

Linking Self-Help Group Participation to SDG-1 and SDG-5 Outcomes: An Empirical Study from Telangana

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Abstract

This study examines the relationship between women's participation in Self-Help Groups (SHGs) and development outcomes related to poverty reduction and gender equity in the state of Telangana. SHGs operate as community-based collectives that combine savings, credit access, and group interaction, thereby influencing both household economic behaviour and women's social participation. Using primary data collected from 135 women SHG members through a structured survey instrument, the study evaluates changes in household income security, dependence on informal credit sources, and women's involvement in financial and community-level decision-making. Quantitative analysis employing descriptive statistics and regression techniques reveals that SHG participation is associated with improved income stability, enhanced capacity to meet basic household needs, and increased participation of women in economic decisions. The results further indicate that household income improvement and financial decision-making autonomy are the strongest contributors to poverty reduction and women's empowerment respectively. The findings highlight the role of SHGs as local institutional mechanisms that support household resilience and strengthen women's agency, thereby contributing to development outcomes aligned with poverty alleviation and gender equality objectives in the regional context of Telangana.

Keywords: Self-Help Groups, Sustainable Development Goals, Women Empowerment, Poverty Reduction, SDG-1, SDG-5, Financial Inclusion.

1. INTRODUCTION

Despite sustained economic growth in India, income insecurity and limited access to formal financial systems continue to affect a large segment of the population, particularly women in rural and semi-urban regions. These challenges are often compounded by restricted participation of women in household financial decisions and limited engagement in community-level institutions. Addressing such multidimensional constraints requires development approaches that integrate economic participation with social empowerment at the grassroots level.

Self-Help Groups (SHGs) have gained prominence as one such approach. Operating through collective savings, internal lending, and regular group interaction, SHGs provide women with access to financial resources while simultaneously fostering peer support, information sharing, and collective decision-making. Unlike conventional credit mechanisms, SHGs create spaces where women actively engage in discussions related to household finance, livelihood strategies, and community issues. This combination of economic and social engagement enables SHGs to influence both material conditions and behavioural outcomes within households.

Existing research has documented improvements in income management, consumption smoothing, and confidence among women participating in SHGs. However, many of these studies focus on isolated outcomes without situating them within a broader development framework. Moreover, the relationship between SHG participation and development objectives such as poverty reduction and gender equity is often implied rather than empirically examined using measurable indicators.

Telangana presents a relevant context for such analysis due to the extensive implementation of SHG-based programmes aimed at improving livelihoods and strengthening women's participation. The present study therefore seeks to examine whether participation in SHGs corresponds with measurable improvements in household economic conditions and women's agency. By focusing on indicators related to income security, credit dependence, and decision-making participation, the study contributes empirical evidence on how SHG participation supports poverty-related and gender-related development outcomes at the regional level.

2. LITERATURE REVIEW

Research on Self-Help Groups has broadly examined three interrelated dimensions: economic outcomes, social participation, and decision-making capacity. Studies focusing on economic outcomes consistently report that SHG participation improves access to credit and enables households to manage income variability more effectively. Access to group-based savings and institutional linkages reduces reliance on informal moneylenders and enhances the ability of households to meet consumption needs during periods of financial stress.

A second body of literature highlights the social dimensions of SHG participation. Regular interaction among members facilitates the development of trust, shared learning, and collective problem-solving. These interactions contribute to increased confidence among women and encourage participation in community meetings and local institutions. Such engagement strengthens social capital and enables women to articulate their concerns more effectively within both household and community settings.

Recent studies extend this discussion by examining indirect benefits of SHG participation, including improved health awareness, nutrition practices, and access to public services. These outcomes suggest that SHGs generate spillover effects that go beyond economic gains. However, despite extensive documentation of SHG impacts, limited research explicitly aligns these outcomes with development goal indicators, particularly at the state level. This gap underscores the need for context-specific empirical analysis linking SHG participation to poverty reduction and gender-related development objectives.

3. OBJECTIVES OF THE STUDY

1. To examine the impact of SHG participation on poverty reduction and household income improvement.
2. To analyse the role of SHGs in enhancing women's participation in household and community-level decision-making.

4. RESEARCH METHODOLOGY

The study adopts a descriptive and analytical research design to examine the relationship between SHG participation and development outcomes. Primary data were collected from women SHG members across selected regions of Telangana using a pre-tested survey instrument designed to capture perceptions and experiences related to income security, credit access, and decision-making participation.

Out of 150 questionnaires distributed, 135 valid responses were received and considered for analysis. Responses were recorded using graded agreement categories to assess the extent of perceived change associated with SHG participation. Descriptive statistical techniques were used to summarise respondent characteristics and variable distributions, while regression analysis was employed to examine the relative contribution of selected factors to poverty reduction and women's empowerment outcomes.

5. DATA ANALYSIS AND INTERPRETATION

The descriptive analysis indicates high levels of agreement among respondents regarding improvements in household income, ability to meet basic needs, and reduced dependence on informal credit sources. Mean scores across these indicators exceed the neutral midpoint, suggesting that SHG participation is associated with positive changes in household economic conditions.

Regression analysis further confirms these relationships. Improvement in household income emerges as the most influential factor contributing to poverty reduction, followed by the ability to meet basic needs and reduced reliance on moneylenders. All predictors are statistically significant, indicating that SHG participation contributes meaningfully to

household economic resilience.

With respect to women's empowerment, descriptive results show significant improvements in participation in household financial decisions, confidence in community meetings, and leadership involvement. Regression results indicate that financial decision-making autonomy plays the most substantial role in enhancing overall empowerment, while social participation and leadership also contribute significantly. These findings demonstrate that economic and social dimensions of SHG participation jointly influence women's agency.

Objective 1: Impact of SHGs on Poverty Reduction (SDG-1)

Table 5.1 Descriptive Statistics – Poverty Reduction (SDG-1)

Variable	N	Mean	S.D	t-value	p-value
Improvement in household income	135	4.12	0.68	10.47	<0.001
Ability to meet basic needs	135	4.09	0.70	9.95	<0.001
Reduced dependence on moneylenders	135	4.05	0.72	9.10	<0.001
Overall SDG-1 Score	135	4.09	0.69	9.10	<0.001

Interpretation:

In table 5.1 shows that mean values above 4.0 indicate a high level of agreement among respondents that SHG participation has improved income levels, reduced poverty, and lowered dependence on informal credit sources. All means are significantly above 3, suggesting SHG participation strongly improves household financial outcomes. Access to SHG-linked credit shows the highest mean (4.12), indicating women's participation facilitates financial inclusion, a key factor in poverty reduction.

Table 5.2 Regression Analysis

Predictor	B	Std. Error	Beta	t	p-value
Improvement in household income	0.42	0.07	0.39	6.00	<0.001
Ability to meet basic needs	0.33	0.08	0.30	4.13	<0.001
Reduced dependence on moneylenders	0.28	0.09	0.25	3.11	0.002

- **Dependent Variable:** Overall score of SDG-1
- **Independent Variables:** Improvement in household income, Ability to meet basic needs, Reduced dependence on moneylenders

Interpretation:

In table 5.2 discloses that all predictors are significant ($p < 0.01$), with increased household income contributing the most to poverty reduction. This confirms that SHG participation improves household economic resilience, supporting SDG-1.

Table 5.3 Descriptive Statistics – Women Empowerment (SDG-5)

Variable	N	Mean	S.D	t-value	p-value
Household Financial Decisions	135	4.16	0.69	10.93	<0.001
Confidence in Community Meetings	135	4.06	0.71	9.38	<0.001

Leadership & Decision-Making	135	4.03	0.72	8.72	<0.001
Overall score of SDG-5	135	4.08	0.69	10.12	<0.001

Interpretation:

Table 5.3 shows that all mean scores are significantly higher than 3 (neutral midpoint), with $p < 0.001$, indicating that SHG participation has a strong positive impact on women's empowerment. Household financial decision-making shows the highest mean, suggesting SHGs strongly enhance women's economic agency. Confidence in community meetings and leadership also shows significant improvement, confirming that SHG involvement strengthens social and psychological empowerment.

Table 5.4 Regression Analysis

Predictor	B	Std. Error	Beta	t	p-value
Household Financial Decisions	0.45	0.08	0.41	5.63	<0.001
Confidence in Community Meetings	0.32	0.09	0.28	3.56	<0.001
Leadership & Decision-Making	0.27	0.10	0.23	2.70	0.008

Interpretation:

Table 5.4 shows that financial decisions contribute the most to overall empowerment. All predictors are significant ($p < 0.01$), indicating that economic, social, and leadership dimensions collectively enhance women's empowerment.

6. Findings

The analysis reveals that SHG participation is associated with measurable improvements in household income stability and reduced dependence on informal credit mechanisms. These outcomes indicate enhanced capacity among households to manage financial risks and meet essential needs. Income improvement emerges as the most influential factor in reducing economic vulnerability.

In terms of empowerment, increased involvement of women in household financial decisions represents a significant shift in intra-household dynamics. Participation in SHGs also contributes to greater confidence in community engagement and improved leadership capacity. The combined effect of economic participation and social interaction strengthens women's agency and enhances their role in decision-making processes at multiple levels.

7. SUGGESTIONS

1. Government agencies should prioritise skill development and income-generation initiatives linked to SHGs to strengthen livelihood sustainability.
2. Capacity-building programmes focusing on financial literacy and enterprise management can further enhance economic outcomes.
3. Strengthening market linkages for SHG-produced goods and encouraging leadership development initiatives can improve both economic returns and social participation among women members.

8. CONCLUSION

The study demonstrates that participation in Self-Help Groups is associated with positive changes in both household economic conditions and women's decision-making capacity. Improved income stability and reduced reliance on informal credit contribute to poverty reduction, while enhanced financial and community participation reflects

strengthened women's agency. These findings indicate that SHGs function as more than financial collectives; they serve as platforms for economic engagement and social empowerment. Within the Telangana context, SHG participation aligns with development objectives related to poverty alleviation and gender equity, highlighting the relevance of community-based institutions in advancing inclusive development strategies.

9. REFERENCES

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