

# DIGITIZING SELF HELP GROUP

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## ABSTRACT

We live in a world where poor women confront gross discrepancy and always society suppressed her right from their childhood. From mediocre education to inadequate nutrition food to low-pay employment, the succession of intolerance is rough but all too common. But, there are silver shoreline in this dark face. Given a chance to fight hunger and poverty, a poor woman always prove herself to be a better fighter than a man. We have observed how poor women have an inborn and too much desire to move forward. They are hardworking, concerned about their nobility, their children's present and future, and are willing to make personal sacrifices for the well-being of their family. In India, community groups, known as self-help groups (SHGs), have been set up in villages and city slums to handle particular issues of poor women through mutual support. The self-help group movement, over a span of 25 years, has grown massively with 85 lakh units operating across the country. There were various issues SHGs has faced due to improper maintenance of book of accounts, not timely available of credit in order to improve this issues NABARD take a step along with the government so the position of women who are member of SHGs become financially strong the step is to make accounts digitized . In this paper we highlights the points what steps NABARD has taken for promote digitalization, reason to launch this programme what challenges it faces.

**KEYWORDS:** steps taken by NABARD, challenges, objective, need to launch this programme.

## INTRODUCTION

The National Bank for Agriculture and Rural Development (NABARD) has embarked on an initiative of strengthening and positioning them as crucial pillars in financial inclusion. With this view, it has been digitising the accounts of SHGs. NABARD SHGs linkages programme is an elaborated model where monetary agencies like bank , credit bureaus agencies work together with NABARD for social and economic welfare of rural women. NABARD piloted in RAMGARH (JHARKHAND) AND DHULA (MAHARASHTRA) with the help of it groups are getting more aware about credit facilities through online which put impression in the mind of members that work can be done easily without waiting in line and they can get all information easily from internet through mobile phones. The self-help groups have their origin in the Self Help Affinity Groups facilitated by the Mysore Resettlement and Development Agency (MYRADA) that were adapted by NABARD for lending by commercial banks. The adapted version, which underwent modifications to suit the needs of formal financial laws, started in 1992 as a pilot project and was soon upgraded to a regular banking programme. The National Bank for Agriculture and Rural Development (NABARD) initiated the digitizing of Self Help Groups (SHGs) in India through their pilot project, e-Shakti. This project began with the aim to address particular concerns such as the quality of bookkeeping of SHGs and assist banks in making informed credit decisions with regard to the groups through the Management Information System (MIS). The project has covered more than 25 districts and over 1.3 Lakh SHGs in terms of digitizing.

## Goal and Objectives

The main goal of the E-Shakti Project is to digitize the accounts of numerous SHGs and to bring the members of the groups under the fold of financial inclusion. This would aid them to approach a wide array of financial services and simultaneously, increases the comfort capability of banks in terms of credit appraisal and linkage. These goals can be achieved in the following ways.

- Combined SHG members with the agenda of Nation Financial Inclusion.
- Bank can freely provide services to the members of SHGs so they can do their work without any delay.
- The central aim to digitalize all the departments of the government and people of India.

## Features of the Project

The following are the features of the e-Shakti project by NABARD.

- Continuous updates on transactional data.
- Online bookkeeping or e-book keeping for SHGs.
- Generation of reports in the formats accepted by various stakeholder such as banks.
- Inbuilt Automatic Grading of these groups according to the NABARD norms. Auto-generation of loan application for bankers after the input of resolution to borrow by SHGs.
- Constructs a comprehensive information base and develops a robust Management Information System (MIS) facilitating suitable interventions and the convergence of various other programmes by empowering them socially and financially.
- Helps in identifying appropriate interventions and support for the proper nurturing and strengthening of SHGs.
- Simplifying the transfer of Direct Benefit Transfer (DBT) and other benefits through the convergence with other Government benefits and Aadhaar linked accounts.
- Every member of Self Help Groups has the advantage of accessing all social and financial information using the e-Shakti software.



## The Need for e-Shakti

Many SHGs were unable to maintain their book of accounts properly as a result they suffers lot of problems.

Bankers found difficulty to access the data of the SHGs and their members because after analysis we found only 44% of an existing SHGs are yet to credit linked with banks.

Scattered information on SHGs makes troublesome for police intervention.

All these reason why the digitalization of records of SHGs are required. Because of digitization all book of accounts are kept properly which enables them to provide information on time makes the bankers take right decision regarding credit at right time. We can say that it is online platform which enables everyone

to keep themselves update and maintain their records in a system so they can easily find any records without wastage any single minute.

## CHALLENGES

All the efforts put in a right way still 2 billion people globally are excluded from financial services. Digital financial inclusion gives the new way and makes their work more convenient and affordable. The most important challenges what it faces the poor infrastructure and lack of financial know-how.

Indian women are 8% less likely to have their own financial accounts and 12% less likely to use digital services which is offered by these accounts. Its main target SHGs as it is the most potential channel to promote digital financial inclusion in India.

As according to the survey in 2014 200 SHGs across Karnataka, Bihar, and Madhya Pradesh found difficulty to maintain their book of accounts and also make not to be updated about the transactions due to have a limited resources.

It faces lots of challenges that makes to prevent from the full actualization of its benefits

**DATA QUALITY:** NABARD report that the practices of gathering information proves troublesome and whatever the data is entered into the system is not accurate as a result the quality of data is not up to the mark .

**PROCESS DELAY:** Sometimes it becomes more challenging to proceed the data because of slow internet connectivity, customizing software has been major challenges, which is more costly.

**RESOURCE CONSTRAINTS:** All the information regarding loan is provided on mobile and according to the survey most of the rural women do not know how to operate mobile phones and around 30% members of SHGs have their own mobile phones and remaining 70% depend upon others for their work.

**STAKEHOLDER COOPERATION:** In order to make this program more effective it is an essential that all the stakeholders- SHPIs, banks, credit bureaus must bring under common platforms it is an essential that they understand the importance of their cooperation so they can easily make all manual work into digital form.

## Deliverables of the Project

The following would be the output of implementing the e-Shakti project and MIS.

- Member wise information of SHGs on saving, lending, attendance.
- SHG and member's credit history.
- Financial statement of SHGs such as Balance sheet and, Profit and Loss account.
- Audit report
- Grading chart of SHGs
- Micro Credit Plan of the SHGs
- Bank linkage details on savings and credit disbursement.
- Other periodical MIS on the performance of Self Help Groups.

## Effects of Implementing e-Shakti

The following are the effects of implementing e-Shakti in Self Help Groups.

- SHGs can obtain credit according to their real-time performance.
- Implementing this project has significantly reduced the linkage gap of Saving-Credit.
- The credit history of members is obtained.
- Transparency is promoted through SMS alerts in real time as well as in 10 different languages to the members.
- Helped to combine SHGs with various other Government Programmes.
- Included members of SHGs in the broader agenda of Financial Inclusion.

## Credit Linkage

Implementing the e-Shakti project in Self Help Groups has paved the way for Credit Linkage. The following are the advantages that come along with Credit Linkage.

- Access to bank branches for the portal through the Intranet or the web link with the help of their branch's IFSC and password.
- Generate more than 31 MIS reports such as Credit Linkage, Savings, Repayment and Demand Collection Balance from the branch of the Bank easily.
- Secure processing of loans with the e-Shakti system as it generates a pre-filled application form with all the required members and group information.

## Stakeholders of the Project

The following are the stakeholders of the e-Shakti NABARD project.

- Rural poor communities and members of SHGs
- Non-Government Organizations (NGOs)
- Self Help Promoting Institutions (SHPI)
- Banks
- National Bank for Agriculture and Rural Development (NABARD)
- National Rural Livelihoods Mission (NRLM)
- Solid and Liquid Resource Management (SLRM)



## CONCLUSION

**NABARD plays a very an important role to promote this program in form of ESHAKTI meaning electronic empowerment the positive impact of it the group are aware about credit facilities which increased funding from banks as banks have more access to data that permit them to more accurately grade SHGs. The impact of this is it encourages women to use digital services as we know technologies can play a very significant role and provide all kinds of information regarding financial services for both the rural and urban poor especially for women. While the Government of India has taken positive steps to bring SHGs into the ambit of digital financial inclusion. But there are some uncertainties which is required to resolve at a time it is an essential timely look inside what works has been required to be follow and put potential efforts to resolve all issues so all the stakeholders in the SHGs can get full benefits of digitization .**

