



“ESHAKTI”

NEW ERA OF DIGITIZED SHGS AND BANK LENDING

SHYAM KAGWAR Chief Manager (Research) SBICRM, Gurugram

1. INTRODUCTION “ESHAKTI”:

The National Bank of Agriculture & Rural Development (NABARD) launched a project called “EShakti” for digitisation of all Self Help Groups (SHGs) and its all members in the country in year 2015. The project was also a strategic step forward towards the Government of India's mission for creating a Digital India.

The prime objective of EShakti project is digitisation of social and financial data of all the SHGs and their members. It also brings micro credit and financial inclusion on digital platform making it more transparent and wider accessible for financial services. EShakti captures the financial and non-financial including demographic profiles of all members of SHGs, including their identification data like Aadhaar and EPIC (Electors Photo Identity Card).

In Phase – I during year 2015, the project was rolled out initially in two districts namely Ramgarh (Jharkhand) and Dhule (Maharashtra). In Phase-II during year 2016, 23 more districts across the country were included in the project. In Phase-III during year 2017, the project was further expanded to 75 more districts and took the coverage to 100 across 22 states and 1 UT. The Phase-IV is being planned to roll out the project in another 150 districts.

EShakti also won the (Association of Development Financing Institutions in Asia and the Pacific) ADFIAP’s ‘Outstanding Development Project Awards’ 2019 under the Financial Inclusion Category.

The project now covers 100 districts in 22 states and 1 Union Territory across all over India and has covered following number of villages, SHGs, SHG members, women members, bank branches, implementing agencies and cumulative savings **as on 20.01.2020** :



S. No.	Particulars	Number
1.	Villages Covered	70,705
2.	SHGs covered	4,86,899
3.	Number of SHG Members	53,73,909
4.	Number of Women SHG Members	52,06,517
5.	Bank Branches involved	14,177
6.	Implementing Agencies	518
7.	Cumulative Savings	Rs. 2,708.20 crore

The project is expected to cover around 71 thousands villages, digitize around 5 lakh SHGs, benefitting 55 lakh SHG members and mobilising Rs. 3,000 crore cumulative savings by end of FY 2019-2020.

There are 10 states, where EShakti project is under implementation in five or and above districts. The list of these states with names of the districts are given below :

	State	Districts
1	Kerala	5 - Idukki, Kannur, kasargode, Kottayam, Malappuram
2	Bihar	6 - Gaya, Muzaffarpur, Nalanda, Saharsa, Samastipur, Saran
3	Gujarat	6 - Amreli, Anand, Dahod, Mehsana, Navasari, Sabarkantha
4	Karnataka	6 - Bagalkote, Bidar, Chitradurga, Dharwar, Mysore, Uttara Kannada
5	Jharkhand	7- Ramgarh, Bakaro, Chatra, Giridih, Hazaribagh, Ranchi, SaraikelaKharsawan
6	Mah.	7- Aurangabad, Chandrapur, Kolhapur, Nagpur, Raigad, Wardha, Dhule
7	Odisha	7- Badrak, Cuttack, Dhenkanal, Jagatsinghpur, Jaipur, Rayagada, Sambalpur
8	U.P.	8- Bahraich, Barabanki, Etawah, Hardoi, Jaunpur, Lalitpur, Mirzapur, Varanasi
9	M. P.	9- Chhindwara, Dewas, Gwalior, Indore, Jabalpur, Mandla, Mandsour, Ujjain, Vidisha
10	Rajasthan	9- Ajmer, Alwar, Banswara, Bikaner, Jhalawar, Jhunjhunu, Jodhpur, Kota , Udaipur



The following are the features of the EShakti project:

- Regular updates on transactional data.
- Online bookkeeping or e-book keeping for SHGs.
- Generation of reports in the formats accepted by banks.
- Inbuilt Automatic Grading of these groups according to the NABARD norms. Auto-generation of loan application for bankers after the input of resolution to borrow by SHGs.
- Constructs a comprehensive information base and develops a robust Management Information System (MIS) facilitating suitable interventions and the convergence of various other programmes by empowering them socially and financially.
- Helps in identifying appropriate interventions and support for the proper nurturing and strengthening of SHGs.
- Simplifying the transfer of Direct Benefit Transfer (DBT) through the convergence with other Government benefits and Aadhaar linked accounts.
- Every member of Self Help Groups has the advantage of accessing all social and financial information using the EShakti software.

2. DIGITIZED SHGs:

A Self Help Group (SHG) is a small voluntary group of 10-20 poor women having homogenous socio economic background. Under a SHG, all group members save small savings (thrift) on regular basis and convert their savings into a common fund known as group corpus fund. The group members use the corpus fund for income and employment



generation activities. The corpus fund is utilised for giving small interest bearing loans to the group members and some amount is deposited with some bank for earning interest on it. The bank also lends money to the group for economic activities without any collateral security.

A SHG is the prime stake holder of the project EShakti. The whole project is evolved around the upliftment of SHG through process of digitization. It is an innovative technological initiative towards leveraging SHGs by the poor community for easy accessible and affordable credit. It has been a game changer initiative and digitised mechanism in bridging the gap between the credit linked and savings linked SHGs.

Most of the SHGs were lacking proper maintenance of record. The bookkeeping of transactions was also not in good order in most of the SHGs. Because of the irregularity and lapses in maintenance of books of accounts of SHGs, there was a strong need of digitisation of records of SHGs. are required. With the power of digitisation, transparent and proper maintenance of the records would nurture and strengthen SHGs internally. This would help SHGs access a wide array of financial services and simultaneously, increases the comfortability of banks in terms of credit appraisal and linkage.

Process of Digitization of SHGs under EShakti :

- **‘Boarding’ Stage** :At first, the master data including financial and non-financial of all SHGs and its members operative in the mapped district are captured.
- **‘On Boarded’ Stage** : When all master data of SHGs are uploaded on the dedicated server of portal, the concerned SHGs are called “on boarded”.
- **‘On Mobile’ Stage** : When all financial data of SHGs are downloaded on Android mobiles through “ App, the concerned all SHGs are called ‘On Mobile’.
- **‘Go Live’ Stage** : When all the pending transactions of SHGS are brought up to date, the concerned SHGs are called ‘Go Live’.



- **Subsequently**, uploading of all the current transactions goes on continuously on monthly basis. The authenticity of data is ensured through SMS alerts to the members and sample audits. The entire data of all the digitized SHGs are available on the dedicated website: <https://.nabard.org>.

The following are the steps taken in order to implement the EShakti project for every SHG in India:

- Mapping of existing SHGs in terms of Bank and Branch in the District.
- Training volunteers to obtain SHG and their Members' data.
- Feeding data through a customised software on the central server.
- Hosting data online under a dedicated **website**.
- Maintaining data and data recovery centres.
- Updating transactional data regularly.
- Generating Management Information System (MIS) for different users.

The following would be the output of implementing the EShakti project :

- Member wise information of SHGs on saving, lending, attendance.
- SHG and member's credit history.
- Financial statement of SHGs i.e. Balance sheet and, Profit and Loss account.
- Audit report
- Grading chart of SHGs
- Micro Credit Plan of the SHGs
- Bank linkage details on savings and credit disbursement.
- Other periodical MIS on the performance of Self Help Groups.

The following are the effects of implementing EShakti in Self Help Groups:



- SHGs can obtain credit according to their real-time performance.
- significantly reduced the linkage gap of Saving-Credit.
- The credit history of members is obtained.
- Transparency is promoted through SMS alerts in real time as well as in 10 different languages to the members.
- Helped to combine SHGs with various other Government Programmes.
- Included members of SHGs in the broader agenda of Financial Inclusion

3. DIGITIZED BANK LENDING:

Banks being a stakeholder of the project EShakti holds lot responsibilities as well as enjoy lot benefits. helps banks with wider micro credit coverage, linkage opportunities and easier credit appraisal. This project began with the aim to address particular concerns such as the quality of bookkeeping of SHGs and assist banks in making informed credit decisions with regard to the groups through the Management Information System (MIS).

Bank branches can access the EShakti portal through Intranet or web link using their branch IFSC code and password. The portal login credentials for bank branches are issued by NABARD regional offices, while login credentials for Bank corporate offices, zonal offices are issued by NABARD head office.

Paving way for Credit Linkage:

Banks get e-loan application of SHGs on EShakti portal immediately from any SHGs irrespective of the distance of location of SHGs. The system generates prefilled e-loan application form contains all the necessary information of applicant SHG and its members.

Banks can take quick credit decisions based on the MIS reports and can increase their SHG business level. Now Banks can assess the potentiality of sanctioning/ rejecting a loan application based on plethora of MIS reports available on the portal.

Banks get auto grading of SHGs through inbuilt system of grading in portal on the MIS reports.



The MIS reports save lot of precious time and efforts of the banks as now they need not to visit SHGs physically for monitoring of the SHGs. Now Banks can view the progress and performance of all SHGs which are saving linked with them on a real time basis. Besides, banks can generate and view, sitting in the branches itself, total 31 informative and useful reports on the portal which helps banks in decision making, monitoring and strengthening the SHGs. These reports include SHG monthly meetings and their financial transactions, demand collection balance overdue of SHG Bank loan outstanding, balance sheet position of SHGs, detailed list of eligible SHGs and many more.

It further helps banks in following manner :

- Provides 'one-click' availability of social and financial information of all the members of the SHGs
- National Financial Inclusion being integrated with SHGs and SHG members.
- Direct and qualitative interface between banks and SHG members
- Transparent and easier appraisal of loans
- Hassle free and efficient delivery of banking services
- Using Aadhaar linked identity facilitating convergence of delivery system
- Proper maintenance of books of accounts and records
- Easy book keeping for low literacy members
- E-book keeping of accounts of SHGs
- Real time / Regular updates of transactional data
- Generation of reports as per the requirements of banks
- Auto generation of loan applications for banks
- Auto grading of SHGs based on NABARD / IBA norms
- Data base of SHGs and members will provide credit history for sanctions in future and also help reducing multiple financing by banks
- Facilitate nurturing and strengthening of SHGs through a common e-platform



- Robust Data Management can help development of other suitable products or schemes for social and financial empowerment of poor community covered.

Prominent EShakti Home Page Options for Banks :

A) SHG Loan Application Pending :

- As a Bank Branch Manager logs in portal, finds 'SHG Loan Application' tab on the top right of home page; and by clicking which shows the number of SHG loan applications pending at that branch.
- The SHGs which resolve to borrow loan from the concerned Bank branch and move the loan application to the Bank branch through EShakti portal electronically are shown in red circles.
- The Branch Manger can also filter the SHG loan applications in three categories according to duration of pendency i.e. a) less than 1 month, b) upto 3 months and c) more than 3 months. Each category filter shows a consolidated list of all SHG applications pending under that category.
- The Branch Manager can also generate and view the whole SHG loan application by clicking the 'View' button.
- The Branch Manager can further process and sanction a loan application by clicking the 'Next' button located at the bottom of loan application. The Branch Manager can choose Cash Credit or Term Loan while sanctioning the loan.



B) Load Dashboard :

A Bank Branch Manager can also view physical and financial progress of SHGs by clicking the 'Load Dashboard' tab located at the bottom. The 'Load Dashboard' tab shows the progress of those SHGs only, which fall under the area of that Bank branch and have saving / credit linkage with that Bank branch only.

Bank Menu Options in EShakti:

A Bank Branch Manager gets following 12 Menu options in EShakti. The navigation and utility of each option is described as under :

i) SHG WISE SAVINGS

As a Bank Branch Manager logs in the SHG Wise Savings, the three filter tabs i.e. State , District and Branch come auto filled and he or she has to just click the 'Submit' button only. It generates and shows the list of all SHGs with their Names, SB A/c Number, savings and cumulative savings till date. The list can also be printed or exported to Excel by clicking the two options – Print & Export to Excel shown at the bottom right of the report.

ii) NON CREDIT LINKED SHGS

As a Bank Branch Manager logs in the Non-Credit Linked SHGs, the three filter tabs i.e. State, District and Branch come auto filled and he or she has to just click the 'Submit' button only. It generates and shows the list of all Non credit linked SHGs with their Names, SHG Code, Name of Bank, Name of village, SB A/c Number, cumulative savings, loan application request amount, request date and its automatically generated rating.

The list also contains 'Members' and 'Profile' button at extreme right against name of each SHG, by clicking which, the Branch Manager can view the list of members of SHG and profile of the SHG respectively.



A branch can book prospective business potential from the list and can increase its SHG portfolio.

iii) LOAN APPLICATION

The navigation under Loan Application is same as mentioned above under SHG Loan Application pending.

iv) SHG MEMBER PROFILE

A Branch Manger can search a SHG or member profile by using filters i.e. State/ District/ Branch/ SHG Name/ SHG code. If exact name is not known, search by any word in SHG name can also be done. It will generate list of SHGs having search word in common with all other details. The Branch Manager can choose a SHG and view the social information of it by clicking on 'View' button on extreme right. He can also view list of all members with their details of a SHG by clicking on SHG Name. He further can also view social information of each member by clicking 'View' button on extreme right of a member name.

v) PERFORMANCE

The Bank Branch Manager can view the performance of any particular SHG by using filters i.e. State/ District/ Branch/ SHG Name/ From Date – to Date (for six months). It generates the 'SHG Grading and Financial Information Report' containing grading/score chart, Cash Flow statement, Income & Expenditure statement and Balance Sheet of that SHG. He has to click on Print button at bottom right corner to get print this report.

vi) MONTHLY STATEMENT

A Bank Branch Manager can view the monthly statement of a particular SHG by using filters i.e. State/ District/ Branch/ Group Name /Year /Month. It generates the monthly statement



containing holistic financial information i.e. savings, member loan repayment and inter loaning among SHG.

vii) CREDIT HISTORY

A Bank Branch Manager can view the credit history of a particular SHG by using filters i.e. State/ District/ Branch/ Group Name/ Loan Type (Term Loan/ Internal Loan). It generates credit history report of a SHG which helps in taking informed credit decision on pending loan application. Similarly, credit history of a member can also be viewed.

viii) SB TRANSACTION

A Bank Branch Manager can view the Savings Bank transactions details of SHGs by clicking on 'Submit' button only as three filters (State/District/Branch) come auto filled at branch level login. The SB transaction report can also be printed or exported to excel by clicking its button available at bottom right corner.

ix) INTERNAL LOAN

A Bank Branch Manager can view the details or statement of Internal Loan of SHGs by clicking on 'Submit' button only as three filters (State/District/Branch) come auto filled at branch level login. The Internal Loan report can also be printed or exported to excel by clicking its button available at bottom right corner.

x) LOAN SUMMARY

A Bank Branch Manager can view the Loan summary of a SHG by using filters i.e. State/ District/ Branch/ Loan Type (Cash Credit / Term Loan). It generates loan summary report of all loans of a SHG including Loan account number, loan amount, loan disbursement date, outstanding, excess repaid, last repaid date etc. The Loan Summary report can also be printed or exported to excel by clicking its button available at bottom right corner.



xi) RECOVERY PERFORMANCE

A Bank Branch Manager can view the recovery performance of SHGs for any particular month and year by clicking on 'Submit' button only as three filters (State/District/Branch) come auto filled at branch level login. It generates the recovery performance report showing details of name of SHG, loan amount, tenure of the loan, due date, due amount, due paid, overdue, loan outstanding for the that month. The recovery performance report can also be printed or exported to excel by clicking its button available at bottom right corner.

xii) OTHER MIS

Under Other MIS option, a Bank Branch Manager can also access and view following three other reports :

a) SHG Age

A Bank Branch Manager can view the formation date and age of a SHG by clicking on 'Submit' button only as three filters (State/District/Branch) come auto filled at branch level login. The SHG age report can also be printed or exported to excel by clicking its button available at bottom right corner.

b) Year wise SHG Receipt

A Bank Branch Manager can view the month/ year wise receipt details of a SHG by using filters i.e. State/ District/ Branch/ SHG Name/ Month/ Year. It generates the consolidated receipt report of a SHG of particular month and year containing details of all receipts i.e. penalty received from its members, donation, other income, subscription charges received from its members. The report can also be printed or exported to excel by clicking its button available at bottom right corner.



c) Last Feed Date

A Bank Branch Manager can view the details of last feed date of a SHG by clicking on 'Submit' button only as three filters (State/District/Branch) come auto filled at branch level login. It generates the last feed date report containing information of financial transactions of a SHG, which are fed or uploaded on recent date by an animator on an android mobile.

With the help of above mentioned menu options in EShakti portal along with various MIS reports, Banks have been empowered with technology to do digitized bank lending to SHGs. The EShakti, the digitization movement is helping both SHGs and Banks to reach out to the maximum range of financial inclusion.
