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**A STUDY ON SOCIO ECONOMIC PROFILE OF SELF HELP GROUP AND NON  
SELF HELP GROUP BORROWER FARMERS IN SALEM DISTRICT OF  
TAMILNADU**

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**ABSTRACT**

The small and marginal farmers constitute 80 percentage of the operational holdings and cultivate nearly 36 percentage of the area in India. Due to their small holdings, they are disadvantageously placed with respect to their access to technology, capital, credit and other institutional support. (Annapoorani and Gandhimathi).

Hence to cater the credit need of the weaker sections such as small and marginal farmers, the Self Help Group linkage programme was introduced in 1992 by the National Bank for Agriculture and Rural Development. The idea of introducing the Self Help Group programme was initiated from the successful experiences of other countries. The linkage programme under National Bank for Agriculture and Rual Development aims to reach those outside the network of formal credit, improve living standards of poorer sections of rural society and achieve high deposit – credit mobilisation and recovery of loans.

The number of self help groups linked with banks had increased from 255 in 1992-1993 to 1609586 in 2008 – 2009. The bank loan through self help group and the refinance assistance had also shown an increasing trend. The bank loan was amounted to Rs.122.54 billion in 2008 -2009 through self help group. The amount of refinance availed through National Bank for Agriculture and Rual Development was Rs. 26.20 billion in 2008 -2009 (Hand Book of Indian Economy, 2009). In this back drop, an attempt was made to study the

socio economic background of Self Help group farmer borrowers and Self Group non borrowers in Salem district of Tamilnadu. To conclude, on an average, the average farm income, savings and consumption expenditure of Non-Self Help Group borrowers was higher than the Self Help Group borrowers. Farm income, savings and consumption expenses had differed significantly between Self Help Group and non Self Help Group members. In the present study, the income, savings and consumption expenditure of non self help group borrowers was higher than the self help group borrowers. It was on account of that most of the farmers in non self help group were the medium and large farmers.

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**INTRODUCTION**

The small and marginal farmers constitute 80 percentage of the operational holdings and cultivate nearly 36 percentage of the area in India. Due to their small holdings, they are disadvantageously placed with respect to their access to technology, capital, credit and other institutional support. (Annapoorani and Gandhimathi).

Hence to cater the credit need of the weaker sections such as small and marginal farmers, the Self Help Group linkage programme was introduced in 1992 by the National Bank for Agriculture and Rural Development. The idea of introducing the Self Help Group programme was initiated from the successful experiences of other countries. The linkage programme under National Bank for Agriculture and Rural Development aims to reach those outside the network of formal credit, improve living standards of poorer sections of rural society and achieve high deposit – credit mobilisation and recovery of loans.

The number of self help groups linked with banks had increased from 255 in 1992-1993 to 1609586 in 2008 – 2009. The bank loan through self help group and the refinance assistance had also shown an increasing trend. The bank loan was amounted to Rs.122.54 billion in 2008 -2009 through self help group. The amount of refinance availed through National Bank for Agriculture and Rural Development was Rs. 26.20 billion in 2008 -2009 (Hand Book of Indian Economy, 2009). In this backdrop, an attempt was made to study the socio economic background of Self Help group farmer borrowers and Self Group non borrowers in Salem district of Tamilnadu.

**OBJECTIVES**

1. To study the socio economic profile of farm house holds
2. To assess the impact of Self Help Group on the economic back ground

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## MEHTODOLOGY

The data for the study was purely primary in nature. For the present study, Salem district was selected. Multi stage random sampling technique was used to select the sample. In Salem district, there are 21 community development blocks. In the first stage, among 21 community development blocks, Thalaivasal block was selected as it is one of the agricultural intensive block. In Thalaivasal block, Manivizhundhan is one of the agricultural intensive village where 110 Self Help Groups and micro finance institutions are functioning. Hence, Manivizhundhan village was selected in the second stage. The state bank of India was identified as the bank for Self Help Groups for that village. Hence the State Bank of India was selected in the third stage as the financial institution linked with Self Help Group. Through state bank of India, 110 Self help groups were identified as the functioning groups in the village. In the fourth stage, from 110 groups, ten groups are selected as they are very success in the Self Help Group financing. From ten groups, 50 Self Help Group members who were the borrowers were selected randomly. Finally 50 non members and non borrowers of Self Help Groups but borrowers of various commercial banks such as State Bank of India, Punjab National Bank, Indian overseas bank, Indian Bank and Karur Vysya Bank were selected. Thus, the sample size in the present study was one hundred. T test was used along with the simple averages and percentages to fulfill the objectives.

## RESULTS AND DISCUSSION

### AGE OF SELF HELP GROUP AND NON-SELF HELP GROUP FARMER HEAD

Age of the farmers is one of the important factors determining the availability of credit. Hence an attempt was made to analyse the age of the Self Help Group and Non-Self Help Group farmer head. The table-1 shows the age of the farm households.

**TABLE-1**

**FARMER CATEGORY WISE DISTRIBUTION OF AGE OF FARMER HEAD  
(In years)**

Farm Category	Self Help Group Borrowers	Non-Self Help Group Borrowers
Marginal	40	43
Small	43	44
Semi Medium	42	46
Medium	-	47

**Source: Field Survey**

The table-3 shows that the average the age of Self Help Group farmers was ranged between 40 years and 43 years in all categories of farmers. Among Non-Self Help Group farmers, the lowest age of farmer head was 43 years. The highest age of the farmer head was 46 years. On an average, the highest age of the farmer head was observed with Non-Self Help Group households compared to Self Help Group households.

## **EDUCATION**

Education of the farmer head determines the exposures to interact with banks and to gain knowledge to borrow from the banks. Hence, an attempt was made to analyse the education of the farmer head.

The table-2 shows the educational background of the Self Help Group and Non-Self Help Group borrowers farmer head.

**TABLE -2**

**EDUCATION OF THE FARMER HEAD-SELF HELP GROUP BORROWERS AND  
NON- SELF HELP GROUP BORRWERS**

(Number of farmers)

Education	Number of members	
	Self Help Group borrowers	Non-Self Help Group borrowers
Illiterate	9	6
Primary	22	4
Secondary	9	12
Higher secondary	10	22
College	0	6
Total	50	50

**Source: Field Survey**

Among Self Help Group households, highest number of farmers had primary education. None of them had completed college education. In case of Non-Self Help Group farmers, the highest number of them had completed higher secondary education. It shows that the educational background of Non-Self Help Group farmers was somewhat better than the Self Help Group farmers.

**SECONDARY OCCUPATION**

Secondary occupation of the farmers supplements the farm income. The table-3 shows the secondary occupation of farm households.

**TABLE -3**

**FARMER CATEGORY WISE DISTRIBUTION OF SECONDRY OCCUPATION OF  
SELF HELP GROUP BORROWERS AND NON-SELF HELP GROUP  
BORROWERS**

**(In number)**

Farm Category	Self Help Group Borrowers	Non-Self Help Group borrowers
Marginal	14	7
Small	9	0
Semi Medium	3	0
Medium	0	0
Total	26	7

**Source: Field Survey**

The table-3 shows that the highest number of marginal farmers had secondary occupation compared to other categories of farmers in case of Self Help Group borrowers. Next to marginal farmers, the small famers had secondary occupation, followed by the semi medium farmers. In case of Non-Self Help Group borrowers, only marginal farmers had secondary occupation.

**FARM ASSETS**

The farm assets are also one of the important factors determining the availability of credit. The table-4 shows the value of farm assets for both Self Help Group and Non-Self Help group farmers.

**TABLE -4**

**FARMER CATEGORY WISE DISTRIBUTION OF VALUE OF FARM ASSETS  
AMONG SELF HELP GROUP AND NON- SELF HELP GROUP BORROWERS**

(Average amount per hectare)

Farm Category	Self Help Group borrowers	Non-Self Help Group borrowers
Marginal	59528	70089
Small	63182	84478
Semi Medium	82691	93885
Medium	-	153330
Total Average	66329	91951

**Source: Field Survey**

The value of farm assets had increased along with the size of land holdings among Self Help Group farm households. The highest value of farm assets was observed with Semi medium farmers (Rs.82691). The lowest value of farm asset was observed with marginal farmers. In case of Non-Self Help Group borrowers, the highest value of farm asset was associated with Semi medium farmers (Rs.93885). On an average, the value of farm assets pertaining to Non-Self Help Group borrowers was higher than the Self Help Group borrowers.

**NON-FARM INCOME**

The Non-Farm Income of the borrowers strengthens the economic position of the Self Help Group borrowers and Non-Self Help Group borrowers. The table-5 shows the farmer category wise distribution of the non-farm income pertaining to Self Help Group borrowers and Non-Self Help Group borrowers.



**TABLE -5**

**FARMER CATEGORY WISE DISTRIBUTION OF NON-FARM INCOME AMONG  
SELF HELP GROUP AND NON-SELF HELP GROUP BORROWERS**

(Average amount per hectare)

Farm Category	Self Help Group borrowers	Non-Self Help Group borrowers
Marginal	47438	98250
Small	41759	26667
Semi Medium	22083	40333
Medium	-	.0000
Total Average	39422	44720

**Source: Field Survey**

Among both Self Help Group and Non-Self Help Group borrowers, the average non-farm income was higher for marginal farmers. It was Rs.47438 for Self Help Group borrowers and Rs.98250 for Non-Self Help Group borrowers. On an average, the non-Self Help Group borrowers had obtained the highest amount of non-farm income than the Self Help Group borrowers.

**CONSUMPTION EXPENDITURE**

The consumption Expenses determines the amount availed for the cultivation expenses of farm households. The higher consumption expenses diverted the farmers to spend the credit amount on consumption rather than on the production activity. The table-6 shows the consumption expenses of the Self Help Group and Non-Self Help Group borrowers

**TABLE -6**

**FARMER CATEGORY WISE DISTRIBUTION OF CONSUMPTION  
EXPENDITURE AMONG SELF HELP GROUP AND NON-SELF HELP GROUP  
BORROWERS**

**(Amount in Rs)**

Farm Category	Self Help Group Borrowers	Non-Self Help Group Borrowers
Marginal	98595	106880
Small	91765	140560
Semi Medium	101180	159670
Medium	0	216670
Total Average	96892	151200

**Source: Field Survey**

The highest amount of consumption expenses of Self Help Group and Non-Self Help Group borrowers was observed with semi medium farmers. The Average consumption expenses of Non-Self Help Group borrowers were Rs.151200. But it was only Rs.96892 for Self Help Group borrowers.

**SAVINGS**

The savings of the Self Help Group and Non-Self Help Group households determine the availability of own fund for meeting the cultivation expenses. It determines the amount to be borrowed by the farmers. The table-7 shows the farmer category wise distribution of savings among Self Help Group and Non-Self Help Group borrowers.

**TABLE-7**

**FARMER CATEGORY WISE DISTRIBUTION OF SAVINGS AMONG SELF HELP GROUP AND NON- SELF HELP GROUP BORROWERS**

(Average amount per hectare)

Farm Category	Self Help Group borrowers	Non-Self Help Group borrowers
Marginal	111900	115000
Small	159410	152220
Semi Medium	300000	279670
Medium	0	500000
Total Average	173200	243600

**Source: Field Survey**

The average amount of savings for both Self Help Group and Non-Self Help Group borrowers had increased along with size of land holdings. The average amount of savings pertaining to semi medium farmers was Rs. 300000 per annum in case of Self Help Group borrowers. It was the highest amount compared to other categories of farmers. Among Non-Self Help Group farm households, the highest amount of savings was Rs. 500000 per annum, it is associated with medium farmers. On an average, the average amount of savings pertaining to Non-Self Help Group borrowers was Rs. 243600. It was comparatively higher than the Self Help Group borrowers.

**FARM INCOME:**

The availability of the credit determines the cropping pattern which in turn determines the farm income. The farm income and the availability of credit are expected to be positively correlated. The table-8 shows the farm income of Self Help Group and Non-Self Help Group borrowers.

**TABLE-8**

**FARMER CATEGORY WISE DISTRIBUTION OF VALUE OF FARM INCOME  
AMONG SELF HELP GROUP AND NON- SELF HELP GROUP BORROWERS**

(Amount in Rs)

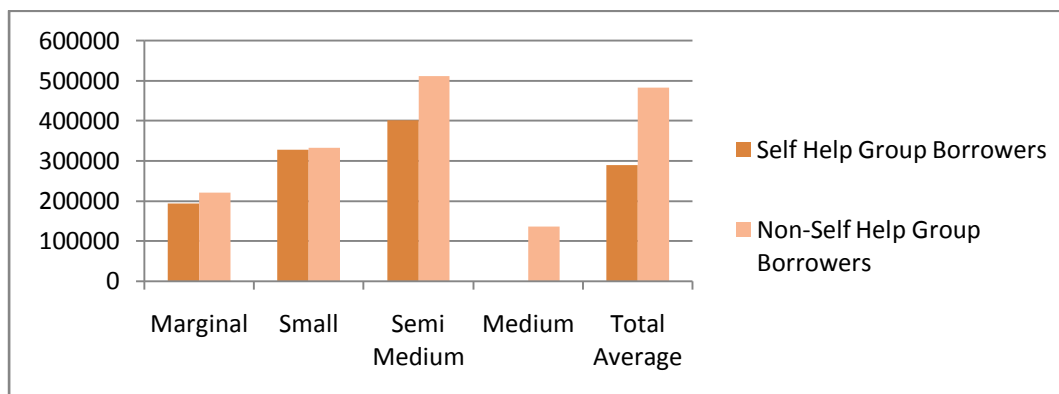
Farm Category	Self Help Group Borrowers	Non-Self Help Group Borrowers
Marginal	193330	220000
Small	327060	331670
Semi Medium	400000	510170
Medium	-	135000
Total Average	288400	482000

**Source: Field Survey**

The farm income of semi medium farmers was Rs.400000, in case of Self Help Group borrowers. It was the highest amount compared to other categories of farmers. In case of Non-Self Help Group borrowers also, the farm income was higher for semi medium farmers. The farm income of marginal farmers was only RS.220000. On an average, the average farm income of Non-Self Help Group borrowers was higher than the Self Help Group borrowers.

**FIGURE-1**

**FARMER CATEGORY WISE DISTRIBUTION OF VALUE OF FARM INCOME  
AMONG SELF HELP GROUP AND NON- SELF HELP GROUP BORROWERS**



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**COMPARISON OF ECONOMIC INDICATORS OF SELF HELP GROUP AND NON SELF HELP GROUP BORROWERS - T TEST**

To assess the impact of Self Help Group financing on economic back ground of farm households, t test was used. The results of t test are shown in table-9

**TABLE -9**  
**IMPACT SELF GROUP FINANCING ON INCOME OF SAMPLE FARMERS**

Variables	T value	Level of significance
Income	7.169	Significant at one percent level
Savings	3.221	Significant at one percent level
Consumption	4.982	Significant at one percent level

The t test showed that the value of t was statistically significant at one percent level. Hence income, savings and consumption expenses had differed significantly between Self Help Group and non Self Help Group members. In the present study the income, savings and consumption expenditure of non self help group borrowers was higher than the self help group borrowers. It was on account of that most of the farmers in non self help group were the medium and large farmers.

**CONCLUSION**

To conclude, on an average, the average farm income, savings and consumption expenditure of Non-Self Help Group borrowers was higher than the Self Help Group borrowers. Farm income, savings and consumption expenses had differed significantly between Self Help Group and non Self Help Group members. In the present study, the income, savings and consumption expenditure of non self help group borrowers was higher than the self help group borrowers. It was on account of that most of the farmers in non self help group were the medium and large farmers.

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