

DIGITALIZATION OF WOMEN SELF-HELP GROUPS IN INDIA: WHAT IS GOING ON AND WHAT SHOULD BE DONE?

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ABSTRACT

The emergence of digital technology has done a metamorphic change in the entire lifestyle and livelihoods system. This technology has the potential to strengthen the process of financial inclusion and its impact as well. In India, self-help groups-led microfinance programmes have achieved significant success in financial inclusion, livelihoods promotion, and women empowerment. The recent upsurge in the usage of digital technology has been changing the whole self-help group movement and has vast potential to enhance the welfare of women's self-help groups in a variety of ways. Based on the studies and reports, the paper tries to elaborate on the latest developments in digital financial inclusion in the country and its impact on the lives and livelihoods of women SHGs. Studies have shown various positive outcomes along with challenges in adopting such new digital technology by women SHGs. The study also incorporates some important software applications that are being used in this process of digitalization. While capturing some emerging issues and challenges in the access of digital tools for financial inclusion, the paper suggests some innovative ways to strengthen this process of digital financial inclusion so that the women beneficiaries can achieve the desired targets of proper management of the groups, more transparent transactions, and promotion of livelihoods. To acquire the maximum benefits of the digital revolution, the study suggests that there is a need to enhance the capacities of all stakeholders involved in this SHG movement.

KEYWORDS: Digital, Financial Inclusion, Self-Help Groups, Applications, Technology.

Introduction

It is established in various studies that financial inclusion is helpful and crucial for the process of economic development as well as human development (Bhatia and Singh, 2019; Arora and Kumar, 2021). The Reserve Bank of India (2015) defines financial inclusion as "The process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost in a fair and transparent manner by mainstream institutional players". In India and the globe, various new and innovative policies have been implemented to increase

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financial inclusion especially in women and in rural areas but still, widespread financial exclusion exists. Further, the financial inclusion divide has extensive as females have less accessibility than males in developing countries. Nearly half of the unbanked women are from the countries Bangladesh, India, China, Indonesia, Mexico, Pakistan, and Nigeria (GPF1, 2020). In India, during the economic reform period after 1991, the country has experienced a significant increase in the bank branches but still, large financial exclusion is present.

Now because of the emergence of digital technology, access to financial inclusion has been taking new shapes. In its Financial inclusion Programme (2020-24), the Reserve Bank of India stressed the digital penetration for speedy financial inclusion. Digital services are now opening new opportunities for financial inclusion for women. Access to responsible digital financial services can enhance women's economic power and thus reduce poverty and promotes gender equality (GPF1,2020). The digital developments and tools are now helpful in increasing the efficiency, expansion of new opportunities, business development also for government (Ray et.al, 2018). But still, there is a gender digital divide in the country which is a matter of concern. According to GSMA's 2021 mobile Gender Gap Report, men are more mobile users than women but this gap is now continuously reducing, and especially there is a significant reduction in the region of South Asia. The advent of the new tools and usages of information technology has been changing financial services worldwide. The microfinance sector worldwide has been actively engaged in the adapting of these digital technologies for faster financial inclusion (Ray et.al, 2018). Thus the digital mode of reaching these women can enhance the access and impact. The objective of digital financial inclusion is among the top most priorities of the government and organizations. It is reported that switching from a cash system to a digital mode of payment can reduce corruption and improve the efficiency of the system (World Bank, 2018).

Self-help groups in India can be a better tool for financial inclusion, especially in rural areas. Recently, a variety of new and innovative digital tools are being emerged for self-help groups and thus helping to achieve the target of financial inclusion. These are helpful in the dissemination of information, easy access to financial services, and connectivity among SHG members. Apart from these cost reductions, high mobility, fewer barriers can help to enhance the benefits. The process of inclusive digitalization helps the SHG members to deal with important issues in an effective way such as quality of bookkeeping, records of multiple memberships of SHGs, credit history and grading as well (NABARD, 2021). The digital services to these women can be helpful to disseminate the information in a way to get maximum access. In a study of IFRM and LEAD in 2014, it was observed that there was a lack of information among women SHG members, and information was concentrated only among the office-bearers. The digitalization process has the potential to solve this problem and it can enhance transparency. It can be helpful to connect these women to institutions and schemes so that they can get proper information and avail the benefits. Further through collaboration and information sharing, these members can maximize their potential for group management and livelihoods also. The aim of digital financial inclusion can be achieved in the country through incorporating the women-based self-help groups as the share of women is comparatively low and with this inclusion cannot be claimed.

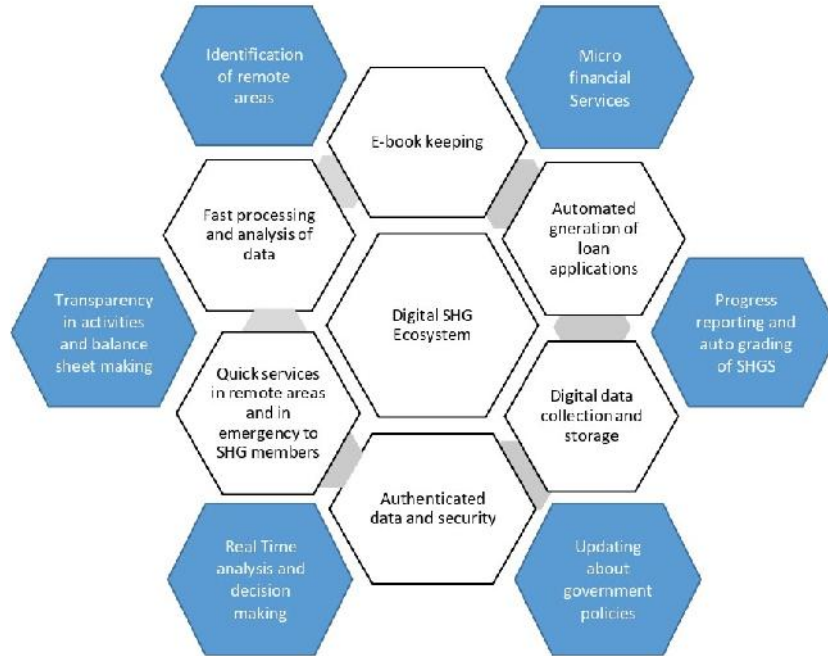
Objectives, Data, and Methodology

The main objective of this paper is to understand the progress of the digitalization of self-help groups concerning the various project in different states. It also covers the impact of such initiatives and also provides some policy suggestions for better inclusion. The study is descriptive and based on the data available for financial inclusion and self-help groups in the reports published by the National Bank for Agricultural and Rural Development, Reserve Bank of India, etc. various studies were undertaken by different scholars in this area have been analyzed to their findings are placed in this paper. The practice of digitalization of self-help groups undertaken by various agencies is also analyzed in this study

Digital SHG Eco System

The process of digitalization of self-help groups provides a digital platform for proper integration of such services and all relevant information of the members is collected. In terms of digital financial inclusion, two significant aspects are necessary to mention. One is the digital recording of financial services and databases and the other is facilitating digital transactions through various modes. Both aspects are very much interdependent with each other and to achieve the aim of financial inclusion, the synergy between these two is essential for any financial system.

Figure1: Framework of Digital SHG Ecosystem



Source: Authors

Digitalization of Self-Help Groups in India: Progress so Far

- **Project E-Shakti of NABARD**

This project was started in the year 2015 in two districts namely Ramgarh in Jharkhand and Dhule in Maharashtra. The main objective of this project is to enhance digital access to SHG members and bridge the digital divide (NABARD, 2021). The main stakeholders of this project are self-help groups, Non-Governmental Organizations, banks, financial institutions, state-level livelihoods missions, NABARD, various line departments, and credit agencies. With the one-click use, the members who have saving accounts can have access to all essential services. This project operated through AI-based two mobile applications E-Shakti App and E-Shakti Tracker App and one web portal. "E-Shakti provides an end-to-end solution to the SHG-BPL by standardizing books of accounts and bringing transparency and regularity in operations in a digital ecosystem, NABARD Annual Report 2020-21". Starting from two districts in 2015, the project is being implemented in 281 districts in the year 2021 with 12.33 lakhs SHGs having access to this project until March 31, 2021. In these SHGs, 140.91lakh members have got benefited out of which 137.92lakh are women (NABARD).

- **The Tablet Didi**

This initiative was undertaken in the state of Jharkhand under the State Livelihood Promotion Society in Ranchi, Pakur, and Western Singhbhum districts. Under this, women members of the self-help groups are trained for bookkeeping, transactions, records of meetings, etc. with the help of the tablets. The MIS-based online reporting to the concerned quarters is now being handled by these Didis. They are local village women members of SHGs known as community resource persons. The selected women as tablet Didi help the women in various groups and also make them aware of the various programmes and schemes available for them. A special application named Sawalekha is also prepared for such women under this project that is available in both Hindi and English languages. Through this project, it is planned to provide a platform for the sale of various products made by various self-help groups in the village.

- **Society for Elimination of Rural Poverty in Andhra Pradesh**

The SERP is working in the state of Andhra Pradesh with a mission to remove poverty in rural areas. In its digital practices for SHG, one app is developed by Blue Frog Mobile Technologies Pvt. Limited. Under this system in each Village Organization (VO), one Village M-book keeper (essentially women) is appointed on a remuneration basis. These VMBK are trained by experts to handle various services. These VMBKs are provided mobile phones and sim cards with internet connectivity and are responsible for data entry, correction, and validation.

- **Haryana State Rural Livelihoods Mission**

In Haryana, the society is engaged in the digitalization of self-help groups with the external agency named Nucleus Software based on PaySe solution for all kinds of transactions such as the collection of savings, repayment of loans, etc. The project was started in the Bighar village of Fatehabad district of Haryana in the year 2018. This system had made the transactions cashless now in the projected villages.

- **Haqdarshak Empowerment Solutions Private Limited**

IWWAGE an organization working for women and children has collaborated with Haqdarshak a mobile application platform to provide digital access to women members in SHGs in the state of Chhattisgarh. Through this, an exercise of knowledge dissemination of state government welfare schemes and programmes is also undertaken. These Community level entrepreneurs create awareness in rural areas about the welfare programmes and other relevant information related to the documents required for such schemes. IWWAGE is working with the Chhattisgarh State Livelihood Mission (Bihar) and other organizations to generate a proper digital ecosystem for the SHGs working in various villages.

- **Shrestha Scheme**

This scheme is launched by Kutumshree Project by the Government of Kerala with the aim to integrate the groups with all digital services. The main purpose to digitalized the groups is to increase their functional efficiency and impact. A large number of *Ayalkootams* (Neighborhood Groups, NHGs) are digitalized in this scheme. It is a special software for work management and the rating was developed by the students of the Indian Institute of Management, Kozhikode that is helpful for proper monitoring with enhanced performance and transparency. Information such as bank-related details on savings, transactions, loans, etc. is now available to these NHGs at one click.

- **E-marketing through SHGs**

The digital platform has also given access to self-help groups to adopt e-marketing strategies for their products. Some state governments have entered into an agreement with social networking websites for this. But this kind of strategy requires some support-based system in terms of analysis of customer preference and choices, market analysis, marketing performance analysis, etc. Telangana and Odisha governments have collaborated with Facebook for the marketing of the products of these SHGs (Sridevi. et.al, 2019)

- **Software Applications for SHGs**

In the study, some leading and prominent projects are mentioned which are in operation in the country and various states launched by central and state agencies. Various applications are being used in this process of digitalization and a few are elaborated as under:

- **DSK Mobiliz**

DSK digital is a brand with an investment of 5 crores in development that launched Mobiliz, a portable device to help the people of remote areas in banking activities, various financial transactions. The device can operate on electricity consuming 3.5 Watt and a battery with the backup of 5 hrs. The device is also solar powered which is beneficial for the areas having the issue with electricity. The touch screen device is actually "m Powered" device for empowering the rural people by spreading digital literacy, secured with inbuilt biometrics, Wi-Fi facility full-time connectivity. The affordable device with a cost of Rs. 22000 also helps in linking the SHGs and acts as a host the financial inclusion, digital education, banking services bridging the gap of the digital divide and making the financial independent through the digital and financial knowledge to the people. (DNA, Hiren)

- **Bachatgat App**

Bachatgat helps in bookkeeping electronically and helps in making better plans to take financial help from NGOs or banks and meet their requirements. A menu-driven app helps SHGs in managing their accounts with a basic interface in the Marathi language and transactions etc. in English. The app helps in generating the grading reports, financial reports, pending amounts, increasing the saving habits and understanding of financial processes. The app is also helpful for managing group meetings and soft skills training and basic knowledge about the documentation of their work. (Charulatha, Ebachatgat, Swayamsiddha Foundation)

- **SahaBhagi App**

The app is used to create groups as “clubs”, adding or removing members, automated reminders and notifications regarding their monthly installments or contributions, computations of interest or penalties, and provide transparency in group activities. The app makes it possible to control the club members by the admin, accepting or rejecting loan requests of members, installments, transactions reporting, and making balance sheets. (Jangid,2019)

- **My SHG**

My SHG is a free android based app developed by “Leaps & Bounds Technologies Pvt Ltd”. It is an e-book keeping app for mobiles that helps speed up the processes, information sharing regarding loans, make repayments, and make better financial decisions with knowledge of finance and various operations. (Charulatha, My SHG)

- **The Self Help Group Digital**

It is an android based platform for mobiles used to help the administrators to manage the SHGs, member savings, and loans. Arranging meetings, group elections, and the reachability of the resources to those who require most are the key features of the App. (SHG digital)

- **SHG Mobile App**

This app speeds up the SHG’s activities with an immediate recording of data, analysis, and helps in real-time decision making. It has a user-friendly interaction, protected with ID and password, authenticated, cloud-based administration, and instant alerts. The Application is multilingual with audio and video recording facilities and training & support from ORIOLE. (Oriole)

- **EShakti**

“Digitization of SHGs is an initiative of Micro Credit and Innovations Department of NABARD”, supports in making the poor community as socially and financially empowered. Apart from the basic data like daily transactional data, report generations, e-book keeping and, accounts management as well as automatic grading of SHGs, this app helps in authentication of data, SMS alerts, real-time tracing generation of loan applications, and MIS for different stakeholders. The app also benefited to find the areas and SHGs require the most attention and financial assistance.

Impact of Digital access on Women SHGs

It has been established that the digitalization of self-help groups has an advantage over the traditional mode of functioning. SHGs can be better monitored through online systems. It can be more transparent and cost-effective. Information dissemination, knowledge of welfare programmes, and linkages are also a few advantages of this digitalization process (Sharma and Chatterjee (2018). Various studies have been undertaken by agencies and scholars to assess the impact of digitalization on the self-help groups in the country. The digital initiatives in SERP Andhra Pradesh have created a transparent system for transactions and now the efficiency is also increased through enabling the real-time data collection process. It helps in the automatic grading of groups now. In Jharkhand, due to digital intervention, access to information about public welfare schemes at the village level are now easily available to women. In a study in Haryana, group members claimed these digital initiatives have now saved their time and energy and they can use utilize the time in some other productive work and this helps in process optimization (Microsave, 2020). Now reliable information about credit history is also available with banks. Although digital technology has positive outcomes because of the non-availability of resources, the inability to use new technology women were unable to get maximum benefits (Nibalkar and Berad, 2014).

Emerging Issues and Policy Alternatives

The limited ownership and access of smartphones to these women members with affordability is an issue of discussion. The supply side of this digital financial inclusion requires consistent attention. Women members are less aware of the usages and benefits of these tools because of less knowledge and a low level of education. Interestingly, the social norms of using these smartphones are also one area of research in which, various dimensions can be analyzed with different perspectives. GSMA (2021) found some major barriers in the use of mobile phones such as affordability, literacy and skill level, relevance, safety, security, and issues related to limited access. One very important issue in this process of digitalization is the quality of data as currently, the double-checking of uploaded data is available. Sourcing of information from poor databases and records and inadequacy of required funds for digitalization are other operational issues (Wadhwa, 2018). Moreover, the data entry process is slow because of poor internet connectivity in rural areas. Resource constraints such as less availability of mobile phones and tablets are some important issues (Chatterjee, 2016). There is a requirement of good training of digital services and software functions to the grassroots worker.

Various studies have suggested many innovative policy alternatives. There is an urgent requirement to give more emphasis on digital literacy among the SHG members. One very important aspect of this digital financial inclusion is the penetration of smartphones in rural areas along with their affordability. Members are not in a position to purchase these tools because of their low-income level. Network in rural areas is another important issue to deal with. Efforts should be made to provide good internet connections to these SHG members. There is a need to conduct comprehensive studies at the macro and village levels so that the emerging challenges can be identified properly. Based on these findings an inclusive and more robust policy can be framed. Whether these digital solutions are changing and social, economic, and behavioural dynamics are a matter of investigation so that appropriate policy alternatives can be implemented. The horizontal cooperation among all groups and vertical cooperation among all stakeholders including banks, self-help group promoting institutions, credit agencies, etc. should be ensured to get maximum benefits (Chatterjee, 2016). A study (Tejwani 2018) identified some important factors for the successful digitalization of self-help groups. These are research and training, financial literacy, support for entrepreneurship development, vocational training, marketing support user-friendly digitalization, and secure mode of financial transactions. Similarly, Cnan et.al (2021) suggested that while moving towards the digitalization of SHGs, precautions should be taken as this can create problems for marginalized communities because of their inability to adapt to the same.

Conclusion

It is now established in various studies that financial inclusion has a positive role to promote human development. Digital technology can help to achieve the target of financial inclusion and its impact can also be broadened through its proper access and usage. It has the potential to scale up the financial inclusion process for women at an affordable cost and increased convenience to all stakeholders. The study recommends that to enhance digital financial inclusion and its impact on women members of self-help groups, there is a need to develop strategies based on local requirements. Proper usage of digital technology can only enhance its impact. The practical difficulties which are being faced by the women members need to be addressed properly. Increasing the capacities of all stakeholders such as banks, women members, organizations, local level functionaries, etc. is the need of the hour so that their involvement can help to achieve the desired objectives. There is a need to generate an inclusive and comprehensive digital ecosystem for these self-help groups so that the maximum benefits of the digitization process can be attained. The collaborative efforts of the government, voluntary organizations, technical services providers can make a robust impact on the digital revolution and through this, the digital divide can be narrowed down properly. The social, economic, and behavioural dynamics also need to be addressed.

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