



Mahakalasm Management Information System

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Objective: Developing MIS for SHG based Micro-Finance Institutions

Report

Functional Framework of SHG based Micro-Credit System – The Mahakalasm Model

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Organisation & Community Groups

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Community Enterprise Forum India (CEFI), Madurai, Tamil Nadu, India
Mahakalasm Federations, Madurai, Tamil Nadu, India
&
Kalasam (Self Help Groups)

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Functional Framework of SHG based Micro-Credit System

The Mahakalasm Model

Introduction:

Background:

Microcredit / finance has emerged as a major as major motivator and sustainable development activity in rural countryside. Several models have emerged and systems have been created in which micro-credit groups have come up for various activities related to:

Community funds & Savings
Community Health
Self-employment activity
Micro-enterprise development

Some more information on various aspects of micro-finance & micro-credit is available at: <http://www.gdrc.org/icm/index.html>

The top down SHG Model:

Federations (Mahakalasm) are group's of SHG's (Self Help Group, Kalasam) promoted by NGO's in any given area, geographically, physically or administratively close. Mahakalasm is a body registered under the association & societies act of a state. For better administrative purpose these federation have sub groups known as **Clusters**. Each clusters has two representatives of Groups representing their groups in Cluster meetings. Similarly each cluster is represented at Mahakalasm by four representatives, which is the apex body.

Confederations are unregistered network based entity which are basically formed as per the geographical extent and proximity, such as a region, area where that particular NGO is working, may include two to three districts or four to five federations. However the extent of these confederations are limited to the states.

Provides the backward linkages and the marketing and policy support, lobbying, meeting point for various NGOs and resource mobilization

Network of Confederation is a new entity emerging across states as a national level (confederation) network, of NGOs that are working on the similar federation model in micro-credit. These are actually network of networks (Networks confederations) mainly for a change, exposure, ideas exchange platform, lobbying, advocacy, marketing role, and replications of best practices.

International Networks such as the Groots Exchange (promoted by USA based individuals) for across the country exchange of ideas and a platform for exchange of

ideas, visiting alternatives, pioneering initiatives replication (study & research focus), Idea bank, transfer of technologies, networking. These are an identified need by this group to create group access to the Internet and hence networking of ideas, initiatives, and policy platform, learn from experiences, sharing successful models and case studies

A general structure of this model is as under: (also see the Diagram)

- ❖ Each Village about 1-2 SHG group with 12 – 20 members having 2 elected leaders
- ❖ There is a CCC, “Cluster level Consultative Committee” in which functionaries of these SHG’s meet, roles of this committee
 - Conflict resolution
 - Monitoring team
 - Training
- ❖ Federation is a Community Based Organization acting as a Community Bank and enterprise promotion entity.
- ❖ These federations are further registered as confederations

Federation formation stages:

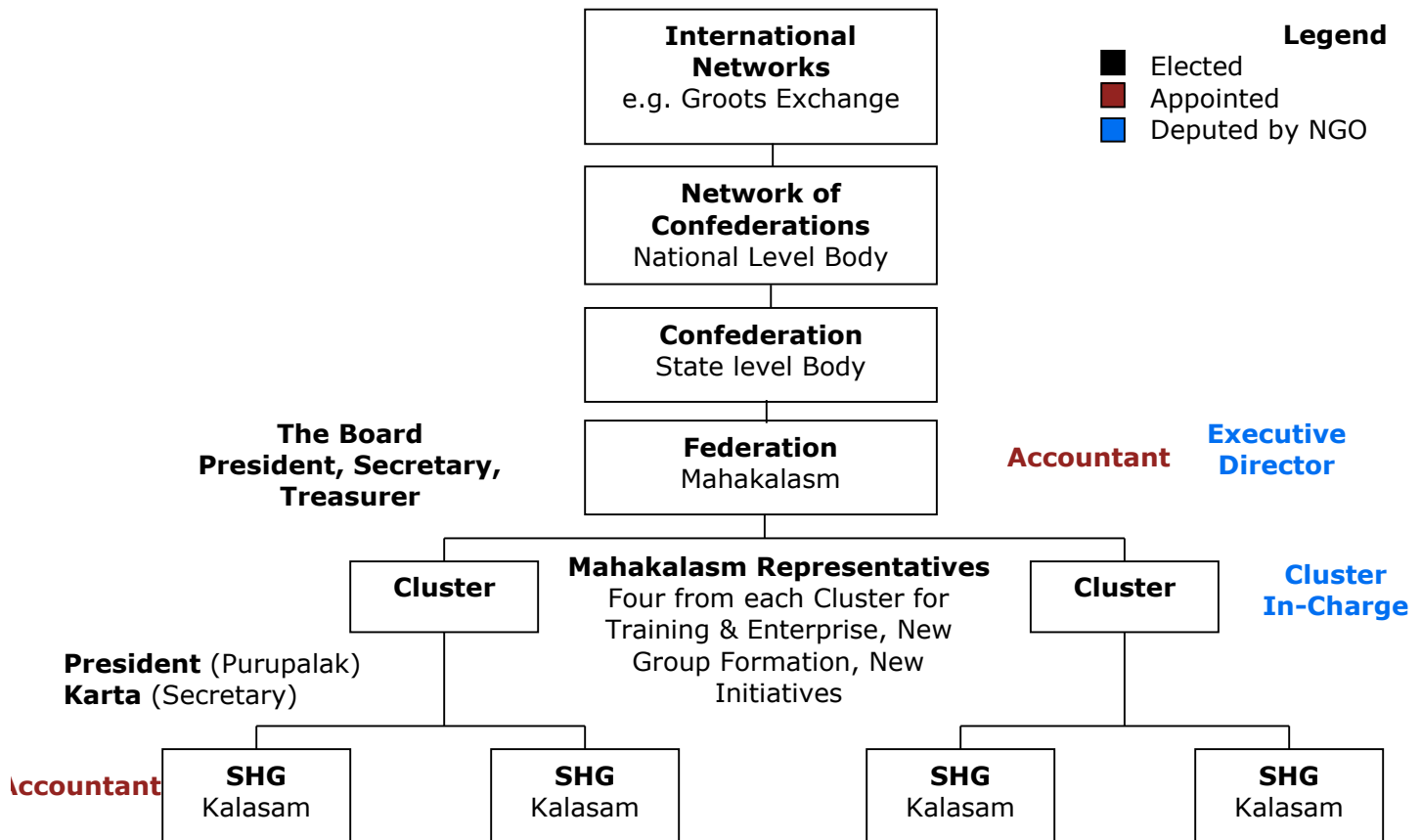
The process of development of these community groups into federations is as phased process:

First Phase	-	First three years-	Focusing on formation and Strengthening of the groups
Second Phase	-	In five years -	CBI, Community Based Financial Institution is formed. The federation acts as Financial intermediary
Third Phase	-	After six years -	Enterprise Development
Fourth Phase	-	-	Business development service, by backward - Forward service linkages. (BDS)
Fifth Phase	-	-	Registering federations & linking them to Confederations, whose responsibilities are: <ul style="list-style-type: none"> ○ Lobbying and policy advocacy ○ Part of Social Welfare Schemes ○ Input to policies

Some of the Micro-credit & finance institutions in India:

SEWA, Self Employed Womens Associations
 DHAN, Development of Humane Action Foundation
 BASIX (NBFC)
 SADHAN
 EDA – M-CRIL (Micro-Credit Rating Agency)
 LEAD
 SHARE
 MYRADA (NBFC)

SEWA Mandir
 ASA (NBFC)
 CARE
 Deccan Development Society
 CCD - Mahakalasm
 SEVA
 PlaNet Finance (MFI Networking)



SHG Model for Micro-Credit

Structure of Self Help Group (SHG) Federations: Mahakalasm

The Group: SHG

A group constitutes of about 12 – 20 women members from a village/locality who would come together to form a Self Help Group. There could be more than one group in a village depending upon the village population. The group might choose to work under a name, although they do not have formal legal registration status. The group elects two members for coordinating all group activities a President & Secretary (Purupalak & Karta) and representing the group in the next level of the SHG-Federation model called

Cluster (of groups). The group also assigns responsibility to a group member or a hired professional (locally) to manage group accounts (Accountant). At many times one of the two elected group members is the accountant (if she is a group member).

Various economic activities (for income generation) taken by groups:

Individual centered (Individual can directly access finance from the SHG – two types: trained & not trained)

Family based (Hereditary family based works/ occupations)

Groups based (Government sponsored programs or NGO sponsored)

Regional resource based (Product identified with the region – such as Kanjiwaram Sari, Kohalapuri Chappals and likes)

Community based (Linked with a chain of product/services processes involving Community members)

Economic activities initiated at by the groups are mostly centered on the local resource base and skill set of the members. In several cases special training programs are also organized by the NGO to members for upgrading their skills. These activities generate & demand several systems for management of various processes, systems such as

SHG Credit & Savings Management system

Financial Accounting System (*)

Inventory system (*)

Stock Management (*)

Benefit sharing (for community owned enterprises)

* Possible services that SHG could provide for village based (Micro) enterprises

Information available:

- 1) Village statistics & Group details (group structure – rules & regulations and roles and responsibilities of the members & chief functionaries)
- 2) Member's profile & family background, economic positions, occupation and skill set
- 3) Group meetings Minutes & resolutions
- 4) The group accounts status, lending & repayment
- 5) Savings details (two-four different kinds of savings in each group, types – regular monthly savings. Special savings for specific purposes, additional savings)
- 6) Individual savings and credit position of each in the SHG
- 7) Federation loan & repayment status
- 8) Bank loan & repayment status
- 9) External support (group also directly access financial institutions and receives funds, for economic activities)

- 10) Special group activities such as enterprises – Accounts details, Business Plan, Loans details related to such activities

Process & Procedure within SHG:

- i) Savings are collected during monthly meetings (sometime more than one meeting in a month) by group members, usually about 20 –100 Rupees per month is deposited by each member.
- ii) The meeting is coordinated by the chief functionaries, President (Purupalak) elected by the group and presided over by the Secretary (Karta).
- iii) The accountant collects the monthly contributions and makes the entries into the General ledger.
- iv) Repayment of loan (Principal &/or interest) is also done during these meetings; the same are entered in the loan register. The defaulting members are imposed fine and given warning to repay the loan soonest.
- v) The collected money is kept with the President or Secretary who has to deposit it to Federation or the Bank depending upon the immediate requirements and decision of the group.
- vi) The Bank (also Mahakalsm) account is operated by the President & Secretary. However deposit or withdrawal could be done by either of the member or even Cluster In-charge
- vii) The group considers individual loan application of the members, if the group itself has sufficient amount of money to lend, it passes the loan application from the internal funds of the group. However for bigger loan needs of members the group decides to take loan from the Federation (Mahakalasm) or Bank. The group passes a resolution to this affect and individual loan applications are sought. All the members need to sign for any resolution to be considered as passed.
- viii) NGO representative (Cluster In-charge, for that particular Cluster) participating in these meetings help in filling the loan applications (particularly Bank loan applications). Some time even the accountant helps in filling the applications.
- ix) SHG meetings are sometimes attended by the Bank Manager or any other Bank Representative to understand the strength of the group. The Bank prepares a credit rating based on there format (filled at the time of the meetings and based on the group performance on the loan repayment). This rating determines Banks future credit decision to the group.
- x) The proceedings of the meeting are documented as minutes and maintained in a separate register. All the decision taken are passed in the form of resolutions by the group and enacted by the chief functionaries.

Note: For details on procedures followed see: Group Meeting Task Flow also see the information flow diagram, Annexure-1

Group Meeting Task Flow

Start Meeting

Address by the accountant to the members

Prayer by the Secretary (Karta)

Pledge

Attendance Register is signed by the members present

Previously resolved:

Resolution: Subscription of Rs. 50/- + Rs. 5/- towards accounting service

Resolution: Principal Repayments should accompany Interest Repayment regularly

1 – Monthly Subscriptions

Accountant calls the member by name

Secretary (Karta) collects money

Receipt is given to each member for the cash received (*)

Amount received is entered in the member Pass Book

Cash Book entry is made for subscription received

Savings ledger entry is made against each member

General Ledger entry is done for the transaction

Accountant keeps a separate column for absent members in temporary register

Accountant counts the money and gives to the Secretary (Karta)

2 – Loan Repayment [Principal + Interest]

[Amount currently outstanding & to be by next meeting with members is informed in the previous meeting]

In many groups special meeting are conducted for loan recovery depending on the loan repayment dates for institutional loans (such as Bank). In these meetings also the process followed is the same as under.

a) Group Loan

b) Mahakalasm Loan

- For Individual member needs

- For Enterprise

c) Bank Loan

All the three loan repayment follow the similar process although separately.

First Principal is repaid and then Interest repayment is done. The money is collected separately and kept separately to be deposited at the Mahakalasm [for Bank Loan only the interest is deposited while for Mahakalasm loan both P&I] & Bank [only the principal]

For any Enterprise loan the group within the SHG, which has taken the loan, has the responsibility to return the loan, the procedure set for this loan repayment is also the same.

The process

Accountant calls Loaner by name

Secretary accepts the money

Accountant counts the money

Accountant checks for any penalty that is applicable on the member, if Yes then the penalty is calculated and collected

Secretary (Karta) Accept payment

Receipt is given to each member for the cash received (*)

Amount received is entered in the member Pass Book (one portion of the passbook is used for putting the loan information)

Cash Book entry is made for the repaid amount [principal & Interest]

Accountant fills in the repayment details in: (depending on the type of loan)

- Kalasam loan ledger [principal only]
- Mahakalasm Loan Records Book [principal only]
- Bank Loan Record Book [principal only]

General Ledger entry is done for the transaction [principal & Interest]

Secretary keeps the money

Collection of administrative charges for any loan taken (three models)

- One Rupee from each member in each meeting
- One Rupee from each member who receives a loan in each meeting
- Proportional amount to be paid by every loan receiver to the amount of loan, such as One Rupee per 500 Rupees of loan taken

Note:

This process is repeated for the three types of loan and for Principal & Interest separately.

(*) One single receipt is given to each member for all the cash given i.e. subscription, loan Principle + Interest

End of Payments

Accountant counts the total money

Notes the denomination in a Denomination ledger (Coinwer Chitta)

3 - Loan Requests

The various types of credits available for group members are:

- a) Group Loan
- b) Mahakalasm Loan
 - For Individual member needs
 - For Enterprise
- c) Bank Loan

Loan requests are made in the form of applications indicating the purpose

For deciding on loans (for various types of need), the following procedures are followed:

- The group considers individual loan application of the members, if the group itself has sufficient amount of money to lend, it passes the loan application from the internal funds of the group. However for bigger loan needs of members the group decides to take loan from the Federation (Mahakalasm) or Bank. In this case a list of loan requirement of various members is prepared which goes along with the resolution with the Loan application.

The format for the same is:

Group Name:			
Village name:			
Date:			
S No	Member Name	Loan Purpose	Amount

- For an Enterprise Loan, from Mahakalasm the group considers the Enterprise Business Plan proposed by the members and discusses the viability of the business and possible implications on return of loan being given.
- Group might need to go to the Bank for larger credit needs also. After determining the activities the group goes in for filling Bank Loan form. NGO representative (Cluster In-charge, for that particular Cluster) participating in these meetings help in filling the loan application form. Some time even the accountant helps in filling the applications.
- The group passes a resolution to the affect and loan applications are passed. All the members need to sign for any resolution to be considered as passed.

Depending upon the process of types of loan applied; when the funds are available or are received they follow the following procedure of distribution.

Voucher is made for the amount of loan sanctioned

Loan amounts is disbursed

Loan card issued with the installments in the form of Principal & interest clearly identified.

Entry of new loans is done in the Loan ledger

End of cash transactions

Counting of left over cash (cash in hand)

Entry of cash in hand in the Cash Book

Money kept by the Secretary for depositing in Bank &/or Mahakalasm

4 – Withdrawal from Savings Account at Mahakalasm & Bank

For withdrawal of any money from the Groups Savings account at the Mahakalasm & Bank, the group has to pass a resolution. The money could be used for lending within the group. The President or the Secretary has to go to the Mahakalasm/Bank to withdraw the money. The transaction is noted down in the respective passbooks. Bank also provides cheque books which could be used for withdrawal. For withdrawal from Mahakalasm the Chief Functionaries should come with the copy of necessary resolution supporting withdrawal.

5 – Deposits at Bank & Mahakalasm

Bank:

If the Group wishes to keep some of its money in deposit at the Bank, then it has to pass a resolution to the effect. Later President & Secretary could go and deposit the amount at the bank and receive the Deposit certificate, which is kept by the Secretary.

Mahakalasm:

Equity Deposit: If the Groups wishes to join the federation and wants to make itself eligible for group loans, it needs to deposit equity of Rs. 2000.00 and open a savings account. Mahakalasm gives an annual interest of 12% on this amount to the group. The group passes a resolution to this effect, which is submitted at the Mahakalasm. If the group does not have enough deposit, it is allowed to build the equity in their savings account, which upon reaching to 2000 gets converted as a equity deposit directly. The entry for these deposits is done in the Savings passbook of the groups in a separate section.

Enterprise Deposit: The groups if also wish to participate in the deposits for “New Initiative/Enterprise” it has to put in Rs. 5000.00 over which Mahakalasm provides 12% interest to group. The group passes a resolution to this effect, which is submitted at the Mahakalasm. The entry for these deposits is done in the Savings passbook of the groups in a separate section.

Deposit Withdrawal from Mahakalasm: Any deposit withdrawal requires the group to pass a resolutions and an explanation of removal of deposit. The Mahakalasm considers the matter if there is any grievance of the member to be redressed. Before going for deposit withdrawal the group needs to clear all its outstanding loans with Mahakalasm.

6 - Special Schemes

All special schemes such as credit card, chit funds are member driven and also involves (in chit fund only) non-members. The group's role in the scheme is to help meet the Minimum subscription (target) of Mahakalasm Representative in the chit funds. Also SHG acts as a community responsibility body for almost all activities providing social peer pressure for members to follow rules and met repayment schedules.

7 - Enterprise Activities

The groups decide which types of activities it would like to take up. Sometimes the NGO take up training and awareness program for the group for various income generation activities. NGO helps in developing the Business Plan and train the members in managing the enterprise and accounts. It also helps in forming backward and forward linkages for making raw material, training, support and market available for the products developed by the groups. Mahakalasm or Bank provides the loan for carrying forward the activities. Group passes a resolution for supporting the loan application after analyzing the projects plan. All the processes remain the same for the loan. However there is a need for basic inventory and supply management system, besides accounts management.

8 – Reports & Documentation

Monthly MIS Report: An MIS report is prepared depicting the month end status of the group in terms of financial positions and loan repayment, this report is taken by the Cluster In-Charge or the Mahakalasm Representative present at the meeting to Mahakalasm, where the monitoring of groups performance is done.

Minutes Book: The proceedings of the meeting are documented as minutes and maintained in a separate register.

Resolution Book: All the decision taken are passed in the form of resolutions by the group and enacted by the chief functionaries.

Resolution: Next meeting timings unchanged

Disperse

Loan application, Cash Deposit & Principal repayment Process at Bank:

The money left after cash transactions at group meetings & new collections are kept with the President or Secretary who has to deposit it to Federation or the Bank depending upon the immediate requirements and decision of the group.

Bank:

1) Deposit: The Bank (also Mahakalasm) account is operated by the President &

Secretary. Deposit or withdrawal could be done by either of the member or even Cluster In-charge who usually participates in the monthly meeting. The Passbooks are updated and deposit slip / receipt is kept by the Secretary.

- 2) Withdrawal: For withdrawal of the money from the Bank either President or Secretary or both have to go to the Bank for withdrawing the amount along with the necessary group resolution
- 3) Loan Application:
 - a. The groups should come to the Bank and meet the Manager with there Loan application.
 - b. NGO representatives Team Leader or Cluster In-Charge usually form part of the team to help facilitate the process.
 - c. All the group members need to sign at the application and provide supporting group resolution.
 - d. The manager might like to see the type of Business the group is venturing into and would ask for Business Plan & other details, besides Collateral (if necessitated)
 - e. After a few days, the Manager informs the Team Leader on the passing/rejection of the loan and informs the groups members to be present on a said date to collect the loan.
 - f. The information of the loan acceptance is conveyed to the group through Cluster meetings by the Cluster In-Charge or the Team Leader.
 - g. All group members have to be physically present and sign the necessary papers to receive the loan. The amount is given through cheque to be deposited in the group's savings account at the bank.
- 4) Loan Principal Repayment: Any member of the group or Cluster In-Charge could go and deposit the principal at the Bank. The receipt is submitted to the Secretary.
- 5) Loan Interest Repayment: The interest for the Bank loan is repaid to the Mahakalasm, for details on the transfer see Mahakalasm procedure.
- 6) Pass Book Update: During any or all of these withdrawal & Deposit the Pass Book is updated, which forms a record for the group to know the amount of deposit in the Bank.

Note: The formats of the Cash Book, General ledger, Loan ledger, pass book, Minutes book are same for Groups. The formats are identical to those used by Mahakalsam, see formats in Annexure – 3.

The Cluster:

Cluster is a Clearing House of loans and credit needs of groups and community in the Federation model. Cluster meetings are coordinated by the Cluster In-Charge, deputed by the NGO. Each Cluster elects four Mahakalasm Representatives who would represent it in the Mahakalasm Board. Minimum 20 groups join to form a cluster (varies). Clusters are formed from groups closely located, geographically either as per administrative unit or a regional unit (although not necessary). Cluster is an informal structure and does not have any governing council of its own or any chief functionaries. See the information flow diagram, Annexure-1

Information available:

- i) Loan applications from groups for federation & Bank loan
- ii) Monthly MIS report to be forwarded to Mahakalasm
- iii) Minutes & Resolutions of the group meetings
- iv) Loan repayment status of the group
- v) Information related to community enterprises and special schemes (such as chit funds)
- vi) Minutes & Resolutions of the Cluster meetings
- vii) Attendance Records

Process & Procedure within Cluster & meeting Task Flow:

- i) The Cluster meeting is held once every month at a centrally located place for the region.
- ii) The meetings are conducted by the Cluster In-Charge who moderate the discussions and proceedings
- iii) Attendance is taken in Attendance Register for participating members in the meeting
- iv) Discussions on MK and SHG Monthly Meetings and various issues that come up there for taking up
- v) Discussions on various special schemes (Chit funds, Credit card) and status of the targets being met by the Mahakalsm Representatives for the Cluster.
- vi) Group Chief Functionaries for the clusters participates in the meeting and bring their application for loans supported by appropriate resolutions passed by the groups to support the loan applications.
- vii) Credit assessment need for the groups is done and loan applications are scrutinized for there corrections (particularly the Bank Applications) by the Cluster In-charge.
- viii) Credit assessment of the individual brought out by the group representatives and viability of the economic activity being proposed by the group is assessed.
- ix) Repayment of the loan and overdue is discussed and is ensured with the groups Functionaries for immediate action to be taken into.
- x) All the scrutinized loan applications are signed by the Mahakalsam Representative at the cluster meeting and are forwarded to Mahakalasm for approval.
- xi) All the decision taken are passed in the form of resolutions by the cluster and enacted by the chief functionaries of the groups in there respective groups.
- xii) The proceedings of the meeting are documented as minutes and maintained in the Minutes Book.

Note: Minutes Book format is similar to that of Mahakalsam & Kalsam, see Annexure - 3

The Mahakalasm:

Federation is the apex level executive structure in the model. The federation (Mahakalasm) act as a community bank, enterprise development/support agency. It is a registered body under, societies act, registered as an association. Minimum five cluster

form a federation. The geographical extent of a Mahakalasm is Block or Taluka. The Mahakalasm constitutes of a General Body and an Elected Board. The Board constitutes of Mahakalasm Representatives four each from the Clusters. The Board elects President, Secretary & Treasurer from the members. The NGO appoints an Executive Director for maintaining liaison between the groups and Mahakalasm and coordinate the Cluster In-Charge, till the Mahakalasm are able to execute the function on their own. An accountant manages the accounts and cash transactions and reports to the ED/Treasurer. The legal status of the federation to undertake community-banking initiatives is not there. However the success of the model has made policy makers to undertake major debates on making legislations to legitimise the model and identify it as Micro-banking sector. However indirect acceptance of the model is granted as Banks are allowed to lend directly to the groups, where in NGO acts as a facilitator.

Major functions of Federation (Mahakalasm):

Banking: Mahakalasm do partial banking functions such as deposits, short terms savings, investment, equity, share capital, external loan, lending to groups directly based on clusters recommendations (Chief functionaries at clusters, identifies scrutinize and monitor, the applications of groups only). The federation also accepts external savings account and deposits and offer the similar benefits as that of groups, however the loan are restricted only to the group members. Federation also has some instrument for inter federation cooperation, however these instruments are not well defined.

Welfare Activities: Federation also takes up community welfare activities such as credit card, insurance, super stores for the group members. These activities have their financial implications but not oriented towards profit generation. Besides these the federations can also take up activities such as running local schools and running clinic's & Primary health centers. Federations could also act as an implementation partners for development projects both for NGO's and Government for their direct access to the groups across the area. Mahakalasm organizes an annual event known as the "Mahakalasm Festival" where all the federations participate and members are felicitated. The event also allows showcasing of products being manufactured by the groups as also a time for reflecting on each other's initiatives, an opportunity for lateral learning.

Chit funds: These are special schemes brought by the Mahakalasm to get more investment and hence more credit availability to the members. Chit funds are basically for local feast and festivals for the group's members as well as for others who would wish to pay into the chit fund. Some of the chit funds run are Diwali Chit, Children Chits, Tour chits etc

Various functions handled by Mahakalasm requires some systems for management of various processes, such as

Financial Accounting System (*)

Tracking Cash Flow

Ageing of Loan

Institutional Investment Management System

* Possible services that Mahakalasm could provide for local village (Micro) enterprises

Information available:

- i) Groups details and chief functionaries information of both groups and clusters
- ii) Savings accounts of groups
- iii) Equity deposits of groups & annual accumulated annual interest on the equity
- iv) Loan applications, minutes & resolutions supporting groups transactions with Mahakalasm
- v) Loan & repayment schedule and status of group loan
- vi) New bank loan to group information
- vii) Interest repayment on Bank loan taken by groups
- viii) Mahakalasm savings account at Bank
- ix) Savings account of non-group members at the Mahakalasm
- x) Special schemes (Chit funds, Welfare schemes such as Credit Card, Insurance etc)
- xi) Credit card scheme shop owner reports
- xii) Monthly MIS report on groups financial status
- xiii) Loan defaulters & penalty information
- xiv) Bill books for chit funds, credit cards, cash receipt
- xv) Balance sheet
- xvi) Audit report

See the Mahakalsam information flow diagram, Annexure-1. All the documents & reports generated at Mahakalsam are included in Annexure - 2

Process & Procedure for:

Memberships & Deposits:

All SHG are members of Mahakalasm irrespective of there period of existence and equity submitted, however based on various criteria there access to various facilities is allowed. All members are allowed to have a savings account at the Mahakalasm.

The basic three types of group membership status at Mahakalasm and benefits associated are:

- a. SHG three years old and with equity Deposit of 2000, is allowed to avail all facilities including group and enterprise loan facility from the Mahakalasm
- b. SHG three years old but not having enough deposit, are allowed to build the equity in there savings account which upon reaching to 2000 gets converted as a equity deposit directly, till that time members are not allowed loan facility.
- c. SHG which are not three years old are not allowed to access loan facility. (Some exceptions have been there when enterprise loan was given to two years old group, but then this was an exception)

Deposits currently offered by Mahakalasm are:

Equity Deposit
Enterprise Deposit

Equity Deposit:

- i) The groups which join the federation and wants to make themselves eligible for group loans need to deposit equity of Rs. 2000.00 and open a savings account.
- ii) Groups needs to submit a resolution supporting to make the equity deposit
- iii) Mahakalsm gives an annual interest of 12% on this amount to the groups.
- iv) Groups which are not able to pay initial deposit upfront are allowed to build the equity in there savings account which upon reaching to 2000 gets converted as a equity deposit directly, till that time members are not allowed loan facility.
- v) The interest is given to the groups each year as dividend at Mahakalasm Festival.
- vi) Transfer of interest to group savings account is done through a single entry, in the form of a voucher generated, which is signed by all group Chief Functionaries. Later the interest is credited in the savings account of each group.
- vii) Any equity deposited upfront, the Accountant gives a cash receipt to the member for the amount received
- viii) Accountant creates a section in the group Pass Book for entering the deposit received
- ix) Accountant makes the entry of the receipt in the Cash Book, DCB (Demand Collection Balance) and General Ledger
- x) Accountant makes the entry of the deposit in a separate section in Groups Saving account in the Savings ledger
- xi) These deposit form the fixed equity with the Mahakalasm, which it rotates as loans amongst members

Enterprise Deposit

- i) Mahakalasm also offer deposits for “New Initiative/Enterprise” of RS. 5000.00 and provides 12% interest to groups subscribing to the deposit.
- ii) Groups needs to submit a resolution supporting to make the enterprise deposit
- iii) A separate form needs to be filled for making this deposit.
- iv) Groups which are not able to pay upfront for the deposit are allowed to build the amount in their savings account which upon reaching to Rs. 5000 gets converted as a equity deposit directly.
- v) The interest is given to the groups each year as dividend at Mahakalasm Festival.
- vi) Transfer of interest to group savings account is done through a single entry, in the form of a voucher generated, which is signed by all group Chief Functionaries. Later the interest is credited in the savings account of each group.
- vii) For any enterprise deposit given upfront by the group, the Accountant gives a cash receipt for the amount received

- viii) Accountant creates a separate section in the group Pass Book for entering the deposit received
- ix) Accountant makes the entry of the receipt in the Cash Book, DCB and General Ledger
- x) Accountant makes the entry of the enterprise deposit in a separate section in Groups Saving account in the Savings ledger
- xi) These deposit form the fixed Enterprise capital with the Mahakalasm, which it rotates as Enterprise and New Initiative loans amongst members

Deposit Withdrawal:

- i) Any deposit withdrawal requires a groups resolution and an explanation of removal of deposit.
- ii) The Mahakalasm considers the matter if there is any grievance of the member to be redressed.
- iii) For deposit withdrawal the group should clear all its outstanding loans with Mahakalasm
- iv) The Accountant writes a Voucher and debits the enterprise deposit account in groups Savings Account in Savings ledger
- v) Accountant makes the entry of withdrawal in the section in the group Pass Book for entering the deposits
- vi) Accountant makes the entry of the withdrawal in the Cash Book, DCB and General Ledger

Please see the formats of Cash Book, CDB & General ledger along with other application formats in Annexure – 3. Annexure – 4 shows various reports formats.

Savings & Withdrawal:

Opening Savings Account:

Mahakalasm offers savings account for non-group members also, however the rights of these members is limited to Savings account only, deposits in savings account get a interest rate of 4%, after a min of Six month. The various types of savings account holders are:

Groups (Kalasm)
 Other Groups
 Enterprises
 Individual villagers

- i) All SHG in the region under the Mahakalasm whether old or new are members of Mahakalasm
- ii) All members of Mahakalasm are allowed to have a Savings Account at Mahakalasm

- iii) Member Groups have to submit a group resolution to support open a savings account at Mahakalasm and operation of the account by the Chief Functionaries of the Group Viz President and Secretary.
- iv) President and Secretary submit this resolution to the Mahakalasm Accountant
- v) The account could be opened with any initial amount and a Group Pass Book is issued to the Group.
- vi) President and Secretary and signs for receiving the Pass Book and the receipt for the initial amount deposited
- vii) Savings deposits get a interest rate of 4% only after a min of Six month
- viii) Accountant makes the entry of the Group in the Savings ledger and makes the cash entry in the Cash Book, DCB and General Ledger

Deposits in Savings Account:

- i) Any group member can make a deposit in the savings account of a group
- ii) Accountant gives a cash receipt to the member for the amount received
- iii) Accountant updates the group Pass Book brought by the member
- iv) Accountant makes the entry of the receipt in the Cash Book, DCB and General Ledger
- v) Accountant makes the entry of the receipt in Groups Saving account in the Savings ledger

Withdrawal Process from Savings Account:

- i) In cases when member (Group) wishes to withdraw money from the savings account, it has to send prior information and should come with the resolutions supporting withdrawal.
- ii) Any large withdrawal should be notified to Mahakalasm seven days in advance
- iii) Any member can withdraw the money provided she comes with the resolution signed by all members of the group
- iv) Resolution is submitted to the Accountant who shall provide the cash. (No withdrawal slip)
- v) Accountant updates the group Pass Book brought by the member
- vi) The Accountant writes a Voucher and debits the Groups Saving account in the Savings ledger
- vii) Accountant makes the entry of the receipt in the Cash Book, DCB and General Ledger

Loan Transaction & Management:

Loan Disbursement:

- i) Once the loan is sanctioned by the Mahakalasm Board, Accountant is allowed to disburse the loan to the Group. (Please also see group/Cluster/Mahakalsm processes for Loan sanction)

- ii) Loan approval by the Mahakalasm, application and supporting group resolution comes to the Mahakalasm Accountant, who then issues the loan to the group when they approach.
- iii) Presence of Group chief functionaries and a witness is essential for issuing of the loan
- iv) The groups Chief Functionaries and witness sign the Loan Bond “Unregistered Guarantee Bond”
- v) A Loan Pass Book is issued to the group with the initial entries of the loan amount made.
- vi) A Loan card is issued with the Loan Repayment Schedule listed on it with Schedule of Principal & Interest repayment listed as dates.
- vii) Accountant prepares the Loan amount Cheque and the group members sign the Cheque Receiving Register and receives the Cheque.
- viii) A Loan Book for all the individual members to be benefited by the loan taken by the group is prepared .
- ix) Accountant prepares a Voucher for the amount of Loan disbursed and debits the Mahakalasm Loan Account.
- x) Accountant makes the entry in the Loan Ledger against the Group account
- xi) Accountant makes the entry of the loan under various heads in the DCB. Say an amount of group loan Rs. 10,000 is broken into subcomponent ie. House Reconstruction - 2000, Medicinal Loan – 2000, Cow Purchase – 6000. This is done as the repayment schedule of the loan is as per the sub component as also the installments and length of the loan various according to the type of the loan taken.
- xii) Accountant makes the entry in the Cash Book & General Ledger

Loan Repayment: [**P**rincipal + **I**nterest]

- i) The groups are supposed to meet their loan repayment schedules. The loan is to repaid as the schedule in the form of monthly (or as scheduled) installments of Principal & Interest
- ii) The installment repayment could be done by any group member at the Mahakalasm Office.
- iii) The Accountant receives the cash and gives a receipt to the member
- iv) The accountant calculates the penalty if applicable and request for the same from the group
- v) The receipt is filled with separate information on the Principal, Interest, Penalty being repaid and the cumulative total loan being repaid.
- vi) Accountant updates the group Loan Pass Book brought by the member
- vii) The Accountant makes the entry in the group loan ledger in the group account
- viii) Accountant makes the entry of the receipt in the Cash Book, DCB and General Ledger
- ix) Accountant makes the entry in the Loan Book for all the individual members as per the installment repaid, through the monthly MIS.

Reports:

- i) The accountant prepares monthly outstanding loan statement for the Board and the same is also made available to the NGO if required.
- ii) The Accountant prepares the group loan defaulters list for the Board and the NGO

Note: Reports such as Loan repayment ratio, ROR on Investment, NPAs, Credit rating of groups could also be produced from the same data set. Formats of reports generated at Mahakalasm are shown in Annexure - 4

Group Bank Loan Interest Repayment:

After the Bank loan is sanctioned from the Bank, the group after collect the loan from the Bank reports to Mahakalasm office and get an Interest Repayment Card issued

- i) The groups are supposed to meet their Bank loan repayment schedules and submit there Principal due to the Bank as per the schedule worked out.
- ii) The loan Interest is to repaid as per the schedule or in the form of monthly installments to the Mahakalasm @ 18%
- iii) Mahakalsm submits the interest of 12% received from the group to the Bank on its Behalf.
- iv) 6% interest is kept by the Mahakalsm as the service and Guaranty charges, as per the agreement with the groups.
- v) The Bank Interest installment repayment could be done by any group member at the Mahakalasm Office.
- vi) The Accountant receives the cash and gives a receipt (separate special receipt) to the member.
- vii) The accountant calculates the penalty if applicable and request for the same from the group.
- viii) Accountant updates the group Bank Interest repayment card brought by the member
- ix) Accountant makes the entry of the receipt in the Cash Book and General Ledger, the entry is not reflected in loan ledger and Loan ledger

Reports:

- i) The accountant prepares monthly outstanding Bank Loan Interest repayment statement for the Board and the same is also made available to the NGO if required.

Credit Card System:

- i) Credit Card is a welfare activity taken up by Mahakalsm and is open for membership for Kalasm (Group) members only.
- ii) Members who wish to make use of this scheme have to pay an annual fee (non refundable) of Rs. 100.

- iii) The initial deposit is entered by the Accountant in the Cash Book & General Ledger after giving the member receipt for the amount received.
- iv) The member account is opened in Credit Card Ledger, however the initial deposit is not mentioned in the entries.
- v) Members of the scheme are given a credit card with limit of Rs. 500. Which could be recharged.
- vi) This card could be used make purchases from the Mahakalsm registered shops in the villages (atleast one shop in each village)
- vii) Members makes the purchase from the shop and gets the entry made in the card
- viii) If the members repays the credit used within one month then it is considered as an interest free loan, beyond which 18% interest is charged
- ix) Members can come monthly and gets her credit limit extended after paying for the credit used
- x) Accountant gives a receipt to the member for the amount received and makes the entry in the Credit Card Ledger, Cash Book & General Ledger
- xi) The shop keeper also makes an entry for the good purchased from his shop in the given format, which he submits Monthly to Mahakalsm for payment

Shop Owner Bill Report Format

Member Name	Village	Member Card No	Date of Purchase	Amount

- xii) The details of the bill submitted by the Shop owner is later matched with the entries in the member card, when it comes for renewable
- xiii) Accountant writes a Voucher and debits the Credit Card account and gives the payment to Shop Owner in cash at the same time making the entry in Credit Card Ledger, Cash Book & General Ledger.

Special Schemes:

Mahakalsm runs some special schemes for generating short period capital, which could be invested in other schemes of Mahakalsm as more productive capital in revolving funds for generating more interest on investment. The schemes do not provide any interest on the investment made. Some of these schemes are Chit funds of various types:

Chits Funds:

- a) **Diwali Chit Fund:** A scheme for pooling money for receiving gifts & sweets, which are told at the time of subscription. The Mahakalsm makes bulk purchase on the money collected while also using the capital for revolving fund. The overall cost come less for Mahakalsm due to bulk purchase and for the subscriber they get the same product on the same cost (or even less) delivered at their homes.
- b) **Tour Chit Fund:** Mahakalsm organizes pilgrimage & recreational tour programs for the Kalasm members. Subscribers participating in this scheme pool money to go

for these trip in which Mahakalasm provides all facilities such as Transport, Boarding & Lodging besides guiding the tourists. The overall all cost in operations might give some income for Mahakalasm.

- c) **Furniture Chit Fund:** Members pool money for purchase of Furniture which are sourced and provided by the Mahakalasm after the scheme due period. The overall all cost in bulk order might give some income for Mahakalasm.
- d) **Children Chit Fund:** This scheme is aimed at petty collections for children's, basically to inculcate savings habit in them. No specific purpose is there for this scheme, since it is a very low value subscription scheme. The total collected money is returned without any interest to the subscriber at the end of the scheme period.

In special schemes such as the chit funds, the Mahakalasm Representative or Cluster In-charge takes the role of promoting/marketing the subscription to members as well as non-members. Mahakalasm decides some targets for the year and scheme, which are given to MR to meet. The general procedure for various chit funds is same (as under) the differences are mentioned separately:

Process for Chit Funds:

- i) A member/customer who wishes to subscribe to the scheme has to register and pay a subscription fee for each scheme (Except Diwali Chit fund, other chits funds are for Kalasm members only), which is Rs One (Non refundable).
- ii) Each subscriber is issued a card for each scheme and gives the monthly (or as scheduled) subscription at the time of registration; this entry is filled in the card.
- iii) A receipt is given for the subscription received by the Mahakalasm Representative to the subscriber (only in Diwali chit fund)
- iv) Mahakalasm Representative or Cluster In-charge (who also participates sometime in special schemes) deposits the amount collected with the Accountant.
- v) In turn the Accountant give the MR/CI a receipt for the total amount submitted, under the scheme (separate for all types of chit funds).
- vi) The Accountant makes the entry in Cash Book & General Ledger.
- vii) A separate register is maintained to keep the subscriptions received from individual members under various schemes.
- viii) Records as in MR's bill book are tallied at the end of each month on the total bills given vis a vis total contribution submitted by the MR to Mahakalasm.
- ix) At the time of due date (execution of activity), the Executive Director takes the advance from the Mahakalasm for executing the scheme.
- x) The advance is noted in the advance register and the later debited against the scheme upon settlement of advance.
- xi) The amount accrued after advance settlement is income for Mahakalasm and forms the part of the revolving fund.

Reports:

- i) The Special Scheme register is presented as a report for the status of enrolment in various schemes

Note: The enrolment of various subscriptions in the special schemes is mixed with revolving fund and is given as loan to the community. The transfer is not reported at any place in the accounting system. There is not tracking mechanism for maturation of this money within the system and hence at many times create a Balance of Payment crises, at the time of maturation of these schemes.

Advances by Mahakalasm:

Mahakalasm could provide advances to groups, NGOs, other Federations in case of urgent needs or for a joint program such as the Mahakalasm festival. There is no standard financial instruments worked out for these kinds of transactions and they remain adhoc and do not clearly reflect in the Balance sheet and Books of Accounts. These advances are generally interest free, or else an 18% interest is charged.

However the process for advancing money is:

- 1) Mahakalasm receives a written request for advance money from the institution
- 2) Mahakalasm Board considers the request and considers the request on the following parameters:
 - a. Purpose of the Advance
 - b. Necessity (Urgency)
 - c. Credibility of the institution
 - d. Amount of advance
 - e. Time period of the advance
 - f. Guaranty against the advance
 - g. Mahakalasm's own financial situation
- 3) Mahakalasm passes a resolution accepting/rejecting the request
- 4) Accepted resolution is forwarded to the Accountant who shall issue the advance against the necessary guaranty from the institution.
- 5) The Representative of the group receives the cash or cheque and signs for receiving.
- 6) Accountant makes a Voucher and debits the Advance Account.
- 7) Accountant makes a entry in Cash Book, General Ledger
- 8) Repayment after the stipulated period (or even before) is either as cash or cheque and the same is credited in the Advance account
- 9) Accountant makes a entry in Cash Book and General ledger
- 10) Any interest generated is also included in Cash Book and General ledger

Mahakalasm Expenditure:

Mahakalasm's operational expenses and infrastructure expenses are borne through the income generated through various activities and services provided by it to the group

members. Some of the expenses are recurring such as travel & salary but most other office expenditure. The standard procedure for accounting for these expenses is under expense head of General Ledger. An advance is drawn for the particular work and settled later with statement of expenses debited to the expense account.

Advance is drawn by writing a voucher and debited to the advance account. Later this advance is settled and an entry is made in the expense account of the General Ledger and in Cash Book.

The various types of expense identified at Mahakalasm are:

- Interest paid on deposits & Savings
- Salary
- Travel
- Stationery Expenses
- Bank Commission Account
- Consultancy
- Land Purchase
- Furniture
- Electricity
- Mahakalasm Festival
- Telephone Expenses
- Meeting / Training Account
- MK Mess Account
- Other Expenses

Mahakalasm other Activities:

Mahakalasm provides financial products & services for group members and this forms its primary form of income generation activity. Description of the products and interest accrued and how it is dealt has already been explained in the various types of the instruments and transactions as discussed earlier. Some of the other activities, which provide revenue for the federation, are:

Income from Tax, Fee, Rent, Consultancy:

- 1) Kalasm Festival Tax
- 2) Special Scheme (Chit funds) Entry Fee
- 3) Service Charge Account (MK Member Consultation Income)
- 4) Credit Card Admission Fees
- 5) Rent from School run in Mahakalasm premises

Income from Interest:

- 6) Advance Account

- 7) Bank Deposit Account
- 8) Small Business Loans
- 9) Animal Husbandry Loans
- 10) House Repair Loans
- 11) Agriculture Loans
- 12) Trade Loans
- 13) Charcoal Loans (SIDBI)
- 14) Gatherers' Loan
- 15) Revolving Fund
- 16) Credit Card Interest
- 17) Bank Interest on Savings account
- 18) Penal Interest Account (on Loan defaults)
- 19) Enterprise Account
- 20) Service Charge for MK-Procured Loans (Bank Group Loan Interest)

Mahakalasm Transactions with Bank:

The various types of transactions between Mahakalasm & Bank (RRB) are:

- Loan
- Group Interest payment
- Savings Account
- Deposits

Loan: Mahakalasm takes loan from the Bank as per its requirement for meeting various loan needs of groups. The Bank loan interest rate is usually between 12% to 11%. The amount is re-lend to the groups at 18% interest rate. The procedure adopted for taking loan is:

- a) Mahakalasm identifies its loan requirement and decides to procure a loan at the same time identifying when it shall be able to repay the loan.
- b) Mahakalasm board passes a resolution allowing Mahakalasm to avail loan from the Bank.
- c) The Accountant (Executive Director, ED) fills the loan application and NGO second the loan application.
- d) The information on loan passed/rejected is given to the ED
- e) If the loan is passed the President & Secretary along with board members have to be physically present and sign the necessary papers to receive the loan. The amount is given through cheque to be deposited in the Mahakalasm savings account at the bank.
- 7) Loan Repayment: Accountant goes and deposits the principal and interest at the Bank. The receipt is filed in Bank loan file.

Note: There is no mechanism, within the Mahakalasm to trace the beneficiaries of the Bank loan re-loaned to the groups. The amount received as loan forms the part of the revolving/enterprise fund of Mahakalasm and loaned appropriately.

Group Interest repayment: Mahakalsm collects 18% interest on group bank loan from the groups. It deposits 12% interest with the bank through the bank deposit slip in the group loan account at the bank on its behalf. Rest 6% is deposited as service charge by the Mahakalsm in its income.

Savings Account: Mahakalsm savings account is operated by the President & Secretary but day-to-day transactions are done by Accountant. Accountant does not keep a lot of cash with her and deposits the days collection either the same day or next morning before coming to the Mahakalsm office. The account is operated in the same way as the groups savings account (for details see Group Savings account savings & withdrawal processes)

Deposits: On surplus cash in hand or in Bank Mahakalsm might go in for deposits at Bank for getting more interest on the money. However this is done only when it is ascertained for the given deposit period there would not be any need from the groups. The board passes a resolution to the effect. Later President & Secretary could go and deposit the amount at the bank and receive the Deposit certificate, which is kept by the Secretary (Accountant).

Institutional Funding:

Various types of Institutional funding available for Mahakalsm are as listed in the table below. The general procedure followed in these funding is that they are given a separate head under the General ledger and the amount is lend to the groups in the same way as discussed above. However there are problem in tracing of the investment/loan/grant and study the various aspect of the investment, as required by some of the multilateral funding agencies and as also required by the Micro-credit rating agencies. A suggestion on the format as per discussion with the Chartered Accountant and the NGO members is given (See proposed Institutional Investment Management format: Annexure-5)

Sno	Institution	Type of Financial Support
1	International Bankers	Soft Loans
2	Mainstream Financial Institutions (SIDBI, HDFC)	Loan, Grants
3	Multilateral Funding Agencies	Incentives, Matching Grants
4	Venture Funds (Planet venture)	Venture Investment
5	NGO & Trusts	Grants
6	Promoters	Seed Money
7	Other Federations	Loans
8	Government	Sponsorships, Subsidies
9	Commercial Banks	Loans
10	Regional Rural Banks (RRB)	Loans
11	Govt. Programs (CAPART, TRIFED)	Soft Loans, Grants

Note: For details on procedures followed see: Federation Meeting Task Flow, also see the information flow diagram, Annexure-1

Federation (Board) Meeting Task Flow

Start Meeting

- 1) The board meeting is convened two times a month and performance of Mahakalasm is brought on the table for discussion
- 2) Attendance Register is signed by the members present
- 3) The President conducts the meeting and ED play a facilitators role.
- 4) The meeting goes on as per the predetermined agenda, however common to all meetings are:

i) Review of Group Monthly MIS Reports

- a. In the meeting clusters representatives present monthly MIS of there respective clusters and respective positions in terms of loan repayment
- b. Evaluate the financial position of the group vis a vis total loan due, repayment done, penalty imposed and collections done
- c. Assign the Credit rating for credit worthiness of the group (proposed)

ii) Loan repayment Status:

- a. ED brings to the notice the loan defaulters and loan recovery status to the groups
- b. Board looks at the Loan repayment status (report) and rate of return on the loan made available and seeks measure being taken by the respective Cluster Representatives at the Mahakalasm
- c. The Board requests the Mahakalasm Representatives & Cluster In-charge to step-up loan recovery from the group

iii) Special Schemes: Chit Funds

- a. The Accountant provides a report on the collections through special schemes
- b. Status of special schemes is discussed and group targets are evaluated vis a vis the enrolment done
- c. Short coming on targets are analyzed and Mahakalasm Representatives are asked to meet the targets set for them

5) Loan Applications:

- a. New loan applications scrutinized/approved by the clusters are put forward sequentially for approval along with the necessary resolutions from the groups supporting the loan applications.
- b. Member gives the financial details of the loan applicant group and the details of the loan application particulars (self contribution and the loan

component, project viability report, business plans etc.)

- c. Verification of the loan application accuracy and the applicant group credit history, saving status etc. is considered before passing the loan
- d. The loan applications depending upon the availability of the funds with the Mahakalasm are processed and loan granted or rejected, with the passing of a resolution.
- e. After the approval the applications are signed by the President & the Secretary and then forward to the Accountant for release of the loan
- f. For any resolution to be passed a minimum of 75% of the members need to sign
- g. The Mahakalasm Representatives or Cluster In-Charge present at the meeting inform the groups on the passing or rejection of loan

6) Status of Welfare Activities: Credit Card

- a. Accountant presents the financial position of the schemes and the status of membership for Board review
- b. The Board looks into the credit circulation position and suggests recommendation for better credit flow

7) Enterprise Activities & Loan:

- a. Information or initiative for any new enterprise related which could be supported by the Mahakalasm is discussed and Mahakalasm may agree to support such activities
- b. Any new training programs or new income generation activities are considered and Groups are notified through the Mahakalasm Representatives
- c. Mahakalasm may also consider providing loan for such activities to the group upon the interest generated by the groups to take up the activities.

8) Bank Loan by Mahakalasm:

- a. Depending upon its financial position and the credit needs of the groups, Mahakalasm goes for a Bank loan
- b. The Board considers the financial need and passes a resolution authorizing the Mahakalasm to take loan from a Bank

9) Deposit at Bank:

- a. In case of surplus funds the Mahakalasm may go in for fixed deposit at the Bank for a short or a long period.
- b. The board under a resolution to allow such deposit to be made, however only in extra ordinary situations does Mahakalasm goes in for fixed deposits.

10) Withdrawal of Deposit by Group

- a. Any deposit withdrawal requires a groups resolutions and an explanation of removal of deposit.
- b. The Boards considers the matter if there is any grievance of the member to be redressed.
- c. Board asks the group to clear all its outstanding loans with Mahakalasm, before the return of deposit

11) Other issues

- a. Any proposal for new fund generation activity, appointments, inter-institutional funds transfer etc. has to get a clearance from the board.
- b. Board passes necessary resolution after identifying the necessity

12) Reports & Documentation:

Minutes Book: The proceedings of the meeting are documented as minutes and maintained in a separate register.

Resolution Book: All the decision taken are passed in the form of resolutions by the Mahakalasm and enacted by the chief functionaries.

Resolution: Next meeting timings unchanged

End Meeting

Comments & Suggestions:

By the Mahakalasm Chattered Accounts:

- i) Accrual balance is not kept
- ii) Penalty rate double of real interest
- iii) Investment by Mahakalasm, he framework for such transaction is absent
- iv) Framework for micro-venture loan for long period for the groups is absent
- v) Period of deposits are to increase at Mahakalasm, again no clear procedure is set in place for meeting such eventualities.
- vi) Bank can deduct tax on the deposits of Mahakalasm, but in practice it is not done.
- vii) Future schemes such as Insurance, no much thought has been put into place for the same, to be accommodated in the same framework
- viii) Group level audit of accounts is absent as done in some other models such as Dhan
- ix) Separate book (ledger) for Institutional Investment should be kept
- x) Separate book (ledger) for Bank accounts should be kept

Annexure – 2 - Mahakalasm System Documents List (existing)

Mahakalasm Records

1. Resolution Book
2. Minutes Book
3. Attendance Register (Staff / Meeting)
4. Cash Book
5. General Ledger (see below for sub-headings)
6. Loan Ledger (Kalasm)
7. Savings Ledger
8. Loan Receiving Ledger (Signature of the Receiving Kalasm)
9. DCB (Demand Collection Balance) Account Ledger
10. Chit Fund Register (various)
11. Credit Card Ledger
12. Coinver Citta Book (Closing Balance Denominations)
13. Member Loan Particulars Book
14. SHG Loan Ledger

•Order of Entry: Cash Book -> General Ledger -> Other Ledgers

Mahakalasm-defined Documents

1. Interest Calculation Report (for Bank Loan taken by Kalasm)
2. Interest Calculation Report (for MK Loan taken by Kalasm)
3. Shop Owners Billing Format (credit card scheme)
4. Loan Bond Format (MK Loans)
5. Loan Application Format (MK Loans)
6. Loan Card - Group (Mahakalasm Group Loan)
7. Loan Card - Member (Mahakalasm Group Loan)
8. Savings / Loan Group Passbook (Mahakalasm Account)
9. Individual Passbook issued by Kalasm to Members

Mahakalasm Reports

1. Balance Sheet (3 months)
2. Yearly Balance Sheet
3. Audit Report
4. Consolidated Cluster-Level Loan Statement (to CCD)
5. Interest Payable to Bank
6. MIS Report from Kalasm Group/Cluster Meeting

7. Chit Fund Monthly Reports
8. Income and Expenditure Report (Yearly)
9. Receipts and Payments Report (Yearly)

Mahakalasm-Issued Receipts / Vouchers

1. Voucher
2. Receipt (interest / principal repayment)
3. Receipt (general)
4. Chit Fund Bill Book (various)
5. Credit Card Bill Book

Mahakalasm-Issued Cards, etc.

1. Deepawali Chit Card
2. Childrens Savings Card
3. Tour Card
4. Credit Card
5. Furniture Chit Card

Mahakalasm Bank Documents

1. Bank Passbooks (Savings / Loan)
2. Cheque Book
3. Bank Interest Repayment Receipt

General Ledger Accounts (various accounts maintained by this Mahakalsam, typically these are the various types of active accounts maintained by the federations)

1. Advance Account
2. Deposit Account
3. Small Business Loans
4. Animal Husbandry Loans
5. House Repair Loans
6. Agri- Loans
7. Trade Loans
8. Interest on SBD Loans (Four Above)
9. Revolving Fund
10. Bank Interest
11. Travel Expenses
12. Pharmacy
13. Stationery Expenses
14. Penal Interest Account

15. Group Savings Interest Account
16. Charcoal Loans (SIDBI)
17. Group Savings Account
18. Enterprise Capital Interest Account
19. Charcoal Loan Interest Account
20. Advance Interest Account (from CCD)
21. CCD SIDBI Loan Account (CCD-Mediated)
22. Bank Commission Account
23. Salary
24. Other Expenses
25. Land Purchase
26. Furniture
27. Electricity
28. Kalasm Festival Tax Account
29. Gatherers' Loan Account
30. Equity Deposit Interest Account
31. Special Scheme Entry Fee Account
32. Diwali Chit Account
33. Childrens Savings Account
34. Tour Chit Account
35. Telephone Expenses
36. Enterprise Deposit Interest Account
37. Meeting / Training Account
38. Service Charge Account (MK Member Consultation Income)
39. SHG Loan Account (CCD-Mediated)
40. MK Mess Account
41. MK Nursery Account
42. Service Charge for MK-Procured Loans
43. Credit Card Admission Fees
44. Credit Card Interest Account
45. Credit Card Principal Account
46. SHG / Bank Latest Account
47. LEAD Account (loan mediated for Natham MK)
48. Natham MK Account

Annexure – 3 - Mahakalasm Records (formats)

1.Resolution Book

Date:

Venue:

Type of Meeting:

Resolution Number	Subject	Resolution
Consecutive over Meetings		

Signatures

2.Minutes Book

Date:

Venue:

Agenda – List

Minutes – Narrative Format

3.Attendance Register (Meeting)

Date:

Venue:

Serial No	Name	Village	Designation	Signature

* Includes visitors also

4.Cash Book

Left Hand Side: Credits

Date	Particulars	Cash	Gen. Ledger Page No	Bank
	Opening Balance			
	List of Credits			
	Balance + Credits			
	Opening Balance			

Right Hand Side: Debits

Date	Particulars	Cash	Gen. Ledger Page No	Bank
	List of Debits			
	Total Debits			
	Closing Balance = Temp Sum (RHS) – Total Debits			
	(carry over to next RHS Opening Balance)			

5.General Ledger**First Page: Index of Account Headings**

Account Head	Account Code	Page from	Page to

Under Each Heading

Date	Particulars	Debit	Credit	Cash Book Page No.	Balance
	Receipt No, Voucher No				

•Separate Page Range for each Account Heading

6.Loan Ledger**First Page: Index**

Kalasm Name	Village Name	Page No.	A/c Serial No.

Separate Page for each Kalasm

Village Name:

Kalasm Name:

Date	Particulars	Debit	Credit	Cash Book	Balance
------	-------------	-------	--------	-----------	---------

				Page No.	
	Receipt No, Voucher No				

* Loan disbursement and Principal Repayment Only

7.Savings Ledger

First Page: Index

Kalasm Name	Village Name	Page No.	A/c Serial No.

Separate Page for each Kalasm

Village Name:

Kalasm Name:

Date	Particulars	Debit	Credit	Gen Ledger Page No.	Balance
	Receipt No, Voucher No				

8. Loan Receiving Ledger (Signature of the Receiving Kalasm)

Date	Serial No	Kalasm, Village, Cluster	Loan Purpose (multiple)	Number Members Receiving Loan (per purpose)	Amount (per purpose)	Signature and Stamp

9. DCB (Demand Collection Balance)

Village Name:

Kalasm Name:

Type of Loan (Purpose): House Repair, Agriculture, Charcoal Making, Animal Husbandry, Petty Trade, Medicinal Plant Procurement, Artisinal Loan (SBD – Small Business Development)

Total Loan Amount:

Left Hand Side – Actual Receipts

Date	Particulars	Principal Paid	Interest Paid	Penal Interest Paid	Total Paid

Right Hand Side - Schedule

Outstanding Amount	Date	Principal Payable	Interest Payable	Total Payable
5000 - Charcoal	Issue Date		First Interest Payment	
Schedule				
8000 – Petty Trade				
Schedule				

- Loan Schedule is separated into each separate purpose, with different repayment timelines and schedules
- Total Loan = Sum of Each Schedule
- Left Hand Side shows cumulative payments for each schedule

10. Chit Fund Register (various)

Serial No	Kalasm Name	Member Name (multiple)	Village (per Member)	Jan	Feb	...

- Actually Tamil Months are used

11.Credit Card Register**Per Member**

Member Name:

Village Name:

Date Period: From – To -

Member Credit Card ID No.:

Opening Date:

Closing Date:

Date	Particulars	Debit	Credit	Interest Paid	Balance

12. Coinver Citta Book (Closing Balance Denominations)

Date:

Denomination	Num of Notes	Total
500		
100		
50		
20		
10		
5		
1		

Grand Total:

13.Member Loan Particulars Book

Kalasm:

Village:

Date of Loan:

Member Name	Purpose 1	Purpose 2	Purpose 3	...
	amt			
	amt			
		amt		
		amt		
	Total	Total	Total	...

Grand Total:

14.SHG Loan Ledger

Date	Particulars	Principal Repayment	Principal	Interest	Balance

•For SHGs who have taken a loan from the bank

Annexure – 4 - Mahakalasm Documents and Reports Formats

Documents

1. (and 2) Interest Calculation Report

Cluster:

Village:

Kalasm:

Loan Amount:

Loan Date:

Loan Installments:

Serial No	Principal Outstanding	Principal Payable	Interest Payable	Total Payable	Date	Signature

3. Shop Owner Billing Format

Member Name	Village	Member Card No	Date of Purchase	Amount

- Submitted monthly to Mahakalasm
- Actually format is list-based, not tabular

4. MK Loan Bond Format

Particulars:

- Amount
- Date
- Kalasm, Village, Cluster
- Interest Rate
- Penal Interest Rate
- Number of Installments
- Schedule
- Signatures: President, Secretary, Treasurer, Kalasm Rep, Witnesses

5. MK Loan Application Format

Group Meeting Date:

Kalasm Name:

Address:

MK Meeting Date:

Kalasm Starting Date: (> 3 years)

Kalasm Total Savings: (> 20K INR)

Kalasm Total Members

Ser. No	Member Name	Loan Purpose	Loan Amount	Previous Experience	Installment Period	Member Contribution	Sign

Total Amount:

Signatures: Karta, Purupalak, Cluster-in-Charge, Cluster MK Representatives

6. MK Loan Card Format

Kalasm:

Village:

Cluster:

Loan Date:

Loan Amount:

Repayment Period:

Ser No	Principal Outstanding	Principal Due	Interest Due	Penal Interest Due	Total Due	Date	Signature

- Reverse is actual payments, front is scheduled payments (same format)
- Similar card maintained for Bank Loans taken by Kalasm

7. Loan Card- Member

Member Name:

Village:

Loan Amount:

Purpose:

Ser No	Date	Purpose	Total Paid	Principal Repaid	Interest Paid	Total Outstanding	Signed

8. Group Passbook

Member Address:

ID #:

Joining Date:

Secretary Signature

•Equity Deposits

Serial No	Date	Amount Deposited	Amount Withdrawn	Balance

Savings Account

Serial No	Date	Receipt / Voucher No	Particulars	Credits	Debits	Balance	Signature

•Loan Account

Date	Receipt / Voucher No	Loan #	Loan Amount	Principal Repayment	Interest Repayment

Continued...

Principal Outstanding	Interest Outstanding	Reasons	Interest Period	Signature

9.Individual Passbook

Reports

1.(and 2) Balance Sheet

Date:

Liabilities	Amount (Rs)	Assets	Amount (Rs)
...		...	
		Closing Balance:	
		* Cash in Hand	
		* Bank Balance	
Total		Total	

•In Audit Report

3. Consolidated Cluster-Level Loan Statement

Cluster Name:

Date:

Serial No	Purpose	Kalasm, Village	Loan Date	Final Repayment Date	Loan Amount

Continued...

Principal Outstanding	Interest Outstanding	Penal Interest Outstanding	Total Outstanding	

4. Interest Payable to Bank

Bank Name:

Date:

Serial No	Kalasm Name	Village	A/C Number	Interest Payable

5. MIS Report from Kalasm Group/Cluster Meeting

•Front – Member-level Statement

Receipts

Ser No	Member Name	Subscription	Principal Repaid	Interest Repaid	Maintenance Paid	Other Receipts
	Opening Balance					
	Cash at Hand					
	Bank Balance					
	MK Balance					
	MK Ent. Balance					
	...					
	...					
	TOTALS					

Dues

Principal Due	Interest Due	Total Due

Payments

Voucher No.	New Loan Issued	General Expenses	Interest Payment on New Loan	Closing Balance

Signed by: Cluster-in-charge, Accountant and whomever took the Closing Cash-in-hand

•Reverse – Consolidated Statement

Receipts and Payments of Kalasm

Kalasm Name:

Meeting Date:

Village:

Cluster:

Receipts	Amount (Rs)	Payments	Amount (Rs)
Opening Balance		New Loans	
Cash in hand		Salary for Accountant	
Bank Balance		General Expenses	
MK Balance		Details...	
MK Ent. Balance			
Total Subscription			
Principal Repayments		Deposits at Bank	
Interest Repayment		Principal Due	
Interest on New Loan		Interest Due	
Maintenance Receipts		Closing Balance	
Other Receipts		MK Deposits	
Bank Withdrawals		MK Ent. Deposits	
Principal Due		Bank Balance	
Interest Due		Cash at Hand	
TOTAL		TOTAL	

6.Chit Fund Monthly Reports

Dates:

Serial No	MK Rep Name	Village	Jan	Feb	...
			Amt	Amt	...

•Tamil months are used

7.Income and Expenditure Report (Yearly)

Year Start:

Year End:

Expenditure	Amount (Rs)	Income	Amount (Rs)
...		...	
Total		Total	

•In Audit Report

8.Receipts and Payments Report (Yearly)

Year Start:

Year End:

Receipts	Amount (Rs)	Payments	Amount (Rs)
From Opening Balance:			
* Cash in Hand			
* Bank Balance			
...		...	
		By Closing Balance:	
		* Cash in Hand	
		* Bank Balance	
Total		Total	

•In Audit Report

9. Chit Fund Monthly Report

Date Period: From – To -

Serial #	MK Rep Name	Village	Jan	Feb	...
			amt	amt	...

•Actually Tamil Months are used

Cards

1.(and 3 and 5) Basic Chit Card

Member Name:

Father / Husband Name:

Kalasm Name:

Village:

Card ID:

Jan	Feb	March	...	
Amt	Amt			

•Tamil months are used

2.Children Saving Scheme

Member Name:

Father / Husband Name:

Kalasm Name:

Village:

Amt	Amt	Amt	Amt	Amt
Amt	Amt	...		

•Simple Grid filled with amounts

3.Credit Card

Name:

Kalasm:

Village:

Start Date:

Shop Name:

Shop Village:

Card ID:

Ser No	Date	Particulars	Receipt No / Invoice No / List of Items	Debit	Credit	Balance	Accountant Sign	Shop Owner Sign

Shop Owner Signature:

Cardholder Signature: