



A Descriptive Study on Digital Banking and Financial Inclusion of Women Self Help Groups in Nagaland

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Abstract

With the advancement of technology and for the better convenience of the people, the cashless age or the digital banking has played a vital role in many transactions. The digital banking has improved the traditional banking system with the development of digital banking habits of the Self Help Group (SHG's) members, which promotes women empowerment and pave ways for self-independent has greatly benefited. Digitalization of the banking system has made the women self-help group more transparent in its transaction and also promote the lifestyle and livelihood system. The present study has made an attempt to study the financial inclusion of self-help group members to their empowerment through a descriptive study of the state.

Keywords: Empowerment, digital banking, Self-help groups.

1. Introduction

Digital banking is a banking system through digital platform, or a paperless form of banking without paper work like cheques pay-in-slip. It is a means of banking through online activities. Financial inclusion means that individuals and businesses have accessed to useful and affordable financial products and service that meet their need- transaction, payments, savings etc delivered in a responsible and sustainable way [1]. Self-help group are voluntary groups which are set up to promote self-employment and to satisfy a common need. A member of around 10-20 persons form the SHG, in the recent years the SHG's has played a vital role in promoting women empowerment, and with advancement of technology and fast growing in information technology the digital banking system has made a tremendous change for SHG's in transaction of financial assistance, which has help them to be more convenient and transparent [2]. With the introduction of digital uses in the financial system there is an increase of SHGs in the bank linkage, which helps the rural women to update themselves in digital banking. To achieved women empowerment and to improve the socio- economic status of the women particularly in rural areas, The state has introduce micro finance

as a tool to extend financial help to the SHGs, The state of Nagaland has recorded that it has more than 12,000 SHG's working actively, In the year 2019-20, the total number of SHGs registered was 9694, out of which only 257 have access to digital banking and financial inclusion with a bank credit linkage of Rs. 314.74 lakhs. In the year 2020-21, the total number of SHGs registration increases to 12445, out of which only 525 have access to digital banking and financial inclusion with a bank credit linkage increases to Rs. 752.62 lakhs [3].

2. Objectives

- To know the progress of SHG's in digitalization [4].
- To know about the awareness of digital banking among the SHG's.
- To study the challenges of digital banking of the SHGs members and to recommend policy implication [5].

3. Methodology

The study is descriptive and based on observation and secondary sources. The secondary data are collected from various books, journals, articles, publications and recent research papers available in different websites etc. [6].



4. Result and Discussion

Literacy plays an important role of proper functioning of SHGs and their linkages with financial transactions with bank.

Table 1 District Wise Literacy Rate, 2011 Census

District	Male	Female
Kohima	88.69	81.48
Dimapur	87.54	81.77
Phek	83.66	72.21
Mokokchung	92.18	91.01
Wokha	90.81	84.48
Zunheboto	87.85	82.62
Tuensang	76.31	69.59
Mon	60.94	52.58
Peren	82.84	72.58
Kiphire	74.88	63.97
Longleng	74.48	69.63
Nagaland	82.75	76.11

Source: Gender Statistics Nagaland 2022

Table 1 shows that the literacy rate is exceptional good in the state, and males are more literate than the female. Among all the districts Mokokchung has the highest percentage for both male and female i.e. 92.18 per cent and 91.01 per cent respectively. The average literacy for female is 76.11 per cent against 82.75 per cent of male in the state.

4.1. Women Participation in Decision Making Process

Nagaland society is patriarchal where all the decision are taken by the head of the family i.e. father, but as years passes with empowerment of women being advocated, women has also played a vital role in decision making and state government has implemented 33 per cent reservation for women which has improved the decision making of women in all the spheres of life. Participation of women in decision making process plays an important role of their empowerment. Achieving the goal of equal participation of women and men in decision making ensures a balanced environment in the society to progress.

Table 2 Per cent of Women Electors voted in State General Election

General Election	Year	No of Electors			Per cent of Electors voted in Election		
		Female	Male	Total	Female	Male	Total
1 st	1964	-	-	124166	-	-	50.51
2 nd	1969	83102	93829	176931	80.51	76.47	78.37
3 rd	1974	176156	224166	400322	77.47	71.09	74.35
4 th	1977	183223	214812	398035	74.48	82.21	83.26
5 th	1982	266163	330290	596453	76.53	72.75	74.44
6 th	1987	262574	319379	581953	86.02	83.29	84.53
7 th	1989	261850	320611	582416	86.01	85.35	85.65
8 th	1993	381661	421250	802911	91.05	91.98	91.53
9 th	1998	438848	487721	926569	21.72	22.65	22.21
10 th	2003	485364	529477	1014841	85.98	89.56	87.85
11 th	2008	635875	666391	1302266	86.39	85.99	86.19
12 th	2013	590150	608299	1198449	91.33	89.09	90.19
13 th	2018	591440	579108	1170548	82.48	86.09	84.29

Source: Nagaland Gender Statistics 2021

Table 2 reveals the per cent of electors of voted in general election from 1964 to 2018. There is a fluctuation in the per cent of electors voted in election from the 1st general election to 13th general election. The 12th general election (2013) had the highest female percent of electors voted with 91.33 per cent against male with 89.09 per cent. Though in 13th general election (2018), the no. of electors was more in female with 591440 but the per cent of electors



voted in election was more in male with 86.09 per cent. The 8th general election (1993) both male and female had the lowest percent of electors voted with 21.72 per cent female and 22.65 per cent male.

Table 3 District wise Bank linkage of Self Help Groups 2019-2020 to 2021-2022

Sl. No	Name of districts	Name of resource block	Total No. of SHGs	Banks credit linkage		Revolving fund		Community support	
			2019-2020	No. of SHGs access to bank	Bank credit to SHGs (Rs in lakh)	No. of SGHs covered	Amount utilized (Rs in lakh)	No. of SHGs/VLOs covered	Amount utilized (Rs. In lakh)
1	Dimapur	Chumukedima	1281	17	36.9	402	60.30	12	30.45
			1338	86	179.25	112	16.80	54	269.33
2	Kiphire	Kiphire	659	2	1	212	31.80	28	98.48
			709	33	33.80	88	13.20	40	235.99
3	Kohima	Jakhama	1041	44	58	498	74.70	27	70.73
			1082	105	134.03	62	9.30	57	299.48
4	Longleng	Longleng	343	21	21	22	3.30	9	44.1
			358	16	13.29	18	2.70	13	103.50
5	Mokokchung	Changtongya	1125	104	122.2	470	70.50	35	102.83
			1164	106	159.58	41	6.15	80	507.08
6	Mon	Mon	1937	29	30.04	487	73.05	27	149.1
			1983	16	17.90	349	52.35	43	215.78
7	Peren	Jalukie	NA	NA	NA	NA	NA	NA	NA
			762	31	49.00	0	0	0	0
8	Phek	Pfutsero	1540	0	0	459	68.85	53	168.75
			1620	28	28.00	175	26.25	126	819.10
9	Tuesang	Sangsangyu	NA	NA	NA	NA	NA	NA	NA
			1559	51	70.82	0	0	0	0
10	Wokha	Chukitong	745	30	34.6	196	29.40	37	120.53
			755	30	32.85	57	8.55	20	6563
11	Zunheboto	Satakha	1023	9	11	276	41.40	40	92.93
			1115	23	34.10	319	47.85	79	292.28
Nagaland			9694	257	314.74	3022	453.30	268	877.9
			12445	525	752.62	1221	183.15	512	2808.17

Source: Gender Statistics Nagaland 2022. (Note: First row shows the figure of 2019-20 and Second row shows the figure of 2021-22)

Table 3 reveals that in 2019-2020 there are 9694 SHGs in the state, in 2021-2022 the SHGs has increased to 12445. The growth rate of SHGs from 2019-2020 and 2021-2022 is 0.28. Mon district has the highest number of SHGs with a total of 1937 in 2019-2020 and 1983 in 2021-2022, Longleng district

has the lowest number of SHGs, in 2019-2020, the total number of SHGs is 343 and in 2021-2022 it has 354 SHGs. In 2019-2020 the bank linkage of SHGs access to bank is 257 and in 2021-2022, it has increased to 525. The aggregate bank credit avail by SHGs in 2019-2020 is 314.74 and it has increase in

2021-2022 by 752.62. The growth rate of bank credit linkage from 2019-20 to 2021-22 is 1.39 and the growth rate of SHGs access to bank is 1.04. The total number of SHGs covered under revolving fund in 2019-2020 is 3022 which decreased to 1221 in the year 2021-2022. The community support fund in 2019-2021 has covered 268 SHGs and 512 in 2021-2022. The amount utilized in 2019-2020 for community support is 877.9 and in 2021-2022 are 2808.17. In the year 2019-20, the total number of SHGs registered was 9694, out of which only 257 have access to digital banking and financial inclusion with a bank credit linkage of Rs. 314.74 lakhs. In the year 2020-21, the total number of SHGs registered was 12445, out of which only 525 have access to digital banking and financial inclusion with a bank credit linkage of Rs. 752.62 lakhs. Therefore, there is an increased rate of digital banking and financial inclusion in the state of Nagaland.

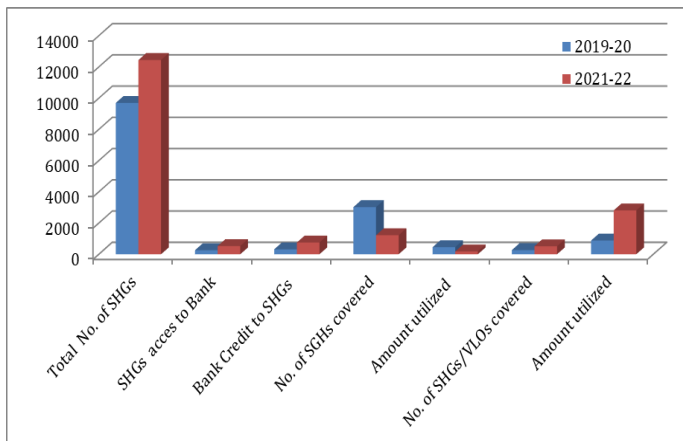


Figure 1 Bank linkage of Self Help Groups 2019-2020 to 2021-2022

Fig 1 shows that number SHG, bank linkages community support to SHGs shows increasing trend but the performance of utilization of revolving fund decreases in the year 2019-20 to 2021-22.

5. Findings

- Mokokchung has the highest percentage of literacy rate for both male and female i.e. 92.18 per cent and 91.01 per cent respectively.
- The 12th general election (2013) had the highest female percent of electors voted with 91.33 per cent against male with 89.09 per cent.

- In 13th general election (2018), the no. of electors was more in female with 591440 but the per cent of electors voted in election was more in male with 86.09 per cent.
- The growth rate of SHGs from 2019-2020 and 2021-2022 is 0.28.
- The growth rate of bank credit linkage from 2019-20 to 2021-22 is 1.39 and the growth rate of SHGs access to bank is 1.04.
- In the year 2019-20, the total number of SHGs registered was 9694, out of which only 257 have access to digital banking and financial inclusion with a bank credit linkage of Rs. 314.74 lakhs.
- In the year 2020-21, the total number of SHGs registered was 12445, out of which only 525 have access to digital banking and financial inclusion with a bank credit linkage of Rs. 752.62 lakhs.

6. Challenges

The main challenge faced by the SHGs on digital banking and financial inclusion are as follows:

- **Illiterate with technology:** Some of the SHG's members are illiterate with technology as a result it is barrier to access with technical process.
- **Poor Banking System:** Ineffective banking regulations, improper network link in banks particularly in rural areas, communication gap between the customers and the bankers etc are face by the SHG's members
- **Lack of Trainings:** There is lack of trainings from the concern departments to the SHG's members. Lack of proper guidelines, awareness programs, trainings and workshops leads to illiterate in technology and financial inclusion in the banking system.
- **Lack of Transport and Communication:** Due to poor infrastructure, transport and communication facilities limit the digital banking and financial inclusion in rural areas.
- **Delay of Loans:** lengthy paper formalities in the banking system the SHGs members get delay in loans.

Conclusion

The study concludes that over the years there is an increase rate of growth in SHGs and bank linkages.



Though there is an increase in the growth rate of digital banking and financial inclusion, there are certain challenges faced by the SHGs member which becomes a barrier for the growth of SHGs in rural areas. To overcome all this challenges, the concern departments and financial institution should avail door step banking service process, proper guidelines for the setup of SHGs, awareness programs for digital banking and proper infrastructure set up in the backward areas of the state for maximum financial inclusion of the SHGs.

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