

GOVERNMENT OF ARUNACHAL PRADESH  
FINANCE DEPARTMENT:: ITANAGAR

No.FIN/EA-43/2008/318

Dated Itanagar 29<sup>th</sup> December, 2008

ORDER

1. The State Government has decided to adopt Microfinance Vision 2011 under which special push would be given to Self Help Groups (SHGs) specially the women SHGs. The target is to promote 5000 SHGs by 2011 over next 3 years of which minimum 1500 SHGs will be promoted during 2008-09 to raise income levels of households and improve living standards.
2. The **objective** of the Microfinance vision is to (1) form Self-Help Groups (SHG) of women entrepreneurs having homogenous social and economic background voluntarily, coming together to save small amounts regularly, to mutually agree to contribute to a common fund and to meet their emergency needs on mutual help basis. (2) provide access to financial services of savings and credit to women especially the poor women, who are not in a position to gain access due to limited outreach of banking system in the state, prohibitive distances and transportation costs, and time taken for accessing banking facilities (2) inculcate saving habit and repayment culture and thus gradual shift from subsidy driven programmes to market driven programmes. The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment thereof and thus becoming substitute for collaterals.
3. **Output indicators:** Each district will witness promotion of at least 500 SHGs within 3 years ((2008-09 – 150 SHGs; 2009-10 – 200 SHGs and during 2010-11 – 150 SHGs) covering nearly 5,000 poor households represented by women and credit linkage of nearly 400 SHGs by 2011.
4. The **Department of Social Welfare** is designated as **nodal department** to implement this vision. In this endeavor Social Welfare department will:

- ②
- a. Co-ordinate with other departments like Education (including SSA), Health (including NRHM), Rural Development etc. whose field staff/units ( like Village Education Committees (VEC) , teachers, anganwadis, ASHAs, etc.) is to be associated in promoting and nurturing SHGs through State Level Microfinance Committee (SLMC) and District Level Microfinance Committee (DLMC). Both SLMC headed by Development Commissioner (Finance) and DLMC headed by Deputy Commissioner are required to meet every month. (The details of SLMC and DLMC is placed at Annexure I & II).
  - b. To plan, coordinate, implement and monitor promotion of 500 SHGs in each district, their strengthening and rating.
  - c. To link SHGs with the banking services, for (1) savings facilities and then (2) giving small loans out of the savings mobilized and (3) as the volume of savings grows, and based on the experience of SHGs in loans out of the savings mobilized, the bank credit would be flowing in proportion of the savings mobilised. Depending upon the potential for income generating activities in the area, the SHGs would be able to extend loans for such activities upto 10 times the savings mobilized.
  - d. Assessing of training needs and provide training and capacity building to SHG members and volunteers through technical assistance of NABARD.
  - e. To monitor performance of Departments in (1) identification of village workers, with minimum education level of Xth standard pass, (2) preparation of list indicating names of village workers along with education qualification and name of village.
  - f. Identification of 4 – 5 suitable trainers from each district. Knowledge of local language, good oral communication skills, willingness to impart

training to field workers, and educational background may be kept in view while identifying trainers.

- g. To ensure availability of books of accounts and other registers for the use of SHGs including passbooks for the members as prescribed with technical inputs from NABARD.
  - h. To prescribe monitoring formats for feedback on monthly basis from districts as also prescribing monitoring formats for monitoring performance of field workers by DLMC.
  - i. Issue operational guidelines and instructions/ Directives for Banks / Financial Institutions along the lines of RBI Guidelines / Directives with regard to SHGs like maintenance of books of accounts, framing rating parameters for maturity of SHGs, etc.
  - j. Director (Social Welfare) at the state level and Deputy Directors (ICDS) cum member secretaries DLMC at the district level shall adopt / co-opt existing SHGs mobilised through Government programmes such as DRDA, Horticulture, Social and Water Conservation Department programmes, Swayamsidha, etc. by newly introduced Government projects / programmes and NGO such that there is a co-ordination of efforts and not duplication.
5. **Role of Finance Department:** After SHGs have started functioning, nodal department shall co-ordinate with banks through Finance Department to extend loans to SHGs.
6. **Role of State Microfinance Co-ordinator:** The State Government having acknowledged the need to have coordinated action plan in the matter of Social Mobilisation through movement of Self Help Groups in the state designates Shri Amit Singla, IAS, Joint Secretary (Finance) as State Microfinance Co-ordinator. He shall be assisted by a support cell whose

composition is placed at Annexure III. The Role and Function of the State Microfinance Coordinator for Self Help Groups is basically (1) to preparing a Directory of existing Self Help Groups (2) to prepare report on the status and health of each Self Help Groups (3) to help co-ordinate efforts of the various Government Department, NGOs, Banks etc. that are involved in mobilising and forming SHGs (4) Documentation of success stories of SHGs (5) etc.

7. **Role of DLMC:** Each DLMC, headed by has a target of forming 150 SHGs per year for next 3 years and send monthly progress on 1<sup>st</sup> of every month to Development Commissioner (Finance) and Commissioner (Social Welfare).
8. **Role of NABARD:** NABARD would be requested to provide necessary technical inputs to the Microfinance Vision 2011, including the training of trainers from each district through experienced NGOs, inputs on designing of the books of accounts for SHGs, building a suitable MIS, exposure visits for the state and district officials, banks and NGOs to best practice areas, providing benefit of various Union Government/ NABARD/ RBI/ Other schemes in microfinance to SHGs formed etc.

Sd/-

{Tabom Bam, IAS}  
Chief Secretary  
Government of  
Arunachal Pradesh

Copy to:

1. PPS to H.C.M. for information.
2. PS to Chief Secretary for information.
- ✓ 3. All Commissioners/Secretaries, Government of Arunachal Pradesh.
4. All DCs/ADCs.
5. Member Secretary, AP State Women Commission

6. Director, Social Welfare Department.
7. GM, NABARD, RO, Itanagar.
8. RM, SBI, RO, Itanagar.
9. Office Copy.



[Yeshi Tsering, IAS]

Development Commissioner (Finance)

Government of Arunachal Pradesh

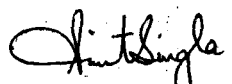
**ANNEXURE-I**

**State Level Microfinance Committee [ SLMC ]**

**Composition:**

1. Development Commissioner (Finance/Planning) - Chairman
2. Commissioner & Secretary (Health & Family Welfare)
3. Commissioner & Secretary (Social Welfare)
4. Commissioner & Secretary (Rural Development)
5. Secretary, Planning
6. Jt. Secretary (Finance) - Member Secretary
7. Director (Social Welfare)
8. Director (Rural Development)
9. Director (Panchayat)
10. Director (SIRD)
11. General Manager, NABARD
12. Regional Manager, State Bank of India, Itanagar
13. Chairman, Arunachal Pradesh Rural Bank
14. MD, Arunachal Pradesh State Coop Apex Bank

The meeting of SLMC may be convened on monthly basis

  
**Joint Secretary (Finance)**  
Govt. of Arunachal Pradesh  
Itanagar

Itanagar

**District Level Microfinance Committee [ DLMC ]**


**Composition**

- |   |  |
|---|--|
| 1. Deputy Commissioner                              | - Chairman   |
| 2. Dy. Director (ICDS)                              | - Member Secretary                                 |
| 3. Project Director, DRDA                           | - Member   |
| 4. Dy. Director (School Education)                  | - Member   |
| 5. Lead Bank Officer/Branch Manager (SBI)           | - Member   |
| 6. Women Social Workers/<br>Women Panchayat Members | - 3 Members to be to be<br>(to be nominated by DC) |

The meeting of DLMC to be convened on monthly basis

**Role of DMC**

- 1) The DC shall convene a meeting of DLMC to explain to them the objective of the programme, the process involved and expectations from each department.
- 2) To monitor performance of Departments in identification of village workers, with minimum education level of Xth standard pass, preparation of list indicating names of village workers along with education qualification and name of village and passing on the lists to the nodal department
- 3) To make an assessment of training support required for the field workers, block and district level officials.
- 4) Furnishing training requirement of trainable [village, block and district level officials] to the nodal department (Department of Social Welfare) at Itanagar.
- 5) Identification of 4 – 5 suitable trainers from each district. These trainers would be drawn from either NGOs or the concerned departments. Knowledge of local language, good oral communication skills, willingness to impart training

  
**Joint Secretary (Finance)**  
Govt. of Arunachal Pradesh  
Itanagar

**Support cell of State Microfinance Co-ordinator**

**Composition:**

1. Member Secretary, AP State Women Commission.
2. Director, Social Welfare Department.
3. GM/AGM, NABARD.
4. A NGO chosen and funded by NABARD.
5. Shri Rakesh Shrivastva, Faculty Member/Representative of SIRD.

  
Joint Secretary (Finance)  
Govt. of Arunachal Pradesh  
Itanagar