



DIGITISATION OF SHGs- A BOOST TO THE SHG MOVEMENT

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ABSTRACT:

In the year 1996, Reserve Bank of India mainstreamed the financing to SHGs into the normal operations of the Banks and as a result significant financial inclusion initiatives came into existence. Over the period of more than 25 years, the Self Help Group-Bank Linkage programme has a massive success and become the world largest Microfinance programme. The success of SHG movement has drawn attention to the policy makers of the country for dealing with the various challenges like poverty alleviation, women empowerment, social upliftment, financial inclusion, entrepreneurial development etc. Though SHG movement got momentum in India but still there are various challenges for strengthening the credit delivery systems to the poor. Digitization of SHGs is the way of enhancing financial inclusion and meeting the challenges for strengthening the credit delivery systems to the rural poor especially to the women.

This paper is specifically confined with the digitization of Self Help Groups (SHGs) for promoting and encouraging digital financial inclusion in our country. Moreover, this paper discusses the difficulties faced by the bank on providing credit to the SHGs due to their traditional account keeping system. The paper also addresses the digital empowerment of the microfinance through EShakti pilot project of NABARD for the benefit of the rural masses.

KEYWORDS: *Self Help Group, financial inclusion, digitization, Banks, Microfinance .*

1. INTRODUCTION

India is a diverse country. It occupies 2.4 per cent of world's geographical area. But, India is second largest populated country in the world and sustaining almost 17per cent of the world population. Therefore, India's problems are also great in numbers and unique in nature such as illiteracy, unemployment, urban and rural, highly dependence on agriculture, poor access to financial services, limited outreach of financial institutions etc. The Government of India has taken lots of initiatives to overcome these challenges since independence.

Besides Government initiatives through different five years plans, NABARD as an Apex Development Financial Institution has been continuously exploring solutions and ways for addressing above mentioned challenges. NABARD has conducted and facilitated various surveys, research for the development of rural poor since its inception. It has also conducted various pilot projects pertaining to the problems related to the poor of the nation.

One of the major pilot projects conducted by the NABARD is the model of Self Help Group (SHG). In the SHG movement, NABARD focused on gender equality and development and continuously targeted women as they are bottom of pyramid without assets or access to credit. In the year 1991-92 NABARD started pilot project with a moderate target of 500 SHGs. In the year 1993 Reserve Bank of India allowed SHGs to open saving accounts in banks and facility to availing bank services was a

significant boost to the SHG movement. In the year 1996, Reserve Bank of India mainstreamed the financing to SHGs into the normal operations of the Banks and as a result significant financial inclusion initiatives came in to existence. Over the period of more than 25 years, the Self Help Group- Bank Linkage programme has a massive success and become the World largest Microfinance programme. As on 31 March 2018, a sum total of 87.44 lakh SHGs were having ₹ 19592.12 crore savings with banks. Total number of SHGs having bank loans was 50.20 lakh with outstanding loan of ₹ 75598 crore. The success of SHG movement has drawn attention to the policy makers of the country for dealing with the various challenges like poverty alleviation, women empowerment, social upliftment, financial inclusion, entrepreneurial development etc. Though SHG movement got momentum in India but still there are various challenges for strengthening the credit delivery systems to the poor. As per NABARD's own research there are certain major challenges which are to be dealt for making the SHG movement more effective and success. Some of the challenges are.

1. Manual accounts keeping of SHGs
2. Non availability of group transparency
3. Difficulty in access of credit history of SHG members.
4. Problems in proper appraisal and monitoring of SHGs by banks.
5. Problem of increase in Non Performing Assets(NPA)
6. Insufficient support from NGOs

To overcome the above mentioned challenges NABARD started a pilot project for digitization of SHGs titled "EShakti" in March 2015.

2. OBJECTIVES OF THE STUDY

1. To study the challenges faced by SHGs in rural India.
2. To study the challenges faced by banking agencies in credit management to SHGs.
3. To study the necessities and importance of digitization of SHGs.

3. METHODOLOGIES

The study is conducted on the basis of secondary data. Data collected from NABARD Report, Bank Report, Government Websites, News Paper and various books and papers published on Self Help Group- Bank Linkage Programme and are used to meet the predetermined objectives of the study.

4. ESHAKTI (DIGITISATION OF SHG):

EShakti or digitization of SHGs is pilot project launched by NABARD for digitization of SHGs through technology and for the fulfillment Digital India dream of our honourable Prime Minister on March 2015. The pilot project initially started with two districts viz. Ramgarh in Jharkhand and Dhule in Maharashtra. Digitalisation of SHG programme was designed to include demographic, social and financial profile SHG members and their SHGs. All information relating to SHG members and SHGs along with members identification details viz. Adhar, Voter ID etc. were uploaded on to a dedicated website <https://esakti.nabard.org>. The project visualized mapping of all SHGs of selected two districts Ramgarh (Jharkhand) and Dhule (Maharashtra) on the basis of bank, bank branch and development block. On the basis of positive response from stakeholders, the project was expanded to 23 more districts of the country in the year 2016 and further expanded to 75 more districts in the financial year 2017-18. Total 100 districts across the country were under the coverage of Eshakti project. Now there are three phases of the project which covers 100 districts of 22 States and 1 Union Territory of the country. There is also a plan of include another 150 districts under phase IV. A list of 100 districts (State wise) under EShakti project is shown in the table 1.

Table 1
State wise list of districts under EShakti Project

Sl. No.	State/Union Territory	District
1	ASSAM	Nalbari
2	BIHAR	Gaya, Muzaffarpur, Nalanda, Saharsa, Samastipur, Saran
3	CHHATTISGARH	Bilaspur, Durg, Mahasamund, Rajnandangaon
4	GOA	North Goa, South Goa
5	GUJARAT	Amreli, Anand, Dahod, Mehsana, Navsari, Sabar kantha
6	HARYANA	Ambala, Karnal, Sirsa, Sonipat
7	HIMACHAL PRADESH	Kangra, Mandi, Sirmaur, Solan
8	JAMMU & KASHMIR	Udhampur, Budgam, Samba
9	JHARKHAND	Ramgarh, Bokaro, Chatra, Giridih, Hazaribagh, Ranchi, Saraikela Kharsawan
10	KARNATAKA	Bagalkote, Bidar, Chitradurga, Dharwar, Mysore, Uttar Kannada
11	KERALA	Idukki, Kannur, Kasargode, Kottayam, Malappuram,
12	MADHYA PRADESH	Chhindwara, Dewas, Gwalior, Indore, Mandla, Jabalpur, Mandsaur, Ujjain, Vidisha
13	MAHARASHTRA	Aurangabad, Chandrapur, Kolhapur, Nagpur, Raigad, Wardha, Dhule
14	MANIPUR	Imphal East
15	MEGHALAYA	West Garo Hills
16	ODISHA	Bhadrak, Cuttack, Dhenkanal, Jagatsinghpur, Jajpur, Rayagada, Sambalpur
17	PONDICHERRY	Karaikal, Puducherry
18	PUNJAB	Patiala
19	RAJASTHAN	Ajmer, Alwar, Banswara, Bikaner, Jhalawar, Jhunjhunu, Jodhpur, Kota, Udaipur
20	TRIPURA	Gomati, West Tripura
21	UTTAR PRADESH	Bahraich, Barabanki, Etawah, Hardoi, Jaunpur, lalitpur, Mirzapur, Varanasi
22	UTTRAKHAND	Dehradun, Haridwar, Pauri Garhwal, Udham Singh Nagar
23	WEST BENGAL	Paschim Medinipur

Source: NABARD

➤ OBJECTIVES OF ESHAKTI

Digitization of financial transaction is the need of hour which provides enormous benefits to the people of the country. By considering the benefits of digitization, EShakti is the first initiative for providing the facilities to the SHGs and SHG members. The effort is to make available all up to date financial information of SHGs and their members to bankers, Self Help Groups Promoting Institutions (SHPI), Non-Government Organisation (NGO), NABARD and policy makers etc. for taking quick decisions regarding credit and other policy matters. The objectives of digitization can be summarized as under.

1. Removing the difficulties of manual book-keeping and account management of SHGs by introducing e-book keeping.
2. Providing an easily separable database to bankers for taking appropriate credit decisions.
3. Easy grading of SHGs and providing credit to eligible groups with proper monitoring.
4. Providing correct picture of SHG-Bank Linkage programme to policy makers.
5. Maintaining transparency of SHG accounts and increasing confidence among members regarding their funds. A sound transparent system of accounts helps in growth of SHGs in India.

6. Easy to identify anyone's membership in more than one SHGs and bank can also prevent multiple financing.
7. Digital empowerment helps in bringing SHGs in a common web based e- platform through which they can make the accounts easy for low literacy people.
8. Digitization helps in fulfilling the national agenda of financial inclusion and paves the way of use of financial data of SHGs for reducing the issues relating to finance.

➤ **ESHAKTI MOBILE APP:**

EShakti mobile app is placed in Google Play store. The animators can download the app which helps in uploading financial transactions of SHGs in detail. M/s Yesteam Solution Pvt. Ltd. is the technical service provider under EShakti project. NABARD, Banks, Implementing Agencies (NGOs), State Rural Livelihood Mission (SRLM), Govt. departments provided that they have been shared with login credentials can login the EShakti portal.

➤ **Stakeholders of EShakti project:**

Followings are stakeholders of EShakti project-

1. SHGs and NGOs (as implementing agencies)
2. Banks
3. State Rural Livelihood Mission
4. NABARD
5. Government departments
6. Credit Information Companies

➤ **PROCESSES OF IMPLEMENTATION OF THE PROJECT**

1. The selection of implementing agencies and training of animators on Master data collection template is the first step in the implementing process of the project.
2. On the basis of training animators collect social and financial information of SHGs in the data collection format.
3. All collected social and financial information in master data collection format are uploaded on EShakti portal by animators which is called as 'SHGs onboarded' or 'SHGs digitized'. 'SHGs onboarded' or 'SHGs digitized' means all social and financial data of SHGs are stored in digital form under EShakti portal. A sample audit of 10% of uploaded base data is done by the consultants of NABARD.
4. The next step is the training of animators on EShakti mobile App. Animators are provided mobile handsets and their mobile numbers are registered. One animator is allocated for each SHG for uploading monthly financial transactions of SHGs through EShakti App. When first time financial transactions of SHGs are uploaded through EShakti App, it is called as SHGs on mobile.
5. After uploading financial transactions of SHGs animators keep continuous uploading of monthly financial transactions on periodic regular intervals. All the financial and non-financial data of SHGs are uploaded and maintained online. Authenticity of data is ensured by sample audit and SMS alert of members. On up gradation of pending data and upload of current transactions of SHGs, these SHGs are called as 'SHGs Live'

The EShakti project has a website <http://eshakti.nabard.org>. in which all data is uploaded. The bank can access EShakti portal by using their IFSC code and password with the help of internet or web link. User credentials are provided to all bank branches of EShakti project implementing districts.

➤ **BENEFITS OF ESHAKTI PROJECT**

1. **Benefits to SHGs:** EShakti project makes SHGs vibrant through technology and brings them to the fold of financial inclusion. Moreover digitization helps SHGs to access available financial services. It also encourages transparency in group operations, creates accountabilities among SHG members and maintains accurate financial records. Besides these benefits EShakti project provides following contributions to SHGs:

- E-book keeping in place of manual traditional book keeping
- Up gradation of all financial and non-financial SHGs data regularly
- Generation of reports in the formats as per requirement of bankers
- Automatic grading of SHGs
- Automatic generation of loan application for banker as per loan requirement of SHGs.

2. Benefits to Bankers: EShakti or digitalization of SHGs helps bankers in expanding SHGs portfolio and taking proper credit decisions on the basis of MIS reports. Automatic grading of SHGs and real time progress available with EShakti App also aids bankers on taking required financial decisions on appropriate time. Bank branches can monitor the performance of SHGs online with the help of savings linked with them. Therefore, bankers can save precious time and effort by avoiding physical verification and monetization of the SHGs. Under the EShakti App following information are available for bankers which make them easy to serve SHGs.

- Financial transactions of SHGs
- Records of monthly meeting of SHGs
- Overdue balance of SHGs bank loan outstanding
- System generated automatic grading of SHGs
- Position of SHGs balance sheet
- Availability of list of eligible non-credit linked SHGs
- E-loan application of SHGs
- Other non-financial information of SHGs

3. Benefits to others: EShakti App provides available social and financial data of crores of rural families across India on a single platform which has a immense significance for various interested parties as they can use data for their public welfare schemes. With the help of available authentic data of EShakti various players can promote welfare schemes like Insurance, rural housing, promotion of new products in the rural area etc.

➤ **Status of digitization as on 15th June 2018:**

Progress of EShakti project in the selected 100 districts across the country is shown below (Table-2).

Table-2
Progress of digitization in the 100 selected district of EShakti Project as on 15th June 2018
(Amount in crore)

Partner SHPIs	306	Community Savings by SHGs	1635.17
SHG Digitized	388925	Operating Saving Member loan (from Savings)	923.65
Village Covered	58006	Bank Loan availed	4220.41
Total SHG members	4391847	Bank loan outstanding	3371.47
Total BPL Members	2233906	Other Loan availed	267.74
Number of Literate Members	3179588	Other Loan outstanding	216.43
Individuals having Saving Bank Account	3473957	Cash in Hand	376.58
Bank Branch Involved	10642	Bank Balance	688.55
Commercial Bank	6667	Number of SHG's credit linked	206785
Regional Rural Bank	2174		
StateCooperative Bank	171		
District Cooperative Bank	1630		

Source: NABARD Report

From the table-2 it is clear that process of digitization through the EShakti project is on the right direction. As on 15th June 2018 total 388925 SHGs have been digitized in the 100 selected districts of 22 States and 1(one) Union Territory of the country. It is expected to digitize 4.5 lakh SHGs benefiting around 54 lakh rural poor under phase-III of EShakti project of 100 selected districts. NABARD is planning to take over another 150 districts of the country in future under phase-IV of digitization of SHGs.

5. CONCLUSION:

In spite SHG movement getting momentum in India, there is still enough scope for SHGs to be credit linked. According to NABARD report, there is Saving linkage of 87.44 lakh SHGs but 42 per cent SHGs i.e. 37.24 lakh SHGs yet to be credit linked as only 50.20 lakh SHGs having outstanding bank loan. EShakti project paves the way for credit linkage of SHGs by providing mechanism in bridging the gap between saving linked and credit linked SHGs. There are 87.44 lakhs SHGs in the selected 100 districts and only 3.89 lakh SHGs have so far been covered under the pilot project. The project should be geared up to cover remaining 83.55 SHGs under the fold of digitization to achieve the expected goal. The growth of SHG bank linkage programme in India is expected in double after implementation of EShakti project. Digitization of SHGs will be a win-win situation for banks as it will able to save time, money and effort with the available authentic data of SHGs in providing credit linkage to SHGs.

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