Organisational Action Component

Assessment of women co-operatives, the community based microfinance institutions in Koppal based of CRI tools

Host Organisation : Sampark

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Faculty Guide: Prof. K. V. Raju

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Executive Summary

Project title: Assessment of women co-operatives, the community based microfinance institutions in Koppal based of CRI tools.

Organization: Sampark, Bangalore and Koppal

Faculty guide: Prof. K. V. Raju

Participants: Aditi Vijay (32052) and Komal Didwania (32076)

Sampark is a Bangalore based NGO that has worked towards forming 7 Women's Co-operatives and a cluster. These co-operatives are engaged in carrying out micro credit activities for the economic and social development of poor people in Koppal district of northern Karnataka. The whole system is based on bottom-up approach whereby the women were first organized into groups (SHGs) and then taken to cluster level in which many SHGs were grouped into different clusters. These clusters then got a legal identity after getting registered as co-operatives under The Karnataka Souharda Sahakari Act 1997. Currently, there are around 50 SHGs in a co-operative. Sampark has grouped these co-operatives under two categories namely, Advanced and Less Advanced co-operatives.

The study was done with the following objective:

1. To design a tool for assessing the overall performance of the co-operative.

2. To carry out the assessment of the co-operative on the basis of the tool designed.

3. To bring out a case study on the model of co-operatives promoted by Sampark.

Four co-operative were selected out of the seven co-operatives for the purpose of the assessment. The co-operatives were sampled on the basis of the two categories mentioned above. After that a random sample of two co-operatives from each category was taken. The co-operatives were assessed on three parameters – their economic performance, governance and social aspect. An MS-Excel based automated tool was designed for scoring the co-operatives' performance and the threshold levels were decided to judge the level of performance of the co-operative.

The economic aspect has been studied by way of financial ratios. The various ratios were grouped under four headings namely, Efficiency and Productivity, Portfolio Quality, Asset Liability and Sustainability and Profitability Ratio. To get an understanding of the governance aspect, data was collected regarding vision, roles and responsibilities about the Board of Directors, maintenance of books of accounts, stakeholder relationships and initiation and leadership abilities. Assessment has been made based upon interaction with the members and observations during the co-operative meetings. The social aspect of the co-operatives has been assessed based on the co-operative's recognition of their social goals, identification and tackling of social issues in their community, fulfilling their social responsibility towards their members, staff and environment.

After carrying out the comprehensive assessment, scores were given to the co-operatives and thereupon three grades were decided within which the co-operative would fall. Only the co-operatives falling within the acceptable ranges will be considered for availing loan from external sources. The co-operatives falling below the minimum required level won't be considered as fit for availing loan from external agencies. However it is to be noted here that for judging the credit worthiness of a co-operative only economic and governance aspect has been considered.

Out of the four co-operatives, three were found to be healthy out of which two are performing very well and one is average. The fourth co-operative is quite weak and feels in grade C which means that its performance is below the minimum required level and hence it does not qualify for loan from external sources.

List of Abbreviation, figures and table

List of Abbreviations:

AC: Administrative committee

BoD: Board of Directors

MCC: Micro Credit Committee

NABARD: National Bank for Agriculture and Rural Development

SAC: Social Abhivruddhi Committee

SHGs: Self Help Groups

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Assessment of Women Co-operatives, the Community based Microfinance Institutions in Koppal based of CRI tools

1. Introduction

Sampark is a development organization that is working towards improving the livelihoods of poor people by providing them education, training and access to microfinance. It was started in the year 1990 as a voluntary organization and got registered in July 1991 under the Karnataka Societies Registration Act, 1960. It works for the most marginalized sections of the society in 46 villages of Koppal district in Northern Karnataka and in Bangalore. In the year 1998, Sampark started with a women empowerment programme in Koppal. It began with organizing poor women into small associations on the basis of self-help and collective responsibility. During the initial years of group formation, Sampark identified poor and disadvantaged people through various research methods such as social mapping, resource mapping, gram sabhas, etc. The purpose behind organizing women was to facilitate them to make small savings, deposit it in banks and take credit from the group or banks; when needed. The model was crafted to help poor people come out of the clutches of moneylenders and empower women by carrying out activities which will help in their economic and social development. One of the objectives of bringing together women was also to train them on savings and credit linkages as such an assistance will help them get bank loans for taking up income generating activities and other essential livelihood needs such as educating their children, getting their children married, expand their existing business activities, etc. Besides savings and credit trainings; they are also trained in the concept of leadership, book-keeping, financial management, etc so that they can be formed into successfully run self-managed organizations. At present, the programme covers 37 villages in Koppal and a total of 5010 women. These women have been grouped into 331 SHGs with each SHG comprising of approximately 12-15 women. These SHGs were initially grouped as clusters to further align their efforts and organize their functions so as to deliver better and sustainable performance. Later as the size and work of the clusters expanded, Sampark helped in getting the clusters registered as co-operatives under a suitable act. Here again, Sampark carried out the techniques of participatory exercises with the clusters in which they decided to get registered under The Karnataka Souharda Sahakari Act, 1997. The need to adopt participatory approach stems from the fact that the members are going to be the major stakeholders in running the co-operative and hence their active and equitable participation is extremely important in the formulation, implementation and evaluation of developmental strategies. It was envisioned that such an approach would help in increasing their level of knowledge and give them a sense of control over their own livelihoods.

Structure

In order to become part of the co-operative, the women first have to organise themselves as a SHG and only then can they register under a co-operative. Each co-operative has a Board of Directors of 10 members. Out of 10, 9 are directors and 1 is a secretary. In order to ensure smooth working and avoid overlapping of responsibilities, the board is further divided into 3 working committees. These are AC, MC and Social Abhivruddhi Committee with 3, 4 and 3 board members respectively. The members in each of the committees have specific roles and responsibilities which they have agreed to execute. Besides them, the co-operatives employee 3 permanent staff; 2 bank staff and 1 field staff.

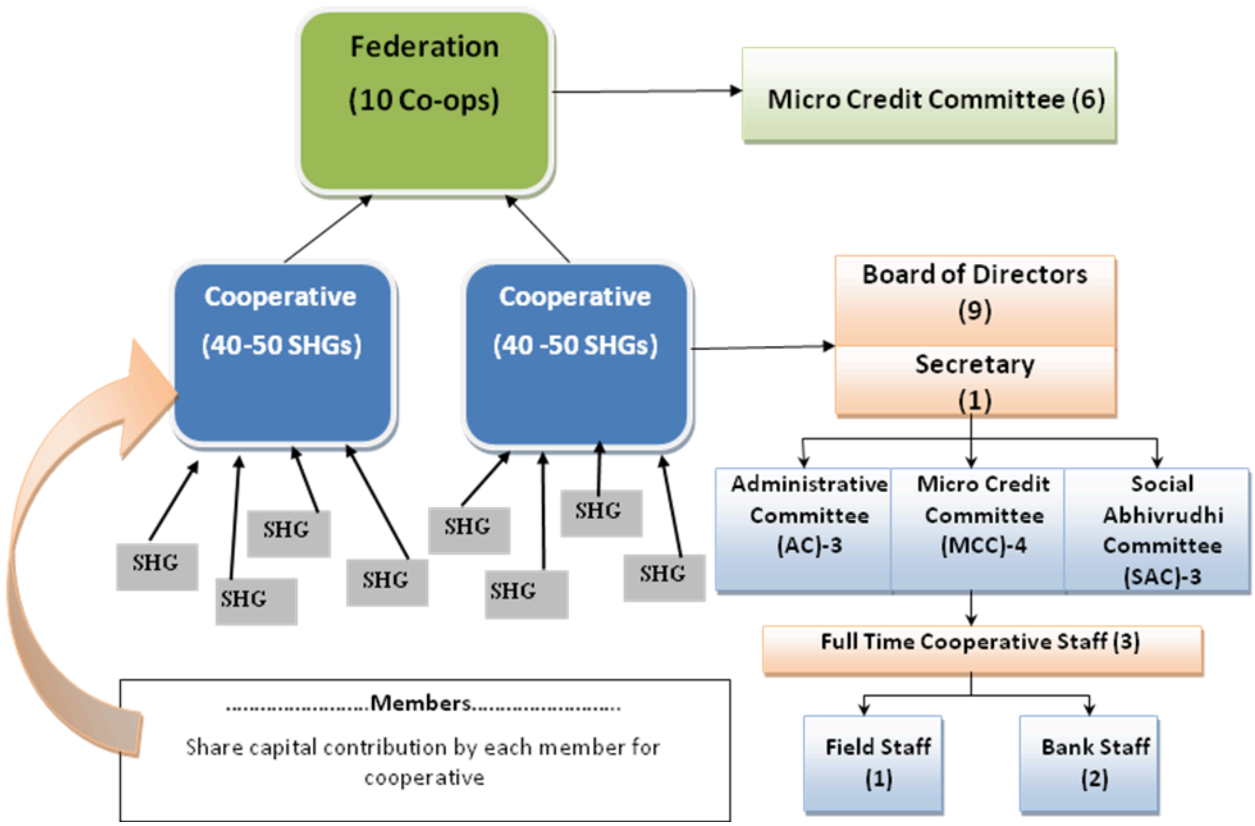

Figure 1: Structure of the co-operative

2. Objectives of the study

i) To design a tool for assessing the overall performance of the co-operative.

ii) To carry out the assessment of the co-operative on the basis of the tool designed.

iii) To bring out a case study on the model of co-operatives promoted by Sampark.

3. Methodology

The research was conducted to gain insights about the working of the co-operatives under 3 aspects, namely Economic, Governance and Social. Economic data helped in knowing about the financial performance and stability of the co-operatives. Data collected under governance aspect helped in understanding their managerial soundness whereas what is covered in social aspect helps to gauge to what extent the co-operative is fulfilling their duties towards their community.

Although collection of economic data is an easy task as it is quantitative in nature and mostly documented but it was acting as a hurdle during initial stages, as the co-operatives are not maintaining proper books and hence there was a lot of disparity in their books and the data in tally software. However, later on we took help from the auditors who audit the accounts of the co-operatives and did the assessment based upon the audited accounts we received from them.

There are 7 co-operatives functioning in Koppal district. Out of 7, 4 come under advanced category and 3 under less advanced category. Such a distinction is based on the number of members and shares, loan demand generated, loan amount given, repayment rate, risk ratio etc. Those with more number of members and shares, high loan demand and loan amount given, high repayment ratio and low risk ratio is considered as an advanced co-operative while the opposite stands true for a weak co-operative. We adopted stratified sampling technique at the first level wherein the co-operatives were separated on the basis of advanced and less advanced. Out of the 4 advanced, we took a random sample of 3 co-operatives and out of the 3 less advanced; a random sample of 2 co-operatives was taken. However, it was also ensured that the sample contained at least on co-operative situated in rural area. The co-operative from each group was also selected taking into consideration Sampark's preference and accessibility. The advanced co-operatives studied are Eshwara, Sadhana and Bhumika while the less advanced co-operatives studied are Sangama and Gavisiddeshwara. Out of these 5, Bhumika Co-operative is situated in rural area. At the second level, we adopted purposive sampling and we purposely selected the board of directors in each co-operative for collecting the data.

We adopted both primary and secondary techniques for data collection. Primary data collection assisted in collecting qualitative data which was essential to understand the governance and social aspect of our assessment. It was collected by way of conducting 8 FGDs with the board members of the co-operatives as well as 4 FGDs separately with the committee members within the board. We conducted 5 structured interviews with few board members to gain extensive knowledge about their performance under governance and social aspect. We conducted open-ended personal interviews of 8 SHG members. These were conducted to know more about members' understanding of the impact of joining the co-operative in their lives. Besides, we also collected data from informal discussions conducted during their training sessions. Other than these techniques, data collection was also done through observations. Observations during the monthly board meeting helped us draw inference about things such as inter-relationships between the directors, their group dynamics, and process of conducting the meeting, degree of compliance to various rules and norms of their co-operative, etc. We also collected secondary data basically to understand the financial performance of the co-operatives. Our secondary data constituted the statement of accounts of the co-operatives which was a quantitative data source and helped in arriving at various ratios on which we based our economic assessment.

4. Steps followed

1. Literature Review
2. Designing the Tool
3. Sampling the co-operatives
4. Data Collection
5. Data Analysis
6. Sharing with the co-operatives and taking feedback
7. Report Writing

For designing the tool it was essential to know about the current tool Sampark was using to assess the performance of the co-operatives. It was also imperative to know about the tools used by other agencies for assessing the performance of community-based MFIs. Therefore, we went through the tools used by Sa-Dhan, M-CRIL, Crisil, Myrada, and APMAS. The various aspects used by the tools of the abovementioned agencies were studied thoroughly and the logic behind them was also taken into consideration. Further it was decided which aspects are essential for the rating and those were divided into 3 groups consisting of economic, governance and social aspect. By considering the various tools it was decided that which aspect has to be taken into consideration for rating, and thereby an automated tool was designed for the grading of the co-operative. The tool is explained in detail in the manual; further in our report. After designing the tool, the co-operatives which were to be assessed using the tool were decided and we proceeded towards data collection. As mentioned above, we adopted primary and secondary data collection techniques for our assessment. After data collection, the data was fed into the tool and the co-operative was analyzed using results obtained from the tool. After the assessment the results were shared directly with the co-operative board members and recommendations for improving their performance were also given.

5. Critical rating tool (manual)

The critical rating tool is an excel based tool which can be used to assess the credit worthiness of a co-operative before granting them loan by giving a critical rating on following dimensions:

i) Economic Aspect
ii) Governance Aspect
iii) Social Aspect

A score is generated for each of the three aspects which are then combined into a composite score for the co-operative. Each co-operative is assessed on several dimensions under the above mentioned aspects and a separate weight is given to each of these dimensions. The score obtained is multiplied by its weight and then added-up to arrive at the composite score of particular aspect. This will help in evaluating the overall performance of the co-operative.

Figure 2: Showing various aspects considered in assessing co-operatives

5.1 Definitions:

i) **Financial revenue from loan portfolio** – revenue from interest earned, fees and commission (including late fees and penalties) on the gross loan portfolio only. This item includes not only interest paid in cash, but also interest accrued but not yet paid.

ii) **Financial revenues from investments** – revenue from interest, dividends or other payments generated by financial assets other than the gross loan portfolio, such as interest-bearing deposits, certificates of deposits and treasury obligations. This includes not only interest paid in cash, but also interest accrued but not yet paid.

iii) **Total Financial revenue** – includes i) and ii), revenue generated from both the gross loan portfolio and investments.

iv) **Financial expense** – all interest, fees and commissions incurred on all liabilities, including deposit accounts of clients held by the MFI, commercial and concessional borrowings mortgages, and other liabilities. It may also include facility fees for credit lines. It includes accrued interest as well as cash payment of interest.

v) **Loan loss provision expense** – a non-cash expense that is used to create or increase the loan loss reserve on the balance sheet. The expense is calculated as a percentage of the value of the gross loan portfolio that is at risk of default. To avoid confusion between this expense and the loan loss reserve, analysts prefer to use the term *reserve* for the balance sheet account, and the term *provision* only for the expense account. It is also helpful to include the word *expense* when referring to this latter account.

vi) **Total Operating Revenue –** includes all financial revenue and other operating revenue. Other operating revenue is that which is generated from other financial services, such as fees and commissions for non-credit financial services that are not considered as part of financial revenue. This item may include revenues linked with lending such as membership fees, ATM card fees, transfer fees, or other financial services such as payment services or insurance. Operating revenue does not include any revenue that is not generated from the MFI's core business of making loans and providing financial services, such as merchandise sales. However, if the MFI views training as an integral element of the financial service it provides, then training revenue would be included in Operating Revenue.

vii) **Personnel expense** – includes staff salaries, bonuses, and benefits, as well as employment taxes incurred by the MFI. It is also referred to as *salaries and benefits* or *staff expense*. It may also include, and/or costs of recruitment and initial orientation. It does not include on-going or specialized training for existing employees, which is an administrative expense.

viii) **Administrative expense** – non-financial expenses directly related to the provision of financial services or other services that form an integral part of the MFIs financial services relationship with its clients. Examples include depreciation, rent, utilities, supplies, advertising, transportation, communications, and consulting fees. It does not include taxes on employees, revenues, or profits, but may include taxes on transactions and purchase, such as value-added taxes.

ix) **Total Operating Expense** – includes all personnel expense and administrative expenses, but excludes all financial expenses and loan loss provision expense. It does not include expense linked to non-financial services.

x) **Net operating income** – total operating revenue less all expenses related to the MFI's core financial service operations, including total operating expenses, financial expenses, and loan loss provision expense. It does not include donations, revenues expenses from non-financial services. Many MFIs choose not to deduct taxes on revenues or profits from the net operating income; rather they are included as a separate category. MFIs are encouraged to indicate if taxes are included in this account.

xi) **Non-operating revenue** – all revenue not directly related to core microfinance operations, such as revenue from business development services, training, or sale of merchandise. Donations and revenues from grants are also being considered non-operating revenue, but it is recommended that they be included in their own account.

xii) **Non-operating expense** – all expenses not directly related to the core microfinance operation, such as the cost of providing business development services or training (unless the MFI includes training as a requirement for receiving loans). This may also include extraordinary expenses, which are onetime expenses incurred by the MFI that are not likely to be repeated in coming years.

5.2 Purpose:

The purpose of the tool is to enable the federation to find out the credit rating of the co-operative taking its holistic performance into consideration. This will facilitate in deciding which co-operative is qualified hence can be granted loan and which cannot be. It will also help in knowing which co-operative is falling weak on which aspect and thus require taking actions to improve on those lines.

5.3 Understanding the Tool:

The tool is divided into four sheets: Grading Sheet, Economic Sheet, Governance Sheet and Social Sheet. The data is to be fed in economic, governance and social sheets and automated grading calculation, based upon the formulae set in, is done in the grading sheet. For each of the indicators, certain weight is given and certain ranges are set to get an understanding of the level of performance of the co-operatives. Such an understanding has been tried to be achieved at individual indicator level as well as composite level.

5.4 Economic Aspect:

The economic aspect in the tool will help to judge about the financial soundness of the co-operative under consideration. It is very essential to evaluate the economic performance of the co-operative to check whether it qualifies to be granted loan under the criteria determined. Only if the co-operative is financially robust, they will be able to repay the loan taken. Since financial soundness is of primary importance in taking decision regarding extending loan, economic aspect is being given a weight of 50 percent in the overall critical rating tool. Different ratios are used for measuring the financial health of a company because the ratio eliminates the difference in performance arising due to the varying size of the co-operatives based upon their scale of operation. This is completely a quantitative measure and no qualitative judgment is required for this. The data required for economic analysis can be obtained from the profit and loss account, balance sheet and ageing analysis of the co-operative. The ratios are calculated and compared to an ideal ratio, in case the ratios are better than the ideal ratio a score of 1 is given and in case it is below average a score of 0.3 or 0 is given as per the condition and in case the ratio equals the average ratio than a score of 0.5 is awarded. The ideal range of the ratio is determined taking into consideration the average of the microfinance industry. The score obtained by each ratio is then multiplied by its respective weight in order to obtain the net score of the ratio. For better understanding of economic assessment the ratios are being divided under following broad headings:

a) **Efficiency and Productivity Ratio:** The efficiency and productivity ratio tries to measure how efficient the co-operative is, in keeping the cost of serving its clients low. It will facilitate in measuring how specific resources are being managed to accomplish the economic objectives. Looking at the importance of the ratio for the co-operative it has been given a weight of 30 percent within the overall economic aspect.

i) **Operating Expense Ratio**: The operating expense ratio is found out by diving operating expense by average gross loan portfolio. This ratio is important because it ensures that deposit mobilisation is cost effective i.e. reasonable for co-operative. It can even guide the co-operative on how to price its financial products. A low ratio shows that the operating cost involved with each rupee given as loan is low and is thus preferable. This ratio carries a weight of 30 percent. In case the operating expense is below 10 percent a score of 1 is awarded, if the ratio is anywhere between 10-20 percent a score of 0.7 is awarded, else 0.3 is awarded as a score.

ii) **Cost per Active Client**: This ratio has 15 percent weight and it is calculated by dividing the total operating expense by total number of active clients. It will assist in finding out co-operative's average cost of maintaining an active client. Here, active client refers to a person who has used co-operative's saving, lending, or any other product/service in last twelve months. Costs per client may vary significantly depending on the type of product being serviced by the MFI. This helps to set apart active clients from "dormant" clients who may be sitting out with one or more loan cycles, but who are still satisfied with the MFI's products and services. The lower the ratio the better is the performance. To get an ideal range of the ratio we have assumed that the average outstanding loan size will be somewhere near to the average size of the loan granted. Now, since the co-operative has a margin of 6 percent in the loans granted before meeting its expense, if its cost per active client is more than 3 percent of the average loan then it is losing more than 50 percent of its earning in serving the client which does not indicate a good performance and so a score of 0.3 out of 1 is given. In case the co-operative is able to maintain a ratio equal to or less than 2 percent, that means the co-operative is performing well and a score of 1 is awarded and when the ratio is between 2 to 3 percent a score of 0.7 is awarded indicating an average performance.

iii) **Average Outstanding Loan Size Ratio**: This measures the average outstanding loan balance per borrower. It is a profitability driver and a measure of how much of each loan is available to clients. This ratio holds a weight of 35 percent. To grade this ratio it is looked at along with portfolio at risk ratio. This is because in case the average size of loan outstanding is high this indicates a good performance showing that the co-operative is giving large number of loans but if at the same time the portfolio at risk ratio is high that will indicate that large part of outstanding loan is composed of overdue loan which is an indicator of an unhealthy organisation. Therefore, when a co-operative has an average outstanding loan size of greater than Rs. 25,000 then we check for the value of portfolio at risk. In case, portfolio at risk is less than 2 percent then we give it a score of 1 and in case it is more than 2 percent we give it a score of 0.4 and when the average size of outstanding loan is less than Rs. 25,000 and portfolio at risk is also less than 2 percent it again will indicate an average performance and will earn a score of 0.5. If the outstanding loan size is lower than Rs. 25,000 and portfolio at risk is more than 2 percent it shows a poor performance and thus a score of 0.2 is given. The reasoning behind taking Rs. 25,000 as the limit is that a co-operative can give a maximum loan of Rs. 3, 00,000 to a SHG and on an average there are 15 members in one SHG. Therefore average loan that can be given per member is Rs.

20,000. If we assume that all the members do not take loan so a safe assumption of Rs.25,000 loan amount can be taken.

iv) **Total Administrative Cost Ratio**: This ratio indicates the administrative cost per rupee of the loan granted, the lower the ratio the better is the performance. Its importance can be judged by the weight of 20 percent it carries under the efficiency and productivity ratio. It will depict to what extent the co-operative is able to control its administrative costs. If the administrative expense is less than equal to 10 percent[1] of the gross loan portfolio than it shows a good performance and the co-operative manages to get a score of 1, if ratio is between 10-20 percent, a score of 0.7 is given and in case the administrative expense exceeds 20 percent of gross loan portfolio it shows that the co-operative is spending too much on administration and so a score of 0.3 is given which shows that the co-operative's performance on this aspect is below average.

b) **Portfolio Quality Ratio:** These ratios are used to judge the quality of the loan portfolio. These ratios form 30 percent of the total economic aspect.

i) **Portfolio at Risk Ratio**: Portfolio at Risk (PAR) is a standard international measure of portfolio quality that measures the portion of a portfolio which is deemed at risk because payments are overdue. PAR 30 means the portion of the portfolio whose payments are more than 30 days past due. PAR 30 above 5 or 10 percent is a sign of trouble in microfinance. A PAR 30 which is less than equal to 2 percent is considered to be safe[2] and a score of 1 is provided, in case PAR 30 comes to be somewhere between 2-3 percent a score of 0.7 is awarded else 0.3 is the score.

ii) **Repayment Ratio (from Co-op to other organisation)**: If the co-operative is active in repaying money to external organisations it seems to be safe to advance loan to such a co-operative. A weight of 15 percent has been attached with the ratio. Only in case the co-operative is active in making timely payment to other organisation i.e. the ratio is

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[1] http://www.microcreditsummit.org/papers/financing.pdf
[2] http://www.sa-dhan.net/Adls/TechnicalNotes/TechnicalNote_01.pdf

hundred percent, it gets a score of 1. If the ratio is anywhere between 90 and 100 percent, then it gets a score of 0.7, else the co-operative gets only 0.3.

iii) **Repayment Ratio (from SHG to Co-op):** The repayment capacity of the co-operative is affected by the repayment of the loan advanced by it to the SHGs. In case there are too many defaults on the part of SHGs, then the existence of the co-operative appears to be in danger. The aspect holds a weight of 25 percent in determining portfolio quality ratio. Since this is the primary source of income for the co-operative it is very important and has to be atleast 85 percent. In case it is equal to 100 percent a score of 1 is awarded, till 85 percent it gets a score of 0.7 and if the ratio is below 85 percent, then 0.3 is given.

iv) **Write-Off Ratio**: It gives the loss per rupee of loan advanced. The lower the ratio the better the health of the organisation. The ratio has been given a weight of 10 percent. It serves as an indicator of portfolio at risk. A write off between 3-6 percent is considered as acceptable and a score of 0.5 is awarded in such a case, anything below 3 is considered as good[3] performance and the co-operative gets 1 in such a case. However, a score of 0 is given if write off is more than 6 percent.

v) **Risk Coverage Ratio**: The ratio holds a weight of 20 percent under portfolio quality ratio. It shows that to what extent the loan loss reserve covers the amount of outstanding loan. The ratio should not be too low nor should it be too high. As too low ratio will indicate a poor coverage of risk and too high ratio will show unnecessary transfer of fund in loan loss reserve. The score under this varies between 0 and 1. In case the risk coverage ratio is somewhere between 1 and 2 then a score of 1 is awarded else a score of 0 is given this is because both too high and too low reserve are dangerous.

c) **Asset Liability Ratio:** Asset/ liability management is an ongoing process of planning, monitoring and controlling the volume, loan maturity, interest rates and yield on assets and liabilities. The asset and liability management is required at different levels for example

[3] http://www.sa-dhan.net/Adls/Technicalnotes/Technical_Notes_04.pdf

interest rate management, assets management, leverage and liquidity management. Under interest rate management co-operatives should make sure that the use of funds generates more revenue than its costs. An asset is said to be managed efficiently the funds used for creating assets produce most revenue. The co-operative seeks to borrow funds to carry on its activities and thus increase its revenue and net profit. The co-operative should manage cost and use of its borrowings so that it generates more revenue than the costs. The liquidity of co-operative should be enough to meet the short term obligation of the co-operative. The ratio form 10 percent of total economic aspect.

i) **Yield Gap Ratio**: It compares the revenue actually earned to what was expected or to the industry average. A small gap is no problem but a substantial gap (>10percent) indicates huge overdue, fraud and inefficiencies in the co-operative. If the actual earning is more than the expected earning that is the ratio is greater than one then a score of 1 is awarded, if the ratio obtained is between 0.9 and 1, then a score of 0.7 is awarded else a score of 0.3 is assigned.

ii) **Portfolio to Asset Ratio**: This ratio shows what percentage of assets forms the loan portfolio. It carries a weight of 25 percent. This ratio will be always less than one because gross loan portfolio is a part of total assets and hence the ratio obtained will be its actual value.

iii) **Debt Equity Ratio**: Debt to equity ratio measures overall financial leverage and how much cushion the co-operative has to absorb losses after meeting all its liabilities. If the ratio is between 10-20 percent it shows average performance of the co-operative and thus would manage to score 0.6 marks for its work. In case the co-operative has a ratio of less than 10 percent it is a strong co-operative thereupon a score of 1 is given. In other conditions a score of 0.3 is awarded.

iv) **Current Ratio**: This ratio carries a weight of 10 percent. It shows that how much the current assets are compared to current liabilities of the co-operative. It finds out whether the co-operative will be able to meet its short term liability from current assets or not. The best ratio is of 2:1[4] but the lowest acceptable ratio is 1:1 and anything below this will be given a score of zero. A co-operative obtaining a ratio of 2:1 is awarded 1 and anything between 1:1 and 2:1 is given a score of 0.5.

v) **Capital Adequacy Ratio**: with a weight of 30 percent this ratio helps to find out whether the capital is adequate, more or less than what is required. It measures co-operative's solvency. It shows the capability of the co-operative to meet long term expenses and obligation. The capital adequacy ratio should be atleast 10 percent[5]. If it is below this a score of 0 is given, between 10-20 percent a score of 0.5 is given and above 20 percent a score of 1 is accorded.

d) Sustainability and Profitability Ratio: The ratio explains not only about organizations past performance but also predicts about its future. The various ratios considered under this are return on asset, return on equity, operational self sufficiency and financial self sufficiency. This will give a summarized view of the overall performance of the company. In case the portfolio quality is not up to the mark or efficiency is low it will be pointed out by profitability ratio. If portfolio quality is poor or efficiency is low, this will be reflected in profitability.

i) **Operational Self-Sufficiency Ratio**: It is used to find out that whether or not the co-operative has enough revenue to meet its operational expenses. If the trend shows the ratio is increasing it shows that organization is becoming self sustaining. A ratio of more than 100 shows that co-operative's income is more than its expenses. A co-operative's aim should be to have a ratio of more than 100 percent. Operational self sufficiency is known to be first level of self sufficiency. This aspect has been attached with a weight of 30 percent under sustainability and profitability ratio. A cooperative get a score of 1 only in case it is

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[4] http://wiki.answers.com/Q/What_is_the_ideal_Current_Ratio_of_a_firm
[5] http://www.socialenterprise.net/assets/files/MBB_ArticleExcerpt.pdf
http://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/39936.pdf

fully operationally self sufficient. In case the operational self sufficiency lies between 80-100 percent a score of 0.7 is assigned else it scores 0.3.

ii) **Financial Self-Sufficiency Ratio**: This ratio indicates that how well a co-operative can cover its operating, financial and loan loss expenses while taking into consideration adjustment for subsidy and inflation. A ratio of 1 or 100 percent[6] financial self sufficiency is desirable for a co-operative's long term sustenance without being dependant on donors. Increasing ratio shows that the co-operative is becoming more and more financially self sufficient. This is second level of self sufficiency. In case financial self sufficiency ratio is low it can be improved by developing an interest rate policy that covers the cost of co-operatives lending program, increasing the volume in loan portfolio, and/or enhancing staff productivity. Financial self sufficiency is considered an aspect of utmost importance and thus carries a weight of 35 percent in sustainability and profitability ratio. The aim of all co-operatives should be to be financially self sufficient but it is difficult aim to realise. Therefore any co-operative having a ratio of more than 0.8 gets a score of one showing that it is a financially strong co-operative, similarly a ratio of less than 0.5 shows that the co-operative is weak and so it gets a score of 0.3. If the ratio is in the range of 0.5 -0.8 it will indicate an average performance giving an average score of 0.7 to the co-op.

iii) **Return on Asset Ratio**: This ratio carries a weight of 20 percent and helps to measure how well a co-operative is using its assets. It is found out by dividing the net operating income by average assets. It determines productivity of an organization's assets and measures the overall profitability. Any co-operative earning below 1.6 percent is considered as below average and is given a score of 0.3. The value 1.6 percent comes from the median ratio of 166 co-operatives studied by SKS. If the score is between 1.6 and 3 percent then a score of 0.7 is awarded else a score of 1 is given.

iv) **Return on Equity Ratio**: Return on equity helps to measure commercial profitability of a co-operative. This ratio measures the rate of return on an average equity. Average equity is found out by adding the equity in beginning and at the end of period and dividing it by two.

[6] http://www.cgap.org/gm/document-1.9.36551/indicators_techguide.pdf

This informs the stockholder about the income that their investment is earning; it indicates profitability of an institution. A weight of 15 percent is attached with this aspect. The return on equity of an average co-operative should vary between 11.5 and 20 percent and in such a case a score of 0.7 will be given. If the ratio is above 20 percent[7], then a score of 1 and if it is below 11.5 percent a score of 0.3 is given.

5.5 Governance aspect:

The governance aspect will help to know about the soundness of the rules and regulations, internal dynamics, vision, roles of the board of directors of the co-operative. It also tells us how far the co-operative is carrying out its functions in accordance with the law. It is essential to evaluate the co-operative on its governance aspect as it plays a big role in sustainability of the co-operative. This aspect involves both quantitative as well as qualitative judgment. For a reliable rating a close peep into the functioning of the co-operative is required. Each attribute (refer Annexure I) under the governance aspect has to be given a score between 0 and 1. The score of 1 means that the co-operative is performing a task in best possible way and 0 means that the co-operative has failed to perform even in the least expected way. This aspect holds a weight of 30 percent in the overall critical rating tool. The governance has been studied under following sub-headings:

i) **Vision Building:** A co-operative having a strong vision struggles to achieve it but without a vision the co-operative may lose its path. The co-operative should have a clear cut vision statement which should be known to the BoD as well as to the members of the co-operative. This will help in instilling a sense of responsibility towards the co-operative among the members and BoD and so a weight of 20 percent has been given to this aspect in governance aspect. For arriving at the conclusion of whether the vision is of some value for all members or not the rating officer will have to talk to the members, the conversation should be semi-formal so that they can open up and speak out their views.

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[7] http://www.sa-dhan.net/Adls/TechnicalNotes/TechnicalNote_01.pdf

ii) **Board of Directors:** This aspect has been given a weight of 20 percent under governance aspect. Board of director are the people who take care of day to day functioning of the co-operative. The roles responsibility of each director should be clear so as to avoid confusion and overlapping and for this a list of documented roles and responsibilities is essential. The regularity of attendance of board will show how serious they are towards their work. A lot of things about BoD, their duties and performance can be found out from the records maintained by the co-operative.

iii) **Rules and Regulations:** The rationale behind having rules and regulations in a co-operative is to protect the savings of the depositors and to ensure smooth and uninterrupted functioning of the co-operative. Since the members of the co-operative is generally from poor household having small saving, any loss to them will have an adverse impact on them, their family and livelihoods and therefore, the co-operative should avoid high risk. The rules and regulation in a co-operative should be such which makes the board fully accountable to the members but at the same time should not be so cumbersome to cause delay in decision making. This will ensure smooth functioning and also will lead to increased confidence among members. At the same time rules and regulations are necessary because the co-operative aims at attracting funds from external source and for this it is very necessary that it has sound and well established rules and regulations. All the members of the co-operative should be well aware of the rules and regulations otherwise the rules are completely meaningless. However, only framing rules and regulation and being aware of it makes no sense if they are not being properly followed. To understand this, thorough study of co-operative should be done. The grading officer will first need to know about the documented rules and regulations of the co-operative, he/she then should talk to BOD and few members separately to know how far are they aware of the rules. Then a peep into various processes is required to know how far these are being followed. The rules and regulation should be such that they ensure participative management of co-operative and involve members consent in decision making. The aspect carries a weight of 10 percent.

iv) **Stakeholder Relationships**: The stakeholders in a co-operative include the BODs, members, NGO, banks from where they obtain external credit and the donor organisation. For long term sustenance of a co-operative, it is very crucial for the co-operative that the interests of the stakeholders are properly served. This aspect carries a weight of 20 percent. All the stakeholders have different interests e.g. BoD will be interested in fair amount of honorarium for their roles and responsibilities, members will be interested in availability of saving loan and other facilities, low interest rate, dividend etc. The membership of the co-operative should be open and voluntary, in case of compulsory membership; members will not consider themselves to be a part of co-operative and thus will not cooperate in its smooth functioning. The process of distribution of surplus should be pre defined and it should be transparent, this will boost the confidence of the members in the co-operative. The members being the owners of the co-operative have full right to know about the financial result of the working of the co-operative therefore, the audit report should be shared and discussed with the members in the AGM. The Co-operative has the responsibility of providing training to the SHGs for conducting the meetings of the group and maintenance of books of account, the existence of the co-operative is dependent upon existence of the SHGs and for their long term existence proper functioning is very essential. For a sound relationship between board and member, the appointment of board should be done by the members; a sound relationship will facilitate smooth functioning of board.

v) Initiation and Leadership: This aspect carries a weight of 15 percent as the growth of the co-operative is possible only when the board has the leadership quality and ability to propose and take up novel ideas. The board has to aim at making the co-operative self-sustainable and must also look for new opportunities for promoting and expanding their business operations. This may include developing new products and services, approaching more organisations for external credit, etc. Along with this, it is also essential that the directors are open to each other's ideas and maintain a congenial and healthy environment in the co-operative so as to encourage new ideas coming amongst themselves or from other members.

vi) **Maintenance of Documents**: All the co-operatives are registered under The Karnataka Souharda Sahakari Act 1997. The act gives certain common rules and regulations under its by-laws which should be followed by all the co-operatives registered under the act. The act makes it compulsory for the co-operatives to maintain some books of accounts. For convenience in the critical rating tool the books have been grouped into two grades. The books grouped under Grade A (10 percent weight) are more important for a co-operative than the books in grade B (5 percent weight). In both of these the score to co-operative has to be given on two bases: maintaining and updating of books. The score has to be between 0 and 1. If the book is maintained and updated, score of 1 is given and if it is not maintained, score of 0 is given. In case the book is there but it is not updated it gets 0.5. The weight has been given accordingly to both the grades of books.

5.6 Social Aspect:

The social aspect explains how well the co-operative is able to serve its social responsibility and how far social issues are taken into consideration while making decisions. The co-operatives can play a major role in promoting good social and environmental practices and standards. The co-operative is composed of a large group of people and thus have a very wide reach so their collective impact on the society and environment can be huge. Moreover, the co-operative is generally for the poor section of the society which suffers from many social issues and therefore co-operative can act as a medium of social empowerment of women. The aspect has been given a weight of 20 percent is overall rating since social concerns are a responsibility of the businesses. Each aspect (refer Annexure II) has to be given score ranging between 0 and 1; rules are same as in case of governance aspect. The aspect has to be judged more on a qualitative basis than on quantitative basis. The social aspect has been segregated into:

i) **Vision and its Alliance with Actual Actions**: In the governance aspect we check whether the cooperative is having a vision or not and here we try to find out the social aspect in the vision statement and how far the co-operative and its members are trying to achieve it. We try to find out what are the activities co-operative is undertaking to achieve its vision. It is not possible for a co-operative to imbibe social activities into its working unless and until it is incorporated in its vision and therefore, a weight of 20 percent has been attached with this aspect.

ii) **Social Responsibility towards Client**: A co-operative has social responsibility towards its clients and members also. It has the responsibility to educate its members and take steps to increase their knowledge about the co-operative. The responsibility towards clients ranges from making adequate and hassle-free loan on easy terms to making sure that their money is being utilized in an efficient way and providing them knowledge regarding income generating activity. This aspect holds a weight of 25 percent.

iii) **Social responsibility to Staff, Community and Environment**: The reach of co-operative is a very strong feature and it can prove to be an effective way of developing good community and environmental practices and a means of bringing awareness about the environmental and social issues. The co-operative should take responsibility of its staff in terms of PF, pension, medical insurance, maternity leave, etc. Staffs, community is like blood for any organisation they are dependent on each other for their existence. A weight of 15percent has been attached with this aspect.

iv) **Feedback from Client:** Feedback from client is an important aspect as it will help the co-operative to know the satisfaction level of client. The feedback form should aim to know that whether the clients got adequate amount of loan at some acceptable rate and the process was not too cumbersome. Moreover, it will help to know which social issues are required to be addressed in the region. The aspect holds a weight of 20percent.

v) Profile of a New Client: The new clients are as important for the co-operative as the old ones. Keeping a complete social profile of the new members will help the co-operative in recognising the social issues which needs attention and at the same time social concern of the new members can be addressed. Considering its importance it holds a weight of 20percent.

5.7 Sustainability:

To consider any co-operative as sustainable we have to look at both financial as well as managerial sustainability. Therefore, to judge about overall sustainability of any organisation we consider both economic as well as governance aspect. If any organisation lacks proper governance it would lose its effectiveness among members and slowly members will withdraw their support from the co-operative and it will have to stop operating. The sustainability is a long term concern and has to be looked at from that perspective. To judge financial sustainability we will take into consideration sustainability and profitability ratios and to look at future perspective we will look at the trend of these ratios by comparing it to the ratios of previous year. Managerial sustainability is determined by the stakeholder relationship, management of books of accounts, board of directors and rules and regulation. If the co-operative is performing well on the above mentioned aspects then only it can be considered as sustainable in long run.

5.8 General Guideline for Assessment of the Result:

The sum of scores of each aspect i.e. Economic, Governance and Social is recorded. Upon recording it was observed that the maximum possible score before multiplying with the weight of the aspect was varying greatly for these aspects, therefore in order to bring parity a numerical factor was introduced that can be multiplied to set off the disproportion. We multiply the score obtained under economic aspect by 8.5 and that of social aspect 2.55. Now the maximum marks that can be obtained by any co-operative after considering the weight of various aspects is 4.25 for economic aspect, 2.55 for governance and 1.683 for social aspect making a total of 8.483.

Since the criteria established for scoring individual score in economic aspect was stringent the criteria for being credit worthy, a score of 60 percent of score of economic aspect is kept as the benchmark. Therefore, if a co-operative gets a score of 2.55 (60 percent of 4.25) or above in the economic aspect then only it qualifies to get a loan. However, governance aspect is equally important because it will affect their managerial efficiency and sustainability therefore, a minimum score of 1.53 (60 percent of 2.55) is kept mandatory for obtaining credit. These two conditions should be looked at to judge the creditworthiness of the co-operative.

There are three grades which can be awarded to any co-operative, if the co-operative scores below 4.92 (58 percent) it will fall in Grade C that means that the loan won't be given to such a co-operative. In case the co-operative scores above 6.61(78 percent), then it will fall in Grade A and if it scores in range of 4.92-6.61 then it can be give Grade B. A co-operative falling under grade A or B is worthy of getting credit. The table below summarizes the grading.

Cumulative score	**Grade**
8.48-6.61	A
6.61-4.92	B
Below 4.92	C

6. Assessment of Co-operatives

6.1 Eshwara Co-operative:

The Eshwara Mahila Multipurpose Souharda Self Help Co-operative Limited was established in year 2008. It has its office in Koppal, Karnataka. The co-operative is registered under Souharda Co-operative Act of Karnataka and is composed of 54 self help groups with a total of 974 members covering 2 municipalities viz. Koppal and Bhagyanagar.

The critical rating tool is used to gauge the holistic performance this co-operative. The co-operative was judged on three aspects:

1. Economic
2. Governance
3. Social

a) Economic Aspect:

The tool uses ratios to make assessment about the economic aspect of the co-operative. The ratios are broadly divided into efficiency and productivity, portfolio quality, assets and liability and profitability and sustainability ratio. The assessment of the co-operative is based on the profit and loss account and balance sheet for the year 2011-2012 (refer annexure III & V).

The Eshwara co-operative scored 0.156 out of 0.3 in the profitability and sustainability ratio; which is almost 50 percent. This shows that the co-operative is an average performer in this area. Under this ratio the co-operative was found to be strong in managing its administrative expense. The administrative expense ratio was around 4 percent which is far below the 10 percent mark which is considered as the limit for a good performer and the co-operative is thus able to score full marks in this ratio. The co-operative is also doing well in maintaining low operating cost. The cost per active client of the co-operative comes out to be around Rs. 613 which is 3.18 percent of the average gross loan portfolio; this indicates that the co-operating is spending more than 50 percent of its earning in serving its customer and it is not a good sign. The average loan size of the co-operative is around Rs.20, 000 which is less than expected but the co-operative has very low portfolio at risk which balances its performance.

Table 1: Analysis of Eshwara Co-operatives' efficiency and productivity

	Ratio	Formula	Ration Obtained	Score	Maximum
Efficiency and Producticity Ratio (30%)	Operating expense ratio (30%)	operating expense/average gross loan portfolio*100	5.54312009	0.3	0.3
	Cost per loanee(15%)	operating expense/total number of active client(loanees)	613.2460938	0.045	0.15
	Average outstanding loan size ratio (35%)	gross loan portfolio/total number of loans outstanding	19256.42857	0.175	0.35
	Administrative expense ratio(20%)	Total administrative expense/Average gross loan portfolio*100	4.139606363	0.2	0.2
	TOTAL			0.156	0.3

Out of the five ratios under portfolio quality ratio, the co-operative seems to be performing very well in three. The co-operative has a very low portfolio at risk ratio, its repayment ratio from co-operative to other organization is 100 percent which is exceptionally good and in the previous year it had no bad debt which is another sign of the co-operatives' capacity to manage risk. It has repayment ratio (from groups to co-operative) above 99 percent which means there is a smooth flow of money even from the groups to the co-operative. The only aspect under this ratio category where the co-operative is falling short is in its inability in maintaining any loss loan provision although it is having overdue loans. Maintaining such a reserve can be a good practice for this co-operative which is performing so well economically. It will help the co-operative in setting-off its losses of a particular year from the reserve, which it may bear due to non-repayment. In this way the profit of that particular current financial year will not get affected. The overall score of the co-operative under this is 74% of the total possible score which indicates a fair performance of the co-operative.

Table 2: Analysis of Eshwara Co-operatives' portfolio quality

	Ratio	Formula	Ration Obtained	Score	Maximum
Portfolio Quality Ratio (30%)	Portfolio at risk (30%)	Outstanding of over due loans/gross loan portfolio*100	1.573809612	0.3	0.3
	Repayment ratio (from co-op to other organisations)(15%)	(Cummulative amount paid-prepaid)/amount to be paid*100	100	0.15	0.15
	Repayment ratio (from SHG to co-op)(25%)	(Cummulative amount paid-prepaid)/amount to be paid*100	99.4194759	0.15	0.25
	Write off ratio (10%)	value of loan written off/average gross loan portfolio	0	0.1	0.1
	Risk coverage ratio (20%)	Value of loan loss reserve/ outstanding of over due loans	0	0.04	0.2
	TOTAL			0.222	0.3

Taking assets and liability ratio into consideration, here also the co-operative was graded as a fair performer. The co-operative earned 74% score in this aspect as well. For yield gap ratio the expected annual yield was calculated using the following formula:

$$\text{Expected annual yield} = \left(1+\frac{R}{N}\right)^{N} - 1$$

Where, R is the nominal rate of return and N is the number of installments in a year. For Eshwara co-operative the nominal rate of interest was 18 percent and the number of installment was 12, the expected annual yield turns out to be around 3.11% and the co-operative is earning five times more than this expected yield which signifies high efficiency in use of assets. The total capital of the co-operative is only 7 percent of the assets of the co-operative showing that the co-operative does not have an adequate amount of capital to meet its time liability. According to business research papers, the minimum limit for the capital is 10 percent of the assets. The co-operative has a poor current ratio of 0.95 while the acceptable lower limit is 1 indicating unacceptable liquidity standards.

Table 3: Analysis of Eshwara Co-operatives' asset liability

	Ratio	Formula	Ration Obtained	Score	Maximum
Asset Liability Ratio (10%)	Yield Gap (20%)	Interest,Fees and Commission received on Loan/(Avg. Loan Portfolio*Expected Annual Yield)	5.313183165	0.2	0.2
	Portfolio to assets (25%)	gross loan portfolio/assets	0.7004025	0.175100625	0.25
	Debt Equity ratio(15%)	liabilities/ Equity	37.28345894	0.045	0.15
	Current ratio(10%)	Current assets/ current liability	0.951170874	0.02	0.1
	Capital adequacy ratio (30%)	total capital(tier1 and tier 2)/ assets	0.070478234	0	0.3
	TOTAL			0.044010062	0.1

The co-operative appears to be good on sustainability and profitability lines[8]. It is financially and operationally self- sufficient and same is true in case of return on assets and return on equity. The co-operative is performing extremely well on this aspect. This suggests that the co-operative is successful in making good profits in the business by making efficient use of its assets and equity capital. Assessing on the basis of existing economic performance, the co-operative seems sustainable and profitable in long run.

Fatima's family had revived their livelihood situation through multiple businesses supported by the loans from SHG and Co-operative.

Fatima has eight children; three girls and five boys. Her husband, Tipusab, Nadaf is working in the petty shop business. He goes to the festivals and marriages in different towns and villages to sell sweets, torches, mobile phone covers, plastic jewellery and hair bands. A few years ago the family became very poor as the business was not doing very well. At that time Fatima's husband decided to take the first four children out of the school so that they can work and bring additional income to the family. The eldest son (studied till 8th standard) is a driver at coca cola factory, he learnt driver through Sampark. The second son (studied till 6th standard) sells cool drinks and ice creams during festivals and the third son (19 years old) draws heena pattens, the fourth son is in the same business as the father and the fifth son aspires to become a doctor presently studying in class 10th.

Fatima took five SHG loans in the past, for the education of her children and to purchase items which can be sold in the festivals. She took three co-operative loans; with the first loan she bought a four wheeler for her son. He uses it to transport and sell ice cream in different towns.

Table 4: Analysis of Eshwara Co-operatives' sustainability and profitability

	Ratio	Formula	Ration Obtained	Score	Maximum
Sustainibility and profitability ratio (30%)	Operational self sufficiency ratio (30%)	operating revenue(financial+operation+investment income)/(financial+operation expense+loan loss	3.135816703	0.3	0.3
	Financial self sufficiency ratio(35%)	operating revenue(financial+operation+investment income)/financial+operation expense+loan loss provision+subsidy adjustment+inflation adjustment	3.052455831	0.35	0.35
	Return on assets(20%)	Net Operating Income/Average Assets	0.310450366	0.2	0.2
	Return on Equity(15%)	Net Operating Income/Average Equity	4.21375708	0.15	0.15
	TOTAL			0.3	0.3

Overall the co-operative is able to grab a score of 3.06 out of 4.25 which is far more than the range of 60% which was least for any co-operative to be considered financially sound. The co-operative is performing well on economic ground although there is still a lot of scope for improvement. The co-operative should pay a little attention towards its expenses and try to find out the means to reduce those expenses.

b) Governance Aspect:

The governance aspect is important because it affects the managerial sustainability and smooth functioning of the routine affairs of the organization. To know about the governance aspect we adopted several methods including checking books of account, talking to the board members as well as SHG members and observing their board meetings.

Vision:

Although the co-operative has a vision statement, it was observed that the board was not very clear what does it mean and it was not really imbibed into the members. The vision statement also didn't have a well defined time frame during which it should be achieved. On enquiring about their biggest strength, all the board members said that unity is their strength. This indicated that they all had a feeling of belongingness towards the co-operative and knew the importance of working together. However, at various instances they gave a clear cut idea of where they want their co-operative to be in next five years- they wanted to have their own space from where the co-operative will operate, they want to increase the capital base and member base of the co-operative and aspire to see their co-operative at a place equal to that of a nationalized bank. Although some of these goals seem to be ambitious, but these were the motivating factors behind their participation. They feel very proud of the fact that the women who earlier didn't use to step out of their houses are now actively participating in the co-operatives' work; moreover their families are also supporting them.

Board of directors:

We checked whether or not there are formal procedures in place for taking decisions. We got to know that the board of directors is appointed by the members and the directors get an honorarium for their work. In case a director has to be removed or a staff has to be removed the concerned person is given one month notice. There is no quorum for the monthly board meeting however, the average attendance recorded is more than 90 percent. Each member of the board precisely knew what their roles and responsibilities were and was willingly and actively performing their jobs. This can be judged from the fact that when they were asked about their roles, they could list it down within seconds. However, these roles and responsibilities were not documented anywhere and this may create ambiguity in future about their tasks and may cause shifting or overlapping of responsibility. This is very likely to happen in case of new directors coming to the board in future. Another thing noticed was that the SAC committee was not very clear about its roles, duties etc. Although it was formed one year ago but it became active only since past 4 months.

Stakeholder relationship:

The process of distribution of surplus was clear to the members and they knew what percent of the profit should be allocated to which aspect but, that pre-decided process is not being actually practiced. The relationship between the co-operative board and the members as well as other stakeholders is sound and healthy but there is considerable dependency of the co-operative on Sampark for most of its decisions. Even the mindset of the members is such that they can work only under the guidance of Sampark. The co-operative falls weak on initiation and leadership aspect and this can be insinuated from the fact that it has not been able to mobilize loan from any other institution without the support of Sampark. Although Eshwara Co-operative is planning to start PIGMY scheme (a daily small savings scheme), which is the idea of the co-operative yet no action has been initiated till now. The co-operative lacks in maintaining well-written rules and regulations although they have a set of rules which is being followed. The annual general meeting is organized every year either during the month of July or September and this gives a chance to the co-operative to share the audited accounts with the members. All decisions requiring members' consensus are also taken in this meeting.

The members of the co-operative have benefitted a lot from the credit disbursement of the co-operative for instance- "Mrs. Razia of Shantiveer group lives with her husband and 5 sons in Koppal. Two years back the family used to sell sweets on a cart from where they generated a daily net income of around Rs. 750. Then her elder son proposed to set up a bakery for which Mrs. Razia borrowed a sum of Rs. 50,000 from the co-operative. With that money they bought the required machineries for the bakery and also took additional loans for buying other equipments. Now the family owns a sweet shop, a bakery and is making a net income of around Rs. 2,250 per day." Such instances have helped the members to build in their confidence in the co-operative and thereby establishing a sound relationship among the members and the board.

The other stakeholders are NABARD, Government and Sampark. Eshwara co-operative has till now taken 3 loans from NABFINS and repaid it back on time. Its habit of timely repayment has helped it to create good relations with it. Moreover recently, it has taken a loan worth rupees 21.65 lakhs which shows the trust and confidence of NABFINS in the co-operative. Similarly, Eshawara co-operative has sound relations with the NGO Sampark.

Books of Accounts:

According to The Souharda Act, there are certain books of accounts which are mandatory to be maintained by each co-operative registered under it. Besides, some books should be maintained by them as part of their regular practice because it will help them in carrying out their operations with more ease. The co-operative has maintained most of those books except for some like journal ledger, vehicle log book; self help group member profile, staff personal detail and directory of important contact numbers. We found that as there is no check on the use of office vehicle, it is also being used by certain members for their personal use. It has to be ensured that the cooperative starts maintaining the above mentioned books as soon as possible. Certain gaps and mistakes in data recording could be easily spotted in the co-operative books and the audit report (refer Annexure IV) as well. There is no provision for any internal audit in the co-operative. Since the co-operative is operating at high scale of operations it should start this practice to reduce the inconsistency in accounts and keeping a better check on their money. The most striking observation we made was that the co-operative has a paid up capital in excess of what it is authorized to have.

c) Social Aspect:

The SAC committee is not very clear about how it should approach to achieve the social aspect of its vision statement. Although they were taking some initiatives for example, getting bus pass for school children, approaching officials to ask for donations and funds but a little ambiguity was there in the committee regarding which activity they should undertake. It seemed that they were not sure about identification and prioritization of social issues to be taken up. They are planning for certain activities like providing education support to five girls etc but nothing has been done to move forward with the idea. Most of their thoughts are in an inception stage and it is suggestive of the fact that no concrete action plan has been designed. The members are the owners of the co-operative and the co-operative has certain social responsibilities towards them; like creating awareness among the members about various government policies, educating its members about various income generating activities, etc and help in status upliftment of members of the co-operative not only in her family but also in her society. The Eshwara co-operative appears to be efficient in this aspect. All the SHGs are given training on various income generating activities after which certain women even started their own businesses and are successfully running it.

Through FGDs we tried to figure out what the women think about how the co-operative has affected their status and the women said that earlier they didn't use to go out of their houses and now they are participating in day to day workings of the co-operative, their say in decision making in the family has also risen and finally it has helped in broadening their knowledge about banking, society, politics, etc. They said that earlier they used to feel afraid in dealing with money related activities and all such work used to be performed by men of the family but now they feel happy to have not only understood these roles but also in carrying them out.

The co-operative holds certain responsibilities towards its staff, community and environment. Given the level of operation, the co-operative should think of providing certain social security funds for its staff like PF, loan at a slightly lower interest, etc. Currently nothing is being thought on these lines. Such steps can help in attracting more competent staff. The co-op has high vision of their city being clean and hygienic place with high levels of literacy. But how to achieve these is still not clear to them.

The co-operative is not taking any kind of feedback, in terms of assessing the demands, from its client. Feedback is important as it will help in improving the services of the co-operative and bring to light that what else services are needed by the members. The co-operative also doesn't maintain any comprehensive social profile of its clients. The social profile can be helpful in bringing into light the social issues with which the members and the society at large are dealing with. Upon getting this data, the co-operative can thereafter decide to work upon the issues. With a score of less than 50 percent, the co-operative gives the impression of being weak in social aspect.

Table 5: Analysis of Eshwara Co-operatives' overall performance

Aspect	Score obtained	Maximum
Economic Aspect	3.068542766	4.25
Governance Aspect	2.004	2.55
Social Aspect	0.7599	1.683
Total Score	5.832442766	8.483
Calculate Total Score (out of ten)	6.875448268	10

Net score obtained	Grade
Greater than 6.62	A
6.62 to 4.92	B
Below 4.92	C

With an overall score for 5.83, the Eshwara Co-operative falls in Grade B which means that it performing well and is eligible to obtain credit from the market. Several reasons can be attributed to the good performance of the Eshwara co-operative like:

- The members of the Eshwara Co-operative mostly belong to Koppal which results in better exposure and opportunities for them.
- The proximity with Sampark allows them to have better access to their guidance resulting in better management.
- The women are motivated to work and give considerable time to the work of the co-operative.
- Women are supported by their families to work in the co-operative may be because most of the women in this co-operative belong to middle class families and their economic contribution is valued in their families.
- The women in the board of the co-operative also have a minimum level of education which helps them to understand things better and faster.

d) Recommendations:

- Appointing a professional accountant as one of the bank staffs as the co-operative is performing well and has profits to afford a qualified bank staff. This will further help the co-operative in managing its money and concentrate on expanding its scale of operation.
- The roles and responsibilities of the committees and the rules and regulations should be well documented to avoid any problems in future.
- Certain degree of differentiation can be made in the terms on which the loan is given for different purposes. The purposes can be grouped into two i.e. business and non-business purposes. Loan for business purposes should enjoy lenient terms when compared to loans for non-business purposes.
- Feedback should be obtained from clients and it should be used to identify member's needs. This will guide the co-operative to design its product as per the needs of the members.
- The co-operative should maintain cash flow statement. This will help to judge the short term viability of the co-operative and will also help in preparation of budget of the co-operative.
- SAC committee needs capacity building training so as to learn to identify and prioritize their work and gain decision making abilities. The members of SAC committee are young and vibrant so frequent trainings and exposure visits can help them in building in skills to deliver social responsibilities
- Transfer a part of the profit towards social activities so that SAC committee can have funds to carry out its activities.
- There no requirement of adding any further members into the co-operative instead the co-operative should work towards meeting the needs of the existing members.
- The co-operatives' business is increasing with time so it should take up internal audit that will help it to trace its mistake at early stages and correct them. Moreover, it also brings ease in preparation of final accounts.
- They should approach other banks for getting loan because their loan demand is increasing and Sampark and NABARD alone won't be able to cater to this increasing demand.

- An advisory committee can be established comprising of people from NABFINS and Sampark and co-operative, that will help co-operative to get better idea of how can it expand its business.

6.2 Bhumika Co-operative:

Bhumika Mahila Multipurpose Souharda Self Help Co-operative was established in the year 2008. The co-operative is registered under The Karnataka Souharda Sahakari Act 1997. It was formed by bringing together 68 SHGs consisting of around 1033 members. Their office is in Alvandi village and the co-operative covers SHGs from 10 villages in the nearby area. The critical rating tool has been used to assess the performance of the co-operative considering social, economic and governance aspect.

a) Economic aspect:

The co-operative is assessed using various ratios. However the assessment is based on the data of the financial year 2010-2011 obtained from the audit report of the co-operative, as the final profit and loss account and balance sheet for the financial year 2011-2012 was unavailable. Bhumika co-operative scores less than 50% in overall efficiency and productivity ratio indicating its inefficiency. Under this ratio the co-operatives' score is poor in cost per active client because it is very high almost equal to 10 percent of average outstanding loan size, which shows that the co-operating is spending more than its earning. The co-operative will have to work hard to reduce its operating cost which is right now in an average range. The co-operative is able to maintain low administrative expense which is a good indication but its average outstanding loan size is low which means that the co-operative needs to increase its scale of operation. Increasing the scale of operation will also help in reducing operating cost ratio.

Table 6: Analysis of Bhumika Co-operatives' efficiency and productivity

	Economic evaluation (50%)			Weighted score	Maximum
	Ratio	Formula	Ratio obtained	Score	Maximum
Efficiency and Productivity Ratio (30%)	Operating expense ratio (30%)	operating expense/average gross loan portfolio*100	12.17484948	0.21	0.3
	Cost per loanee(15%)	operating expense/total number of active client	2186.739726	0.045	0.15
	Average outstanding loan size (35%)	gross loan portfolio/total number of loans outstanding	21950.43636	0.175	0.35
	Administrative expense ratio(20%)	Total administrative expense/Average gross loan portfolio*100	7.873321527	0.2	0.2
	TOTAL			0.129	0.3

Bhumika co-operative has an inspiring score in portfolio quality ratio. It is facing very low risk of non repayment and has successfully maintained a ratio of hundred percent in settlement of its dues to other organization. It is receiving a repayment at rate of 95% from the groups. But Bhumika co-operative is not maintaining any loan loss reserve to meet unforeseen losses and neither does it follow the practice of writing off loan loss. It is very essential for the co-operative to create loan loss reserve to provide a cushion against losses by creating a reserve so that the profits of a particular financial year do not get much affected by the losses during that year.

Table 7: Analysis of Bhumika Co-operatives' portfolio quality

	Ratio	Formula	Ratio obtained	Score	Maximum
Portfolio Quality Ratio (30%)	**Portfolio at risk (30%)**	Outstanding of over due loans/gross loan portfolio	8.28312E-05	0.3	0.3
	Repayment ratio (from co-op to other organisation	(Cummulative amount paid-prepaid)/amount to be paid*100	100	0.15	0.15
	Repayment ratio (from SHG to co-op)(25%)	(Cummulative amount paid-prepaid)/amount to be paid*100	94.35903948	0.15	0.25
	Write off ratio (10%)	value of loan written off/average gross loan portfolio	0	0.1	0.1
	Risk coverage ratio (20%)	Value of loan loss reserve/ outstanding of over due loans	0	0.04	0.2
	TOTAL			0.222	0.3

Taking into consideration asset and liability ratio Bhumika co-operative appears to be healthy. The co-operative managed to score more than 80 percent in this ratio. The formula used to calculate the expected annual yield was same as used in Eshwara co-operative (refer pg. 26) and it comes out to be 3.11 percent. The only places where the co-operative needs to pay little attention under this ratio category is current ratio which although is more than 1 but is less than 2. The debt equity ratio of the co-operative is unfavorable which can be improved by reducing its external debts and becoming self sufficient or by increasing own capital. The co-operatives' capital adequacy ratio is around 36 percent which shows that the co-operative is efficient in meeting its time liabilities.

Table 8: Analysis of Bhumika Co-operatives' asset liability

	Ratio	Formula	Ratio obtained	Score	Maximum
Asset Liability Ratio (10%)	**Yield Gap (20%)**	Interest,Fees and Commission received on Loan/(Avg. Loan Portfolio*Expected Annual Yield)	10.51120846	0.2	0.2
	Portfolio to assets (25%)	gross loan portfolio/assets	0.653091011	0.163272753	0.25
	Debt Equity ratio(15%)	liabilities/ Equity	11.34177367	0.09	0.15
	Current ratio(10%)	Current assets/ current liability	1.311384508	0.05	0.1
	Capital adequacy ratio (30%)	total capital(tier1 and tier 2)/ assets	0.365769407	0.3	0.3
	TOTAL			0.080327275	0.1

As per the accounting data of the co-operative it appears that the co-operative is sustainable and profitable in long run as it has managed a 100 percent score in this ratio[9]. The co-operative is operationally as well as financially self sufficient and has impressive return on asset and return on equity ratio of 21 percent and 39 percent respectively.

Table 9: Analysis of Bhumika Co-operatives' sustainability and profitability

	Ratio	Formula	Ratio obtained	Score	Maximum
Sustainibility and profitability ratio (30%)	Operational self sufficiency ratio (30%)	operating revenue(financial+operation+investment income)/(financial+operation expense+loan loss	3.132899419	0.3	0.3
	Financial self sufficiency ratio(35%)	operating revenue(financial+operation+investment income)/financial+operation expense+loan loss provision+subsidy adjustment+inflation adjustment	3.229592457	0.35	0.35
	Return on assets(20%)	Net Operating Income/Average Assets	0.212499159	0.2	0.2
	Return on Equity(15%)	Net Operating Income/Average Equity	3.939649328	0.15	0.15
	TOTAL			0.3	0.3

The co-operatives' overall all performance in economic aspect is getting better. With a score of more than 73 percent it seems that the co-operative is financially performing well and also qualifies the credit criteria of the tool.

However, as per the second hand data available on the co-operatives working in year 2011-2012, it was discovered that the co-operative has not been performing well. It had huge overdue in the above mentioned financial year. The reason that can be associated with the fact is the rift between the management. On taking into consideration the overdue loans, it was discovered that the co-operative got repayment of only 36% of total loans on time. More than 10 percent of the loans were over due for more than 120 days and 54 percent of the loans were overdue for more than one month. The co-operative didn't maintain any loan loss reserve and even had not written off any of the overdue loan. So, the co-operatives' final account will not show the real position of the co-operative financial condition. So if we consider economic position of Bhumika.

[9] However, this is not relevant data as it is based on accounting data of previous year and also because of faults in accounting system of the co-operative under which even donation is taken as a part of the income and loan losses are not written off. Moreover, the present position of the co-operatives governance doesn't show that the co-operative is sustainable.

b) Governance Aspect:

Bhumika Co-operative managed to get a score of 57 percent in governance aspect which indicates that the co-operative is doing poor on this aspect and it needs some improvement. The co-operative also fails to clears the minimum requirement of 60 percent for being considered as credit worthy. Hence the co-operative can be considered to be managerially unsustainable.

Factors acting as hurdle in success of Bhumika

- Rift between the board of directors
- Illiteracy of the members

Vision

Bhumika Co-operative has a vision to make its members economically, knowledgeably and socially independent and promote sustainable development. The vision statement is clearly written and the co-operative members informed that the statement was developed by the members along with Sampark. The members are well aware of the statement. The members have an apparent idea of what they wanted to accomplish but didn’t know when and how they are going to do that. Members said that they got to know through Sampark that it would be easier for them to meet the increasing demand of loan after getting registered as a co-operative rather than operating as SHGs and this motivated them to form into a co-operative. Also they became aware that as a legal entity they would have accessibility to government schemes for the members and it also encouraged them to undertake a legal identity. All these explanation points towards good understanding in members minds regarding the reason of their existence as a co-operative. The co-operative is undertaking many activities in order to meet their vision for example, the co-operative is providing education support to few students in the villages, and they provide capacity training to SHG members for promoting income generating activities and also give loans to members for the same. They don’t have a clear idea about their strengths and weaknesses as a group. Upon asking about their strength they said “Availing loan facility from State Bank of Hyderabad, Sampark and NABARD is our strength”. The question was further explained with examples and they were forced to figure what is their strength as a group then they said “Unity is our strength” but the answer seemed to be influenced by the examples quoted and the translator. The co-operative board has a dream that in next five years they will start e-stamping service in their co-operative, increase its membership and capital base and arrange their own space for conducting their business. The co-operative members are proud of their initiative of buying an auto for a project of Mobile Library started by Sampark. The project was offered to all the co-operatives and Bhumika Co-operative took the initiative under which they rented their vehicle for the project at the rate of Rs. 1000 per day for a period of 6 months. After the completion of the project, they rented the auto to a school and the auto is now bringing in an additional income of Rs. 10,000 per month. After deducting the EMI, the co-operative is able to earn a profit of Rs. 1500 per month.

Board of Directors:

There are well established criteria for being qualified to be a board member. Any person who wants to be in the board should have been the member of the co-operative for a period exceeding 6 months, should be a good speaker and more than 18 years of age. No minimum education is required to become the member of the board of directors. There are norms that are followed in the co-operative but these were designed by external people and the board members were not aware about them. Each board member holds the office for a period of 5 years after which she may be re-elected. The directors receive honorarium in exchange of their work. Each member has one vote irrespective of the number of shares she has. For removing any director or staff from his office a notice have to be given one month prior to the date of removal. There is no quorum for the meetings however upon checking the attendance register of previous year, it was found that the co-operative is able to maintain an average attendance of around 85 percent.

The co-operative has no documented copy of roles and responsibilities of the board of directors and the board also lacks awareness about what exactly has to be done by whom, as a result of this a lot many incidences of shifting of responsibilities have been reported. It may lead to loss of opportunity at times. To quote an incidence it was observed in the meeting that the directors were blaming each other for not getting the computer installed in their bank. They bought a computer for the co-operative but it was not installed because no one was really bothered and did not recognize it as her responsibility. Unlike other co-operative this co-operative is even approaching and availing loan from State Bank of Hyderabad which is good sign as they are trying to explore more opportunities other than Sampark and NABARD. The staff of the co-operative is much more active and participative in the co-operative meeting which was not the case in other co-operatives.

Stakeholder Relationship:

It can be easily seen that there is lack of trust and confidence among the board members and staff. There is a lot of confusion and rift among the members in the committees. Moreover, an incidence was witness during the board meeting where a heated argument took place between a board member and a field staff on the usage of bank phone. The board member locked the phone and went to another and upon asking, she refused to tell the unlock code to the field staff saying the phone is not for her use. Surprisingly, none of the members tried to pacify things between them and acted as passive observant hinting it as a routine affair. Thus, group relationships are one area where the co-operative needs to put in more efforts to bring more coherence in their working.

The group has some great ideas for example the board started buying cloth washing soap in bulk at low prices and then distributed these to the group which proved to be beneficial to all, however due to certain reasons this practice was stopped later. These kinds of ideas if brought into practice can earn the co-operative huge profits but the practical implementation is not possible because of internal conflict among the members. The relationship of board with other members is found to be sound. The process of distribution of surplus is also well defined in the by-laws of the co-operative but there is no check to ensure whether it is being followed.

Every year the annual general meeting is conducted in month of either July or August which gives a platform to the board of directors to share audit report and discuss important issues with the members. There is no well-defined process established by the board membrs to deal with defaulters.

Maintenance of books of accounts:

The co-operative has well maintained books of accounts although it has not maintained certain important books like SHG member profile, journal ledger, training imparted to board of directors and women-wise as well as purpose-wise loan detail, inward and outward register but rest of the books are well maintained and updated. But again in this co-operative also audit report has some mistakes which are yet to be corrected; these are related to distribution of the surlus among various funds.

c) Social Aspect:

Bhumika Co-operative has a vision statement which contains some social goals. The SAC committee as of now is working only for education and sanitation. The committee members also don't recognize their responsibility toward its staff and the relationship between the board and the co-operative staff appears to be strained. The SAC committee is the weakest among all the 3 committees and is not at all clear about its roles and responsibilities and how should it approach to meet its social goals. The co-operative is extending knowledge about income generating activities to its members. The SAC has not realized that they have some responsibility towards the environment. The co-operative members want to bring such changes in the community where no child remains illiterate in next five years and the status of women become better in her family and society although they have yet not figured out that how are they going to achieve their goals. As a step towards its goal of educating children it provides loan even for the purpose of education of the children and these loans have proved to be of great help to some people for example: Gangamaa who is a board member of the Bhumika co-operative took subsequent loans for education of her children and this helped her to finance their higher education. She has four sons and a daughter, the daughter and one of the sons is studying engineering after completing diploma and one of her sons is an engineer and is currently working in Bangalore earning a salary of Rs. 20000 per month. Her other two sons are studying Bachelors of Business Administration.

The Board members failed to figure out how co-operative has helped them in their own development. Upon asking how the co-operative has led to their development, they all kept silent. The co-operative is not taking feedback about their services from their members. Feedback will help the co-operative to recognize various services in which it can expand its activities and will also help in highlighting the shortcomings of its present structure and system. Similarly, maintenance of the profile of new as well as old members is required. It will help the co-operative to identify various social issues prevailing in the society such as early drop-out, child marriage, etc. The co-operative based on these profiles can trace the most important issues and then plan the action which will help to mitigate these problems.

Table 9: Analysis of Bhumika Co-operatives' overall performance

ASPECT	Net Score Obtained	Max Score
Economic Aspect	3.10814092	4.25
Governance Aspect	1.4715	2.55
Social Aspect	0.68	1.683
Total Score	5.25794092	8.483
Total Score(out of 10)	6.198209265	10

Net score obtained	Grade
Greater than 6.62	A
6.62 to 4.92	B
Below 4.92	C

The co-operative falls in Grade B as it has score only 62 percent of the total score. However, the co-operative has the caliber to improve its performance and grading as well. But the co-operative doesn't qualify to get loan as it has scored only 57 percent of total marks in governance which means it is managerially unsustainable.

d) Recommendations:

- The vision is a long term target that the group wants to achieve but time frame is missing in the vision. Therefore, the group should frame short term goals with a specified time period in which it has to be achieved. This will help them in directing their action in one particular direction.
- The co-operative should have the rules and regulation as well as roles and responsibilities in writing so as to avoid any sort of confusion and delay in decision making.

- They must work towards building a sound relationship of trust and confidence amongst each other by learning to accept each others mistakes and trying to improve it.
- They need capacity building exercise for better maintenance of books
- Internal audit should adopted and hiring a professional accountant so as to have a proper accounting system in place.
- Develop a well defined common process to deal with the defaulters.
- Loan loss reserve should be maintained.
- The co-operative should begin to think about taking some responsibility towards the social security of its staff.
- They should take feedback from members about loan process and product so as to serve them better in future.
- The SAC committee should prioritize and plan their work to be effective in long run.
- The most important action required now is to improve the governance aspect of the co-operative. Strong governance is essential for long term existence of all the enterprise.

6.3 Sadhana Co-operative:

Sadhana Mahila Multipurpose Souharda Self Help Co-operative Ltd. was established in year 2008 by bringing together 45 SHGs two villages in and around Kinhal village. The co-operative is registered under The Karnataka Souharda Sahakari Act 1997. The co-operative has a total of 600 members with a paid up capital of Rs. 1,54,100. The critical rating tool is used to gauge the holistic performance of the co-operative covering economic, social and governance aspect.

a) Economic Aspect:

Various ratios have been used to make an assessment about the financial performance of the co-operative. To assess the financial position of the co-operative data from the profit and loss account and balance sheet for year 2011-2012 was obtained (refer annexure VI & VIII).

The first category of ratios is efficiency and productivity ratio and here Sadhana co-operative managed to score only 32% of total score indicating that the co-operative falls weak in efficiency. The major concern under this particular ratio is their high cost per loanee. The co-operative has given loans only to 45 individuals in the previous year incurring a cost of Rs. 3150 per loanee. There can be two reasons for high cost per loanee either the co-operative is giving big loans to few people, which deceives the purpose for which the co-operative has been established or the co-operative has a high operating cost which shows inefficiency in operation. The co-operative is able to maintain its administrative cost and operating cost in average ranges; but for improving its performance it will have to reduce both of these expenses. Sadhana co-operative has acceptable average outstanding loan size ratio but the risk associated is average, therefore the co-operatives' aim should be to reduce the risk.

Table 11: Analysis of Sadhna Co-operatives' efficiency and productivity

	Ratiio	Formula	Ratio obtained	Score Obtained	Maximum
Efficiency and Productivity Ratio (30%)	Operating expense ratio (30%)	operating expense/average gross loan portfolio*100	17.85	0.21	0.3
	Cost per loanee(15%)	operating expense/total number of loanee	3150.53	0.045	0.15
	Average outstanding loan size ratio (35%)	gross loan portfolio/total number of loans outstanding	23620.93	0.07	0.35
	Administrative expense ratio(20%)	Total administrative expense/Average gross loan portfolio*100	11.06	0.14	0.2
	TOTAL			0.0975	0.3

With a score of 0.177, which is 59% of the total score a co-operative can score in portfolio quality ratio category, the Sadhana co-operative comes out to be average in portfolio quality. The co-operative faces an average amount of risk which is demonstrated by the average score in portfolio at risk ratio. It means that the co-operative has scope for reducing its overdue loans. The co-operative receives 95% repayment from the groups but its repayment ratio to external organization is only 93%. The reason given by co-operative members for the above mentioned fact is that the co-operative is not earning enough profits to meet the repayment demand of external organizations. The poor repayment ratio can prove to be a trouble for the co-operative in the long run and may put their credibility in doubt. The co-operative is neither maintaining any loan loss reserve nor does it writes off any overdue loans as losses. This leads to wrong assessment of the co-operatives' financial position. Moreover, if the co-operative sets aside a part of its profit for loan loss reserves it provides a cushion for the co-operative against losses else any loss can prove to be a huge shock.

Table 12: Analysis of Sadhna Co-operatives' portfolio quality

	Ratiio	Formula	Ratio obtained	Score Obtained	Maximum
Portfolio Quality Ratio (30%)	Portfolio at risk (30%)	Outstanding of over due loans/gross loan portfolio*100	2.12109875	0.21	0.3
	Repayment ratio (from co-op to other organisations)(15%)	(Cummulative amount paid-prepaid)/amount to be paid*100	93.35903432	0.09	0.15
	Repayment ratio (from SHG to co-op)(25%)	(Cummulative amount paid-prepaid)/amount to be paid*100	95.90964414	0.15	0.25
	Write off ratio (10%)	value of loan written off/average gross loan portfolio	0	0.1	0.1
	Risk coverage ratio (20%)	Value of loan loss reserve/ outstanding of over due loans	0	0.04	0.2
	TOTAL			0.177	0.3

Sadhana Co-operative is earning more than seven times than it is expected to which implies that the co-operative has no yield gap i.e. it is running in profit. The co-operative scores full in debt equity ratio. The debt equity ratio of the co-operative is 5.6 which mean that the co-operative is having liabilities equal to 5 times its equity which is a decent ratio. The current ratio of the co-operative is more than 1 but less than 2 which shows it is in an average range the co-operative needs to improve the ratio. The co-operative has an adequate amount of capital when compared to total assets. The overall score in asset and liability ratio is around 88% which implies that the co-operative is strong in this aspect. However, there is still scope of improvement for the co-operative.

Table 13: Analysis of Sadhna Co-operatives' asset liability

	Ratiio	Formula	Ratio obtained	Score Obtained	Maximum
Asset Liability Ratio (10%)	Yield Gap (20%)	Interest,Fees and Commission received on Loan/(Avg. Loan Portfolio*Expected Annual Yield)	7.910952309	0.2	0.2
	Portfolio to assets (25%)	gross loan portfolio/assets	0.735119432	0.183779858	0.25
	Debt Equity ratio(15%)	liabilities/ Equity	5.614023361	0.15	0.15
	Current ratio(10%)	Current assets/ current liability	1.214616414	0.05	0.1
	Capital adequacy ratio (30%)	total capital(tier1 and tier 2)/ assets	0.183612489	0.15	0.3
	TOTAL			0.073377986	0.1

The co-operative is doing well on profitability and sustainability aspect. The co-operative managed to score full marks in this aspect which means the co-operative is profitable and can continue operating in long run. The co-operative is operationally and financially self sufficient and has a ratio of more than 1 in both of these aspects. The return on asset is almost 9 percent and the return on equity is 83 percent indicating that the co-operative is making efficient use of its assets and equity share capital.

Table 14: Analysis of Sadhna Co-operatives' sustainability and profitability

	Ratiio	Formula	Ratio obtained	Score Obtained	Maximum
Sustainability and profitability ratio (30%)	Operational self sufficiency ratio (30%)	operating revenue(financial+operation+investment income)/(financial+operation expense+loan loss	1.637986905	0.3	0.3
	Financial self sufficiency ratio(35%)	operating revenue(financial+operation+investment income)/financial+operation expense+loan loss provision+subsidy adjustment+inflation adjustment	1.577103561	0.35	0.35
	Return on assets(20%)	Net Operating Income/Average Assets	0.094422262	0.2	0.2
	Return on Equity(15%)	Net Operating Income/Average Equity	0.837694949	0.15	0.15
	TOTAL			0.3	0.3

The overall score of the co-operative in economic aspect is approximately 66% which more than 60 percent i.e. the minimum requirement in economic aspect for any co-operative to be considered credit worthy. But the score is low which means that the co-operative needs to work very hard on its financial aspect and needs better management in this particular area if it is to run profitably in future.

b) Governance Aspect:

Governance aspect is very essential especially to judge about the managerial sustainability of the co-operative. Sadhana Co-operative appeared to be an above average performer in this aspect. It scored around 70% of the total score in this aspect proving it to be efficient in managing its day to day business. It has a sound management system which can help them to grow and expand in the future.

Contributing Factors

- Comparatively higher level of literacy
- Awareness among the board about their roles and responsibilities
- Sound internal relations

Stumbling Factors

- Lack of support by family
- Lack of members with leadership quality
-

Vision

The co-operative has a vision statement which is framed by the co-operative along with its members with the support of Sampark. The members lacked clear understanding about the vision of the co-operative. When we interacted with the members and asked about the vision of their co-operative, they pointed towards a chart with the vision statement written on it. None of the board members actually remembered it. This shows that that the members still do not associate themselves with their vision. The vision statement is short of the time frame in which it should be achieved. Upon asking about the biggest strength of the co-operative, it was observed that the group is not prompt in answering this question. Although the question is explained to them with examples and time is given to the group to think upon it but the group could not come up with an answer. Only upon the translator's persuasion the group said that that they consider unity as their biggest strength but the answer seemed to be influenced by the translator. It is important to note that initially they used to conduct all their banking operations either from a temple compound or a park. But as the groups increased it became little difficult to carry out their operations and so they took a space on rent from where they run their daily operations. They said, "It is very difficult to find a place for bank, earlier we use to carry out the meeting in the temple and no one is ready to rent out there space to a women co-operative. No one is ready to give credit to us." But now they are really proud of having been able to afford and maintain a decent office, equipped with a well- functioning computer which they use for making daily entries. The co-operative members however, do not have any huge dreams for the co-operative. In next five year they just aim to have their own office space. They want to add more field staff to manage the increasing members but they are not taking into account the huge burden of salaries which is already there on the co-operative. Checking the presence of proper formal procedure is essential to know about the soundness of the governance aspect. Sadhana Co-operative has a system under which the board is appointed by voting. To become a board member the person must be in age group of 18 – 60 years, and must have a minimum education till SSC. Each board member holds the office for a period of 5 years after which she may get re-elected. The directors receive honorarium in lieu of their work. Each member has one vote irrespective of the number of share she has. In case a director or a staff has to be removed, one month notice is given to the concerned person. There is no quorum for the meetings; however the co-operative is able to maintain an average attendance of above 90 percent. The members of the board knew exactly what their duties are but, these roles and responsibilities are not documented anywhere which can prove to be an issue in the long run. Similar is the situation for rules and regulations, the co-operative has a record of the rules and regulation in minutes book but there is no proper and authenticate document containing rules and regulation of the co-operative. The SAC committee of the co-operative is doing an impressive job but didn't know about its exact roles and responsibilities. When they were asked to list their roles, they could mention only one.

Stakeholder Relationship

The process of surplus distribution is well defined and is clear to the board but the surprising fact is that the process is not being followed as stated in the by-laws of the act and the board is not aware of this. The relationship between the co-operative and board members is sound enough and any internal issues were not observed. The co-operative is to a great extent dependant on Sampark for its decision making process as the members at Sampark have to force them to take decision. The audit report is shared with the members of the co-operative in the annual general meeting which is held every year in the month of either July or August. The members keep a complete knowledge about the funds with the co-operative. A well defined process is also in place to deal with the defaulters. In case a group is making delay in making repayment, the AC members visit the SHG and demand repayment. If then also the group does not pay back the money, all the directors together visit the group and ask for loan repayment. However, they have not come across any such situation till now. The co-operative appears to be weak on initiation and leadership aspect, since its inception the co-operative members have not taken any initiative and no new ideas have been proposed in the co-operative. Although they have a welcoming environment for new ideas, no new action has been proposed by anyone till now.

Maintenance of Books of Accounts

The co-operative is maintaining most of the books which are necessary under the act and which are essential for its uninterrupted functioning. Still the co-operative has to maintain the following books of accounts- staff profile and journal ledger. The co-operative is also being supported by Sampark in maintaining its books of accounts. The co-operative members need to be trained and made self-sufficient for accounting purposes. There are mistakes and gaps in data recording and maintenance and even the audited accounts of the co-operative are improper (refer Annexure VII) and contain many faults. The co-operative has paid up capital more than its authorized capital.

The co-operative scored 1.86 out of 2.55, which is only 70%, in the governance aspect indicating that its performance is above average in this aspect but still the co-operative needs to put in a lot of efforts to improve its management (refer page 50).

c) Social Aspect:

The SAC committee is of Sadhana co-operative has recently started doing some noticeable work but till now it was inactive and as stated above, the committee members are not clear about their exact roles and responsibilities. Some of the work recently undertaken by them includes collection of Rs. 4000 for education of school children and a guarantee of further fund of Rs. 11000 for the same purpose, giving Vajpayee Aarogya Shree cards to the SHG members which facilitates medical treatment at reasonable expenses, facilitating 4 widows in getting the Karnataka State Government scheme under which a widow gets Rs. 400 per month. The co-operative is also extending knowledge about income generating activities; they quoted an incidence where a woman had huge success because of the idea given by the co-operative to a woman in Kinhal village who used to sell eggs, along with her husband, in small units. Then the co-operative members gave

Shamala got emotional and social support from group members

Shamala belong to Maheshwari SHG which is about 7 years old. In one of the health meeting she shared her woes about her husband is mentally unstable and so doesn't work. Since her mother in-law used t abuse her she went back to her parent's house. Her husband used to come and stay with her sometimes. She used to work in her parent' field and was given food to eat and a roof to live under. She was however not getting paid and she felt that she was losing her respect as well as her relationship with her parents' was getting strained. So she finally moved out and took a room on rent @ Rs. 150 per month where she stays with her 3 year old child, the other child (6 year old) is with her sister. However the problem starts because now she has to pay rent and also save money for her child's education. Apart from that her husband keeps badgering her to get food from her parents' house for him. The members' were very sympathetic and told her that she is not the only one suffering like that. Many of them had been through similar situation. They kept sharing their own experiences with her in order to comfort her. Then the accountant who is owner for the room rented by Shamala told her that if she feels that rent is a major issue, she need not pay rent. This was a major decision taken by her without asking her husband indicating the level of empowerment of women. Other members also offered help in form of contribution towards food grains every month. This helped her to build confidence to live independently with her husband and children.

her the idea to avail loan from co-operative and buy eggs in bulk and then sell them. The family is now distributor of eggs in Kinhal and nearby villages and are earning profits. When the members were asked about their responsibility towards environment they seemed a bit hesitant to answer and it appeared as if they had never thought over it. The co-operative members do not seem to have any big aspirations for their village or community. The co-operative has helped the women to build confidence, this can be supported by their statement “Earlier we didn’t use to go out, now we are working for the co-operative, we go for trainings although we are not allowed to work till late and have to be home on time”. The men in the village say “See women are capable of running the bank”, “Men are proud of our achievement”, “Ghar me izzat badh gayi”, etc.

Sadhana Co-operative has failed to recognize its responsibility towards its staff. They don’t provide for any kind of social security to its staff members. The co-operative is also not obtaining any kind of feedback from the client except that they are keeping a track on the use of the loan money. Feedback will help the co-operative to know what services are being demanded by the members. It will help them to serve their members in a better way and thus facilitate the co-operative in expanding its business. One surprising fact witnessed related to the feedback is that even when board finds out that the loan given is being used for some other purposes than for what it was lent, they don’t take any action. The board says that “once the loan is given to a member it is her money and she can use it in the way she wants and we won’t interfere till we are being repaid.” Such a practice should be discouraged as woman does not only take loan to the extent of their savings but more than that. This should be made understood to the board members and also to the co-operative members. The co-operative should start maintaining the social profile of its members which will assist the SAC committee to trace the prevailing social problem. The members had no idea about what exactly social profile is and how can it help the co-operative. Only upon discussing it with the board, they realized how important it is and how useful it can be to know their members better.

The co-operative has managed to get a score of only 65 percent in social aspect which shows that the co-operative is efficiently working on this aspect. However, it is important for the co-operative to pay attention towards its other aspect so as to improve its performance and ensure efficiency in operation.

Table 15: Analysis of Sadhna Co-operatives' overall performance

ASPECT	Net Score Obtained	Max Score
Economic Aspect	2.75	4.25
Governance Aspect	1.788	2.55
Social Aspect	1.09	1.683
Total Score (out of 8.48)	5.64	8.48
Total Score(out of 10)	6.64	10

Net score obtained (out of 8.48)	Grade
Greater than 6.62	A
6.62 to 4.92	B
Below 4.92	C

The overall score of the co-operative is 5.64 which are 66 percent of the total score, this shows that the co-operative stands almost to be only an average performer and has to work hard for improving its performance. The co-operative falls in grade B, which means it qualifies to get loan from other organization

d) Issues and challenges:

- Most of the members of Sadhana Co-operative are from middle class families. The mindset of people in most of the families is very narrow. They do not like women going out and working. Their economic contribution doesn't hold much value in the family which is the reason they don't enjoy much support from the family members.
- The co-operative has high operating cost and the loan disbursed is comparatively low which leads to increased cost per loanee. Therefore, the co-operative members have to find out way to reduce this cost.

e) Recommendation:

- The co-operative is generating enough profits and can thus hire a professional accountant as it will lead to improved accounting management and give better chance to co-operative to expand its area of operation.
- The co-operative has to necessarily bring down it operating cost as most of the money earned is lost in managing expenses of the co-operative.

- Documentation of roles and responsibilities is very essential to avoid any rift among the board members in future and improving feedback system.
- They should start maintaining a social profile of all the members, this will help them to identify social problems more precisely and take actions accordingly.
- A feeling of belongingness has to be generated among the women.
- Capacity building training for SAC committee members and a part of profit should be transferred to a special fund that will be used by SAC committee to carry on its activities.

6.4 Sangama Co-operative:

Sangama Mahila Multipurpose Souharda Self Help Co-operative Ltd. was established in year 2008 by bringing together 28 SHGs in three villages namely Halegeri, Handral and Vadnaal. The co-operative office is situated in Halegeri from where they carry out their operations. The co-operative is registered under The Karnataka Souharda Sahakari Act 1997. The co-operative has a total of 512 members with a paid up capital of Rs. 34,600. The critical rating tool is used to gauge the holistic performance of the co-operative covering economic, social and governance aspect.

a) Economic Aspect:

The financial assessment of the co-operative is done as per the financial data available on 18/6/2012 (refer annexure IX & XI).

Sangama co-operative has a soaring operating cost ratio of 22% which denotes that a large part of its income is being spent in running the co-operative. The co-operative extended only 4 loans in the previous year which is extremely low and as a result its cost per active client is as high as Rs 7,800 which is an indicator of high inefficiency of the co-operative. It has a small average outstanding loan size which is approximately equal to Rs. 9600 indicating small scale of operation of the co-operative. The co-operative also is only an average performer in maintenance of its administrative costs. With a score of 0.06 out of 0.3 the co-operative comes out to be incompetent and unproductive in managing its expenses.

Table 16: Analysis of Sangama Co-operatives' efficiency and productivity

	Ratio	Formula	ation obtaine	Score	Maximum
Efficiency and Producticity Ratio (30%)	**Operating expense ratio (30%)**	operating expense/average gross loan portfolio*100	22.3775078	0.09	0.3
	Cost per active client(15%)	operating expense/total number of active client	7849.75	0.045	0.15
	Average outstanding loan size ratio (35%)	gross loan portfolio/total number of loans outstanding	9682.94118	0.07	0.35
	Administrative expense ratio(20%)	Total administrative expense/Average gross loan portfolio*100	17.8591027	0.14	0.2
	TOTAL			0.0615	0.3

Sangama Co-operative gets 44.74 percent marks in portfolio quality ratio that connotes a below average condition of the portfolio quality. The co-operative has a mounting burden of overdue loan. It is also not keeping any loan loss reserve to mitigate the shock by any losses to the co-operative in future. Moreover there is no practice of writing off the irrecoverable loan; the co-operative simply keeps on carrying it forward as overdue loan which leads to wrong financial assessment of the co-operative. The co-operative has not borrowed any sum from any outside agency; one reason that can be attributed to the fact is the co-operative doesn't qualify to obtain loans from outside agencies. The co-operative itself get poor repayment of only 87% of the total loan disbursed. Sangama co-operative faces enormous problem in recovery of the loan with few groups. One incidence which was witnessed during the assessment was regarding a woman from Kottureshwara group who had taken a loan of Rs. 44000 from the co-operative a year back. She did not pay any installment to the co-operative, after sometime when the board members approached her for repayment she said that if the board will ask her for repayment of the loan she would commit suicide. This is one case of non-repayment and if no other way of recollection of money is designed then many such cases can be witnessed in future and because of this the co-operative may ultimately cease to exist.

Table 17: Analysis of Sangama Co-operatives' portfolio quality

	Ratio	Formula	ation obtaine	Score	Maximum
Portfolio Quality Ratio (30%)	Portfolio at risk (30%)	Outstanding of over due loans/gross loan portfolio	42.6766296	0.09	0.3
	Repayment ratio (from co-op to other organisations)(15	(Cummulative amount paid-prepaid)/amount to be paid*100	0	0	0
	Repayment ratio (from SHG to co-op)(25%)	(Cummulative amount paid-prepaid)/amount to be paid*100	87.3375415	0.15	0.25
	Write off ratio (10%)	value of loan written off/average gross loan portfolio	0	0.1	0.1
	Risk coverage ratio (20%)	Value of loan loss reserve/ outstanding of over due loans	0	0.04	0.2
	TOTAL			0.114	0.255

With a total score of 87 percent the co-operative confirms to be having a good asset liability ratio. However, it is because the co-operative has no external borrowings and hence it cannot be considered as a positive sign in assessing the performance of the co-operative. The co-operative doesn't have huge yield gap and as per the ratio obtained it also has an adequate amount of capital but the ratio of capital to asset is high because the co-operative doesn't own any fixed asset. Moreover, the co-operative have not taken any sum from external agency. Therefore, this should not be considered as a positive indicator. Sangama co-operative has an average portfolio to asset ratio and is also standard in relation with current ratio.

Table 18: Analysis of Sangama Co-operatives' asset liability

	Ratio	Formula	Ratio obtained	Score	Maximum
Asset Liability Ratio (10%)	**Yield Gap (20%)**	Interest,Fees and Commission received on Loan/(Avg. Loan Portfolio*Expected Annual Yield)	9.558420059	0.2	0.2
	Portfolio to assets (25%)	gross loan portfolio/assets	0.71949647	0.17987412	0.25
	Debt Equity ratio(15%)	liabilities/ Equity	0	0.15	0.15
	Current ratio(10%)	Current assets/ current liability	5.187868481	0.05	0.1
	Capital adequacy ratio (30%)	total capital(tier1 and tier 2)/ assets	0.807242608	0.3	0.3
	TOTAL			0.08798741	0.1

With the data obtained from the accounts, Sangama Co-operative seems to be financially and operationally self-sufficient[10]. However if we compare the operational self-sufficiency ratio of the current year with the previous year's performance, it has marginally reduced by 0.03. But not much can be deduced regarding its long-term sustainability as it is dependent on the co-operatives' ability to increase its scale of operations along with keeping a control on its expenses. It has managed to get a decent and acceptable return on asset and return on equity ratios. This means that it has been able to utilize whatever assets and equity it has. One thing to note here is that the co-operative has no fixed assets and hence its income is only being generated upon using its current assets which is majorly in terms of the loans and advances given by the c-operative to its members.

Table 19: Analysis of Sangama Co-operatives' sustainability and profitability

[10] However, this is not relevant data as it is based on accounting data of previous year and also because of faults in accounting system of the co-operative under which even donation is taken as a part of the income and loan losses are not written off. Moreover, the present position of the co-operatives financial structure, loan repayment, etc doesn't support the result at all.

	Ratio	Formula	Ration obtained	Score	Maximum
Sustainibility and profitability ratio (30%)	Operational self sufficiency ratio (30%)	operating revenue(financial+operation+investment income)/(financial+operation expense+loan loss	1.338927991	0.3	0.3
	Financial self sufficiency ratio(35%)	operating revenue(financial+operation+investment income)/financial+operation expense+loan loss provision+subsidy adjustment+inflation adjustment	1.240649242	0.35	0.35
	Return on assets(20%)	Net Operating Income/Average Assets	0.053087368	0.2	0.2
	Return on Equity(15%)	Net Operating Income/Average Equity	0.294792244	0.15	0.15
	TOTAL			0.3	0.3

The overall score of Sangama co-operative in economic aspect is only 59 percent which means the co-operative fails to cross the minimum level to be considered as credit worthy. The co-operative has to put in a lot of efforts to improve its economic performance and develop the organization.

b) Governance Aspect:

The co-operative doesn't have a bank of its own. Therefore, they meet only once every month and all banking activities such as depositing savings and disbursing loans are carried out on that day. All the paper work is also done on the same day. The board has rented a room in Handril village and is soon going to open an office there. The board members said that the banking services will be available to its member everyday once the new bank is opened. The co-operative has 512 members but only 346 shares. This is an unusual situation suggesting that all the members do not have even one share with them which is mandatory as per the rules of membership. The committee members don't have any clear idea about the number of members and shares in the co-operative which is the most basic information. When the board members were asked these questions they had to open up the books to check the number.

Books of Accounts:

The co-operative has an updated record of minutes of the meeting. Rather minutes register is a "One for All" notebook. All the details regarding the co-operative such as attendance of the board meetings , loan amount given, dates of repayment, amount to be collected back from the SHGs.etc have been maintained in minute's book. The co-operative has not maintained individual and group detail register. The members are deficient in skills for maintaining books and that was the reason that the books have not been maintained and updated. Some of the books were not updated since 2008. It was learned that the new bank staff was hired 6 months back and she is not competent enough to write the books. The old staff left the job because he had to work on his land and also because of low salary offered by co-operative. The salary for the staff has now been increased from Rs. 1200 to Rs. 1500. The co-operative members have maintained a common ledger book to record all aspects, the rationale behind this practice as given by them was that their scale of operation is small and therefore one book is enough for recording everything. The co-operative ledger book has not even been updated since many years. The co-operatives' bank pass books of RDCC Bank and Grameen Bank were also not updated since one month. They work on only 1 day in a month so they have also not maintained any attendance register although on enquiring they informed that all members are never present for the meeting and they even did not have any complete record of absentees. They have well maintained staff log book. The loan application file is there but applications for 2012 are with Sampark. Even the Co-operative registration document is also in the custody of Sampark as they didn't have their own office.

Vision Building:

The incentive which encouraged them to join the group was the possibility to avail greater amount of loan and also their knowledge about government policies and programmes will be enhanced by it. They also said "rains are becoming unreliable and so we engage ourselves in co-operative work which gives us knowledge about other income generating activity and also we find joy in doing co-operatives' work". After joining the co-operative they came to know about the government policies and programmes related to health and education. Most of the people in the co-operative are economically weak and education level is also low. Their loan demand was quite high and in order to fulfill it, forming a co-operative was thought to be a solution. The vision statement is known to all members but the statement lacks the time frame. The members think that they can achieve the vision by increasing the number of SHGs and members as well as the share capital. They say this will help them to increase the savings. But the fact is that they can't be successful only by increasing members and capital but it should also ensure timely repayments so as to prevent any losses. They may also come up with new ideas to generate income for the co-operative such as starting with new financial services such as e-stamping. The members feel that unity, trust and support for each other are the biggest strengths of their co-operative. They said that when they had to take decision regarding where to take space for opening up their office they could come to consensus which is proof of their unity. They are very proud of being able to take a space on rent for opening their office. They have high aspirations to see the co-operative as a big bank in next five years. They want each member should be economically sound and independent.

Board of Directors:

The AC is clear about its roles and responsibilities but the MC and SAC are not clear about their roles. The SAC committee is newly formed and has received only one training regarding carrying out its operations. The co-operative doesn't have these roles and responsibilities documented anywhere. While listing down the roles and responsibilities it was found out that the AC and the MC said few duties which were common to both the committees. Such overlapping should not happen as their roles are clearly defined and demarcated. The BoD is chosen by observing their confidence level and ability to speak and were chosen by consensus. No system of voting is in place, neither the existing directors were chosen by voting nor they have any plans to use this system in the future. It is very essential to introduce them to the system whereby each member has one vote so as to ensure that the co-operative board is accountable and power is in hands of members rather than the board.

Stakeholder relationship:

The relationship between the BoD appeared to be sound, no drift was observed and they said that "We would like to work together always" which shows that they share a relationship of trust and confidence. It can be also supported from the fact that they consider their support to each other as their biggest strength. But at the same time there are some issues because of the fact that the MCC members get payment for their work whereas the AC and SAC don't get any payment for their work. A heated discussion was witnessed on this issue. It was also observed that the new members were participating in the meeting whereas an old member seemed to be uninterested in the events and was also dominating other members. They have a clear procedure for loan repayment. In case someone fails to repay the loan then they have a clear procedure to collect back the loan. If the member fails to repay the loan, the co-operative demands loan from the SHG and in case the loanee dies the nominee has to repay the loan. But there is no system for reminding the loanees for repayment because of which it fails to get timely repayment of loans. There is a clear cut method in the by-laws of the co-operative laid down for distribution of surplus but the board is not aware of it nor is it being followed. Audit report has many observable mistakes (refer Annexure X) about which the board is completely unaware. The co-operative don't have a copy of by-laws with them.

Initiation and leadership:

The co-operative is wholly dependent on Sampark for its entire decision making. The board lack skills and qualification to make decision. It is very essential for the board to go through some capacity building training. No ideas have been introduced by the members since the inception of the co-operative nor has any initiative been taken. The co-operative is very weak on this aspect.

Rules and regulations:

The co-operative is aware of the rules and regulation to carry out its operations but these are not filed anywhere. Since the co-operative is working on a very small scale they don't have too many rules and the few rules they have are being followed well. An auditor is hired to audit the accounts annually but the audited account has many mistakes which can be easily traced. The rules are recognized by the members of the co-operative as well.

c) Social Aspect:

Social performance of a community-based microfinance institution is a very important component to consider for evaluating the overall performance of the institution. The rationale that goes behind it is that being a community-based institution it is necessary for the institution to realize and understand its social responsibility towards its various stakeholders. It is essential that the institution is able to think and act in the interest of the community. The goal of a community institution is not only to earn profits but also to make its stakeholders (including its members) better-off in terms of their awareness, thought building and skill level. The co-operative has been successful in bringing social change to a certain level because of its loan disbursing activity. A woman named Saroj attributes the good education of her children (her daughter is an engineer and son is a B.ed) to her better economic condition which was possible because of the loan she took from the co-operative for constructing bore well.

It is also required that the institution help in developing their environment and community. It was observed in Sangama Co-operative that the members feel that their status in their families have increased since the time they have joined the co-operative. Their husbands and parents never used to take their suggestions, on financial matters, seriously. But because of the trainings they have received from Sampark and other places their knowledge base about the working of a bank and various financial matters has augmented. They also see that there is an enlarged sense of confidence in them than what they used to have before and consequently their family's attitude towards them has changed. They are now being consulted by their families on various decision-making issues. The members believe that the communication training that they receive has proved to be helpful to them in dealing with people. However according to our observation all the members did not communicate with us and only 2-3 members were actively participating even on continued insistence.

Surprisingly, we found that the co-operative members do not recognize their responsibility towards their environment. They do not seem to understand the difference between environment and community. Even upon repeated explanation they said, "We want to increase the level of education in our village and help in the upliftment of women in the society". They lack vision about where they aspire to see their co-operative 5 years from now. The participation of the members went down upon asking about social vision and they almost kept quiet on this. This somewhere indicates that they have never thought about it anytime in past and just learnt the vision statement developed by them along with Sampark. Similar observations were recorded when they were asked about where the co-operative wants to see their village in future.

The co-operative do not score any point on the feedback aspect. There is no formal system of taking feedback from members who have taken loan from the co-operative. The co-operative also falls short in taking feedback from their members about the various loan products they wish to avail from the co-operative. Such a system is very essential to adopt as it will help the co-operative to diversify its business and serve its members in a more meaningful way. The co-operative does not maintain any social profile of their members. Social profile of the members will help in knowing about the social condition of the members such as education, health, hygiene, sanitation conditions, etc of the members and their families. This will in turn cause the SAC to identify the major issues members are confronting in their village and will further help in prioritizing the social issues they can take up to bring in their community and village.

Table 20: Analysis of Sangama Co-operatives' overall performance

ASPECT	Net Score Obtained	Max Score
Economic Aspect	2.3948215	4.25
Governance Aspect	1.3035	2.55
Social Aspect	0.47	1.683
Total Score	4.1726215	8.483
Total Score(out of 10)	4.918804079	10

Net score obtained (out of 8.48)	Grade
Greater than 6.62	A
6.62 to 4.92	B
Below 4.92	C

The co-operatives obtained a total score of 49 percent which is very low and shows that the co-operative is very weak in carrying on its day to day work. The co-operative falls in grade C which is a warning that the co-operative has to immediately take actions to improve its performance.

d) Issues and challenges:

- One major issue for Sangma is the low literacy level of the members because of which they take time to understand and implement things.
- The Sangama co-operative is located in rural area which is a reason of less exposure for the members.

- The members of the co-operative also belong to far off area as a result they have low motivation to attend the meeting of the co-operatives.
- The small capital base also acts as a deterrent in progress of the co-operative.

e) Recommendations:

- Installing a proper grading system to evaluate the credit worthiness of the SHGs so as to reduce the defaults.
- More training sessions required with special emphasis on book keeping and accountancy. This will put place proper accounting system which is essential for smooth functioning of the business of co-operative.
- Introduce a system of writing off loan losses in order to ascertain the true profit of the co-operative.
- Once the economic condition become a bit more stable the co-operative can think to streamline its social activities. However, for this more training in terms of leadership and capacity building is required.

6.5 Goviswedeshwara Co-operative:

An opportunity to visit Govisadheshwara Co-operative was there and from that visit some information was gathered. The co-operative was established in year 2008 by merging together 55 SHGs. The SHGs members joined their hands together to form the co-operative because they thought that it will reduce their dependence on other money lenders making them self dependent and in this way they will be able to take responsibility of their families. Moreover, they came to know through Sampark about the tax benefits and other incentives in terms of knowledge generation, awareness associated with forming a co-operative. The members were found to be a little hesitant and shy in replying to the questions indicating the lack of exposure and low level of confidence amongst them. The members also conveyed that they believe that the co-operative has been a big help to them and they believe that a lot is in store in future. They have a will to learn, grow and expand their co-operative. In next five years the board wants to develop the co-operative in terms of capital and members and also wants to purchase their own co-operative building.

The board members were selected on the basis of consensus of all the members. Sampark facilitated this activity of the co-operative and also helped the co-operative to come up with their vision statement. Further the rules and regulation were designed for each of the committee by board along with Sampark through participatory method. The board members even said that they want to learn to write and read in order to perform the co-operatives responsibility properly showing their high aspiration for the co-operative.

The co-operative members were proud of the fact that their co-operative have provided support to some children for their education and they attribute this achievement to the training provided by Sampark in knowledge development and skill improvement. The SAC is also making efforts in fulfilling its responsibility towards environment and community. They are visiting schools and spreading awareness about discouraging the use of plastic bags. It is a very good initiative and also indicates the level of sensitivity and understanding poor and illiterate women have about environmental issues. The co-operative members said that before the formation of the co-operative and the groups, the women of the village didn't use to move out of the house and the men used to dominate the society but now even men are encouraging them to work for the co-operative. This support from the men can be credited to the availability to credit to them for work on easy terms because of the co-operative.

All the board members were well aware of their roles and responsibilities and they are also willingly performing these roles and responsibilities. The board together as a group had also revised certain rules and regulation, one example to support this is that earlier they had fixed date for repayment but then they revised it to monthly repayment. This shows that the group has decision making ability. One major problem that the board is facing is low attendance in the meeting, the reason attributed for this is that they live at distant places and coming for the meeting every month is an arduous task.

The board members find the trainings to be very useful for them as it has enabled them to gain knowledge about the banking activities. The members have also been for few exposure visits which have led them to learn more and boost up their confidence level. But the group lacks initiation and leadership qualities which is very essential for success of any group.

7. Conclusion:

The different co-operative taken under consideration show a different level of performance. Each co-operative has its own strengths and weaknesses and thus is strong in some aspect and weak in some other. A summarized table of the performance is given below. The + sign shows that the co-operative is strong in a aspect, - sign shows that the co-operative is weak in a particular aspect, +/- shows an average performance and NA says that this particular aspect can't be judged for the co-operative either because of lack information or because of unreliable data. As it can be seen in the table most of the co-operative fall weak on social aspect which is because this is a new initiative of the co-operative and is still in its nascent stage but then also Sadhana co-operative is performing well on this aspect. We further see that the governance aspect of Bhumika co-operative is very weak and needs attention. If we see the economic aspect we observe that different co-operative is performing at different levels.

Most of the co-operative have potential to grow and expand and perform business at much higher level. The co-operative can try and learn from each other. For example the members in social committee of Sadhana co-operative can be used to train social committee members from other co-operative. Similarly Eshwara co-operative members can help other co-operative to improve their governance.

Economic Aspect

	ESHWARA	Bhumika	Sadhana	Sangama
Operating Expense Ratio	+	+	-	-
Cost Per loanee	-	-	-	-
Total Administrative cost	-	-	-	-
Average outstanding loan size	+	-	-	-
Portfolio at risk	+	-	-/+	-
Repayment ratio	+	-	+	-
Write off ratio	-	-	-	-
Write off ratio Risk Coverage Ratio	-	-	-	-

	ESHWARA	Bhumika	Sadhana	Sangama
Yield Gap Ratio	+	+	+	+
Portfolio to Asset	+	NA	-	+
Debt Equity Ratio	-	NA	+	+
Current Ratio	-	+	-	-
Capital adequacy ratio	+	NA	+	-
Operational self sufficiency ratio	+	NA	+	NA
financial self sufficiency ratio	+	NA	+	NA
Return to asset	+	NA	+	NA
Return to equity	+	NA	+	NA

Governance aspect

	ESHWARA	Bhumika	Sadhana	Sangama
Vision building	+	+	-	
Rules and Regulation	+	-/+	-	
Stakeholder relationship	+	-	+	
Board of Directors	+	-	+	
Initiation and leadership	-	+	-	
Maintenance of Documents	+	-	+	

Social aspect

	ESHWARA	Bhumika	Sadhana	Sangama
Vission and its alliance with the activities	-	-	+	-
Social responsibility towards client	+	+	+	-
Social responsibility towards staff, community and environment	-	-	+	-
Feedback System	-/+	-/+	-/+	-/+
Profile of a client	-	-	-	-

7. References

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8. Annexures:

Annexure I

Governance	
Grade A	
Minutes of the meeting	
Saving and loans ledger	
Cash book	
Journal ledger	
Cooperative pass book updation	
SHG account and Inividual account ragister	
Co-operative staff attendance register	
Maintainance of Staff log book (vehicle)	
SHG member profile	
Leave application file	
Loan application file	
SHG member share detail maintanance	
Maintanance of co-operative document file	
Reciepts and payment vouchers	
Loan detail women wise and purpose wise	
Training detail imparted to Bod	
Maintanance of file of training imparted by SHG to members	
Inward and outward register	
Proper filing system	
Total marks obtained	0
Grade B	
Audit reports	
Aging analysis file	
Staff peronal detail	
Identity card	
Cooperative vehicle document	
directory of contact numbers	
Total marks obtained by Grade B	0
Vision Building	
Why did the members join the group	
What is the vision statement? (time frame and target)	
What activities they undertake to fulfill their goals?	
How is the group working to achive that? List your three strenght as a group.	
Where do they want to see the co-op after 5 years?	
Can they describe one achivement of the group of which they are proud?	
Total marks obtained	0

BOARD OF DIRECTORS	
What are documented roles and responsibilties of the BOD?	
How much are they aware of the above?	
Are the Board of Director accountable to the members?	
Is there any Participation of members in decision making? (Voting rights)	
Is there any budget planning for the future?	
Regularity of attendance	
Submission of fees and documents to federation? And who has the responsibility of doing it?	
Are account being audited regularly?	
Total marks obtained	0

Stakeholder relationship	
open and voluntary membership	
What is the process of distributing surplus?	
Are co-op able to mobilise loan from other sources like nabard, sampark and FWWB	
have audit books have been discussed with members	
is training being provided to SHG by cooperative	
What kind of relationship exists between members and BOD?	
Do members know about the total funds?	
What is the criteria for selecting BOD?	
What are sources of its income and do members know it?	
What is the process of dealing with the defaulters?	
Have efforts been made to increase the knowledge of members aabout the process, rules and regulations and problems of co-operative?	
Total marks obtained	0

Initiation and leadership	
Is cooperative making decision without support of sampark	
Is cooperative taking initiatives	
Are new ideas welcomed?	
How is failure of a initiative treated by the members?	
Total marks obtained	0

Rules and regulations	
Are there written rules and regulations?	
Are the rules being followed?	
Where is cash kept and are the account internally audited?	
Are all the members aware of those rules and regulations?	
How often rules and regulations are revised?	
Are the members consulted for revising rules and regulations?	
What is average attendance in the meeting?	
Total marks obtained	0

Vision and its alliance with actual actions	
Does the vision statement has any social goal in it?	
If yes, What?	
What are the activities group is undertaking to achive the social goal?	
How is the group working to achieve it	
Total Score	0
Social responsibility to clients	
Have the co-op tried to disseminate knowledge regarding income generating activities?	
Do the women think that their status in family has risen by being a part of the co-op? (three ways)	
Total Score	0
Social responsibilty to staff, community and environment	
Are members aware about their responsibiltiy towards environment?	
How they decide on which social issue they will work upon?	
Where does the members see their community/village after 5 years?	
List two social responsibilties of Co-operative towards its staff? (Like PF, Health insurance, Pension, etc)	
Total Score	0
Feedback from clients	
Is the feedback regarding the time required for loan sanction taken?	
Is feedback regarding the loan process taken?	
Is feedback with respect to appropriateness of the loan amount taken from members?	
Is the feedback for interst rate taken from member?	
Is feedback regarding the impact of a social programme implemented taken from members at village level?	
Total Score	0
Profile of new clients	
Do the have a complete social profile of new members?	
Are they taking into consideration the social problems and issues of new client?	
Total Score	0

Annexure III

ESHWARA MAHILA MULTI PURPOSE SOUHARDA SELF HELP CO-OPERATIVE LTD KOPPAL, KOPPAL TALUK BALANCE SHEET AS ON 31ST MARCH 2012							
LIABILITY				ASSETS			
Particulars	Sch	Amount in Rs		Particulars	Sch	Amount in Rs	
		31st March 2012	31st March 2011			31st March 2012	31st March 2011
Authorised Share Capital		100,000.00	100,000.00	**Cash in Hand**		55,749.00	1,323.00
(1000 Shares at Rs.100 each)							
				Balance with Bank	4	508,205.00	19,076.00
Paid up Share Capital	1	103,500.00	55,400.00				
(1035 Shares at Rs.100 each)				**Investments**		5,000.00	5,000.00
				RDCC Bank			
Reserves	2	213,656.00	101,393.00	**Loans and Advances**	5	3,999,015.00	1,665,340.00
Deposits	3			**Fixed Assets**	6	30,318.00	4,131.00
		107,200.00	58,900.00				
				Stock of Loan & Savings Books		9,600.00	-
Group Saving		184,641.00					
sharemoney		8,375.00		**Lona & advance (Asset)**	7	11,000.00	-
Suspense		49,680.00					
		-					
Borrowings							
- Sampark Loan		3,376,338.00	783,613.00				
- NABARD Loan		482,500.00	512,081.00				
Net Profit		92,997.00	183,483.00				
TOTAL		**4,618,887.00**	**1,694,870.00**	TOTAL		**4,618,887.00**	**1,694,870.00**

Annexure IV

Statement Showing Appropriation of Net Profit for the Year ending 31st March, 2011			
Sl. No.	**Name of the Fund**	**Percentage**	**Amount**
1	Reserve Fund	25%	51,441.36
2	Education Fund	3%	2,789.91
3	Common Good Fund	5%	4,649.85
4	Operational Reserve Fund	20%	18,599.40
5	General Welfare Fund	5%	4,649.85
6	Bonus (2months Salary)	0%	3,000.00
7	Dividend Fund	25%	23,249.25
	Total actual profit		**92,997.00**

Annexure V

ESHWARA MAHILA MULTI PURPOSE SOUHARDA SELF HELP CO-OPERATIVE LTD

KOPPAL, KOPPAL TALUK

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDING 31ST MARCH 2012

EXPENDITURE				INCOME			
Particulars		Amount in Rs		Particulars		Amount in Rs	
		31st March 2012	31st March 2011			31st March 2012	31st March 2011
To	Interest paid on Loan	235,161.00	38,567.00	By	Interest received on Loan	421,684.00	213,996.00
To	Conveyance	-	2,799.00	By	Bank Interest	521.00	1,285.00
To	Salaries	38,600.00	15,700.00	By	Donation	59,260.00	30,907.00
To	Board Meeting Expenses	12,823.00	6,152.00	By	Contribution from SHG's	-	2,800.00
To	Bank Charges	2,540.00	2,262.00	By	Membership Fee	1,200.00	-
To	Accounting Charges	-	1,500.00	By	Other Income	7,680.00	986.00
To	Computer Maintenance	10,693.00	-	By	Application Fee	13,215.00	710.00
To	Printing and Stationery	3,033.00	895.00	By	Entrance Fee	3,690.00	4,500.00
To	Audit Fees	8,523.00	5,000.00	By	Loan Fees	29,400.00	4,550.00
To	AGM Expenses	-	337.00	By	Contribution from Salary	8,020.00	-
To	Office Expenses	15,317.00	380.00	By	Pass Book Money	4,720.00	-
To	Rent	13,200.00	2,200.00	By	Share Card Money	1,840.00	-
To	Travelling Expenses	6,199.00	-	By	Dividend Income	325.00	-
To	NABARD Interest	53,627.00	-				
To	NABARD Loan Processing Charges	8,439.00					
To	Depreciation	1,813.00	459.00				
To	Food Expenses	96.00	-				
To	Misscelaneous Expenses	21508.00	-				
To	Staff Welfar	1,150.00	-				
To	Telephone Charges	311.00	-				
To	Training Expenses	16,400.00	-				
To	Water Charges	175.00	-				
To	Comission Charges	1,800.00	-				
To	Com Member Expenses	5940.00	-				
To	Duties & Taxes	810.00	-				
To	Office Maintenance	400.00	-				
To	Repairs & Maintenance	-	-				
To	Profit	92,997.00	183,483.00				
	TOTAL	551,555.00	259,734.00		TOTAL	551,555.00	259,734.00

Annexure VI

SADHANA MAHILA MULTI PURPOSE SOUHARDHA SELF HELP CO-OPERATIVE LTD
KINNALA, KOPPAL TALUK

BALANCE SHEET AS AT 31ST MARCH 2012

LIABILITIES				ASSETS			
Particulars	Sch	Amount in Rs 31st March 2012	Amount in Rs 31st March 2011	Particulars	Sch	Amount in Rs. 31st March 2012	Amount in Rs. 31st March 2011
Authorised Share Capital		100,000.00	100,000.00	Cash in Hand		8,523.00	164.00
(1000 Shares at Rs.100 each)							
				Balance with Bank	4	198,788.00	9,067.00
Paid up Share Capital	1	154,100.00	49,800.00				
(1541 Shares at Rs.100 each)				Investments			
				RDCC Bank		5,000.00	5,000.00
Reserves	2	99,593.75	77,457.75				
				Other Current Assets	5	12,207.50	-
Specific Funds							
Social Activity Fund		3,332.50	-				
				Loans and Advance	6	1,106,650.00	411,470.00
Deposits							
-Groups Deposits	3	226,720.00	66,200.00	Fixed Assets	7	50,511.75	1,577.75
Borrowings							
-Sampark Loan		715,790.00	20,700.00				
NABARD Loan		149,331.00	144,000.00				
Net Profit		32,813.00	69,121.00				
TOTAL		1,381,680.25	427,278.75	TOTAL		1,381,680.25	427,278.75

Annexure VII

Statement Showing Appropriation of Net Profit for the Year ending 31st March, 2011			
Sl. No	Name of the Fund	Percentage	Amount
1	Reserve Fund	25%	8,203.25
2	Education Fund	3%	984.39
3	Common Good Fund	5%	1,640.65
4	Operational Reserve Fund	20%	6,562.60
5	General Welfare Fund	5%	1,640.65
6	Bonus (2months Salary)	0%	6,000.00
7	Dividend Fund	25%	7,781.46
	Total actual profit		**32,813.00**

Annexure VII

SADHANA MAHILA MULTI PURPOSE SOUHARDHA SELF HELP CO-OPERATIVE LTD
KINNALA, KOPPAL TALUK

INCOME AND EXPENDITUE ACCOUNT FOR THE PERIOD ENDING 31ST MARCH 2012

EXPENDITURE				INCOME			
	Particulars	Amount in Rs			Particulars	Amount in Rs	
		31st March 2012	31st March 2011			31st March 2012	31st March 2011
To	Interest on loan	94,201.00	7,626.00	By	Interest received from Groups	139,907.00	80,380.00
To	Annual Fees	1,000.00	-	By	Bank Interest	1,027.00	539.00
To	Travelling Expenses	5,502.00	961.00	By	Donation Received	55,231.00	27,196.00
To	Salaries	51,500.00	20,400.00	By	Contribution from SHG's	3,900.00	4,200.00
To	Training Expenses	24,270.00	1,020.00	By	Other Income	479.00	410.00
To	Bank Charges	432.00	450.00	By	Application Fee	31,275.00	320.00
To	Office Expenses	8,381.00	1,250.00	By	Membership Fee	1,600.00	-
To	Audit Fees	3,008.00	5,000.00	By	Entrance Fees	-	525.00
To	Printing and Stationery	7,754.00	1,578.00	By	Loan Fees	15,570.00	1,950.00
To	Board Meeting Expenses	7,096.00	5,638.00	By	Donation in Kind	8,000.00	-
To	Depreciation	5,766.00	3,365.28	By	Fees for Workshop Organising	25,000.00	-
To	Miscellaneous Expenses	1,989.00	1,100.00	By	Dividend Income	325.00	-
To	Annual General Meeting Expenses	2,887.00	1,201.00	By	Pass Book	2,500.00	-
To	Office Maintenance	640.00		By	Penalty	140.00	-
To	Rent	5,600.00		By	Share Card Money	180.00	-
To	Repairs and Maintenance	6,750.00					
To	Telephone Charges	502.00					
To	Professional Charges	1,103.00					
To	Committee Charges	1,475.00					
To	Duties & Charges	900.00					
To	Food Expenses	350.00					
To	NABARD Interest	18,569.00					
To	NABARD Loan Processing charges	2,646.00					
To	Profit	32,813.00	65,930.73				
	TOTAL	**285,134.00**	**115,520.01**		**TOTAL**	**285,134.00**	**115,520.00**

Annexure IX

SANGAMA MAHILA MULTI PURPOSE SOUHARDA SELF HELP CO-OPERATIVE LTD, HALAGERI, KOPPAL TALUK							
BALANCE SHEET AS ON 31ST MARCH 2012							
LIABILITIES				ASSETS			
Particulars	Sch	Amount in Rs 31st March 2012	Amount in Rs 31st March 2011	Particulars	Sch	Amount in Rs 31st March 2012	Amount in Rs 31st March 2011
Authorised Share Capital		100,000.00	100,000.00	Cash in Hand		7,105.00	28,000.00
(1000 Shares at Rs.100 each)							
				Balance with Bank	4	49,948.00	26,119.00
Paid up Share Capital	1	36,900.00	35,300.00				
(369 Shares at Rs.100 each)				Loans and Advances	5	162,610.00	118,020.00
Reserves	2	91,789.00	61,105.00	Loans And Advance (Asset)		2,000.00	-
Deposits				Stock of Loan & Saving Book		6,500.00	-
- Group Deposits	3	44,100.00	44,100.00				
				TDS Receivable		622.00	-
Borrowings							
Sampark Loan		-	-				
Exses of income over expenditure		55,996.00	31,634.00				
TOTAL		228,785.00	172,139.00	TOTAL		228,785.00	172,139.00

Annexure X

Statement Showing Appropriation of Net Profit for the Year ending 31st March, 2012			
Sl. No.	Name of the Fund	Percentage	Amount
1	Reserve Fund	25%	16,976.78
2	Education Fund	3%	1,679.88
3	Common Good Fund	5%	2,799.80
4	Operational Reserve Fund	20%	11,199.20
5	General Welfare Fund	5%	2,799.80
6	Bonus (2months Salary)	0%	2,400.00
7	Dividend Fund	25%	13,999.00
Total actual profit			55,996.00

Annexure XI

SANGAMA MAHILA MULTI PURPOSE SOUHARDA SELF HELP CO-OPERATIVE LTD							
HALAGERI, KOPPAL TALUK							
INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDING 31ST MARCH 2012							
EXPENDITURE				**INCOME**			
Particulars		**Amount in Rs**		**Particulars**		**Amount in Rs**	
		31st March 2012	**31st March 2011**			**31st March 2012**	**31st March 2011**
To	Bank Charges	100.00	100.00	By	Interest received on Loan	40,931.00	15,429.00
To	Board Meeting Expenses	3,686.00	3,430.00	By	Bank Interest	612.00	1,264.00
To	Printing and Stationery	2,212.00	170.00	By	Donation Received	13,715.00	27,444.00
To	Staff Salary	6,340.00	8,500.00	By	Application Fees	400.00	875.00
To	Audit Fees	5,765.00	-	By	Other Income	330.00	10.00
To	Training Expense	700.00	561.00	By	Loan Fees	280.00	-
To	Misscelaneous Expenses	545.00	-	By	Entrance Fees	100.00	100.00
To	Office expenses	750.00	-	By	Pass Book Issue charges received	15.00	270.00
To	Travelling Expenses	4,305.00	-	By	Fees Monitoring Expenses	31,112.00	-
To	Meeting expenses	5,400.00	-	By	Contribution from SHG	-	20
To	Conveyance	1,696.00	1,017.00				
To	Exses of Income over expenditure	**55,996.00**	**31,634.00**				
	TOTAL	**87,495.00**	**45,412.00**		**TOTAL**	**87,495.00**	**45,412.00**