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Government of India
Ministry of Rural Development
Department of Rural Development (RL Division)

6th Floor, Hotel Samrat,
Chanakyapuri, New Delhi
Dated- 30th June 2017

To,

State Mission Director/CEO
All State Rural Livelihoods Missions (except AP, Bihar, Jharkhand, Rajasthan)

Subject: Transaction Based SHG Accounting System- Standard Operating Procedure onroll-out Strategy.

Madam/Sir,

As you are aware, DAY-NRLM has developed Transaction Based SHG Accounting System (TBSAS) which needs to be rolled-out in all intensive blocks of all states/UTs. This Ministry had also organized 2-days workshop on 23-24 May 2017 at New Delhi on this subject in which SPM- IBCB, SPM-FI and SPM-ME & MIS from various SRLMs had participated. During the workshop the states were advised to prepare roll-out plans to cover all SHGs in intensive blocks under TBSAS including planning for the capacity building plan for staff and cadres and procurement of devises (Tablets/laptops/desk tops etc.). A draft Standard Operating Procedures (SOP) for the same was shared which may be adopted after due customization, if necessary, by the SRLMs.

Rolling-out of TBSAS involves procurement of devises, printing of the material and capacity building of staff and cadre. All concerned thematic teams in the SRLMs must be involved in the process for preparation of SOP and roll-out of the TBSAS. The SPM-IB may take the lead for preparation of SOP and its roll-out in the state. SPM-CB, SPM-Financial Inclusion and SPM- MIS & M&E may provide necessary support. Concerned Thematic Managers at district and block level will implement the process in accordance with the roll out plan.
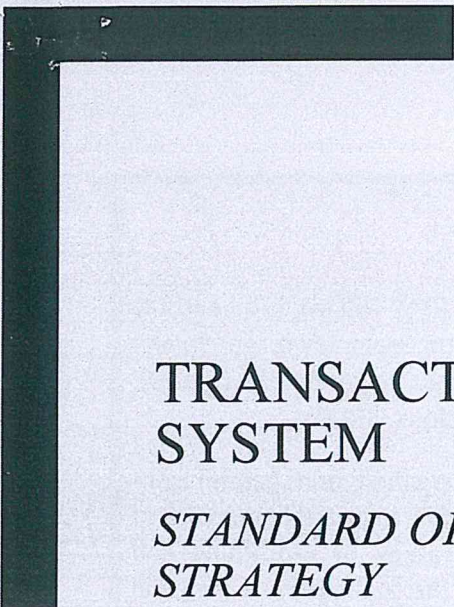
The draft SOP on rolling out strategy for Transaction Based SHG Accounting System is attached for your reference. It is requested that the action plan for roll out of TBSAS in all intensive blocks may be finalised and implemented urgently.

Encl. as above.

Yours faithfully,
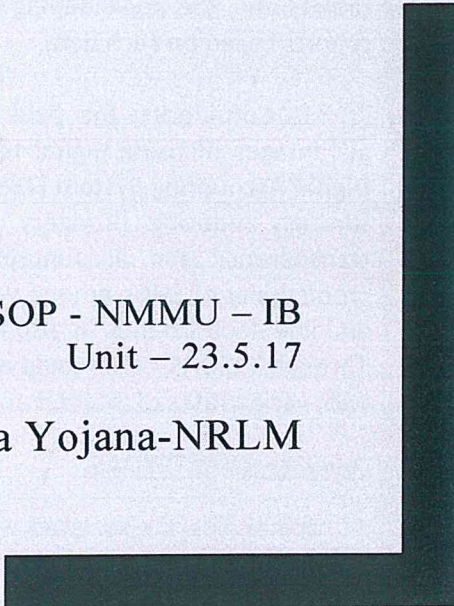
(Nita Kejrewal)
Director-F&A, NRLPS

TRANSACTION BASED DIGITAL ACCOUNTING SYSTEM

STANDARD OPERATING PROCEDURES & ROLL-OUT STRATEGY

Draft - 2 – TBSDAS SOP - NMMU – IB
Unit – 23.5.17

Deendayal Antodaya Yojana-NRLM

Prologue:

The Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM), is a centrally sponsored programme launched in June 2011, after restructuring Swarnjayanthi Gram Swarozgar Yojana (SGSY). The Mission is implemented by the RL Division of Ministry of Rural Development (MoRD), Government of India (GoI) with the support of the State Rural Livelihoods Missions (SRLMs).

The Mission aims to "reduce poverty through promotion of diversified and gainful self-employment and skilled wage employment opportunities resulting in appreciable increase in incomes of the rural poor on sustainable basis". The Mission seeks to adopt a strategy of promoting and strengthening community institutions which are in turn expected to mediate the livelihoods of the rural poor. The community institutions are expected to enable the poor to overcome three types of exclusions responsible for perpetuating poverty viz., social exclusion, financial exclusion, and economic exclusion. The four key components of the Mission viz., social mobilization and institution building, financial inclusion, livelihoods promotion, convergence and social development are designed to address the exclusions of the rural poor, eliminate their poverty, and bring them into the economic mainstream.

As of April 2017, NRLM had under its fold 26.3 lakh SHGs and 1.44 lakh VOs. These institutions need to be continuously nurtured and supported such that they are efficiently managed and attains self-reliance. Bookkeeping plays a pivotal role in this process. The Mission has promoted manual bookkeeping in all SHGs and has trained bookkeepers drawn from the community to maintain the books of accounts. Efforts have been made from time to time to improve the quality of manual bookkeeping by building the capacity of the bookkeepers. These efforts have contributed to the quality of bookkeeping to a certain extent.

Notwithstanding these efforts, paper-based systems have certain inherent limitations. As the accounts are still paper based, and are to be manually tallied and consolidated at regular intervals, the preparation of books takes lot of time and often delayed. As the literacy levels of the members are relatively low both at SHG and VO level, identifying quality bookkeepers is becoming a challenge. Also, as the honorarium paid to bookkeepers is relatively small, the dropout rate among them is very high. With the advent of new technologies such as net books, laptops, desktops, mobile based applications, tablets etc., the bookkeeping of SHGs and their federations can be digitized to get real-time data and reports based on such data.

Considering the field level constraints in implementing manual bookkeeping and given the advantages of using digital technology, DAY-NRLM has decided to introduce Transaction-Based SHG Digital Accounting System (TBSDAS) to enhance quality of bookkeeping as well as performance of SHGs through reducing drudgery of manual bookkeeping, simplify accounting systems and increase transparency and accountability in SHG functioning. The digital accounting also enhances the creditability of SHGs among various stakeholders viz., SHG members, federations, financial institutions and line departments. It also facilitates effective decision making at SHG, federation and Mission levels. Through TBSDAS, SHGs could also manage funds from multiple programmes, and different loan products with varied rates of interest and repayment structures.

Advantages of TBSDAS:

Stakeholders associated with SHGs could access required information from any location and at any time through TBSDAS.

SHG Members:

- Current month and cumulative savings (all Kinds of savings) of members;
- Number of loans accessed, amount borrowed and repaid (both principal and interest), loan outstanding and over dues;
- Subscription of savings and loan repayments to be made in the following month; and
- All types of insurance premium paid, claims redeemed and such other transactions.

SHGs:

- Regularity in conduct of meetings;
- Members' attendance at meetings, savings and credit history;
- Demand, collection and balance of savings and loans of individual members and SHG as whole
- SHG borrowings from bank/VO/other institutions
- Leadership information and rotation of leaders;
- Availability of SHG corpus, idle funds, profitability and grading;
- Micro Credit Plan related information;
- SHG bank loan application;
- Funds/grants received from various sources; and
- Members' access to entitlements and public services.

SHG Federations:

- New and existing formed SHG federations and their status;
- Regularity of SHG meetings, savings, loans advanced and borrowings and defaults/ overdue details;
- Loan utilization patterns – source wise, purpose wise
- SHG grading, profitability, idle fund and investments;
- Access of members to entitlements vis-à-vis their socio- economic status; and
- Status of member-enrollment in various insurance and pensions schemes and benefits received from them.

Banks:

- SHG members' performance;
- SHGs performance;
- SHG grading & credit worthiness;
- SHG fund management and financial health;
- Utilization of bank credit and repayment by members;
- SHG liabilities;
- Leadership rotation;
- SHG audit status and observations;
- All insurance related information; and
- SHG MCP and loan documentation.

Mission Units:

- Leftover POP to be brought into SHGs and newly formed SHGs;
- Regularity of SHGs meetings, savings, loans and borrowings, loan defaults;

- Loan utilization patterns – source wise, purpose wise;
- CIF and VRF disbursement, utilization and availability;
- SHGs grading, profitability, idle fund and investments;
- Details of access of members to their entitlements;
- Socio-economic status of members;
- Performance of staff and SHGs;
- Identification of training needs for SHGs, cadres and Mission staff; and
- Analysis of sector-wise investment pattern of loans taken by SHG members.

Considering the potential cost implications, availability of network, and power, NRLM has developed following two different applications:

Types of Applications/Operating Systems:

1. Android based (works both online and offline); and
2. Web based (works only on online)

Advantages of Android Based Application:

1. Low investment cost;
2. Operates on both mobile and Tablet;
3. Works both offline and online;
4. Less maintenance and protection from viruses;
5. Could capture transactions at SHG meetings;
6. Device could be used for other related purposes and trainings;
7. Could be linked to GPS;
8. Could be captured during the meeting ;
9. Could be operated by persons with minimum education; and
10. Does not require additional staff.

Advantages of Web Based Application:

1. User-friendly;
2. Big screen display;
3. Single data entry point; and
4. Instant loan application submission to bank.

Required Readiness Factors for Rolling out of TBSDAS:

Preparation of Action Plan: SRLMs need to prepare Action plans for rolling out TBSDAS, clearly indicating the following activities with timelines, persons responsible for each activity, venue and amount and source of funding.

1. Printing of perforated transaction summary sheet and distribution to SHGs;
2. Training of SHG bookkeepers/VO Accountants/Tablet Didis /Data Entry Operators and Mission staff;
3. Procurement of devices (Tablets/Laptops/Desktops, UPS and SIMs/Data cards;
4. SHG audits needs to be completed prior to preparation of Cut off Sheet;
5. Preparation of SHG profile

6. Preparation of Cut off sheet (SHG and member level) for SHGs of more than 6 months old. It is a one-time activity for collection of pre-historic transaction data.
7. Verification of Cut off sheet
8. Preparation of transaction summary sheet needs to be prepared either for each meeting or at the end of each month (in the last meeting of that month aggregating the entire month's transaction)
9. Verification of transaction summary sheet
10. Cut-off data is required to be collected for up-to the last month before transaction data entry starts (e.g. If transaction entry is to happen from January 2017, then cut-off data up-to December, 2016 should be collected and entered.)
11. Identify data entry point and setting up of infrastructure for uploading of SHG profiles and SHG transactions.

Activities Relating to Procurement

1. Considering availability of funds, network and other field situations, SRLMs first need to decide on the type of device along with specifications they would like to adopt for TBSDAS;
2. Accordingly, SRLMs have to finalise the quantity of the devices to be procured If the SRLMs decide to adopt desktops then, they should make provision for purchase of UPS, Table and chairs as well;
3. Irrespective of the type of device, it is advisable to purchase anti-virus system, annual maintenance, covers/bags and screen guards etc.;
4. To avoid delays in decision making for purchase and all procedural hurdles, it is advised to adopt "Community Procurement System" for purchase of devices.
5. To build community ownership of TBSDAS, it is advisable to facilitate SHGs to contribute to the costs to VOs/CLFs for purchase of Tablets and payment for data entry and SHG audit; and
6. If the states decide to entrust procurement to VOs/CLFs, then clear specifications of the device and the list of potential suppliers should be communicated to them.

Activities Related to SHG Books of Accounts

1. Transaction Summary Sheet shall be printed either at State/District/Block level using Mission funds and shall be distributed to all SHGs;
2. Transaction summary sheet needs to be made part of existing SHGs Books of Records
3. Transaction and Cut off sheet needs to be made available in regional language.
4. SHG updated bank saving and loan passbook from concerned bank and information from VOs and other organisations related to SHGs transactions shall be collected prior to finalization of SHG accounts;
   o SHG books of accounts shall be updated by SHG bookkeepers correctly and consistently.
5. Measures shall be taken to complete audit of each SHG by VO Accountants/CRPs/CBO Cadre/ Project staff, one month prior to rolling out of TBSDAS;
6. Before preparing Transaction Summary sheet, SHG books of accounts shall be updated and SHG balance sheet tallied;
7. SHG profile data shall be entered prior to entering SHG transaction summary sheet. Entering SHG profiles and transaction summary sheet data is a one-time activity for capturing historic data of SHGs.

Capacity Building CBOs, CBOs Staff and Mission Staff:

1. Train key district and block level staff viz., IB, CB, FI and MIS anchors, Block Mission Manager and Community/Cluster/Area Coordinators at State level for 2-3 days prior initiating the rollout.
2. Train existing Master Book Keeper /existing VO BK/ cadre updating books of records at VO and Data Entry Operator (DEO) for 2-3 days at block/district level prior initiating the rollout.
3. All the SHG, VO, CLF-EC members and office bearers shall be oriented for 2-3 days on management of transaction based SHG Digital Accounting system prior initiating the rollout.
4. Also, it would be necessary to orient the staff and others from time to time on changes made to the application.
5. Based on the type of operating system adopted (Tablet or Web-based application), clear capacity building strategy needs to be developed.
6. In case of adoption of Android Application, as the number of Bookkeepers is large, it is advisable to identify good existing CRPs @ 4 to 6 members per block from the existing pool and train them on SHG audit, preparation of Transaction summary sheet and management of SHG Accounting systems utilizing the services of Block Resource Trainers (BRTs)/Staff/Senior CRPs. These CRPs in turn needs to conduct training of bookkeepers either at CLF level or at block level.
7. A two-day Review-cum-Refreshers trainings CRPs shall be conducted on a monthly or Bi-Monthly basis at SMMU/DMMU level for plugging the knowledge and skill gaps.
8. Depending on the understanding levels of Bookkeepers, a 3 to 4 days training needs to be conducted. Care shall be taken to include for practice sessions in each training. Later, a two-day bi-monthly review-cum-refresher training shall be conducted regularly to Bookkeepers
9. The Data Entry Operators may be trained either by Master Bookkeepers or Mission staff. Also, a two-day review-cum-refresher training shall be conducted to Data Entry Operators either on a monthly or bi-monthly basis.

Entry of SHG Profiles and Transaction Summary Sheet:

- In case of adoption of Android Application, it is advisable to identify one SHG member/existing bookkeeper for this purpose. Also, their payment mechanism shall be developed. As Bookkeeper are working for SHGs, it is advisable to facilitate SHGs to pay honorarium or resource fee either directly or through VO/CLF to them.
- In case of adoption of Android Application, SHG Bookkeeper/ VO Accountant/ person identified for data capturing shall attend SHG meetings, prepares Transaction Summary sheet, enters and uploads the data. In case absence of network connectivity, data shall be captured in Offline and uploaded to server whenever network is available. This has to be done at least once in a month.
- In case of usage of Web based system, Cluster Level Federation (CLF) may be assigned as data entry point or VO may be assigned in absence of CLF. All the transaction summary sheets have to be collected and submitted to Data Entry Operator either on fixed day/date(fortnightly/monthly) for uploading. Also, payment mechanism by CBOs for this purpose may be developed.
- The Transaction sheet may be prepared either for each meeting or at fixed intervals (Fortnightly or monthly) and entered into the system. In case of monthly updating of transaction sheet, all the transactions that happened in the entire month have to be aggregated.
- Either MBK/ VO BK/ cadre updating BoR at VO level shall verify Transaction summary sheets before uploading the data on the web. Initially sample verification may be done by Mission Staff All the original Transaction Summary Sheets and SHG Profiles needs to be filed and keep in the safe custody either at CLF/BMMU Level.
- After completion of data entry, the Mission staff needs to take printouts of both SHG profiles and transaction summary sheet, ensure data accuracy and authenticate them by counter signing. Also, they need to maintain files either at CLF/BMMU level for future verification and

grievance redressal. After uploading SHG profile data into system a print copy of it needs to be made available at SHG.

- The Mission staff needs ensure that all SHGs and members level transactions are captured in the transaction sheet and uploaded in TBSDAS regularly.

Social Cadre required:

- In case of adoption of Android based application, one person may be required for every 30 – 50 SHGs.
- In case of adoption of Web Based Application, one exclusive desktop and Data Entry operator may be required for every 300 – 500 SHGs.
- SRLMs needs to identify and place DEO from the pool of community cadres or from open market.
- SRLMs may develop their payment norms as per the State policy. Further, payment may be calculated on daily basis or per SHG entry basis.

Concurrent Audit of SHG Books of Accounts:

1. The SRLMs needs to develop Community Auditors/MBK/Existing VO BK/available CBO Cadre for conducting SHG Concurrent Audits at least once in a year and train all SHG members on their transactions, loan repayments, funds availability, profitability of SHGs and financial literacy.
2. The Community Auditors shall take printouts of SHG transactions from on-line system, visit SHGs, verify with SHG books of accounts, conduct audit and make necessary corrections in the online system. The concerned SHG leaders/bookkeepers shall provide Bank reconciliation statement, information from VOs and other organisations about SHG transactions to Community Auditors.
3. The Community Auditors needs to take attend the concerned VO and CLF meetings, submit the SHG Audit reports and share the audit findings for necessary follow-up action.

Monitoring Rollout of TBS:

- The Community/Cluster/Area Coordinators and Block Mission Managers are responsible for monitoring of capacity building and updating of data on a daily basis in their Operational area.
- The District Level Anchorperson – (IB & CB) is responsible for implementation and rollout of TBSDAS at the district level. The IB-CB anchor person needs to plan and conduct trainings to all CBOs, CBO staff, CRPs and Mission staff.
- The District level MIS anchor is responsible for coordinating with SMMU/NMMU and resolving all technical related issues.
- The District level FI Anchor is responsible for orienting the Bankers on TBSDAS and ensuring opening of SHG member bank accounts and entry of Aadhar and bank account information.

Guidelines to be issued:

- Specifications of equipment, network procurement method, process to be adopted and source of funding;
- Social cadre required for SHG Audit, verification of Transaction summary sheet and uploading of data
- Social cadre identification, hiring, incentive/payment modalities and capacity building
- Roles and responsibilities of various stakeholders viz., SHGs and their federations and Mission management functionaries as well as monitoring mechanisms

- Identification of electronic-CRPs from the existing resource pool of cadres for facilitating and training the newly identified BKs at SHG/VO level.
- Capacity building of key district and block level staff (District officials including District Mission Manager, District Finance Manager, District Institution Building Manager, MIS Manager, BPM and other block staff)
- Concurrent SHG Audit mechanisms