

What Does the SHG Audit Say?

Conducted by
APMAS

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Objectives of the Study

- **To understand the quality of SHGs with reference to their financial statements;**
- **To analyse the income & expenditure patterns, surplus & loss and the reasons for it; and**
- **To know the issues and members' perceptions on SHG auditing.**



Sample Covered

- **161 SHGs of 17 VOs in all the 4 Mandals in Palamner cluster of Chittoor district in AP**
- **Data source- Financial statements of SHGs prepared at the time of SHG auditing by the Community Resource Persons-Audit**
- **Covered only the SHGs accepted for auditing**
- **There are many mistakes in the financial statements**
- **There are not enough full details on some of the heads for an in-depth analysis**



Profile of SHGs

- **73.31% of SHGs formed with 10 to 12 members**
- **43.5% of sample SHGs are more than 5 year old**
- **Most SHGs belong to BC (48.4%) and OC (34.8%) categories**
- **51% with SBI, 33% with IB, 6% with IOB; and 10% with SGB/RRB**



Quality of SHGs

- **83.2% of SHGs have the practice of monthly meetings**
- **Rs. 36,582 is the average cumulative savings of an SHG**
- **85.09% of SHGs engaged book-keepers, and honorarium was paid to them**
- **Rs. 8.22 crores of cumulative loan disbursed to their members**
- **Rs. 6.71 crores of funds mobilized from external sources for lending**

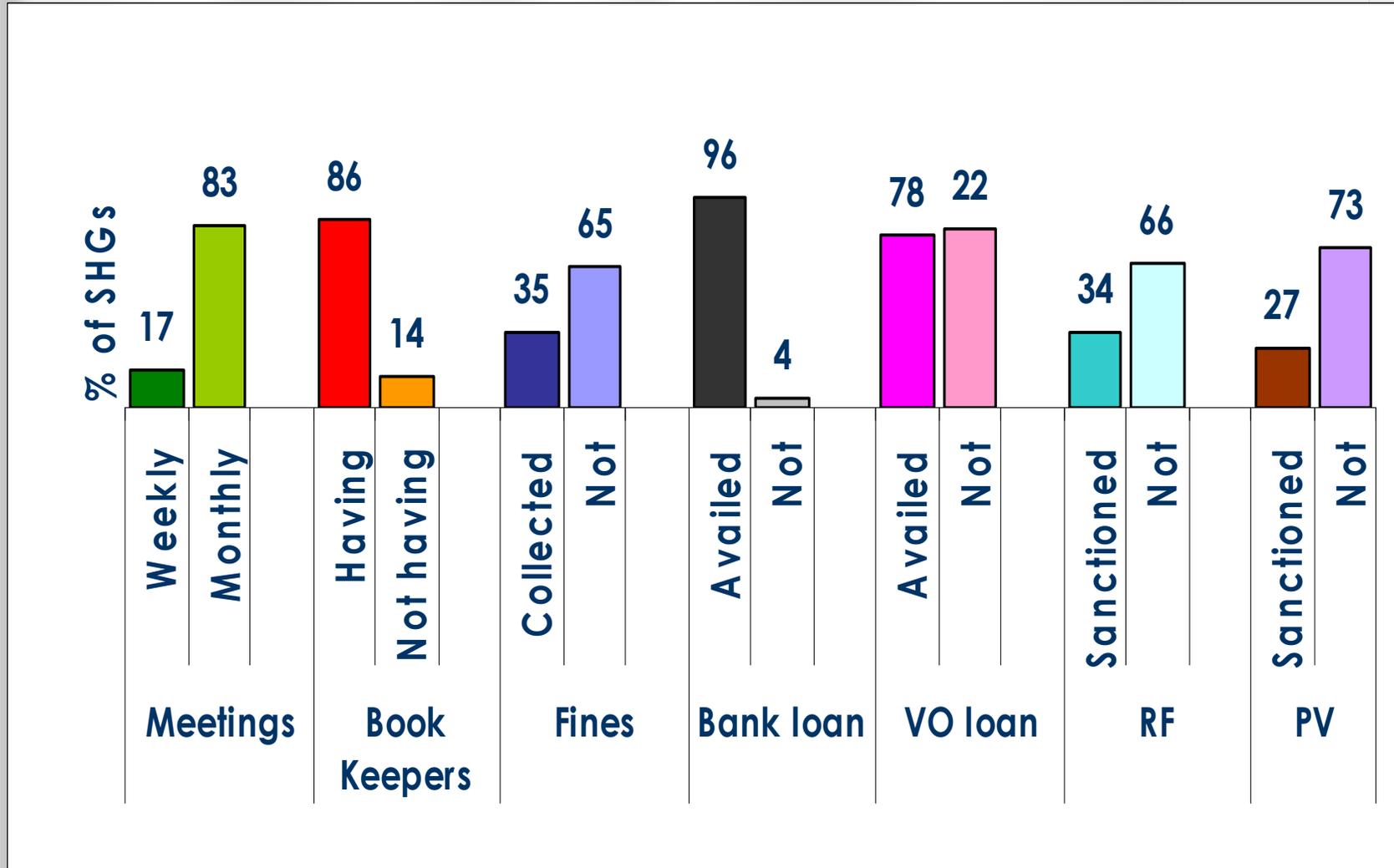


Quality of SHGs ...

- **Rs. 11.61 earned as interest on loans and savings**
- **35.4% of SHGs collected a cumulative fine of Rs. 27,336**
- **Rs. 5,922 are the idle funds in SHG savings bank account**
- **33.54% of SHGs received revolving fund**
- **26.71% of SHGs received 'pavalavaddi'**



SHG Norms



Financial Performance

- **Rs. 2.5 lakh is the average liabilities/assets of an SHG**
- **72.06% of SHG liabilities are loans outstanding to bank and VO**
- **14.76% are total savings of members**
- **82.14% of SHG assets lies with members as loan outstanding**
- **Rs. 7,009 are the idle funds in banks**



Financial Performance ...

- **Rs.56,944 is the average income of an SHG**
- **Rs. 57,022 is the average expenditure of an SHG**
- **25.47% of SHGs reported losses**
- **If SHGs pay interest on savings @ 6% it will increase to 55.28%**
- **Reasons-i) no margin on interest rates, ii) all the expenses from group common fund, iii) Meager amount of loan disbursement from internal funds, iv) misuse of funds**



Issues

- **Unwillingness from CAs & leaders**
- **Up-dation of savings & loan pass books**
- **Pseudo accounting**
- **Insufficient information**



Impact of SHG Audit

- Realized the importance of audit
- Able to know their SHG financial status
- Basis for distributing profits/earnings
- Opportunity to know the way funds are used
- SHGs showing interest on audit
- Helped in streamlining/ up-dating info.
- Started internal thinking among the members

i) discussion on increase of monthly savings; ii) increase of IR on loans from IF, iii) recovery of long pending loans, iv) quarrels within the group on misuse of group funds, v) initiated leadership change



Open for Discussion ...

Thank You

