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Affordable accounting software for self-help groups in TN

The software would help to manage funds better, making the process transparent

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Chennai: Self-help groups (SHGs) in and around the villages of Tamil Nadu's Kancheepuram district, around 110km south of the state capital, would soon be able to computerize their entire operations and transact with their lenders online.

That's because a non-governmental organization (NGO), Hand in Hand, plans to install a custom-made software—Sangh Nidhi—developed by Bangalore-based Accounts Training Institute (ATI), in citizen centres located in these villages. Each SHG has around 15-20 members, a majority of whom are illiterate women.

The SHGs will be able to access the software for less than Rs30 per month.

The software would itself be offered free to a local entrepreneur who would help the groups maintain computerized records. The NGO will select a computer-literate person from nearby villages to cater to the SHGs situated around each centre.

In the first phase, 120 citizen centres located in the Kancheepuram district will be provided the software.

The charges would range from Rs25-30 per month.

It is expected that about 30 such groups would use one citizen centre, giving the entrepreneur a monthly income of Rs900.

ATI, a privately held firm working in the area of e-governance and accounting for small financial institutions, developed the software which will capture all the information required that will not only assist in book-keeping but also help banks evaluate the SHGs for lending.

"There is no accounting jargon like credit or debit in the software. It is all in their own language and the terms used are the way we speak, like who gave money or who received it," said ATI director G.S. Nathan.

The fast acceptance and increased popularity of SHGs in rural and urban India has led to problems of monitoring and corruption.

For instance, field staff belonging to NGOs who help coordinate groups are now managing as many as 120 groups, six times the optimal level.

"It is practically not possible for field staff to manage so many", said Kalpana Sankar, chief executive officer of Hand in Hand, which is now present in 15 districts in Tamil Nadu.

Sankar said computerization would help in easier monitoring of groups, as the records can be seen anywhere and would be available in a ready format.

At present, all SHGs maintain six records, including minutes book, savings ledger, general ledger and loan ledger. Now, all the records would be computerized and in

addition data on members, such as their consumption and income patterns, would also be captured. Both Kalpana and Nathan agreed that direct access to banks could lower the cost of borrowing for these small groups.

At present, banks lend to microfinance institutions (MFIs) which, in turn, lend to SHGs.

"I think it is high time the NGOs adopt technology for better functioning. In today's world, it is a must," says a public sector bank official who is in charge of priority sector advances. He did not want his name used because he is not authorized to brief the media.

Adoption of user-friendly software would help in better management of funds, making the entire process transparent. This, in turn, would provide them with easy access to funds from various financing agencies, the official added.

Another software product company is looking at tapping this sector as well. Laser Soft Infosystems Ltd (LSI), a software product company focusing on the banking and financial service sector, is in the process of developing an exclusive software product for MFIs and is likely to roll it out in the next six months.

If the project proceeds on schedule and achieves its objectives, villagers in remote corners of Tamil Nadu could get loans approved from multinational banks or nationalized banks located several thousand kilometres away.

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