

Impact of SHGs Digitalization on Women Empowerment

Dr. Prathap B N¹, Varshitha G²

¹ Professor & Head, Dept. of MBA & Research Center, East West Institute of Technology,
Bangalore

² Dept. of MBA & Research Center, East West Institute of Technology, Bangalore
worldwideweb05@gmail.com, varshithaji01@gmail.com

Abstract

The digitization of Self-Help Groups (SHGs) has additionally enabled women to broaden their business opportunities and enhance their skill sets, resulting in a rise in entrepreneurial undertakings and enhanced financial independence. Digital platforms have also improved networking and communication among SHG members, creating a more encouraging atmosphere. To completely realize the benefits of digitalization, the project also highlights persistent issues, such as the need for increased digital literacy and technology access. Overall, the findings show that, by giving women the resources and opportunities they require to prosper in the current economy, digitizing SHGs is essential to advancing women's empowerment. The findings show that the introduction of digital technologies into SHGs has significantly increased their efficacy and reach. Digital tools have made financial management within SHGs more efficient, allowing for more effective handling of loans and savings. They have also improved access to resources and market information, empowering women to participate more actively in economic activities and make better-informed decisions.

Keywords: SHGs digitalization, women empowerment, financial literacy, Microfinance.

1. Introduction

Microfinance is rendering the services for low-income level or without access to the typical banking services which reflects its evolution from informal practices to a recognized tool for economic development. It begins with very small loans and antipoverty organization in Brazil called Accion noticed a high prevalence of small, informal enterprises needed funds to expand their business. The Bangladesh Rural Advancement Committee (BRAC) is a non-profit organization in Bangladesh for early micro lender. Bank is the most prominent microfinance institutions of the strongest socially driven.

The success of the early pioneers also demonstrated that MFI can be a sustainable,

business-minded intervention to reduce poverty. MFIs fully cover their operational costs are called as self-sufficient or sustainable where they can serve the poor perceptivity.

1.1 Policies and Regulations in Microfinance

Microfinance Institutions Regulation:

- **Licensing and Registration:** MFIs typically obtained licenses from national financial regulatory authorities. It is done because to ensure the institution standards can be monitored. It includes the Microfinance Regulatory Authority in Bangladesh and RBIs regulations for

Non-Banking Financial Companies (NBFCs) to engage in microfinance.

Prudential Regulations:

- **Capital Requirements:** The regulators must have minimum capital requirements and have enough funds to absorb losses and continue operations. This ensures in maintaining the certain capital adequacy ratio, which the ratio of an institutions capital to risk-weighted assets.
- **Risk Management:** Microfinance is a place to mitigate financial risk that is operational risk, credit risk and liquidity risk. It ensures that systems are effective in regulating audits and assessments.

Non-Prudential Regulations:

- **Interest Rate Caps:** It is to protect borrowers from excessively with high charges only in some of the countries. Hence sometimes microfinance covers the operational costs and limits the abilities. Example- RBI introduced interest cap rates for NBFC-MFIs to balance the affordability and sustainability for borrowers.
- **Consumer Protection:** The measures often include regulations such as transparency requirements, fair lending practices and dispute resolution mechanisms. Example- the Smart campaign focuses on the client protection principles like fair treatment, transparency and prevention over indebtedness.

Regulatory Bodies:

- **Central Banks and Financial Supervisory Authorities:** The specialized financial supervisory authorities regulate many countries

and oversee microfinance institutions. Example – The RBI, the Central Bank of Kenya and the Bank of Ghana etc.

- **Microfinance - Specific Agencies:** The microfinance regulatory bodies address the unique needs of the sector with reference to some countries. Example- the Microcredit Regulatory Authority (MRA) in Bangladesh specifically oversees the microfinance activities.

Social Performance and Impact:

- **Social Performance Standards:** The standards may include the measuring and reporting social performance, ensuring that not only to achieve the financial goals but also to contribute social objectives. Example- the Social Performance Task Force (SPTF) it provides tools for Microfinance Institutions to access and report on social impact.
- **Impact Assessments:** The regular impact of assessments is to evaluate the effective services of microfinance in achieving poverty alleviation.

1.2 Challenges and Criticisms:

- **Impact Variability:** It is widely based on the local context, the design of microfinance program and the characteristics of borrowers. Not all initiatives lead to positive outcomes.
- **Over-Indebtedness:** The borrowers can take various types of loans from different MFIs, leading to over-indebtedness and financial distress.
- **Commercialization of MFIs:** A few MFIs shift from social missions to profit-oriented models has raise concerns about the prioritization to financial returns over the well-being of clients.

1.3 Key Issues with SHGs

- Changing nature of SHGs today: After the SHG the successful program was shown to the world where the Government has decided to use a policy tool. Banks decided to give target loans to SHGs and need to be met in each financial year. And Bank only check where the provided loans to untrained groups. Hence, Self-Help Groups cannot fetch to pay back loans, it reflects the mistake of commercial banks and Authorities, questions are raised on the viability of projects.
- Moral Hazards: The Banks are warned to provide loans at lower interest rates for people living in difficult and if the rate is higher than it can be said moral hazards. And Banks don't bother to go check whether the loan is used in a constructive way.
- Giving credit is mean and not an end in itself: It helps people to come out of poverty and empower them by giving easy loans and end in it. The Government must merge the schemes with skill development and entrepreneurship program.
- Need to expand (to urban areas & excluded states): There is a requirement to extend SHGs to semi-urban and urban areas; it exists as per the statutory provisions based on NABARDs to provide microfinance facilities only to rural and semi-urban areas.
- Infrastructure facilities: There needs of infrastructure and supporting facilities like marketing, credit facilities, etc. and not even proper training development programs.

- Repayment of loans: The banks are affected to provide loans for reluctant to render further with the mind set of social stigma for unproductive purpose.

1.4 Review of Literature

1.4.1 Karunarathne Rasika RA & Praveena D (Feb 2024):

This paper tells about the powerful tools for encouraging women empowerment in India. It takes for collective action and mutual support, leading to significant socio-economic benefits. And addressing about the cultural, operational and financial challenges is essential for maximizing the impact of SHGs. Hence, continued support from policymakers, NGOs is crucial for the sustainable growth and women's empowerment in India.

1.4.2 Vagish Mishra (Feb 2024):

This paper examines the digitalization of micro financial services have revolutionized the landscape of India which explores the evolution, impact, challenges and future prospects of microfinance. It uses the mobile technology has facilitated real-time transactions, reducing the dependency on physical branches also enhancing customer experience by providing 24/7 access to financial services. Continuous updates and regulatory standards are necessary to safeguard the clients and institutions.

1.4.3 Deepa S R and Sonia Delrose Noronha (Jan 2024):

This study focuses on gaining strategy to promote socio-economic development by taking initiatives in SHGs. They facilitate access to microcredit, enable women to start or expand small

businesses and increases economic stability. It aimed at leveraging technology for financial services and market opportunities along with skill development program. Continuous research and evaluation are needed to assess digital initiatives, identify best practices and inform policy program design.

1.4.4 Dr. Suman Devi (Feb 2024):

This paper presents a powerful mechanism by enhancing economic opportunities significantly across the country focuses on social and political dimensions. Women's are engaged in SHG activities to start small scale businesses in contributing financial independence and local economic development. The membership has been linked to

increase in asset ownership among women.

It enhances women's decision-making abilities both with their household and public sphere.

1.4.5 Dr. Annette Christinal and Ms. Amulya GT (Oct 2024):

The study examines economic development and gender equality for accessing banking services and MFIs among various factors like socio-economic factors and legal regulatory constraints. MFIs are crucial in providing small loans to women who lack access for formal banking services. It reduces the poverty alleviation, barriers and financial literacy. Also implements the gender-sensitive policies for empowering women economically and socially improved in financial services.

1.4.6 Madan Survase and Atmajitsinh Gohil (May 2024):

This paper examines promoting financial inclusion and social empowerment among marginalized communities for women in developing countries. The SHGs participation fosters solidarity, mutual support and decision-making which lead to the social bonds and community resilience. It enhances sustainability and scalability is crucial for maximizing growth and achieving the sustainable developmental goals by community development.

1.5 Research Gap:

The above literature review reveals that, majority of the studies have focused on the challenges, difficulties faced by women's in accessing micro finance through SHG's. Only few research papers identified the need of digitalization of SHG's in reaching the financial needs of women's. Some studies focused on the benefit and growth of SHG's after the digitization and impact of digitization on the overall all growth of micro finance. This study is an attempt to identify the awareness level of women's in acquiring financial assistance from digitalization of SHG and also focused on how SHG's digitization have impact on women empowerment by providing quick and immediate financial assistance to women's in Bengaluru urban poor. The study also aims to create the digital awareness for women's in SHGs and sustainable development requirements to standardized in their life and making them confidence in overcoming challenges.

1.6 Problem Statement

It has been considerable research on digital transformation in empowering women, the several research gap are mobile banking and digital payments systems which enables secure and efficient financial transactions. It provides essential skill and knowledge, increasing women competencies and confidence in entrepreneurial activities. Digital transformation not only boosts the economic independence but also strengthens the social and community standing.

1.7 Need for the Study

Digital transformation is the endeavor to grant access to financial assistance and products to individuals and communities (SHGs) comprising members with similar socio-economic backgrounds, often women, who pool resources and savings to promote economic activities and social empowerment. The SHGs has the potential to drive significant positive impacts on prioritize the needs and rights of women's and marginalize group.

1.8 Objectives

- To study the significance of digitalization for SHGs
- To study the effectiveness of digitalization of SHGs in empowering women
- To analyze the impact of SHGs digitalization on women empowerment
- To suggest the measure to increase in the awareness on SHGs digitalization

1.9 Scope of the Study

- The present study will evaluate the performance of SHGs and their impact on socio-economic conditions of women.

- This study is based on facilitating transaction using digital transaction and also focused on evaluating the performance of women's in SHG.
- The geographical focus is Bengaluru which has potential to drive significant positive impacts on prioritize the needs and rights of women's and marginalize group.

1.10 Research Methodology

Type of Research: Descriptive method.

Research Tool: Questionnaire Format.

Sample Size: 115.

Location: Bengaluru

Sources of Data Collection: Data are collected from both Primary Data and Secondary Data. Primary Data: The data collected from the priority of SHG women through the distribution of questionnaires and Secondary Data: Few of the data was gathered from online resources.

Sampling Methods:

- Stratified Sampling Method: It is to sort the probability sampling in which samples are taken from each SHG women's and after split into sub-groups which can aid in ensuring the survey findings are generalizations of the women's.

Limitations:

- This study is limited to the very less sample size.
- The location is limited to SHGs of Bengaluru region.
- The outcomes of the study will be depending on the respondent's opinions.
- This study is limited to six weeks.

The factors identified are:

- Digital Literacy
- Accessibility
- Ease of Service and Products
- Technological Infrastructure
- Sustainable Development

1.11 Data Analysis & Interpretation:

Parameters	Details	No of Respondents	Percentage
Digital devices necessary for SHGs	Strongly Disagree	0	0.0%
	Disagree	14	12.2%
	Neutral	56	48.7%
	Agree	42	36.5%
	Strongly Agree	3	2.6%
Digitalization helps in easy access for SHGs	Strongly Disagree	2	1.7%
	Disagree	16	13.9%
	Neutral	45	39.1%
	Agree	47	40.9%
	Strongly Agree	5	4.3%
Digitalization helped women empowerment	Strongly Disagree	1	0.9%
	Disagree	14	12.2%
	Neutral	38	33.0%
	Agree	57	49.6%
	Strongly Agree	5	4.3%
Digitalization is easy for microfinance services	Very Unaware	1	0.9%
	Unaware	21	18.3%
	Neutral	41	35.7%
	Aware	49	42.6%
	Very Aware	3	2.6%
Accessing microfinance through SHG is positively impacted	Very Unaware	1	0.9%
	Unaware	21	18.3%
	Neutral	28	24.3%
	Aware	62	53.9%
	Very Aware	3	2.6%
Aware of Digital Platforms	Very Unaware	1	0.9%
	Unaware	16	13.9%
	Neutral	34	29.6%
	Aware	56	48.7%
	Very Aware	8	7.0%

1.12 Hypothesis Testing

Statistical Tool Used: CHI-SQUARE

H0: There is no association between SHGs digitalization and women empowerment.

H1: There is an association between SHGs digitalization and women empowerment.

The table showing that the digital services are necessary for SHG activities:

Respondents	No of Respondents	Percentage
Strongly Disagree	0	0
Disagree	14	12.2%
Neutral	56	48.7%
Agree	42	36.5%
Strongly Agree	3	2.6%
Total	115	100.0%

Parameters	O	E (115/5)	(O-E)	(O-E) ²	(O-E) ² / E
Strongly Disagree	0	23	-23	529	23.00
Disagree	14	23	-9	81	3.52
Neutral	56	23	33	1089	47.35
Agree	42	23	19	361	15.70
Strongly agree	3	23	-20	400	17.39
Total (Responses)	115				106.96

Degree of freedom = $n-1 = 5-1 = 4$

Level of significance= 0.05

Table value of Level of Significance and 4 DF = 9

Calculated Value= 106.96

Interpretation:

Here the calculated value is greater than the table value that is $106.96 > 9.488$.

It rejects the Null Hypothesis (H0) and in this study it is concluded that there is an association between SHGs digitalization and women empowerment.

1.13 Findings:

- There is less accessing for the digital literacy which are not used in it and need to gain knowledge on digitalization.
- The majority of women's in SHGs needing help to access microfinance and benefits out of it to standardize their being.
- The digitalization needs to be improved in creating the awareness in usage and for further sustainable development.
- The usage of digital platforms is eco-friendly only for few members in SHG and need to be experienced more by the members.
- Few members of SHG think that whether the digital platforms contain confidentiality which is implemented by Microfinance Institutions.
- Most of the members are promoting sustainable development and getting involved in community activities which enhances their confidence and overcoming the problems.
- The SHG women's need support green loans and grants for sustainable development projects.
- The digital literacy is neutral which is accounted for 56 members and most of the respondents neither agree or neutral which need to provide community programs for creating awareness on digitalization.
- Educational background of SHGs and largest group is PUC i.e. 45 members where they are in the intention of saving money for future.

1.14 Suggestions:

- It suggests that the women's experiences in assessing the impact of gender equality and empowerment which is specifically relevant to women's perspectives. Hence, addressing about the gender inequality and making them understanding the role of SHGs.
- The majority of respondents are for neutral indicating neither agreed nor disagrees that is accounted for the substantial belief that the digital devices for SHG activities. It is the learning towards the acknowledgement of digital devices and large numbers of respondents are in confusion state.
- A substantial awareness among respondents regarding positive impact of microfinance through SHGs on women empowerment and it also varies among the participants.
- The distribution is varying levels of familiarity among respondent's regard data privacy and confidentiality measures in digital microfinance services and positive level of familiarity among respondents in accessing remote support and assistance for digital microfinance services.
- The perceived effectiveness of SHGs is providing financial services through the areas of improvement and engaged with neutral respondents more effectively.

1.15 Conclusion:

The digitalization of SHGs has emerged as a transformative force in women's empowerment. This study has shown the digital platforms and tools which boosts the efficiency in women's. Digital platforms need

to be improved in accessing the information on financial services which enables in decision-making and strategic planning for income-generating activities. The digital banking and mobile money services have facilitated easier and secure transactions which reduce the dependency on cash less transactions. There is less of internet access in rural areas and resistance to technological adoption and is crucial for maximizing the impact of digitalization. Women reported increased in confidence and sense of agency in navigating digital platforms and adapting sustainable development. Therefore, digitalization of SHGs holds the potential for accessing in women's empowerment in India which has made continuous support to address existing challenges and promote digital practices are essential. SHG women can further fostering of economic independence.

1.16 References:

1. Karunaratne Rasika R A, Praveena D, Role of Self-Help Group in Women Empowerment in India, Volume 2 | Issue 2 | February 2024 ISSN: 2583-973X.
2. Vagish Mishra, Digital transformation of microfinance and Digitalization of micro financial Service in india, European economics letter, vol 14, ISSN 1, 2024
3. Deepa SR and Sonia Delrose, A Comprehensive literature review on women's environment in SHGs and digital initiatives, Vol 9, ISSN 1, jan 2024 focused on gender gap and financial literacy.
4. Dr. Suman Devi, Transformative impact of SHGs Empowerment in India, ISSN 1307-1637, Feb 2024, focused on Bank-linkage program and MFIs.
5. Dr Annette Christinal and Ms. Amulya GT, Analysis review on literature on financial included of women in access to banking and MFIs, ISSN 1526-4726, Vol 4, 2 (2024) focused on financial inclusion, banking and microfinance and socio-economic empowerment.
6. Madan Survase 1 and Atmajitsinh Gohil, Empowering Self-Help Groups: The Impact of Financial Services on Social Well-Being, 2024, 17, 217, focused on SHGs, sustainable development goals.