CHAPTER I

Introduction
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1.1 Introduction

Man is a social animal and therefore he invariably requires the company of his fellow beings so that he may be able to lead a happy and prosperous social life for a long period of time. Individuals, as single human beings, become a big zero if they dare to neglect the help and assistance from their fellow beings. In other words, whatever be his abilities and capabilities, he can do nothing, if he is completely cut off from the rest of the society. Therefore, though a social animal, man by making use of his reasoning power came to the correct notion that by nature he is meant for harvesting the potentialities and benefits of collective life which is possible only by way of a mutual adjustment of ‘give and take’. Here the quality and excellence of collective life of any society, irrespective of the differences due to artificial factors, can be ensured only on the basis of the mental or psychological readiness on the part of individuals to adopt and follow certain supreme values such as co-operation, harmony, fraternity, mutual trust, faith, love and affection, mutual sharing etc. as fundamental ethos of such a life which may be more or less equated with the most modern concept of social capital.

Anthropologists, social scientists and political philosophers have toiled hard and strained their brow much to evolve a theoretical explanation as to the factors and forces which are likely to condition the fundamentals of such a social life. They have unanimously drawn to the inference that from time immemorial human beings have been motivated towards collective life and ready to make adjustments in their social intercourse. However, those very same stalwarts later on discovered from their philosophical enquiries, systematic observations and
empirical investigations that in due course of time, mainly as a result of the emergence of civilization with its negative impacts, the long cherished feelings of unity and oneness started diminishing thereby preventing individuals from enjoying the pleasures of collective life. It is a generally accepted fact that a society can exist and function as a collective entity with a team spirit capable of staying together, working together and growing together, only if it is ready to accept the slogan of social solidarity as its strong foundation.

It is this turn of events which prompts the governments and NGOs to rise to the occasion with a concrete measure of organising SHGs as a viable and sustainable mechanism for generating sufficient amount of social capital with a view to enabling the society to climb higher levels.

Therefore, a new debate in social science revolves around the resource of social capital. While many dimensions of this concept are far from new, scholars have been increasingly interested in presenting social capital as a key resource for societies that seem to oil the wheels of both democratic politics as well as economic prosperity. Social capital may be defined as those resources inherent in social relations which facilitate collective action. (Encyclopedia 2004:715) Social capital resources include trust, norms, and net works of association representing any group which gathers consistently for a common purpose. A norm of culture high in social capital is reciprocity, which encourages bargains and compromises pluralistic politics. Another norm is belief in the equality of citizens which encourages the formation of cross-cutting groups.

The term ‘social capital’ as such is not new as there were clear evidences of references to that effect ever since the commencement of social life among
human beings, for it implies nothing other than the cosmopolitan 'we feeling'. But recently it has emerged as a theoretical concept in the academic realm of social sciences as a result of the emergence of serious dialogues and debates in the same field, on the possibilities and potentialities of the recently acclaimed concept of civil society which is equipped with higher values of life. Social capital can be seen in relation to the notion of “civil society” in the following ways. If we can say that “civil society” describes the non–governmental institutional arrangements of society in governance, then social capital describes the underlying social relationships from which these institutional arrangements emerge. Social capital is becoming a common buzzword in political science, sociology and even in economics. The definition of social capital by Robert Putnam, an authority in this field, has been widely quoted. He defines social capital as “features norms and social trust that facilitate co-ordination and co-operation for mutual benefit” (Putnam 1993:86)

The concept of social capital has provided a new interpretation to the issue of rural development especially in the socio-political background of India. Though recently developed as a conceptual frame work, the idea of social capital has now been widely discussed as a substantive approach towards development in general and rural development in particular. This is mainly because of the fact that the concept of social capital has already proved that it is the foremost and strongest stepping stone towards the achievement of the final goal of rural development. That means the proper generation of social capital, ipso-facto, implies that the civil society is marching towards the attainment of the ultimate dream of rural development.

The concept of social capital has added a new dimension to the dialogue
on rural development. Here it is argued that social capital is best conceptualized as an input into the process by which institutions for rural development are created. In other words, the social capital is the networking that helps to create linkages which in turn favorably influence the process of rural development. It may be useful to point out here that the initiation of networking resulted from social capital forms, the central theme of rural development (Chathukulam 2003:67)

However, the concept of rural development has to be redefined by taking into consideration the contemporary socio-economic conditions and the general standard of living of the rural masses as well as the level of women empowerment in the whole nation. Here it is to be noticed that the central as well as state governments have introduced different schemes and projects from time to time with a view to attaining the broad objective of rural development. But the fact is that the overall conditions of the rural people of India more or less remain unaltered (Singh 1995:13) On the basis of such a thinking pattern it seems that rural development in the true sense of the term has to be capable of addressing the socio-economic challenges of the rural people. It is a fact that actually the rural masses in India, irrespective of their differences in region, religion, caste etc have been looking up to the governments at the national, regional and local levels for getting help and assistance for materializing their socio-economic needs.

At this juncture, it seems that the national, state and local governments have not so far succeeded in realizing the core issue of the concept of development itself. Development, especially rural development, does not mean the physical implications of advancement, progress and growth. It is more than
that of attaining the generally conceived physical development of the local regions if it is to be sustainable. If it were to be the physical development alone, it would have been attained by way of the time bound schemes and projects initiated and implemented by the governments from time to time. Here comes the need for re-defining the inner implication of the much debated concept of development especially rural development.

Rural development, to be comprehensive and meaningful, requires a dual approach consisting of physical development on the one hand and psychological enlightenment on the other. These two dimensions of development have to be treated as the two sides of the same coin and therefore should go side by side. So far the innumerable schemes and projects of the governments, unfortunately, have emphasized the physical dimension of rural development neglecting its psychological aspects. Here it is to be remembered that it is a tiresome effort to deal with the psychological enlightenment of the rural people even by democratically elected governments, especially in a country like India where the majority of the rural people belong to the category of extremely poor.

Therefore, it is high time that the government came to the realization that along with the task of implementing various schemes and projects, serious attention has to be given to the attainment of psychological enlightenment of rural masses which is possible only with the establishment of a civil society in the true sense of the term. The modern concept of civil society implies nothing other than an enlightened society by all means. In such a society the government sponsored schemes for the physical development attain their expected level as a result of the general attitude developed among the people by means of their psychological attitude towards the legitimate structure of authority. In such a
social atmosphere the two dimensions of development have to go hand-in-hand and be also mutually contributory and complementary. That means the present system of social order has to be transformed into a civil society capable of functioning with the inspirational force of social capital.

A civil society is a society characterized by the presence and practice of social capital. The concept of ‘social capital’ has added a new dimension to the dialogue on development. Putnam identifies social capital, “With those features of social organizations such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions”. In simple terms it is nothing other than the attainment of a higher level of psychological attitude and attachment towards the collective life of the people, especially at the rural level. Thus it becomes crystal clear that the generation of social capital has been a compulsory pre-requisite for the establishment of a vibrant civil society. Instead of searching for rigid theoretical frameworks for judging the real essence of social capital the present study relied on locally or rurally relevant theoretical parameters for the same purpose.

Taking into account the possibilities and challenges of the collective life of the rural masses in India it seems that the issue of social capital has to be viewed and assessed in a different perspective. It becomes more so while coming to the socio-economic and religious-cultural peculiarities of the state of Kerala.

When it comes to the social fabric of Kerala, it is found that, despite a few exceptions, women have had a pathetic and subservient role in social, political and family life. Social division on the basis of caste aggravated the
problem of women in relation to employment, political power and economic self-sufficiency. The empowerment of women through SHGs will help the formation of social capital and a strong foundation for the holistic development of society. Notwithstanding the empowerment of women in the wake of 73rd constitutional Amendment Act which reserves one third of seats and posts for women in Panchayati Raj Institutions, much remains to be done to ensure the optimum level of women’s status in society which requires the whole-hearted support and unstinted co-operation of SHGs which are committed to the political empowerment of women. Internal awakening of women, which requires education, sensitization, mutual help, general knowledge and an ideal ambience, exhibits external effectiveness and a craving for comprehensive development of society. (Chiranjeevulu 2003:18)

Here, for the purpose of the present study, an attempt has been made to assess the level of social capital among the rural people of Kerala on the basis of an empirical analysis among the selected women respondents belonging to the SHGs in the universe of the study. In order to assess the amount of social capital accumulated among the respondents through their active involvement and participation in the various activities of SHGs, the study has adopted five criteria as the roots of social capital formation, especially in the rural areas. The five criteria include the possibilities of associational life, the level of political knowledge, range of civic awareness, the extent of confidence in governments and the potentialities of interpersonal trust. These factors are adopted on the strong belief that there are ample scope and opportunities for the accumulation of social capital in terms of the above mentioned criteria to the members of SHGs, if they are physically and psychologically ready to involve themselves in the
actual working of SHGs.

The commencement of the innovative structural arrangement of Self-Help Groups either sponsored by the government or supported by the NGOs has produced a sea change in the social interactions of rural women. In other words the introduction of SHGs has caused a revolutionary change in the attitudes of both the rulers and the ruled.

Self-Help Group is a homogeneous group consisting of 10 to 20 women from the neighborhood. (NABARD 2001:2) They come from the same economic, social and cultural strata, trust each other and are willing to pool their savings in the group on a regular basis to raise a common fund for their own development. Organizing Self-Help Groups has been a popular activity for governmental and non-governmental organizations. Self-Help Groups are a viable organized set up to disburse micro-credit to the rural people for the purpose of making them enterprising and to encourage them to embark on entrepreneurial activities. (Rao 2005:204) Self-Help Groups enhance the social status of people as participants, decision makers and beneficiaries in the democratic, economic, social and cultural spheres of life. Self-Help Groups are informal groups where members have an impulse towards collective action for a common cause. The common problem here is to meet their urgent economic needs without depending on outside help. The members pool their savings and re-lend among themselves on a rotational basis. The contribution by each member is not savings in the true economic sense but a sacrifice of present consumption needs for meeting future contingency. (Ramakrishna and Krishnamoorthy 2003:50)
Promoting Self-Help Groups accelerates the process of improving the living conditions of the rural poor. The Self-Help Group programmes should be based on the felt needs of the people. (Gupta 2003:66) They have also helped them to promote mutual co-operation and joint action irrespective of caste, creed, religion and sex. The basic concept of this programme is to build up the capacity of the group to resolve its burning problems by itself. It consists of motivation, awareness, technical and economic support for poverty alleviation. The creative power of women in rebuilding the community must be self-discovered, developed and sustained by women themselves. The purpose of this programme is to activate, pool, direct and channel the creative energies of individuals, especially women in to a united force for action initiatives aimed at improving the lot of the entire community.

The SHGs, besides offering a means to access resources, start functioning as a collective unit, which can address common problems through group action and determine its rightful share in the development process. There are many instances where SHGs have successfully taken up group causes and fought against deprivations and social stigmas. While successfully playing their pre-determined role in economic empowerment, the SHGs have also begun to function as vehicles of social progress.

Now the government has come to the correct understanding that popular participation and involvement in public affairs can be made possible by providing them viable structural arrangements in which they have a role to play. On the other hand, the rural people also have started positively responding towards the government when they are convinced that the government exists and functions to address their problems.
Group life is unavoidable for human beings simply because of the fact that man is a social animal. From the very beginning of social life, man has realized this fact and, as a result, groups of different types and nature have emerged along with the social life of man. From the experiences of the functioning of such varied types of groups and associations, it has been revealed that they could not rise to the level of expectation in terms of maintaining a cordial psychological attachment among the members capable of generating some sort of social capital. Here it is to be noticed that the revolutionary role of SHGs can be identified by looking into the nature and working of SHGs at the rural level. As an impartial assessment, it is generally accepted that SHGs have been contributing much to the generation of social capital among the rural people depending on their ability to make use of the immense opportunities opened up before them. This contention has been satisfactorily proved by the experts and academicians through their empirical investigation and also by the ordinary people through their increased readiness and willingness to be active participants and members of their respective SHGs at their door steps. The acquisition of the basic qualities of civil society has to be treated as a pre-requisite necessary for generating social-capital in its multi-dimensional perspective. It is further inferred that the social capital thus generated determines the nature and extent of rural development in terms of physical progress and psychological enlightenment of the rural area and its inhabitants which alone provides true meaning to the concept of rural development in its wider and comprehensive aspects.

One of the most glaring hurdles in the way of the final goal of rural development has been nothing but the reality of poverty experienced by the people, especially the rural ones from the very start of our nation as an
independent sovereign republic. Based on the realistic understanding in this regard, governments both national and regional have been struggling hard to initiate and implement innumerable schemes and projects with a view to controlling the social curse of poverty. (Rajam 2006:26) Therefore, assessing, analyzing and judging the level of rural development directly on the basis of the level or rate of poverty has been widely recognized by all nations and at the same time unanimously accepted by the experts in the field. As per the said notion, in this study also, an earnest effort has been made to find out the true level of rural development attained in the universe of the study on the basis of connecting it with the level of poverty in the regions.

Thus the present study is to be viewed as a humble effort to enquire into the details of the role the SHGs have been playing towards the process of social capital generation which is generally conceived as a compulsory pre-requisite for the attainment of the final goal of rural development by taking into account the socio-economic, religious-cultural peculiarities of the state of Kerala with the help of an empirical research.

1.2 Review of Literature

There have been several studies since the last two decades on the SHG movement and its efficacy as an institution for poverty alleviation especially for women. All these studies have concluded that the group mode is better for delivering the development strategies for women. The studies conducted in and outside the country have also reconfirmed that the SHG movement has created not only awareness among women but also helped them to take up income generating activities thereby facilitating them to have direct access to the process
of social capital generation which acts as a pre-requisite for the economic advancement and social upliftment of the rural people. The following is a brief review of a few studies undertaken in India.

Karmakar K.G. (1998), who reviewed SHG programme in Orissa is of the opinion that the empowerment opportunities through SHG for rural women have been a powerful incentive. However, both banks and NGOs are yet to see this as an alternative channel for rural credit delivery in Orissa in spite of the extensive efforts made for popularizing the scheme. The success stories of a large number of rural women who have formed SHGs have given a spur to the movement and banks need to explore the possibility of linking up more SHGs as part of their legitimate business activity.

Shylendra (1998), in his paper attempted to evaluate the performance of eight women SHGs promoted in the Vidaj village by the Institute of Rural Management, Anand (IRMA). Here the SHGs failed to enable members to realise their potential benefits. The reasons identified for the failure were the wrong approach followed in the SHG formation by the team, misconceptions about SHG goals both among the team and the members, and lack of clarity about the concept. The main lessons drawn from the project are the need for creating SHGs based on a clear assessment of the needs of different sections of the society, ensuring clear understanding of the concept of SHG among team members involved in promoting SHGs and enhancing the relevance of SHGs to their members by enabling them to meet effectively their requirements, be it savings or credit or income generating activities.

Kumaran KP (1999), has analysed the concept of SHGs and projected the
benefits of SHGs accruing to the rural poor. Apart from meeting the credit needs for emergency or consumption purposes, SHGs are also involved in income-generating programmes. Linking of SHGs with banks has further enhanced availability of micro credit financing to the groups.

According to Gurumoorthy (2000), empowering women contributes to social development. Economic progress in any country whether developed or underdeveloping can be achieved through social development. The Self-Help Group disburses micro credit to the rural women for the purpose of making them enterprising women and encouraging them to enter into entrepreneurial activities. All the credit needs of the rural women are fulfilled through the self-help groups. SHGs enhance equality of status of women as participants, decision-makers and beneficiaries in the democratic economic, social and cultural spheres of life. SHGs also encourage women to take active part in the socio-economic progress of our nation.

Muragan and Dharmalingam B(2000), argued that empowerment of women through SHGs would lead to benefits not only to the individual women and women groups but also to the family and community as a whole through collective action for development. Empowering is not just for meeting their economic needs but also for more holistic social development.

Puhazendi, V. and Satya Sai, (2001), point out in their study that the involvement of the rural poor in SHG significantly contributed to their “Social empowerment” in terms of improvement in their confidence, their treatment within the family, communication skills and other behavioural changes. More so, the empirical findings of the study revealed that the SHGs as institutional
arrangement could positively contribute to the economic and social empowerment of rural poor and the impact on the latter was more pronounced than in the former.

Boraian, M.P. (2003), attempts to assess the process of empowerment of women through SHGs, promoted by eight NGOs which received funds from a donor agency in Andhra Pradesh and Tamil Nadu. The study observed that cash-flow in the group and their families has increased, members have greater access to credit and their emergency as well as other needs have been met with ease. The gatherings of women in SHG meetings are not merely meant for collection of savings, distribution of credit, and recovery of loan, it is much beyond all these. Self Help Groups serve as a forum for human resource and social relations development too. This enhanced their exposure, awareness and knowledge about the external world. SHGs contribute to their overall personality development too. Alcoholism among the husbands is treated as their arch rival by the SHGs. The groups take active part in the proceedings of the Gram Sabha.

Chatterjee, S (2003), carried out a study on SHGs in Jampur in Uttar Pradesh. The study brought out some of the important issues of implementation of SGSY in the district. The main objective of SGSY is to bring the assisted poor families above the poverty line by providing them income-generating assets through a mix of bank credit and government subsidy. It covers all aspects of self employment of the rural poor mainly by organizing them through SHGs and their capacity building. A major shift of the SGSY from the erstwhile programme is its emphasis on social mobilization of the poor. Social mobilization enables the poor to build their own organizations viz. SHGs. This study reveals that due to banking rules and regulations poor are suffering. There
should be flexibility in banking rules. Banks should strengthen adequate manpower.

Sarangi, P (2203), states that women-led SHGs in many parts of the country have achieved success in bringing women to the mainstream of decision making. SHG is also a viable set up to disburse micro-credit to the rural women and encourage them to enter onto entrepreneurial activities. The women-led SHGs in the village of Purushothampur block of Ganjam district of Orissa State have successfully demonstrated how to mobilize and manage thrift, appraise credit needs, maintain linkage with the banks and enforce financial self-discipline. SHGs in this block are extending a helping hand to the district administration in different rural development projects ranging from construction of roads to sanitation programmes.

Puyalvannan, P (2003) made an attempt to examine the status of SHGs in Trichy and Pudukkottai districts of Tamil Nadu. The study mainly focuses on micro-credit innovations and the role played by NGOs and the century old Cooperative organizations in the state of Tamil Nadu in forming and linking SHGs with them. The study reveals that women are credit-worthy and responsible users of credit. Repayment is as high as 98 per cent in both the districts. The author recommends that cooperatives should be involved in promoting SHGs. The process of credit linkage with banks is too long and procedural delays must be avoided. Freedom to link SHGs directly as done by NGOs with commercial banks in a short span of time, should be followed by cooperatives. Since one loan is not sufficient, production and consumption loans have to be granted simultaneously and a network of peer groups can act as a positive influence.
Rama Krishna, R and Krishna Murthy, B.Ch (2003), analyse the role of SHGs in empowering rural poor in Paravada Village of Visakhapatnam. The study reveals that SHG concept was successful, to some extent, in achieving social empowerment, economic progress through improving access to institutional credit. The results obtained from the study also corroborate the theory of peer monitoring but to other factors such as rotation of savings by group members, lending for consumption. SHGs have a positive impact on beneficiaries especially women in respect of social and economic empowerment such as improvement in participation in the development programmes, ability to meet government officials, awareness of property rights, improving decision making, improving marketing, communication skills, building self-confidence and positive impact on the living standards of beneficiaries.

Singh, O (2003), examined the experience of MYRADA in fostering self-help groups. The rural poor, with the intermediation of voluntary organisations join together for self-help to secure better economic growth. This has resulted in the formation of a large number of SHGs in the country, which mobilise savings and recycle the resources generated among members. Most SHGs have come up due to the dynamic leadership of certain individuals within the group or through the catalytic role played by the NGOs in developing such groups. One such NGO is MYRADA whose mission is building of people's institution to ensure access and control over resources for sustainable development and self-reliance.

Hemalatha Prasad et al, (2004), argues that SHGs need better infrastructure support not only in the form of market complexes, work sheds good roads, better transport but also in the form of better backward and forward linkages and institutional support wherever possible. Broadly SHGs are
following five channels of market viz., local markets, institutional arrangements, exhibitions /melas, distributors/vendors/traders and wholesalers and retailers. In view of the increased competition in Liberalisation, Privatisation and Globalisation (LPG) era, skill up-gradation in non-farm sector will prepare SHGs for better competition and boost the marketing prospects.

Rao, DV (2004), studied the all round development achieved by the SHGs in Andhra Pradesh. The study observed that the increase in the level of awareness after joining the groups about sending the girl child to school, for a period of five years is evident. Data indicate that increased women are sending their girl children to school more than in the past. After joining the groups there is an increase in the number of women adopting small family norm. The increased role of women in the decision-making process of their daughter's marriage reflects their enhanced articulation. Increasingly more women are playing important roles in the domestic activities. Through proper guidance women are now able to solve their own problems like drinking water, privacy through low cost sanitation, horticulture through check dams, school for the girl children, road to their village etc. Varying levels of participation by women in the study region reflected the degree of social development coupled with economic independence. The study recommended that more of economically and socially disadvantaged women should be encouraged to form groups.

In Kerala, however, more than fifteen years have passed since the programme gained momentum. A few studies were undertaken by experts like Leela Menon (1994), Liliana Marulalnda (1994) of UNICEF, and Sarala Gopalan and Hilda Rajan (1996), all of whom were generally uncritical and highly appreciative of the programme.
The South Malabar Gramin Bank (1998), conducted a 'Monitoring Study on SHGs' to examine the progress of the scheme since its implementation in 1995-96 in Malappuram and Kozhikode districts. About 60 percent of the bank-linked groups were rated as excellent. In a few groups, group dynamics decreased after the credit linking. The study suggests that in 20 percent of the groups, the organizational setup should undergo change by replacing the existing members. It identified several weaknesses in the CDS groups such as lack of monitoring; lack of interest among co-ordinators due to non-receipt of allowance which they had been formerly receiving and static performance of groups.

However, the most comprehensive study on SHGs in Kerala has been the one by Oommen (1999). He covered all the districts and municipalities in the State, in which the Urban Community Development Societies were functioning. The study has reviewed the progress of the programme under four heads: impact on poverty, income-generating programmes, thrift and credit societies, and women empowerment. Some of the major findings are the following.

1. About 51 percent of the households investigated have become non-poor.

2. Housing conditions in Alappuzha and Malappuram have improved to some extent largely through convergence of resources and inputs from different agencies.

3. Awareness of various communicable and non-communicable diseases has improved: un-immunised children and incidence of tuberculosis exist in some pockets in Malappuram.
4. Despite the several advantages, there remain some CDSs which have not promoted Thrift and Credit Societies.

5. The rate of repayment of loans is high.

6. Efforts to formulate group projects for NHGs as a whole do not exist. CDS has failed in realising the full potential of creating self-employment.

7. More than 56 percent of NHG households have improved their economic status and 65 percent of the members expected the programme to bring more economic opportunities.

    More than 90 percent of the women believed that their collective action against social injustice towards women is inevitable and that the NHGs could play an active role in this regard.

    Chathukulam Jos (2003), was conducted a study in Udayanapuram Grama Panchayath in Kerala on the actual functioning of SHGs. It brings to notice the fact that the SHGs not only provide a means of survival for poor women but also serve as nascent institutions for the building up of women’s specific social capital, which can serve a long term sustainability function in poverty reduction.

1.3 Need for the Study

    The country has more than two decades of experience of working with about four million SHGs promoted by different agencies. Though the objectives and approaches of the promoting agencies are different, the ultimate goal is to improve the quality of life of the poor. In fact, it must be admitted that thrift and credit activity continues to be the lifeline of self-help groups but will eventually
remain hidden as they embark upon the social agenda in terms of social capital. But the fact remains that the mobilization, process of group formation and capacity building are the crucial factors for promotion of stable and vibrant groups which are gradually encouraged to deploy their funds in income generating activities. As the empowerment of rural poor will not be complete without generating social capital, groups are involved in improving their standard of living by dovetailing literacy, health and nutrition, housing and sanitation.

Though SHG has emerged as a viable system of micro financing at the rural levels, in due course of time it has been elevated to the position of a vibrant channel for the formation of social capital. It became vibrant as it provides an effective forum for the rural poor to come forward in the affairs of the entire body politic. The social capital thus generated can be utilized for the ultimate objective of attaining the final goal of rural development in all sense. It is a well conceived notion not only among the academicians but also among the policy makers that rural development, by taking the rural people into confidence, leads to the reduction of poverty in the rural sector. It is more relevant if the matter is viewed in the socio-economic and politico-cultural scenario of the Kerala society. But the fact is that so far there has been no serious attempt in this regard. Hence the need and relevance of the present study.

Thus, the present study is taken up with the principal objective of understanding the role, the SHGs have been playing in the process of generating social capital, which is treated as a pre-condition for the attainment of rural development in a comprehensive sense which in turn helps reduce poverty at the rural level.
1.4 **Objectives of the Study**

1. To study the role of SHGs in the formation of social capital.
2. To study the possibilities and challenges of social capital formation in the process of rural development
3. To examine the socio-economic and political factors that will affect the functioning of SHGs in Kerala.
4. To examine the different aspects of relationship between rural development and poverty
5. To examine the role of SHGs in the process of women empowerment.

1.5 **Hypotheses**

1. Self Help Groups have a vital role in the generation of social capital in rural Kerala.
2. Social capital generated through the intervention of SHGs is limited to the lower strata of society.
3. Social, economic and political factors sometimes adversely affect the formation of social capital.
4. Social capital formation through SHGs helps the process of women empowerment in Kerala.
5. Rural development in the true sense leads to poverty reduction

1.6 **The Universe of the Study**

The universe of the present study constitutes 36 SHGs belonging to the three geographically divergent MIDCs (Malanadu Integrated Development Centres) - *Thampalakkadu, Panackachira* and *Paloorkkavu* - spreading over the districts of *Kottayam* and *Idukki* in the state of Kerala which function under the mother organization known as Malanadu Development society. Malanadu Development Society came into being as a Non-Governmental Organisation in
the year 1977 under the aegis of the Catholic Diocese of Kanjirappally. Among
the numerous NGOs, the presence of which is crystal clear across the breadth
and length of the state of Kerala, MDS possesses a personality and a position of
its own in the sense that it has emerged as a pioneer organization with the broad
objective of rural development especially in the most backward as well as remotest areas of the hilly or semi hilly regions of Idukki, Kottayam and
Pathanamthitta districts of Kerala.

The MDS has been spearheading under its common umbrella, 50 MIDCs
in the villages across the nook and corner of its areas of operation. Out of them,
for the purpose of the present study three centres named Thampalakkadu,
Panackachira and Paloorkkavu have been selected. The rationale behind such a
selection can be explained by saying that the Thampalakkadu is qualified to be
selected in the sense that it was the first MIDC associated with the MDS. The
speciality of Panackachira has been that it is characterized as a tribal region.
The Paloorkkavu became qualified to be selected on the basis of the fact that the
majority of its inhabitants have migrated from the low ranges of the adjacent
districts. For the purpose of empirical analysis the study has adopted the means
of field survey with the objective of collecting relevant data. The said survey
was held with the help of 240 respondents, selected 80 each from the three
MIDCs.

1.7 Methodology

The study is based on a field level investigation done among the 240
respondents selected from the three MIDCs. The method used is broadly
descriptive and analytical. Exhaustive interviews were conducted with the help
of a detailed Questionnaire. The Questionnaire was pre-tested. Each question was explained to them and maximum care was taken to collect as much information as possible. The reports of various commissions and committees have been of immense help in the study. Sources on the internet have also been made use of. After proper editing and coding, the data collected during the field work were processed electronically. The study made use of the statistical test of independence using chi-square and ‘F’ test. Here the null hypothesis is that the two characteristics considered are independent. Under the null hypothesis various cell frequencies are estimated and the chi-square value is calculated using the formula $\sum (O-E)^2/E$, where ‘O’ is the observed frequency of various cells and ‘E’ is the expected frequency of various cells calculated under the null hypothesis. The degrees of freedom is $(r-1) \times (s-1)$, where ‘r’ is the number of rows and ‘s’ the number of columns of the table. If the calculated value (C.V.) of the chi-square exceeds the Tabled Value (T.V.) at 5% significance level, the null hypothesis is rejected, otherwise accepted. This test is applied only for those tables, which are the results of two-way classification. For tables which permit multiple choice answers, chi-square test is not directly applied but applied only after making it as a two-way contingency table. In this study, wherever average estimates are taken for the detailed explanation of the table, the pooled average system is employed. The relevant materials obtained from the primary and secondary sources were analysed to bring out the different aspects of the central theme of the study.

1.8 Limitations and Future Prospects of the Study

This study has certain limitations. It is confined to just 36 SHGs belonging to the three MIDCs associated with the Malanadu Development Society, one of
the leading N.G.O.s in the state of Kerala. The empirical analysis has been based upon and the inductions have been arrived at on the basis of the data collected from the responses of a total of 240 respondents who constitute only a miniscule minority in the universe of the study. However this study opens up exciting vistas for further research in the field.

1.9 Chapterisation

The study is divided into five chapters. The first chapter provides an introduction which highlights the relevance, objectives, the hypothesis as well as the methodology of the study. The second chapter is titled as ‘Social Capital and Rural Development in a Theoretical Perspective’. The third chapter is titled as ‘SHGs: Catalysts for Social Capital Generation in Kerala’ which seeks to deal with the role of SHGs in the process of social capital generation in Kerala. The empirical analysis of the forces and factors which are likely to influence the real nature and actual working of SHGs in the process of generating social capital constitutes the thrust theme of the fourth chapter titled ‘SHGs and Social Capital: An Empirical Analysis’ The fifth is the concluding chapter.