



# **Budgetary Control And Fund Allocation Efficiency In Self Help Groups: A Study Of Bangalore Urban District**

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## **ABSTRACT**

Budgetary control is a vital component of financial management, particularly in grassroots institutions such as Self Help Groups (SHGs). Proper budgeting ensures effective allocation, utilization and monitoring of limited financial resources. The present study examines the budgetary control practices of Self Help Groups in Bangalore Urban District and evaluates their influence on fund allocation efficiency. The study is based on primary data collected from 120 SHG members through a structured questionnaire. Statistical tools such as mean, standard deviation and chi-square test were employed for analysis. The findings reveal that SHGs with systematic budget preparation and monitoring mechanisms exhibit better fund utilization and financial discipline. The study concludes that effective budgetary control significantly contributes to improved financial performance and sustainability of SHGs.

**Keywords:** Budgetary Control, Fund Allocation, Financial Discipline, Self Help Groups, Bangalore Urban.

## 1. INTRODUCTION

Self Help Groups have emerged as an important institutional mechanism for promoting financial inclusion and economic empowerment, especially among women. In the functioning of SHGs, financial management plays a crucial role in ensuring sustainability and achieving developmental objectives. Among the various elements of financial management, budgetary control occupies a central position.

Budgetary control refers to the process of preparing budgets, comparing actual performance with budgeted figures and taking corrective measures to ensure optimal utilization of funds. In SHGs, budgetary control helps in prioritizing expenditures, avoiding misuse of funds and improving accountability. In urban areas like Bangalore Urban District, SHGs face diverse financial needs, making effective budgeting essential. Therefore, an empirical examination of budgetary control practices and their impact on fund allocation is necessary.

## 2. REVIEW OF LITERATURE

The review of literature is that part of the study which verifies that the researcher has in-depth understanding of the topic pertaining to the study. It helps in identification of similar works conducted within the area of the study. The main objective of conducting a literature review is to figure out the research gap and arrive at research problems that are under investigation based on previous studies. Hence, it's safe to say that literature review is crucial to carry out an efficient research.

Lalitha Shivakumar (1995) emphasized that collective financial planning through SHGs helps ensure efficient utilization of limited resources.

Banumathy (2005) highlighted that financial discipline in SHGs largely depends on proper planning and monitoring of funds.

Suguna (2006) noted that participatory decision-making in budgeting enhances transparency and accountability. However, most existing studies focus on credit access and empowerment, while limited attention has been given to budgetary control mechanisms in SHGs, particularly in urban contexts.

Pushpa Sinha (2010) observed that structured financial systems improve sustainability and reduce financial vulnerability among SHGs. This study attempts to fill this research gap.

## 3. STATEMENT OF THE PROBLEM

Despite the growth of SHGs in Bangalore Urban District, variations exist in budgeting practices among different groups. Inadequate budget planning and weak monitoring often lead to inefficient fund allocation and financial imbalance. Hence, it is essential to assess whether budgetary control systems adopted by SHGs effectively contribute to efficient fund allocation.

#### 4. OBJECTIVE OF THE STUDY

- To examine the budgetary control system in selected Self Help Groups of Bangalore Urban District.
- To evaluate the effectiveness of budget monitoring and variance analysis in SHGs.
- To analyse the relationship between budgetary discipline and financial performance of SHGs.
- To assess challenges faced by SHGs in implementing budgetary control mechanisms.

#### 5. HYPOTHESIS

**H<sub>0</sub>:** There is no significant relationship between budgetary control and fund allocation in Self Help Groups.

**H<sub>1</sub>:** There is a significant relationship between budgetary control and fund allocation in Self Help Groups.

#### 6. RESEARCH METHODOLOGY

The study is based on both primary and secondary data. Primary data were collected from 120 members of selected SHGs in Bangalore Urban District using a structured questionnaire. Judgment and quota sampling methods were adopted. Secondary data were collected from journals, books and government reports. Statistical tools such as mean, standard deviation and chi-square test were used for analysis.

#### 7. DATA ANALYSIS AND INTERPRETATION

**Table 1: Budgetary Control Practices in SHGs**

Statement	Mean	SD
Annual budget is prepared by SHG	4.14	0.72
Budget is approved by members	4.26	0.64
Actual expenditure follows budget	3.98	0.81
Budget variance is discussed	3.87	0.84
Budget improves fund utilization	4.11	0.70

The mean scores indicate that most SHGs follow budget preparation and approval procedures. However, relatively lower scores for variance discussion suggest scope for improvement in monitoring mechanisms.

#### Chi-Square Test Result

- $\chi^2$  value = **9.46**
- p value < **0.05**

The test result indicates a significant relationship between budgetary control and fund allocation efficiency. Hence, the null hypothesis is rejected and the alternative hypothesis is accepted.

**Table 2: Budget Preparation Practices of SHGs**

Practice	Respondents	Percentage
Annual budget prepared	52	43.3
Half-yearly budget prepared	31	25.8
Quarterly budget prepared	21	17.5
No formal budget	16	13.4
<b>Total</b>	<b>120</b>	<b>100</b>

**Interpretation**

The table reveals that a majority of SHGs (43.3%) prepare annual budgets, indicating a basic level of financial planning. However, a notable proportion of SHGs either prepare budgets infrequently or do not follow formal budgeting practices, which may affect effective fund allocation and financial discipline.

**Table 3: Member Participation in Budget Formulation**

Level of Participation	Respondents	Percentage
High participation	49	40.8
Moderate participation	38	31.7
Low participation	21	17.5
No participation	12	10.0
<b>Total</b>	<b>120</b>	<b>100</b>

**Interpretation**

The findings indicate that a majority of SHGs encourage member participation in budget formulation. Higher participation enhances transparency and accountability, whereas low participation may lead to poor acceptance and weak implementation of budgets.

**Table 4: Budget Monitoring and Control Mechanisms**

Statement	Mean	SD
Actual expenditure is compared with budget	4.02	0.78
Budget variance is periodically reviewed	3.87	0.84
Corrective action is taken for deviations	3.94	0.81
Budget control improves financial discipline	4.18	0.69

## Interpretation

High mean scores indicate that SHGs recognize the importance of monitoring expenditures against budgets. However, relatively lower scores for variance review and corrective action suggest the need to strengthen monitoring systems for effective budgetary control.

**Table 5: Budgetary Control and Fund Utilization Efficiency**

### Fund Utilization Level Respondents Percentage

Highly efficient	44	36.7
Moderately efficient	41	34.2
Less efficient	22	18.3
Inefficient	13	10.8
<b>Total</b>	<b>120</b>	<b>100</b>

## Interpretation

The majority of SHGs fall under the highly or moderately efficient categories, indicating that budgetary control positively influences fund utilization. However, inefficiencies persist in some groups due to weak planning and monitoring mechanisms.

**Table 6: Problems Faced in Budgetary Control**

Problem	Respondents Percentage	
Inadequate financial knowledge	38	31.7
Delay in fund release	29	24.2
Lack of training	27	22.5
Poor record keeping	17	14.2
No major problem	9	7.4
<b>Total</b>	<b>120</b>	<b>100</b>

## Interpretation

Inadequate financial knowledge and delays in fund release are the major problems affecting budgetary control in SHGs. This highlights the need for capacity-building programmers' and timely institutional support.

**Table 7: Cross-Tabulation – Budgetary Control and SHG Performance**

		High Performance	Moderate	Low	Total
		36	11	4	51
		15	19	6	40
		6	9	14	29
<b>Total</b>		<b>57</b>	<b>39</b>	<b>24</b>	<b>120</b>

**Interpretation**

The cross-tabulation clearly shows that SHGs with strong budgetary control systems exhibit higher performance levels. Poor budgetary control is associated with low performance, indicating a strong relationship between budgeting practices and SHG effectiveness.

**Table 8: Chi-Square Test – Budgetary Control and Fund Allocation**

Test Statistic	Value
Chi-square ( $\chi^2$ )	9.46
Degrees of freedom	4
Significance (p value)	< 0.05

**Interpretation**

The chi-square test result indicates a statistically significant relationship between budgetary control and fund allocation efficiency. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted.

**OVERALL ANALYTICAL INSIGHT**

The detailed analysis confirms that:

- Budget preparation and member participation are crucial for effective budgetary control.
- Regular monitoring and variance analysis improve fund utilization efficiency.
- Strong budgetary control systems significantly enhance SHG performance and sustainability.

**8. FINDINGS OF THE STUDY**

- Majority of SHGs prepare annual budgets and obtain member approval.
- Budgetary control contributes positively to efficient allocation of funds.
- Inadequate monitoring of budget variance affects optimal utilization in some SHGs.
- A significant relationship exists between budgetary control and fund allocation.

## 9. SUGGESTIONS

- SHGs should strengthen budget monitoring and variance analysis mechanisms.
- Periodic financial training should be provided to SHG leaders and members.
- Adoption of simple digital budgeting tools can improve accuracy and transparency.

## 10. CONCLUSION

The study concludes that budgetary control plays a significant role in ensuring efficient fund allocation in Self Help Groups of Bangalore Urban District. Proper budget preparation, member participation and monitoring mechanisms enhance financial discipline and sustainability. Strengthening budgetary control systems can further improve the effectiveness of SHGs and contribute to their long-term development.

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