_\_

Repayment Installment Monthly/ Quarterly/ Half yearly/ Annual ₹ \_\_\_\_\_

Date	Opening Balance		Repayment repaid		Balance		Signature of A/c holder/ Member
	Principal (₹)	Interest (₹)	Principal (₹)	Interest (₹)	Principal (₹)	Interest (₹)	

Date \_\_\_\_\_

President / Secretary

SHG SEAL/ Full Address of SHG

**K**

**Specimen Loan to SHG Book**

Bank /Member's name \_\_\_\_\_ S.B.A/c No. \_\_\_\_\_

Loan A/c. No. \_\_\_\_\_ Purpose of loan \_\_\_\_\_

Loan Amount \_\_\_\_\_ Rate of Interest \_\_\_\_\_ Repayment

Installment Monthly/ Quarterly/ Half yearly/ Annual ₹ \_\_\_\_\_

Date	Opening Balance		Repayment repaid		Balance		Signature of A/c holder/ Member
	Principal (₹)	Interest (₹)	Principal (₹)	Interest (₹)	Principal (₹)	Interest (₹)	

Date \_\_\_\_\_

President / Secretary

SHG SEAL/ Full Address of SHG

**L****Sample of Members Saving's Book**

Date	Member's Name	Amount		Signature
		₹	Ps.	
	Total			

Date \_\_\_\_\_

President / Secretary

SHG SEAL/ Full Address of SHG

**M****Opening of Savings Bank Accounts in the name of Self-Help Groups****Circular issued by Reserve Bank of India****Central Office**Department of Banking Operations  
& Development "Centre — I"World Trade Centre, Cuffe Parade, Colaba, Mumbai  
400 005

Ref. DBOD. No. BC. 63/13:01:08/92- January 4, 1993

Pausa 14, 1914 (S)

All Scheduled Commercial Banks  
(Including Regional Rural Banks)

Dear Sir,

Please refer to para 3 (i) of our directive DBOD. No. Dir. BC. 151/C.347-85

dated 27<sup>th</sup> December 1985 in terms of which banks have been prohibited from opening of Savings bank accounts in the name of certain bodies/organizations. The issue relating to opening of savings bank accounts by Self-Help Groups financed by banks under a pilot project launched by National Bank for Agriculture and Rural Development (c.f. circulars RPCD. No. Plan BC.13/PL-09.22/90-91 dated 24<sup>th</sup> July 1991 and No. DPD 104/DPD. FS.4631/92-A/91-92 dated 26<sup>th</sup> February 1992 issued by our Rural Planning and Credit Department and National Bank for Agriculture and Rural Development respectively) has been examined and it has been decided that such Self- Help Groups, registered or unregistered, may be allowed to open Savings Bank Accounts with Banks.

Please acknowledge receipt.

Yours faithfully  
(B.D. Nitsure)  
Deputy Chief Office

## N

### Specimen Resolution for opening a Saving Bank A/c

\_\_\_\_\_Self Help Group Area\_\_\_\_\_ District  
\_\_\_\_\_ State \_\_\_\_\_

Certified true copy of the resolution passed at the meeting of the  
\_\_\_\_\_SHG held on \_\_\_\_\_

"RESOLVED :

- 1) That a Saving Bank Account be opened in the name of  
\_\_\_\_\_ Self Help Group with \_\_\_\_\_ Bank ,  
\_\_\_\_\_ Branch, \_\_\_\_\_Village/City and that the  
correspondence address for the account with Bank will be as below:  
\_\_\_\_\_  
\_\_\_\_\_
- 2) That as and when any change takes place in the correspondence  
address of the SHG, the Bank be advised of such change and a fresh

resolution regarding the correspondence of the account be forwarded to the Bank forthwith.

- 3) That a copy of the resolution duly authenticated by \_\_\_\_\_ (President) be forwarded to the Bank. This resolution shall remain in force until the bank receives advice regarding change in the correspondence address together with a fresh resolution in that behalf.

Certified as True Copy

Date

President/ Secretary

Place

SHG

## O

### Specimen Resolution to Authorize members to operate Saving Bank Account

"RESOLVED THAT Mr/Ms \_\_\_\_\_, Mr/Ms \_\_\_\_\_ and Mr/Ms \_\_\_\_\_ be severally authorized to represent the Self Help Group before \_\_\_\_\_ Bank (It could keep also be generic without naming the bank by using the word "bank") for opening a saving bank account for \_\_\_\_\_ SHG and sign all necessary forms, documents. The said bank account will be operated jointly by any two of them (or it can be worded – "to be operated by any of the two members")"

Certified as True Copy

Date

President/ Secretary

Place

SHG

### Sample Resolution for change of Signatory to the Bank Account

"RESOLVED that the names of Mr/Ms \_\_\_\_\_, and Mr/Ms \_\_\_\_\_, signatories to Savings Account No. \_\_\_\_\_ in the name of ' \_\_\_\_\_ SHG, with State Bank of India, \_\_\_\_\_ Branch, be deleted and Further Resolved that Mr/Ms \_\_\_\_\_, President and Mr/Ms \_\_\_\_\_, Secretary, be

and are hereby authorized to operate the said account jointly and to borrow and conduct all transactions with the Bank with effect from\_\_\_\_\_."

Certified as True Copy

Date

Place

President/ Secretary  
SHG

## P

**Specimen Application for opening of Saving Bank A/C to be submitted by SHG to Bank Branch while applying for opening Saving Bank Account**

Name of the Self-Help Group:

Address:

Formed/Established on

Registered: Yes/No

If registered: give number and date and furnish true copy of the Certificate of Registration.

Number of members in the Group:

Name of SHPI/NGO/VA assisting the Group: if any,

To:

The Branch Manager

\_\_\_\_\_ Bank  
Branch

Dear Sir,

**Sub:- Application for opening Bank Account**

We the duly authorized representatives of the above SHG hereby apply for opening a saving bank account in the name of the \_\_\_\_\_Self Help Group for on savings of our membe₹

Yours faithfully,

1.

2.

(Authorised representative)

**Q**

**Agreement to be executed by the members of the SHG**

[To Be Stamped As A General Power Of Attorney]

THIS AGREEMENT made this \_\_\_\_\_ day of

BETWEEN

1. Shri/ Smt/ Kum. \_\_\_\_\_  
Son/Wife/Daughter of \_\_\_\_\_, aged \_\_\_\_\_ years  
Residing at \_\_\_\_\_ ; and

2. Shri/ Smt/ Kum. \_\_\_\_\_  
Son/Wife/Daughter of \_\_\_\_\_, aged \_\_\_\_\_ years  
Residing at \_\_\_\_\_ ; and

3. Shri/ Smt/ Kum. \_\_\_\_\_  
Son/Wife/Daughter of \_\_\_\_\_, aged \_\_\_\_\_ years  
Residing at \_\_\_\_\_ ; and

4.

5

who are members of the \_\_\_\_\_ group, hereinafter referred to collectively as "The Self Help Group (SHG) Members" which expression shall, unless repugnant to the context or meaning, include every members of the said SHG and their respective legal heirs, executors and administrators

WHEREAS all SHG members are residents of \_\_\_\_\_ Area in taluka of the \_\_\_\_\_ State and are known to each other.

WHEREAS the above named persons have joined voluntarily together and formed the SHG with an intent to carry on savings and credit and other economic activities for mutual benefit subject to the terms and conditions hereinafter appearing :

NOW THEREFORE  
THIS AGREEMENT  
WITNESSETH  
THAT:

1. Each member of the SHG shall save and contribute a sum of ₹ \_\_\_\_\_(only) or such sum as may be decided by the Group, on weekly fortnightly/monthly basis which shall be deposited with the authorized member of the group.
2. Each member shall strive for the success of the SHG and shall not act in any manner detrimental to the interests of the SHG.
3. The SHG members shall be jointly and severally be liable for all the debts contracted by the SHG.
4. All assets and goods acquired by the SHG shall be in the joint ownership of all the members of the SHG and shall ordinarily be in the constructive custody of such member as may be authorized by the Group and shall be kept at which shall not be changed without the consent of the SHG members.
5. The SHG members hereby duly elect and appoint Shri/Smt/Kum. .... As, Shri/Smt/Kum..... as ..... Shri/Smt/Kum ..... as [by whatever name designated] to look after and manage the day to day affairs of the SHG's activities and also act in their name and on their behalf in all matters relating thereto. The authorized representatives, may however, be removed at any time by majority vote of the members and new representatives elected.
6. Each of the SHG members hereby agrees to abide by and ratify all such act, deeds and things as the authorised representatives may do in the interest of the said activities.
7. The authorised representatives shall take decisions in the day to day working of the SHG and each representative shall actively involve herself or himself and co-operate in looking after the general day-to-day affairs of the SHG activities and in particular to attend to the following activities.
8. Every member of the SHG hereby authorises the representatives to apply for the loan on behalf of the SHG and execute necessary

agreements/documents on behalf of the SHG for the purpose. The authorised representative may collect loan amounts from the bank on behalf of SHG, deposit the same in the savings account of the SHG for on lending to members in accordance with the decision of the SHG and also deposit recovery of loan installment from members in the loan account/s of SHG with the bank.

The SHG members hereby specifically authorize the representatives:-

- (i) To open Savings, Fixed Deposits and other accounts in (.....) bank approved by the SHG and operate the same under the joint signature of any two of the following authorised representatives.

Shri/Smt/Kum.

Shri/Smt/Kum.

Shri/Smt/Kum.

- (ii) To keep or cause to be kept proper books of accounts of the savings, made by the SHG Members, loans granted to them and the recoveries made from them and render every year the full accounts to the SHG members for their approval and adoption;
- (iii) To receive all payments due to the SHG and issue requisite receipts or acknowledgements for and on behalf of the SHG;
- (iv) To institute and defend on behalf of the SHG members any legal proceedings and safeguard the interests of each member of the said SHG and for this purpose engage or disengage any lawyer or advocate or agent and incur the necessary legal expenses in connection therewith.

9. In the event of death of any of the members of the SHG, his/her legal heirs shall be entitled for the benefits and be liable for the obligations of the deceased member under this agreement.

10. It is agreed that no new person shall be inducted as a member of the SHG without the consent of all the existing members.

In witness whereof the aforesaid members of the SHG have set their respective hands hereunto at the place \_\_\_\_\_ and \_\_\_\_\_ on day \_\_\_\_\_ of \_\_\_\_\_ month \_\_\_\_\_ year first herein appearing.

Name of members SHG	Signature/s/Thumb of the impression
(1) _____	_____
(2) _____	_____
(3) _____	_____

WITNESSES:

(1) _____	_____
(2) _____	_____

(Note: The SHG shall not consist more than 20 persons)

*Source:* A Handbook on Forming Self Help Groups (SHGs) published by NABARD

## R

**Specimen application for loan to be submitted by SHG to Bank \_\_\_\_\_ Branch while applying for loan assistance**

Name of the Self-Help Group:

Address:

Formed/Established on Registered: \_\_\_\_\_ Yes/No

If registered: give number and date and furnish true copy of the Certificate of Registration.

Number of members in the Group:

Name of NGO/VA assisting the Group: if any,

The Branch Manager

Bank

Branch

Date

Dear Sir,

Application For Loan

We the duly authorised representatives of the above SHG hereby apply for a loan aggregating ₹ /- (Rupees\_\_only) for on lending to our members. The financial particulars of the group as on are given in the enclosed sheet.

Repayment Schedule

2. We agree to repay the loan amount as per the repayment schedule as may be determined by the bank.
3. A copy of the Inter-se Agreement executed by all the members of the group authorizing us interalia to borrow on behalf of the SHG is enclosed.
4. We hereby declare that the particulars given above are true and correct to the best of our knowledge and belief.
5. We hereby authorize the Bank to disclose all or any particulars or details or information relating to our loan accounts with the Bank, to any other financial institution including NABARD, Government or any agency as may be considered necessary or desirable by the Bank. It will be in order for the Bank to disqualify the SHG from receiving any credit facilities from the Bank and or recall the entire loan amount or any part thereof granted on this application, if any of the information pertaining to the group, furnished herewith is found incorrect and/or containing misrepresentation of facts.

Yours faithfully,

1.

2.

[Authorised representatives]

### SELF HELP GROUP

#### Financial Particulars as on

Sr.No.	Particulars	Amount
1.	Savings from Members	
2.	Seed Money from NGO/VA, if any	
3.	Borrowings Outstanding: (Please specify source)	
4.	Loan outstanding against members	
5.	Amount in default, if any, against members	
6.	Recovery percentage	
7.	Cash/bank balance	

Source: A Handbook on Forming Self Help Groups (SHGs) published by NABARD

## S

### Specimen Articles of Agreement

The Articles of Agreement made on this day of \_\_\_\_\_ at

By and Between M/s. \_\_\_\_\_ [name of SHG] \_\_\_\_\_ an  
unregistered association of persons/individuals having its office at  
\_\_\_\_\_ represented by its authorised  
representative Shri/Smt. \_\_\_\_\_,

(Name)

and Shri/Smt \_\_\_\_\_,

(Designation)

(Name) \_\_\_\_\_

(Designation)

who are fully authorized by all the members of the SHG, (a copy of such Authorization is annexed hereto and forms part of this agreement), hereinafter referred to as the "borrower" which expression shall unless repugnant to the subject or context thereof, mean and include members of the unregistered association for the time being, their respective successors,

legal heirs, administrators and assigns of the one part and (name of the bank) a body corporate constituted under the Act have its Head Office at and the Branches, *inter alia*, one at hereinafter called "the Bank" which expression shall unless repugnant to the subject or context thereof mean and include its successors and assignees of the second part.

Whereas the borrower is an unregistered association of persons who have inter se agreed to help each other as self-help group with a view to developing and ameliorating the socio-economic conditions of their members.

Whereas having formed the association as a self help group, the Borrower as per application dated \_\_\_\_\_ made by the said

Shri/Smt. \_\_\_\_\_,

(Name)

(Designation)

and Shri/Smt. \_\_\_\_\_,

(Name)

(Designation)

duly authorised to borrow in terms of its resolution dated [copy enclosed] requested the Bank to \*grant a loan/extend credit facility of \*₹ \_\_\_\_\_/- up to the limit of ₹ \_\_\_\_\_/- (Rupees \_\_\_\_\_ only) for on lending to its members.

And whereas the Bank has agreed to grant the \*loan/extend credit facility to the borrower on certain terms and conditions

And whereas the Bank and the borrower are desirous of reducing the agreed terms into writing. Now, therefore, this agreement witnessed as follows:

1. The Bank has agreed to grant and the borrower has agreed to borrow by way of term loan/cash credit (clean) upto the limit of ₹ \_\_\_\_\_/- (Rupees \_\_\_\_\_/- only) and the bank has opened (SPECIFY THE KIND OF LOAN ACCOUNT) A/C No. of date \_\_\_\_\_/- in the name of the borrower in its book of accounts.
2. In case the facility availed is cash credit the Borrowers will operate the cash credit account satisfactorily and within the limit

and the Borrower shall repay the outstanding liability in the account inclusive of interest and other charges debited from time to time on demand without demur.

3. In case loan availed is Demand Loan, without prejudice to the right of the Bank to recall the loan on demand the Borrower undertakes to repay the loan with (\*Delete whichever is not applicable) interest and other within the period stipulated in terms of sanction.
4. It is clearly understood by and between the parties hereto that in the event of the borrower's failure to utilize the proceeds of the credit facility for the purpose for which the same has been made available by the bank to the borrower, the borrower shall repay immediately on demand without demur together with interest without prejudice to Bank's right to initiate other legal action.
5. The borrower shall pay interest on the loans to be calculated on the daily balances in the loan account and be debited thereto at quarterly rests or as the bank may decide.
6. The borrower should utilize the proceeds of the credit facility for the purpose of lending to its members to improve the socio-economic conditions of their members and their families.
7. The borrower shall repay the credit facility availed of together with interest payable as per the interest rates that may be fixed by RBI/NABARD from time to time for such lending.
8. The borrower shall be liable to repay credit the facility on demand together with the interest and other charges payable by the borrower to the bank in accordance with the rules of the bank.

Repayment Schedule

Please specify

In witness whereof the parties hereto have affixed their signature on the date and the month and year first herein above written.

For SHG

For Bank

- (1) Authorised Representative
- (2) Authorised Representative Manager

**Source:** A Handbook on Forming Self Help Groups (SHGs) published by NABARD

## **Acronyms**

SHG – Self Help Group

NGO – Non Government Organization

VO – Voluntary Organization