

**SOCIAL CAPITAL AND PUBLIC POLICY
IMPLEMENTATION:
A STUDY OF SELF HELP GROUPS IN
ANDHRA PRADESH**

A thesis submitted to the University of Hyderabad for the
award of a Ph.D. degree in Department of Political Science

By

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Declaration

I Jonnakuti Prashanthi hereby declare that this thesis entitled "*Social Capital and Public Policy Implementation: A Study of Self Help Groups in Andhra Pradesh*" submitted by me under the guidance and supervision of Professor Prakash C. Sarangi is an original and independent research work. I also declare that it has not been submitted previously in part or in full to this University or any other University or Institution for the award of any degree or diploma.

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Certificate

This is to certify that this thesis entitled "*Social Capital and Public Policy Implementation: A Study of Self Help Groups in Andhra Pradesh*" is a record of a bonafide work done by Jonnakuti Prashanthi a research scholar for Ph.D. programme in Department of Political Science, School of Social Sciences, University of Hyderabad under my guidance and supervision.

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to

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Chapter 1

Review of Literature

Social capital is a stock of trust, norms, relationships, co-operation, networks that enable the members of a society to pursue shared objectives for mutual benefit. Social capital as a concept is often not understood, as it is intangible asset when compared to other forms of capital like human, physical and natural capitals. It is an essential component to all other forms of capital.

The idea of social capital is neither new nor recent. The term was first used in 1916 by L.J. Hanifan in the Annals of the American Academy of Political and Social Science concerning a rural West Virginia community's development of social capital. Glenn Loury used the phrase in 1977 to describe sources of certain kinds of income disparities. Later it was used by Pierre Bourdieu (1980) as one of the forms of capital that help in individual achievement. James Coleman (1988) a sociologist wrote about the role of social capital in creating human capital and educational outcomes.

The concept was popularized by Robert Putnam (1993b:167) who gave contemporary definition of the term as moral obligations and norms, networks (voluntary associations) and values (trust). Social capital is multi dimensional concept related to sociology, economics and political science. According to Putnam, Social capital is generated by combining people through networks, trust, norms, associations, civic engagement, etc. for common good. It complements and energizes the economic resources available in the community. He further says that this approach looks at new

ways to combine the features of social life with that of public policy that work and in turn, of using wise public policies to revitalize the stock of social capital.

Policy is an intervention into people's life and it creates a framework for action. Policy is a written product grounded on legitimate authority. Robert Putnam (1993a:10) defines that social capital is not a substitute for effective public policy but rather a pre-requisite to it and in part, a consequence of it. An effective policy should take into account the socio-economic circumstances and values of the target group. The challenge for policy maker is to recognize the kind of policies that create and sustain the social capital that enable for socio-economic development. It is also important to see what kind of policies nurtures the three forms of social capital: bonding, bridging and linking social capital.

This thesis is an attempt to understand whether social capital influences the success of public policy implementation. Here social capital is viewed as an independent variable and success of the policy is dependent variable. There may be other intervening variables but our focus is to investigate the role of social capital in the success of a public policy. To test this hypothesis, I would like to assess the performance of Self Help Groups (SHGs), as it is a group-oriented programme for development of women and children in the rural areas. It is an innovative programme which started as Development of Women and Children in Rural Areas (DWCRA) in 1983 with group approach where 10-15 women come together to generate income in order to sustain their livelihoods and for enhancement of social and economic status. So it is important to know how these groups co-ordinate and develop trust in order to generate income and what kind of social capital is present and whether these

indicators of social capital have any kind of influence on the success of the policy. Thus we hope that this thesis would give some evidence of the way social capital or social conditions influence the economic transformation of the society.

In this chapter, I would look into the different aspects of social capital, its meaning and importance of social capital according to different authors. Later, I would focus on the social capital and its relation with public policy, especially with public policy implementation. I would also deal with various indicators of social capital that are already recognized by social capital proponents in various fields of study.

The Concept of Social Capital: An Analysis

Different authors perceived the concept of social capital differently and given various definitions of the concept but all agree on the point that these informal and intangible elements of life are for the collective action or mutual benefit. It denotes that every society has some kind of social capital but what makes a difference is its level and the qualitative nature of social capital that is prevalent at any point of time and space.

Generally social capital is perceived as the shared knowledge, norms and rules in order to gain mutual benefit. British Prime Minister Mr. Tony Blair in a speech at the National Council for Voluntary Organisation national conference 1999 said that “human capital is the core of the new economy but increasingly it is also social capital that matters- the capacity to get things done, to co-operate, the magic ingredient that makes all the difference” (Corrigan and Clive Miller 1999). In addition to all physical, human, natural capitals what is needed is the integration of human beings to

achieve the target i.e. economic and social development. Ismail Serageldin (1998: iii) defines social capital as “glue that holds societies together”. So social capital is generally recognized as necessary to the functioning of social order along with a certain degree of common cultural identifications, a sense of “belonging” and shared behavioral norms. The ability to associate depends in turn on the degree to which communities share norms and values and are able to subordinate individual interests to those of larger groups. Out of such shared values comes trust, and trust has large and measurable economic values.

The World Bank¹ group defines social capital as the norms and networks that enable collective action. On the conceptual level, social capital provide us with a basis for analyzing, understanding and building social relations. It also allows us to understand why social relations are resources for development. Social capital consists of economic potential embodied in social organizations and norms of trust and reciprocity that animate them. The informal rules and norms along with the formal rules determines economic outcome. The repeated interactions improve the quality of social relations thereby, developing trust among the persons which holds them together. Individual has a certain kind of relationship with other individuals which is called ‘social’ and which has value to them in relation to other objectives and hence it is ‘capital’ according to Narayan and Prichett (1999b:281).

By ‘social capital’, Robert Putnam (1995b:67) means features of social life such as networks, norms and social trust- that enable participants to act together more effectively to pursue shared objectives. He views that social capital is of a ‘bridging sort’ – then the enhanced co-operation is likely to serve broader interests and social

¹ What is Social Capital? www.worldbank.org/poverty/scapital/whatsc.htm.

capital as a set of ‘horizontal associations’ among people to have effect on the productivity of the community. Fukuyama (1999:2) is of the view that these trust, norms, etc; which are associated with social capital are all epiphenomenal, arising as a result of social capital but not constituting social capital itself.

Ajay Chibber (1999:296) comes up with an extended view that social capital constitutes the informal rules and norms that along with the formal rules establish the institutional framework determining economic outcomes. Following the same pattern, Chopra (2002:294) opines that ‘Social capital is best conceptualized as an impact into the process by which institutions for development are created and which can determine the sustainability or otherwise of processes aimed at achieving ‘development’ at local levels.

Social capital is accumulation of various types of social, psychological, cultural, cognitive, institutional and related assets that increase the mutual beneficial co-operative behaviour. Attempting to define ‘social capital’ De Vylder (1998:164) notes: “If we broaden the definition of social capital somewhat, we may also include formal and informal processes and structures, that is, how different institutions relate to each other, power structures, norms and networks within and between different organisations, issues related to accountability and transparency, the degree of democratic participation and control, and other issues. The cultural setting, including the family and gender structures, extent of ethnic diversity, the role of customary law and traditions, defines the broader contexts in which social capital is being accumulated or depreciated”.

Individual or Collective Level of Social Capital

Social capital has two aspects: the individual level and the collective which is termed as micro and macro social capital by Martin van der Gaag and Tom Snijders (1999:2). As there is no consensus of the definition of social capital, broadly we can divide into two categories: One is Bourdieu's definition of social capital that looks at individual benefit as an outcome of the networks but whereas Putnam's definition points out at collective social capital where social capital is seen as collectively produced by norms, trust and social cohesion for the benefit of the whole community. This definition was used extensively in social capital research in the recent times. Sociologists argue that involvement and participation in groups can have positive consequences for the individual and community (Alejandro Portes 1998:2).

Social capital is one of the important conditions that can facilitate 'solutions' to the 'logic of collective action' (Mancur Olson 1965). In the 'collective benefit' view networks are open; external links are an important part of social capital, as are ties that are elective rather than ascribed (e.g. Flora 1998, Woolcock and Narayan 2000). Putnam (1993), Woolcock (1998) Narayan, Falk and Kilpatrick (2000) Coleman (1990) are on collective side of social capital whereas Mc Clenaghan's, Bourdieu (1986), Flap (2002), Erickson (1996), Lin (1999) are talking about the individual benefit of social capital. Flap (2002) argue that individual social capital is defined by three dimensions (the number of alters, the resources alters are connected to and the availability of these alters).

Bourdieu (1986:248), a French Sociologist, is one of the first to analyze systematically the properties of social capital defining it as the aggregate of the actual and potential resources that are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition. Putnam (1993a:2) defines social capital as the features as social organization, such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions. Nan Lin's (2001) concept of social capital has a more individualistic approach. He defines social capital as "the collection of resources owned by the members of an individual's personal social network, which may become available to the individual as a result of the history of these relationships".

World Bank² has described three aspects of social capital while measuring: firstly, it divides the concepts into two forms: structural and cognitive (structural refers to social structures and cognitive refers to attitudes, norms of behaviour, shared values, reciprocity and trust); secondly, it distinguishes the different levels of social capital- micro, meso and macro levels (Micro level is the relationships between individuals and households, macro focus on form of institutional and political environment, and meso level is the regions, communities and even clusters of companies); and thirdly, the way to measure social capital is to look at the outputs of the collective activities. Societies with more collective activities are assumed to have high level of social capital.

² What is Social Capital? www.worldbank.org/poverty/scapital/whatsc.htm.

Three Dimensions of Social Capital

For practical approach and easier measurement of social capital at different levels, Woolcock (Woolcock and Narayan 2000:4) and others have conceptualized three dimensions of social capital: Bonding, Bridging and Linking.

‘Bonding’ (intra-group ties) social capital refers to the networks that exist within the group and between the people who have similarities (e.g. family, close friends, ethnic groups, etc). This bonding creates internal solidarity and trust among the group members. Catell (2001), Briggs (1998), Holzmann & Jorgensen(1999) view that the poor, for example, may have a close knit and intensive stock of ‘bonding’ social capital that they leverage to ‘get by’.

‘Bridging’ (inter-group horizontal or cross-cutting ties) social capital refers to the networks that exist between different groups and communities, which are wider networks. This sort of bridging creates trust between horizontal groups and is socially beneficial. This is related to Fukuyama’s ‘generalized trust’. Gittell and Vidal (1998), Putnam (1995), Stone and Hughes (2001), Barr (1998), Kozel and Parker (2000) and Narayan (1999) opine that this most extensive and diffuse bridging social capital deployed by the non poor to ‘get ahead’. Ashutosh Varshney (2002:319) emphasizes on what has been called bridging social capital as a means of transcending the limitations of community based associational life.

‘Linking’ (vertical relationship) social capital is the third dimension of social capital, which refers to the relationships between those who are of different levels of status/levels that allow for access to better and particular resources such as power and

wealth (e.g. institutions, business, government). These are the vertical links like employer-employee relationship that are formal to the most extent. Woolcock (1998), Stone and Hughes (2001) and World Bank talk about this linking social capital.

Various studies show that all the above three dimensions are related to the economic growth. The different levels and combination of bonding, bridging and linking social capital will result in a range of positive and negative outcomes. These different forms of social capital can play different roles- bonding can act as safety net, bridging can provide access to opportunities and the third links to institutions.

Social capital is a source- a capital that consists of the relation you have with other people. It is 'social' since one cannot have it in isolation, contrary to human capital (Blomkvist and Swain 2001:639). Falk and Kilpatrick (2000:15-16) describe two kinds of social capital resources that are used in interpersonal, one-on-one interactions. They are 'knowledge resources' and 'identity resources'. Interestingly, Collier (1998:37) has distinguished 'government' and 'civil' social capital. Reino Hjerpee (2003:10) differentiates and clarifies that 'government' social capital intends to measure values of the rule of law at the national level and 'civil' social capital consists of co-operative norms, interpersonal trust and social ties which generate them.

Social Capital and Other Capitals

Social Capital is an essential complement to the concepts of natural, physical and human capital says Elinor Ostrom (1999:172). She further says that social capital alone is not sufficient for development. Social Capital can be used for beneficial or

harmful ends or simply allowed to dissipate. While all forms of capital are essential for development, none of them are sufficient in and of themselves. Social Capital shares some fundamental attributes with other forms of capital while it presents some attributes that differ.

Often Social capital is used as an analogous term to human capital which was itself created by an analogy to the term “physical capital”. Physical capital in an organization are the things owned by a group in organisation- the typewriters, computers, buildings, etc. It is created by changes in materials to form tools that facilitate production. Human capital in an organization consists of the workers (their skills, knowledge and experience) in the organization. It is created by changes in persons that bring about skills and capabilities that make them able to interact in new ways whereas social capital is created by changes in relations among persons that facilitate action. The fourth type of capital is natural capital – encompasses the rich array of biophysical resource systems that are the ultimate source of all human productivity (land and the environment, more widely conceived).

Coleman (1988:S98) says social capital is defined by its function. It is a variety of entities. Like other forms of capital, social capital is productive, making possible their achievements of certain ends that in its absence would not be possible. Like other capitals it is not completely fungible but may be specific to certain activities. A given form of social capital that is valuable in facilitating certain actions may be useless or even harmful for others. Unlike other forms of capital, social capital inheres in the structure of relations between actors and among actors. If physical capital is wholly tangible, being embodied in material form but human capital is less tangible yet, for it

exists in the relations among persons. Just as the other forms of capital facilitate productive activity; social capital does as well.

Investments in physical capital are usually a self-conscious decision, while human and social capital may be developed as the by-product of other activities as well as purposely. Physical capital is the stock of human made material resources that can be used to produce a flow of future income. Physical Capital opens up some possibilities while constraining others. Physical Capital cannot operate overtime without human capital in the form of the knowledge and skills needed to use and maintain physical assets to produce new products and generate income. If Physical Capital is to be used productively by more than one individual, social capital is also needed.

Human Capital is the acquired knowledge and skills that an individual brings to an activity. Forms of Human Capital also differ among themselves. Human Capital is formed consciously through education and training and unconsciously through experience. Human Capital like Physical Capital, can be used both for destructive as well as productive purposes.

All forms of capital can be understood as assets of various kinds, however they were created. Assets are things that yield streams of benefit that make future productive processes more efficient, more effective, more innovative, or simply expanded. Social Capital is an accumulation of various types of social, psychological, cultural, cognitive, institutional, and related assets that increase the amount (or probability) of mutually beneficial cooperative behaviour.

Social Capital and Different Intellectual Thoughts

Social Capital is multidisciplinary concept related to anthropology, sociology, economics and political science. The term ‘social capital’ is used differently depending on the field of study, for instance, in the literature of political science, sociology and anthropology. Social Capital as a concept in Political Science generally refers to the set of norms, networks, and organizations through which people gain access to power and resources that are instrumental in enabling decision-making and policy formulation. Economists add to this focus the contribution of social capital to economic growth. At the micro economic level, they view social capital primarily in terms of its ability to improve market functioning. At the macroeconomic level, they consider how institutions, legal frameworks, and the government’s role in the organization of production affect macro-economic performance.

Durkheimians (Woolcock 1998:156), however, claim that social capital in the form of normative “non-contractual elements of contract” is in fact what makes possible any commitment to action, rational or otherwise, shaping not only the goals that people seek but how, whether and when they seek to attain them. For Network theorists, social capital is simply one’s non-rational social ties. While Neo- Weberian theorists continue social capital as the combination of ties and norms binding individuals within constituent elements of large organizations or linking them across different institutional realms, others regard social capital as a ‘moral resource’ such as ‘trust’ or a cultural mechanism used to define and reinforce the boundaries of particular status groups. Another concern, emanating from the above two, is that social capital can justify contradictory public- policy measures. Communitarians argue

that the solution to modern social ills lies in re- establishing the “mediating structures” of local civic associations.

Conservatives like Francis Fukuyama locate the source of social capital within “culture”, arguing that while the state can destroy sources of social capital (e.g. Church in Soviet Russia) it is inherently ill-suited to promoting them since, by his reckoning; the level of state intervention in the economy is inversely proportional to a society’s endowment of social capital. Other conservatives regard state-society relations as an inherently zero-sum game –“as the state waxes, other institutions wane”. Liberal social capital enthusiasts, on the other hand, regard state-society relations as positive- sum. Conservatives may imagine that popular voluntary associations and the welfare state are contradictory opposites, but historically they have operated in close symbiosis (Woolcock 1998:157).

Broadly, there are two broad intellectual streams in the description and explanations of social action: first, sociologists see the actor as socialized and actions as governed by social norms, rules and obligations and to explain the way action is shaped, constrained, and redirected by the social context. The second are the economists who see the actor as having goals independently arrived at, as acting independently, and as wholly self interested to maximize their utility.

Perspectives on Social Capital

There are four distinct approaches in the research of social capital: Communitarian, networks, institutional and synergy approaches (Woolcock and Narayan 2000:225-239).

Communitarian perspective (Woolcock and Narayan 2000:229) looks at the number and density of these groups. It holds that social capital is good and has always a positive effect on community's welfare. This view equates social capital with clubs, associations, etc. Communitarians view social capital as an independent variable giving rise to various outcomes. The *Networks perspective* (Woolcock and Narayan 2000:230) takes into account the horizontal as well as vertical relationships. It emphasizes on the relationships between the people in the groups as well as among the groups.

Institutional perspective (Woolcock and Narayan 2000:234) argues that vitality of community networks and civil society is largely the product of the political, legal and institutional environment. This approach looks at social capital as dependent variable as it argues that collective interest depends on the quality of formal institutions under which they reside. The *Synergy view* (Woolcock and Narayan 2000:235) attempts to integrate the compelling work emerging from the network and institutional frameworks. State and society together have an impact on the attainment of collective goals. Peter Evans (1996b:1119) one of the primary contributor to this perspective concludes that synergy between government and citizen action is based on complementary and embeddedness.

Forms of Social Capital

All social relations and social structure facilitate some forms of social capital; actors establish relations purposefully and continue them when they continue to provide benefits. Certain kinds of social structure however are especially important in

facilitating some forms of social capital. As Coleman (1988:S98) defines social capital by its function and it is a variety of entities but not one entity. He says that the value of the concept of social capital lies first in the fact that it identifies certain aspects of social structure by their functions. The function identified by the concept is the value of these aspects of the social structure to actors as resources that they can use to achieve their interests. By identifying this function of certain aspects of social structure, the concept of social capital constitutes both an aid toward making the micro to macro transitions without elaborating the social structural details through which this occurs. For other purposes, if one wants to investigate the details of such organizational resources, to understand the elements that are critical for their usefulness as resources for such a purpose, and to examine how they came into being in a particular case.

Coleman (1988:S95) suggests three forms of social capital- 1) obligation, expectations and trust worthiness of structure, 2) information channels, 3) norms and effective sanctions. He says that the first form of social capital depends on two elements: trustworthiness of the environment (which means that obligations will be repaid) and the actual extent of obligations held social structures differ in both the dimensions, and actors within the same structure differ in the second. Depending on the form of social capital, social structure and the property, the outcome or benefits differ from a single person to a group. A property shared by most forms of social capital that differentiates it from other forms of capital is its public good aspect. But the concept of social capital allows taking such resources and showing the way they

can be combined with other resources to produce different system-level behaviour or, in other cases, different outcomes for individuals.

Anirudh Krishna (1999:71) talks about two forms of social capital: Institutional and Relational capital. The basis of collective action is institutional: persons who are acting in accepted and well recognized roles of leadership direct the community to act together. Collective action in the second case is based to norms and beliefs; it has a cognitive, and not an institutional, basis.

In the earlier paragraphs, I have been dealing with the meaning, forms and different thoughts of intellectual stream about social capital. Now in the following sections I would move on to the crux of my thesis- the importance of public policy implementation and its relationship with social capital. To know the factors that influence the implementation process and how social capital enables a policy to be successful and its contribution in this process.

Importance of Public Policy Implementation

Public policies have become extremely important, tools to empower people in democratic countries. Policies are vital for socio-economic development. Pressman and Wildavsky (1973: xv) looked at implementation as an ‘interaction between the setting of goals and action geared to achieve them’. Implementation process plays an important role for success of a policy. Jawahar Lal Nehru (Puttuswamaiah 1977:32) says, that the “real question is not planning but implementing the plan”. William Glazer (1955:275-296) remarks, “If the study of theory and study of fact do not fertilize each other, both will be barren. Susan Barrett and Colin Fudge (1982:20)

suggest that control over policy execution or the ability to ensure compliance with policy objectives is a key factor determining implementation's 'success' or 'failure'. Bardach (1997:251-2) is of the view that "if this theory is fundamentally incorrect, the policy will fail no matter how well it is implemented". There are many factors that facilitate and impede the implementation process. So knowledge about the factors which are conducive to the success of policy plays a crucial role in planning and implementation stages. In a diverse country like India, one needs to give much more attention to these factors since the success of policies formulated and implemented depends on the socio-economic and cultural factors.

Considine (1994:3) defines public policy as "an action which employs governmental authority to commit resources in support of preferred value". Especially in community development research, Aigner et.al (1999:21-24) found that there is a 'disconnect problem' where citizen participation and community based partnerships frequently are unrelated. Hugonnier's (1999) work also shows that "endogenous planning" as the OECD calls locally originated or bottom-up planning (Kenyon 1999) appear to be the crucial variable in success (Falk 2002:11).

At the policy formulation itself, implementation problems are to be given a thought. Policy analysts view that both planning and implementation are part and parcel and cannot be distinguished. Once the policy is implemented, problems external to policy formulation intrude. A wise policy takes into account the problems may crop up at implementation stage even before formulating a policy. Policies

should be under constant review to make it a success. Pressman and Wildavsky (Hogwood and Gunn 1984:202) say that the key reason for failure of the policy is that policy makers underestimate the complexity and difficulty of coordinating tasks and agencies in implementing the programmes. Sometimes it may happen so that even though a policy is well planned with good intentions, it may fail due to lack of implementation of what is termed by Dunshire (1978:1-17) as 'Implementation Gap'.

Yet, in spite of the excessive dismissals, public policy implementation continues to hold much practical interest for policy makers because it is a major stumbling block in the policy process; indeed, policy analysts find research or policy evaluation and implementation to be one of the most heavily utilized areas of policy analysis (James Roger 1989:13-28).

Barrett and Fudge (1981:18) termed implementation as "policy putting into effect" in other words 'policy action' relationship where communication plays a vital role in contributing to make co-ordination. They introduced two alternative ways of viewing the policy-action relationship as a negotiating process and as a process of action and response. Rather than treating 'implementation as the transmission of policy into a series of consequential actions, the policy-action relationship needs to be regarded as a process of interaction and negotiation, taking place over time, between those seeking to put policy into effect and those upon whom action depends (ibid.1981:4). Mayntz (1976) and Bardach (1977) (Sabatier and Mazmanian 1983:154) view "implementation is normally a continuation and elaboration of the conflicts of the formulation phase". Majone and Wildavsky (1978:109,111,114) vividly explains that "Policies are continuously transformed by implementing actions

that simultaneously alter resources and objectives.... It is not policy design but redesign that goes on most of the time. Who is to say, then, whether implementation consists of altering objectives to correspond with available resources or of mobilising new resources to accomplish old objectives?... Implementation is evolution.... When we act to implement a policy, we change it”.

Hogwood and Gunn (1984:215) opine that apart from the bureaucrats, it is political approach that needs for a policy to succeed. Political parties act as catalyst in faster and better implementation. It is also important to note that even if implementation is done perfectly by the bureaucrats, overall success cannot be achieved unless and until people participation is involved. In the recent past, participatory models are in vogue where NGOs and civil society have also become vibrant and rose to prominence. This dimension has brought broader and new approach in policy studies.

Culture also plays a key role in the processes of policy implementation. Barrett and Fudge (1981:155) succinctly say that changes in socio economic conditions over time can also critically affect the implementation process. Culture can be defined as a system of standards of conduct, which orients individual in their organized, meaningful relationship with one another. The elements that compose culture are values, beliefs and norms. A society can be assessed by the culture it holds, as cultural patterns present a society's standard norms that facilitate social interactions and provides order in the society. So it is important to keep these cultural taboos in mind while formulating and implementing public policies. Social capital as a concept came

into light in the recent decade as it recognized and focused on the informal networks that flourished in the society which are untapped and wasted.

Success of policy depends on the compatibility of policy with that of social factors. Strauss (Barrett and Fudge 1981:24) suggests that 'social orders' the framework of norms and rules within which groups and individuals operate are changing all the time which should be taken into purview. So group dynamics are of important and interesting topic for researchers and policy analysts. Especially in modern democratic systems, group dynamics influence the policy processes. Groups are the main elements of social structure and bring out the best skills in the individual. Cattel (1951:167) observes that individual form groups to satisfy their needs and cease to exist when they no longer serve this purpose. Individual level factors are skills, knowledge, personality and status, characteristics of a member where as group level factors include group size, structure, norms, conflict and its cohesiveness are the two levels of input factors identified by that define a group's potential for productivity (Driskell, et.al, 1987:95).

Development is a social process and for a developmental policy to succeed, state and civil society should work in tandem and social conditions play vital role. We see social capital as the social resources upon which people draw in pursuit of their livelihoods. The need for shared values as the centre one of all variables is stressed by Mc Kinsey 7s model named after Leavitt Diamond (Hussey 1996:2).

Group behaviour is one essential aspect of the discussion on the effects of social capital. The nature, goal and role of groups differ and groups facilitate interaction or communication between the members so that they create a strong internal solidarity and trust. Indicators of group strength are to be found in a co-operation activities and collective action of various kinds which is termed as group cohesiveness. This cohesiveness is referred to the degree of intensity in which group members are bonded together and motivated to work. So the index of group cohesiveness is the index of group effectiveness. Cohesiveness takes care of emotional, social and functional interactions among the group members that lead to sustainable development. Various studies projected that homogeneous groups are more productive than heterogeneous groups. Byrne (Paulus and Nagar 1987:74) says that presumption of similarity may increase interpersonal interactions and it is also important for maintenance of relationships where as Murstein (ibid: 74) view that similarity is also important for maintainence of relationships.

Schutz (Shaw 1977:31, 32) says that compatible groups are efficient, as they prefer to be more informal. However both quantity and quality of interaction is important. More than quantity, quality of interaction increases the cohesiveness of group. So group cohesiveness increases co-ordination, communication and interactions. As groups are formed with shared objectives and shared goals and group cohesion leads to increase in productivity.

Social Capital and Public Policy

Social capital is an important component of the socio-economic change through public policies. The challenge for development theorists and policy makers alike is to identify the mechanisms that will create, nurture, and sustain the types and combinations of social relationships conducive to building dynamic participatory societies, sustainable equitable economies, and accountable developmental states. Collective action and willingness to work together helps overcome, problems of institutional access to information, credit etc. communities with higher level of social capital will perform better, it is claimed, than communities that have lower levels of this asset (Grootaert and Narayan 1999:925).

Putnam (1993a:10) clearly says that social capital is not a substitute for effective public policy but rather a prerequisite for it and, in part a consequence of it. The social capital approach promises to uncover new ways for combining social infrastructure with the public policies that work and in turn, of using wise public policies to revitalize the stock of social capital. He further says that wise policy can encourage social capital formation, and social capital itself enhances the effectiveness of government action. So it is important to know what type of policies encourages social capital of positive form and develops them. It is also equally important to know what type of social capital that influences the policy. Fukuyama (1999:2-3), says that there are different networks of trust which are concentric and has overlapping radii of trust. Especially, modern societies consist of a large number of overlapping social groups that permit multiple memberships and identities. So it can be said that if one form of social capital is destroyed by public policy, a new form of social capital arises

which may not necessarily destroy the existing social capital completely but rather become “weak ties” which according to Grannovetter (1973:1376) that these “weak ties” work out for enhancement of productivity rather than “strong ties”. Elinor Ostrom (Putnam 1993a:5) conversely view that government intervention that neglect or undermine this social infrastructure can go seriously awry.

Francis Fukuyama (1999:11) says that unlike economic policies, social capital cannot be so easily created or shaped by public policy. He says that social capital is frequently a by-product of religion, tradition, shared historical experience and other factors that lie outside the control of any government. Public policy can be aware of already existing forms of social capital and policy makers should be careful when associated with groups that have narrow radius of trust – can produce negative externalities and be detrimental to the larger society.

Stephen S. Cohen and Gary Fields (1998:2) inquired in their paper – how policy can help to create functionally comparable relationships in other economic regions. The fact that government’s policy and decisions by major institutions play such a critical role provides encouragement for efforts to creative innovative milieu elsewhere. In the same line, according to Putnam, there is an obvious policy lesson to be learned from the connection between social capital and economic prosperity, and he implores policy makers to take note of the way that “civic matters”. If communities create networks of social capital, prosperity is likely to follow. Jonathan Fox (1997:1) is also of the same opinion and recommended to “create enabling environment”, in other words, “the scope for effective use and strengthening of social capital depends critically on the nature of the wider political and policy environment”. Anirudh

Krishna (2001:91) data reveal that ‘It is not the nature of the program that matter so much for success in development. There are some features of villages that enable a particular set to succeed no matter what development activity is taken up’.

Social features of life which are indicators of social capital are vital for any policy to succeed. It is clear that it is not just the economic approach but rather the socio-cultural approach which really matters much to enhance the economy or economic development. Even the Berkeley Round Table on the International Economy (BRIE) (Cohen and Gary 1998:8) approach realizes the need of non-economic approach which can be put into three points. Firstly, they realize that markets and the market process are products of politics and institutions. At the core of the second argument is the idea that institutions and institutional frameworks play a key role in the performance of economies. In the third argument, institutions can be transformed through policy choices in order to affect market outcomes.

The policy processes becomes important in order to revitalize the stock of social capital; at the same time social capital is needed for success as it is the glue that holds together for mutual benefits and economic development. So it is important that networks, norms, culture, etc that increase the relationship within and outside government are vital for a policy to succeed. In fact, it is obvious from the above argument that social factors though vary depending on the emphasis, play vital role in the success of the policy.

Indicators of Social Capital

In this research programme, we have identified few indicators to operationalise social capital. The indicators of social capital used are norms, interaction, co-operation, trust, civic engagement and networks. In the following sections, I have reviewed the literature on social capital indicators.

Social Capital and Civic Engagement, Networks and Co-operation

For a policy to succeed, participation i.e. civic engagement and co-ordination among the beneficiaries is needed especially when it is a group approach. It is the reoccurring relationships which create trust among the people that enhance social capital. Putnam's (1995a:664-671) study concluded that the performance of government and other social institutions is powerfully influenced by citizen engagement in community affairs which he termed as social capital. He further says that social capital is of a 'bridging sort' – then the enhanced co operation is likely to serve broader interests. In short, social capital refers to social connections, norms and trust. He uses the term 'civic engagement' to refer to people's connections with the life of their communities. He says that education plays a vital role and extremely powerful predictor of civic engagement. Putnam also finds in his study, the causes of civic disengagement. Mobility and sub urbanization disrupt the civic relationships. He suggests successful marriage and family to be statistically associated with greater social trust and civic engagement. One more important cause for civic disengagement is the rise of welfare state, subverted civil society by 'crowding out' the private initiative; so that social capital thus formed can be a catalyst in implementing the state policies for which they are formed and intended.

Bishnu N. Mohapatra (2004:101) examines connectedness as an integral part of the concept of social capital that contributes to building trust among people, increasing predictability of behaviour and promoting collective action in a village community. Anirudh Krishna (2002:11) is of the view that in villages where social capital is high and such mediating agents are present and are effective, the economic gains to the collective life of the village are much higher. Narayan and Michael Cassidy (2001:60) explaining about the dimensional approach to measuring social capital argue that 'It is not simply an issue of the extent to which people are connected to other, but the nature of those connections'. Other studies from Latin America, consistently demonstrates that despite high ratings in community solidarity in indigenous people remain poor if they have few connections to the powerful within or outside the community. Paulus and Nagar (1987:72) view that prolongs interaction in a neighbourhood, with its associated exchange of resources (information, favours, assistance and so forth), may lead to development of a strong sense of attachment to neighbourhood, or what some have called as sense of community (Sarason 1974). People living in a homogeneous neighbourhood for a prolonged period of time are likely to become interdependent and attached emotionally to the people and places of this locality.

Community development education is expected to foster the building of social capital, as Mc Clenaghan (2000:571) notes, by enhancing community leadership and building community capacity and networks. A strong social infrastructure helps rural communities to engage in successful community development, where formal and informal social networks are the basis of entrepreneurial social infrastructure (ESI),

which be likened to social capital (Flora, Sharpe, Flora and Newton 1997:627). Citing Oslon, Blomkvist (2001:640) opines that “At its core, social capital theory proposes that variations in the character of social connectedness have a strong impact on our ability to co-operate. Social capital facilitates co-ordinated action between individuals and is hence a means of making collective action problems less problematic”.

Networks are considered to be one of the best indicators to identify social capital in the communities. Falk and Kilpatrick’s (2000:107) study identifies “externality” as crucial for developing the positive trend of interactions that tend to feed the common good. In this case, external interaction is vital to the process, and forms part of our definition of social capital. Networks are more effective for the community as a whole when they are diverse, inclusive, flexible, horizontal (linking those of similar status) and vertical (linking those of different status, particularly local organizations or individual with external organizations and institutions that have resources not available within the community (Flora1998:490). Sanjeev Prakash and Per Selle (2004:18) suggest that Social capital is means the social structures and networks necessary for sustaining collective action, the supposed normative contents of these structures (such as trustworthiness and reciprocal relations, as well as – frequently- the outcome of collective action achieved through such structures. Bardhan (1995:47) argues that what makes this informal network to succeed is peer monitoring, a common set of norms, and sanctions at local level. Sharing information, co-coordinating activities and making collective decisions improve trust would strengthen the social capital for market development by reducing uncertainty and market failure.

The central idea of social capital according to John Field (2008:14) is that social networks are a valuable asset. Networks provide a basis for social cohesion because they enable people to co-operate with one another and not just with people they know directly- for mutual advantage. Initially, the idea of describing social ties as a form of capital was simply a metaphor.

Emphasizing social capital's function in different context, Portes (1998:6) defines social capital 'as the ability of actors to secure benefits by virtue of memberships in social networks or other social structures. Grootaert and Van Bastelaer (2002b:2) emphasize on institutions, relationships, attitudes and values that govern interactions among people and contribute to economic and social development. Ronald Burt (2000:345-423), enunciating about the networks of social capital, opines that those who occupy key strategic positions in the network, especially those whose ties span important groups, can be said to have more social capital than their peers, precisely because their network position gives them heightened access to more and better resources. Falk and Kilpatrick (2000:107) in their research identified that 'externality 'as crucial for developing the positive kinds of interaction that tend to feed the common good.

Portney and Berry (1998:636) conclude that compared to social service, self-help and issue based organizations, it is "participation in neighbourhood associations is more strongly associated with high sense of community and civic engagement. Bergstrom et al (Kilpatrick 2003:10) are of the view that the capacity to share values and interests allows a community to develop strong bonds and a high level of trust among individual and within the community.

Social capital arises spontaneously when the individuals interact with each other repeatedly overtime, they develop a stake in a reputation for honesty and reliability says Francis Fukuyama (1999:10). There are many cases of cooperative norms arising as a result of repeated community interaction. Social capital is necessary for all individuals to achieve their selfish ends, and at the same time subverting their individual desires to that of the group, they are benefited. It is both the private and the public good which is served by social capital. According to Francis Fukuyama, social capital is an instantiated informal norm that promotes co-operation between two or more individuals and therefore related to the traditional virtues like honesty, the keeping of commitments, reliable performance of duties, reciprocity and the like. All forms of traditional culture –social groups like tribes, clans, village associations, religious sects etc are based on shared norms and use these norms to achieve co-operative ends. Stephen Knack and Philip Keefer (1997:1254) view that norms of civic co-operation can be linked with economic outcomes in some of the same ways as trust. Co-operative norms act as constraints on narrow self-interest, leading individuals to contribute to the provision of public goods of various kinds. Policies are formulated according to the need of the people depending on the socio-economic and cultural conditions.

Social Capital and Trust

Trust is one of the variables of social capital and is essential component of social capital because it lubricates co-operation (Putnam 1993b:170-171). Due to repeated interaction, co-operation and civic engagement, trust among the members will be formed as they are based on commonly shared norms. Economists views that

trust can certainly help for co-operation. Fukuyama's theory (1995a:90) is based on trust and argues that without trust certain efficient forms of economic organization that otherwise is encumbered by extensive rules, contracts, litigation and bureaucracy could not exist. He also goes to the extent of saying that due to lack of trust in small-scale businesses, they are not able to form large corporations in China, Taiwan and Hong Kong, etc without government's help. Seligman (1997:75) describes the growing body of work in 'trust' in economic and political theory, which views trust as a form of social capital that makes the creation of economic prosperity possible.

Simmel (1978:178-179) stated that one of the most important conditions of exchange is trust. Without the general trust people have in each other, society itself would disintegrate, for very few relationships are based entirely upon what is known with certainty about another persons, very few relationships would endure if trust were not as strong as, or stronger than, rational proof or personal observation.

Durlauf and Fafchamps (2004:9) differentiate personalised trust (takes time and effort) and generalized trust (instantaneous) and how they can affect the efficiency of markets. In most situations, generalized trust yields more efficient outcomes than personalized trust as generalized trust is faster and cheaper than personalized trust. Hence, fostering generalized trust can thus potentially generate large efficiency gains. He views that leadership and personalized trust will be crucial to collective action. The theory of social capital presumes that, generally speaking, the more we connect with other people, the more we trust them, and vice versa (Putnam 1995a:665). Falk and Kilpatrick's (1999:3) research that supports the view that trust is foundational in the production of social capital.

According to Arrow (1972:357), every transaction has within itself an element of trust over a period of time. Trust could lower the transaction costs in the market economy by rendering unnecessary renegotiation and enforcement which are usually costly measures. Putnam says that transaction costs can be reduced in richer countries rather than in poorer countries. Besley (1995:117) brings out a different view that the impact of trust on growth should be higher in poor countries where trust is more essential and where there is no proper or developed financial sector.

The networks of civic engagement encourage the emergence of social trust and facilitates co-ordination and thus allow dilemmas of collective action to be resolved. Both Putnam and Coleman agree that to attain this degree of trustworthiness, he stipulates that the trusting communities must be closed i.e. the members must be mutually familiar and unable to escape sanctions when they violate norms. It is true not only across time and across individuals, but also across countries where as Plateau (1994:541) says that greater specialization increases the number of transactions between strangers, and over time and across space.

Trust and norms of civic-minded behaviour are the other manifestations of social capital. Knack and Keefer (1997:1252) argue that trust and civic co-operation are associated with stronger economic performance and this co-operation is possible in countries with formal institutions that protect property rights and are less polarized along lines of class or ethnicity but associational activity is not correlated to economic performance. Individuals in high trust societies spend less to protect themselves through tax payments, bribes or security services from unlawful violation of rights. These high trust societies are less dependent on formal institutions as informal and

interpersonal trust facilitates the required benefits or investment. One of the disadvantages of low trust societies is that it shuns innovation and transacts less with strangers compared to high trust society people. Arrow (1972:357) concludes that much of the economic backwardness in the world can be explained by the lack of mutual confidence.

There is another argument that a kind of social exchange that facilitates trust is very different from that of economic exchange according to Blau (1986:315). But Fellmeth (1996:161) criticizes Blau for making clear distinction between social and economic exchange. He is of the view that repeated economic exchange fosters trust and thus economic and social exchange sometimes overlap in the corporate world, so it could be difficult to find evidence that trust plays a significant role in corporate formation and growth.

Francis Fukuyama's (1999:3) article deals with the radius of trust among different circles of people producing either positive or negative externalities. He views that all groups embodying social capital have certain radius of trust that is the circle of people among whom cooperative norms are operative. He says that if a group's social capital produces positive externalities, the radius of trust can be larger than the group itself. Sometimes the radius of trust will be smaller than the membership of the group in large organizations that foster cooperative norms only among group's leadership. Social relations create value through reciprocity, which is closely related to trust (Fukuyama 1995b).

One group of economists has recognized that some degree of trust must be assumed to operate, since institutional arrangements alone could not entirely stem force or fraud. Mark Granovetter (1985:491) views that social relations rather than institutional arrangements or generalized morality is mainly responsible for the production of trust in economic life. Societies in their evolution have developed implicit agreements to certain kind of regard for others, agreements which are essential to the society or at least contribute greatly to the efficiency of its working. Economic historians have documented that repeated interaction between parties resulted in trust with the expectation that the present value of rewards from future interactions outweighs the benefits from reneging on current deals, was associated with expanded trade and economic activity.

Trust and civic involvement are linked to better performance of the government institutions, including publicly provided education. Grief (1989:859,881) shows that the development of formal economic institutions that promote trust (self enforcing agreements) had a dramatic impact on the spread of long distance trade in the Middle Ages. Trust and civic norms can be created as well be destroyed. Knack and Keefer (1997:1251) bring out the determinants for trust and civic norms. Firstly, they say relatively homogeneous associations in heterogeneous societies may strengthen trust and co-operate within a group but weak among outside the group. This creates negative relationships with other groups. So, they hypothesize that best horizontal associates a weak in civic co-operation at large. Second determinant is social polarization which can create failure or revenge of policy agreements where individuals are less likely to share common backgrounds and mutual understanding

making difficult for self-enforcing agreements by which trust is eroded and weakens the co-operative norms. Third determinant is formal institutional structure of a country e.g. people believing government and its policies where arbitrary behaviour is restrained.

Social Capital and Norms and Interaction

Social capital enhances the quality of associational life. Related norms of interaction are an essential factor in determining the prosperity or poverty of a community (Narayan 1997:1). Fukuyama (1999:3) states that “Virtually all forms of traditional culture, social groups like tribes, clans, village associations, religions, sects etc. are based on shared norms and use these norms to achieve cooperative ends”. By social norms Partha Das Gupta (2005:6) means a rule of behaviour (or strategy) that is followed by members of community. For a rule of behaviour to be a social norm, it must be in the interest of everyone to act in accordance with the rule if all others were to act in accordance with it. Social norms are equilibrium rules of behaviour. Milgram (1970, Hendrick 1987:82) says that social norms may develop that make the conditions more tolerable. Further, Fukuyama (1999:2) discusses that it is not just any set of instantiated norms constitutes social capital; they must lead to co-operation in groups and therefore are related to traditional virtues like honesty, the keeping of commitments, reliable performance of duties, reciprocity and the like.

Putnam (1995a:665) opines that norms, networks and trust link substantial section of community and span underlying social cleavages. He refers to the social capital as our relations with one another and for variety of reasons, life is easier in a community blessed with a substantial stock of social capital. His study reveals that

regions of Italy did not become civic simply because they were rich. They have become rich because they were civic. The social capital embodied in norms and networks of civic engagement seems to be a pre condition for economic development, as well as for effective government. Institutions, relationships, attitudes and values that govern interactions among the people and contribute to economic and social development (Grootaert and Van Bastelaer 2002b:4). Educational institutions also pass on social capital in the form of social rules and norms. From Simmel (Woolcock 1998:161) we learn of “reciprocity transaction”, the norms and obligations that emerge through personalized networks of exchange (e.g. favours between neighbours).

Durkheim and Parsons (Woolcock 1998:161) discuss the importance of ‘value interjection’, the idea that values, moral imperatives, and commitments precede contractual relations and inform individual goals other than the strictly instrumental (e.g. gifts to children), while from Weber we get the idea of ‘enforceable trust’ that formal institutions and particularistic group settings use different mechanisms for ensuring compliance with agreed upon rules of conduct- the former (e.g. bureaucracies) using legal/rational mechanisms, the latter (e.g. families) substantiate social ones.

Narayan and Cassidy (2001:60) illustrate that positive outcomes operate through and include social control or norm observance, family support and benefit mediated through familial networks. These have been demonstrated to have an impact on income outcomes and collective action at community level as well as others.

Fukuyama (1997:1) defined social capital as the existence of a certain set of informal values or norms shared among members of a group that permit co-operation among them. The shaping of norms does not in itself produce social capital because the values may be the wrong ones: the norms that produce social capital must substantively include virtues like truth-telling, the meeting of obligations and reciprocity. It is clear that norms that produce social capital are partible, that is, they can be shared among limited groups of people and not with others in the same society. Collective norms and values may repress and facilitate the exercise of power. This raises the issue of the quality of social capital and the nature of the norms that are an element of community of social capital.

Social capital is what the social philosopher Albert O. Hirschman calls a “moral resource”, that is, a resource whose supply increases rather than decreases through use and which becomes depleted if not used (Putnam 1993a:4). Weber took a community, culture to be its shared values and dispositions, not just beliefs (his famous work on the influence of culture on economic development). Wildavsky (1987:3-21) points out that matters are different in the long run. Individual motivation and beliefs are influenced by values and the practice of norms, and they in turn are influenced by the products of society, such as institutions, artifacts and technologies.

The definition Fukuyama uses is an instantiated informal norm that promotes co-operation between two or more individuals. The norms that constitute social capital can range from a norm of reciprocity between two friends, all the way up to complex and elaborately articulated doctrines like Christianity or Confucianism. They must be instantiated in an actual human relationship; the norm of reciprocity exists in *potentia*

in my dealings with all people, but is *actualized* only in my dealings with my friends (Fukuyama 1999:1-2).

According to World Bank, Social capital refers to the institutions, relationships and norms that shape the quality and quantity of a society's social interactions. Kilpatrick, Bell and Falk (1998:2) say that by its very nature, social capital belongs to the group, not to any one individual but can be used by groups and by individuals. Social capital is accumulated through interaction: interaction between individuals, between groups and between groups of groups. Putnam, Coleman and Cox speak social capital as a stock which accumulates through use. Trust inheres in the situated, observable and accountable reciprocity of every micro interaction. Whether or not social capital is built or not depends on the issue of quality and quantity of interaction.

Anirudh (2001:939) indicates that social capital may not be a historically fixed endowment and that it might be possible to build up stock of social capital even within relatively short span of time. He suggests the constructedness of social capital. For him social capital represents a potential for 'mutually beneficial collective action rather than in itself a guarantee to it (Bhattacharyya, et. al. 2004:23). Renata Serra (2004:287) in fact, argues that education could be the key variable, which could take society out of the vicious circle of distrust, defection and exploitation by enabling high participation, mobilization and effective interaction with the government and promoting democracy.

Falk and Kilpatrick (1999:20) presented a new definition "Social capital is the product of social interactions with the potential to contribute to social, civic, economic well-being of a community of common purpose. The interactions draw on knowledge

and identity resources and simultaneously use and build stores of social capital. The nature of the social capital depend on the various qualitative dimensions of the interactions in which it is produced, such as the quality of the internal, external interactions; the historicity, futuricity, reciprocity, trust and the shared values and norms.

Social capital is produced and used in every day interactions. The interactions only make sense in the framework of a set of purposeful community activities. The knowledge and identity resources, of which the social capital is comprised, the help of community undertake the identified activities.

These are two sorts of positive outcomes possible from interaction that use social capital. One is some action or co-operative for the benefit of the community or its members; the other is the building or strengthening of knowledge and identity resources, such as constructing an agreed or shared vision for the future. Informal or deliberately arranged interactions help people to get to know each other, and develop networks.

Kenneth J. Arrow (1999:3) observes the reward for social interaction is intrinsic and the motive of interaction may not be purely economic. Some may not join networks even if they are benefitted. Social network guard against market failures that is caused by asymmetric information. Robert Solow's notes on social capital and economic performance reveal that a lot of economically relevant behaviour is socially determined.

Social Capital and Associations

Harold Laski (1967:67), a political scientist, took it for granted that “associations exist to fulfil purposes which a group of men have in common. It is the social capital that makes the associations to be intact. In some cases as associations formed first and social capital is emerges later and in some cases it is the interactions that builds up social capital and leads to the formation of associations. For example, people of same background, level, state, etc. form together like trade unions, cultural associations, students union, etc depending on the interests of the people. Implementation stage is also equally influenced by the type of associations formed and interests rested out in their organization. Associations play vital role in quickening the procedures within the government offices work as check on the government policies. These associations and interest groups can raise their voice against bad policies and stop its execution at the same time redress the flaws of the policy which are non beneficial for the people. Implementation of policy can either be disrupted or promoted by these associations in view of their interests.

Susanne Hoeber Rudolph (2000:1762) says the idea of associationalism is central to the concept of civil society and associations empower citizens each of whom, in isolation, could not confront the state as agent and participant, nor create consequences within society. She also puts forth, freedom depends on intermediary associations, social forms that would mediate between individuals and the state. Intermediate associations enhance the force of individuals and limit the state by interposing social groupings between the state and vulnerable individuals. These associations reduce opportunistic behaviour by meeting a framework within which

individuals interact repeatedly, enhancing trust among themselves, opines Das Gupta (1988). Narayan and Prichett (1999b:271) shows that associational life is in fact social capital (or a good proxy for social capital) first by showing that it is capital in the sense of augmenting incomes- and then by showing that this capital is social, not only in the sense of relating to a social phenomenon, but also social in the economists sense of containing spill over effects from the household to another within the village.

There is a close relationship between trust and associational membership which are the two facets of social capital. Putnam says this is true not only across time and individuals, but also across countries. Evidence from the 1991 World Values Survey (Putnam 1995b:73) demonstrates that across 35 countries, social trust and civic engagement are strongly correlated. The greater the density of associational membership in a society, the more trusting its citizens. Greetz (1962:261-262) points out, that associations serve as efficient institutions for amassing savings for small capital expenditures, an important aid to economic development, but without high degree of trustworthiness among the members of group, the institution could not exist. Associations provide an informal framework for sharing information, coordinating activities and making collective decisions. He also opines that “associations are able to balance in such a way that severe disturbances of social equilibrium are avoided, even in a situation of fairly rapid social change.

A narrow view of social capital regards it as a set of horizontal associations between people, consisting of social networks and associated norms that have an effect on community productivity and well being. These horizontal ties give communities a sense of identity and common purpose, but also stresses the importance

of “bridging” ties that transcend various social divides, e.g., religion, ethnicity, socio-economic status. A broader understanding of social capital accounts for both positive and negative aspects including vertical and horizontal associations between people, and includes behaviour within and among organisations.

Taking the example of Italy, Putnam says that social capital provides the basis for democracy, which in turn is generated by non-political associations like choral societies, literary circles, and lions club and soccer clubs, etc. He says success of the democracy depends on the regions having many active community organizations. The communities become rich because they were civic and these “civic communities” value solidarity, civic participation and integrity. In democratic countries, associations play a vital role in influencing the public policies.

Self Help Groups were the first of its kind in all the rural development programmes with a group strategy to combat poverty at grass root levels. Realizing the importance of mutual help and external linkages this policy is initiated to target at the poorest of the poor, especially among women. SHGs organise the women in rural areas and tapped their capacities of productivity thereby bringing the women into the stream of entrepreneurs. These groups were identified as prospective for socio, economic and political development of the rural women. In such groups, group cohesiveness or group bonding is essential for the success and networking and interaction is essential for the marketing purposes as well as getting the work done smoothly. SHGs were also organised into federations at later stage for their micro credit requirements and to bank themselves. SHGs are a kind of associations, where norms, interaction levels, coordination and cooperation, networks and trust play a vital

role as the groups have to initiate the activity and sustain it. It is purely voluntary as the groups from the initial stage of group formation till the marketing of goods depends on none but on the group member's cooperation and coordination and it is mutual. Norms of the group and their interaction levels would result in their output. So what we call as social capital, therefore, play an integral role in the success of the group and policy at large.

In this research work, we would like to test our hypothesis empirically and assess the role of social capital in achieving the success of the policy. We have taken norms, interaction, cooperation, trust, civic engagement, networks as the indicators of social capital assuming to foster the success of the groups.

In the next chapter, I would like to discuss the Andhra Pradesh Government's policy of Self- Help Groups (SHGs). Chapter 3 is dedicated to the methodology and profiles of the selected area for the field study. Chapter 4 includes analysis of data. Chapters 5 will be the concluding chapter with suggestions and observations by the researcher. Appendix 1 contains questionnaire and Appendix 2 contains maps of the districts selected.

Chapter 2

Self Help Groups

Andhra Pradesh has gained reputation and stands first in the formation of Self-Help Groups (SHGs). This policy initiative based on group approach was taken by Government of India in 1983-84 with the introduction of Development of Women and Children Rural Areas (DWCRA) programme during 1983-84. Policy makers focused on women empowerment through SHGs to combat socio-economic deprivation. At present SHGs are formed under Swarnajayanthi Grama Swarojgar Yojana (SGSY) programme of GOI. SGSY came into existence in 1999 by merging all the rural development programmes like Integrated Rural Development Programme (IRDP), Development of Women and Children in Rural Areas (DWCRA), Training of Rural youth for Self Employment (TRYSEM), Supply of Improved Toolkits to Rural Artisans (SITRA), Ganga Kalyan Yojana (GKY) and Million Wells Scheme (MWS).

The Government of Andhra Pradesh has also taken a conscious effort in promoting this programme in order to empower women and to achieve socio-economic development with bank credit and government support. SHGs are popularly known as DWCRA groups, started as thrift and credit groups where women are saving “rupee a day”, started lending money to group members in need from the corpus available. This group corpus consists of group savings, government assistance and bank loan. SHG movement is a mass movement, as Andhra Pradesh alone has half of the groups existing in India.

SGSY scheme aims to bring assisted poor family above poverty line by ensuring appreciably sustainable level of income over a period of time with bank credit and government subsidy. The objective is to organize rural poor into Self Help groups through the process of social mobilization, their training and capacity building, and provision of income generating assets. Training, Infrastructure, Revolving fund to SHGs and Subsidy for Economic Activity are the important components under this scheme. Self-Help Group consists of 15-20 women generally homogeneous who are below poverty level come together for mutual benefit to offer financial and other services to its members. The members meet regularly based on the established norms. Savings are mandatory for every group. They lend money among themselves to meet their credit needs.

Evolution of SHGs in Andhra Pradesh

Development of Women and Children in Rural Areas

Government of India introduced DWCRA as sub-scheme of IRDP with support the United Nations International Children's Emergency Fund (UNICEF) in 1982-83 as a pilot project in 50 selected districts. There were 1000 groups in the first year of the programme. The objective of the scheme is to focus on women members of the families of IRDP target groups to increase their income and also to provide supporting services needed to enable them to take up income generating activities. It targeted at women to create awareness and to take advantage of the facilities already available under IRDP and other programmes. It is found that women individually are not able to get benefit from these, so group clientele was advocated, to organize themselves into homogeneous group to take up economically viable activities on group basis and

establishing linkages with other social development programmes. The criteria for selection of district and beneficiaries is given to backwardness of the district, low female literacy and high infant mortality rates. In addition to it, preference is given to places where Integrated Child Development Services (ICDS) is already grounded.

The Objectives of the Programme

- Promoting self employment among the rural women who are below poverty line by providing financial assistance, skill training etc.
- Assisting individual women through group approach
- Organizing the beneficiaries in group activities and promote economic and self reliance
- Generating income for rural poor by creating a venue for production of goods and services
- Imparting suitable training to non officials under TRYSEM
- Increasing women's access to welfare services
- Providing necessary supportive services to women like Balwadis, Anganwadis, Creche System
- Organizing child care facilities to provide security, health nutrition and nursing children at National Rural employment Programme (NREP) work sites while mothers are working
- Inculcating self-sustenance even after the help is withdrawn

This group approach is different from earlier programmes implemented by Government of India (GOI). It is not only a welfare scheme but also recognizes women as economic providers. Through this programme, women below the poverty line come together and make a group of 25-30 for savings and income generating activities. This programme also promises to provide access to basic services like health, education, childcare, nutrition, water and sanitation. It aims at sustainable development and quality of life. Government provides financial as well as technical assistance through linkages with other programmes and institutions. The basic aim of this programme is to assist individual through group approach to become self-reliant and to inculcate self-sustenance by promoting self-employment. This programme aimed at women as their target as they constitute half of the population who also contribute 50% (work participation along with domestic work as reported by NSS data) to the development of the country but unfortunately the development processes is not benefiting them. Criteria for selection of districts and beneficiaries are backwardness of the area, low female literacy rate and high infant mortality rates. Selection of group activity depends on their interests, skill, raw material, marketing and other local needs are to be taken in considerations.

Linkages with Other Programmes

DWCRA which is a sub -scheme of IRDP has linkages with other programmes like TRYSEM, ICDS, NREP, Council for People's Action and Rural Technology (CAPART), National Literacy Mission (NLM. Child Care Activities, Multipurpose Community Centres (MCC), Information Education Communication (IEC) and Community Based Convergent Services (CBCS) are the centres help in achieving the

goals of the programme. CAPART through voluntary agencies helps to reach out the poor since its inception and under TRYSEM programme, beneficiaries are given training. Child care activities are taken under the ICDS and MCC project. Educating the women and children is covered under NLM.

Savings and Credit Movement

In the history of Andhra Pradesh, savings and credit movement gained momentum in 1993 in Nellore district when Total Literacy Campaign was launched in 1990 to bring change in attitudes by educating women in various social and health issues. They adopted campaign approach and formed Mahila Mandalis. Women in this district started agitation against the sale of arrack (Cheap Liquor) and demanded its ban. Later in 1995 'Total Prohibition' as demanded by them came into enforcement by the then Government of Andhra Pradesh. Having achieved their goal, women were encouraged by officials to save 'a rupee a day' and to start thrift and credit groups called "Podupu Lakshmi" groups. Starting from here, the number of groups spread rapidly.

To help and promote savings and financial conditions of the DWCRA beneficiaries "Women Thrift and Credit Scheme" was introduced as a pre-DWCRA activity to achieve cohesion among group members in 1989 in three districts of Adilabad, Cuddapah and Srikakulam. Taking inspiration from the concept "save rupee a day" by Mahila Mandalis of Total Literacy Campaign who spearheaded anti-liquor movement in Debagunta town of Nellore, these Podupu Lakshmi groups were formed. These groups were later called as DWCRA groups. Once thrift and credit was introduced the entire scenario changed in Andhra Pradesh. As they are thrift and credit

groups, bank credit is also available for groups along with state's revolving fund to start any income generating activity. Along with these, child care activities, information education and communication, community based convergent services, multipurpose community services and linkages with other programmes like TRYSEM, ICDS, NREP, Jawahar Rozghar Yojana (JRY), NLM and MCC. CAPART through voluntary agencies reaches out to the poor and has assisted all the projects since inception. For marketing of the products, State Government of Andhra Pradesh organized DWCRA bazaar/mela. Even the Government had tie-ups with corporate sectors for both training and marketing.

DWCRA in Andhra Pradesh

Dwcra was introduced in Andhra Pradesh as a pilot project in 1983-84 in selected 3 districts- Srikakulam, Cuddapah and Adilabad on the basis of their backwardness.

Year- Wise Selection of Districts in Andhra Pradesh

1983-84-- Srikakulam, Cuddapah, Adilabad.

1986-87-- Mahabubnagar, Anathapur.

1988-89-- Medak, Vijayanagaram.

1989-90-- Prakasam.

1990-91—Karimnagar.

1991-92-- Nellore, Nizamabad, Kurnool.

1992-93-- Chittoor, Nalgonda, Warangal.

1993-94-- Visakhapatnam, Khammam, Ranga Reddy.

1994-95-- East Godavari, West Godavari, Guntur, Krishna.

By 1994-95, all the districts were covered in Andhra Pradesh with total number of groups rising to 25071 groups against the target of 9890 groups with 3,70,925 women benefited with a total allocation of 1410.061 lakhs.

SHGs formed by South Asia Poverty Alleviation Programme (SAPAP)

Taking the example of SHGs in different South Asian countries and with an objective that poor should combat the poverty by themselves through social mobilization and realizing the strength of the group which was declared by SAARC Dhaka Declaration in 1993 (on eradication of poverty by 2002 in all SAARC countries). Under the inspiration of this declaration, UNDP has started SAPAP programme as a pilot project in 3 selected districts in 1995. So in Andhra Pradesh DWCRA groups formed by District Rural development Agency (DRDA) and SHGs groups under SAPAP which are running parallel recognized the capabilities of the poor especially when they are formed as a group.

Poverty Eradication Mission was formed to combat poverty. Under this mission, “Velugu” (Andhra Pradesh District Poverty Initiatives Project) was initiated by SERP in 2000 June with Chief Minister as its chairman. During 1995-2000 SAPAP was implemented by UNDP in 20 mandals of three drought prone districts of Kurnool,

Mahbubnagar and Anantapur and later extended to three more districts Chittoor, Srikakulam and Vijayanagaram. Under this programme, SHGs were formed by identifying the poorest of the poor in order to combat poverty through social mobilization and active participation in development process.

Later, Poverty Eradication and Employment Generation Mission was formed where Government officials were also part of the programme unlike earlier one. With the support of World Bank, in order to cover the rest of the districts, Velugu was introduced in other 16 districts under Andhra Pradesh Rural Poverty Reduction Project-APRPRP in 2002 June 1st.

Velugu's Vision

The disadvantaged communities shall be empowered to overcome all social, economic, cultural and psychological barriers through self managed organizations. They will attain higher productivity with improved skills and asset base and utilize resources to full potential and gain full access to services.

The non negotiable of the project are indentified as

- Focus on the poorest of the poor
- Promote self reliant, self managed and vibrant people's organisation
- Enhance social capital of the poor by promoting activities and para professionals in the community of the poor
- Works on all the issues that are identified as critical to empowerment and poverty reduction in a given habitation.

Velugu addresses empowerment as a political process through right based approach. Poverty and marginalization and systematically reproduced through chronic denial and violation of right of certain sections of people based on caste, clan and gender. These marginalized groups (Dalits, BCs, women, tribal, child labour, migrant labour, differently abled person) lack access and control over natural resources, political and social processes and institutions.

Major Area of Intervention

- Creating livelihood and employment opportunities
- Food security to the poor
- Enable income generation activities and micro enterprises
- Distress migration in drought areas
- Social discrimination, untouchability and dalit empowerment
- Child labour
- Status of women
- Infrastructure development including water and sanitation
- Health and education, especially of women and children
- Information education communication dissemination
- Risk cover through insurance

Means of Intervention

The project aims at reducing poverty in the project areas through

- Nurturing self managed grass roots organization of the poor and building their capacities to manage their affairs and enable them to access commercial credit.
- Building capacity of local institutions (government departments, local bodies and NGOs) to be inclusive of the needs of the poor.
- Supporting investment in sub- projects proposed by grass root institutions of the poor to accelerate their entry and expand their involvement in socio-economic activities.
- Improving access to the education to the girls to reduce the incidence of child labour among the poor.
- Improving livelihood opportunities to the poor and reduce the percentage of people living below the poverty line.
- Qualitatively affect the change in the lives of the poor and eliminate large scale of distressed migration.
- Achieving gender equity to enhance role of women in household and community levels.
- Achieving changes in the entrenched caste and power relations.
- To increase the state of poor in the social systems through individual and collective actions.

Velugu Strategy

SERP uniqueness is its blend of professionals and trained activities within the community. This makes it a sustainable model.

Rural/Village Development Professionals

Community co-coordinators (CCs)/ Social Organizers (SOs) are stationed in village. The CCs are trainees professional who responsible for 1000 families and facilitate building the three pillar of Velugu the institution of the poor, knowledge and capacity building and access to resource support to prepare the poor to fight against poverty.

Para Professionals

Working hand in hand with the CCs are community leader selected from the community. They are trained variously as social/ community activists or barefoot botanist or veterinarian. They function as para professional within the communities and become the agents of change in their habitations.

Project Components

- Institution and human capacity buildings
- Community investment fund
- Child labour eradication
- Project management, process monitoring and evolution
- Action oriented approach, special interventions
- Food security- Rice Credit Line
- Information Education Communication (IEC)

- Information and Communication Technology (ICT) for poverty reduction

Special Projects

- ✓ United Nations fund for International Partnerships (UNFIP)
- ✓ Social discrimination project
- ✓ Child labour elimination
- ✓ Media and advocacy campaign
- ✓ Sustainable dry land agriculture
- ✓ Social mobilization and community empowerment for poverty alleviation

Social Mobilization Experimentation Learning Centre (SMERLC)

In partnership with UNDP, SERP is setting up a social mobilization Experimentation Learning Centre (SMERLC) at Kurnool district. The objectives of the centre is to take SAPAP lessons to scale in Andhra Pradesh by taking up field training for development professional of the government and non-governmental agencies in social mobilization for community empowerment.

The centre will disseminate the best practices of SAPAP research and documentation and SERP will identify Action Research Pilot Projects of the centre that can bring to higher successful development methodologies, useful and appropriate technologies, best catalytic practices and certain area specific or community specific empowerment strategies.

SMELC has two tier system-Advisory board and management team. The following are the four core ideas identified for action research pilot projects.

- Information and Communication technology for poverty reduction
- Market linkages and micro enterprise development through partnership between CBOs and Corporate Sector
- Micro-insurance for the poor
- Rating the federation for bank Linkages

Livelihoods Enhancement Program

The three pillars of livelihood enhancement are social mobilization filling the knowledge gap and resource support to help the poor move up the value chain. More than 60% of Velugu outlay is for the people's projects through community Investment Fund to enhance their livelihoods, to earn decent income.

As community organizations get built, the Livelihood Enhancement Action Plan (LEAP) are being facilitated in all the villages. It is comprehensive programme starting from social and resource maps (livelihood) of the village to finding the opportunities available to the poor. Since the canvass is so large SERP has launched a partnership programme called STEER (Social Transformation of Economy with Enterprise). STEER philosophy is when business promotes business results in a vibrant sustainable economy. STEER invites corporate, management and financial institutes, scientists, NGOs and non-resident Indians to lend a helping hand to improve lives of the poor.

Swarnajayanthi Gram Swarojgar Yojana

Despite several anti-poverty programmes or poverty-alleviation programmes have been introduced and strengthened in India, poverty levels in terms of percentages have come down but rural poverty continues to be significant and draws the attention of policy makers and government of India. In order to address this pernicious and perennial problem, self-employment programmes assumed significance for sustainable development of rural poor. SGSY programme aims at establishing a large number of micro enterprises in rural areas based on the ability of the poor and potential of each area. It is different from earlier programmes, in terms of strategy envisaged for its implementation. It has been concerned as a holistic programme of self employment.

In order to eradicate rural poverty, multiplicity of rural development programmes were introduced by GOI like IRDP in 1973, TRYSEM for training, a new approach was adopted by GOI, group approach for development of women and children in rural areas in 1983, SITRA for supply of toolkits, etc. Each programme was focused on different aspects for development purpose instead of desiring to have linkages with other programmes, they started to look at achieving individual targets. The lack of proper social intermediation is observed. All the programmes were merged together in order to have a holistic approach to combat socio-economic poverty under the title SGSY. SHGs were formed under this programme where the poor people will form a group for income generation, self-employment, training, credit, technology, infrastructure and marketing.

SGSY is funded by the Centre and States in the ratio of 75:25 from 1.4.99 and the unspent balances are utilized under SGSY programme guidelines. The objective of SGSY will be to bring the assisted poor families (Swarojgaris) into APL in next 3 years, Through micro-enterprises. SGSY started with a goal for providing income-generating assets through mix of bank credit and government subsidy to ensure a family of Rs. 2000/- income. The effort was to cover 30% of poor families in each block by 2004 (5yrs time) and quality is given importance.

Social Mobilization of the Poor

A major shift of the SGSY programme from the erstwhile programmes is in terms of its emphasis on social mobilisation of the poor.

Salient Features of SGSY

- To establish micro-enterprises in rural areas, recognizing the competencies of rural poor, given the right support, they can be successful producers.
- Assisted families are called swarojgaris, either individual or SHGs but emphasis is on group approach.
- Main objective is to bring Below Poverty Line (BPL) into Above Poverty Line (APL) in next 3 years.
- SGSY is a holistic programme of micro-enterprises covering all aspects of self-employment, viz, organization of rural poor into SHGs and their capacity

building, planning of activity clusters, infrastructure build up, technology, credit and marketing.

- Emphasis on cluster approach for establishing micro enterprises (for this 4-5 key activities are identified for each block based on resources, occupational skills and availability of markets.
- Ceiling 20% and 25% for North East states of SGSY funds are allocated to each district and maintained by DRDA's as 'SGSY-Infrastructure Fund' to fill the identified gaps.
- SGSY aims to cover 30% of poor in each block in next 5years ensuring maximum number of panchayats being covered for key activities without compromising for quality.
- SGSY is a group approach where poor people organized into SHG and group activity is preferred (and Capacity building).
- Gram sabha plays key role in identifying the BPL category and participatory process is followed to select key activity.

- SGSY is a credit-cum-subsidy programme; where credit is the critical component and subsidy being a minor and enabling element.

- SGSY envisages greater involvement of banks, as they are involved in planning, preparation of objects, identification of activity clusters, infrastructure plans, as well as capacity building and choice of activity of SHGs, selection of individual swarojgaris, precredit activities and post monitoring including loan recovery.

- SGSY seeks to promote multiple credit rather than a onetime credit ‘injection’. Credit requirements are carefully assessed and allowed to take increasing credit intake over years.

- SGSY emphasizes on skill development through well defined training courses. Those who have been sanctioned loans are assessed and given necessary training, design, duration and curriculum according to the needs of activity.

- DRDA’s are allowed to set apart 10% as ‘SGSY-Training Fund’.

- SGSY ensures up gradation of technology, the technology intervention seeks to add value to the local resources.

- Marketing facilities are provided for the produced goods which involve providing market intelligence, consultancy services, development of markets, as well as institutional arrangements including exports.
- Subsidy is uniform at 30% of the project cost and subject to a maximum of Rs.7500/-. In respect of SC and STs, it is up to 50%, that is Rs10,000/-. For SHGs, it is 50% of the cost of the scheme, subject to a ceiling of 1.25 lakh. There is no limit on subsidy for irrigation projects. It is back-ended subsidy.
- SGSY focuses on vulnerable groups among rural poor. Accordingly, the SC/Sts will account for at least 50% of the swarojgaris, women for 40% and the disabled for 3%.
- SGSY as implemented by the DRDAs through the Panchayat Samithis.
- The process of planning, implementation and monitoring integrate banks and other financial institutions, PRIs and NGOs, as well as technical institution in the district.
- 15% of funds under SGSY are set apart at the national level for projects having a far reaching significance and which can also act as possible alternative

strategies to be taken up with other departments and semi government or international organizations.

- Funds are shared by Centre and States in the ratio of 75:25.
- The central allocation for states is according to the incidence of poverty in states. However, additional parameters like absorption capacity and special requirements are taken into consideration.

SGSY lays stress on cluster approach. Identification of key activities by the block SGSY committee plays a very crucial role as it should be sustainable income from their investments and the choice of activity should be based on local resources, aptitude as well as the skill of the people. This selection of activity should be participatory process. The major share of SGSY assistance is for key activities. A minimum of 75% both by member and funding is for key activity. However, assistance is not prohibited for other activities but subject to a limited 25% of the total number and funding of swarogaris in any given year. It is for only an enabling provision for exceptional cases but it is not a norm.

Indira Kranthi Patham

IKP is a community demand driven rural poverty alleviation project to cover rural poor household in the state with a special focus on 30 lakh household that are extremely poor. SERP is the body responsible for conceptualizing, implementing and

monitoring of the IKP as a project through DRDAs at the district level. SERP is an independent autonomous society registered under the Public Societies Act. IKP comprises of 2 projects- Andhra Pradesh District Poverty Initiatives Project (APDPIP) and Andhra Pradesh Rural Poverty Reduction Project (APRPRP). Both the projects are externally aided, with support from the World Bank.

The objective of IKP is built on the already existing SHGs by state government. The project aims to build strong institutions of the rural poor and enhance their livelihood opportunities so that the vulnerability of poor is reduced. This is the single largest empowerment project in South Asia. All the SHGs of the state comes under this scheme, as 90% rural poor are covered under this programme. It is funded by the state government of Andhra Pradesh, the World Bank and the community. In addition, local banks have financed the SHGs.

The APDPIP covers 316 mandals in the 6 districts with an outlay of Rs. 654 crores. It was launched on 14th June 2000 and by Dec 2006 when the term ends is expected to cover 9.3 lakh poor households. The APRPRP project commenced on 1st June 2002 with an outlay of Rs. 1486 crores in 598 backward mandals in 16 districts of the state is estimated to cover 20,00,000 families. It also covers 260 coastal fishermen villages in non-project mandals. From 2005 January, the state government decided to cover the remaining rural households under IKP. Today the programme is present in every village of Andhra Pradesh including the remotest of the areas. The approach followed is 'bottom up change'- action from the bottom and facilitation from the top is advocated. Government of Andhra Pradesh has decided to cover the entire

state under the IKP programme from the financial year 2006-07 by dovetailing the funds from state government and Government of India.

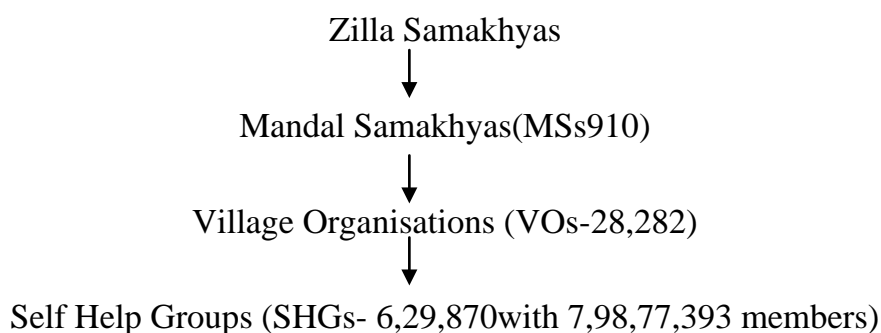
Objectives of IKP

IKP's vision of bringing family out of poverty is

- Comprehensive food security
- An earning of Rs. 5000 per month from 2-3 stable livelihoods
- Economizing and optimizing household expenditure through collective buying
- Provide social security where risks to life, health, assets and incomes are covered
- Have a reasonably good shelter
- Enjoy education, social acceptance and health status

To achieve this objective, requires a strong institutional structure of self managed institutions of the poor, an investment of 1,00,000 per family (by enormous small and big loans) and 6-8 years continuous nurturing and hand holding by their SHGs and Village Organisations (VOs). Achievement of this objective is possible only through a multi-pronged approach which forms the base of IKP.

Institutional model



Categorization of Groups

SERP conducts massive surveys periodically and has categorized into four

- Poorest of poor
- Poor
- Not-so poor
- Non poor

Community Investment Fund (CIF)

The objective of CIF is to improve and diversify sources of livelihoods and quality of life of the “Poorest of the Poor” and the poor by increasing their incomes and employment, decreasing expenditure and decreasing risks through Micro Credit Plans of their groups/Institutions. CIF provides financial and technical resources to the poor communities/CBOs (SHG/VO/MS) to support projects/Micro Credit Plans in following main areas.

CIF Sub Projects

Sub Project-General

- Social development
- Productive physical infrastructure
- Income generation and livelihood improvements

Sub Project-Disability Intervention

- Disability Intervention

Sub Project-Watershed Plus

- Sustainable rain fed farming systems and

Sub Project-Land Purchase and Development

- Land lease, purchase and development

CIF provides resources for livelihoods like micro credit plans and allocation of 50% of funds to the poorest of the poor. There are three types of sub projects namely

- Income Generation
- Productive physical infrastructure
- Social development

Out of total IKP budget, CIF is the most important component that determines the level of employment generation for the poor. The bulk of CIF budget is for income generation. The CIF expenditure up to July 2006 was Rs.309.25 crores in DPIP and Rs. 370.25 crores in RPRP working out total of 679.5 crores. The total number of beneficiaries were 19, 03,353.

SERP facilitates and ensures that the banks finance and support the activities taken by the SHGs. After years of effort, Andhra Pradesh leads in the SHG-Bank Linkage Program with 40% of all bank loan given to SHGs in India. Today 25 commercial banks, 16 RRBs, 12 District Central Co-operative Banks and 3850 branches were participants in the programme. Bank lending was dramatically increased from Rs.143 crores to 85,000 groups in 2001 to Rs 2002 crores to 2,88,711 groups in 2005-06.

For sustainable development IKP focuses on these issues like Community Investment Fund (CIF), Income Generating Activity (IGA), Disability, Health and

Nutrition, Jobs, Gender Issues, Comprehensive Food Security, Collective Marketing and Non-Pesticide Management, Land purchase for agriculture, Jobs for Youth, Collective Marketing, Community Managed Insurance Schemes and Pensions and Social Agenda by Social Action Committees were taken up. SHG women have developed 'Unique Health Risk Fund' for health emergencies. Aasha Mithras (Friends of Hope) was formed to educate about HIV/AIDS and to give interest free loans, supply food grains and milk etc. Total of 1,61,987 disabled persons (DAPS) have been mobilized into 17,532 SHGs and 189 Mandala Vikalangula Sanghams. IKP organized 406 medical camps in convergence with Disability Welfare Department. Pidikedu biyyam (Fistful of Rice), Non pesticide management, dairy, PRIs, pensions were other activities taken up under IKP programme.

SHG MOVEMENT

Vision

Empowerment of Rural Poor Women for overall Human Development.

Mission

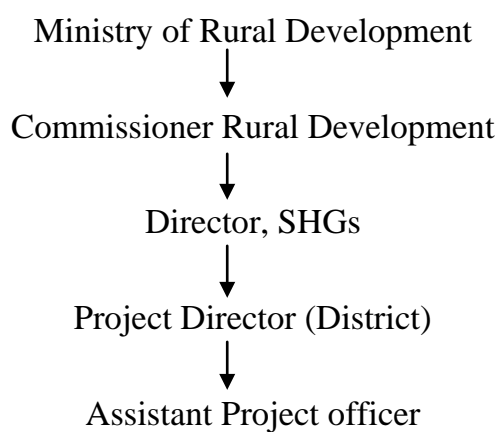
- Organisation of Women as Self Help Groups for Social mobilization
- Providing easy access to credit by means of inculcating saving habit for Self Reliance
- Providing an opportunity to identify and prioritise the needs and make decisions for their Self Confidence
- Increasing their participation in socio-economic and political spheres for Self esteem

- Additional income generation through micro finance, there by achieving Poverty Alleviation
- Sustaining the Self Help Movement through Institutionalisation

The following are the inputs provided to Self Help Groups at various stages for their promotion and sustainability.

- Training
- Financial
- Marketing

Institutional Structure/ Organizational Chart



Mutually Aided Co-operatives Societies

GoAP has enacted Andhra Pradesh Mutually Aided Cooperative Societies (APMACS) Act 1995. This Act provides for voluntary formation of cooperatives as accountable, self-reliant business enterprises based on thrift, self help and mutual aid. These MACS are controlled and managed by the groups themselves. Most of the SHG federations were registered under APMACS 1995 Act. Government of Andhra Pradesh took up re-modelling of DWCRA groups in the state into SHG with the help of NABARD in Nov 1996.

Evolution of SHG Federations

In Andhra Pradesh, the networking of SHGs into SHG federations started under the UNDP sponsored SAPAP implemented in three districts during 1995-2000. With the promulgation of APMACS Act, 1995 several NGOs experimented in formation of SHG federations as MAC societies. The UNDP model of SHG federations is adopted by the IKP Project and SHGs are networked into a three tier federation structures viz, Village Organisations (VO) at the village level, Mandal Samakhyas (MS) at the mandal level as federation of VOs and Zilla Samakhyas (ZS) at district level as a federation of MS to ensure continued services and take up larger and complex interventions for SHG members. Under the IKP project, 27,957 VOs covering 2,90,381 SHGs have been formed and are being registered under the APMACS Act. Around 50 per cent of the SHGs have been covered under the VOs. About 735

Mandal Samakhya and 14 Zilla Samakhya have been formed and are being registered under the same Act.

Financing of SHG Federations

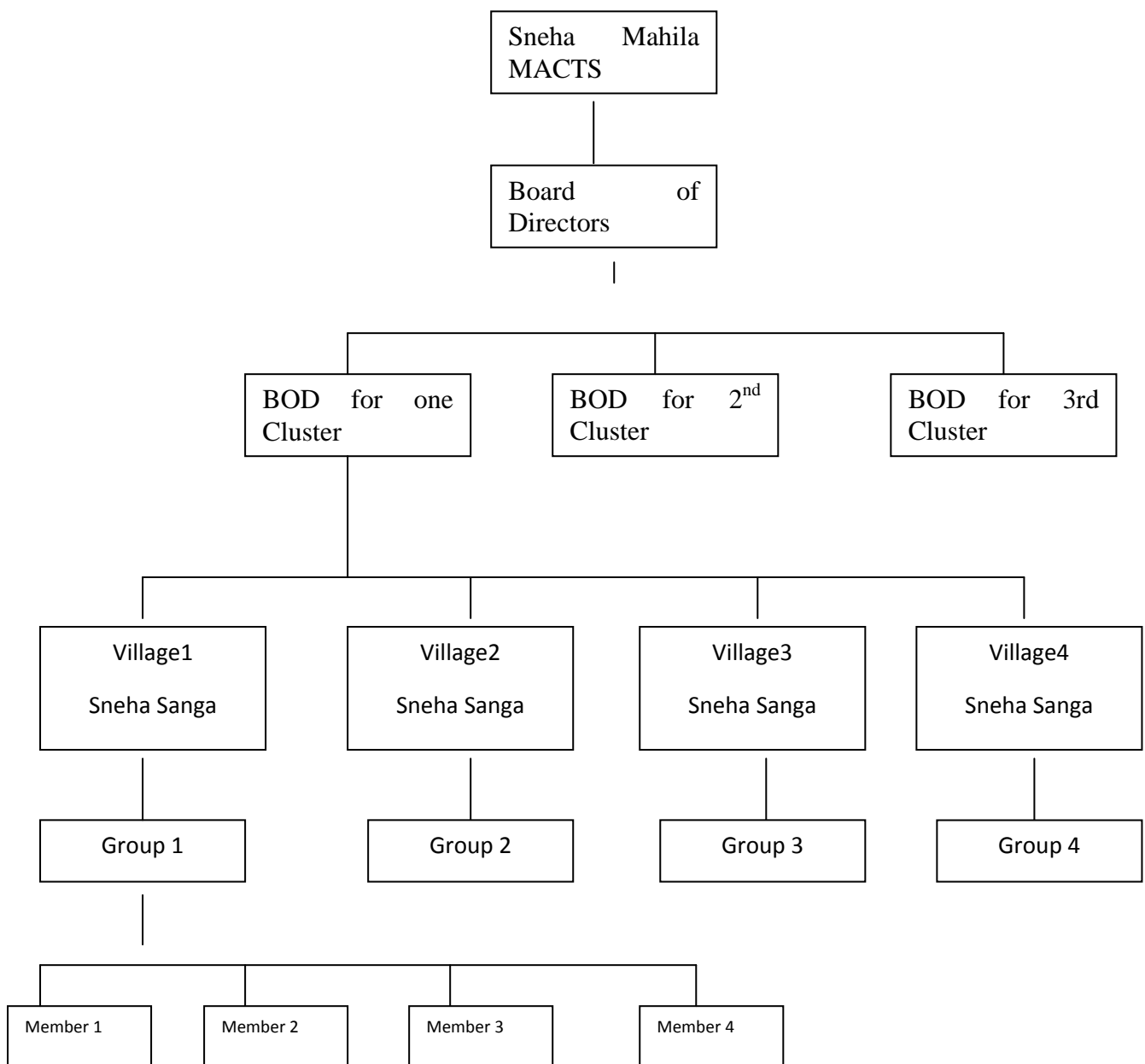
The concept of 'Self Monitoring' was introduced in a staged manner aiming the women to totally own the movement and institutionalize for its sustainability through networking. With the increasing number of SHGs, the banks are finding difficulty in monitoring large number of SHG accounts. In Andhra Pradesh, on an average a bank branch has around 150 SHG account. Working Group constituted by Government of Andhra Pradesh under the convenorship of NABARD has evolved Guidelines for financing of SHG federations. The financing of federations of SHGs, however, has taken place only on a small scale in the State so far. Some of the NGO-MFIs are borrowing funds from private sector banks such as ICICI, HDFC etc. to finance SHG members through the federation (MAC society) formed by them. During 2006-07, the IKP Project has targeted Rs.700 crore for bank linkage of 3,900 VOs.

SHG Federation

SHGs are encouraged to come together as co-operative societies at village and mandal level by federating them under MACS Act of 1995. These societies will be accessing credit from financial institutions, donor agencies, DRDAs and Voluntary Organisation or with the corpus they have will help the members of SHGs to avail bigger loans for economic activities and also helps in collective marketing of products, purchasing raw materials etc. Appointment of community organisers has

been started to assist the groups in maintaining the records accurately and to facilitate for better functioning.

Organisational Structure of District Federation



Financial Assistance

➤ Revolving Fund

The Government provides incentives to promote SHGs under SGSY scheme. Apart from it GoAP provides is providing State Matching Grant/Revolving Fund.

➤ SHG-Loan Linkage

Once the SHG completes six months and if the members are continuously practicing thrift, rotating the corpus generated, it becomes eligible to get bank loan. In Andhra Pradesh, group should follow five principles called 'Pancha Sutralu' before getting the bank loan. They are weekly group meetings, thrift and credit activities, inter lending among the group members, book keeping and repayment.

➤ SGSY

Financial assistance is provided to groups under GOI programme under SGSY programme as it is credit-cum-subsidy programme. Centre and States will share funds in the ratio of 75:25. Swarojgaris can be individual or group but groups are given emphasis. The group will be provided with SGSY grant to start Income Generation Activity with a back-ended subsidy subject to a ceiling of 1.25 lakh to group and Rs. 7500/- for individual.

Training and Capacity Building

Training programmes at regular intervals were conducted identifying the needs of the poor to build the capacity of leaders and its members. Because it is not enough to promote SHGs but the group should be sustained. DRDAs and other international and national organizations like NABARD are actively associated and constantly organizing training and capacity building programmes. Immediately after the formation of group, basic level training or orientation programme for at least 4 days are conducted to guide the groups to inculcate best practices in group management, conduct of group meetings, accounts and book keepings and to bring awareness and accessing to various government and bank finance.

For Capacity Building of the groups, group dynamics, leadership, book keeping, conflict resolution, general awareness, exposure visit and computer training is given to them. Training was given to groups who intend to start income generating activities and who need skill development. Training and Technology Development Centres (TTDC) were created to train the youth to acquire new skills. Mahila Pranganam are also used for this purpose. Corporate involvement like Tata, HLL have come forward and adopted the villages. By leveraging the Internet and e-commerce technology to enable SHGs to go beyond physical barriers and reach international market and to create a virtual sales counter for products.

Marketing

- Local markets
- Stalls in rythu bazaars

- DWCRA Bazaar at district level and state level
- SARAS fairs at national and international level
- Various exhibitions at all levels
- E-commerce, business through net

Present Status of SHG Movement in Andhra Pradesh

SHG-Bank Linkage Programme

The SHG- Bank Linkage Programme is an important step taken to address the massive task of mainstreaming the very poor and the underprivileged with the banking sector. The formal banking system is out of reach for the poor even today due to cumbersome procedure and documentation. The challenge was to link the poor in large numbers to the banking sector, in a sustainable and cost effective manner. This has emerged as the largest microfinance outreach programme in the world.

In 1992 NABARD introduced a pilot project for linking SHGs with Banks to encourage thrift and savings amongst the rural poor and to supplement their funds to meet credit needs through the banking system. RBI constituted a Working Group in 1994 to study the functioning of SHGs and NGOs and the Committee submitted its report, recommending for treating the linkage programme as a business opportunity for reaching the rural poor. Based on these recommendations, RBI decided to extend SHG linkage programme and made it as a part of their mainstream lending operations.

Criteria for Selecting SHGs

- The group should have been in active existence for at least a period of six months
- The group should have successfully undertaken savings and credit operations from its own resources
- Democratic working of the group wherein all members feel that 'they have a say' should be evident
- The group is maintaining proper accounts/records
- The banker should be convinced that the group has come into existence realizing the genuine need to help each other and work together with participation of all its members
- The SHG members should preferably have homogeneous background and interest
- The interest of the NGO or the Self Help Promoting Institutions (SPHI) concerned in the group is evident and the agency is helping the SHG by way of training and other supports for skill up gradation and proper functioning.

The beginning for linking banks with SHGs was initiated in Andhra Pradesh during 1992-93 with the linkage of 8 SHGs promoted by MYRADA with Vysya bank, SBI and Sri Anantha Grameena Bank. Over years, linkage grew. During the last few years several innovations were tried by participating banks for financing SHGs in Andhra Pradesh. Interestingly, it is the only state where a number of models of delivering credit to rural poor through SHG system have been evolved and tested

successfully for replication. Several models of credit delivery through SHG system practiced in AP are as follows:

- Financing SHGs directly by banks without any intervention/facilitation of any SPHI
- Financing SHGs directly by banks with intervention/facilitation of Non Governmental Organisations
- Financing SHGs directly by banks with intervention/facilitation of Governmental Agencies
- Financing SHGs with financial intermediation of Non Governmental Organisations
- Financing SHGs with financial intermediation of NGOs/SHG Cluster Associations, Mutually Aided Cooperative Societies.

Critical rating of Self Help Groups was created by NABARD taking into consideration 13 aspects like solidarity, conduct of meetings, attendance, financial transactions, regular savings, internal lending etc and scores were assigned. Depending on the marks, groups were classified into three categories 'A', 'B' and 'C'. Groups who do not practice internal lending are given 0.

State Government Support for the SHG Movement

Micro-finance is successful in alleviating poverty and creating self-employment. Andhra Pradesh stands first in the formation of SHGs. There are various successful stories that are exemplary. World micro Credit Summit in Washington

agreed that Women Self Help Movement is the most important themes to tackle socio-economic poverty.

State Revolving Fund/State Matching Grant

In addition to GOI grant under SGSY scheme, GoAP has been releasing Rs. 10000/- per group along with bank loaning of Rs.15000/- as revolving fund to each group for ensuring financial viability of the SHGs. All the groups which have completed six months of thrift and are having proper group dynamism are eligible to get revolving fund assistance.

Waiving of Stamp Duty

Andhra Pradesh has waived stamp duty in full on all loan documents to be executed by SHGs under the SBL programme in favour of banks and other financial institutions for obtaining loans. Commercial and Regional Rural Banks are providing direct assistance without collateral security.

Pavala Vaddi Scheme

GoAP has decided to give 'Pavala Vaddi' i.e.0.25% interest per month to all the SHGs. The government is reimbursing any interest paid by SHGs above 3% per annum once in 6 months to all who have on-time repayment track record. Rs. 54 crores has been given as subsidy by the government in 2005-06 and is estimated that will increase to Rs. 75 crores. The Pavala Vaddi Scheme as one interest subsidy scheme started during 2004-05 with an objective of providing subsidy on the interest on loans taken by the SHGs. The scheme is applicable to all loans extended to SHGs

from 1-7- 2004. Interest incentive will be released to the groups twice in a year and even extended to VOs which will be directly credited to their accounts.

Initiatives of NABARD in Andhra Pradesh

NABARD has created a favourable policy climate for the healthy growth of the micro finance in the country. The following initiatives were taken by NABARD in Andhra Pradesh.

- *Critical Rating Index(CRI)* for rating SHGs has been designed by NABARD and it has been accepted by the State Government for use of banks, DRDA and other partners.
- *Appraisal Format* developed by NABARD for use by bank branches, has been operationalized by many banks in the state.
- *Micro Credit Plan for SHGs* suggested by NABARD, forms basis for credit assessment by banks for financing SHGs. *Loan Monitoring formats* devised by NABARD for review and monitoring of SHG portfolio at branch and controlling office level have been adopted by the Banks in the State.
- *Standard Accounting Package (SAP)* for SHGs has been evolved with NABARD's initiative and the same is being operationalised in the State.
- *Smart Card Project* is being implemented through five branches of Andhra Pradesh Grameena Vikas Bank in Srikakulam and Visakhapatnam districts with the objective of capturing the SHG transactions at the group meetings and updating the records at the bank through the use of computers.

- *Capacity building of stakeholders:* From District Collectors to the Village level workers, Project Directors to the members of Self Help Groups and master book keepers, CEOs of the Banks to the managers and clerical staff of the banks have been provided training for propagation of SHG concept in the State. As at the end of March 2006, around 85000 people were trained by NABARD.
- *Enhancing Ground Level Credit flow to the SHGs:* Refinance support is provided to the banks at concessional interest rates to enable them to enhance ground level credit to the Self Help Groups. The banks are provided 100% refinance against the loans extended by them to the SHGs. NABARD also provides 100% of the bank loan as refinance to the advances extended the banks to the micro finance institutions for meeting requirements of the rural poor towards consumption and production purposes. NABARD has cumulatively provided refinance assistance of Rs.18635 million under the SHG-Bank linkage programme to the banks in Andhra Pradesh.

Conclusion

SHGs have been emerged as a powerful tool to alleviate poverty and empower women in social, political and economic spheres of life. This movement has enabled poor to have sustained access to formal finance through its distinguished features of group strategy and external linkages. It also facilitated the rural women to acquire new skills and abilities in the marginalized communities.

SHGs in the modern times has an unique place as they focus upon social mobilization, self reliance, self esteem and self confidence by increasing the income levels of the poorest of the poor and to pave way for their sustainable economic development. Significant outcome of the movement is improved status of women thereby installing self confidence and leadership qualities, improved communication with officials, improved bargaining capacity and better understanding of financial transactions.

The basic character of SHG is to integrate different sections of the people together into groups and to highly co ordinate for enhancement of group cohesiveness and transformed their lives into active entrepreneurs. Group cohesiveness is vital to drive full benefits of the programme. SHGs have emerged as a valuable source of social capital in rural areas through the implementation of this policy initiative as they are not organized sector. Group activity was an approach to combat poverty at grass root level was recognized by the government as the best way of increasing income levels of the poor. The success of the group is termed as success of the policy initiative as individuals alone cannot achieve success faster when compared to the groups.

The role of social capital emerges as an vital ingredient in this group approach as the members need to work together with co-ordinated effort and cooperation for mutual help. Nevertheless to say to maintain certain kind of norms and trust, interaction levels among the group members.

Chapter 3

Methodology and Demographic Profiles of the Study Areas

In this chapter, we are going to discuss the methodology that has been used to test our hypothesis and a detailed view of the demographic profiles of the districts and mandals in our sample. Our hypothesis in this study is that a higher level of social capital is likely to result in effective implementation of public policy especially for a group based income generation programme. In order to test our hypothesis, we have selected three districts from three regions of Andhra Pradesh, which are typical districts in their respective regions. We have selected West Godavari district from Coastal Andhra, Mahbubnagar district from Telangana region and Chittoor district from Rayalaseema region. These three districts vary in culture, norms, and traditions and in socio-economic conditions.

After a careful study of the demographic features of the districts we have selected three mandals from these three districts- Narsapur mandal in West Godavari district, Pakala mandal in Chittoor district and Wanaparthy mandal in Mahbubnagar district. The criteria for selection of the districts are done on the basis of literacy rate of the districts. We selected West Godavari as it is high literacy level and stands second in the state after Hyderabad. Chittoor has been selected as the literacy rate of the district is more or less near to the state's literacy level. Mahbubnagar has been selected as it recorded to have least percentage of literacy rate and stand last in the

state. We expect that irrespective of difference in the culture and regional variations social capital will have an effect on the success of public policy implementation. Before we give the details of the methodology we followed for this study, we would provide the demographic details of the districts and the mandals selected to collect our data.

Profile of the Districts and Mandals

West Godavari district was carved out of the old Godavari district as the western delta of the river Godavari lies in this district; it was appropriately named as West Godavari with its Head Quarters at Eluru. It has very fertile land and is a populous district. It is bounded on the north by Khammam district, on the south by Krishna district and Bay of Bengal, on the east by East Godavari and on the west by Krishna. West Godavari district ranks 4th in population with 3,517,568 persons and the density of population is 454 per sq. km. The extent of the district is 7.7 thousand sq. km. There are 46 mandals and rural population of the district is spread over 849 villages.

Chittoor district derives its name from Chittoor its Headquarters town. It is bounded on the east by Nellore district of Andhra Pradesh and Chingleput of Tamil Nadu, on the west by Karnataka's Kolar district, on the north to a great extent by Cuddapah district of Andhra Pradesh and on the south by North Arcot and Dharmapuri districts of Tamil Nadu. Chittoor ranks 6th in population with 3,261,118 persons and the density of the district is 215 per sq.km. There are 66 mandals and

rural population of the district is spread over in 1481 villages.

Mahbubnagar district derived its name from its Headquarters town which was named after Mir Mahbub Ali Khan, the Nizam of Hyderabad (1869-1911 A.D). The district is bounded by Nalgonda and Guntur districts, on the South by the rivers of Krishna and Tungabhadra and on the west by Raichur and Gulbarga districts of the Mysore state. Mahbubnagar district ranks 9th in total population with 3,077,050 persons and the density of the district is 167 per sq. km. There are 64 mandals and rural population of the district is spread over 1475 villages.

West Godavari district is a developed district and its literacy rate is above the state's literacy rate. Mahbubnagar is the least developed district and the literacy rate of the district is far below the literacy rate of the state and Chittoor district comes in middle of the above two districts both in terms of development and literacy rate, which is relatively closer to state's literacy rate.

Table 3.1

Break -up of Urban and Rural Population of the Three Districts

	West Godavari			Chittoor			Mahbubnagar		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
Total Persons	3,052,630	750,887	3,803,517	2,934,845	811,030	3,745,875	3,142,579	371,355	3,513,934
Males	1,537,700	372,338	1,910,038	1,478,060	411,630	1,889,690	1,592,325	190,015	1,782,340
Females	1,514,930	378,549	1,893,479	1,456,785	399,400	1,856,185	1,550,254	181,340	1,731,594
SCs	642,584 (21.1 %)	86,379 (11.5 %)	728,963 (19.2 %)	619,647 (21.1 %)	82,673 (10.2 %)	702,320 (18.7 %)	571,513 (18.2 %)	29,414 (7.9 %)	600,927 (17.1 %)

	West Godavari			Chittoor			Mahbubnagar		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
STs	88,863 (2.9 %)	7,796 (1.0 %)	96,659 (3.5 %)	111,879 (3.8 %)	16,206 (2.0 %)	128,085 (3.4 %)	273,558 (8.7 %)	5,144 (1.4 %)	278,702 (7.9 %)
Sex Ratio	985	1017	991	986	970	982	974	954	972
Total Literates	1,923,286	535,536	2,45,822	1,603,946	573,044	2,176,990	1,076,453	241,068	1,317,521
Males	1,028,111	280,487	1,308,598	955,740	318,200	1,273,940	712,456	137,958	850,414
Females	895,575	255,049	1,150,224	648,206	254,844	903,050	363,997	103,110	467,107
Total% Literacy rate	71.8	80.3	73.5	63.0	80.2	66.8	40.7	74.9	44.4

	West Godavari			Chittoor			Mahbubnagar		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
Males (%)	76.3	85.1	78.0	74.7	87.9	77.6	53.3	83.8	56.6
Females	67.3	75.7	69.0	51.2	72.3	55.8	27.8	65.6	31.9
Gender gap in literacy rate (%)	9.0	9.4	9.1	23.5	15.6	21.8	25.4	18.2	24.7
Illiteracy rate (%)			40.2			48.1			74.0

Source: Census of India 2001

Table 3.2

Literacy Rate according to 2001 Census

	State	West Godavari	Chittoor	Mahbubnagar
Persons	60.5	73.5	66.8	44.4
Males	70.3	78.0	77.6	56.6
Females	50.4	69.0	55.8	31.9

Source: Census of India 2001

(In percentage)

To test our hypothesis we selected three mandals from three districts in which literacy of mandals is approximately near to the literacy rate of districts. So we selected Wanaparthy mandal from Mahbubnagar district, Pakala from Chittoor district and Narsapur from West Godavari. Our study includes a sample size of 225 groups selected from all the three mandals

Table 3.3

Demographic Profiles of the Mandals

	Wanaparthy	Pakala	Narsapur
Total Villages	21	14	15
Inhabited Villages	20	14	15
Persons	88,104	56,802	139,084
Males	45,042	28,414	69,681
Females	43,062	28,388	69,403
Sex Ratio	956	999	996
Literacy Rate			
Persons (%)	56.4	72.2	77.3
Males (%)	67.2	83.5	82.6
Females (%)	45.1	60.9	72.0
Illiteracy rate (%)	61.1	40.3	36.2

Source: Census of India 2001

A Note on Methodology

Self Help Groups were formed for the first time, under the scheme Development of Women and Children in Rural Areas, which was initiated by Government of India in 1983-84 in Andhra Pradesh on pilot basis. Mahbubnagar district was first covered under this programme in 1986-87 and Chittoor in 1992-93 whereas West Godavari was covered in 1994-95. Criteria for selection of districts were done on the basis of backwardness of the area and districts with low female literacy rate. As mandals are the nodal agencies, we have selected three mandals from three districts. We have taken literacy rate as the criteria for selection of mandals, which are more or less similar to that of district literacy rate. The above table gives the details of the mandals chosen.

Sample of the Groups

To test our hypothesis, we followed systematic sampling where the probability is equal and proportional depending on the number. From these three mandals we collected the list of the groups in that mandal irrespective of the villages and collected a sample for our study. Almost all the villages were covered in the mandals. We decided to follow interview schedule as this programme is for rural women, where most of them are illiterates.

Table 3.4

Break -up of the Sample according to Mandals

	No of groups selected	No of groups interviewed	No of defunct groups	No of Respondents interviewed	Percentage
Wanaparthy	69	53	13	420	38.8
Narsapur	75	55	1	330	30.5
Pakala	81	70	6	333	30.7
Total	225	178	20	1083	100.0

Profile of the Respondents

Before analysing the data, we would like to give the profile of the respondents whom we interviewed. From the below Table 3.5, we can say that half of the respondents belong to age category of 30-50.

Table 3.5

Age of the Respondents

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Below 30	29.5 %	39.4 %	43.2 %	36.7 %
30-50	54.8 %	56.1 %	53.5 %	54.8 %
Above 50	55.7 %	4.5 %	3.3 %	8.5 %
n	420	330	333	1083

Table 3.6

Marital Status of the Respondents

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Unmarried	2.4 %	1.8 %	0.6 %	1.7 %
Married	97.6 %	98.2 %	99.4 %	98.3 %
n	420	330	333	1083

Table 3.6 reveals that 98.3% of the respondents are married women and Table 3.7 reveals that 65.1% of the respondents are illiterate and only 33.3% had some kind of education and they can at least read and write.

Table 3.7

Educational Qualifications of the Respondents

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Illiterate	90.5 %	43.3 %	54.7 %	65.1 %
Up to 10 th	9.5 %	56.1 %	40.8 %	33.3 %
Above 10 th	-	0.6 %	4.5 %	1.6 %
n	420	330	333	1083

Table 3.8

Caste Identity of the Respondents

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
OC	11.9 %	40.9 %	31.5 %	26.8 %
BC	71.0 %	35.8 %	40.2 %	50.8 %
SC	9.5 %	23.3 %	26.7 %	19.0 %
ST	7.6 %	-	1.5 %	3.4 %
n	420	330	333	1083

The above Table 3.8 gives the caste break up among the respondents we interviewed. The table reveals that half of the groups in the sample belong to BC and only 3.4% of the respondents belong to ST.

In the below Table 3.9 gives religion-wise break-up of the respondents

Table 3.9

Religion Identity of the Respondents

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Christian	-	37.3 %	4.5 %	12.7 %
Muslim	0.7 %	2.7 %	14.7 %	5.6 %
Hindu	99.3 %	60.0 %	80.8 %	81.6 %
n	420	330	333	1083

In Table 3.10, the members were classified according to their occupations and we found that 73.4% of the respondents belong to unskilled category and majority of them belong to the category of agricultural labourers. Skilled category implies here that those respondents who are practicing their professions like pottery, tailoring, business, mechanics, etc.

Table 3.10

Respondent's Occupation

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Not working	8.6 %	6.7 %	27.0 %	13.7 %
Skilled	5.5 %	7.3 %	27.9 %	12.9 %
Unskilled	86.0 %	86.1 %	45.0 %	73.4 %
n	420	330	333	1083

Table 3.11

Respondent Husband's Occupation

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Not working	6.0 %	6.4 %	3.6 %	6.1 %
Salaried	16.4 %	20.0 %	29.7 %	21.6 %
Non-salaried	61.4 %	61.2 %	58.6 %	60.5 %
Missing	16.2 %	12.4 %	8.1 %	12.6 %
n	420	330	333	1083

In the Table 3.11 reveals the respondents husband nature of job and found that 87.4 % belong to the non salaried category and only 21.6% belong to the salaried class. Below Table 3.12 gives information about the nature of assets they have. We can notice that nearly half of the respondents do not have any kind of assets. 34.6% has either cattle or land and 16% of the respondents have both cattle and land.

Table 3.12

Kind of Assets Respondents Have

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
No assets	29.5 %	75.5 %	48.6 %	49.4 %
Land or cattle	51.4 %	21.2 %	26.7 %	34.6 %
Land and cattle	19.0 %	3.3 %	24.6 %	16.0 %
n	420	330	333	1083

Technique used for Data Collection

Our study includes both primary and secondary sources. Primary data was collected from the groups in three mandals of the three districts by following the interview schedule. We have both closed and open ended questions. Questionnaire is

included in the Appendix. We have collected secondary data from different government offices, institutions and libraries.

As we are studying the group dynamics in detail, we did not categorise the groups but rather tried to collect information from all the groups irrespective of caste, occupation, etc. We have taken networks, mutual trust, interaction among group members, norms and civic engagement as indicators of social capital. Success of the group is measured by the indicators like satisfaction level of the groups, savings, income generated, self reliance and skill development and their access to basic amenities.

Social capital is an independent variable for the purposes of this thesis, whereas success of public policy implementation is dependent variable. Control variables which we used in this research are age, marital status, educational qualification, caste, religion, respondents and spouse's occupation and assets. We expect that the groups with high level of social capital would enable a self help group to reach its goal of enhancing its economic status.

Measuring Social Capital

Social capital has been measured in a number of innovative ways. The most comprehensive characteristic of social capital is its multidimensionality, incorporating different levels and units of analysis. We have identified norms, interaction, cooperation, trust, civic engagement and networks as the indicators of social capital. Any attempt to measure the ambiguous concepts such as “community”, “trust”, “civic engagement”, “network” and “organization” etc is immensely problematic. Several

excellent studies have identified useful proxies for social capital, using different types and combinations of qualitative, comparative and quantitative research methodologies. As a variable, social capital cannot be measured directly, but requires to be operationalised through indirect indicators. Researchers generally rely on the memberships in organizations or voluntary associations as useful measures for social capital. Krishna and Elizabeth (1999) attempted to develop Social Capital Assessment Tool (SCAT) to measure the levels of cognitive and structural social capital in countries.

Francis Fukuyama(1999) talking about the problem of measurement points out that norms, family structures etc differ from family to family depending upon the social structure which does not allow a single measuring device. He further points out three measurement problems. First, social capital has an important qualitative dimension. A full account of social capital needs to take account of the degree of cohesive action of which group is capable. The second problem has to do with what one might call the positive externalities of group membership. While all groups require some degree of social capital to operate, some build bonds of trust and hence social capital outside of their own memberships. The third and final problem concerns negative externalities. Some groups actively promote intolerance, hatred and even violence toward non-members while promoting cohesion among members. Social capital has been defined and measured differently according to the emphasis of the researcher and the nature of the community the term is applied to. Bourdieu (1980) suggests individual's titles, social ties and membership in particular ties as the indicators of the social capital that they can mobilize resources. James Coleman

(1988) relied on different family characteristics (such as number of children and presence of one or more parents/adults) as important indicators of social capital. Yet Putnam's (1993) view is broader in general and includes newspaper readership and civic community (1995).

Knack and Keefer (1997) use indicators of trust and co-operative norms for the strength of civic associations to test effects of social capital on economic growth. Narayan and Prichett (1999) used associational activity and trust as measure of social capital and matched this with household income. Grootaert (2000) took number and diversity of memberships as an indicator.

Krishna (2001) used participation levels in labour sharing, groups, trust, solidarity and reciprocity to measure social capital in the villages of Rajasthan, India. In another study with Uphoff, Krishna (1999) used 'level of collective action' as proxy for social capital. Homogeneity with groups in wealth, caste and ethnicity is used to measure social capital in Nepal by Varughese and Ostrom (2001). Robinson and Siles (1999) used measures of family structure and educational achievement, etc to measure social capital in United States of America. Sudha Pai (2004) uses 'collective action' focusing on social aspects at grass roots for development outcomes in forest production and watershed development.

Partha Das Gupta (2005) operationalised social capital by using interpersonal networks where as Falk and Patrick (1999) talk about interpersonal interactions. Kanchan Chopra (2002) makes note of the importance of networking between formal and informal institutions as social capital in development process. Granovetter (1985) in his study talks about social relations between firms to establish trust and uses

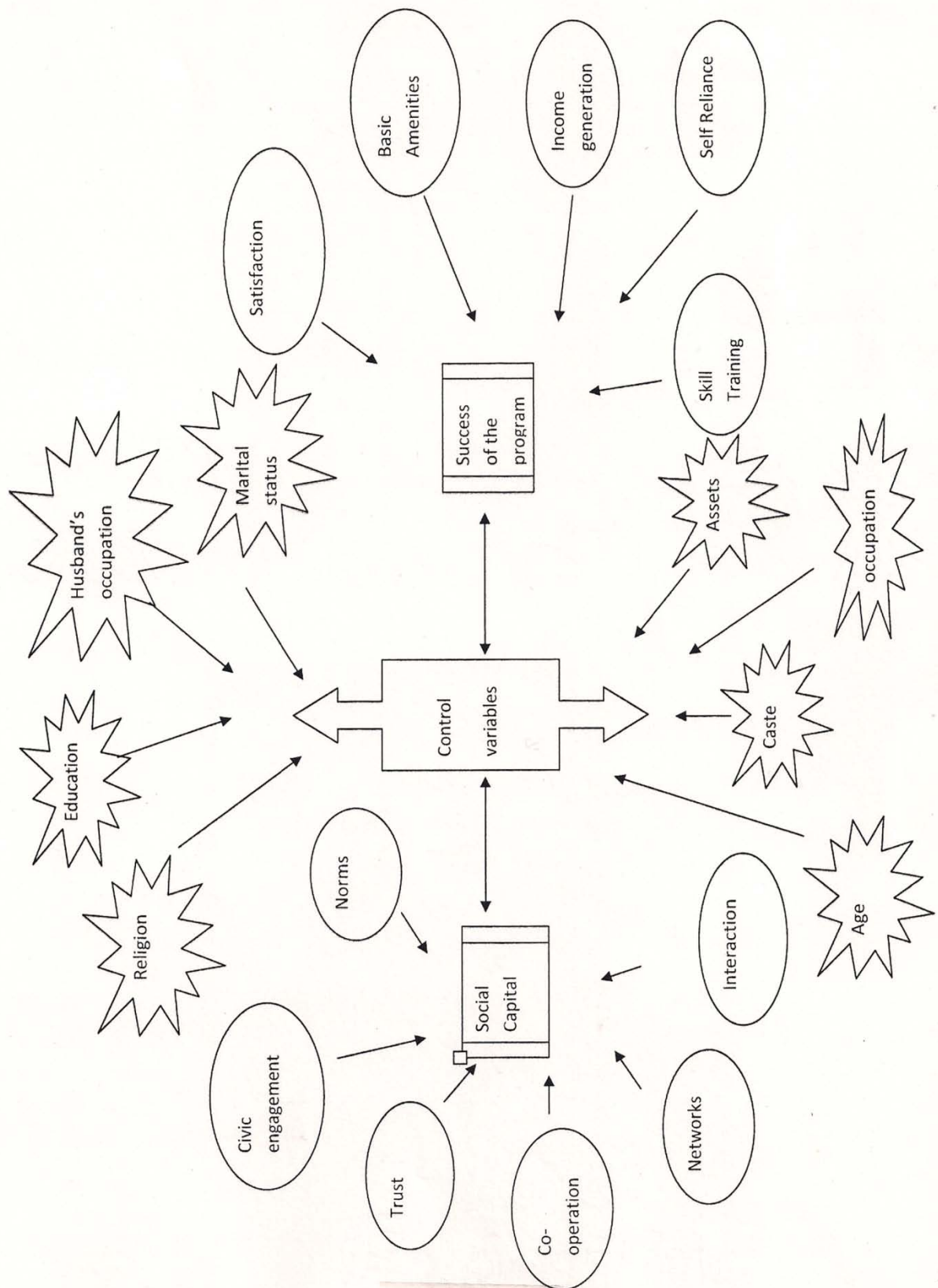
embeddedness in networks of interpersonal relations where as Peter Evans (1996) analyzes embeddedness as synergy across public-private divide.

Temple and Johnson (1998) used ethnic diversity, social mobility and the prevalence of telephone services as proxies for the density of social networks. Chavis, Hogge and Mc Millan (1986) and others used “sense of community” as independent variable. John, Austin, Baba (1986) and others used “community attachment”, Bucker (1988) and Litwak (1961) used “neighbourhood cohesion” as their independent variable. June Woo Kim (1996) used socializing, perceived existence of neighbourhood organization and demographic variables as independent variables. With approaches to social capital that are based on counting who one knows, how many people are in a household, the number of voluntary associations, participation, membership is taken into consideration leaving aside or ignoring the quality of the relationships which is very important elements of building trust and obligations.

Social capital is interpreted to mean the relations, networks and obligations existing in social situations and the product of those interactions. Therefore, it is not surprising that confusion has arisen over its measurement. Due to absence of consensus on how to measure, Francis Fukuyama explains three different views to measure social capital. At least two broad approaches have been taken: the first, to conduct a census of group and group membership in a given society, and the second, to use survey data on level of trust and civic engagement. A third possible way of measuring social capital in specific organizations may be to look at changes in market variations of a group. We have followed the second strategy.

Indicators used for our Study

It is obvious that social capital cannot be measured directly but requires to be disaggregated into several indicators. Social capital in its qualitative dimension deals with group cohesion, positive externalities of group membership and the quality of the relationships, which are important elements of building trust and obligations. After decomposing the concept further, we have taken norms, interaction, co-operation, trust, civic engagement and networks as the indicators for measuring social capital among the group members. As it is a micro level study dealing with individuals in the group in the three different regions, we would look at the level of social capital in the group that enables the success of the policy implementation. So let me now discuss about the various indicators that were used and how these indicators are related to the success of the policy.



NORMS

By taking norm as an indicator, we would like to know what types of norms are conducive for the success of the SHGs. What are the norms of each group and whether those norms contribute to the success of the policy? By this we can find out, whether they are interested in their selfish needs or group's benefit. Even the group norms vary especially for SHGs as there is no blue print approach. The ability to associate depends in turn on the degree to which communities share norms and values and whether they are able to subordinate individual interests to those of larger groups. Out of such shared values comes trust, and trust has large and measurable economic values.

We mean by norm, the rules that the groups have kept for themselves. We measured norms in the group by asking questions on: the number of times they agreed to meet or the number of times they have actual group meetings, the amount of time they decided to spend for the activity, the way they have selected the group, the criterion for lending money, etc³. For each answer we have given a weight and an index of norm in a group was generated.

³ The original questions which we used in the interview schedule to get responses for the indicator 'norms' are 1.As per your rules, how often you decided to meet or have group meetings? 2. How did you join this programme? 3. On what criteria do you lend money to your group members?

INTERACTION

Another indicator to measure social capital among groups is interaction. In Group dynamics, interaction among the group members is vital for the success of the group. These repeated interactions build up the trust among the group members and strive for mutual benefits. Higher levels of interaction results in cohesiveness among the group members and is likely to affect the success of the programme.

Low cohesive groups behave much more independently, with little concern for others in the group. The source of this group cohesiveness are the special norms and practices designed to build member's commitment to the group, interpersonal attraction, social structures, leadership style of the group members, group's relationships to its outside environment and attractiveness of group's goals and attitudes⁴.

⁴ We have asked below questions in order to formulate indicator 'interaction' 1.How many times did you actually meet in one week? Or have group meetings? 2. How much time do you spend your time for the group activity? 3. How often do you participate in all the activities of the group? a) Regularly b) Once in a week c) Twice d) Never

COOPERATION

Another indicator of social capital in our thesis is co-operation. As we assume that repeated interaction builds trust that may enable the group members to co-operate with each other. Co-operation within the groups as well as outside the groups help the members to achieve their objectives. Co-operation is the process of working together, which can be accomplished by both intentional and non intentional agents. It makes things to work in harmony and creates good working atmosphere. Co-operation among the group members boosts the morale and instils confidence and security among the members. It also increases productivity. The group as a whole will benefit by the co-operation of all its members. By this indicator we would like to measure the kind of co-operation, and level of co-operation that is prevalent within the group⁵. We have asked few questions like who they would prefer to take suggestions and advices from. In case, any member needs help what would they do?

⁵ To know the cooperation levels in the group we have used the following questions to form the indicator 'cooperation, in our research. 1. Do your group members help you when you are not able to pay your monthly savings? If yes, how? 2. Whom do you approach for advice or suggestions mostly? a) Family members b) relatives c) group members d) other group members.

TRUST

Trust is regarded as an important indicator of the social capital. Mutual trust is a shared belief that one can depend on each other to achieve the common goal. It is created by repeated interaction and co-operation. This is especially important when financial matters are involved. To find out levels of trust among the groups, we have questions like what they discuss in their group meetings, whether they are able to share their personal matters and from whom they take suggestions or advice mostly. In the financial spheres, we have tried to find out. Whether they have full confidence in the person who is in charge of the cash and on what aspects do they rely on group leader⁶, etc. We tried to know the trust levels among the members and on whom they trust more in the group. The level of trust in the group can determine dependency of the members on others thereby increasing the cohesiveness of the group.

⁶ The original questions which were used in the interview and formed 'trust' as an indicator are 1. Do you discuss with other group members about your family or personal matters? 2. Who handles the cash in your group? 3. Do you have full confidence on her? 4. Whom do you approach for advice or suggestions mostly? a) Family members b) relatives c) group members d) other group members.

CIVIC ENGAGEMENT

Another indicator of social capital we have chosen is civic engagement. Civic engagement is a ‘feeling of belonging’ and it makes the difference in the civic life in the community. Any form of civic engagement includes efforts to solve the issues and work with others in the community. We are looking at individual and group’s association with any kind of developmental programmes in that area. Individuals who are generally outgoing are generally successful in marketing their products and increase the income. Civic engagement and networks as the indicators denote the group’s sense of community and its neighbourhood cohesion. To know whether the respondents have ‘sense of community’ we have asked few questions that would reveal whether the group members help other groups and or not? If so, what kind of help was extended to them? We also asked them whether they had any kind of conflict with other groups to know the ambience and do they participate in village developmental activities⁷.

⁷ These are the questions which are utilized to form the indicator ‘civic engagement’ and to find out the sense of community prevalent among the members and across the groups. 1. Does your group help other group members and people in the society? 2. Did you ever have conflict with other groups in your village? 3. Do you actively take part in village development activities like Janmabhoomi and other voluntary organisations?

NETWORKS

By networks we mean whether individual or group members have any association with other groups as well as other organisations and institutions. We assume that the more qualitative networks they have, the easier it becomes to get the work done. Social capital is effective as the informal channel to get things done. Social capital is produced by the pattern of interdependence and social interaction.

Apart from membership in the group, we would like to find out whether they were members of any other organisation. If so, what kind of organisation and the member in which they have membership, how much time they spent for that organisation and what kind of help they receive from that membership. By network, we mean the external sources for group members to get any kind of help and to know what kind of network the group members have among themselves and whether those networks enable them to do the work they are intended to⁸. We have also enquired if any of the village people helped them in getting the loan or extended any kind of help to the group members in achieving success of the programme.

⁸ 'Networks' as an indicator of social capital is used in this thesis and to form the indicator we have chosen these questions 1. Are you a member of any other organisation? If yes, which and what activities you take up? 2. Who in your village helped you in getting loans?

SUCCESS

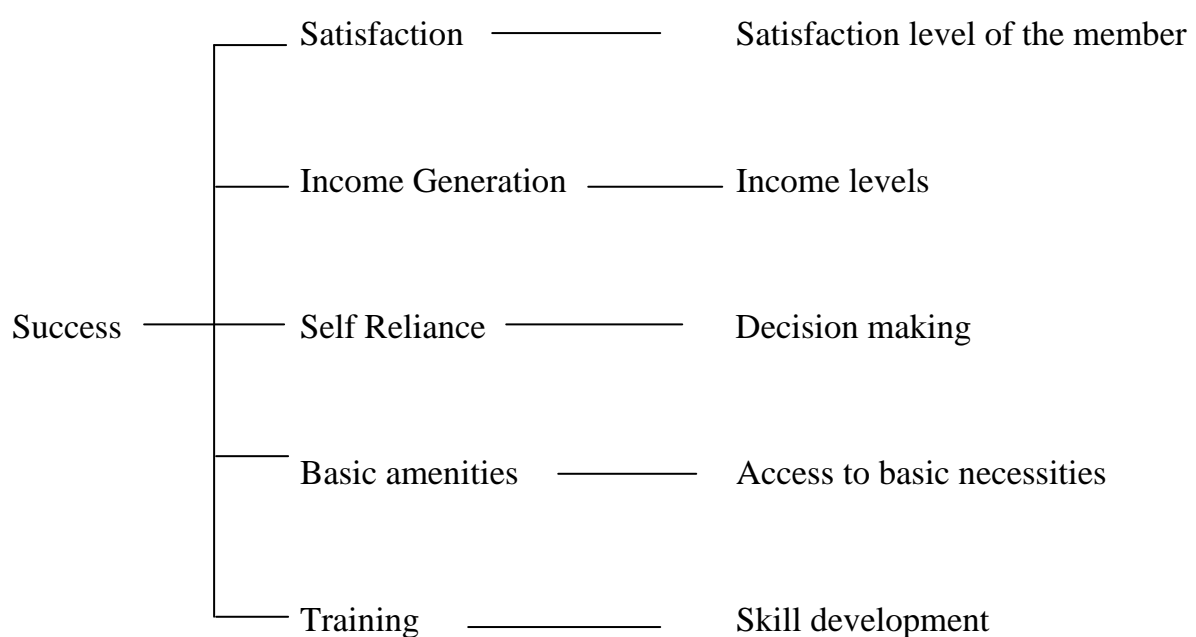
In our thesis, success is the dependent variable and we define success with the following set of indicators: satisfaction level of the beneficiaries, savings, income generation, self-reliance, access to basic amenities and skill training⁹. To measure the success of the programme we have asked specific questions and assigned values for each response and then created an index of success.

⁹ To formulate the index of success, we have asked the following question to know the satisfaction level of the respondent - 1.Are you satisfied with the way Dwcrs activities operate? Yes/No Reasons. To know whether income has increased or not? we have asked this particular question 2.Has your income increased after joining the Dwcrs group. To know the nature of skilled training the respondent was given, we asked a question 3.Did you get training? If yes, how did it help you? To formulate the indicator of Self Reliance, the question we picked up is related to the decision making process in using money which is generated by the respondent is 4. Do you spend the money earned or give it your husband? Lastly, to know whether basic amenities provided by government are reaching the respondents, we have asked two questions 5. Do you think Dwcrs income has helped you to buy you when you are not well? and 6.Has Dwcrs income helped you to spend your to send to school?

To form our dependent variable ‘Success’, we have asked questions like whether the respondents are satisfied with the programme implemented and is there any increase in their income levels after joining the programme. In order to know whether the respondents are self reliant or not, we have asked a question which denotes the decision making authority with the income generated. One of the goals of the programme is to provide access to the basic amenities. We have asked the respondents a question to know whether they are able to access the medical and educational facilities provided by the programme.

Imparting skill training is one of the objectives of the policy so that the respondents will be self reliant and capable of starting an income generation programme. So that their income is sustainable and become good entrepreneurs. We posed a question to know whether any kind of training is given to them. Lastly, we had question which enquires about nature of training given to the respondents.

Indicators of Success



Chapter 4

Analysis of Data

In this Chapter, we would attempt to analyse the primary data collected from the Self Help Groups from three districts of Andhra Pradesh. The data collected are presented in tables and grouped according to the variables. We would like to analyse our data and make an attempt to assess the impact of social capital on the success of the policy on Self Help Groups.

Our hypothesis is that social capital leads to successful implementation of the policy. We expect that indicators of social capital will have positive influence on the difficult indicators of success of the groups. In the previous chapter, we have given the demographic profiles of the areas which we selected as our sample areas. In this chapter we would examine the relationship between different indicators of social capital and the success of the policy on Self Help Groups.

Success of Policy on Self Help Groups

We used several indicators of success of the policy on SHGs to assess the respondent's perceptions: overall satisfaction of the group members, adequate income generation enhancement of skills by training, possibility of being self-reliant and increased access to basic amenities. We assessed the satisfaction levels of members and we have found that 62.2% (Table 4.1) of the beneficiaries are satisfied with the way the programme is implemented whereas 37.8% say that they are not happy with the programme. Further when probed why they were dissatisfied with the programme-

66.2% say that they are not getting loans or subsidy under this programme. Only 17.5% say that they don't have any complaints against this programme. We further asked whether this programme is beneficial to them or not- 97.7 % of the beneficiaries say that they are benefitted from the programme, only 0.6% said that they are not benefitted in any way. When further probed, how it benefitted them, 47.2% of the beneficiaries say that they get help immediately when they need. 21.8% of the people say that they are out of the money lenders hand. Only 0.2% said that they didn't get any kind of benefit from the programme.

Table 4.1

Satisfaction Levels of the Respondents

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
High	72.4 %	54.8 %	56.8 %	62.2 %
Low	27.6 %	45.2 %	43.2 %	37.8 %
N	420	330	333	1083

Even though our statistics show that 62.2% of the respondents are satisfied with the overall implementation of the programme. Researcher observed that majority of the respondents are dissatisfied, the way the loans are granted and the amount of the loan which actually they get. Especially, when it comes to the bankers, respondents face a lot of obstacles in getting the loan amount as they are below the poverty line with low repayable capacity. It is also observed that the groups who have good

relationship with officials are always beneficial in getting the work done or in the matters of getting loan.

When we looked into the data, we found that within the dissatisfied category, 66.2% are dissatisfied as they expect Government to give them loan and subsidy. We found that 41.45% of the respondents received revolving fund and 42.7% received loan amount of more than Rs. 40,000/- . 14.8% of the respondents received the loan thrice, whereas only 36.2% received the amount only once. We wanted to know how the loan amount has been utilised, we found that 44.2% of the respondents used for domestic purposes.

As this is income generation programme, we asked the beneficiaries what is the amount they generate from the activity on monthly basis. The responses are in the following table. The following Table 4.2 tells us that more than half of the beneficiaries i.e. 54.7% say that there is increase in their income. 34.25% say that there is an increase of Rs 500/- for the group per month. Only 1.7% say that Rs.2000/- per month has been the increase in their income.

The researcher observed that the groups in the name of group activity acquire loans but the members take up individual activity. Caste based homogeneous groups are highly prevalent in the state which has influence on the income generation activity. Marketing is another problem faced by most of the respondents.

Table 4.2**Income Generation of the Beneficiaries**

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Not substantial increase	40.2 %	43.9 %	53.2 %	45.3 %
Substantial increase	59.8 %	56.1 %	46.8 %	54.7 %
N	420	330	333	1083

Training plays an important role in income generation programmes. When further enquired whether the group members got any kind of training as this is income generation where skill training is one of the goals of the government, 6.2 % of the respondents say that they got some kind of skill training and the 78.5% say that they did not receive any kind of training and around 14.5% received some kind of orientation or basic training and 0.1% said that they had some leadership classes (Table4.3). Many of the respondents, as the researcher observed, are not interested in taking the risk of being an entrepreneur because of their illiteracy, low self esteem and lack of self confidence as they depend on their spouses or male persons in the family. Lack of access to advanced technology is also one of the reasons for low quality and quantity of goods.

Table 4.3**Nature of Training**

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
No Training	75.7 %	63.9 %	96.4 %	78.5 %
Basic Training	21.4 %	19.0 %	3.6 %	15.3 %
Skilled Training	2.9 %	16.7 %	-	6.2 %
n	420	330	333	1083

Other important goal of the programme is to make rural women self reliant and independent by making them to earn through income generation and sustain themselves. In order to measure this self reliance and confident levels of the members we have asked them to whom they give the income generated from the programme. Only 11.7% are independent and have the liberty to utilise the income (Table4.4) very few are able to decide on the income generated by themselves.

Table 4.4**Self Reliance**

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Less	77.4 %	91.2 %	99.1 %	88.3 %
More	22.6 %	8.8 %	0.9 %	11.7 %
n	420	330	333	1083

The researcher notes that in some cases that this policy initiative has been a boon to the respondents who are desolate and destitute. This programme provides a platform for such women to utilise the opportunity and become self reliant. The group approach provides them to scale up their leadership and managerial qualities and become a good entrepreneurs provided shown the right path. Social awareness of the respondents is the outcome of this group strategy.

Access to Basic Amenities

Through linkage to different programmes, respondents are able to access many other necessities like education and medical services through NLM, MCC, Anganwadis, etc. 99.5% of the respondents said that they have access to health and education across the three mandals.

Table 4.5

Access to Health

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Yes	100 %	100 %	98.8%	99.6 %
No	-	-	1.2%	0.4 %
n	420	330	333	1083

Table 4.6**Access to Education**

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Yes	99.8 %	100 %	98.8%	99.5 %
No	0.2 %	-	1.2%	0.5 %
n	420	330	333	1083

Index of Success

Our dependent variable used in our model is Success of SHGs and to make this index of success we have used the following indicators: income generation, satisfaction, access to basic amenities, skill training, savings and self reliance. After computing the index of the success, we assigned values to the scores and termed into unsuccessful and successful. The Table 4.7 gives the percentage of the respondents who perceive the programme to be overall successful.

Table 4.7**Successful and Unsuccessful Groups in Three Mandals**

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Unsuccessful	79.3 %	67.9 %	85.0 %	77.6 %
Successful	20.7 %	32.1 %	15.0 %	22.4 %
N	420	330	333	1083

In the above table we can compare the success percentages in three mandals. We can see that success rate is relatively higher in Narsapur mandal than other two mandals. The researcher observed that the women in Narsapur mandal are involved in some kind of income generation activity apart from being an agricultural labourer. The geographical location and natural resources of Narsapur provide has an additional advantage where as Mahbubnagar and Chittoor are dry areas.

Indicators of Social Capital and Success of SHGs

The indicators of social capital are independent variables in our model. We tried to analyse by using simple statistical techniques like correlations and cross tabulation with each indicator of social capital and later we have used regression to test our hypothesis. Six indicators of social capital used in our model are: norms, interaction, co-operation, trust, civic engagement and networks. As discussed in the previous chapter each question is coded and given values according to responses ranging from 0-2. We have generated indices of ‘social capital’ and of ‘success’ and have classified the responses into two categories low, and high level of social capital, as well as that of success.

First, we would like to analyse our data by using each of the indicators of social capital in the different mandals and assess their relationship with the dependent variable.

Norms

‘Norms’ is one of the indicators of social capital. We had asked a few questions to know the norms followed by the groups. These include the number of times they have group meetings, their selection process of the group members, criteria of lending the loans and how they distribute the income they raised. We believe that the nature of values a group follows will have influence on their success levels.

Table 4.8 gives the information about how often they want have group meetings. 80.8% of the respondents choose to meet either fortnightly or once in a month where as 17.5 % of the group kept a norm to meet regularly once in a week.

Table 4.8
Number of Times Groups Decided to Meet

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Never	1.7 %	2.1 %	1.2 %	1.7 %
Sometimes	75.7 %	81.8 %	86.2 %	80.8 %
Regularly	22.6 %	16.1 %	12.6 %	17.5 %
n	420	330	333	1083

In table 4.9, we see that 50% of the groups were formed by consulting the group members and selected on the basis of repayment capabilities of the member. 46.2% of the groups are formed on the basis of accessibility (neighbours and

relatives). Only 3.7% of the groups were formed by the officials who implement this programme at grass root level. When it comes to propagation of the programme, officials have done a substantial job. 32.9% of the respondents accept that they came to know about the programme through officials and the rest by NGOs, village head and other people. The researcher observed that groups are formed with a motive to acquire loan especially subsidy from the government rather than to start an income generation.

Table 4.9

How the Beneficiaries came to know about the Programme

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Official	7.1 %	2.1 %	0.9 %	3.7 %
Consultation	40.0 %	48.5 %	64.6 %	50.1 %
Neighbourhood	52.9 %	49.4 %	34.5 %	46.2 %
n	420	330	333	1083

In order to know how they utilise the funds or distribute among the group members we have asked the questions regarding the criteria of distributing the money among the group members. It was clearly stated by the groups that they do not like to give the amount to one person and collect the interest. The groups are afraid of giving money to only one person, since all are below poverty line. If they may not be able to

recover the loan amount given to their group members, this can make the group a defaulter. Instead they prefer to distribute the amount among themselves equally. In the pattern of sharing loans among the group members; we see that 99.8% of the groups opt for sharing the loan equally rather than giving to one person. In some cases, the researcher observed that group leader's domination is at a high level, whereas group members are just followers, especially when members of the group are members of the same political party or group leader belongs to dominating caste. In some cases, the money is misutilised and the group becomes defunct.

When we asked what is the criteria to lend a loan to the group members, 82.1 percentage of the beneficiaries in all the mandals said that they would give to the persons who are in need and only 17.9% of beneficiaries said that they would prefer to give to the group members who are able to repay promptly (Table 4.10). It is interesting to see that within the state we could see the difference that 100% people in Pakala prefer to give loan the person who is in dire need where as in Narsapur mandal it is only 81.5% and in Wanaparthy it is only 68.3%.

Table 4.10
Criteria of Lending Loans to the Group Members

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Who pays	31.7 %	18.5 %	-	17.9 %
Who needs	68.3 %	81.5 %	100 %	82.1 %
n	420	330	333	1083

The above all four indicators are computed to form the index of the variable ‘Norm’ and the cross tabulation of norm with ‘success’ is presented in Table 4.11. The cross tabulation shows that there is a positive influence of the index of norms on success of policy. The more the group follows the norms, the more they are going to be successful. However, the impact of norms seems to be very small- 21.8% in case of low level of norms and 23.3% in case of high level norms among those who perceive the programme to be successful.

Table 4.11

Index of Norms and Success

Success * Norms Crosstabulation

			Norms		Total
			Low	High	
Success	Successful	Count	133	110	243
		% within Norms	21.8%	23.3%	22.4%
	Unsuccessful	Count	477	363	840
		% within Norms	78.2%	76.7%	77.6%
Total		Count	610	473	1083
		% within Norms	100.0%	100.0%	100.0%

R=.017

Interaction

In this section, we would like to analyse the data to know the interaction levels among the group members. We believe that the higher the frequency of meeting and the more time they spend time together, there would be high level of interaction

among the members. The Table 4.12 shows that 74.3 % of the members regularly attend the meeting where as 4.7 % do not come for meetings and 21% attend the meetings sometimes. It is observed that the groups are not interested in attending group meetings as they feel they are not beneficial and they attend on the basis of convenience.

Table 4.12
Respondent's Attendance in the Group Meetings

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Never	5.7 %	5.8 %	2.4 %	4.7 %
Sometimes	28.1 %	27.0 %	6.0 %	21.0 %
Regularly	66.2 %	67.3 %	91.6 %	74.3 %
n	420	330	333	1083

We assume that the time spent in the group meetings would increase the level of interaction among the group members. Table 4.13 shows that 62.6 % of the members spend one hour in the group meeting. We see only 37.4% of the members spend more time in the group meetings. The group members prefer to spend less time in the meetings. Sometimes, instead of attending the group meetings, respondents prefer to deposit the money through others. The reason behind this is attributed to lack of time. As the respondents are agricultural or daily labour who go to other places in

search of job and return late in the evening. This trend is seen the groups who did not start any kind of income generation activity.

Table 4.13
Time Spent in the Group Meetings

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
One hour	44.5 %	51.5 %	96.4 %	62.6 %
2Hours and more	55.5 %	48.5 %	3.6 %	37.4 %
n	420	330	333	1083

Table 4.14
Participation in Other Meetings

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Never	13.3 %	1.8 %	3.9 %	6.9 %
Sometimes	33.8 %	56.4 %	52.6 %	46.4 %
All	52.9 %	41.8 %	43.5 %	46.6 %
n	420	330	333	1083

46.6% of the beneficiaries voluntarily attend all kinds of meetings (apart from their own group meetings) whereas 46.4% attend sometimes because they have to or made compulsory like attending Janmabhoomi, etc. (Table 4.14) 6.9% never attend any kind of meetings apart from their group meetings. It is with some expectation of incentives the members attend meetings conducted by government officials whereas they attend other political parties meetings as they get some financial benefits for the day.

The above four indicators are computed to form the index of the interaction variable. After computing, we have classified them into two categories low and high level. From among the respondents who perceive the SHG programme to be successful, relatively larger proportion of them had greater interaction among themselves (223 vs 20 in the Table 4.15).

Table 4.15

Index of Interaction and Success

Success * Interaction Crosstabulation

			Interaction		Total
			Less	More	
Success	Successful	Count	20	223	243
		% within Interaction	16.4%	23.2%	22.4%
	Unsuccessful	Count	102	738	840
		% within Interaction	83.6%	76.8%	77.6%
Total		Count	122	961	1083
		% within Interaction	100.0%	100.0%	100.0%

R=.052

The level of interaction thus plays an important role in the success of the group activity.

Co-operation

Co-operation is another indicator of social capital and we assume that the higher the level of co-operation among the members, higher would be the success among the groups. To measure this variable, we have used two questions from the questionnaire which is thought to be most relevant. We asked a question what the group members would prefer to do when anyone in the group was unable to pay in due time and whether there was any history of conflicts within the groups.

We expect that the more the co-operation among the groups, the more success is likely to result in through mutual help. When asked whether the beneficiaries would like to help other group members, 46.2% said that they would help their group members if they are unable to pay the money where as 53.8% were not willing to help their group members (Table 4.16) 8 % insisted on putting fine for the defaulters. The help rendered to the group members is non-monetary where as in case of savings; the members are ready to help on the condition that they would pay them at a later date but no major help was recorded. In some cases we have seen that groups act as moral police and try to resolve the issues that are connected to social evils like husband battering or cheating cases etc. They lend their hand for social cause rather than economic.

Table 4.16

Help Rendered to the Group Members

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
No	60.0 %	61.5 %	38.4 %	53.8 %
Yes	40.0 %	38.5 %	61.6 %	46.2 %
n	420	330	333	1083

Table 4.17

Level of Conflict

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Yes	3.3 %	20.6 %	15.0 %	12.2 %
No	96.7 %	79.4 %	85.0 %	87.8 %
n	420	330	333	1083

87.8% of the group members say that they never had any conflict with other group members whereas 12.2% of the group members agreed they had conflicts in the group (Table 4.17).

In order to know any other problem they face at home apart from the conflict within the group we asked a question and 20.6% of group members said that their family members are not happy when they come home late in the name of this income

generation activity as the time spent at home is reduced whereas 61.3% say that they do not have any problem. 185 respondents said that previously they used to face a bit of problem but later it got subsided. 82.3% said that the amount of the time they spend in the family has not decreased.

Co-operation among the group members is vital for the success of the group and especially to the programme which are based on the group approach. The above two indicators are computed to form an index of co-operation. We have run a cross tabulation of cooperation and success. Among those who perceive the SHGs to be a successful policy, most of them practise a higher level of cooperation (240 vs 3 as in the Table 4.18).

Table 4.18

Index of Cooperation and Success

Success * Cooperation Crosstabulation

			Cooperation		Total
			Low	High	
Success	Successful	Count	3	240	243
		% within Cooperation	3.2%	24.3%	22.4%
	Unsuccessful	Count	92	748	840
		% within Cooperation	96.8%	75.7%	77.6%
Total		Count	95	988	1083
		% within Cooperation	100.0%	100.0%	100.0%

R=.148

Trust

Trust is assumed to be an important indicator of social capital. We wanted to know whether there is any trust among the members of the groups and, if so, to which level it influences financial matters of the group. In order to capture this indicator of trust we asked a few questions to our respondents: whom they entrust the financial matters and whether they trust them; the nature of discussions they have in the group meetings; and from whom they take suggestions and who they depend on when they need help.

When asked about whether the members discuss personal issues in the group meetings or they just confine to the financial matters, only 6.7% of the members are comfortable sharing personal issues but 93.3% discuss only about the financial matters. We assume that when the trust levels are high, the group members are confident enough to share their personal matters. But the researcher observed that the respondents are not usually open to the other group members. They feel that when they share personal matters outside the family, it may result in tarnishing the image of the respondent as well as of her family. In some cases, we have seen that personal matters are discussed with a belief that the group would stand by them in times of crisis.

Table 4.19**Nature of Discussions in the Group**

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Financial matters	89.5 %	95.2 %	96.1 %	93.3 %
Personal matters	10.5 %	4.8 %	3.9 %	6.7 %
N	420	330	333	1083

The Table 4.20 tells us that 98.6% of the members like to entrust financial matters to the group leader rather than any other member of the group or outside the group. Only 0.2% said that anyone in the group can handle financial matters of the group. 1.2% of the members even wanted outsiders to handle the financial matters as they are illiterates. Book keeping is the major problem of the respondents. In some groups, depositing the amount in the bank was also done by the male relatives only.

Table 4.20**Handling Financial Matters in the Group**

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Outside group	2.6 %	0.6 %	-	1.2 %
Group leader only	96.9 %	99.4 %	100 %	98.6 %
Any member	0.5 %	-	-	0.2 %
n	420	330	333	1083

Further we probed to know whether the group member really trust their leaders. The Table 4.21 reveals the fact that 97.5% of the members trust their group leader and only 0.7% of the respondents do not trust the leader. When asked the defaulted group members the reason for their non- functioning, they said that group leader is corrupt and squandered the amount and in some cases migration was another problem faced by the groups.

Table 4.21
Trust on the Group Leader

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Yes	95.7 %	97.6 %	99.7 %	97.5 %
No	0.5 %	1.5 %	0.3 %	0.7 %
Group Leader*	3.8 %	0.9 %	-	1.8 %
n	420	330	333	1083

*The respondent is leader

Table 4.22
Suggestion Taken From

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Within family	40.2 %	44.5 %	39.0 %	41.2 %
Outside family	15.5 %	27.9 %	32.4 %	24.5 %
Group leader	44.3 %	27.6 %	28.5 %	34.3 %
n	420	330	333	1083

51% of the group members depend on the group leader just for information sake whereas 24.2% depend upon the group leader for suggestion and advice. 24.8% depend on the leader for all kinds of work. When asked from whom they take suggestions, in Table 4.22 we can see that 41.2% said that they take suggestions from the family members or relatives whereas 34.3% agreed that they would take suggestions from the group or group leader. Only 24.5% would like to take suggestions from officials, NGOs or village head.

To form an index of trust we have used all the above indicators and computed them. It is found that 26.2% of the respondents have high level of trust as 73.8% has low level trust. We have run cross tabulation to see whether there is any correlation between level of trust and perceived success of the groups.

Table 4.23**Index of Trust and Success****Success * Trust Crosstabulation**

			Trust		Total
			Low	High	
Success	Successful	Count	78	165	243
		% within Trust	18.3%	25.1%	22.4%
	Unsuccessful	Count	348	492	840
		% within Trust	81.7%	74.9%	77.6%
Total		Count	426	657	1083
		% within Trust	100.0%	100.0%	100.0%

R=.012

Among the respondents who perceived the SHG policy to be successful, level of trust is high among most of them (165 vs 78 as in Table 4.23).

Civic Engagement

Civic engagement has been taken as one of the indicators to know whether participation levels in other organisations and village development activities have any influence on their success. We assume that having compatibility with other group's members, maintenance of cordial relations and helping the members of other groups would generate an atmosphere of having mutual help thereby having positive influence on the success in an indirect way.

Table 4.24**Help Extended to Other Groups**

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
No	68.6 %	68.8 %	50.8 %	63.2 %
Yes	31.4 %	31.2 %	49.2 %	36.8 %
n	420	330	333	1083

To know whether the beneficiaries are involved in the civic engagement, when asked whether the group members are willing to help other groups, only 36.8 % responded positively and wanted to help other group's members where 63.2% said they do not want to help others (Table 4.24). It is observed that in the village scenario caste consciousness is still prevalent and they identify the groups on the basis of caste and the groups are homogeneous (caste), so the bond between the groups are weak and especially when it is between two different castes, it is still worse.

To know whether there is a conducive atmosphere among the groups to carry out mutual help, we asked whether the groups had any kind of conflict with other groups. The Table 4.25 shows us that 92.7% of the members do not have any kind of conflict with other groups but 7.3% members have conflict with other groups.

Table 4.25**Conflict among the Groups**

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Yes	38.1 %	4.8 %	9.6 %	7.3 %
No	61.9 %	95.2 %	90.4 %	92.7 %
n	420	330	333	1083

To know their participation levels of the group members and their civic engagement, we have asked a question whether they participated in the village developmental activities or attended other meetings. In the following table we can see that 56.9% of the respondents do not participate in the village developmental activities whereas 43.1% say that they participate in village development activities. This shows that nearly half of the group members are not involved in community development or engaged in the civic activities. They often feel it is not their job to be a part of the development activities. Only when an activity is made compulsory by the government, the groups would extend their help.

Table 4.26**Participation in Village Developmental Activities**

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
No	38.1 %	44.2 %	48.3 %	43.1 %
Yes	61.9 %	55.8 %	51.7 %	56.9 %
n	420	330	333	1083

Like all other indicators, we have computed an index of civic engagement which is presented in the Table 4.27

Table 4.27**Index of Civic Engagement and Success****Success * Civic Engagement Crosstabulation**

			Civic Engagement		Total
			Low	High	
Success	Successful	Count	7	236	243
		% within Civic Engagement	17.9%	22.6%	22.4%
	Unsuccessful	Count	32	808	840
		% within Civic Engagement	82.1%	77.4%	77.6%
Total		Count	39	1044	1083
		% within Civic Engagement	100.0%	100.0%	100.0%

R=.021

In the above table we see that the respondents who perceive the SHGs to be successful have high level of civic engagement (236 vs 7 as in Table 4.27).

Networks

Having networks with different organisations or people will definitely be an incentive especially when it is an income generation program with marketing needs. The last indicator of social capital used in our study is networks. To know whether any external help was given to the group and what kind of networks they have, we asked whether any political party helped the groups. Only 1.5% says that they got help from political parties and the rest say that they never helped them.

We wanted to know whether the group members have membership in other organisations as well, and if so, in how many organisations they have membership. Table 4.28 shows us this information that 66.6% of the members do not have membership in other organisations where as 33.4 % are associated with different kinds of organisations ranging from governmental to non- governmental.

Table 4.28

Membership in Other Organisations

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
No	54.0 %	61.2 %	87.7 %	66.6 %
Yes	46.0 %	38.8 %	12.3 %	33.4 %
n	420	330	333	1083

Apart from the officials, we wanted to know if anyone in the village helped the group members in getting loans or provided any other help. When asked whether

anyone in the village helped the members when in need, 36.8% said yes and 63.2% told that they did not get help. In the successful category, the members who are supported by the village are relatively higher than the members who did not get any kind of support from the villagers. It is observed by the researcher that the respondents who have memberships in two or three organisations is less and if they are members of 2 or more organisations, they are part of the committees organised by the government.

Table 4.29

Support of Village Members

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
No	68.6 %	68.8 %	50.8 %	63.2 %
Yes	31.4 %	31.2 %	49.2 %	36.8 %
n	420	330	333	1083

The above Table 4.29 shows whether any of the village members have extended their help to the beneficiaries in acquiring the goal. We see that only 36.8% of the members got help from the villagers. It is also interesting to note that in Pakala mandal the percentage is relatively higher than the other two mandals. The reason could be that the villages are segregated on the basis of the caste. They are likely to extend their support to groups belonging to their own castes.

Table 4.30**Index of Networks and Success****Success * Networks Crosstabulation**

			Networks		Total
			Low	High	
Success	Successful	Count	63	180	243
		% within Networks	13.9%	28.5%	22.4%
	Unsuccessful	Count	389	451	840
		% within Networks	86.1%	71.5%	77.6%
Total		Count	452	631	1083
		% within Networks	100.0%	100.0%	100.0%

Having more networks shows a positive correlation on the success of the programme. The above cross tabulation reveals that networking with other individuals or organisations have positive effect on the success of the programme. Among those who perceive SHGs to be successful, more have higher level of networking (180 vs. 63 as in Table 4.30).

Index of Social Capital

Index of the social capital is formed by computing all the indicators of social capital and categorised the respondents having high and low levels of social capital. 81% of our respondents are at the high level of social capital. We have cross tabulated the two variables success and social capital. Out of the 243 respondents who perceive the SHGs to be successful, greater proportion is in the category of high level of social capital (25.5% vs 9.2% as in the Table 4.32).

Table 4.31
Level of Social Capital

	WANAPARTHY	NARSAPUR	PAKALA	TOTAL
Low	16.4%	20.9%	20.4%	19%
High	83.6%	79.1%	79.6%	81%
n	420	330	333	1083

Table 4.32
Cross Tabulation between Index of Success and Index of Social Capital

Success * Social Capital Crosstabulation

			Social Capital		Total
			Low	High	
Success	Successful	Count	19	224	243
		% within Social Capital	9.2%	25.5%	22.4%
	Unsuccessful	Count	187	653	840
		% within Social Capital	90.8%	74.5%	77.6%
Total		Count	206	877	1083
		% within Social Capital	100.0%	100.0%	100.0%

In the next section, we would like to run linear regression to find out the association between dependent variable and independent variable. First we would like to run regression using the index of social capital and index of success.

Regression Analysis

Table 4.33

Regression between Indices of Social Capital and Success

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.055	.177		17.219	.000
	SocialCapital	.320	.039	.241	8.147	.000

a. Dependent Variable: Success

R²: .058

The co-efficient for Social Capital is positive (Beta=0.320) meaning that for one unit increase in Social capital, we would expect a .32 unit increase in the dependent variable Success. The t test for social capital equals 8.147 and is statistically significant, meaning that the regression co-efficient for social capital is significantly different from zero. In other words, the independent variable 'Social Capital' in our thesis has positive influence on the dependent variable 'Success' as the B co-efficient is positive and the two variables are statistically significant.

Table 4.34

**Regression between Index of Social Capital and Index of Success along with
Control Variables**

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.853	.186		15.323	.000
	Socialcapital	.310	.039	.233	7.896	.000
	Age	.270	.086	.093	3.147	.002
	EducationalQualification	.223	.093	.073	2.395	.017
	Caste	.006	.102	.002	.060	.952
	Respondentoccupation	-.414	.159	-.096	-2.604	.009
	Spouseoccupation	.276	.134	.079	2.061	.040
	Assets	.083	.128	.021	.648	.517

a. Dependent Variable: Success

R²:.078

In the 2nd regression table, we see that the B co-efficient of social capital is positive which implies that the independent variable has influence on dependent variable even if several control variables are used in the model. In Table 4.34, the co efficient of social capital is .310 which means that for every one unit increase in social capital, we would expect a 0.31 unit increase in the success.

We have taken age as one of the control variables. We find in the above regression that the co-efficient of the beneficiaries who belong to higher age group is .270 meaning that for a one unit increase in age, and we would expect .27 unit increase in the success. Education Qualification also shows that there is positive association with the success of the group. For every one unit increase in educational

level, we would expect .2 unit increase in the success. Co-efficient of Caste in this model is .006 means that for every one unit increase in caste, we would expect .006 increase in the success. Here our reference point is respondents belonging to the OC category. Co –efficient of Respondent’s occupation is -.414 means we would expect a decrease of .4 in the success score for every one unit of increase in the skilled occupation. As this is an income generation activity, respondents are expected to spend time for the activity they have chosen in order to produce their goods and market them. When we look into the data, we found that 73.4% (Table 3.10) of the respondents belong to the unskilled jobs like agricultural labourers, cattle rearing, etc. where they devote most of the time in the field rather than for the activity taken up. Co-efficient of the spouse’s occupation also has association with the success of the beneficiary.

Assets of the respondents have association with the success levels. One unit increase in the assets, we would expect .083 unit increase in the success. In this model, our reference point for assets is respondents who have both land and cattle as their assets. Lastly, we can conclude that Social Capital has greater influence on the success of the policy irrespective of influences of other socio- economic variables, which are used as control variables.

Table 4.35**Regression between Indicators of Social Capital and Success****Coefficients^a**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.864	.268		10.699	.000
	Interaction	.167	.133	.037	1.255	.210
	Norms	.082	.085	.028	.960	.337
	Trust	.021	.088	.007	.241	.810
	Cooperation	1.303	.151	.256	8.616	.000
	Civicengagement	-.026	.228	-.003	-.114	.910
	Networks	.407	.086	.139	4.747	.000

a. Dependent Variable: Success

R²:094

In the third model, we have separately taken the indicators of social capital and ran a regression. In this model, except for civic engagement all other indicators have positive association with the dependent variable.

The Co-efficient of interaction is 0.167 indicating that for every one unit increase in interaction, there is 0.167 increases in the success. Co-efficient of norms is .082, meaning for one unit increase of norm, we could expect .082 increases in the success. In the same way, one point increase in the trust, we can expect .021 unit increases in the success of the policy. The t value of the indicator co-operation shows that it is statistically significant and one unit increase in the co-operation, we would predict 1.3 unit increase in the success.

We would expect a decrease of .026 in the success score for every one unit increase in the civic engagement. Civic engagement is positively correlated with the success but when all other variables are included in the model, we found that it has

negative influence on the success of the programme. The possible explanation for this may be that the members who involve more in the civic engagement activities are likely to spend less time and energy for the activity taken up. Members who are engaged in other developmental activities of the village, we would expect less concentration on the job taken up as their focus gets widened on different aspects of community development rather than the groups benefit. We may say that more involvement in other activities could affect the success of the groups.

One unit increase in interaction levels among the members results in .167 unit in the dependent variable. Similarly, one unit increase in the networks, we would expect .407 increase in the success of the programme. Among the indicators of the social capital, we found that B coefficient of co-operation is 1.303 which is higher than all other indicators meaning co-operation among the group members has greater influence on the success of the policy.

Thus the cross tabulations and regression models reasonably confirm our hypothesis that the higher level of social capital is likely to positively influence the success of the policy on Self Help Groups.

Chapter 5

Conclusion

This thesis is an attempt to understand whether social capital influences the success of the policy implementation especially in the case of self help groups. We started our research with the hypothesis that social capital has positive influence on the success of the policy. The more the level of social capital in a group the more is the chance of success of that group in generating income. We wanted to measure the intangible social capital which is prevalent in the groups by using a few indicators: norms, trust, civic engagement, co-operation, interaction and networks. In this research, the level of social capital is the independent variable whereas relative success of the policy is the dependent variable. To test this hypothesis, we have examined the policy on women's self- help groups, which is a policy initiative by Government of India for up liftment of rural women and to make them self sustained and self reliant through income generation activity. This is primarily a group activity. For success of any group we assume that the level of social capital plays an important role. To test our hypothesis, we have chosen a sample of respondents from self-help groups in three different mandals from three regions of Andhra Pradesh: Wanaparthy (Mahbubnagar district) from Telangana region, Narsapur (West Godavari district) from coastal region and Pakala (Chittoor district) from Rayalaseema region.

The variable social capital is operationalised by using different indicators. Data on each indicator is collected by asking a few questions to the members of self help

groups. All the answers are classified and coded into low or high level of social capital keeping group as the basic unit. Dependent variable in this research is success which was operationalised by measuring the satisfaction level of the respondents, level of income generation, self reliance and access to basic amenities and training of the respondents. If our hypothesis is true, we expect to find that the higher the social capital in the groups; the higher is the level of success.

Literacy rate has been used as the criteria for selection of the districts and the same method is used to select one mandal in the district. We followed systematic random sampling/ list method. All the groups in a mandal are listed and, depending on the number of groups in a mandal, every 'i'th group is selected. 225 groups were selected and 1083 individuals in 178 groups were interviewed. The technique used for collecting data is interview method with a structured questionnaire with open and closed ended questions.

After collecting the data from the three mandals, we started analysing the data by using frequencies, cross tabulation and later linear regression to test our hypothesis. As per our criterion of success, we found that 22.4% respondents perceive their group to be successful and 77.6% are in the unsuccessful category. Out of the three mandals, Narsapur mandal proved to have relatively higher successful beneficiaries followed by Wanaparthy and Pakala mandals.

62.2% of the beneficiaries are satisfied with the programme the way it is implemented. 54.7% said that they were able to raise higher levels of income from the activity taken up under this programme. 11.7 % of the women said that they are self

reliant and are into decision making process. 6.25% of the respondents were able to get skilled training to start an income generation programme. 99.5% of the respondents agree that they are able to access the basic amenities like health and education.

Norms is taken as one of the indicators of social capital. To measure this indicator we asked a few questions like the number of times the groups met, how the beneficiaries came to know about the programme, selection of the group members and criteria for lending the loan within the group. We computed the index of the norm and ran cross tabulation to see whether the two variables have any relation, if so the direction of the relationship. We found that the norms followed by the group have a positive influence on the success of the group. The more the group follows the group norms, the more is the success of the group. The cross tabulated data shows that respondents who are successful and followed high level of norms are 23.3% whereas the 21.8% of the respondents who followed low level of norms are successful. Though the percentages do not show a huge variation but the result is statistically significant.

Interaction among group members has been taken as another indicator of social capital. To form the index of the interaction, we have used the attendance in the group meetings, time spent by the respondents in the group meetings and participation of the members in other meetings apart from the group meetings. We have cross tabulated the index of interaction with success and found that there is positive correlation between the two variables showing that the more the interaction among the members, the higher is the success rate. The cross tabulation reveals that 23.25% of the

respondents who had more interaction were successful where as 16.4% who are maintain low interaction levels are in the successful category.

Co-operation among the members of the group has been used as another indicator of the social capital. To form an index of co-operation, we asked whether the respondents would like to help their group members when they are in need and unable to pay the amount which is due and whether they had any conflict in the group. Cross tabulation of cooperation and success suggested that co-operation is positively correlated to the success of the group. We found that 24.3% of the respondents who had high cooperation levels were successful and 3.2% of the respondents were successful with low level of co-operation. The higher the co-operation levels among the group members, the higher is the success of the group.

Trust among the members of a group is assumed to be an indicator of social capital. We had asked questions like the nature of discussions in the group, who handles the financial matters in the group, whether the members trust the group leader and from whom the members take suggestions. All the above questions are computed to form the index of the trust. Success and index of the trust are cross tabulated and we found that there is positive correlation between the two variables. After running cross tabulation, we found that 25.1% of the respondents who had high level of trust are successful and 18.3% of the respondents who have low level of trust are successful. The group that has high level of trust are more successful than the groups who have low level of trust among the group members.

It is not only important to have proper co-operation and interaction among the group members but it is also important to have good external links as this is an income generation programme. In order to know whether they have cordial relation with others, we have asked whether the group members are willing to help other groups when needed and if so, what kind of help they are ready to extend and whether they had any kind of conflict with other groups. The other question we asked under this category is whether the groups participate in village developmental activities. All the answers were coded and computed to form the index of the civic engagement. We found that there is correlation between the two variables. The cross tabulated data reveals that 22.6% of the respondents who maintained high of civic engagement are successful and 17.9% of the respondents who have low level of civic engagement are successful. The more the group involved in civic engagement, the higher is the success.

The last indicator of social capital in our study is networks among the members of groups. We asked questions pertaining to the kind of membership they have in other organisations and the number of memberships they have and whether they got help from any of the village members. We computed the index of the networks and cross tabulated with success. The cross tabulation shows that there is a positive correlation between the networks groups maintain and the success of the group. The cross tabulation shows that 28.5% of the respondents who have high level of civic engagement are successful and 13.9% of the respondents who have low level of civic engagement are successful.

Finally, we have formed the index of social capital by creating an index of all the indicators of social capital. We divided our respondents into two categories: those with low level of social capital and those with high levels of social capital. We cross tabulated the level of social capital with the extent of the success of the policy. The cross tabulation shows that groups with high level of social capital have high level of success. This reveals that social capital has strong and positive correlation with the success. We found that 25.5% of the respondents are who have high level of social capital are successful and only 9.2% of the respondents who have low level of social capital are successful.

In order to confirm the nature of relationship between the variables we ran a linear regression. Our independent variable is the level of social capital and dependent variable is the extent of success. In the first model, we have run regression with index of social capital and index of success and found that B coefficient is positive and the independent variable social capital has statistically significant relationship with the dependent variable success. B coefficient of social capital is 0.320. It reveals that for every one unit of increase in social capital results in 0.32 unit increase in the success of the policy.

In the second regression model, we have run linear regression between index of the social capital, several control variables and success. The B co-efficient of social capital is .310 meaning that for every one unit increase in social capital would result in 0.32 increases in the success of the programme. The other control variables which have significant relation are age of the respondents, educational qualification of the respondent, caste identity, respondent's husband's occupation and the assets the

respondents have. We found that respondent's occupation is negatively correlated to the success of the programme. When we look into the Beta co-efficients, we can see that social capital has greater influence on the success of the policy rather than the socio- economic variables.

In the 3rd regression model, we have used indicators of social capital separately as the independent variables and success of the respondents as the dependent variable. We ran linear regression to know the influence and relationship of each indicator of social capital on the success of the policy. We found that interaction, norms, trust, co-operation and networks have positive relationship with success of the policy whereas civic engagement has negative relationship with the dependent variable success. For every one unit increase in civic engagement would result in .026 decrease in the success of the policy. Among the indicators of the social capital, we see that B coefficient of co-operation is 1.303 which is higher than all other indicators meaning co-operation among the group members has greater influence on the success of the policy.

In all the cross tabulations and regression models, we found that the indicators of social capital, except civic engagement, have positive influence on the success of Self Help Groups. When one index of social capital is created, its overall positive influence on the success of the policy becomes evident. Perhaps activity in Self help group is time consuming and does not allow enough spare time for the respondents to indulge in civic engagements, which may be equally time consuming. Hence, our hypothesis that social capital has influence on the success of the policy is proved empirically. The results clearly indicate that SHGs have to build social capital both in

terms of quality and quantity of relationships which will increase their economic productivity.

This research work reveals that level of social capital in a group determines the rate of success a policy which involves group level activity. Efforts should be taken to build social capital or strengthen the capital which is already prevalent in the groups. Self help groups should be careful while forming groups for collective activity and adopt norms that have positive externalities. Through repeated interaction, maintaining networks and cooperating with the group members would produce excellent results there by producing trust which is vital for strengthening any relationship.

Policy makers need to take note of the importance of the social features of life that can contribute to the success or failure of any program. At policy formulation itself, efforts should be made to tap these social resources that are already prevalent in the society. Specific policy initiative should be designed that can creatively combine individual choice with collective engagement. Use of social capital as a tool can help us formulate new strategies for development. While implementing the policies also, certain norms, shared values of that civil society have to be given importance, as enhancing the level of social capital is they are culture specific. In general, both policy formulation and implementation should be in tandem with the social features of the community where a policy is to be grounded.

Appendix-I
DEPARTMENT OF POLITICAL SCIENCE
UNIVERSITY OF HYDERABAD
HYDERABAD
QUESTIONNAIRE

I am a Doctoral Student of University of Hyderabad, doing research on a topic- **Social Capital and Public Policy Implementation: A Study of Self Help Groups in Andhra Pradesh**. This is the questionnaire to obtain information for analysis as a part of my thesis. The information obtained is used for research purpose alone and I ensure that the information will be kept very confidential.

J. Prashanthi
Research scholar
Department of Political Science
University of Hyderabad
Hyderabad

1. What is your group's name?
2. What is the activity you have taken in this programme?
3. Is it group activity or individual activity?
4. What were you doing before joining this group activity?
5. How many members are there in your group?
6. How did you join this programme?
7. Why did you join this programme?

8. As per your rules, how often you decided to meet or have group meetings?
9. How much of time you decided to work for the activity taken up?
10. On what basis did you select your group members?
11. How do you distribute the income generated among you?
12. On what criteria do you lend money to your group members?
13. How many times did you actually meet in one week? Or have group meetings?
14. How much time do you spend your time for the group activity?
15. How many members you know personally before joining the group?
16. Do any of the group members belong to your family or relatives or neighbourhood?
17. How often do you participate in all the activities of the group? a) Regularly b) Once in a week c) Twice d) Never
18. Do you like to sacrifice your individuals profits for your group's sake?
19. Do your group members help you when you are not able to pay your monthly savings? If yes, how?
20. Do you discuss with other group members about your family or personal matters?
21. Whom do you approach for advice or suggestions mostly? a) Family members b) relatives c) group members d) other group members.
22. Who handles the cash in your group?
23. Do you have full confidence on her?
24. Do you rely on your group leader?
25. Are you a member of any other organisation? If yes, which and what activities you take up?

26. How much time do you spend for that organisation's sake?
27. Do other group members help you?
28. Does your group help other group members and people in the society?
29. Did you ever quarrel with your group members?
30. Did you ever have conflict with other groups in your village?
31. Do you actively take part in village development activities like Janmabhoomi and other voluntary organisations?
32. To which profession you belong?
33. How many members in your group belong to the same profession?
34. Do political parties help you in getting loans?
35. How often does your caste group have meetings?
36. Do they help you when you are in need?
37. Did you go to school? Yes/No
38. If yes, upto which class did you study?
39. Are you satisfied with the way Dwera activities operate? Yes/No Reasons.
40. Is there any reason for you to be dissatisfied with the work of your group?
41. Has your income increased after joining the Dwera group?
42. How much your income increased? a) 0-200 b) 200-500 c) 500-1000 d) 1000-1500
e) 1500-2000
43. Do your family members co-operate in the activity you have taken up?
44. Has the time spent in your home gone down. If yes, do your family members complain about it?

45. Do you think Dwera income has helped you to buy medicines when you are not well?
46. Has Dwera income helped you to spend your money to send to school?
47. Do government officials co-operate with you and render services whenever you are in need?
48. Did you get training? If yes, how did it help you?
49. Do bank officials cooperate in giving you loans?
50. Who in your village helped you in getting loans?
51. Do you find difficulty in selling your products?
52. Do you spend the money earned or give it your husband?

Personal Details

Name:

Age:

Marital status:

Children:

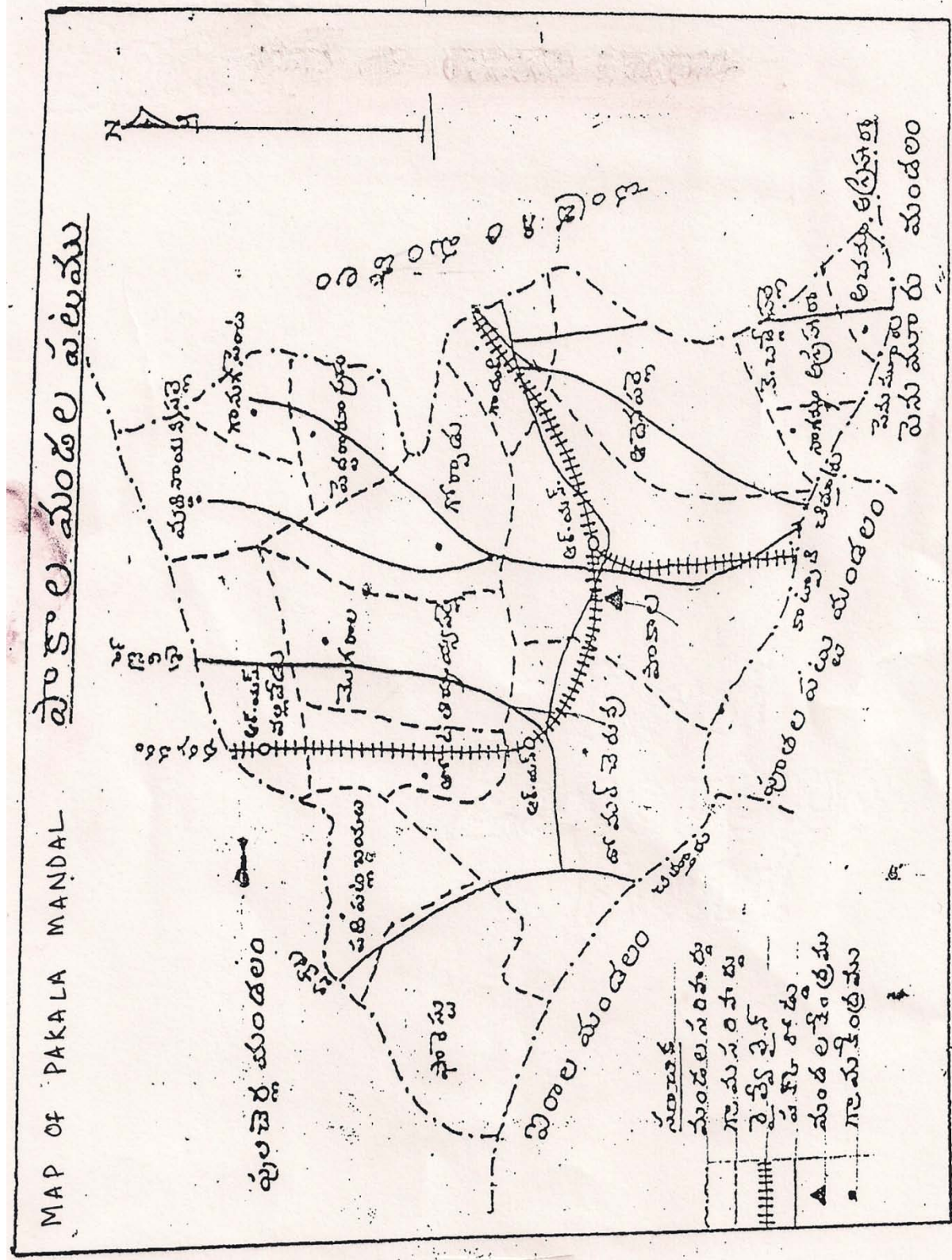
Husband's work:

Assets:

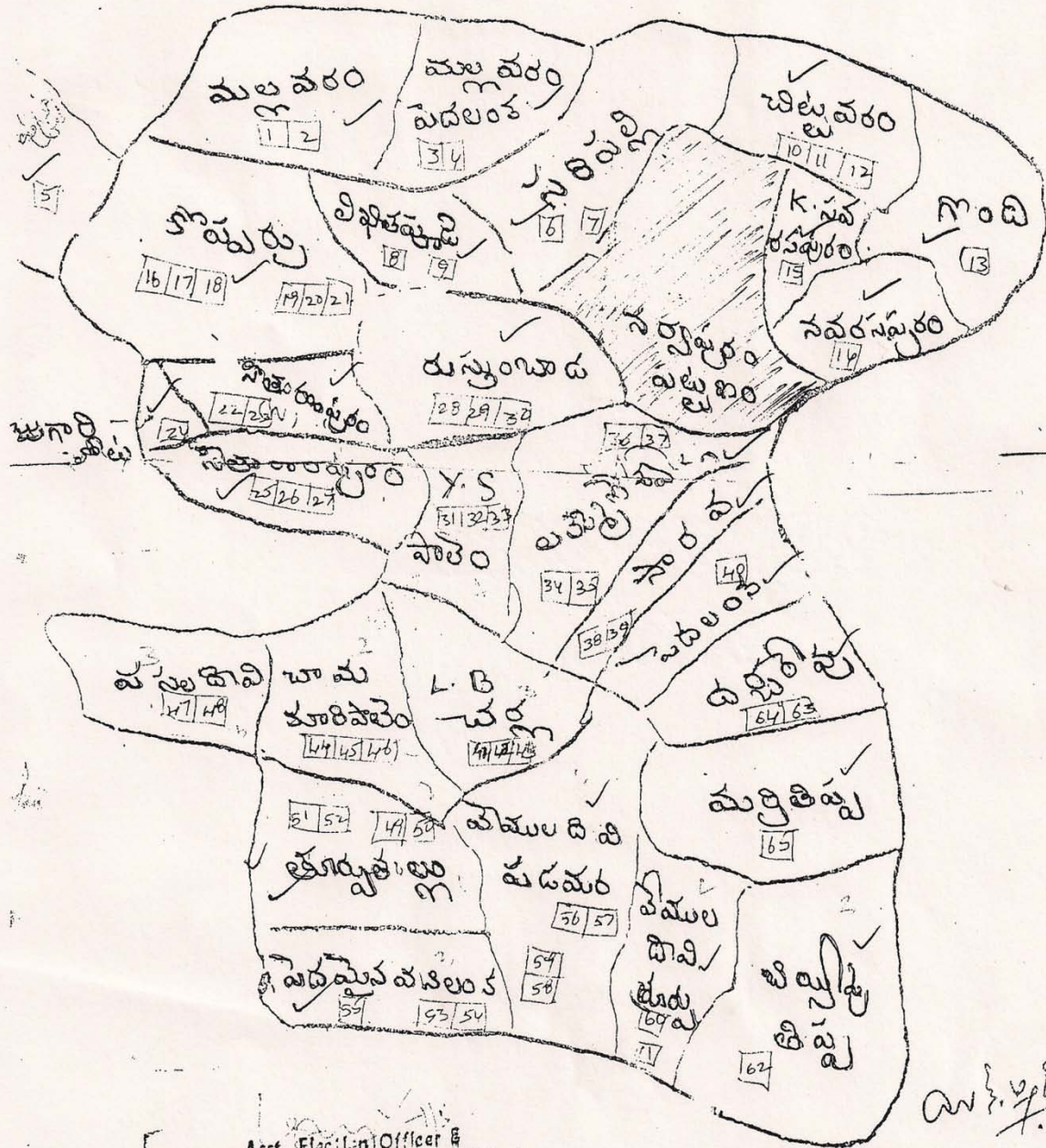
Village:

Mandal:

Caste:

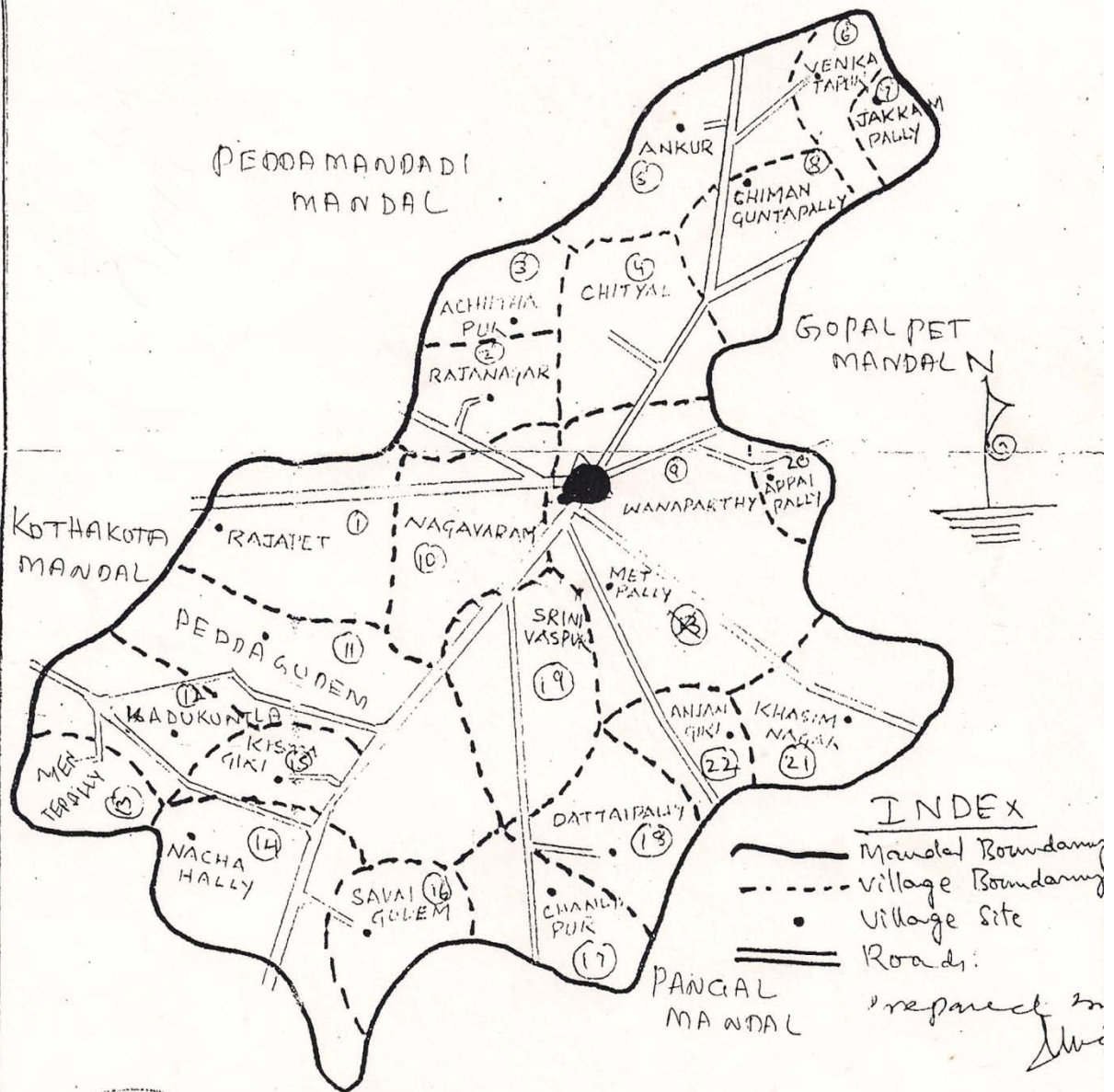


MAP OF NARSAPUR MANDAL



Asst. Election Officer &
Mandal Parishad Development Officer
MANDAL PARISHAD, NARSAPUR

MAP OF WANAPARTHY MANDAL



[Signature]
Mandal Revenue Officer
WANAPARTHY.

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