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## A Comparative Financial Sustainability Study of SHG Members in Manakondur and Karimnagar Constituency

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### Abstract:

Microfinance segment has become quickly in the course of recent decades. Nobel Laureate Muhammad Yunus is credited with establishing the framework of the cutting edge MFIs with foundation of Grameen Bank, Bangladesh in 1976. Banks have additionally utilized the Self-Help Group (SHGs) channel to give direct credit to assemble borrowers. The present paper is a modest attempt to study the comparative financial sustainability study of SHG Members in Manakondur and Karimnagar Constituency. For the purpose of data collection, a structured questionnaire was prepared and administered among sample respondents in selected two constituencies of erstwhile Karimnagar district of Telangana state. The data collected is processed and analyzed by using inferential statistical test i.e., paired t-test were adopted.

The financial sustainability factors are accessibility to credit, contribution towards family expenditure, capacity to save regularly, capacity to make profitable investments, capacity to meet personal expense, timely repayment of loan, respectable person in family and society, and reduced dependence on money lenders. This paper concludes that their accessibility to credit, capacity to save regularly, timely repayment of loan, most respectable person in family and society has been improved more in Karimnagar constituency after joining self help groups. The other variables shows that their capacity to make profitable investments, capacity to meet personal expenses and reduced dependence on money lenders has been improved more in Manakondur constituency when compared to Karimnagar constituency after joining self help groups.

It is observed from the result of t' *test*, we concluded that there is significant difference in accessibility to credit, , capacity to save, capacity to make profitable investments and capacity to meet personal expenses among Manakondur and Karimnagar respondents after joining self help groups.

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## **A Comparative Financial Sustainability Study of SHG Members in Manakondur and Karimnagar Constituency**

Microfinance segment has become quickly in the course of recent decades. Nobel Laureate Muhammad Yunus is credited with establishing the framework of the cutting edge MFIs with foundation of Grameen Bank, Bangladesh in 1976. Today it has developed into a lively industry showing an assortment of plans of action. Microfinance Institutions (MFIs) in India exist as “NGO”s (enlisted as social orders or trusts), Non-Banking Financial Companies (NBFCs), Commercial Banks, Regional Rural Banks (RRBs), helpful social orders and other huge money lenders. These players have assumed a significant role in giving renegotiate office to MFIs. Banks have additionally utilized the Self-Help Group (SHGs) channel to give direct credit to assemble borrowers.

The present paper is a modest attempt to study the comparative financial sustainability study of SHG Members in Manakondur and Karimnagar Constituency. For the purpose of data collection, a structured questionnaire was prepared and administered among sample respondents in selected two constituencies of erstwhile Karimnagar district of Telangana state. The questionnaire method and focus group discussions, observations techniques were adopted to elicit adequate information from the respondents around 57,807 SHGs in erstwhile Karimnagar district of Telangana region. The data collected is processed and analyzed by using inferential statistical test i.e., paired t-test were adopted.

For any individual to survive in the society the financial sustainability is very vital. Accessibility to credit, contributing to the family expenditure, capacity to save regularly, capacity to make profitable investments, capacity to meet personal needs independently, ability to purchase house hold appliances, making repayment of loans on time, being respected in family and community and reduced dependence on money lenders are the various factors contributing to the financial sustainability of individuals. Each of these factors will have its own bearing on the financial stability of the individual.

Hence the respondents were asked to reveal their opinion about various factors contributing to the financial sustainability on a five point scale. The most preferred one should be rated as strongly agree and last preference by strongly disagree. The financial sustainability factors are accessibility to credit, contribution towards family expenditure, capacity to save regularly, capacity to make profitable investments, capacity to meet personal expense, timely repayment of loan, respectable person in family and society, and reduced dependence on money lenders.

### **Accessibility to credit:**

The data relating to the accessibility to credit after joining self help groups by the respondents of Manakondur constituency and Karimnagar constituency is placed in Table1 which reveals that, 25.84 per cent strongly agree and 46.07 per cent of respondents agree with the statement of improved accessibility to credit due to joining of self help groups. The mean score of the sample respondents after joining the self help groups in Manakondur stood at 46.67. Whereas the data relating to the

accessibility to credit after joining self help groups by the respondents in Karimnagar constituency reveals that, 44.89 per cent strongly agree and 48.30 per cent of respondents agree with the statement of accessibility to credit. The mean score of the sample respondents after joining the self help groups in Karimnagar stood at 4.36. This shows that their accessibility to credit has been improved more in Karimnagar constituency after joining self help groups.

It is observed from the result of '*t*' test that the calculated value (5.503) is greater than the Critical value (2.132) at degrees of freedom  $V = 4$  at 5 per cent level of significance, and P value .000. Hence null hypothesis of no significant difference between accessibility to credit after joining the self help groups among Manakondur and Karimnagar respondents has been rejected and concluded that there is significant difference in accessibility to credit among Manakondur and Karimnagar respondents after joining self help groups.

#### **Contribution towards family expenditure:**

The data (Table 1) pertaining to the contribution towards family expenditure after joining self help groups by the respondents in Manakondur constituency depicts that 24.72 per cent strongly agree and 50.56 per cent of respondents agree with the statement of contribution towards family expenditure. The mean score of the sample respondents after joining the self help groups in Manakondur stood at 46.93. Further the data relating to the contribution towards family expenditure after joining self help groups by the respondents in Karimnagar constituency reveals that, 66.78 per cent strongly agree and 25.00 per cent of respondents agree with the statement of contribution towards family expenditure. The mean score of the sample respondents after joining the self help groups in Karimnagar stood at 4.55. This shows that the capacity to save regularly has been improved more in Karimnagar constituency than Manakondur after joining self help groups.

It can be observed from the result of '*t*' test that the calculated value (7.490) is greater than the Critical value (2.132) at degrees of freedom  $V = 4$  at 5 per cent level of significance, and P value .000. Hence null hypothesis of no significant difference between contribution towards family expenditure after joining the self help groups among Manakondur and Karimnagar respondents has been rejected and concluded that there is significant difference in contribution towards family expenditure among Manakondur and Karimnagar respondents after joining self help groups.

#### **Capacity to save regularly:**

The data in Table 1 relating to the capacity to save regularly after joining self help groups by the respondents in Manakondur constituency reveals that, 21.35 per cent strongly agree and 37.08 per cent of respondents agree with the statement of improved capacity to save regularly. The mean score of the sample respondents after joining the self help groups in Manakondur stood at 43.20. It is also observed from the data relating to the capacity to save regularly after joining self help groups by the respondents in Karimnagar constituency reveals that, 11.93 per cent strongly agree and 70.45 per cent of respondents agree with the statement of improved capacity to save regularly. The mean score of the sample respondents after joining the self help groups in Karimnagar stood at 3.88. This shows that their capacity to save regularly has been improved more in Karimnagar Constituency after joining self help groups.

It is observed from the result of '*t*' test that the calculated value (2.688) is greater than the Critical value (2.132) at degrees of freedom  $V = 4$  at 5 per cent level of significance, , and P value .008. Hence null hypothesis of no significant difference between capacity to save regularly after joining the self help groups among Manakondur and Karimnagar respondents has been rejected and concluded that there is significant difference in capacity to save regularly among Manakondur and Karimnagar respondents after joining self help groups.

**Capacity to make profitable investments:**

The data (Table 1) relating to the capacity to make profitable investments after joining self help groups by the respondents in Manakondur constituency reveals that, 13.48 per cent strongly agree and 33.71 per cent of respondents agree with the statement of improved capacity to make profitable investments. The mean score of the sample respondents after joining the self help groups in Manakondur stood at 41.20 after joining the self help groups. Whereas the data relating to the capacity to make profitable investments after joining self help groups by the respondents in Karimnagar constituency reveals that, 14.20 per cent strongly agree and 36.93 per cent of respondents agree with the statement of improved capacity to make profitable investments. The mean score of the sample respondents after joining the self help groups in Karimnagar stood at 3.41. This shows that their capacity to make profitable investments has been improved more in Manakondur constituency after joining self help groups.

It is inferred from the result of '*t*' test that the calculated value (-0.566) is less than the Critical value (2.132) at degrees of freedom  $V = 4$  at 5 per cent level of significance, , and P value .572. Hence null hypothesis of no significant difference between capacity to make profitable investments after joining the self help groups among Manakondur and Karimnagar respondents has been accepted and concluded that there is no significant difference in capacity to make profitable investments among Manakondur and Karimnagar respondents after joining self help groups.

Table No. 1  
Financial sustainability of the Respondents of Manakondur and Karimnagar Constituency after joining Self help groups

Sl. No	Item	Manakondur Constituency						Karimnagar Constituency						T - test	P-Value
		Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	Mean Score	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	Mean Score		
1	Accessibility to credit	46 (25.84)	82 (46.07)	44 (24.72)	4 (2.25)	2 (1.12)	3.93	79 (44.89)	85 (48.30)	10 (5.68)	2 (1.14)	0 0	4.36	5.503	0.000
2	Family expenditure	44 (24.72)	90 (50.56)	36 (20.22)	8 (4.49)	0 0	3.96	117 (66.48)	44 (25.00)	11 (6.25)	4 (2.27)	0 0	4.55	7.490	0.000
3	Saving regularly	38 (21.35)	66 (37.08)	48 (26.97)	24 (13.48)	2 (1.12)	3.64	21 (11.93)	124 (70.45)	23 (13.07)	6 (3.41)	2 (1.14)	3.88	2.688	0.008
4	Profitable investment	24 (13.48)	60 (33.71)	70 (39.33)	24 (13.48)	0 0	3.47	25 (14.20)	65 (36.93)	44 (25.00)	42 (23.86)	0 0	3.41	-.5660	0.572
5	Personal needs	28 (15.73)	72 (40.45)	74 (41.57)	4 (2.25)	0 0	3.70	26 (14.77)	67 (38.07)	73 (41.48)	8 (4.55)	2 (1.14)	3.60	-1.047	0.296
6	Repayment of loan	26 (14.61)	76 (42.70)	58 (32.58)	16 (8.99)	2 (1.12)	3.61	20 (11.36)	99 (56.25)	51 (28.98)	4 (2.27)	2 (1.14)	3.74	.3020	0.763
7	Family and community	22 (12.36)	74 (41.57)	74 (41.57)	8 (4.49)	0 0	3.62	28 (15.91)	77 (43.75)	65 (36.93)	6 (3.41)	0 0	3.72	1.594	0.112
8	Money lenders	22 (12.36)	60 (33.71)	76 (42.70)	20 (11.24)	0 0	3.47	0 0	83 (47.16)	57 (32.39)	2 (1.14)	0 0	2.88	1.276	0.203

Source: Primary data

### **Capacity to meet personal expense:**

The data (Table 1) relating to the capacity to meet personal expenses after joining Self help groups by the respondents in Manakondur constituency depicts that, 15.73 per cent strongly agree and 40.45 per cent of respondents agree with the statement of capacity to meet personal expenses. The mean score of the sample respondents after joining the self help groups in Manakondur stood at 43.87 regarding capacity to meet personal expenses. Further the data relating to the capacity to meet personal expenses after joining Self help groups by the respondents in Karimnagar constituency shows that, 14.77 per cent strongly agree and 38.07 per cent of respondents agree with the statement of capacity to meet personal expenses. The mean score of the sample respondents after joining the self help groups in Karimnagar stood at 3.60 regarding capacity to meet personal expenses. This shows that their capacity to meet personal expenses has been improved more in Manakondur constituency after joining self help groups.

It is observed from the result of 't' test that the calculated value (-1.047) is less than the Critical value (2.132) at degrees of freedom  $V = 4$  at 5 per cent level of significance, hence, and P value .296. Hence null hypothesis of no significant difference between capacity to meet personal expenses after joining the self help groups among Manakondur and Karimnagar respondents has been accepted and concluded that there is no significant difference in capacity to meet personal expenses among Manakondur and Karimnagar respondents after joining self help groups.

### **Timely repayment of loan:**

The data relating to the timely repayment of loan after joining self help groups by the respondents in Manakondur constituency reveals that, 42.70 per cent agree and 14.61 per cent of respondents strongly agree with the statement of improved timely repayment of loan. The mean score of the sample respondents after joining the self help groups in Manakondur stood at 42.80. Further the data (Table 1) relating to the timely repayment of loan after joining self help groups by the respondents in Karimnagar constituency reveals that, 11.36 per cent strongly agree and 56.25 per cent of respondents agree with the statement of timely repayment of loan. The mean score of the sample respondents after joining the self help groups in Karimnagar stood at 3.74 regarding timely repayment of loan. This shows that their timely repayment of loan has been improved more in Karimnagar Constituency after joining self help groups.

It is observed from the result of 't' test that the calculated value (0.302) is less than the Critical value (2.132) at degrees of freedom  $V = 4$  at 5 per cent level of significance, and P value .763. Hence hence null hypothesis of no significant difference between timely repayment of loan after joining the self help groups among Manakondur and Karimnagar respondents has been accepted and concluded that there is no significant difference in timely repayment of loan among Manakondur and Karimnagar respondents after joining self help groups.

### **Respectable person in family and society:**

The data (Table 1) relating to the most respectable person in family and society after joining self help groups by the respondents in Manakondur constituency reveals that, 12.36 per cent strongly agree and 41.57 per cent of respondents agree with the statement of most respectable person in family and society. The mean score of the sample respondents after joining the self help groups in Manakondur stood at 42.93 regarding most respectable person in family and society. Whereas the data relating to the most respectable person in family and society after joining self help groups by the respondents in Karimnagar constituency reveals that, 15.91 per cent strongly agree and 43.75 per cent of

respondents agree with the statement of most respectable person in family and society. The mean score of the sample respondents after joining the self help groups in Karimnagar stood at 3.72. This shows that their most respectable person in family and society has been improved more in Karimnagar Constituency after joining self help groups.

It is observed from the result of 't' *test* that the calculated value (1.594) is less than the Critical value (2.132) at degrees of freedom  $V = 4$  at 5 per cent level of significance, , and P value .112. Hence null hypothesis of no significant difference between most respectable person in family and society after joining the self help groups among Manakondur and Karimnagar respondents has been accepted and concluded that there is no significant difference in most respectable person in family and society among Manakondur and Karimnagar respondents after joining self help groups.

#### **Reduced dependence on money lenders:**

The data (Table 1) relating to the reduced dependence on money lenders after joining self help groups by the respondents in Manakondur constituency reveals that, 12.36 per cent strongly agree and 33.71 per cent of respondents agree with the statement of reduced dependence on money lenders. The mean score of the sample respondents after joining the self help groups in Manakondur stood at 41.20 about reduced dependence on money lenders. Whereas the data relating to the capacity to save regularly after joining Self help groups by the respondents in Karimnagar constituency reveals that, 47.16 per cent agree and 32.39 per cent of respondents neither agree nor disagree with the statement of reduced dependence on money lenders. The mean score of the sample respondents after joining the self help groups in Karimnagar stood at 2.88. This shows that their reduced dependence on money lenders has been improved more in Manakondur constituency when compared to Manakondur constituency after joining self help groups.

It is observed from the result of 't' *test* that the calculated value (1.276) is less than the Critical value (2.132) at degrees of freedom  $V = 4$  at 5 per cent level of significance, , and P value .203. Hence null hypothesis of no significant difference between reduced dependence on money lenders after joining the self help groups among Manakondur and Karimnagar respondents has been accepted and concluded that there is no significant difference in reduced dependence on money lenders among Manakondur and Karimnagar respondents after joining self help groups.

#### **Conclusion:**

This paper concludes that their accessibility to credit, capacity to save regularly, timely repayment of loan, most respectable person in family and society has been improved more in Karimnagar constituency after joining self help groups. The other variables shows that their capacity to make profitable investments, capacity to meet personal expenses and reduced dependence on money lenders has been improved more in Manakondur constituency when compared to Karimnagar constituency after joining self help groups.

It is observed from the result of 't' *test*, we concluded that there is significant difference in accessibility to credit, , capacity to save, capacity to make profitable investments and capacity to meet personal expenses among Manakondur and Karimnagar respondents after joining self help groups.

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