

## EFFICIENCY ENHANCEMENT OF SHGS IN INDIA THROUGH “ESHAKTI”: A DIGITAL INTERFACE

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Ramesh K.V.\*

### ABSTRACT

*In India SHG movement began in 1991-92 when NABARD commenced pilot project with an aim of 500 SHGs through MYRADA. The main intention was to eradicate poverty, to create self-sustenance among the disadvantaged section women in rural area. SHG- Bank Linkage Programme prevailing in India since more than 25 years which became most successful largest Microfinance Programme in the globe. This success made the policy makers of India to introduce several programmes viz., poverty alleviation, women empowerment, social upliftment, financial inclusion, entrepreneurial development etc. while addressing the prevailing issues over the period of time. But still there are several problems existed in the credit delivery systems and in providing other financial services. Since 2015, there occur the digital interface with SHGs in India when “Eshakti”, a pilot project introduced by NABARD. The objectives of this paper are: 1) to study the prevailing problems in erstwhile SHG movement in India, 2) to understand the “Eshakti”, a digital interface and its benefits and 3) to study the performance of SHGs in pilot project area.*

**Conclusion:** *The digital data made the banks to overcome several challenges and to provide fast credit delivery and other financial services to the SHGs and their members. There is a drastic growth in the SHG movement in reaching the expected goal.*

**KEYWORDS:** *Eshakti, SHGs, NABARD, Microfinance Programme, Women Empowerment.*

### Introduction

The Self-Help Group (SHG) movement in India traces its origins back to the early 1990s. Specifically, it began in 1991-92 when the National Bank for Agriculture and Rural Development (NABARD) launched a pilot project targeting 500 SHGs through the collaboration with MYRADA. The primary goal of this initiative was to eradicate poverty by fostering self-sustenance among disadvantaged women in rural areas. Over the past 25 years, the SHG-Bank Linkage Programme has emerged as the largest and most successful microfinance program globally, significantly impacting rural financial inclusion.

This success has motivated Indian policymakers to implement numerous programs aimed at poverty alleviation, women's empowerment, social upliftment, financial inclusion, and entrepreneurial development, addressing various issues over time. However, despite these achievements, several challenges persist in the credit delivery systems and in providing other essential financial services. Notably, issues such as: manual book-keeping by SHGs, lack of transparency, difficulties in accessing individual members' past credit histories, and challenges in evaluating and monitoring SHGs have continued to hinder progress. Additionally, problems like increasing Non-Performing Assets (NPAs), lack of cooperation from NGOs, and incomplete data regarding SHGs have further complicated the situation.

### Objectives of the Study

The objectives of this study are threefold:

- To examine the prevailing problems within the SHG movement in India.
- To understand the digital interface introduced by NABARD through the “Eshakti” pilot project and its benefits.
- To analyze the performance of SHGs in the areas where the pilot project was implemented.

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\* Assistant Professor, Government First Grade College, Kunigal, Tumkur District, Karnataka, India.

### Methodology

This study adopts a conceptual and descriptive approach, relying primarily on secondary data to conduct the analysis.

### EShakti: A Digital Interface with SHGs

In alignment with the Government of India's vision for a Digital India and the ongoing technological advancements in the banking sector, NABARD introduced the "EShakti" pilot project in 2015. Initially, this digital interface was launched in two districts—Ramgarh in Jharkhand and Dhule in Maharashtra. Over time, the project expanded to include 23 more districts in 2016 and an additional 75 districts in 2017, bringing the total coverage to 100 districts across 22 states and one Union Territory (UT) by March 2019.

As of March 2019, the EShakti project had successfully digitized 434,000 SHGs, encompassing 4.79 million rural households across 100 districts in India. Approximately 222,000 SHGs, representing 51% of the total digitized SHGs in the pilot districts, received credit linkage. In January 2019, the available digital data facilitated the linkage of SHG members to various Financial Inclusion and Social Security Schemes of the Government of India, including PMJDY, PMSBY, PMJJBY, and APY. As a result, 64,000 Jan Dhan accounts were opened, 253,000 PMSBY insurance policies, 48,000 PMJJBY insurance policies, and 8,000 APY pension policies were enrolled across the country. Additionally, 6,319 micro insurance policies were enrolled during this period, highlighting the immense potential of the EShakti project in benefiting all stakeholders.

The EShakti digital platform ([www.eshakti.nabard.org](http://www.eshakti.nabard.org)) provides comprehensive financial and non-financial data related to SHGs and their members, which is accessible to bankers, SHPIs, development agencies, NRLM, SHG federations, NABARD, and other stakeholders. This platform offers vital information such as the formation date of SHGs, savings and credit linkage with banks, book-keeping records, SHG grading, and individual member details like savings, credit history, occupation, and linkage to Joint Liability Groups (JLGs). This data is instrumental for bankers in making informed credit extension decisions, thereby enabling SHGs to receive timely and adequate financial support.

The Eshakti mobile app, available on the Google Play Store, allows animators to upload detailed financial transactions of SHGs. M/S Yesteam Solution Pvt. Ltd. serves as the service provider for the EShakti project, ensuring seamless integration of data and services. Various stakeholders, including NABARD, banks, NGOs, SRLMs, and government departments, can log into the EShakti portal to access and share information.

**Table 1: List of 100 districts under different States / UT covered by EShakti Project:**

Sl. No.	State / Union Territory	Districts	No. of Districts/UT
1	Assam	Nalbari	01
2	Bihar	Gaya, Muzaffarpur, Nalanda, Saharsha, Samastipur, Saran.	06
3	Chattisgarh	Bilaspur, Durg, Mahasamund, Rajnandangaon	04
4	Goa	North Goa, South Goa.	02
5	Gujarat	Amreli, Anand, Dahod, Mehsana, Navsari, Sabar Kantha	06
6	Haryana	Ambala, Karnal, Sirsa, Sonapat	04
7	Himachal Pradesh	Kangra, Mandi, Sirmaur, Solan	04
8	Jammu & Kashmir	Udhampur, Budgam, Samba	03
9	Jharkhand	Ramgarh, Bokaro, Chatra, Giridih, Hazaribagh, Ranchi, Saraikela, Kharsawan	08
10	Karnataka	Bagalkote, Bidar, Chitradurga, Dharwar, Mysore, Uttar Kannada.	07
11	Kerala	Idukki, Kannur, Kasargode, Kottayam, Malappuram.	05
12	Madhya pradesh	Chindwara, Dewas, Gwalior, Indore, Madla, Jabalpur, Mandsaur, Ujjain, Vidisha	09
13	Maharashtra	Aurangabad, Chandrapur, Kolapur, Nagpur, Raigad, Wardha, Dhule.	07
14	Manipur	Imphal East	01
15	Meghalaya	West Garo Hills.	01
16	Odisha	Bhadrak, Cuttack, Dhenkanal, Jagatsinghpur, Jaipur, Rayagada, Sambalpur.	07
17	Puducherry	Karaikal, Puducherry.	01
18	Punjab	Patiala.	01

19	Rajasthan	Ajmer, Alwar, Banswara, Bikaner, Jhalawar, Jhunjhunu, Jodhpur, Kota, Udaipur.	09
20	Tripura	Gomati, West Tripura.	02
21	Uttar pradesh	Bahraich, Barabanki, Etawah, Hardoi, Jaunpur, Lalitpur, Mirzapur, Varanasi.	08
22	Uttarkhand	Dehradun, Haridwar, Pauri Garhwal, Udham Singh Nagar.	04
23	West bengal	Paschim Medhinipur	01
<b>Total</b>			<b>100 + 1 UT</b>

Source: NABARD EShakti Report

The above table (i.e., Table No. 2) indicates that NABARD introduced the "EShakti" pilot project in 100 districts across 22 states and one Union Territory (UT) by March 2019.

#### Purpose of EShakti

The EShakti project aims to revolutionize SHG operations through digital empowerment, making account management and book-keeping more accessible, particularly for individuals with low literacy levels. The key objectives include:

- Assisting SHGs with e-book keeping and account management.
- Providing a reliable database for bankers to make appropriate credit decisions.
- Facilitating easy grading of SHGs for loan approval and supervision.
- Offering a transparent profile of the SHG-Bank Linkage Programme to policymakers.
- Enhancing transparency within SHG accounts, thereby boosting member confidence.
- Identifying and preventing multiple memberships and financing among SHG members.
- Contributing to the national agenda of financial inclusion and reducing financial challenges.

#### Advantages of EShakti

The EShakti project offers numerous advantages to SHGs, bankers, and other stakeholders. These include:

- E-book keeping facility for SHGs, enabling regular updates on financial and non-financial data.
- Automatic grading and loan application generation for SHGs, streamlining the credit extension process.
- Enhancement of accountability among SHG members and easy access to eligible non-credit linked SHGs.
- Promotion of public welfare schemes like insurance and rural housing through the integration of SHG data.
- Availability of SHG balance sheet positions and financial transactions, facilitating better financial management.

**Table 2: Growth of Eshakti Project in 100 selected Districts in India as on June 15<sup>th</sup> 2018**

Particulars	Number	Particulars	Amount (in Rs. Crore)
Partner SHPIs	306	Community Savings by SHGs	1635.17
Digitisation of SHGs	388925	Operating Saving Member Loan (from Savings)	923.65
Villages covered	58006	Bank Loan availed	4220.41
Total SHG members	4391847	Bank loan outstanding	3371.47
Total BPL members	2233906	Other loan outstanding	216.43
Number of Literate members	3179588	Cash in Hand	376.58
Individuals having Saving Bank Account	3473957	Bank Balance	688.55
Number of SHGs Credit Linked	206785		
Bank Branch involved	10642		
Commercial Bank	6667		
Regional Rural Banks	2174		
State Cooperative Bank	171		
District Cooperative Bank	1630		

Source: NABARD Report

During 2018 the pilot project has 306 partners and digitized 3,88,925 SHGs, covering 58,006 villages and 43,91,847 SSHG members and credit linked to 2,06,785 SHGs. The project raised Rs.1,635.17 Crores of savings from SHGs, SHGs availed loans Rs.4,220.41 Crores and bank loan outstanding from SHGs is Rs.216.43 Crores.

### **Findings**

By 2018, the EShakti pilot project had partnered with 306 organizations and digitized 388,925 SHGs across 58,006 villages, benefiting 4.39 million SHG members. The project facilitated Rs. 1,635.17 Crores in savings and availed Rs. 4,220.41 Crores in loans, with an outstanding bank loan amount of Rs. 2,164.3 Crores. As of March 2019, the project continued to show impressive growth, with digitized data enabling faster and more efficient credit delivery to SHGs. Eshakti project digitized 4.34 Lakh SHGs covering 47.91 Lakh rural households in 100 districts across 22 states and 1 UT all over India. The Credit Linkage extended to 2.22 Lakh SHGs i.e., 51% of total SHGs digitized in the pilot districts.

64,000 Jan Dhan accounts were opened and 2.53 Lakh PMSBY insurance policies, 48,000 PMJJBY insurance policies and 8,000 APY pension policies were enrolled across the country.

6,319 micro insurance policies were also enrolled during the period.

### **Suggestions**

To maximize the benefits of the EShakti project, it is essential to digitize the remaining 49% of SHGs in the pilot project areas. Additionally, expanding the project to more districts can further enhance its impact.

### **Conclusion**

The digitization of SHGs through the EShakti project has empowered banks to overcome numerous challenges in providing fast and efficient credit delivery and financial services. As of March 2019, the project had successfully digitized 434,000 SHGs, covering 4.79 million rural households in 100 districts across India. The significant growth in the SHG movement, driven by this digital initiative, marks a crucial step toward achieving the goal of financial inclusion in rural India.

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