

# How Digitalization process will impact Self Help Groups- A Conceptual Review

Charulatha, Research Scholar, Mahatma Gandhi University, Kottayam, India.

**Abstract** - Self Help Groups have evolved over the time to set their imprints in the community and society at large. They deliver value-based products and services to the society. Government is rolling out various social developmental projects through SHGs. In line with this, the stakeholders are keen in bringing the SHG activities into the digital platform. This study exhibits the importance of digitalization and its role as a catalyst in enabling SHGs to deliver better performance. Also it highlights the various digital platforms that welcome SHGs to bring their manual records to a digitalized data pool for better decision making and performance.

**Keywords:** SHG, Digitalization, digital platforms, technology-catalyst

## I. INTRODUCTION

Community groups, predominantly known as Self-help groups play a pivotal role in bringing tremendous changes in Society by surpassing the social disharmony and vulnerability through their coordinated efforts. They have grown so big that Government is spending huge sum of money to bring social changes through them. They act as the catalyst to bring developments in the society. The role of SHG has been widely recognized and applauded from nook-and-corner of the society as the changes were visible and countable. Everywhere things get digitalized and as such are the case of Self-help groups too. They are in the stage of transformation as various stakeholders are bringing different digital platforms to pool the data to ensure transparency and quick access to the minutest details of a self-help group.

Self-help groups were engulfed with various issues that made the stakeholders to think of digitalizing the database. Manual book keeping was a tedious task and error-prone. There was very less transparency of the information and inaccessibility to the users like Banks caused delay in granting credit facilities to such groups. Credit history of members was unavailable and this made financial institutions to reassess the financial capability of group and group members. Credit reassessment took a longer time as the human resource available with bank was also limited and it made the officials to go through the manual database to have proper due-diligence. All this gave a stuck to the developmental activities that these groups were about to roll out every time.

## II. LITERATURE REVIEW

Many studies have been conducted in the field of digitalization impact in different sectors, but specifically not among community groups like Self Help Groups. Reviews shows that technology has had a tremendous impact in bringing its impact in different domains and people are getting well versed within a short span unlike

prior centuries. This reveals the zeal and spirit with which digitalization is being accepted at different levels.

‘A study on Technological innovations in Indian Banking sector’ (Sarkar, 2016) shows that Information technology and innovation has made banking sector to be competitive and to attain and retain customers in a better way.<sup>[1]</sup>

DISHA (Digital Saksharta Abhiyan) -Taking IT skills to the masses (Ahaskar, 2016) was a big government initiative to equip citizens with knowledge of IT basics that certified 20 lakh students prior to that an initiative called National Digital Literacy Mission was launched that certified 10 lakh candidates.<sup>[2]</sup>

‘Digital technology for health sector governance in low and middle income countries: a scoping review’ (Holeman, Cookson, Pagliari, 2016) found out that innovative digital approaches have been widely used to facilitate good governance in health care sector which drew its conclusion by analysing 34 articles from different sectors and disciplines.<sup>[3]</sup>

‘Digitization of Indian education process: A hope or hype’ (Nivedita, Veena, 2016) proposed a hybrid model which ensures the combination of physical presence of teacher and technology to make the system smooth in functioning.<sup>[4]</sup>

‘Will digital technology transform Indian Agriculture?’- (R Shalini, Biswas Mahua) The study stated that technology platform will change the existing pattern in the agriculture sector and as such big software giants have come forward to make agreements with various state governments to bring technological transformation in agriculture knowing the hidden potential in this sector.<sup>[5]</sup>

‘Digitalisation of Finland’s transport sector’ (L Pekka) found that the country is responding to digital disruption and the impact of digitalisation can be considered as a welcoming process even though the pace is slow.<sup>[6]</sup>

‘Tackling the digitalisation challenge: how to benefit from digitalisation in practice’- (P Paivi, K Jukka, T Maarit, T

Susanna) discussed about digitalisation from various viewpoints with diverse case studies using digital transformation model helping companies systematically handle changes that are associated with digitalisation.<sup>[7]</sup>

'A study impact of Digital India in Make in India Program in IT and BPM Sector (Ashuthosh D Gaur) concluded in his study that digital India has played a massive role in Make in India programme for the development of the nation and bringing it upfront.<sup>[8]</sup>

'Top 10 digital initiatives taken by the Indian Government' (Murgai, 2015) put emphasis on the initiatives taken by government in digitalizing the country. Various initiatives includes: Digital Locker, Digital life certificate, Digital boost to MGNREGA, Twitter Samvad, Madad, SMS-based cyclone warning system, Online facility for firms to file single return, online facility to issue PAN Card in 48 hours, eMoney, and Pragati.<sup>[9]</sup>

There are many number of Studies in various domains as digitalisation is concerned and all those have opened the possibilities towards the acceptance of technology in performing the concerned tasks. But so far, no study has been taken place among self-help group with regard to digitalisation and brings out the research gap in this area.

### III. OBJECTIVES

1. To identify whether Digitalization has leveraged the performance of Self Help Groups and if so in what forms.
2. To identify various digital platforms used by self-help groups and its implications.

### IV. RESEARCH METHODOLOGY

This research is descriptive in nature and it involves observing and describing the behavior of a subject without influencing it in any way. Here the study describes about the present status of digitalization in community group – Self Help Group. For the purpose researcher has reviewed the existing secondary database pool and collected information from various sources like government websites, bank websites, newspapers and journals.

Researcher has also explored the possibility for Self Help Groups to adapt to digital platforms by enlisting various digital platforms offering varied number of modules for enhancing the performance of these groups. Based on the secondary data analysis, researcher has put forth a conceptual model exhibiting the catalytic role of technology or digital platform in integrating social capital with financial capital in accomplishing their goals.

The scope of the study is restricted to Self Help Groups only as they are being used as a connection link between society and administration departments for rolling out various programs.

## V. DIGITAL TRANSFORMATION

Digital transformation is impacting the activities of Self Help Groups in many ways. Bringing all the required information on a digital platform has paved greater access to credit facilities and building a credential database for such related purposes.

### 5.1. Significance of Digital transformation

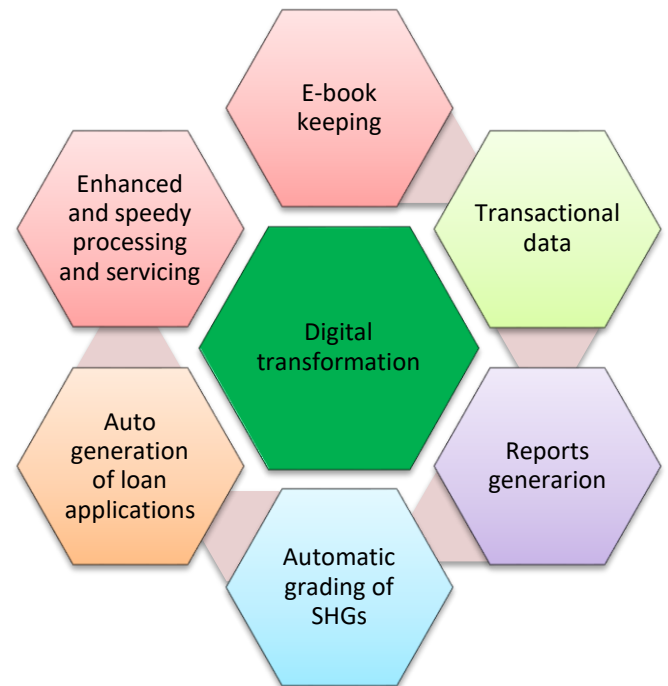


Fig: 1 Digital transformation

Digitalization aims at integrating the SHGs and its members to the financial inclusion program by facilitating a digital platform where all details are updated at one end and at the other end ensuring financial institutions with required details in the prescribed formats. This benefits both SHG and the financial institution equally well. Access to finance is a genuine concern for SHGs to meet their group obligations and plan their group activities. Fortunately digital platforms offer greater transparency and reliability of retrieved reports. All the relevant information are captured at Member level (Name, address, gender, marital status, physically challenge status aadhaar details, voter id card details, mobile number BPL/APL status, membership of any JLG, house type and other financial details like savings bank account number, savings, borrowings & repayment, life/medical insurance etc.) and at SHG level (Name, address, date of formation, sponsoring agency, savings habits, lending policy, bank linkage, utilization of bank credit and its allocation to members, repayment patterns etc.).<sup>[12]</sup>

### 5.2 Digitalization impact

- Generation of various MIS (Management Information System) reports that can be perused

by Financial Institutions for extending credit facilities.

- Ensures transparency as there is digitally generated proofs for every decision to be made at both ends.
- Permits linkage of SHGs with Government programs
- Fulfilment of Financial inclusion agenda at macro level
- Reliable and authentic information for quick decision making which nullifies the chances of turning the loan into a bad one.
- Self Help Groups can plan for future activities readily when funds are available as and when required thus paving way for social progress and economic development.

### 5.3 Digital platforms and Digital initiatives

#### 1. DSK Mobiliz<sup>[13]</sup>

This software application enable the SHGs to maintain all the records of financial transactions in an efficient way. It is a simple and easy to understand application that becomes handy with a basic training program. The software helps these groups to become financially independent by providing access to financial knowledge and to use it for productive purposes.

#### 2. My SHG<sup>[14]</sup>

It is an android based book-keeping product for mobile phones and tablets. The application manages and maintains all the financial records. The application can capture all the details like: SHG setting, meeting attendance, savings, repayment by members, loans received, other receipts, loan to members, repayment by SHGs etc. This enable the groups in making accurate financial decisions and to get involved in various projects by having a concise plan.

#### 3. Shresta scheme<sup>[12]</sup>

State government in Kerala has launched an ambitious scheme called 'Shresta' to integrate – Kudumbasree Self Help Groups' various initiatives with the digital programme for its effective functioning and better performance. Shresta is a special 'Work management and rating software'. This will help the functioning of the Neighborhood groups more effective and transparent.

#### 4. Sahabhazi Application<sup>[15]</sup>

It is an application that is suitable for any kind of clubs to manage their activities and performance track. It can be used by SHGs to manage their activities. It is very transparent and simple to manage. Any group member can created the club/group and thereafter they can set installment amount and loan interest rates. It allows to invite group members and fix administrators for management purpose. It manages the contributions, request and disburse loans, manage loan installments, manage

expenses and income and allows for automatic interest calculation. It does not allow a group to make the accounts management complicated.

#### 5. Bachatgat app<sup>[16]</sup>

It is a multilingual menu-driven software aimed at helping SHGs maintain their books of accounts electronically and at meeting accounting requirements of micro finance providers to the SHGs, such as banks, NGOs and other institutions. Features like generation of grading reports and easy online access to financial status of each group would help minimize the time taken to process grading and economic assistance requests.

#### 6. Eshakti<sup>[10,11]</sup>

EShakti or Digitalization of SHGs is an initiative of Micro Credit and Innovations Department of NABARD, keeping in view the Government of India's mission for creating a digital India. It is a strategic step towards leveraging SHGs for easy access to affordable credit by the poor through the medium of technology. It has proved to be an important digitalization initiative and mechanism in bridging the gap between the savings linked and credit linked SHGs. It enables a one-click availability of social and financial information.

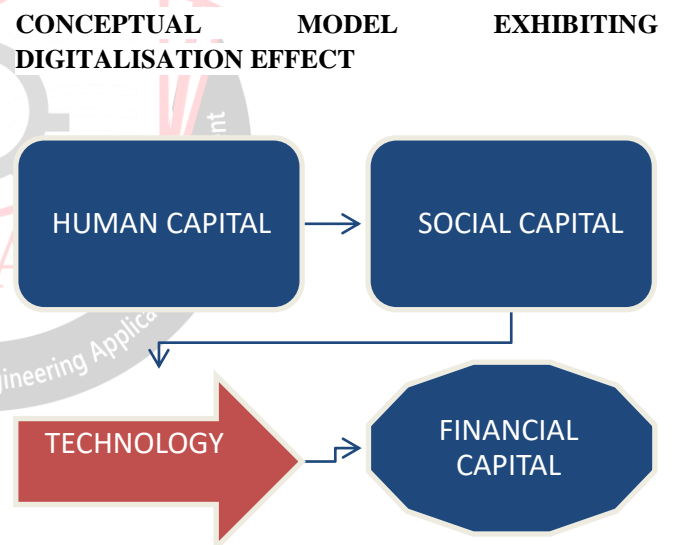


Figure 1 –Catalytic role of Technology (author)

Human capital is the mix of knowledge, habits, personality attributes including creativity, which make an individual able to perform the tasks to attain his goals. Whereas Social capital is the network of relationship among individuals who live and work in a particular society, enabling the society to function effectively. Financial capital is any economic resource measured in terms of money used to buy what is required to make products or to provide services to the sector of economy upon which their operation is based. Here human capital as individual members form groups and forms social capital. With the help of technology they gain greater access to financial freedom by gaining financial

capital. The model depicts the reason why technology is being used at large nowadays in various forms by government or other stakeholders for the upliftment of community groups.

## VI. FINDINGS AND SUGGESTIONS

### 6.1. Findings

Study has revealed that technology has created a space in the activities being carried out by self-help groups through use of various digital platforms and digital initiatives. Also study indicates that many digital platforms are capable of being used by financial institutions for assessing the financial performance and making decision on credit extension possibilities to these groups. Various Enterprise Resource Providers are coming up with different kinds of applications which are user-friendly and multi-linguistic in nature. This has even made the government and educational institutions to put forth certain digital initiatives which integrates the Self Help Groups with financial institutions and make them access the social capital and in return the Self Help Groups to access the financial capital.

### 6.2. Suggestions

Many avenues are awaiting the Community groups to adapt themselves into the technological platform and by making use of these digital initiatives by building the database they get direct access to the credit providers. The concerned authorities (Banks, Government and NGOs) who are sponsoring these Self Help Groups shall administer proper training to the members to remove the inhibitions associated with the usage of digital applications. Proper awareness need to be created among them of adapting to the digital platforms and the reason behind it. It can be through orientation classes and through hands-on sessions. Government shall provide some incentives to those Self Help Groups that make use of digital platforms and initiatives and also the government shall administer tie-ups with technology service providers for making modifications, updations as and when required in the digital platforms and arrange for technical personnel to train the Self Help Groups accordingly. In the due course it will be possible to completely integrate the social capital and financial capital through the technology platform and these groups will suffer less in finding source for satisfying their financial needs. Being technologically capable, they can even find out space in the e-commerce market to find customers for their unique products all over the world. This will ultimately make them financially independent and socially committed.

## VII. CONCLUSION

Technology plays a pivotal role in transforming the face of Self Help Groups and their role in the society. The study concludes that digitalization is the need of the hour and the Self Groups' performance have leveraged through

technological impact. Study proves this by exhibiting the significance of digitalization through a proposed model that integrates social capital to financial capital through the access of technological platforms. Study lists out various digital platforms being used by Self Help Groups in transforming the hard form of data and certain platforms even give access to both the ends, i.e. the seeker of financial capital (Self Help Groups) and the providers (Financial Institutions) thereby making the transaction faster, smoother and easier than before. Digital transformation has enabled the users to retrieve the information in various forms. This is just a beginning and Self Help Groups will definitely be the face of our society in bringing transformation and progress.

## REFERENCES

- [1] Sarkar, D. S. (2016). Technological Innovations in Indian Banking Sector - A Trend Analysis. *Journal of Commerce & Management Thought*, 171-185.
- [2] Ahaskar, A. (2016). Live mint politics. Retrieved from live mint e paper: [www.livemint.com/Politics/m2QJ2ZRmjgebA0Uvdsz7ki/taking-IT-skills-to-themasses.html](http://www.livemint.com/Politics/m2QJ2ZRmjgebA0Uvdsz7ki/taking-IT-skills-to-themasses.html).
- [3] Holeman I, Cookson TP, Pagliari C. (2016). Digital technology for health sector governance in low and middle income countries: a scoping review. *Journal of Global Health*, Vol 6(2).
- [4] Jha Nivedita, Shenoy Veena. (2016). Digitalization of Indian Education Process: A Hope or Hype. *IOSR Journal of Business and Management*, Volume 18, issue 10, 131-139.
- [5] R Shalini, Biswas Mahua. Will digital technology transform Indian Agriculture? *Research in Digital Revolution and New India*, 151-157.
- [6] L Pekka. (2016). Digitalisation of Finland's transport sector. Elsevier, Volume 47, 1-15.
- [7] P Paivi; K Jukka; T Maarit; & T Susanna. (2017). Tackling the digitalization Challenge: how to benefit from digitalization in Practice. *International Journal of Information Systems and Project Management*. Volume 5, 63-77.
- [8] Gaur AD. (2017). A study impact of Digital India in Make in India Program in IT and BPM Sector. Fourteenth AIMS International Conference on Management, 325-331.
- [9] [www.dqindia.com](http://www.dqindia.com)
- [10] [www.nabard.org](http://www.nabard.org)
- [11] [www.eshakti.nabard.org](http://www.eshakti.nabard.org)
- [12] [www.kudumbashree.org](http://www.kudumbashree.org)
- [13] [www.dskdigital.com](http://www.dskdigital.com)
- [14] [www.appbrain.com](http://www.appbrain.com)
- [15] [www.sahabhagi.com](http://www.sahabhagi.com)
- [16] [www.bachatgat.in](http://www.bachatgat.in)