



Enhancing the productivity of Small Scale Women Entrepreneurs and Small Farmers availing Microfinance services through Self-Help Groups – The emerging role of Information and Communication Technology (ICT)

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Abstract: *The mechanism of Self-Help Group based Microfinance has been very dominantly used over the last few decades across various parts of the world to alleviate poverty and empower women including developing countries like India. Microfinance based SHGs provide customized financial services to the members who use these loans for productive purposes. A majority of the beneficiaries use these loans for enhancing their farm based activities and setting small enterprises which are engaged in activities like candle making, pickle making, handicrafts etc. The SHG movement which has seen a noticeable growth over the past couple of decades has coincided with the emergence of Information and Communication Technologies (ICT), which have revolutionized the way business is conducted worldwide. In such a scenario, it is interesting to explore the potential role that ICT can play in enhancing the productivity of Women's cooperatives and small farmers who avail micro-finance services through self-help groups. The present working paper tries to explore this aspect in context of a developing country like India relying heavily upon an extensive review of literature on the subject and information gathered from interviews and focus group discussions with NGOs project coordinating staff and SHG group members.*

Keywords: *Self-Help groups (SHGs); Microfinance; Information and Communication Technology (ICT); Poverty alleviation; Small Farmers; Women empowerment; India*

I. Introduction to Self-Help Groups (SHGs)

Self-Help Groups (SHGs) refer to a voluntary association of members who belong to the same socio-economic backgrounds coming together to solve their problems based upon mutual help and collective help (Chakravarty and Jha 2012). The reasons behind the formation of groups to solve common problems are that poor people usually find it extremely difficult to solve their problems alone, but once they form groups they feel empowered to solve their problems in a more effective manner with confidence (Kumar, 2006). In India a majority of the self-help groups consist of poor rural women who become a part of the SHGs to enhance their socio-economic status by engaging themselves in productive pursuits (Lalita and Nagrajan, 2002; Chandrashekhar and Lokesh, 2009; Fernandez, 1998). Over the last few decades the mechanism of Microfinance, which essentially refers to the provisioning of financial services to low-income client groups has seen a rapid growth with banks and other institutions joining in to provide financial services to the poor and marginalized sections of the society (Hume, 2000; Cheston and Kuhn, 2002). Non-Government organizations (NGOs) act as intermediaries in the process of benefiting SHG members through microfinance services offered by banks and other institutions. They organize groups of poor rural women and liaison with the banks and other financial institutions to facilitate the savings and credit facilities to the members and work in close coordination with the groups. A majority of the SHG members have a farming background and they are engaged in farming in small pieces of land (usually one acre or less). Apart from these, some participants are also engaged in small enterprises like pickle making, candle making, handicrafts etc utilizing the loans received from the groups to enhance their incomes.

This paper tries to focus upon the role that ICT can play in enhancing the productivity of SHG members engaging in the above mentioned pursuits by offering them advantages in terms of expanded reach and timely information which can prove to be extremely beneficial in ensuring that they maximize their returns from the loans taken from the groups.

II. Information and Communication Technology (ICT): Concept, Meaning & Significance in context of SHG members

The term ICT is a very generic term which includes a large number of technologies which offer a great deal of scope and opportunities for innovation and improvisation. There are a wide range of technologies ranging from

familiar ones like radios and cell phones to more sophisticated and specialized ones like computer-based record keeping systems and Global Positioning Systems (GPS)(De and Ratan, 2009; Parikh *et. al.* 2006; Nimbalkar and Berad, 2014).

The present paper focuses and concentrates upon those technologies that possess the potential to cater to a large number of beneficiaries availing micro-finance services through SHGs in developing countries like India. Each technology is unique in terms of the benefits its offers to the users and they therefore have different limitations as well. So, each technology needs to be considered uniquely in its own terms with the objective of benefiting members of SHGs who are in to small farming and other small enterprises.

III. ICT: Benefits & Pitfalls for SHG Members in India

The major benefits that ICT can provide to the members of the SHGs are that firstly the use of simple technologies like mobile phones can be extremely handy for the small farmers and women small scale entrepreneurs to remain connected with the market in a very convenient manner without having to physically visit the places for the purpose of getting information as it is very inconvenient for them owing to poor transport facilities in most parts of rural India. Having access to mobile phones will facilitate the women to exercise greater freedom in terms of exercising their choices and they will be in a position to pick and choose where to sell their products with maximum returns. Similarly, the small farmers can gather vital information regarding their cultivation activities through mobile phones from multiple sources without having to go there physically which would offer convenience and low costs to them and maximize their returns.

Further, speaking of SHGs in general, to which the members engaging in farming and small scale entrepreneurial activities belong to may leverage the benefits offered by ICT through improved accounting and administration that use of computers and software for that purpose bring in. The interactivity offered through the use of ICT can go a long way in making the lives SHG members easier as they can get in touch with respective call centre to resolve their queries within very quick time. However, the spread of ICT in rural India has been very limited owing to certain factors like lack of literacy and awareness about the enormous benefits that these tools can bring in and therefore ICT is not being leveraged to the fullest extent possible in these parts of the world.

IV. ICT and SHGs: The way ahead

In light of the above discussion it can be asserted with a reasonable degree of confidence that if utilized ICT has a very vital role to play in enhancing the productivity of small farmers and entrepreneurial women who are members of SHGs and utilizing the loans to enhance their incomes from these activities. It is about time NGOs looked into this aspect and ensure that literacy and awareness regarding the potential of ICT be enhanced. They should look in terms of feasibility and earmark funds for encouraging the use of ICT among the SHG members and make them aware about how this is going to benefit them in the long run. Policy makers, program implementers and other stakeholders need to seriously consider the potential of ICT as a viable option for enhancing the productivity of SHGs.

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