

# Role of SHGs on Socio-Economic Life of Women: A Case Study of Sanganath, Ravangla, South Sikkim

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## Abstract

This study examines the role of Self-Help Groups (SHGs) in enhancing the socio-economic status of women, with specific reference to Sanganath. Both primary and secondary data sources were used, and a sample of 24 respondents was selected from 8 SHGs through simple random sampling method. The research aims to assess the socio-economic conditions of women before and after their participation in SHGs. The findings indicate a substantial positive impact of SHGs in the study area. After joining SHGs, members experienced increases in monthly income, stronger savings habits, and higher monthly savings. The study further shows that participation in SHGs enabled women to engage in various income-generating activities, which contributed to improved living standards and expanded employment opportunities for group members.

## Introduction

SHG stands for Self-Help Group, which is a voluntary association of people from similar socio-economic backgrounds who come together to collectively improve their living conditions, typically focusing on poverty alleviation, small savings, and thrift. The SHG members are encouraged to make voluntary savings at regular intervals so that resources so pooled could be used to make small interest-bearing loans to their members on a rotational or needs basis. In India, innovation approach in SHG group movement was made by NABARD<sup>1</sup> by the introduction of pilot project in 1991 (NABARD, 2015). The 5 core principles of a Self Help Group (SHG), known as *Panchsutra*,<sup>2</sup> are: regular meetings, regular savings, internal lending, timely repayment, and proper bookkeeping. These principles are essential for the effective functioning and sustainability of the group, fostering thrift, mutual support, and financial discipline among members. (Department, 2018)

The main objectives of a Self Help Group (SHG) are to provide microfinance, promote financial inclusion, facilitate entrepreneurship for the underprivileged, and to achieve socio-economic empowerment, particularly for women, by fostering community, improving

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<sup>1</sup> NABARD( National Bank for Agriculture and Rural Development)

<sup>2</sup> “*Panchustra*” means five principles or five threads in Sanskrit accessed from [rajsaubhag.org](http://rajsaubhag.org)

livelihoods, and increasing confidence and decision making skills. (Co-operation Department, 2025)

### Study Area

Sanganath is situated in Rabong sub-division of Namchi district, Sikkim between 27.2396°N and 88.3147°E with an elevation of 1133m/3717.19ft. Covering with total geographical area of 709.28 sq.km. It is situated 13 km away from Rabong sub-division and 35km from Namchi district. The total population of study area is 893 of which 476 male and 417 female (India, 2011). In the study area the first SHG was started in 2013 and presently there are total 8 different groups with membership of 57 women. The group meeting was held twice in a month and their monthly saving per member varies from 50-100 rupees. The members of SHGs of study area are engaged in various income generating activities like, making of decorative items, pickles, turmeric powder, broom and piggy farming etc. the Sanganath village is chosen for the study purpose to know about the role of SHGs in improving socio-economic livelihood of the women.

### Objectives

1. To study the socio-economic profile of SHGs in Sanganath
2. To analyze the impact of members of the SHGs before and after their joining

### Database and Methodology

The aim of the study is to understand socio-economic impact of women involved in SHGs of Sanganath. This section deals with the methods used and collection of primary and secondary data.

Sampling (N=24).

There were 10 Self Help Groups under study area, out of which 8 Self Help Groups were selected as sample; from this 33 percent members were selected as sample for the present study. Out of which 57 members, 24 members were covered to conduct the present study.

**Table.1. Sample Frame.**

Name of the SHG	Total no. of members	No. of member interviewed
Sunflower	10	3
Triveni	8	3
Laliguras	6	3
Glorissa	7	3
Kursangrip	9	3
Rhododendron	8	3
Rose	9	3
Indra Kamal	10	3
<b>Total</b>	<b>57</b>	<b>24</b>

*Source: Field visit, 2024.*

### Primary Data

Primary data was gathered through pre-structured questionnaires and semi-structured interview. The entire central question was primarily to understand socio-economic impact, income generation, other income source, monthly collection, awareness program and government schemes for Self Help Group.

### Secondary Data

Secondary data was collected from government reports, Panchayat office, institutional publications (e.g., Indian Council of Agricultural Research reports), and databases maintained by non-governmental organizations (NGOs). These sources supplemented the primary data, offering context and validation for the study findings (Government of Sikkim, 2018; ICAR, 2020).

### Socio-Economic Impact of SHGs in Sanganath

The given table 2 provides, information on demographic profile of the Self Help Group (SHG) members.

**Table 2. Demographic profile of the respondent's in percentage.**

Age		Education		Occupation		Monthly Meeting	
below30 (young)	20.83	Illiterate	12.5	Agriculture	37.5	Once	67
30-60 (middle)	66.67	Primary	54.17	Homemaker	33.33	Twice	33
60 above(old)	12.5	Secondary	33.33	Business	29.17	-	-

*Source: Field Visit, 2024*

The above table provides insights into the demographic characteristics of respondents in Sanganath, highlighting their age, education, occupation and engagements with SHGs meetings. It is evident from the table 2.that the majority of Self Help Group members were from middle age group contributes 66.67 percent of group due to SHG provide micro credit and for middle age has the ability to support financial stability through credit provided by them, followed by young age group with 20.83 percent and lastly the old age with 12.5 percent. Primary education is the most common level; with 54.17% whereas secondary education accounts 33.33% only 12.5% respondents were illiterate. This shows that most members have least basic education, which may help in group functioning and financial literacy. If we see occupational status, agriculture is the main occupation, involving 37.5 %, Homemakers make up 33.33% and business is taken up by 29.17%, this indicates that SHGs include a mix of agriculture workers, homemakers and small business participants, reflecting diverse livelihoods patterns. If we see monthly meeting Frequency 67% of respondents attend meetings once a month and 33% attend twice a month. The demographic composition highlights the role

of SHGs in empowering rural households with basic education and income generating activities, though there is still scope for improving meeting regularity and including more youth participation.

### Monthly Meetings of SHGs

The monthly meeting of Self Help Group is a regular assemblage of members to collect savings, discuss loan repayments and new proposal for loan, manage financial records, and to discuss group activities. The regular meeting of group members is important to ensure smooth functioning of the SHGs. The effective participation of every member can help to solve various financial issues and problem faced by the groups. It is evident from Table 2, the monthly meeting frequencies of Self Help Groups, 67 percent of groups hold a meeting once a month and 33percent conducted their group meeting twice in a month. This suggests that while most SHGs maintain at least minimum required meetings, regularity could be further improved. Mostly, they conducted their group meeting in the morning or in the evening time, and the duration of meeting varies from group to group depending upon their agendas. The meetings were organized at the homes of the group members on rotation basis. During meeting the membership register, minutes register, saving register and loan register were kept upto date which helps in transparency and accountability within the group member. They collected 50-100 rupees monthly and this saving, assistance from governments, non-governmental organizations and financial institutions made, the SHGs help to provide loan to the member of the groups.

These monthly meetings help group members to maintain group harmony, ensure accountability, promote interaction, and are important for group's financial management and overall functioning.

### Pattern of monthly saving and monthly income of the SHG members of study area

The Self-Help Group (SHG) provides chances to rural women consistently save money for their future security. The saving habit of the members is one of the key pillars that gave women diverse forms of empowerment.

**Table 3. Monthly Saving and Monthly Income of respondent's before and after joining SHGs in percentage.**

Monthly Saving	Before (%)	After (%)	Monthly Income	Before (%)	After (%)
0-500	33.33	29.17	0-5000	100	45.84
500-1000	-	20.83	5000-10000	-	33.33
1000-1500	-	41.67	Above 10000	-	20.83
1500-2000	-	8.33	-	-	-
<b>Total</b>	-	<b>100</b>	<b>Total</b>	<b>100</b>	<b>100</b>

*Source: Field visit, 2024.*

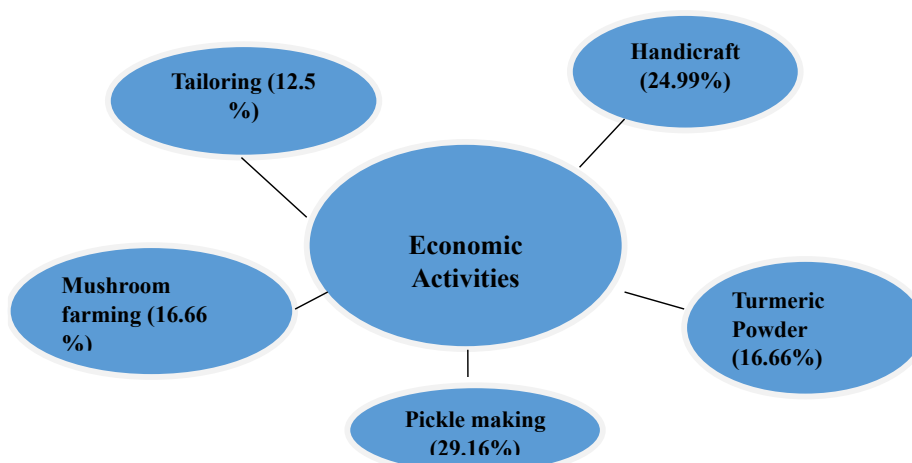
In Sanganath, there are few members who made monthly saving before joining the SHG but after joining SHG, there has been increase in amount of bank saving of the group members,

which help to increase income and awareness among women, and started the habits of bank saving. It is evident from the Table 3.that the before joining the Self Help Groups only 33.33 percent of women are able to save with 500 per month only but after joining the groups it can be seen that the monthly saving of the group members has increased by 100 percent with Rs 1000-1500 (41.67 percent), upto Rs. 500 (29.17 percent), Rs. 500-1000 (20.83 percent) and Rs. 1500-2000 (8.33 percent). In terms of monthly income of all the group members, the monthly income of all the members of Self Help Group of study area were less than Rs.5000 per month before joining the group but after joining the group the monthly income of the group members has been increased from less than Rs.5000 to above Rs.10000 per month.

### Socio-Economic Activities of SHGs Member

The socio-economic activities undertaken by SHGs for income generation were studied.

**Figure 1. Socio-Economic Activities of SHGs Members**



*Source: Field visit, 2024.*

The above figure 1. Presents the economic activities of SHG(Self Help Group) members and their percentage distribution. In India, self-help groups have shows themselves to be an effective tool for socio-economic change. SHGs have the ability to solve urgent developmental issues by promoting financial independence, empowering women, and enhancing community resilience. SHGs may increase their influence and help create a more just and inclusive society with sustained assistance from governments, non-governmental organization and financial institutions. Pickle making is the most common economic activity among members of SHGs showing a strong inclination towards food processing and preservation. Handicraft (24.99%) is the second major activity, indicating the traditional skills and craftwork also contribute significantly to member's income. Mushroom farming (16.66%) and Tumeric powder preparation (16.66%) are moderately adopted activities, highlighting agricultural based livelihood opportunities. Tailoring(12.5%) has least participation compared to others but still play a role in income generation.

If we see the overall insight, SHGs member are engaged in a diverse range of income-generating activities, with a strong focus on food-related enterprise (pickle making, mushroom

farming, turmeric powder preparation) and traditional crafts. This diversity reduces economic risk and promotes self-reliance.

### Problem Faced by the SHGs

Challenges	Member Percentage
Lack of Time	45.83
Group Conflict	16.67
Drop Out	25
Late repayment of Loan	12.5
Total	100

Source: Field survey, 2024

The data highlights several challenges experienced by members of Self-Help Groups (SHGs). These challenges influence group functioning, loan repayment behaviour, participation levels, and overall sustainability of the SHGs. The major issues identified through the field survey include lack of time, group conflicts, member dropout, and late repayment of loans. Each of these problems has implications for the efficiency and long-term viability of SHGs.

#### 1. Lack of Time (45.83%)

The most significant challenge reported by SHG members is *lack of time*, affecting nearly **46%** of respondents. This high percentage indicates that women—who form the majority of SHG participants—often shoulder multiple responsibilities such as household duties, childcare, wage labour, and agricultural activities. As a result, they struggle to actively participate in group meetings, training sessions, or income-generating activities.

In many rural areas, women's work burden remains invisible and unpaid. Therefore, SHG-related activities tend to be perceived as additional rather than core responsibilities. This time constraint directly affects group cohesion, reduces participation in capacity-building programmes, lowers entrepreneurial output, and sometimes delays collective decision-making. It also reveals the need for time-management interventions, support systems, and flexible scheduling to enhance the effectiveness of SHGs.

#### 2. Group Conflict (16.67%)

Nearly **17%** of respondents reported *group conflict* as a major issue. SHGs thrive on collective decision-making, democratic functioning, peer support, and mutual trust. Conflicts arise due to differences in opinions, unequal participation, interpersonal disputes, leadership issues, or disagreement over financial transactions.

Although the percentage is comparatively lower than other issues, any level of conflict can disrupt group harmony and threaten the sustainability of the SHG. Conflicts often lead to mistrust, reduced cooperation, reluctance to participate in meetings, and sometimes even

member dropout. The presence of conflicts emphasises the importance of conflict-resolution mechanisms, leadership training, transparency, and continuous capacity-building.

### 3. Dropout of Members (25%)

Around **25%** of surveyed members identified *dropout* as a significant challenge. Member dropout occurs due to multiple reasons—migration, lack of interest, dissatisfaction with group functioning, inability to repay loans, or inability to meet regular attendance requirements. The dropout rate indicates deeper structural issues within the SHGs.

High dropout rates can reduce group strength, weaken the internal lending capacity, and create additional financial burdens on the remaining members. It also affects the overall credibility of the SHG when interacting with banks or government departments. Addressing dropout requires improved engagement strategies, regular follow-ups, and greater flexibility in meeting schedules and responsibilities.

### 4. Late Repayment of Loan (12.5%)

About **12.5%** of respondents face problems related to *late loan repayment*. Although this percentage is lower compared to other issues, delayed repayment affects the financial discipline and creditworthiness of SHGs. Loan repayment delays often result from seasonal income fluctuations, crop failures, health emergencies, or lack of stable income sources. Late repayment can negatively impact the group's ability to secure future loans from financial institutions. It may also create internal tensions if other members have to compensate for delayed payments. Strengthening financial literacy, improving livelihood options, and ensuring proper utilisation of loans can help reduce repayment delays.

The field survey underscores that SHGs are highly beneficial but require consistent support to function efficiently. Addressing the identified challenges—particularly lack of time and dropout—will strengthen SHG operations, enhance women's participation, and ensure sustainable development at the grassroots level. The findings emphasize the importance of capacity-building, conflict management, financial training, and institutional support to overcome these barriers.

## Conclusion

This research on the role of Self-Help Groups (SHGs) in enhancing the socio-economic status of women of Sanganath, Ravangla, South Sikkim, had revealed a significant positive impact on the day to day lives of its members. The prominent findings indicate that SHGs have been playing a vital role in empowering women by improving their economic status and promoting the social change. The demographic profile of the respondents is suggestive, that middle-aged women who have acquired at least primary education are more expected to participate in SHGs, and agriculture appears to be their primary occupation. The study shows the importance of conducting regular meetings, savings, and loan repayment so as to ensure the sustainability of SHGs. By analysing the monthly income and savings of members, reveals a significant increase in the income of SHG members after joining the group. All the members have diversified their income-generating activities, which includes pickle making, mushroom farming, handicrafts, and preparing turmeric powder. Despite having positive aspect, the study also found challenges



faced by SHGs members, such as lack of time, conflicts in groups, dropout in membership, and delay in loan repayment. To overcome all these challenges, it is crucial to provide capacity-building training, conflict management within group, and financial literacy programs to those who take loans from SHG and to all members. To enhance the effectiveness of SHGs, there should be Institutional support and flexibility in meeting schedules. The study concludes that SHGs have a great potential in promoting sustainable development, empowering women, and improving community resilience. The success story of SHGs particularly of Sanganath can be taken as an example in other rural space and their positive impact can be scaled up with continued support from governments, non-governmental organizations, and other financial institutions. The study highly recommends the strengthening of SHG federations, promoting link with banks and financial institutions and also providing market access to products of SHG. In rural space, SHGs have emerged as an important tool for socio-economic empowerment, and their potential can be used to achieve the sustainable development goals in the rural space.

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