

UNLEASHING THE POTENTIAL OF DIGITILIZATION: ENHANCING OPERATIONAL PERFORMANCE AND PRODUCT MARKETING FOR SELF-HELP GROUPS (SHGs)

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Abstract

SHGs serves as an engine of growth by fostering grassroots development, empowering individuals, and promoting inclusive growth. However, operational efficiency remains one of the biggest hurdle for SHGs. They encounter various operational challenges like maintaining an interface between SHG members and banks, timely credit linkages, challenges in book keeping by low literate clients, quality control, ICT gaps, and sustainability concerns. Even if the operational efficiency is maintained by the group solidarity, SHGs face primary challenge of selling and creating awareness about their products. Leveraging digitization can effectively address these challenges and lead to a more efficient and impactful SHG ecosystem. This research paper aims to provide a comprehensive review and analysis of various digitalisation methods adopted by the government and stakeholders nationwide to improve operational efficiency and market products created by SHG's. This research paper is a modest attempt to outline how digitalisation can go a long way in enabling SHGs to achieve improved performance and outcomes. The present study is analytical and based upon secondary data which has been collected from different published reports, journals and existing available literature.

Key words: Digitalisation, SHG, E-marketing, Sustainability.

1. Introduction

Community based organisations called Self Help groups were evolved by Muhammad Yunus in 1975, primarily with goals of enabling the poorest of the poor to access financial resources to increase household income and to achieve sustained livelihood. SHG movement represents a unique approach to financial intermediation. Self Help Group are effective in reducing poverty, enhancing employability, empowering women and creating awareness which finally result in sustainable development of the nation. The SHG concept is an amazing success in India and has become one of the most successful programmes run by NABARD. By taking productive loans they are source value creation and make a significant contribution to GDP. During his address at the Women Self Help Groups Conference in Karahal, Madhya Pradesh in 2022, Prime Minister Modi stated that over time, 'Self Help Groups' evolve into 'Nation Help Groups'. In the last six-seven years, the women self-help group movement has gained momentum and there are about 70 lakh such groups with which about eight crore women are connected.

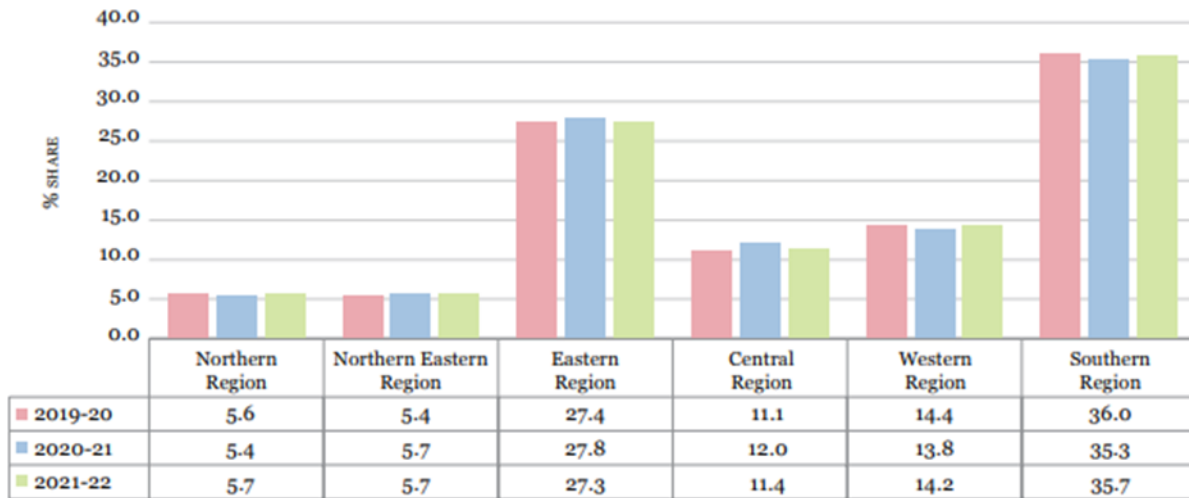
Figure 1. Region-wise progress of Saving Linked SHGs with Banks (2019-2020 to 2021-22)

(2019-2020 to 2021-22)							
(₹ lakh)							
Sr. No.	Regions	2019-2020		2020-21		2021-22	
		No. of SHGs	Savings - Amount	No. of SHGs	Savings - Amount	No. of SHGs	Savings - Amount
A	Northern	5,77,122	59,550	6,09,808	1,74,345	6,80,143	1,99,582
B	North Eastern	5,56,899	48,141	6,33,714	83,126	6,80,845	1,06,441
C	Eastern	28,11,130	6,64,333	31,22,424	7,74,912	32,43,980	13,58,595
D	Central	11,35,083	1,71,217	13,45,575	2,11,870	13,55,564	3,25,696
E	Western	14,73,853	2,01,880	15,50,176	3,74,023	16,88,451	3,27,691
F	Southern	36,89,236	14,70,085	39,61,703	21,29,485	42,44,070	24,06,043
	Total	1,02,43,323	26,15,206	1,12,23,400	37,47,761	1,18,93,053	47,24,048

Source-Status of Microfinance report 2021-22

The SHG-BLP model is one of the most successful and effective microfinance programmes in the world, with an outreach to 14.20 crore families. Figure 1 shows an increase in total number of SHGs saving linked. While in year 2019-20 a total of 102.43 lacs which increased to 118.93 lacs in year 2021-22.

Figure 2. Region-wise share in number of savings-linked SHG



Source-

Status of Microfinance report 2021-22

Fig. 2 indicates, approximately 26% increase in cumulative savings of SHGs from R374.78 lakh crore in 2020-21 to Rs. 472.40 lakh crore in 2021-22.

Self-help groups (SHGs) encountered several challenges that prompted stakeholders to consider digitizing their database. Manual bookkeeping proved to be a cumbersome and error-prone task. Lack of transparency and limited accessibility to information, especially for banks, caused delays in granting credit facilities to these groups. The absence of credit history for members led financial institutions to reassess the group's financial capability and its members individually, resulting in time-consuming credit reassessments. Another biggest challenge is marketing of products by SHGs. Lack of awareness among masses and appropriate platform to sell the products of SHGs is another difficulty faced its members. A study by IFMR Lead in 2013 also noted that record-keeping by the SHGs were weak, and members often lacked access to financial information of the groups (IFMR Lead, 2013). Digitising the SHGs seeks to address these concerns mentioned above. Digitalisation addresses issues like quality of book keeping, multiple membership of SHG members, patchy credit histories and provides grading report of any SHG based on its financial and non-financial records, at the doorstep of all stakeholders.

II. Literature review

- Studies have concluded that digital platforms can facilitate access to financial services, promote savings behaviour, and provide convenient and secure means of conducting transactions for SHG members (GPFI, 2020).
- Many researches have analysed that digital financial inclusion is among the top most priorities of the government and related 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).

- Several studies have highlighted the positive implications of digitization for SHGs. These include improved operational efficiency, increased transparency, enhanced monitoring and evaluation, and opportunities for scaling up SHG activities (Charulatha 2019)
- Digital financial inclusion has the potential to empower women in SHGs, increase their financial independence, and contribute to poverty reduction (Batra et al., 2022).

III. Objectives

1. To examine the different digital platforms initiated by government and utilized by SHGs.
2. To analyse their benefits, challenges and implications on the functioning and outcomes of these groups

IV. Research Methodology

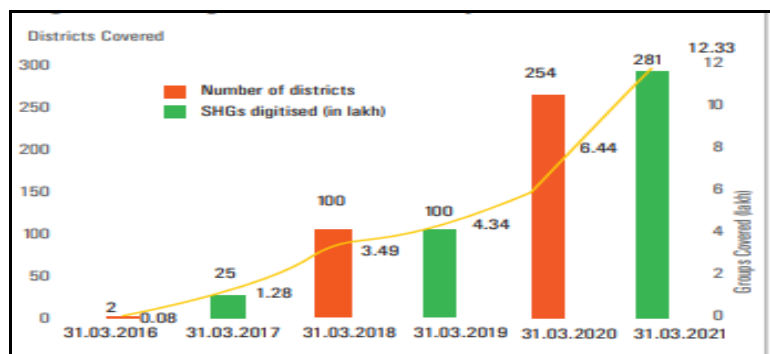
The study is descriptive and based on the data available for financial inclusion and Self-help groups in the reports published by the National Bank for Agricultural and Rural Development, Reserve Bank of India, etc. Various studies were undertaken by different scholars in this area have been analysed to their findings are placed in this paper.

The digitalization process of Self-help groups involves leveraging digital tools and systems to streamline processes, collect and store member information digitally, facilitate online communication and collaboration, and enable digital financial services through e marketing and transactions. Two points are noteworthy in this aspect, firstly digitalisation at operational level facilitate digital recording of financial services and databases. This leads to improved efficiency and transparency in monitoring SHGs while enabling real-time data collection at the group level. Secondly, Digital tools can help to create better marketing and branding avenues and quick interface with customer.

V. Driving Transformation: Assessing the Advancements in Digitising Self-Help Groups

Over the years NABARD and various state agencies along with other stakeholders are consistently making efforts to promote digitalisation of SHGs. Figure no.3 shows the progress of digitalisation process of SHGs through e-shakti project of NABARD in last five years

Figure 3. Progress of digitalisation process of SHGs



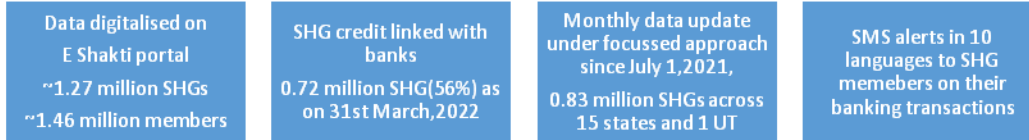
Source-Microfinance Status report, NABARD 2021

Figure 1 clearly depicts the tremendous advancement in digitalisation of SHGs. As on 31st March, 2016, 2 lacs SHGs were covered under digitalisation process in two districts in India. Despite the various Covid pandemic related challenges and compared to 2019-20, there was an 88% increase in SHGs digitized as on 2020-21. As on March 31, 2021 digitalisation reached to 81 districts across different states and covered 12.33 lacs SHGs.

V(a) Various initiatives taken towards digitalisation of SHGs

➤ E-Shakti project of NABARD started in the year 2015 to enhance digital access to SHG members. This project operated through AI-based two mobile applications E-Shakti App and E-Shakti Tracker App and one web portal. The E-Shakti is a web-based electronic platform provides ‘single-click’ availability of social and financial information of members of the SHGs. It also aims at making book-keeping easy for low literacy clients and increase credibility of the SHG data. It helps in improving the quality of interface between SHG and banks for efficient delivery of banking services. (Microfinance status report 2022).

E-shakti milestones during 2021-22



➤ Andhra Pradesh’s (AP’s) Society for Elimination of Rural Poverty (**SERP**) enables community participation and ground-level data entry by providing training on digital media and access to mobile phones to every SHG book keeper. To facilitate a direct interface with the Unique Identification Authority of India (UIDAI), SERP has moved towards a web-based application. (Lead IFRM report 2019).

➤ The 'Tablet Didi' initiative of the Government of Jharkhand equips Community Resource Persons (CRPs) to capture financial records and data at the group level using a digital tablet interface. The master book keeper, referred to as Tablet Didi, enters the data into the tablet-based application of the MIS from the SHG’s books after each SHG meeting in her village. They are local village women members of SHGs known as community resource persons. The selected women as tablet Didi helps to make women aware of the various programmes and schemes available for them. Videos portraying stories of successful community women and best practices adopted by other SHGs across the state are circulated on tablets and played for all members during meetings. ((IWWAGE) report,2019)

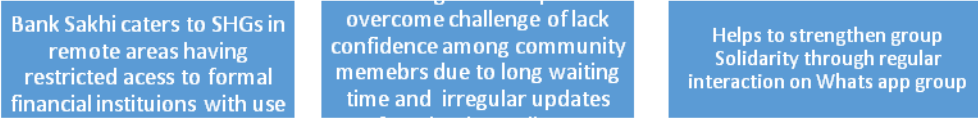
Key Benefits of Tablet Didi initiative



(IWWAGE) report,2019

➤ As a digital initiative, State Rural Livelihood Mission, Chhattisgarh has initiated *Bank Sakhi* program. SRLM, in partnership with banks, where banks train and appoints selected SHG members of respective areas to act as bank agents in their areas and use digital tools such as laptops, biometric devices, printers, micro ATMs, etc. As part of this programme, 254 community women have been trained as Bank Sakhis, responsible for transactions worth over INR 90 crore in 2017-18. (National Institute of Rural Development and Panchayati Raj report,2019).

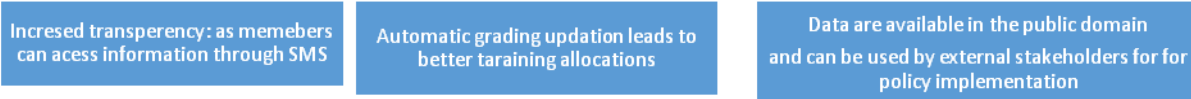
Bank Sakhi Program bringing digital transformation:



GOI, Press Information Bureau-2020)

- Society for Elimination of Rural Poverty in the state of Andhra Pradesh has implemented a web based application named m-book keeping developed by Tata Consultancy services, in partnership with Blue Frog Mobile Technologies Pvt. Limited. The app covers details related to the SHG’s profile, member profile, meeting details, attendance, savings (weekly, monthly), loans (internal and external), repayments, type of economic activity, earnings, training information (by thematic area), financial inclusion, etc. The information is entered by the SHG book keeper, appointed on a remuneration basis. (LEAD IFRM report, 2019).

Key Benefits of m-Book-keeping platform



- Leading NGO Professional Assistance for Development Action (PRADAN) in Jharkhand trains SHG members to use *Haqdarshak*, an android application that provides information on the eligibility of households for different government programmes. It also provides information on how to apply for these government programmes and documents required to apply. (Lead IFRM Report, 2020)
- An e-learning module on financial management and administration of SHG federations has been designed by Chaitanya Women’s Integrated and Synergistic Empowerment (WISE) for SHPA/federation staff. Chaitanya also conducts evaluation of its e-learning course and provides a completion certificate to participants. (IFMR lead report, 2019)
- Haryana State Rural Livelihoods Mission in association with the TSP Nucleus Software Exports Ltd., has developed top-up card solutions to augment digital transactions and minimise the role of cash. Members can load and use their cards to pay and group leaders can accept these payments and transfer them directly into bank accounts. It reduces the cash burden, with holistic approach to digitalisation and successfully overcomes several challenges (Haryana SRLM 2019)

Development of E-Marketing portals to provide online platform to SHGs to display and sell their products

Governement/State	E commerce portal/platform
Centre	www.esaras.in, GeM portal
Sikkim	Swayam Sikkim
Tamil Naidu	e-mahila
Karnataka	Tie-ups with e-commerce platform Meesho, Amazon and flipkart
Panjab	Make in Punjab

Source: Author

VI. Key Impact of Digitalisation of SHGs

Digitalization improves the quality of bookkeeping within Self-help groups. By leveraging digital tools and platforms like *e Shakti*, *Bank Sakhi*, *Internet Saathi*, and *Tablet didi*, members can maintain accurate records of their multiple SHG memberships, credit history, and grading. Similarly e-marketing platforms facilitate demand creation and awareness among masses for various products of SHGs. This opens up new selling avenues for SHGs members and helps to generate income. Digital service imitated like *Haqdarshak*, *m-bookkeeping* provide a means to disseminate information widely and ensure maximum access for SHG members. It allows for the easy sharing of information, financial data, and decision-making processes among members. This transparency builds trust and accountability within the group. Digital platforms enable women SHG members to connect with various institutions, financial services, and government schemes.

VII. Emerging Challenges and Policy solutions

Many self-help group (SHG) programs face a challenge when it comes to utilizing digital platforms due to the limited availability of smartphones and internet connectivity in numerous rural areas where they operate. The procurement and maintenance costs of assets, as well as the regular generation of content in vernacular languages, present significant challenges in terms of scalability. Moreover, most programmes follow a train-the-trainer approach whereas flow of technical information down the chain is often missed or misconstrued. There is a lack of a coordinated policy for technology development across various government schemes which leads to duplication the efforts made by individual programmes to create innovative solutions. (Chatterjee, 2016).

Numerous studies have proposed innovative policy solutions to address these challenges. One crucial aspect is the need to prioritize digital literacy among SHG members. Digital financial inclusion relies on the availability and affordability of smartphones in rural areas. However, due to their low-income levels, many members are unable to purchase these devices. Additionally, ensuring a reliable network in rural areas is essential. Regular training session regarding use of digital platform should be conducted. Digitalisation solutions are primarily financed and managed by apex institutions. To prevent its collapse, self-sustaining model with participation from stakeholders within the SHG landscape should be encouraged. Integration of collaborative approach among various stakeholders may help to develop and implement comprehensive strategies, tailored solutions, and inclusive policies that address the barriers to digitalization.

VIII. Conclusion

In conclusion, the process of digitization may prove transformative milestone in promoting operational efficiency and enhancing sustainability of Self-help groups (SHGs). It offers opportunities to streamline their processes, improve access to financial services, and enhance their overall effectiveness. However, several challenges need to be addressed for its successful implementation. By addressing these challenges and implementing appropriate policies, we can build an inclusive and robust digital ecosystem that maximizes the benefits of digitization for SHGs and promotes marketing of their products effectively. If implemented rationally, digitization can unlock new possibilities and contribute to the long-term success and sustainability of SHGs.



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