

Self Help Groups – Panchayat Level Federations (PLFs) Grading of Restructured Panchayat Level Federations – Grading process and Indicators – Training of Grading Team – approved.

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**Rural Development and Panchayat Raj (CGS.3) Department**

**G.O.(D)No.465**

**Dated: 23.07.2009.**

Read: -

From the Managing Director, Tamil Nadu Corporation for Development of Women Limited, D.O.Letter No. 1719/D1/2009 dated 15.7.2009.

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**ORDER:-**

The Managing Director, Tamil Nadu Corporation for Development of Women Limited, in his letter read above has stated that as on 31.3.2009, there are 3.91 lakh Self Help Groups with membership of 62.93 lakh women and to ensure sustainable growth of Self Help Groups, it is necessary to promote strong federations of Self Help Groups at different levels. With this objective in mind, federations of Self Help Groups are formed at the Village Panchayat Level called the Panchayat Level Federations (PLFs). In order to give the Panchayat Level Federations legal status and access to bulk loans from Banks for on lending to member Self Help Groups at reasonable rate of interest, the Government have ordered that the Panchayat Level Federations have to be restructured and registered as societies under Tamil Nadu Societies Registration Act, 1975.

2. The Managing Director, Tamil Nadu Corporation for Development of Women Limited, has stated that in order to closely monitor the growth of the Panchayat Level Federations, it is necessary to grade them against certain parameters at regular intervals and this will help Tamil Nadu Corporation for Development of Women Limited, as well as Vaazhndhu Kaatuvom Project (VKP) in assessing the performance of the Panchayat Level Federations and to identify the areas where support is needed. Accordingly he has suggested constitution of grading team and training them and a detailed grading process, grading indicators etc.

3. The Managing Director, Tamil Nadu Corporation for Development of Women Limited, has requested the Government to issue necessary orders for grading the Panchayat Level Federations as proposed above and to authorize the Principal Secretary to Government, Rural Development and Panchayat Raj Department to amend the guidelines based on the operational requirements in consultation with the Managing Director, Tamil Nadu Corporation for Development of Women Limited, and the Project Director, Vaazhndhu Kaattuvom Project.

4. The Government after careful examination accept the proposal and accordingly issue the following orders:-

1. The Panchayat Level Federations shall be graded after their restructuring and registered as societies under Tamil Nadu Societies Registration Act, 1975.

2. The first grading shall start after completion of 6 months after their restructuring.
3. At the end of 6 months from the receipt of the first credit linkage from banks the Panchayat Level Federations will be subject to another grading to assess its performance and capacity to take up higher level financial intermediary role and economic activity.
4. The Panchayat Level Federation grading shall be carried out by a team consisting of the following:-
  - a) Community Professionals of well functioning Community Based Organizations ( i.e., Self Help Groups, Panchayat Level Federations, Village Poverty Reduction Committees)
  - b) Members of Panchayat Level Federations Panchayat Level Federations and Self Help Groups which have received Manimegalai award will be given priority.
  - c) Representative from the concerned bank in which the Panchayat Level Federation is having the bank account.
5. Adequate number of grading teams will be formed at district level by Project Officer, Mahalir Thittam / District Project Manager, Vaazhnthu Kaatuvom Project .
6. The Grading team member shall be given a training on grading process and related activities. Project Officer (Mahalir Thittam) and District Project Manager (Vaazhnthu Kaatuvom) are responsible to train the grading teams.
7. The grading process shall be as detailed below:-
  - The Grading event will be organized every quarter till such time all the Panchayat Level Federations obtain good grade.
  - The quarterly grading exercise will grade all the restructured Panchayat Level Federations which have become eligible during the concerned quarter.
  - Each grading team will grade not more than 10 Panchayat Level Federations by undertaking field visits, verifying documents and interacting with community members.
  - Grading will be conducted in a common place with participation of all members of Panchayat Level Federation. The results have to be displayed in the notice board for atleast 7 days to ensure wide dissemination.
  - The Panchayat Level Federations will be graded for a maximum marks of 100.

- The Panchayat Level Federations which secure Grade 'A' or Grade 'B' will be considered as 'successful'.
  - The Panchayat Level Federations which are securing Grade 'C' have to undergo grading again after 3 months.
  - The report will be given to the district office along with a copy to the concerned Panchayat Level Federation.
8. Detailed Grading indicators and marks to be awarded for the first grading at the end of 6 months is given in Annexure I.
  9. Orders approving the grading indicators for second grading will be issued separately.
  10. Once the Panchayat Level Federation has demonstrated its credit worthiness to receive the external financial assistance for on-lending to its member Self Help Groups, it can access banks to obtain credit assistance directly.
  11. The Government authorize the Principal Secretary to Government, Rural Development and Panchayat Raj Department to amend the grading guidelines based on the operational requirements in consultation with the Managing Director, Tamil Nadu Corporation for Development of Women Limited, and Project Director, Vaazhndhu Kaattuvom Project.

(By Order of the Governor)

**K. ASHOK VARDHAN SHETTY,**  
PRINCIPAL SECRETARY TO GOVERNMENT.

**Annexure - 1**

**Parameters for first Grading of PLFs (at least 6 months old)**

<b>Sl. No</b>	<b>Main indicators</b>	<b>Sub indicators</b>	<b>Marks</b>
<b>1</b>	<b>Inclusion in PLFs</b>	<b>Constitution of PLF Executive Committee as per norms</b>	
		a) Min. 50% target poor representation in EC	4
		b) Inclusion of a disabled representative in EC	2
		c) Representation of target poor (PIP/BPL) in EC office bearer positions ( President, Secretary, Joint Secretary and Treasurer)	
		- All 4 members	6
		- 3 target poor	4
		- 2 target poor	2
<b>2</b>	<b>Participation in PLF</b>	<b>a) Meetings conducted in the last 4 months with quorum ( proportionate marking)</b>	
		- PLF EC meetings ( No.)	0 - 8
		- HLFs meetings ( % )	0 - 8
		- PLF GB meetings (No.)	0 - 4
		<b>b) % of Average attendance in PLF EC meetings conducted during last 4 months</b>	
		- Above 70%	4
- 51 - 70%	2		
<b>3</b>	<b>Maintenance of registers &amp; book keeping</b>	a) Book keeper in place & trained	4
		b) Quality of maintenance of registers & Transparency	0 - 10
<b>4</b>	<b>Fund Position</b>	<b>% of mobilisation of membership fee and subscription</b>	
		- Above 90%	10
		- 70 - 89%	6
		- less than 70%	0

Sl. No	Main indicators	Sub indicators	Marks
5	Performance of member SHGs	<b>a) % of member SHGs linked atleast once with bank</b>	
		- 80% and above	10
		- 60 - 79 %	6
		- 40 - 59 %	2
		<b>b) On time repayment rate of bank loans obtained by member SHGs</b>	
		- 100% repayment	8
		- 90 - 99 % repayment	6
		- Less than 90% repayment	0
		<b>c) Interest rate charged by member SHGs on internal loans and PLF loans from its members</b>	
		- less than 13 %	8
- 13 - 15%	6		
- More than 15%	0		
6	<b>Special initiatives of PLF</b>	Eg. Sanitation, School Enrollment, Freeing bonded labourers, child labourers etc.,	6
7	<b>Special achievements of PLFs</b>	- State level Manimegalai Awards	8
		- District level Manimegalai Awards	4
		- Other Awards	2

Grade	Eligibility Marks
<b>A</b>	Above 80
<b>B</b>	60 - 80
<b>C</b>	Less than 60

**K. ASHOK VARDHAN SHETTY,**  
PRINCIPAL SECRETARY TO GOVERNMENT.