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## Social Capital and Rural Development in India

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### **Abstract:**

*According to the 2001 census of India, about 72.2 per cent of India's population has been living in rural areas. Apart from the vast number of rural population the incidence of poverty is much higher in villages being 29.18 per cent in 2004-05 which itself is a signal for remedial action. Rural development programmes launched since the advent of planning in fifties have made an impact on the rural scenario in India, though it is of an uneven kind. The single weakness of the rural development programmes in India perhaps lies in its inadequately equipped field level organization, especially at the block and village levels. As the state is beginning to retreat after having failed to fulfill its promises, and as markets are only just beginning to penetrate the rural areas, many analysts are calling for civil society solutions for dealing with the problem of poverty. For civil society solutions to be effective and viable over a wide range, either the factors that enable coordinated action by citizens must be abundantly available, or these factors should be easy to reproduce at relatively little cost. The growing literature on social capital provides some support for taking an optimistic view.*

**Keywords:** community, grassroots, India, poverty, rural development.

### **1. Introduction**

India is presently rated among the first ten or so most highly industrialized nations in the world. India is almost entering the high growth trajectory of China at 10 per cent gross domestic product (GDP) growth, and everyone is talking about India becoming one of the major economic powers in the world. India's economy is performing impressively. GDP is growing fast, inflation is moderate, and Indian stock markets have done better than most. All those who are directly getting benefit of high growth and booming stock market are happy and extolling the virtues of economic reforms and the markets. But for the bottom 30 per cent of the population, a sizeable number – more than 30 crores – nothing much has changed. They are only experiencing costlier basic goods and living space. According to the 2001 census of India, about 72.2 per cent of India's population has been living in rural areas. Apart from the vast number of rural population the incidence of poverty is much higher in villages being 29.18 per cent in 2004-05 which itself is a signal for remedial action. "Poverty is concentrated in rural areas: with an international poverty line of \$1.08 a day, 75 per cent of the developing world's poor live in rural areas whereas only 58 per cent of its population is rural (World Bank, 2007). The main objective of this paper is to find the role of social capital in rural development particularly in India. The paper is divided into ten sections. After introduction, second section presents the historical background of rural development in India. Rural development programmes initiated by the government of India since independence are summarized in section three. The problem and need for civil society solutions is explained in sections four and five respectively. The next three sections present the definition of social capital, social capital in India and its role in rural development respectively. Section nine presents two empirical case studies from the available literature and the final section concludes.

### **2. History of Rural Development in India**

The national political leadership even under the colonial rule had emphasized the need for rural development. The Indian National Congress was committed to rural amelioration programme since the twenties when Mahatma Gandhi emerged to guide the destiny. Attention to India's villages became more or less organized and systematic with the enforcement, in 1921, of the Government of India Act, 1919, which, it may be recalled, placed the nation making activities including rural development under the popularly elected ministries in the provinces. Rural development from now onwards became an important concern of the nation even though it did not occupy that high priority in the colonial administration. The chronology of the earlier rural development programmes must mention of Sriniketan, 1920; Shantiniketan, 1921; Martandas, 1921; Gurgaon, 1927; Baroda, 1930; Sewagram Furka Development, 1946; Nilokheri and Etawan, 1948 programmes.

### **3. Rural Development Programmes in India after Independence**

One of the earliest actions of the Government of Independent India was to initiate wide-ranging measures for rural betterment on a nationwide basis. In 1952, the Community Development Programme was started and was followed a year later by the National

Extension Service. To this date the central government has launched nearly fifty countrywide programmes in the field of rural development, the major ones being are mentioned in Table 1.

Plan	Name of Programme	Year
I Plan (1951-56)	Community Development Programme	1952
	National Extension Services	1953
II Plan (1956-61)	Khadi and Village Industries Programme	1957
	Intensive Agricultural Development Programme	1960
III Plan (1961-66)	Intensive Agricultural Areas Programme	1964
	High Yielding Variety Programme	1966
IV Plan (1966-69) and three Annual Plans (1969-74)	Crash Scheme for Rural Employment	1971
	Small Farmers' Development Agency	1971
	Pilot Intensive Rural Employment Programme	1972
	Minimum Needs Programme	1972
	Drought Prone Areas Programme	1973
V Plan (1974-79)	Food for Work Programme	1977
	Training Rural Youth for Self-Employment	1979
VI Plan (1980-85)	National Rural Employment Programme	1980
	Development of Women and Children in Rural Areas	1983
VII Plan (1985-90)	Indira Awas Yojana	1985
	Jawahar Rozgar Yojana	1989
	Integrated Watershed Development Programme	1990
VIII Plan (1992-97)	Employment Assurance Scheme	1993
	District Rural Development Agency	1993
IX Plan (1997-2002)	Swarnjayanti Gram Swarajgar Yojana	1999
	Pardhan Mantri Gram Sadak Yojana	2000
	Annapurna	2000
X Plan (2002-07)	National Food for Work Programme	2004
	Mahatma Gandhi National Rural Employment Guarantee Scheme	2005
XI Plan (2007-12)	Rashtriya Swasthiya Bima Yojana	2008
	National Rural Livelihood Mission	2011
XII Plan (2012-17)	Rajiv Awas Yojana	2013
	Deen Dayal Upadhyaya Gram Jyoti Yojana	2015

Table 1: Rural Development, Poverty Eradication, and Employment Generated Programmes for Rural Areas Launched by Government of India; Source: Wikipedia (2015).

It is particularly since the seventies that national planners turned their attention to the rural poor and began to formulate plans and schemes exclusively for their benefit. The concern for the rural poor began with the *garibi hatao* (remove poverty) era in Indian politics and became its integral part. At the beginning of the seventh plan nearly 222 million persons lived below poverty line in rural India as compared to 50.5 million in urban areas. In other words, in terms of percentage, the poverty ratio was 39.9 per cent in rural areas and 27.7 per cent in urban areas. During seventh plan (1985-90) an outlay of Rs. 2,642.99 crores have been provided for rural development. The eighth five-year plan (1992-97) continued the emphasis on poverty alleviation. It observed: 'elimination of poverty continues to be a major concern of development planning. To attack rural poverty, the government of India has formulated a three-point strategy: a) to augment the asset holding of the poor, land reform measures have been initiated and special programmes of assistance have been launched; b) schemes have been put into operation to augment wage incomes through expansion of employment in rural areas; and c) programmes like the 'Minimum Needs Programme' have been launched to improve the poor's access to important services like health and education. During tenth plan the scheme of Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) was started and is a big success.

#### 4. The Problem

Rural development programmes launched since the advent of planning in the fifties have made an impact on the rural scenario in India, though it is of an uneven kind. The rural economy is on a much firmer footing today; it is showing a degree of diversification also. The grip of the traditional feudal system is also showing signs of looseness and disintegration. But organizational and procedural shortcomings continue to plague the policy formulation. The single weakness of the rural development programmes in India perhaps lies in its inadequately equipped field level organization, especially at the block and village levels. Although efforts have been made to strengthen the block level and village level administrative machinery even the reformed and reinforced arrangement is weak, both professionally and otherwise, to respond to the current increased challenges. In many other less developed countries also, five decades and more of state-led development has failed to make any considerable dent on poverty. Most of the population in these countries still

continues to live in miserable conditions. A third of all children born in these countries will not live beyond the age of forty, it is expected, before malnutrition and disease take their toll (UNDP, 1998).

### **5. Need for Civil Society Solutions**

As the state is beginning to retreat after having failed to fulfill its promises, and as markets are only just beginning to penetrate the rural areas, many analysts are calling for civil society solutions for dealing with the problem of poverty. Concentrated action made possible by civic associations enables citizens to engage state and market agencies more effectively. Service delivery is improved, accountability and transparency are enhanced, and development is promoted when organized groups of citizens engage constructively with the state. Faith in such solutions is premised on the assumption, however, that organized action by citizens is not a problem, and that citizens in all parts of the world can act collectively in a coordinated and effective manner. For civil society solutions to be effective and viable over a wide range, either the factors that enable coordinated action by citizens must be abundantly available, or these factors should be easy to reproduce at relatively little cost. One or both of these assumptions must be upheld if civil society solutions are to be valid and effective in all parts of the world. The growing literature on social capital provides some support for taking an optimistic view, but it needs to become more precise and predictive, particularly within developing country contexts (Krishna, 2003).

### **6. Social Capital**

Social capital as defined by Putnam (1995: 67) is “features of social organization such as networks, norms and social trust that facilitates coordination and cooperation for mutual benefit.” Social capital is an asset with which communities are endowed to diverse extents. Brehm and Rahn (1997: 999) defined social capital as the “web of cooperative relationships between citizens that facilitate solution of collective action problems.” Pennar (1997) defined social capital as the “web of social relationships that influences individual behavior and thereby affects economic growth.” Communities possessed of large amounts of social capital are able to engage in mutually beneficial cooperation over a wide front. Communities that have a low level of social capital are less capable of organizing themselves effectively (Putnam et al., 1993; Fukuyama, 1995). Among communities that are less well endowed with social capital asset, social capital can be created and build up even within a relatively short period of time (Schneider et al., 1997; Hall, 1999). A new bottom-up dynamic of development is proposed by social capital theory to replace those failed efforts that were intended to deliver economic and social benefits from the top down. Instead of considering macroeconomic policy or design of state institutions as the principal concern of public policy, attention needs to be directed equally toward grassroots level capacities for public action. Therefore, governments and development agencies are being urged to invest resources in building stocks of social capital (Grooteart and Narayan, 2001).

### **7. Social Capital in India**

Is social capital available in equal abundance in India? Research conducted mostly in Europe and America has regarded levels of social capital to be high among communities where a large number of people register for membership in a greater number of civic associations. By this measure of social capital, India appears to be very poorly stocked with this asset. According to the World Values Survey for 1991, 85 per cent of citizens in Sweden, 84 per cent in Netherlands, and 71 per cent in United States reported membership in at least one association, whereas in India only 13 per cent of citizens are members of one or more associations. Even this low extent of associational activity is concentrated for the most part in towns, leaving the huge mass of rural residents unaffiliated with any formal organization (Krishna, 2003). “Very few Indians belong to associations”, asserts Chhibber (1999: 57), “less than two per cent were members of caste and religious or neighbourhood and peasant associations...the associations that have existed for a long time in India [include] particularly trade unions and student groups [which function almost exclusively in urban areas] ...rural organizations are few and far between.”

But it is not simply the fact of membership in any number of associations that induces a propensity for mutually beneficial collective action. What matters more for social capital are attitudes and behaviours of different kinds that might be exhibited even without the support of any formal organization. A person might trust her neighbours implicitly and she might engage with them in collected efforts to clean and improve their neighbourhood without the help of any formally registered association of neighbours. Aggregating memberships in formal organizations thus provides an imprecise measure of social capital. Using this measure of social capital leads to overestimating this asset in certain cases (as when organizations such as the Ku Klux and Klan<sup>1</sup> are also counted) and underestimating its level in other cases (by not considering neighbourhood groups and other informal organizations that facilitate collective action among citizens). Underestimation can be quite severe in certain contexts. In India, particularly in rural areas, it is informal rather than formal associations that have most value for citizens (Krishna, 2003).

### **8. Role of Social Capital in Rural Development**

Concern with social capital has exploded into public prominence in the 1990s, but a series of works has challenged the validity and utility of this concept. Its harshest critics have charged that social capital has no independent conceptual basis. It is a result rather than a cause of institutional performance. Others, less hostile, contend that rather than being the principal cause of rural development, social capital is one of the many independent variables. However, proponents of social capital continue to support their thesis strongly. Social capital, they maintain, is necessary for rural development. Thus, the reader of the social capital literature is left facing contrasting and contrary views. Testing social capital against competing explanations is a task that has not so far been systematically undertaken, at least for developing countries like India.

Now the question is, whether social capital contributes to rural development? The broadest argument made on behalf of social capital can be briefly summarized as follows: persons bound together in dense social networks, infused with norms of reciprocity and trust, are better able and more inclined to act collectively for mutual benefit and social purposes compared to persons not so well endowed with norms and networks. Those possessed of these features “can more efficiently restrain opportunism and resolve problems of collective action” (Putnam et al., 1993: 173). But social capital by itself does not explain the major part of rural development. Villages high in social capital do not always perform well with respect to rural development. In addition to high levels of social capital, there also needs to be an appropriate ‘mediating agency’, which activates the stock of social capital and makes it more productive. For instance, it is not clear how members of any social network agree on the ends towards which their social capital should be used. Do all members of any voluntary organization always want the same things from the economy for which they will be willing to work cooperatively with one another? So, mediating agency is required to make social capital effective for rural development.

## 9. Two Empirical Evidences in Literature

### 9.1. Study I

Performance is compared across 60 villages in the state of Rajasthan in India by Krishna (2003). The author found that social capital and the capacity of new leader’s matter for development performance, and they matter in interaction with each other. A village that has the median score of 40 points on the social capital index (SCI) and where strength of new leaders (STR\_NEW) has the low value of 4 points, scores 25 points less on development performance when compared to another village where social capital is at the same level but agency is strong (STR\_NEW = 12 points). Similarly, if we compare two villages that have the same score for agency strength (say STR\_NEW = 10 points), the village that has the higher social capital score (80 points) achieves 40 points more on development performance than the other village where the SCI is only 30 points. High social capital is necessary for high development performance (all high performance villages have medium to high social capital), but it is not a sufficient condition (some low performing villages also have medium to high social capital). Similarly, capacity of new leaders is also necessary for high development performance, but it is not sufficient by itself (capacity is high even among some low performing villages). However, both these factors are together sufficient for high development. Development is high in all those villages where social capital is medium to high and where agency strength is also medium to high. Development is not high in villages where even one of these factors is low.

### 9.2. Study II

Using a framework of collective action based upon social capital D’Silva and Pai (2003) examined whether social capital is important for successful development outcomes at the grassroots in forest protection and watershed development in villages Behroonguda and Powerguda of Adilabad district in Andhra Pradesh. Behroonguda villagers formed a Vana Samarakshna Samiti(VSS) [Forest Conservation Committee] on May 18, 1993. Based upon a participatory micro plan, prepared jointly by the forest department, local residents and NGOs in October 1993, initially 250 hectares of degraded forest were allocated for silvicultural treatment. However, the villagers were able to cover the entire target by 1997, so the treatment area was increased to 500 hectares, which was achieved by 2000. The VSS, under the supervision of the forest department, undertook a number of activities which has led to rehabilitation of degraded teak forests, planting of new saplings, and digging of staggered contour trenches to prevent run-off of rain water and soil erosion. The study shows that an expenditure of over Rs. 8 lakh generated 14,180 days of employment for villagers over this period. Hence there was no need for them to migrate in search of work. Wages offered by the VSS, which averaged Rs. 40-50 per day, are higher than the prevailing agricultural wage of about Rs. 25-30. The study also provides the details of costs incurred and the benefits that have accrued to the villagers. The benefits were of Rs. 6,36,432 or Rs. 1,273 per hectare. In contrast, the cost incurred per hectare was Rs. 497. By 1998, Behroonguda became the first VSS in Andhra Pradesh to gain an income of Rs. 3,59,500 from the sale of teak poles from the forest. In fact, experts had recommended a 20 per cent removal in year one and 15 per cent in year 15, which would have meant a removal of 173 trees per hectare in the forest, but the VSS members decided to cut only 30 trees and preserve them for the future. In 2001, when most VSS in Adilabad stopped functioning because of a lack of government funds, Behroonguda spent Rs. 1.75 lakh of its own savings on forest management. Thus, Behroonguda provides a good example of a highly successful experiment in joint management with the forest department and of collective action within the village.

Similarly, in the Powerguda, the four self-help groups (SHGs) managed to complete all the works of Integrated Community Watershed Development Programme, financed by the International Fund for Agriculture Development (IFAD). The first group took up the task of building trenches to prevent draining of the top soil, percolation tanks and check dams; the second is in charge of a nursery of trees of local varieties and fruit bearing ones for planting in forests or private lands; and the third is responsible for 20,000 fish hatchings in the percolation tanks built in the village. As a result of such managements the yield of soybean, for example, has increased from 6 quintals per acre in 1999-2000 to 9.5 quintals in 2002. Due to these activities, the incomes and savings of the people of Powerguda have increased considerably.

## 10. Conclusion

These studies suggest that collective action is successful where an underlying tendency for united action already exists in community – based on cultural values, common identity, a tradition of participation, and shared historical experiences. Where social cohesion is weak, effective village leadership and support of local officials can help in building community solidarity. At the same time, the constitution of representative and stable community institutions based on democratic norms, relative self-sufficiency, and independence at the grassroots is imperative for building social capital. Presidents, management committee members and local village

leaders must represent the will and priorities of a large village community. Further, these institutions must be able to facilitate inter-group negotiation and consensus so that all villagers feel their interests are being safeguarded.

### 11. Note

1. The Ku Klux Klan (KKK), or simply "the Klan", is the name of three distinct past and present movements in the United States that have advocated extremist reactionary currents such as white supremacy, white nationalism, and anti-immigration, historically expressed through terrorism aimed at groups or individuals whom they opposed. All three movements have called for the "purification" of American society, and all are considered right wing extremist organizations (Wikipedia, 2015a).

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