

Model SHG Rules and Regulations
Prepared By Uplift Live Foundation

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SHG Rules and Regulations

The name of the group shall be _____ and hereinafter referred to as "The _____ SHG".

The _____ is located in _____ City / Village, and the address of the group is as follows: _____

Pin-code: _____

1. Objectives:

The objectives of the SHG are:

- ✓ To promote regular savings among members of the group
- ✓ To make available credit to members of the group to meet urgent domestic needs
- ✓ To form a group that would be eligible to receive benefits of the Government of India and State Governments and would be able to articulate a demand for the same.
- ✓ To build leadership skills of members so that they can manage the group in rotation.

2. Membership:

- ✓ Persons above 18 years of age at the time of joining
- ✓ Persons who are desirous of saving his/her money with the SHG
- ✓ Persons who are willing to take a loan from the SHG
- ✓ Persons who have been a resident of _____ since _____
- ✓ Persons from families that have been identified as "poor" by the State Government

- ✓ Not more than one member per family shall be allowed to join a group
- ✓ The total number of members at any time should not exceed 20 persons or be less than 10 persons.

3. Savings:

- ✓ Every member shall save Rs. _____(in figures and words) per month, and on (specify date here) all members will deposit their individual savings with the Treasurer of the SHG
- ✓ The SHG shall decide the savings amount regularly from time to time. Any changes to this amount and the reason for the same will be reflected in the record of the meetings of the SHG
- ✓ If a member does not pay savings money on a decided date, s/he will be fined with Rs. _____(in figures and words) per (specify per month, per week or day)

4. Group Management:

- ✓ There shall be a management committee for the SHG responsible for its day-to-day and strategic management
- ✓ The Management Committee shall consist of three office bearers - Chairperson, Secretary and Treasurer- who shall each be elected by all members of the group from among the members for 1 (one) year.
- ✓ These office bearers cannot remain in office continuously for more than 2 terms.
- ✓ In case the group elects to have more than one member per family as members of the group, then no two members of the same family should stand for elections as SHG office bearers at the same time

❖ **Responsibilities of the Chairperson:**

- Presides over the regular meetings and any other meetings of the SHG;
- Signs (or puts thumb impression) to approve the decision and resolutions of the SHG taken at various meetings;
- Call for or postpone a special meeting;
- Solve a complaint with the help of other office bearers and members, if required;
- Check and coordinate the activities of the Secretary, Treasurer and other members;
- Maintain relationships within and outside the SHG, especially with the banks and Urban Local Body / Rural Local Body to ensure credit to the group (and individual SHG members) as well as access of SHG members to benefits under all relevant components of DAY-NULM or DAY-NRLM and Other Govt. Institutions;
- Regularly report progress of the SHG to the ULB or RLB along with any other details requested in a timely manner.

❖ **Responsibilities of the Secretary:**

- Call meetings with the prior permission of the Chairperson and prepare the agenda for every meeting;
- Maintain a record of the proceedings of all regular and special meetings and read them out at the next meeting;
- Write resolutions made at each meeting and read them out at the same meeting.
- The Secretary will maintain the membership register, attendance register, and activity and resolution register;
- Conduct all meetings and chair a meeting if the Chairperson is absent;

- Verify the books of account of the SHG regularly and report to the members in every meeting;
- Maintain relationships within and outside the SHG, especially with the banks and ULB / RLB to ensure credit to the group (and individual SHG members) as well as access of SHG members to benefits under DAY-NULM, DAY-NRLM and Other Govt. Institutions;
- Regularly report progress of the SHG to the ULB / RLB along with any other details requested in a timely manner.

❖ **Responsibilities of the Treasurer:**

- Preserve all important papers and documents related to financial matters of the SHG.
- Maintain all accounts of the SHG i.e. members' savings and loan register, member passbooks, group bank passbook and loan book, cash transaction register;
- Deposit all cash collected at meetings within two days of collection;
- Pay loans approved by the SHG to members and receive savings, repayment, interest, fines, etc.
- Present all financial reports of the group.

5. Meetings:

- ✓ The group will meet_____time/s every month. The dates of the meetings are_____.
- ✓ In case of an urgent and important issue, the group can hold special meetings at a shorter notice.
- ✓ A minimum of 80% of the group's members with at least 2 out of 3 of the office bearers must be present for decisions to be valid. Where decisions on

group funds above Rs.____(in figures and words) or changes in the rules and regulations are to be made, all members must be present.

- ✓ The SHG will hold its Annual General Meeting on ____every year. This meeting will review the last year's activities and financial progress and plan the activities for the next year. (The group may use this meeting to conduct regular annual elections for the posts of office bearers of the Managing Committee).
- ✓ In case of special meetings or change in the conduct of regular meetings, the Secretary of the group is supposed to give ____days notice to the members about such meetings.
- ✓ If a member does not attend____Consecutive periodic meetings without any prior information, s/he will have to face a penalty of Rs. ____ (in figures and words) per meeting.

6. Maintenance of Group Records:

- ✓ Every member will be given a savings and loan passbook where savings and loan balances for each member are recorded and updated regularly. It is the responsibility of the Treasurer to make all entries.
- ✓ Membership, attendance, activity and resolution registers will be kept with the Secretary to register membership, proceedings, attendance and resolutions of all meetings.
- ✓ Savings and Loan register will be kept with the Treasurer at the group level to maintain all individual records of savings and loans
- ✓ Cash book and bank loan register will be maintained by the Treasurer who will update the position of all income and expenditure as well as bank loans received and repaid.
- ✓ Group Bank Pass Book to be maintained by the Treasurer and updated regularly at each deposit and withdrawal.

- ✓ All group records are to be made available freely for examination by each individual member during the meetings and at other times, with reasonable notice to the relevant office-bearer of the Managing Committee. SHGs may engage a non-member for book-keeping fixing a token payment for the service. However, members providing this service to their own SHG will do so on a volunteer basis without payment.

❖ **Managing the Group's funds:**

- ✓ The loan limit for each individual member shall be decided by the SHG. The amount will not exceed Rs_____ (in figures and words) at a time.
- ✓ The interest rate shall be Rs. ____ (in figures and words) per month per Rs. 100.00 (Rupees Hundred Only).
- ✓ The loan repayment procedure shall be decided by all members of the SHG.
- ✓ On sanction of the loan, the record of the loan, including agreed repayment schedule must be written in the applicant's saving and loan passbook and the group's saving and loan register. Thereafter, all repayments (and defaults, if any) must also be recorded in the applicant's savings and loan passbook and the group's savings and loan register.
- ✓ The loan shall be granted as long as:
 - The member has repaid any previous loan amount in full, along with the interest
 - The member has been depositing regular savings with the SHG for a period of at least 3 months
- ✓ All the income that accrues to the SHG from interest on savings and loans and returns from penalties and fees will be added to SHG corpus.

❖ Managing the Group's Bank Account:

- ✓ The SHG account shall be kept in the nearest bank. The Treasurer, Chairperson and/or Secretary (any two) shall have joint signatory power. All withdrawals to be supported by a resolution of the SHG.
- ✓ Withdrawal of Membership: < Group members should discuss in detail the procedure and terms of refund of money if a member proposes to leave the group. This should be recorded in the Bye-Laws of the group>

7. Disqualification of Membership:

- ✓ A member may be disqualified by the SHG on the following criteria:
- ✓ Non-participation in regular group meetings for more than __times
- ✓ Not depositing regularly for more than __months
- ✓ Not repaying the loan received from the group
- ✓ Not following the rules of the group

8. Change in the rules and regulations:

The rules of the SHG or any part thereof can be amended by all members present at a General Body Meeting convened for the purpose.

9. Dissolution of the group:

In the event of group dissolution, members need to discuss the formalities and terms of group money distribution and group payables and receivables among themselves before the group can be dissolved. The agreed conditions of dissolution and re-distribution of funds should then be recorded in the bye-laws of the group. Members with a majority vote may decide to dissolve the group