



JEEViKA

Rural Development Department, Government of Bihar

Bihar Rural Livelihoods Promotion Society State Rural Livelihoods Mission, Bihar



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OFFICE ORDER

Bihar Rural Livelihoods Promotion Society (BRLPS, i.e, JEEViKA) is spearheading the formation and nurturing of Community Institutions (SHG/VOs/CLFs/PGs/FPCs). These Community Institutions have been instrumental in leveraging of the resources and utilization for promotion of diversified livelihood opportunities at the household level.

In order to further strengthen the systems at the level of Community Institutions, facilitate more effective decision making process and to ensure sustainability of these community institutions, it has been decided to work on fundamental principles of "Panchasutra" and its allied aspects.

A meeting under the chairmanship of Secretary, RDD, GoB has been done and the minutes of the same are attached as **Annexure-I**.

All project staffs are directed to work on the same and ensure its implementation in letter & spirit.


(Rahul Kumar, IAS)
CEO, BRLPS

CC to:

1. All Project Staffs

Minutes of the meeting with respect to Strengthening Financial Discipline in CBOs

A meeting has been conducted on 8th April 2023 under chairmanship of Secretary, RDD, GoB to review existing systems that aid the process of financial discipline at the level of Community Institutions within BRLPS (JEEViKA) and **the need to further design strategies that will strengthen the element of sustainability at the level of Community Institutions**. This was important considering the anticipated expansion and the scope of huge amount of fund management by different levels of community institutions. The meeting was attended by CEO, BRLPS and SPMU officials (CFO, Director, OSD, SPMs, SFM, PCs, and PS).

The meeting started with presentation on existing systems and the tentative amount of fund likely to be managed by community institutions in FY 2023-24. It was brought to the cognizance that Community Institutions are likely **to manage capital of around Rs. 35,000 Crores during the FY 2023-24**. This was based on the capital flow from the project and the loan outstanding from the banks coupled with the rotation factor that is evident at the level of community institutions. The potential of fund management by community institutions can **reach to the level of Rs. One Lakh Crore by 2030 by following strong measures for financial prudence**. Secretary, RDD, GoB appreciated the existing system and the achievements made by community institutions with support from BRLPS (JEEViKA). He emphasized the need of revisiting the policies and guidelines issued from the project in these respect and make improvements considering the existing context and the potential it hold for future. **It has been emphasized that aspects of "Financial Discipline" is an integrated element of "Panchasutra" and it is the responsibility of the project incorporating all themes to ensure adherence to the same**. Aspects that have been directed to comply with in order to strengthen the Community Institutions are following:

- A) It has been directed to strengthen system of integration and ensure **that responsibility of adherence to the elements of Panchasutra** is shouldered by one and all. It has been directed **to internalize the principle of Panchasutra** for effective rolling out of different interventions.
- B) It has been directed **to frame integrated and improved strategy for the strengthening of CLFs within next 15 days and ensure its roll out on priority. Dedicated workshop**



for CLF strengthening needs to be done latest by June 2023 across all the project area. The enhanced participation of community members in the decision making process needs to be ensured with aim to enhance both efficiency and governance at the level of community institutions.

- C) It was directed to frame policies that will aid the **strengthening of the sub committees at all level of community institutions**. This strategy is important and thus it was directed to make consultation with staffs, cadres and institutions in order to make improvement from the existing status.
- D) It has been directed to further strengthen the concept of **Mentorship for CLF Strengthening, Livelihoods planning** including the element of **Rotation and Repayment**. The system of **CBRM (Community Based Recovery Mechanism)** needs to be rolled by different Mentors as part of strengthening of the community institutions.
- E) It has been directed to **ensure training of all staffs and cadres on Books of Records**. The training to staffs needs to be done irrespective of the themes. It was directed to ensure that knowledge level of both staffs and cadres are enhanced further to help prevent issues of financial indiscipline. It had been made explicit that **maintenance of financial discipline is a collective responsibility** and thus all the project staffs need to include in their day to day implementation strategy.
- F) It has been directed to ensure that staffs provided with training **on Books of Records are provided with responsibility of writing the books for 1 SHG and 1 VO for a minimum of 1 year**. This will help in operationalizing the knowledge base and ensure that any attempt to manipulate the system is perceived well in time and redressed.
- G) Considering the importance of availability of Books of Records for strengthening of principle of transparency and accountability at the level of Community Institutions, **it was agreed upon to provide Books of Records to all levels of Community Institutions for one more time**. It was also directed to ensure that system is laid out for establishment of shop for making Books of records available to facilitate perpetual supply in future.
- H) It was directed to expand the scope of **Community Audit Process** and make adequate preparedness in this regard by training more community members on the related issues.



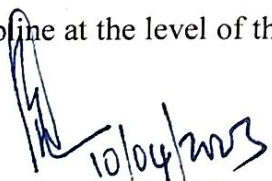
- I) It was directed to **utilize the digital strength** for bringing efficiency at the level of community institutions and ensuring timely monitoring. This included work around making **roll out of LOKOS successful**, development of different Apps, exploration of the system of **message flashing to the community institutions** about any transaction done and utilization of the **strength of CSP network** being supported by Banks and BRLPS (JEEViKA). It was also directed to make request to MoRD, GoI to make the SHG wise transactions available on **SHG Bank Linkage portal**. The letter of request in this regard needs to be sent by 20th April 2023 after laying out the need in concrete way.
- J) It was also directed to lay out system of **reducing cash transaction** at the level of community institutions. The agreed aspect of providing **Cheque Book to SHGs** by banks need to be further streamlined as it has the potential to reduce the same. The community institutions need to be encouraged to get in to **the habit of getting the pass books updated on periodic basis**.
- K) It was directed to **reiterate the process of loan sanctioning to the members** at the level of community institutions giving high importance to the poorer members. Suitable guidelines to be framed in this regard and orientation on the same needs to be done to the staffs, cadres, community members and their institutions.
- L) It has been directed to put across **the issue of financial probity at the level of staffs** as essential element of **Human Resource Ethical code**. **Any involvement of the staffs with malafide intention on financial aspects needs to be dealt with strongly and in time bound manner**. It has also been directed to include cases of financial manipulation as case studies and put across to the people as process of sensitization so that constant improvement can be made.
- M) It has been directed to take disciplinary action on the staffs if found involved with **Network Marketing processes**. This is essential to protect the integrity of the community institutions and the purpose of its formation.
- N) It has been directed to deal with the reported cases of financial defalcation in time bound manner to take the issues to logical conclusion. Considering the element of Collective Responsibility towards financial manipulations, it has been decided to enhance the role of block mentors and district mentors both in prevention and in resolution. The committee formed for investigation of reported cases either **at district level or state level should**



involve all themes and should endeavor to facilitate resolution besides finding the facts only.

- O) It has also been directed to **frame norms for the staffs with respect to Social Media Engagements**. Code of conduct with respect to safeguarding the interest of the organization on social media needs to be developed and implemented with effectiveness. It has also been emphasized that staffs need to utilize different forums meant for redressal of complains or grievances. Similarly it has been emphasized that cadres and community members shall be sensitized on the already existing model of Community Grievance Redressal Mechanism. It was directed to take measures for proper sensitization and strengthening the allied systems around it.
- P) It has been directed to create **an Internal Audit Cell at SPMU for keeping an eye** on the process adopted for the implementation of different programs. The cell will work incessantly on samples and keep updating the organization on the process adopted and areas of improvement. In addition to it, scope of seeking support of Social Audit Society needs to be explored and integrated. It was directed to include the assessment around the fair practices adopted by community institutions in providing capital support to the vulnerable and poorer member of the group.
- Q) It was directed to **create Legal Cell** to facilitate follow up with statutory institutions.
- R) It has been directed to lay out robust mechanism of implementation before signing of the MoU with multiple stakeholders.
- S) It has been directed to devise mechanism so that all staffs and cadres provide self certification about non involvement in any kind of financial embezzlement on annual basis. This can be symbolized as part of **“Community Governance Process”**. Detailed consultation to be done in this regard and ensure formulation of guidelines by June 2023.

The meeting concluded with emphasis on need for strengthening of the Community Institutions with Focus on CLFs and reiteration to the fact that creating financial discipline at the level of the community institutions is a collective responsibility.


10/04/2023
(Balamurugan D., IAS)

Secretary, RDD, GoB

