Agriculture in Kerala is marked by the existence of several micro-environments suited to different kinds of mixed farming and the state’s agricultural production is marked by the predominance of perennial crops. The analysis of the growth rates of the sector shows a slow recovery powered by the higher rubber prices. This recovery is important in its multiplier effects on the rural development, employment generation and poverty alleviation. The review of literature in the first chapter analyses the various reasons that led to the downslide in the agrarian sector of Kerala.

Kerala’s land reform intended to place agricultural land in the hands of the tillers and ensure a dwelling place for the hutment dwellers, to usher in a more equitable society and accelerate agricultural production. However, the results have proved most of us wrong. The transfer of ownership of land from the lessors to the lessees took place, without realizing any of the perceived benefits in productivity. The former tenants who benefited from the reforms were people who had no direct dependence on land for livelihood. The agricultural laborers who got hutment dwellings got very little cultivable lands. Many development
programs were initiated to improve the adverse effects of the subdivision and fragmentation of agricultural holdings subsequent to the land reforms. However, the inefficiency of the supportive institutions in the implementation of such programs contributed to the stagnation in the agricultural sector of the state. At present, the poor has lesser access to the cultivable lands due to the sharp increases in the land prices as the land is slowly transforming into *speculative good*.

The second chapter analyses the evolution of Self Help Group Concept in the state. From time immemorial, the concept of cooperation was existent in various civilizations. The history of modern cooperative movement in India dates back to the year 1904, when the first Co-operative Credit Act was passed. However, the co-operative spirit has been subverted by political parties to such an extent that the co-operatives are stifled by excessive and unnecessary bureaucratic controls.

To cater to the financial needs of the poor, the banks were nationalized. In the ‘80s the Regional Rural Banks were set up. However, successive banking reforms have diluted the stand of the rural banks. The failure of the formal financial institutions to serve the rural poor effectively led to the need of legitimizing a linking mechanism between the formal and informal credit systems. The pioneer effort in these lines is the
establishment of Grameen Bank in 1983 in Bangladesh. At present the
SHG is seen as a mechanism to carry microfinance to the rural poor.
Presently SHGs have metamorphosed into an alternate support institution
for the farmer with differentially shaded roles ranging from disseminator
of new technology to a social institution to build the leadership qualities
of the individual member.

The third chapter examines the evolution of leased land farming as a
natural progression from the partial implementation of the land reforms.
The land reforms led to the development of a peculiar situation in Kerala:
a category of people who hold the land are not interested in cultivation,
but on the other hand those who have labor and skills do not have enough
lands to cultivate. This situation led to the expansion of an informal lease
market with the former category leasing out their lands to those who are
willing to cultivate. At present the SHGs act as the vehicle for providing
credit, technology and marketing support for leased land commercial
vegetable farmers of Kerala.

In this context, the present study was conducted in Ernakulam and
Kottayam districts to examine whether the vegetable cultivation in the
informal leased holdings is profitable, whether the SHG activities help in
empowering the farmers in finding their own solutions to the problems encountered.

The analysis of data on vegetable production in the state shows that the state is dependant on other states for its supply of vegetables. However, over the years, the SHGs have recorded a growth in production. The VFPCK, the government supported promoter agency for vegetable cultivation in the state provide, credit, insurance, marketing and training support to the SHGs. The Swasraya Karshaka Sankhams (SKSs) working at the village level act as the nodal contact point for all activities.

The analysis of the cost of cultivation shows that the farmers in Ernakulam district are able to get better profits for all the three crops analyzed- Snake gourd, Cow pea and Bitter Gourd.

The study also analyzed the effectiveness of the group activities through parameters like group cohesion, group interaction, group leadership, transparency, need satisfaction and interdependence in the group, equity, accountability and co-operation within the group. In need satisfaction, equity and accountability the SHGs in Kottayam district were perceived to be better by the respondents, compared to the groups in Ernakulam district. On all other aspects the SHGs in Ernakulam were perceived to
perform better. The scores of the farmers belonging to the SHGs sponsored by VFPCK were compared with the scores of farmers from Haritha Sangham, created by the Department of Agriculture to promote vegetable farming in the state.

To analyze the effectiveness of the SHGs in its dimension as an alternate institution for mutual support, the empowerment of the farmers were measured through components of leadership propensity, self confidence, income generation, employment generation and decision making. On all aspects other than employment generation, the farmers from Ernakulam district scored higher than the SHG farmers in Kottayam or the Haritha Sangham farmers.

The study also developed a theoretical framework for the evolutionary stages of the SHGs. It recognizes the stage of bargaining, where the interactions between the Master Farmers and the Promoter agency reduce the knowledge gap between the SHG members and the agency. In the second stage of collective knowledge the mutual trust develops and the SHGs get oriented towards common goals. In the third stage of collective decision making and action, they nurture each other for future growth.
The condition for sustainability of the SHGs depends on the federations of the SHG into the apex organizations, compensation and capacity building to broaden the skill base of the farmers. The federation of the SHG builds advantages in terms of economies of scale, ability to solve conflicts, reduced transaction costs, lower loan default, and provision of value-added services.

**Recommendations**

The agrarian scenario of the state witnessed three phases of evolution after Independence. The reforms and consolidation of the 1950’s and the 60’s, prompted by public action on the lines chartered out during the freedom struggle, the Green Revolution and the growth of political populism during the 1970’s and the 80’s and the deterioration of the conditions of the farmers after the liberalization in the 1990’s and after. Presently the reports of farmers’ suicides are reported from states with well developed agriculture, where there were strong peasant movements either in the colonial or post-Independence or both and where the political leadership boasts of strong roots in the farming communities. In spite of a strong, stable mass-elected democracy with political representatives hailing from farming background, the interests of the rural poor, surprisingly, do not find any place in the imagination of the leaders. Whether it is low price for the agricultural products, high interest rates,
high input costs, or high cost of education and health, all seem to be ways of transferring wealth from cultivators to people from other trades. Now, instead of extraction of surplus but an expropriation of the investments made by the farmer in the form of paid out inputs, is endangering the life of the farmer.

The lack of homogeneity both in terms of economic conditions and social status have often been cited as the reasons for difficulty in organizing the farmers. Development undertakings aimed at enhancing the power of the rural poor should begin by providing assistance that is explicitly autonomy-promoting and capacity-enhancing (Hoffe and Stiglitz, 1990). Repeated development initiatives by many agencies tend to be overly focused on technical capacity-building and often end up producing outcomes that are more of the same. In order to achieve a more balanced and improved impact, interventions in development undertakings, however difficult and complex these may be, ought to be more autonomy-enhancing. The SHGs formed as informal groups on neighborhood basis help the farmers’ in identifying their innate strengths and help them in devising ways to overcome their problems.

Sen’s theory on entitlements and capabilities make an explicit argument in favor of command over productive resources as a means of food
security for individuals and households. The historical land reforms have been potentially exclusionary, benefiting the relatively better-off and non-poor rather than the rural poor (and thereby excluding usually women, land-less agricultural laborers and indigenous communities). Livelihoods that have subsequently emerged meant subsequent loss of livelihood for others. There is therefore an urgent need to ensure that the character of land policies is truly inclusive and pro-poor. Development agenda should be built on the empirical reality that the livelihoods of the rural poor, even poor farmers, on most occasions, are not solely agricultural. Rural poor people’s livelihoods are far more diversified than usually understood. The key to sustainable, diversified livelihoods is access to five types of capital assets (namely, financial, human, natural, cultural, and social), which in real life are rarely democratically controlled and equitably distributed. In the absence any political initiative or mechanism to provide cultivable land to the unemployed and land-hungry rural population, the informal leasing offer a solution to the problem.

The prospects of expansion of leased land farming would improve the generation of agricultural income and create employment opportunities for the rural poor. *The state should formulate an appropriate policy framework for promoting small-scale lease land farming and not large-
scale contract farming. The local democratic institutions should support the formulation of such a policy framework.

Rental markets are an important means by which the poor gain access to land. However, evidence suggests that the deregulation of rental markets will benefit the poor only where there is a credible threat of ceilings enforcement, and where there is a possibility of clearly defined and enforceable contracts. Overall, still too little is known about land rental markets in particular states, and comparative empirical studies across several states are needed to identify the likely consequences of selective deregulation under varying conditions.

2. Local rural poor people’s organizations like the Self Help Groups are clearly extremely important in the pursuit of pro-poor land policies and sustainable livelihoods. They constitute a slice of associational life that many poor people can (and do) experience directly on a daily basis. Left on their own, however, these organizations can easily become isolated and weak. Local organizations need allies for several reasons, but generally in order to mobilize the resources needed to undertake collective action and to extend the political reach of their collective actions beyond the local. It is in this context that local poor people’s associations need to forge horizontal and vertical alliances that will
enable them to effectively expand and extent their political ‘reach’ beyond their immediate locale.

Horizontal alliances entail forging solidarity networks or partnerships with their counterparts in other localities who share similar concerns. Vertical networks enable local peasant organizations to forge linkages with other groups at the higher levels beyond their village. These linkages are critical components of a civil society building process. It is in them that organizational dynamics emerge and develop (or not) with respect to important political issues such as representation, accountability, information flow.

3. Transaction costs in land sale-purchase markets include both the official costs (e.g. registration fees, stamp duties and surcharges) and informal costs (e.g. bribes to expedite transactions, fees to informal land value officials, etc), which together may amount to a third of the total value of the land transacted. These high costs are onerous for all, but are prohibitive for the rural poor, and explain in large measure why so many land holders do not hold effective title to their land. The risk of losing land through encroachment by others, and through lack of transparency in settlement and consolidation operations, is considerably higher where land holders lack clear title to their land. This is most likely to be true for
the rural poor and other socially excluded groups. Measures to improve the efficiency of land records management and land registration generally focus on computerization. This is not a panacea, particularly if incentive structures within land management agencies are not simultaneously addressed. However, provided there is close coordination between the computerization of registration and of land records, it offers high potential for reducing transaction costs in obtaining title to land, and thereby helps facilitate access to institutional credit. Of utmost importance is the ‘backwards integration’ of land registration into land records management, so as to permit more or less simultaneous mutation of the official record.

3. Promotion of women’s independent land rights is the clearest way to begin challenging embedded social norms and customs that prevent women from exercising their legal rights to hold land is through policy measures that aim explicitly to increase the bargaining power of women within the household and within wider society. Women’s access to land may come about through inheritance of parental property, government allotment of ceiling-surplus land, and clear contractual access through tenancy. In some states, gender biases in tenancy laws need to be removed, as do certain biases in the Hindu Succession Act of 1956. A complementary approach towards realizing women’s land rights directly
would be to grant land to groups of women, with access to credit for complementary investments and inputs such as irrigation. Such collective approaches, often with NGOs playing a catalytic role, have demonstrated advantages in strengthening women’s bargaining power, which might then allow them more scope to challenge customary restrictions on their independent property rights.

4. Transparency and public access to information: A principal reason for high observed rates of rent-seeking by government officers in land administration, and for patterns of discrimination against the rural poor and other groups with weak bargaining power, is the very complexity of the legislative framework governing land reform and land administration. In spite of well-meaning provisions ostensibly designed to protect the poor, this complexity allows considerable scope to those – usually the non-poor – who are best able to exploit legal loopholes to their own advantage. Investments should be made in the wide public dissemination (e.g. local-language manuals, made available through gram panchayat meetings) of information regarding people’s land rights, and how to go about pressing legal claims to land.

5. Strong civil society institutions: Strong civil society institutions are the other side of the coin to transparency and public access to information.
Where there has been most success in tenancy reforms (e.g. West Bengal) and land consolidation (e.g. Uttar Pradesh), common ingredients have included broad-based participation through strong representative bodies (e.g. panchayats) or community-based organizations. NGOs have achieved wide and justified acclaim for their efforts in defending tribal land rights, women’s land rights, and pursuing public interest litigation to prevent illegal encroachment by non-poor groups on land intended for redistribution to the landless. In all these cases, awareness-raising, monitoring, and pressure from strong civil society institutions ensures that there are checks and balances on inappropriate uses of state power, and that safeguards for the poor are upheld in law enforcement (Ghimire, 2005). Perhaps most important is to support the emerging competencies of the constitutionally mandated Panchayati Raj institutions, which hold most promise over the medium- to longer-term of performing this ‘watchdog’ role in relations between the state, the private sector, and the civil society.

**Looking forward**

Primary commodities account for about 25 percent of world merchandise trade. Both long-term trends and short-term fluctuations in their prices have important consequences for the world economy. On the demand side, commodity markets play an important role in industrial countries,
transmitting business cycle disturbances to the rest of the economy and affecting the rate of growth of prices. On the supply side, primary products account for about half, on average, of developing countries' export earnings, and many developing countries derive the bulk of their export earnings from one or two commodities.

At times of high external competition, the experience of Kerala with most of the agricultural commodities that we export has not been encouraging. While the SHGs have been acclaimed as the alternative mechanism for rural lending and capacity building, on the flip side some organizations are being pressurized to make a profit by moving up-market. Under such a nascent scenario, it is necessary to examine the ability of the SHGs to withstand external shocks.

At the outset, it is important to note that the commodities produced by the farmers belonging to SHGs are indigenous to the state and appeal to the palate of the Kerala Diaspora across the globe. In other words, they cater to a special niche of consumers. In such a protected market, the commodities can withstand external shocks. However, it is important for the SHGs to build their competencies by the popularization of eco-friendly practices of cultivation and by positioning their products based on this criterion.
However, there are very important questions to be addressed at this juncture. Several reports suggest that corporate houses are seeking ways to enter into retailing in the country. What are the long-term effects of such a move to corporatization of agriculture? What could be the response of the SHGs to the onslaught of the capital intensive, market–oriented production strategies that they may adopt?

From the optimistic point of view, the networking of SHGs can form the response of the peasants of the state, to sustain themselves under such conditions. Contrary to this view, it could also happen that the corporate houses can absorb the SHGs into their production chain.

This future scenario, offers a vital shift to the role of the promoter agencies like VFPCK. The promoter agencies have to do due diligence to ensure that the SHGs are strengthened to the stage of collective common identity so that they can withstand the pressures of these external competition.