

# Impact Analysis of Trust and Solidarity among the Community based Organizations on Social Capital Formation during Solidarity Lending Processes

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**Abstract**—Poverty is still a development barrier in developing countries. It is multifaceted and how it is originating, still is a big question. People are striving to overcome their poverty but it is a gradual process with no or say unlimited and undefined gestation period. Primarily, the poverty is related to finances which are common exchange medium for all basic needs like food, shelter and health services. There are different modes are available in Indian Economy but poor don't have any collaterals by which they can get finance for coming out poverty. Moreover, few options are available for poor by giving guarantee for each other if they are the members in a particular group. These groups having same objectives and same preferences are called community based organizations (CBOs). When the members of these groups interact with each other they tend to reflect elements of social capital.

This paper is an exertion to walk around and scrutinize the trust levels and solidarity among the members of aforesaid community based organizations (CBOs) when they are engaged in group or solidarity lending processes and formation of social capital formation.

We have used primary data collected from Tamil Nadu, Kerala and Andhra Pradesh during a planned survey for the doctoral thesis. The data is analyzed by using multiple linear regression and we found significant relationship between the variables under study.

Moreover, it is anticipated that the study will definitely add significant knowledge in the matter of studies based on social capital and behavioral finance and it will be helpful for the scholars to find out enhanced and extensive measures of trust and solidarity.

**Keywords:**

Social Capital; Trust; Solidarity; Community based Organizations; Lending Processes; Poverty.

**JEL Classification Codes:**

H81, I32, P36

## I. INTRODUCTION

There are millions of people who don't have food, clothes, shelter, basic health services. This scenario is like a disaster

for global prosperity. In this contrast, there are three main problems which are before us to face. These are Poverty, Health and Unemployment. The cycle between poverty, unemployment and health issues is vicious in nature. Unemployment retains to earn something, poverty means the individual has nothing, and to overcome health issues the one don't have something.

The World Bank stated three points about the Millennium Development Goals: First, to be enduring, success in reaching the goals must be based on system-wide reforms to support progress. Second, focusing on these outcomes does not imply focusing on education and health services alone. Health and education outcomes depend on too many other factors for that to work-everything from parents' knowledge and behavior, to the ease and safety of reaching a health clinic or school, or the technology available for producing outcomes. Third, in countries that have already achieved universal primary completion or low infant and maternal mortality rates, the spirit of the Millennium Development Goals-time-bound, outcome-based targets to focus strategies-remains important.<sup>1</sup>

The perception of the World Bank is clear that the changes to be made in aforesaid areas are not from individual efforts. These efforts must be made in collaboration with all administrative, non-government and most importantly by individuals who want to come out from.

Broad improvements in human welfare will not occur unless poor people receive wider access to affordable, better quality services in health, education, water, sanitation, and electricity. Without such improvements in services, freedom from illness and freedom from illiteracy-two of the most important ways poor people can escape poverty.<sup>2</sup>

Economic growth is essential for poverty reduction, but even very rapid growth in developing countries will not be sufficient to reduce extreme poverty below 3 percent globally by 2030, without complementary policies to assist the poor. In all countries but even more so in developing economies, economic growth is more effective in fostering poverty reduction and broad-based prosperity if the pattern of growth becomes more labor intensive and if poor people's work becomes more productive. Consequently,

**Manuscript revised on May 9, 2019 and published on June 5, 2019**

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<sup>1</sup> World Bank. (2004). World development report 2004: making services work for poor people. New York: Oxford University Press.

<sup>2</sup> Kenneth Kaoma Mwenda, Gerry Nkombo Muuka, (2004), "Towards best practices for micro finance institutional engagement in African rural areas: Selected cases and agenda for action", International Journal of Social Economics, Vol. 31 Iss: 1 pp. 143 - 158

labor productivity, the sectoral composition of growth and its impact on job creation matter for poverty alleviation.<sup>3</sup> Poor people live without fundamental freedoms of action and choice that the better-off take for granted. Poverty has many dimensions. In addition to low income (living on less than \$1 a day), illiteracy, ill health, gender inequality, and environmental degradation are all aspects of being poor. This is reflected in the Millennium Development Goals, the international community's unprecedented agreement on the goals for reducing poverty.

Ahuja (1997) wrote "poverty is a situation that gives rise to feeling of a discrepancy between what one has and what one 'should have'. What one should have is an internal construct; hence each persons' feeling and experience of poverty is individual and unique. But the feeling of 'powerlessness' and 'resourcelessness' is possessed by all poor people".<sup>4</sup>

The dynamics of poverty and unemployment is deep enough with all peripheral disadvantages. "Unemployment and underemployment lies at the core of poverty. For the poor, labour is often the only asset they can use to improve their well-being. Hence the creation of productive employment opportunities is essential for achieving poverty reduction and sustainable economic and social development. It is crucial to provide decent jobs that both secure income and empowerment for the poor, especially women and younger people. Rapid economic growth can potentially bring a high rate of expansion of productive and remunerative employment, which can lead to a reduction in poverty. Nevertheless, the contribution of the growth process to poverty reduction does not depend only on the rate of economic growth, but also on the ability of the poor to respond to the increasing demand for labour in the more productive categories of employment. Given the importance of employment for poverty reduction, job-creation should occupy a central place in national poverty reduction strategies. Many employment strategies are often related to agricultural and rural development and include using labour-intensive agricultural technologies; developing small and medium-size enterprises, and promoting micro projects in rural areas. Many strategies promote self-employment, non-farm employment in rural areas, targeted employment interventions, solidarity lending and credit as means of employment generation, skill formation and training."<sup>5</sup>

## **II. RESEARCH OBJECTIVES AND HYPOTHESIS**

The Primary Objective of the research is to measure the trust and solidarity and their impact on Social Capital formed through solidarity lending processes in Community based Organizations and the hypothesis under study is:

**Ho:** Trust and Solidarity doesn't contribute significant role in social capital formation.

**Ha:** Trust and Solidarity contributes significant role in social capital formation.

<sup>3</sup> World Bank Group. (2015). "Global Monitoring Report 2014/2015: Ending Poverty and Sharing Prosperity". Washington, DC: World Bank.

<sup>4</sup> Ahuja, R. (1992). Social problems in India. Rawat publications.

<sup>5</sup> United Nations Department of Economic and Social Affairs.(2015). *Poverty and Employment*. Retrieved 5 April 2015, from <http://undesadspd.org/Poverty/PovertyandEmployment.aspx>

## **III. LITERATURE REVIEW**

### **Community based Organizations as Social Networks**

Every individual belongs to a variety of groups. Through these group ties individuals develop a social network. This social network is the total set of relationships individuals have. It includes families, neighbors, co-workers, relatives and the people who belong to same interest. The social networks link hundreds of people in communities and possibly across the country and around the world.

The social network does not include everybody with whom any individual has ever interacted. Many interactions, such as those with some classmates and neighbors, are so apparent that they cannot truly be said to be element of a relationship at all. Unless contacts build up into personal relationships that broaden beyond a brief hello or a transitory nod, they would not be included in social network. Social networks provide crucial purpose for individuals and for society. They also augment the odds that individuals will care about and contribute in political and civic issues (Putnam, 2000; Wellman, 1999).

### **Interaction in CBOs of Solidarity lending**

Regardless of any discrepancy in CBOs, its success depends on the quality of interaction among members. In CBOs, interaction can be formal or informal. Formal interaction takes place at the time of meetings related to solidarity lending proceedings, in which several issues are discussed with leader, treasurer and solidarity lending intermediary's representative(s). These types of meetings enhance trust and solidarity, cooperation and collective action, reciprocity and other dimensions. On the contrary, the size of group is important, sometimes, it is observed that the trust is more in small groups. This advantage, however, comes at the price of individual satisfaction. Although the larger group can generate more ideas, each person's ability to persuade the group decreases. As the group gets larger, interaction becomes more distant, more structured, and less personally satisfying. Interaction occurs more often when CBO members are actually close to one another.

Interaction of CBO members can be either assisted or stalled by communication patterns. The communication patterns facilitate the equality of participation in the group in which each person can interact equally with other individuals. Each participant has equal access to information and others also have an equal ability to become the focus of attention.

Communication patterns are frequently created, either accidentally or purposefully, by the substantial distribution of CBO members. When CBO members sit at a place, in circular arrangement, all-channel network or circle communication patterns easily emerge. When members instead sit at a rectangular arrangement, the people at the two endings and in the middle of the long sides have more chance of participating in and influencing the group's decisions.

Another characteristic of CBOs is their degree of cohesion. A cohesive group is characterized by higher levels of relations and by strong feelings of attachment and reliance. Because its members believe that their contentment or welfare depends on the group, the group can make widespread claims on the members (Hechter, 1987).

Scholars who look at individual decision making in groups find that group interaction increases conformity.

One of the primary research interests in the sociology and management of small groups is how group characteristics affect group decision making. Generally, CBOs strive to attain consensus; they want all their decisions to be agreeable to every member of CBO. As the size of the group grows, consent requires lengthy and time-consuming communication so that everybody's objections can be clearly understood and incorporated. Thus, as groups grow in size, they repeatedly adopt the more convenient policy of mainstream rule. This policy results in faster decisions, but at the expense of individual approval. It therefore reduces the cohesiveness of the CBO.

Social interaction is the progression by which people act toward or respond to other people and is the foundation for all relationships and groups in society. There are four social processes that regularly take place in human relationships: exchange, cooperation, competition, and conflict. In contrast to CBOs, it is a collection of at least two or more people that has two special characteristics:

1. Its members interact within a shared social structure of statuses, roles, and norms
2. Its members distinguish that they depend on each other; they may be large or small, formal or informal.

The distinctive nature of CBOs stands out when these are compared to other collections of people of same area. Categories of people who share characteristics like trust, solidarity, reciprocity, collective action, resource sharing etc., can be considered for joint liability. They share compact norms, many of those norms (such as cooperation) are designed to induce their interactions among the group. The distinguishing characteristics of groups hint at the rewards of group life. Groups are the people we take into account and the people who take us into account.

They are the people with whom we share many norms and values. Thus, CBOs foster solidarity, cohesion, reinforce and strengthen the integration of individuals within the community. When CBOs function well, they offer benefits ranging from sharing basic survival and problem-solving techniques to satisfying financial and even emotional needs.

### **Community based Organizations in Solidarity Lending in India**

The communities based organizations (SHGs/JLGs/ROSCAs etc.) related to solidarity lending are the structure of various relationships which come across each other for mutual benefits. Micro finance helped in improving the socio economic conditions of members (Rao, 2004). Solidarity lending has positive impact in respect of self-confidence, economic and social development and skill formation in Andhra Pradesh and social empowerment in Tamil Nadu (Satyasi, 2003). Micro credit borrowers utilized micro credit to graduate from wage work into self employment and concluded that micro credit intervention and skills broadened their knowledge about resources (Purushotham, 2004). The impact of solidarity lending was relatively more pronounced on social aspects than economic aspects (Puhazhendi, Satyasi, 2000).

SHGs achieved both economic and personal empowerment in terms of collective efficiency, pro-active attitudes, self-esteem and self efficacy (Moyle, Dollard, Biswas, 2006). Members of SHG have a high degree of participation in decision making and most of the members of the group expressed that they were economically empowered after joining Self Help Groups (Leelavathy, Aradhana, 2006). Only 12 per cent SHGs taken issues on social justice such as domestic violence, dealing with dowry, prevention of child marriage, bigamy. Default rate was high at 28 per cent, 38 percent of very poor members have more over due, defunct groups emerging as an indicator of loan default (Sinha, 2006). Experience of SHGs in Orissa reveals that most of the groups are not able to do so purposively or compulsively. This aspect of the linkage programme has received little attention (Jyotirmayee, 2008).

Members had more nutritious food, and enjoyed a favorable food situation and they had more of livestock, diversified cropping, high value crops, higher savings and reduced indebtedness (Kabeer, Noponen, 2005). Improved access to quality clinic as a result of increased savings and the clients experienced increased feelings of confidence and self esteem (Simanowitz, Walter, 2005). Decrease in indebtedness and 30 per cent of groups felt that they have been socially empowered (Farrington, Priya, 2006). The study has revealed that landless and marginal farm households and socially backward households participated more in the SHG-led solidarity lending programme (Anjugam, Ramasamy, 2007). Possibility of employment near their homes and the concept of sisterhood is powerful and has changed women to sedentary from nomadic life (Tamizoli, 2004).

SHGs have positive impact in respect of building of self-confidence, social progress, skill creation and social empowerment (Rao, 2000). These helped the groups to achieve economic and social empowerment. The groups have developed with a sense of leadership, organizational skill, management of various activities of business, right from acquiring finance, identifying raw material, market and suitable diversification and modernization (Manimekalai, Rajeshwari, 2001). An increase in net income and social conditions of the members (Nedumaran et al., 2001)

It was found that the qualities like democratic decision making, team spirit, team work, social mobility, self confidence, and boldness to meet the officials, mutual help and in total the leadership qualities have improved to a significant level (Sathiyabama, Saratha, 2011).

There is positive impact of SHGs on employment generation. Number of working days of beneficiaries in Live- Stock, Business and any others profession had increased after joining the SHGs. In this way, it is indicating that SHGs generate employment. Majority of beneficiaries accepted the improvement in economic condition after joining SHG (Surender, Kumari, Sehrawat, 2011).

The amount of loans provided to the members of SHGs was so small that it can't help the members to fight against poverty. There is the failure of SHGs, but not the failure of self-help (Barua, 2012).



### Social Capital Formation in Community based Organizations

Heller<sup>6</sup> (1996) inspected an illustration of Kerala, India, where literacy rates, mortality rates, and infant longevity have long been the most favorable on the Indian sub-continent. Heller depicts how the state has played a critical role in bringing about these results, by making the conditions that enabled subordinate social groups to systematize in their cooperative interest.

Harper<sup>7</sup> (1996) stated in his study that the banking community in India is lending micro-loans to the SHGs, relying upon the NGOs, to monitor, at reduced banking charges to make all the transaction profitable for all.

Ito (1998) examined that the peer pressure is a crucial content of social capital which is present in the horizontal structure of ROSCA (Rotating Savings and Credit Association) membership. Participation in solidarity lending programs is promoted by the external agent like NGO. They make joint liability arrangements for the ROSCA members to enforce loan repayment.

Grameen Bank (2000) described ROSCAs as an aggregation of a common fund which is formed by the people on the basis of cyclical contribution to that fund and when required, a lump sum amount is given to a particular member or member group.

The study of Narayan and Pritchett (2000) to measure social capital in rural Tanzania, based on Tanzania Social Capital and Poverty Survey (SCPS), shows the extent and characteristics of associational activity of individuals and their trust in various institutions. The study finds that the level of social capital in villages increases the level of household incomes.<sup>8</sup>

Nan Lin (2001) defines Social capital as resources collaborated in social network or institution. These resources can be accessed and mobilized within the social network. It aggregates institutions, relationships and norms to shape the quality and quantity of social interactions. Social Capital works as a glue to bind social cohesion between the members and their mutual coordination for economic prosperity and sustainable development.

Harper (2002), Fisher and Sriram (2002) explained that, ROSCAs are very common form of savings and credit. It includes neighbours, friends and other groups, in which participation of women is more than men. It provides a space for social interactions and participation. ROSCAs are also called merry-go rounds or Self Help Groups.<sup>9</sup>

Anderson, Locker, and Nugent (2002) explained that how new social capital is generated in solidarity lending programs through regular meetings and other services like education and training. These activities of solidarity lending give an opportunity to acquire new skills that enable collective action. The periodic meetings in solidarity

lending programs assist members better in designing, developing and managing community projects.<sup>10</sup>

Krishna<sup>11</sup> (2003) measured and compared development indicators in 69 North Indian Village Communities. He measured that the communities which have high levels of social capital also have high levels of development. In this study he has indicators like enhancement in livelihood stability, employment generation, poverty reduction and improvement in quality of basic services. He also stated that the social capital has multiplicative relationship with other development resources like the capacity of village leaders bring socioeconomic changes.

Brata<sup>12</sup> (2004) undertaken a study in Javanese village that shows the impact of social capital upon access and repayment of rural credit and the social capital is measured in terms of numbers in the group, meeting attendance and participation in decision making. The study is also focuses on more regularity of higher position in the group in attendance in micro credit programs have positive impact over the amount of formal credit provided by the group.

Ronchi<sup>13</sup> (2004) states that social capital and micro finance are strengthen each other. He stated that any sustainable development initiative requires the combination of human capital, finance and physical resources. He made his studies in Ecuador and found significant evidences in the favor of the dynamics between social capital and solidarity lending. The higher degree of social capital improves the loan repayment frequency and patterns.

Ismawan<sup>14</sup> (2006) stated an important relationship between economic intermediation through solidarity lending programs upon existing social capital which strengthen social capital such as local communities, local government etc. and destroys social capital like local money lenders, social hierarchy etc. Building social capital through solidarity lending programs increase degree of information sharing, democratic participation, collective decision making and sustainable development.

Morris, Woodworth and Hiatt (2006) conducted a comparative study of financial performance between individual lending and cooperative micro-lending to self employed entrepreneurs in Bulgaria and Philippines. They found higher survival rates and better performance in self employed entrepreneurs due to higher level of social capital created by the organization. Moreover, they found social capital originated by social ties and network are able to help self employed women entrepreneurs and provide flexibility in interest payment and repayment schedule, training and

<sup>6</sup> Heller, P. (1996). Social capital as a product of class mobilization and state intervention: Industrial workers in Kerala, India. *World Development*, 24(6), 1055-1071.

<sup>7</sup> Harper, M. (2002). Self-help groups and Grameen Bank groups: What are the differences. *Beyond micro-credit: Putting development back into micro-finance*. New Delhi: Vistaar.

<sup>8</sup> Narayan, D., & Pritchett, L. (2000). Social capital: Evidence and implications. *Social capital: A multifaceted perspective*, 269-295.

<sup>9</sup> Harper, M. (2002). *Beyond micro-credit: Putting development back into micro-finance*. T. Fisher, & M. S. Sriram (Eds.). Oxfam.

<sup>10</sup> Anderson, C. L., Locker, L., & Nugent, R. (2002). Microcredit, social capital, and common pool resources. *World development*, 30(1), 95-105.

<sup>11</sup> Krishna, A. (2004). Understanding, measuring and utilizing social capital: clarifying concepts and presenting a field application from India. *Agricultural systems*, 82(3), 291-305.

<sup>12</sup> Brata, A. G. (2004). Social capital and credit in a Javanese village. University of Atma Jaya, Yogyakarta, Indonesia: Research Institute.

<sup>13</sup> Ronchi, P. E. (2004). Solidarity lending: a new way of development?. Institut universitaire de hautes études internationales.

<sup>14</sup> Ismawan, B. (2006). Managing the Growth of Microcredit Programs: Human Resource Management Including Recruiting, Training and Motivating Staff, Indonesian Movement for Solidarity lending Development.

skill up gradation, networking with suppliers and customers, shared responsibilities such as child care etc.<sup>15</sup>

#### IV. RESEARCH METHODOLOGY

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	6.250	1	6.250	35.596	.000 <sup>b</sup>
Residual	52.320	298	.176		
Total	58.570	299			

a. Dependent Variable: Score\_MFIP

b. Predictors: (Constant), Score\_T&S

The ANOVA is given in the Table 7 and the significance value is 0.000 which is less than critical value of 0.05, therefore the Score\_MFIP has significant different mean than Score\_T&S, and consequently, null hypothesis that the Trust and Solidarity doesn't contribute significant role in Solidarity lending Intermediary Processes, is rejected. The Sum of Squares associated with the three sources of variance, Total, Regression and Residual. The Total variance is divided into the variance which is possibly explained by the Score\_T&S (Regression) i.e. 6.250 and the variance which is not explained by the Score\_T&S (Residual) i.e. 52.320.

Table 8: Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.771	.222		12.457	.000
Score_T&S	.306	.051	.327	5.966	.000

The beta value in the unstandardized column for Constant is high than the Score\_T&S that means the Constant makes the strong unique contribution to explaining the dependent variable. The t value is statistically significant being less than 0.05. The coefficient of the Score\_T&S represents the change in the mean response for one unit of change in Score\_T&S, while the other terms (if any) in the model are held constant. The sign of the coefficients indicate the direction of the relationship between the term and the constant. Here, the coefficient is positive, as the Score\_T&S, the mean value of the Constant also increases. The relationship between Trust and Solidarity and Solidarity lending Intermediary Processes can be expressed in the equation form as:

$$\theta_{\text{(Trust and Solidarity)}} = 2.771 + 0.306 \mu_{\text{(Solidarity lending Intermediary Processes)}} \dots \dots \dots (1)$$

<sup>15</sup> Morris, S. S., Woodworth, W. P., & Hiatt, S. R. (2006). The value of networks in enterprise development: Case studies in Eastern Europe and Southeast Asia. Journal of Developmental Entrepreneurship, 11(04), 345-356.

Where, in equation (1),  $\theta$  is representing the value or Magnitude of Trust and Solidarity when Solidarity lending Intermediary Processes ( $\mu$ ) is measured on five point Likert Scale.

Table 9: Coefficients<sup>a</sup>

Model	95.0% Confidence Interval for B		Correlations		
	Lower Bound	Upper Bound	Zero-order	Partial	Part
1 (Constant)	2.333	3.209			
Score_T&S	.205	.406	.327	.327	.327

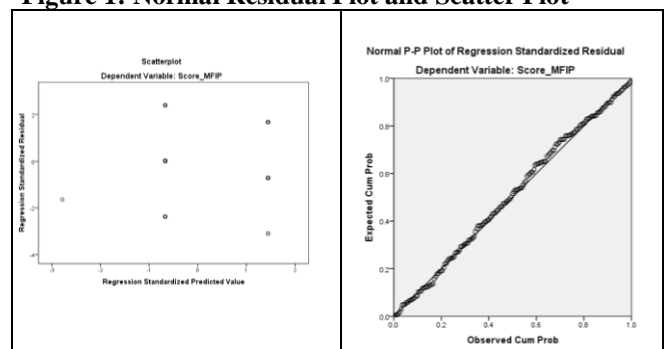
Coefficients<sup>a</sup>

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Score_T&S	1.000	1.000

a. Dependent Variable: Score\_MFIP

The Variance Inflation Factor (VIF) indicates the quantum of variance of a coefficient is inflated due to the correlations among the predictors in the model. Furthermore, the Tolerance value is presenting the variability of the Score\_T&S. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of Multicollinearity. In Table 9, in the tolerance column is not less than 0.10 i.e. 1.00 which is indicating that the multiple correlation with other variables is low or absent and the VIF is 1.000 for the variables which showing absence of multicollinearity (correlation among predictors). The Part Correlation Coefficient is representing the magnitude of the total variance in the Score\_MFIP which is uniquely explained by the Score\_T&S, here, it is 0.327.

Figure 1: Normal Residual Plot and Scatter Plot



The above "Normal P-P Plot of Regression Standardized Residual" ensures normality in the Score\_MFIP and the dotted points of dependent variable are following the straight line. The above scatter-plot of standardized residuals against predicted values is a random pattern

concentrated around the approximate line of zero standard residual value. The above scatter-plot depicts no clear relationship between the residuals and the predicted values which is steady with the assumption of linearity.

The hypothesis based on the relationship between Trust and Solidarity, and Solidarity lending Intermediary Processes is tested through Multiple Linear Regression with the suitable assumptions of Linearity and Multicollinearity. There is a positive correlation among the scores of Trust and Solidarity (Score\_T&S) and Solidarity lending Intermediary Processes (Score\_MFIP) of 0.327 which was significant at 0.05 level. In the regression model score of Trust and Solidarity (Score\_T&S) is taken as Independent Variable whereas the score of Solidarity lending Intermediary Processes (Score\_MFIP) is Dependent Variable. The value of  $R^2$  is 10.70% that was significant at 95% level of confidence with the significant value of 0.000 in the ANOVA table. Hence the null hypothesis that the Trust and Solidarity doesn't contribute significant role in Solidarity lending Intermediary Processes, is rejected and alternate hypothesis is accepted. An equation is developed through the un-standardized beta coefficient for the scores of Trust and Solidarity (Score\_T&S) and Solidarity lending Intermediary Processes (Score\_MFIP).

## V. CONCLUSION

Solidarity lending programs are based on solidarity and free from any collateral. The amount of loan is distributed to whole group and not to an individual. This is the initial point at which all community members have to interact with each other to decide the individual quantum of credit. This point acts as the basis of interaction of every member to each other which enable the functioning of horizontal structure and therefore, the information and resources are shared at the same level. Granovetter (1985) stated "Continuing economic relations often become overlaid with social content that carries strong expectations of trust"<sup>16</sup>. At this point, sharing of ideas, thoughts, and opinions etc. take place by which degree of cooperation and collective action is decided by the members. This process is latent in nature i.e. individuals/members of community unintentionally do this because they are engaged in economic decision making. The role of leader and the treasurer is important in this latent or hidden process. If they are able to convince the members at a general opinion, the level of collective action and cooperation tend to be higher than the normal, the reason is, and the leader and the treasurer know the strength of team contribution and encourage individual participation and cooperation to the group task.

Social cohesion and inclusion is an important aspect in the inter dynamics of social capital and solidarity lending. Social cohesion and inclusion are the degrees of closeness of inter and intra community members in which the members tend to share the different social components of society. The aforesaid degrees are decided by regular participation of members of community in social activities like in marriages, ceremonies, rituals etc., meeting

frequency of members may be purposeful or not, taking references for some work including livelihood activities, harmonious relationship between the members and peers, motivation of external agencies (MFI/NGO/Bank) for social participation, sharing of resources with community members, and collective response to a situation. "In social networks directly and interacting actors carry varying types of resources. Some of these resources are in their personal possession (personal resource or human capital), but most of the resources are embedded in others with whom each actor is in contact, directly or indirectly, or they are embedded in structural positions each actor occupies or is in contact with."<sup>17</sup> All these degrees reflect in cumulative solidarity and trust by which an external agency can decide the capabilities of the group and therefore, can decide the quantum of credit. The present study reveals that the higher degree of social cohesion and inclusion is closely related to the quantum of micro credit. Employment engagements and level of relationship or closeness reflects growing trust and solidarity, henceforth, the external agency feels lower defaulter risk in giving higher quantum of micro credit.

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