

# Role of NABARD in SHGS with Special Reference to E-Shakti, MEDP and LEDP

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**Abstract**— Microfinance is a banking service provided to low income group people with a purpose to make them independent and self-sufficient who don't have much access to financial services. National Bank for Agriculture and Rural Development (NABARD) through its pilot project e-Shakti initiated the digitization of Self Help Groups (SHGs) in India. Current study is focus on SHGs based livelihood interventions of NABARD and how it is managing the successful enterprises for their livelihood with the help of implementation of two skill development and capacity building programs like MEDP and LEDP. Data for the same has been collected from various reports like Micro Credit Innovations Department National Bank for Agriculture & Rural Development and India filings NABARD. Project e-Shakti focuses on bridging the gap between SHG-BLP space and technologically enabled SHGs.

**Keywords**— Microfinance, NABARD.

## I. INTRODUCTION

Micro finance helps in the recognition of poor people that they are remarkable source of knowledge, skills, energy and capability. They are untapped opportunity which can be used to create markets and for bringing people in, from various locations. Other than this, if required tools are given to them then they can help to develop themselves. Self-help groups are the informal association of persons who decide to come together to search various methods to enhance their living standards. This can also be described as self-governed and self-controlled information group of persons belonging to similar socio-economic conditions and have a desire to perform single purpose by working together. "Millions of women in our hamlets know what unemployment means. Give them access to economic activities and they will have access to power and self-confidence to which they hitherto have been strangers". - Mahatma Gandhi

National Bank for Agriculture and Rural Development (NABARD) through its pilot project e-Shakti initiated the digitization of Self Help Groups (SHGs) in India. The project started with an objective to address specific concerns like quality of bookkeeping of SHGs and assist banks in making informed credit decisions in respect of clusters through Management Information System (MIS). In terms of digitization, the project has covered more than 25 districts and over 1.3 lakh SHGs. This article talks about the various elements of e-Shakti NABARD and the initiative. Expansion of NABARD'S E Shakti program nationally will help in increasing the credit linkage and credit deepening for the self-help groups who are deserving on the basis of their contribution in rural areas. It will also help the banks in

building up their business portfolio related to self-help groups. This single click availability of financial and social information related to millions of rural people across India on a single platform will be proved of commendable significance for many stakeholders. Use of E-Shakti database for making available social security and financial schemes of rural areas and its effect in the e-Shakti district is a fruitful step in the process of financial inclusion.

Difficulty in the maintenance of books of accounts related to SHGs is the main reason behind the need for digitization of all the records of SHGs. Digitization will help in improving the transparency and proper maintenance of record, which will strengthen the SHGs internally. With increasing confidence of banks in such projects could lead to their financial participation in these kinds of projects which will help in reducing the saving gaps and credit linkage by linking e-Shakti with the CBS of the banks using virtual and physical mechanism. It will be helpful in better credit linkage and providing invaluable database of digitized SHGs.

This study is mainly focuses on SHGs based livelihood interventions of NABARD and to study NABARD'S initiation regarding digitizing of Self Help Groups (SHGs) in India through the pilot project, e-Shakti.

## II. LITERATURE REVIEW

In the context of economic development, micro credit programs refer to the expansion of banking financial services for the poor, who find it difficult to gain services like loans of small amount and deposits. When traditional banks are involved, microcredit can be provided in more conventional manner by making poor people as customers of the bank. Government focuses on providing subsidies related to credit programs to reach the poor people, there is proof that these kinds of programs are subverted with the benefits from such subsidies (Dutt, 1991). Many foreign companies are also included in providing microcredit programs for small entrepreneurs to provide access to rural markets by giving credit to small distributors in order to increase its usage for the poor and rural customers (Kripalani and Engardio, 2002). Some researchers have argued that microfinance programs are diverting women's attention from other strategic strategies for empowerment (Ebdon, 1995). Studies have also indicated that the difficulties being faced need to be addressed. Demand perspective in terms of credit delivery and facilitation depend on interest and capacity of the persons applying for the loan. Other studies aim to classify the nature of credit demand, its elements and restrictions in reclaiming credit respect for

developing countries (Karmakar, 2007). Researchers found that the factors including education, total family income, number of dependents and number of women, age all affected their participation in self-help groups. However, conclusions from existing literature cannot be generalized with respect to the poorer sectors of emerging economies. Furthermore, very few researchers have placed importance on the analysis of factors that influencing women's participation in self-help groups (Feroze et al., 2011; Shah and Panigrahi, 2015; Kumar, 2009; Balogun and Yusuf, 2011; Olaoye et al., 2012).

### III. OBJECTIVES OF THE STUDY

1. To know about the SHG BASED LIVELIHOOD INTERVENTIONS OF NABARD.
2. To study NABARD's initiation regarding digitizing of Self Help Groups (SHGs) in India through the pilot project, e-Shakti.

### IV. RESEARCH METHODOLOGY

Current study focuses on SHG based livelihood interventions of NABARD like MEDP and LEDP and other than that Digitization of Self Help Groups (SHGs) in India through the Pilot Project, E-Shakti has also been studied. This study is based on secondary data collected from various reports like Micro Credit Innovations Department National Bank for Agriculture and Rural Development, India filings NABARD and from previous studies related to the SHGs.

#### *SHG Based Livelihood Interventions of NABARD*

NABARD is realizing the bitter truth that there are millions of poor families who don't have access to their livelihood and they don't have any means to earn the income. NABARD is playing most important role of micro finance in alleviating the poverty with the help of creation of livelihoods. It is leading from the forefront in developing the skills and building the capacity of the poor people by creating and enabling an environment for the promotion of their lives. NABARD is pioneer in self-help group bank linkage program which is largest micro finance initiative throughout the world which is woman centric self-managed and known as SHG-BLP popularly. In 1992, it began with 500 SHGs and now it has reached one crore SHGs which covers more than 12 crores poor families across the country as on 31 March 2020.

In spite of such a great success of the SHG-BLP which has enabled millions of SHG members to gain access to the credit and savings, it is not moving to the next level of livelihood opportunities. While finding out the causes behind that it was concluded that SHG member not only lagged in vocational skills but they don't have equipment for meaningful livelihoods. Even income generation activities are also promoted using intensive training and various aspects like demand, finance, management, potential and entrepreneurship etc. to manage these enterprises. Now NABARD is continuously making efforts to address such issues and to support SHG members for setting up and managing the successful enterprises for their livelihood with the help of implementation of two skill development and capacity building programs like MEDP and LEDP.

#### *Micro Enterprise Development Programme (MEDP)*

MEDP was launched in 2016; it's been a decade since its implementation. The main aim behind this program is to increase the capacity of the participants with the help of appropriate skill up gradation in their livelihood activities related to farm and non-farm activities. It also focuses on enriching the knowledge of participants related to enterprise management, rural markets and business dynamics. More than five lakh SHG members were trained with the help of MEDPs as on 31 March 2020. An impact evaluation studies have been conducted to assess the viability of MEDP, which revealed that this program have limited impact of skill up gradation trainings on livelihood of the members. After that it has it has been observed that only optimum benefit have been achieved by MEDPs. These programs need to be organized in groups with the provision of refresher training, hand holding, escort up supports and backward & forward linkages.

#### *Livelihood and Enterprise Development Programme (LEDP)*

The need for a new approach was felt, which ensures end-to-end solutions with participatory and mutual support through collectivization in cluster mode and with a strong focus on outcomes, led to the launch of Livelihood and Enterprise Development Program. LEDP was launched on pilot basis in December 2015 with a view to create sustainable livelihood and get optimum benefits among SHG members by skill up gradation. LEDP is a holistic intervention mechanism conceived to take care of the entire ecosystem livelihood promotion. It envisaged the conduct of livelihood promotion in both agricultural and non-farm activities under project mode in clusters in adjoining villages with provision of intensive training for skills building, refresher training, and backward-forward linkage, handholding for credit and escort support connection.

The broad objective is to identify suitable livelihood activities through participatory approach, to enhance the capacities of SHG members through identification of skill gaps and suitable skill up-gradation, to improve/acquire skills of SHG members to undertake livelihood activities, to increase the income level, credit support of banks.

#### *Digitizing of Self Help Groups (SHGs) in India through the Pilot Project, E-Shakti:*

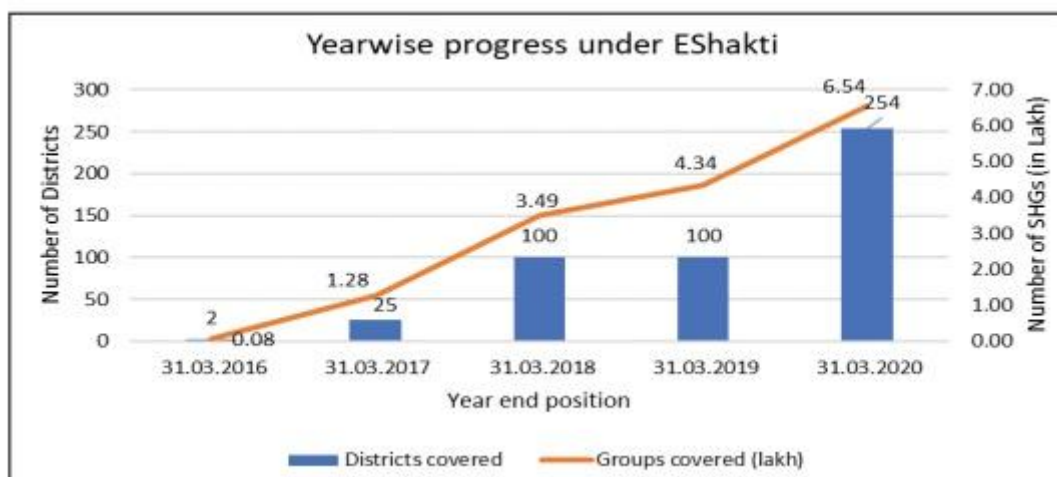
Self-Help Group Bank Linkage Program is initiated by the NABARD in 1992 which works as a landmark model to deliver doorstep banking facilities at affordable prices. It has been started as a bank outreach program, after that it was transcended into a holistic program for the purpose of building social, economic, technological and financial capital in rural India. With the purpose of Government of India's initiative of a Digital India NABARD focused on conceptualizing project e-Shakti for bridging the gap between SHG-BLP space and technologically enabled SHGs into banking with the help of project e-Shakti related to digitization of SHGs records. Project e-Shakti is helping to translate the early mover advantage to its SHG members throughout the country as it can be stated that going digital is the only way to live the life in 21st century. E-Shakti project was carried out in different stages beginning with initial phase i.e. the pilot phase in two

districts of Dhule in Maharashtra and Ramgarh in Jharkhand in 2015. After that it has been expanded to cover 23 more districts in 2016. And after that taking into consideration tremendous results and interest generated among the stakeholders starting from the first two phases, this pilot project was expanded further to 75 more districts in 2017 and after that 150 more districts were taken into consideration in 2019. As of now this project is covering 254 districts in 26 states and two union territories. This project captured branch wise, bank wise and block wise information related to current SHGs in the selected districts. Profile of the members related to their social background, demographic and financial profile with member identification details like voter ID etc. are also captured and then uploaded on e-Shakti website. This database also captured financial transactions done within the group and with banks. Thus this data generation provided reliable and up-to-date information on all the SHGs and its members to

various banks and other stakeholders, that data helps them in taking proper decisions related to credit and policy quickly.

Digitization helps in addressing the issues like quality of book keeping, credit histories, multiple memberships of SHG members and in providing grade based report of any SHGs on the basis of its financial and non-financial databases to all the stakeholders. This particular project operates on one portal e-Shakti NABARD and two mobile apps e-Shakti app and he Shakti tracker app which makes the SHG and their members more accessible to banking services like bank credit and also help in empowering them by giving access to the bank accounts owned by them and other details using their mobiles. It can be rightly called “e-Shakti” which is empowering people through digital mode.

*Journey of e-Shakti so far*



Source: Micro Credit Innovations Department, NABARD 2019-20

As on 31 March 2020, e-Shakti project has covered 6.54 lakh SHG’s including 7.54 lakh rural families in each corner of the country. A very important indicator to show the success of project e-Shakti is increase in the bank credit to meet the requirement of credit of the rural poor people. This e-Shakti project has strengthened the financial inclusion program started by the government by including government social security schemes like PMJJBY, PMSBY, PMJDY and API etc. The data collected for e-Shakti has been used to enroll SHG members in above-mentioned schemes, this result into enrolment of more than 4 lakh new accounts. Financial inclusion drive results in capture of 10.05 lakh new and existing data accounts. For further leveraging e- Shakti data, credit intensification drive has been initiated to improve coordination with banks, to increase the visibility of the E-Shakti project and to enhance the credit linkage in various districts focuses on implementing E-Shakti from January 2020 to March 2020.

The ultimate objective of the e-Shakti program is to digitize all the active SHGs operating at the country level in an incremental manner. The single most important aspect of the

success of this project is regarding updating of data on real-time basis as e-Shakti Project gains scale and momentum and using this database to increase the credit. Tie ups and collaborations with NRLM/SRLMs, banks and other organizations working with Self-Help Groups are running to avoid duplicate efforts and for promoting the conservation of available resources. E-shakti project is currently hosting financial, social, demographic and livelihood data of around 6.54 lakh SHGs is and putting efforts to make the policymakers, banks, e-commerce companies, state government departments and healthcare companies to leverage this big repository of data to help rural population in gaining the advantage.

Therefore one of the future strategies of e-Shakti is to focus on the communication of technological innovations for the establishment of e-Shakti platform as user friendly, robust and output oriented” One Stop Solution on digitization of SHGs.

## V. CONCLUSION

Micro finance helps in the recognition of poor people, they are untapped opportunity which can be used to create markets and for bringing people in, from various locations. "Microfinance recognizes that poor people are remarkable reservoirs of energy and knowledge, posing an untapped opportunity to create markets, brings people in from the margins and gives them the tools with which to help themselves. ~Kofi Annan". NABARD is continuously making efforts to support SHG members for setting up and managing the successful enterprises for their livelihood with the help of implementation of two skill development and capacity building programs like Micro Enterprise Development Program and Livelihood & Enterprise Development Program. With the purpose of Government of India's initiative of a Digital India NABARD focused on conceptualizing project e-Shakti for bridging the gap between SHG-BLP space and technologically enabled SHGs into banking with the help of project e-Shakti. Core objective of the e-Shakti program is to digitize all the active SHGs operating throughout the country level in an incremental manner.

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