

Catalysing Grassroot Empowerment: SHGs and Digital Business Transformation

Dr. Jaya Prem Manglani

Associate Professor, Department of Accountancy, H.R. College Of Commerce and Economics, Mumbai-400020

Email: jayamanglani@hrcollege.edu

Abstract: In an era of rapid advancement of digital technologies, the transformative & dynamic change and adaptation to such changes can also be seen in the context of Self-Help Groups (SHGs). Self-help groups (SHGs) are informal associations of people with similar socio-economic backgrounds who desire to perform collectively and find ways to improve their living conditions with collective efforts. These community-based organizations, primarily consisting of women, have emerged as powerful instruments for grassroots development and empowerment. There is a strong belief that technology can be pivotal in enhancing inclusivity and economic growth within these communities.

SHGs are engaged in several activities, such as household food manufacturing, agricultural processing, garment manufacturing, jewelry making, and various service jobs. In addition to training and handholding, NABARD supports SHGs with access to bank loans for livelihood activities and market linkages wherever possible. These activities not only supplement the primary source of income in the households but also empower women, raising their status within the families and society. The women in SHGs have embraced technology platforms for social involvement and financial transactions. Digital technologies can empower SHG members in various ways, increasing income and economic opportunities. The impact of digital technologies on income generation in self-help groups (SHGs) can be substantial and transformative. Their adaptability and innovation capacity, including leveraging digital technologies, make them a valuable asset in a dynamic environment.

This paper reveals the multifaceted ways digital technologies are reshaping the landscape for self-help groups. It seeks to answer critical questions: How do digital technologies empower SHGs to generate income? What are the challenges and opportunities in this transformation process? What implications does this hold for policymakers, development practitioners, and the broader community of stakeholders committed to fostering inclusive growth? The answers to the above questions help to understand the path toward the economic empowerment of self-help group communities, indicating a business transformation and social transformation driven by the combination of grassroots resilience and digital innovation. This research paper titled "Catalyzing Grassroots Empowerment: SHGs and Digital Business Transformation" explores the impact of digital technologies on income generation, financial inclusion, and reducing socioeconomic disparities to bring overall prosperity within Self Help Groups.

Keywords: SHG, Digitalization, Business Transformation, Women-Empowerment, Self-reliant, Inclusive growth

INTRODUCTION

Self-help groups (SHGs) are widely acknowledged as an effective tool for promoting financial inclusion, women's economic involvement, and poverty reduction, especially in low-income and excluded areas. These groups are people

committed to collective empowerment for better socioeconomic status and progress, as well as common financial goals.

India's SHGs are placed under the Priority lending Sector by RBI, —the women-led self-help groups (SHGs) are disbursed

billions of rupees annually, according to the Economic Survey 2022–2023. India has 12 million SHGs registered and 88% have only female members, according to NRLM data in 2022. These groups should have included at least five members. These organizations were connected to banks in 1992 as part of the SHG Bank Linkage Project, which allowed them to apply for small loans to pursue livelihood opportunities like raising livestock or opening a sewing shop. The world's largest microfinance scheme is thought to be run by SHGs through its funding operation. The Economic Survey 2022–2023 cites data from SHG-BLP, which shows that 142 million families have savings deposits totaling Rs 47,240 crore. More than 96% of SHGs' bank repayments have been paid on time, indicating their reliability and credit discipline.

NRLM aims to raise the income of each Self-Help Group (SHG) to Rs 1 lakh by 2024, as per government targets. The main tactic is microfinance, along with the development of livelihoods. The government raised the maximum amount that SHGs could borrow without collateral in 2021—from Rs 10 lakh to Rs 20 lakh—as part of the COVID-19 epidemic stimulus package. 68.5 million families and 6.3 million women's self-help groups benefited.

The digital economy has become a game-changer, providing fresh and creative ways to restructure businesses and promote equitable growth. Combining digital technologies and self-help organizations offers a promising chance to unleash these communities' untapped potential and achieve economic empowerment. It is crucial to look into how these technologies might improve neglected areas and spark company transformation in an era characterized by technological innovation and digital disruption. Through utilizing self-help groups' collective strength and the digital economy's potential, it is realistic to foresee a future in which financial inclusion becomes a reality, economic possibilities are democratized, and poverty is substantially decreased. This research study, *"Catalyzing Grassroots Empowerment: SHGs and Digital Business Transformation"* examines how digital technologies affect self-help groups' ability to generate revenue, provide financial inclusion, and enjoy general prosperity.

DIGITALISATION & SELF-HELP GROUPS (SHGS)

SHG has successfully empowered its members and contributed to economic development and social upliftment. These SHGs have shown exemplary performance in various sectors, including agriculture, entrepreneurship, and crafts.

While it's challenging to highlight specific SHGs due to their vast number and diversity, here are a few examples of successful SHGs in Maharashtra: Most of the SHGs like **Ranvata SHG in Ahmednagar, Sakhi Mandal in Beed, Kalapathar SHG in Pune, Navjeevan SHG in Aurangabad, Swayam Siddha SHG in Nandurbar**, have adopted effective marketing through online platforms and local exhibitions. Their success can be attributed to skill development and access to microfinance facilities. All successful SHGs have embraced e-commerce and digital payment solutions to connect with a broader market and increase their income. **Shashwat SHG in Solapur district, Pragati SHG in Raigad & Vidya SHG in Thane** has effectively harnessed digital technologies for marketing their agricultural produce and excelled in organic farming. Their commitment to sustainable agriculture practices and organic certification has helped them access premium markets and improve their income. These SHGs' success results from practical collective efforts, access to training and credit facilities, to adapt to changing market conditions and technologies.

Self-Help Groups (SHGs) in Mumbai

Mumbai, a major metropolis in India, has numerous Self-Help Groups (SHGs) specializing in entrepreneurship, social development, and economic empowerment. A few examples of successful SHGs in Mumbai are **Prayas Charitable Trust**, have successfully marketed products through local exhibitions and online platforms of several women's SHGs that have been involved in making and selling products such as handmade jewelry, traditional crafts, and textiles. **Gharkul Foundation** has been instrumental in promoting financial inclusion through SHGs in Mumbai through financial literacy. **The Ant** comprises women artisans who create handmade and eco-friendly products. The group's success is attributed to its ability to access premium markets for its products through sustainable and environmentally responsible practices. **Mann is** a Mumbai-based SHG that focuses on social development. They have undertaken several community development projects, including education and health initiatives. Their impact is felt through their local communities' improved quality of life. **Snehi** is a youth-led SHG in Mumbai that has been successful in empowering young people through various programs, including skill development, career counseling, and entrepreneurship training.

Srujan - is a craft and art SHG in Mumbai that specializes in producing unique and traditional handicrafts. They have successfully marketed their products both locally and internationally, contributing to the economic empowerment of their members. **Vatsalya Foundation** works with SHGs in Mumbai to improve health and education outcomes in underserved communities.

Pukar: understand the challenges SHG women face in the M-East ward - an area that has consistently recorded the lowest Human Development Index (HDI) for Mumbai - in a competitive market, with a particular focus on the jewelry/accessory manufacturers.

MAVIM: MAVIM implements various women empowerment programs through Self Help Groups (SHGs) to enable marginalized women to access sustainable livelihoods." The **Tejaswini Maharashtra Rural Women Empowerment Program** has been implemented with the assistance of the Government of Maharashtra and IFAD (International Fund for Agricultural Development). Mavim provides stability and sustainability to the SHG movement based on the following four work components.

- Grassroots Institution Building
- Micro Finance Services
- Livelihood & Micro Enterprise Development
- Empowerment of Women (Social equity)

Digital technology and Digital fluency play a major role in achieving gender equality, enabling communication and networking on a global scale. Digital technology has disrupted the payment system and businesses by bridging gaps and access to resources, especially for rural women.[1] The IT sector, making use of the proliferation of digital network connectivity to the most remote rural locations in India, has helped to create large-scale employment opportunities for rural women, specifically in the post-COVID scenario. Successful SHGs often share common traits, including effective management, access to training and resources, and the adaptability to chase opportunities.

OBJECTIVES OF THE STUDY

This Study helps to understand the role of digital technology in developing sustainable SHGs through digital transformation. This Study shows how the combination of

technological advancement and grassroots resilience drives social and corporate transformation, ultimately empowering communities of self-help groups economically. It also describes the function of legislators and the stakeholder community dedicated to promoting inclusive growth.

1. To assess the role of Digitalization in promoting the financial inclusion of SHG members by bringing marginalized populations into the formal financial system.
2. To analyze the impact of the Digitalization of Women empowerment of the members of SHG.
3. To evaluate the role of Digitalization on the Inclusive growth of SHG members.

Hypothesis of the Study

1. H₁: Digitalization's significant role in promoting financial inclusion of SHG members who belong to marginalized populations into the formal financial system.

H₀: Digitalization has no significant role in promoting the financial inclusion of SHG members who belong to marginalized populations into the formal financial system.

2. H₁: Digitalization positively impacts the empowerment of women members of SHG.

H₀: Digitalization has no impact on Empowering women members of SHG.

3. H₁: Digitalization positively impacts the inclusive growth of the members of SHG.

H₀: Digitalization has no impact on the inclusive growth of SHG members.

RESEARCH METHODOLOGY

The research design is mainly descriptive. The study was based on Secondary and Primary data. The Secondary data has been collected from various articles, research papers & Reports related to Women-Empowerment, RBI, NABARD, MAVIM, NRLM, Digital India, and Economic Survey 2022. The Primary data has been collected from the SHG members in Mumbai using Convenience & Snowball sampling.

Sample size: 80 respondents

Sample design

The researcher collected data from members of SHG using Convenience and snowball sampling. After collecting 85 questionnaires from various respondents, 80 questionnaires were used for further analysis.

Tools used for the Study.

Simple statistical tools, percentages, and weighted Mean Scores are used for data interpretation and analysis.

REVIEW OF LITERATURE

Digital India provides high-speed internet networks to rural areas. The following initiatives of this mission are available to everyone which will cater to the development of the rural regions

1. **Digi Lockers** – 'Digital Empowerment' to access to authentic digital documents
2. **E-Hospitals** – Hospital Management Information System (HMIS) to connect patients, hospitals, and doctors through a single digital platform. 420 e-Hospitals have been established
3. **E-Pathshala** – Developed by NCERT to disseminate all educational e-resources through a website and mobile app.
4. **BHIM** – Bharat Interface for Money is an app that makes payment transactions simple, easy and quick using Unified Payments Interface (UPI)

The SHG program emerged in the early 1990s through Reserve Bank of India guidelines encouraging the nationalized commercial banks to lend to informal SHG groups and actively promoted by the National Bank for Agriculture and Rural Development (**NABARD**). The SHG program links the poor through NGOs, banks, and government officials. The program features regular meetings, frequent repayment installments, small loan sizes, and savings supplemented by training from SHGs. These include basic literacy, primary healthcare, marketing, family planning, and occupational skills

Amutha (2011) found that Self-help groups have been studied to increase the effectiveness of woman-owned businesses. They increase mutual trust, and group cohesiveness, among other

attributes. Self-help groups have been empirically found to improve socioeconomic status in rural India.

Sanyal (2009) found economic ties among members to promote social capital and normative influence. Self-help groups develop communication skills for poor women in India.

Pangannavar (2012) Improves communication skills with access to banks, required for successful micro-entrepreneurs and self-reliant women in all respects.

Himakshi Goswami (2016) said that the government aims to ensure that the govt. Services are made available to citizens electronically by reducing paperwork.

Women's EMPOWERMENT as defined by USAID Gender Equality Policy 2020, is the state in which women can act freely in society, exercise their rights equally to that of men, and fulfill their potential as equal members of society, such as to determine their life outcomes, assume leadership roles and influence decision-making in households, communities, and societies. This is synonymous with the strengthening of digital infrastructure in rural areas among the various schemes launched under Digital India, the Bharat Net program aimed at establishing a high-speed digital highway to connect all 2,50,000-gram panchayats. The impact of Digitalization would lead to an increase in employment opportunities, Improvement in standard of living, and Reduction in Risk and Uncertainty leading to self-reliance.

Parul Agarwal and Pallavi Mathur (2017), in the Study titled "Self-Help Groups: An Exogenous Women Empowerment Strategy in India," explained that women's empowerment is the key to the overall development of the Nation. They studied how the SHG model relates to women's Empowerment. They used Kabeer's Conceptualization of empowerment in putting forward their argument that SHGs provide women empowerment and are a strategy for Indian women.

Data Analysis and Interpretation

The data collected from primary sources are presented, analyzed, and interpreted for the study's hypothesis. It has findings based on simple statistical tools and hypothesis testing.

Demographic distribution of Respondents

All the respondents are women and 80 % of respondents belonged to the age group of 30 to 50. 25% have

acquired various skills for Parlour, Cooking, Packing, Stitching, and others. Their income level was between Rs.10,000 to Rs. 20,000 approximately.

Table 1: Age-wise distribution of Respondents

Age Groups	Total	Percentage
Less than 30	16	20
30 to 50	64	80
Total	80	100

Table 2: Education Level of Respondents

Age Groups	Total	Percentage
S.S.C	20	25
H.S.C	28	35
Graduate	12	15
Skill Development	20	25
Total	80	100

H1: Role of Digitalization in promoting financial inclusion of SHG members who belong to marginalized populations into the formal financial system.

The data findings show that all respondents had bank accounts, and 90 percent were active on digital platforms for transfer of money. The digital infrastructure on which the digitization process relies must be stable and widespread for SHGs to transition successfully hence the digital infrastructure was

assessed to find the availability of Internet, Network, Smartphone, affordability (to buy a smartphone and pay Internet charges) and usage of Digital platforms. Digitalization expands the reach of financial services, making it easier for individuals, particularly those in remote or low-income areas, to access and benefit from the formal financial system. This promotes financial inclusion access to economic opportunities, reduces poverty, and fosters economic growth.

Table 3: Impact of Digitalization in promoting financial inclusion of SHG members who belong to marginalized populations into the formal financial system.

SA: Strongly Agree, AG: Agree, N: Neutral, DA: Disagree, SDA: Strongly disagree
 Constructs related to Financial Inclusion

Constructs related to Financial Inclusion	SA	AG	N	DA	SDA	Weighted Mean
Improvement in Book-Keeping Abilities	40	24	4	8	4	4.1
Increase in Income	30	34	8	4	4	4.025
Having Saving Account	80	0	0	0	0	5
Invested in Fixed deposit/Post	40	4	8	12	16	3.5
Invested in Recurring Deposit	34	30	4	8	4	4.025
Purchased Insurance (Term/Health)	10	10	20	20	20	2.625
Ease in Receiving loan	44	24	8	4	0	4.35
Access to Government Schemes	48	20	4	4	4	4.3
Digital Payments	52	20	8	0	0	4.55
Improvement in Bargaining Power	44	24	4	4	4	4.25

Financial Inclusion has been studied based on 10 Parameters. All have a mean of more than 3, except Insurance; hence there has been a positive impact, but the importance of insurance must be focused, and tailor-made products to suit their needs must be introduced.

Book-keeping abilities, Income level, and savings had a high impact and improved considerably. The qualitative analysis

highlights Smartphone penetration and affordability remain low. The cost of digital devices, while on the decline, still places them outside the reach of a typical group member. In addition, a lack of awareness of usage and the value proposition inhibits the widespread adoption of smartphone devices within the community. Accordingly, only one smartphone is available in the family. The adoption of technologies to enable the use of

digital payment media becomes more attractive as more social peers use them as well. Network and internet connectivity should be reliable to ensure payments and disbursements are processed in a timely fashion. This is also crucial to maintain the trust of SHG members as they interface with program implementation agencies digitally. Digitization efforts across the study mainly focus on digital Management Information Systems (MISs), including financial, transaction, and program MIS components.

Impact of Digitalization on Women's empowerment/Inclusive growth of the members of SHG.

The Study deals with the examination of the level of impact of Digitalization on Women empowerment of the members of SHG which the respondents observed after usage of digital applications. The impact of Digitization was evaluated on 13 parameters which were identified by speaking to members.

Table 4: Level of Impact of Digitization on Respondents (Members of SHG)
SA: Strongly Agree, AG: Agree, N: Neutral, DA: Disagree, SDA: Strongly disagree

Constructs related to Activities of Impact	SA	AG	N	DA	SDA	Weighted Mean
Improvement in communication skills	44	24	4	4	4	4.25
Improvement in health and well-being	34	30	4	8	4	4.025
Improvement in Confidence level	44	12	16	4	4	4.1
Networking and Collaboration	34	24	14	4	4	4
Market Access and E-commerce	40	12	8	12	8	3.8
Skill Development and Training	44	10	4	13	9	3.8375
Recognition in Family	35	10	8	12	15	3.475
Reduction in Gender Based Violence	14	10	34	20	12	3.3
Awareness of Social Issues	24	10	14	20	12	3.175
Leadership opportunities	24	10	14	18	14	3.15
Participation in community development	20	10	17	20	13	3.05
Improvement in social status	20	10	10	17	23	2.8375

Out of all,80 respondents using digital applications were asked to rate the activities showing impact on their lives on a five-point Likert scale, the impact level has been analyzed by calculating the weighted mean. Improvement in Confidence level, communication skills, family recognition, social issues, decision-making, and social status had a moderate impact. Women should be encouraged to take up entrepreneurial activities by giving them proper guidance and developing their business skills. Women empowerment to a great extent depends upon the economic empowerment of women.

Hypothesis testing

The weighted average mean score of all constructs is greater than 3 except Improvement in Social Status hence null hypothesis is rejected. The alternate hypothesis that there is an impact of digitalization on the inclusive growth of members of SHG is accepted. Also, the hypothesis that digitalization has led to women's empowerment is accepted.

There has been improvement in the facilities related to health, well-being, and overall development of SHG members. Members have been provided with leadership opportunities and have also contributed to community development.

CONCLUSIONS

In India, particularly in Mumbai, where many migrate for studies, and employment to make their career, there is a requirement for various day-to-day services like food, and help

with cleaning, cooking, driving, etc. There are ample opportunities for SHG members to operate on various digital platforms and improve their financial and social status, SHG members share their problems and help each other in times of need. Member of the SHG said their status was more independent as their husbands also engaged in their activities and supported them with their household work. To make them self-reliant they must be provided adequate health, life, and personal accident insurance, and must be supported by pension schemes.

Digitalization and the use of digital technologies have emerged as powerful tools for advancing sustainable development worldwide. The integration of digital solutions holds the potential to address many of the complex challenges as per the United Nations' Sustainable Development Goals (SDGs). These technologies enable improved access to information, healthcare, education, and financial services, while also fostering innovation and economic growth. Moreover, Digitalization can enhance environmental sustainability, increase efficiency, and provide valuable data for informed decision-making in various sectors. The integration of Digitalization with SHGs not only empowers women economically but also enhances their self-esteem, decision-making abilities, and overall quality of life. The ripple effect of women's empowerment through SHGs and Digitalization extends to families, communities, and society as a whole, creating a more inclusive and equitable environment.

REFERENCES

1. Paromita Sanyal (2009) "From Credit to Collective Action: The Role of Microfinance in Promoting Women's Social Capital and Normative Influence", *American Sociological Review*, Vol. 74, No. 4 (Aug. 2009), pp. 529-550 (22 pages), published by: American Sociological Association
2. Bali Swain, Ranjula & Varghese, Adel. (2010). *Microfinance 'Plus': The Impact of Business Training on Indian Self-Help Groups*. Working paper series, Department of Economics, Uppsala University.
3. Amutha, Das. (2011). *Socio-Economic Impact through Self-Help Groups*. 2.
4. A Pangannavar, A.Y. (2012) "Self-help Groups (SHGs) and Women Empowerment in India" @ 9788177083255, New Century Publications, <https://books.google.co.in/books?id=OfSQMAEACAAJ>
5. Goswami, Himakshi. (2016) "Opportunities and challenges of digital India", *international education and research journal* ISSN no. 2454-9916.
6. Mathur, Pallavi & Agarwal, Parul. (2017). *Self-help group: A strategic tool for women empowerment*. *Pertanika Journal of Social Sciences and Humanities*. 25. 837-849.
7. Satpathy, S. (2017). *Access to Microfinance: A Review of the Existing Literature*. Account and

8. Richa G. et.al (2019) Moving from Cash to Cashless Economy: - A Study of Consumer Perception Towards Digital Transactions, International Journal of Recent Technology and Engineering (IJRTE) ISSN: 2277-3878 (Online), Volume-8, Issue-1, May 2019,1220, Blue Eyes Intelligence Engineering & Sciences Publication Retrieval Number: A9218058119/19@BEIESP, www.ijrte.org
9. M., Dhanamalar; S., Preethi; and S., Yuvashree (2020) "Impact of Digitization on Women's Empowerment: A Study of Rural and Urban Regions in India," Journal of International Women's Studies: Vol. 21: Issue. 5, Article 11, Available at: <https://vc.bridgew.edu/jiws/vol21/iss5/11>
10. https://www.oecd.org/swac/data-and-dialogue/gender-west-africa/USAID_GenderEquality_Policy_2020.pdf
11. <https://www.downtoearth.org.in/blog/economy/economic-survey-2022-23-special-mention-of-women-self-help-groups-will-it-translate-to-largesse-87404>
<https://timesofindia.indiatimes.com/blogs/voices/digital-learning-paradox-and-women-empowerment/>
12. <https://digitalindiainsight.com/9-pillars-of-digital-india/>