Empowering Self-Help Groups in India through ICT

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Abstract

Microfinance services available to the poorest people, especially investment loans for micro-business development, are recognized as an important part of poverty reduction strategies. As the industry matures, MFIs face a competitive environment, forcing them to balance the goals of outreach and sustainability. However, in spite of its successes, microfinance has not been able to reach to the poorest of the poor particularly in the low density population areas of India. The main reason behind this gap is the cost of credit delivery. Information and communication technology (ICT) is an important driver and the great hope, although it brings with it fundamental changes to the microfinance delivery mechanisms which have become almost sacred for the microfinance sector. This research is at the intersection of inquiry on ICT for the development and the digital divide, the impact of microfinance, and the use of ICT in the financial services industry. The role and impact of ICT on outreach and sustainability is discussed in the present paper.

Key words: self-help groups, social transformation, ICTs

INTRODUCTION

The empowering use of ICTs is closely connected to socio-economic development, and this potential towards social transformation demands that everyone should have access. Prevailing inequalities in access to ICTs throughout the world suggest that many groups are hindered by their social and economic circumstances from developing a relationship with ICT. In relation to women, this inequality is referred to as "the gender digital divide". The concept of a gender digital divide is supported by empirical evidence that shows that women all over the world use ICT to a lesser extent than men. A variety of efforts have aimed to address this gap. If access to ICTs can promote sustainable socio-economic development and women lag behind, a significant portion of the world's population must be aided by a targeted approach.

Empowering self-help groups in India through ICT for better education and alternative livelihood activities" combined two very different realities in an approach that introduced ICT into women's self-help groups (SHGs) in the coastal regions of the Indian Ocean in Kenya and India. The fundamental aim of the project was to alleviate poverty in coastal villages and activities were spread along the south eastern coastal districts of both countries. To accomplish poverty alleviation, a three-pronged approach involving basic education, capacity building in ICTs and promotion of viable livelihood opportunities" was used. Coastal village

communities rely heavily on fishing from the reefs, so promoting alternative livelihood activities that are environmentally sustainable would help improve the village communities' food security and nutrition.

ICTS IN DEVELOPMENT

Some of the cases presented in this report illustrate how women's relationship with technology is often regarded in light of men's relationship with technology. There is an enduring (almost undisputed) link between men and technology (Faulkner, 2000). Even in the global south, experience and research has found that more men than women access ICTs (Huyer & Carr, 2002; Polikanov & Abramova, 2003; Wamala, 2010). Even where efforts exist to enable rural populations to partake in the information revolution, there continue to exist social digital divides. Many of these are tied to cultural structures that marginalize women into domesticity, thus limiting their mobility and exposure. Under these circumstances, education and exposure remain distant for women. The cases illustrated in this report further point to the importance of continued women-centered efforts to not only address the gender digital divide, but also empower women and open up opportunities for a better life.

Focusing specifically on the coastal villages in the south eastern regions of India, the project set out to promote alternative livelihood activities and build the communities capacity "to improve their socio-economic situations". Suganthi Devadsason Marine Research Institute (SDMRI) in India implemented the project to provide women's SHGs with alternative forms of livelihoods. It developed pedagogical methods for the use of ICT in learning and awareness building referred to as or participatory learning method.

OBJECTIVES

This was a three year project (2007-2010) and the project objectives were

1. To introduce ICTs into poverty alleviation activities to support environmentally sustainable livelihood activities;
2. To introduce adult education following the participatory learning method into Self-Help Groups (SHGs) and the activities of SDMRI to empower villagers associated with SHGs;
3. To alleviate poverty and increase the standard of living in coastal communities by introducing environmentally sustainable alternative livelihoods;
4. To support of alleviating poverty and reducing the economic vulnerability of coastal communities.

There were different layers to the project as noted in the objectives above. Firstly, there was the interest to introduce basic education to the SHGs. The second layer was to introduce ICT into the project activities, and the third was to spread environmentally sustainable alternative livelihoods. The processes fed into each other successfully but the implementation processes were very different in India due to the differences in the communication infrastructure. In the coastal villages of India there was no infrastructure for ICT at the commencement of the project and electricity was poor, at best inconsistent. As such the project had to address these gaps and acquire secure of-

fice premises before starting project activities. India had a well-established communication infrastructure and local churches provided premises for the implementation of the project among the SHGs.

INDIA'S COASTAL REGIONS

As the information about the project activities in India is very positive yet brief, this section is also limited in content. A total of 312 participants, mostly women benefited from the training program in five coastal villages. Both men and women's literacy levels as well as awareness of the importance of protecting their environment were heightened. Some success stories exceeded the project objectives as seen in the text boxes below.

While some participants already knew how to write and read in Tamil, this opportunity allowed them to learn to write in English, this add-on effect was also visible among the Indian SHGs. The participants learned to read and decipher the bus schedules for themselves. They could also sign their names instead of using a thumb print and the women can now confidently assist their children with school work. The beneficiaries gained access to group loans, extended their language skills by improving their English, and supported their husbands fishing practices by buying fishing gear. Some started small to medium enterprises, and in the second year proceeded with additional projects in worm-composting, sun-drying of fish, dress and bag making as well as production of washing powder and toilet cleaning agents. Adding value services to the fish farming, such as hygienic sun-drying practices, opened up more opportunities for the beneficiaries. The

trainees were also given saplings of fruit bearing trees, which they are maintaining in their backyards as part of the endeavor of greening the environment.

Internet Banking

Internet banking provides clients with real-time information about their accounts, and the ability to transfer funds between their accounts. It is an empowering tool because it gives bank clients the flexibility to manage their financial resources deliberately, at their own leisure, and without having to visit a bank office during opening hours. In particular, it is a vital accompaniment to card-based services, allowing clients to keep track of numerous small electronic transactions. From the bank perspective, Internet banking is an efficiency tool because it reduces the work of (human) tellers and therefore reduces labour costs. It is a relatively easy and inexpensive service to offer, and the incremental cost of having 1.000, 10.000, or 100.000 Internet banking clients is negligible. The main constraint to MFPs implementing Internet banking is their clients minimal access to the Internet. In some areas, this will be overcome somewhat with the roll-out of rural tele-centre networks. It is also possible for MFPs to develop modified ATMs that provide this functionality.

THE OUTREACH AND SUSTAINABILITY

There are two current imperatives within the microfinance sector – "increasing outreach" and "improving sustainability". There is, however, a creative tension between these two imperatives. On the one hand, if "increasing outreach" is taken to mean "more clients from a similar

demographic", then "outreach" and "sustainability" are effectively synonymous terms. Increasing client outreach provides economies of scale that in turn makes the MFP more efficient and therefore more sustainable, at least in immediate financial terms. It is a case of "more of the same", while continually seeking incremental improvements in operational efficiency. On the other hand, if "increasing outreach" is taken to mean "targeting hard-to-reach clients" such as people living in remote areas, then "outreach" and "sustainability" are effectively competing terms. Reaching clients in remote areas is relatively expensive, which makes the MFP less efficient and therefore less sustainable. This is the real outreach challenge for MFPs because it requires new, as yet unproven business models and processes, including technological innovation.

CHALLENGES AND WAY FORWARD

One of the challenges was the limited number of training sessions on environmental knowledge. While the environmental challenges prevalent in coastal regions were among the core reasons for the project, the environmental focus was of limited prominence in the training sessions. Thus while the project created alternative livelihoods for the women, most of them related to computer knowledge, the environmental challenges persist. The project succeeded in improved livelihood opportunities providing women with basic literacy and numeracy skills which gave them a measure of autonomy.

CONCLUSION

The ICT innovation in microfinance are being used or implemented in various MFPs around the world. However, there use is limited to big or medium size MFPs. There is much to learn and more experimentation to take place. Nevertheless, the microfinance sector stands at a junction point, where its business models and processes are going to be challenged by these innovations. There are many constraints to the roll-out of ICT enabled banking systems. One major findings caution the use of some ICT enabled services, especially card-based services. The card-based services tend to de-personalize and individualize the banking process and isolate the client from his/her peers. These conflicts with those group-based methodologies that are held up as the key reason for the high-repayment rates that are typical in the microfinance business. However, this concern cannot stop the transition to electronic services, but it is something that will need to be monitored closely.

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