Impacts of the National Rural Livelihoods Project on institution building, women's empowerment and convergence

Group-based livelihoods programmes have been implemented in many parts of the world to meet development goals, primarily poverty reduction. In India – a country with a long history of groups working towards a common economic cause – the Ministry of Rural Development launched the Deen Dayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM) in 2012 with similar objectives. Within the ambit of this mission, the National Rural Livelihoods Project (NRLP) was formed to build capacity and foster an enabling environment to support scale-up. Women's self-help groups (SHGs) were formed in select blocks of 100 high-poverty districts across 13 states, and efforts are underway to reach the remaining districts and states.

The uniqueness and strength of the programme lies in the federation of grassroots SHGs into higher-order organisations at village level – village organisations (VOs) – and, further, into cluster-level federations (CLFs). A 'community cadre' of SHG members also participates in running and scaling up the programme in order to overcome scarce human resources. Government support structures called 'missions' at national, state, district and block levels are responsible for building these institutions and local capacities.

A team of researchers from Stanford, 3ie and Vrutti interviewed 27,000 respondents from 5,000 SHGs across nine states to evaluate NRLP. This brief summarises the key findings about the impact of the federation and programme on women's empowerment, health and nutrition, and uptake of other welfare schemes.

Highlights

- ➢ Large-scale evaluation spanned nine states, 5,000 SHGs and 27,000 respondents.
- ➢ Sample was composed of significantly poorer households than the national average.
- ➢ Most of the SHGs were federated into Vos, and the VOs were federated into CLFs.
- ➢ While age positively affects SHGs' performance, federation is a stronger factor.
- ➢ While there was no overall improvement in women's empowerment, educated women in federated SHGs showed improved confidence levels for public dealing.
- ➢ Women's participation in secondary occupations went up, against the national trend of declining female labour force participation.
- ➢ Federation also improved SHG members' linkage to welfare schemes.
- ➢ The programme increased both household expenditure on food and food diversity.

Methodology

The evaluation gathered data on household-level outcomes (surveying SHG members and non-members) and gauged the effect of federations through respondents at SHG, VO, CLF and village levels. This evaluation covered the nine states of Rajasthan, Uttar Pradesh, Jharkhand, Odisha, Chhattisgarh, Madhya Pradesh, Maharashtra, West Bengal and Bihar.[1]

Data from the national and state programme management information system were combined with in-depth interviews with block officials to select a representative sample of villages for the survey. The programme was implemented incrementally. Initially, certain blocks were identified in chosen districts; within these, the programme was implemented in select villages. It was then scaled up to all other blocks and villages in later phases. The areas where the NRLP was initially implemented in 2011–2012 are called 'early villages' and those where implementation occurred last (after four or more years) are called 'late villages'.

The evaluation team used a difference-in-difference methodology, exploiting differential timing of programme implementation across blocks, and across villages within blocks, to assess the programme's effect on household-level outcomes. Impact was calculated by comparing differences in outcomes between early and late villages. Adequate controls were applied to ensure results were not affected by the variation in timing of initiation and stage of programme implementation across geographies.

Women's decision making was measured by asking a randomly selected woman in the 20–40 age group (or an older woman, if no woman was in this age bracket) about her role in decision making on a set of 26 outcomes.[2] A score of 1 was given on each outcome if the respondent stated that she was fully or primarily responsible for decisions.[3]

Sample profile

Surveyed villages had limited access to formal financial institutions and markets. Less than half of the villages reported a bank branch within the village (46%), and less than one quarter reported a market or bazaar (22%).

The average age of sampled SHGs was over four years (52.2 months). The average SHG member was 38 years old with just 2.8 years of schooling.

Sampled households were poorer than the national average, had low savings and incomes, and had high levels of indebtedness; 32% of households belonged to scheduled castes and 31% to scheduled tribes (63% in total), compared to national averages of 16.6% and 8.6%, respectively.[4]

Effect of age and federation

The majority of SHGs were federated into VOs (79.5%), and a similar majority of VOs (79%) were federated into CLFs. While SHGs performed better with age, federation had a stronger and lasting positive impact on SHGs' performance.

Adherence to norms: All SHGs are supposed to observe Panchsutras, or the five guiding principles of NRLP. Our evaluation found adherence, a key quality indicator in NRLP monitoring systems, to be low overall with differences by age and federation. On a five-point adherence score, older SHGs (formed before 2014) scored lowest, younger SHGs (formed after 2014) scored slightly better and SHGs federated into VOs did best (Figure 1).

Access to funds: According to DAY-NRLM guidelines SHGs are entitled to access three critical resources – Revolving Fund (RF), Community Investment Fund (CIF) and bank loans – within the first year of formation. The criteria for receiving funds is over 90% adherence to Panchsutras. Our analysis found that while a small proportion of SHGs achieved this score, significant numbers received funds, albeit delayed.

Early SHGs formed in 2012–2013 took an average of 30 months to access RF, instead of three months, as laid out in guidelines. Such delays were due to one or more of the following reasons: delay in meeting quality benchmark, delay in certifying qualified SHGs or delay in fund disbursement to certified SHGs. Though delayed, by the time of the survey in 2017, a high proportion of early SHGs had accessed funds. These figures dropped sharply for SHGs formed in or after 2015, i.e. the ones that were two years or younger (Figure 2). Though they were better off at the time of the survey, early SHGs took longer to get federated and access funds.

Age and federation both improved chances of accessing funds. Regardless of age, federation significantly helped SHGs avail themselves of funds. This can partially be attributed to VOs' role in promoting linkages between SHGs and banks.

Credit access: Average loan amounts disbursed by older SHGs were three times higher (INR 12,824) compared to younger ones (INR 4,238). While loan amounts increase with age, the effect tapers off with time. Figure 3 predicts comparative effect of age and federation on amount of loans accessed by women.[5] This shows that federation into a VO is a greater factor than age for significant increase in borrowing from SHGs over time. While the programme reduced overall reliance on informal loans, federation increased amounts of loans accessed by male members even from informal sources.

Credit utilisation: Members from older SHGs also spent more on productive purposes, while younger SHG members mostly spent on consumption (Figure 4). Consistent with findings that federation has even greater returns than age, being federated into a VO had a strong positive effect on the number and value of productive assets owned by participating households. In contrast, the effect of SHG age on these assets is negative.

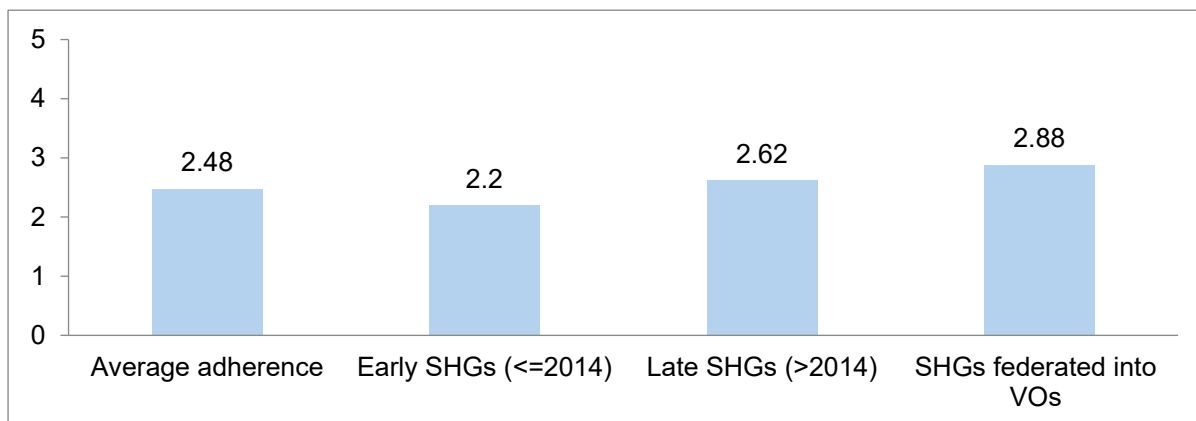## Figure 1: Adherence to Panchsutras on a 5 point scale

Figure 2: Resources accessed at time of survey
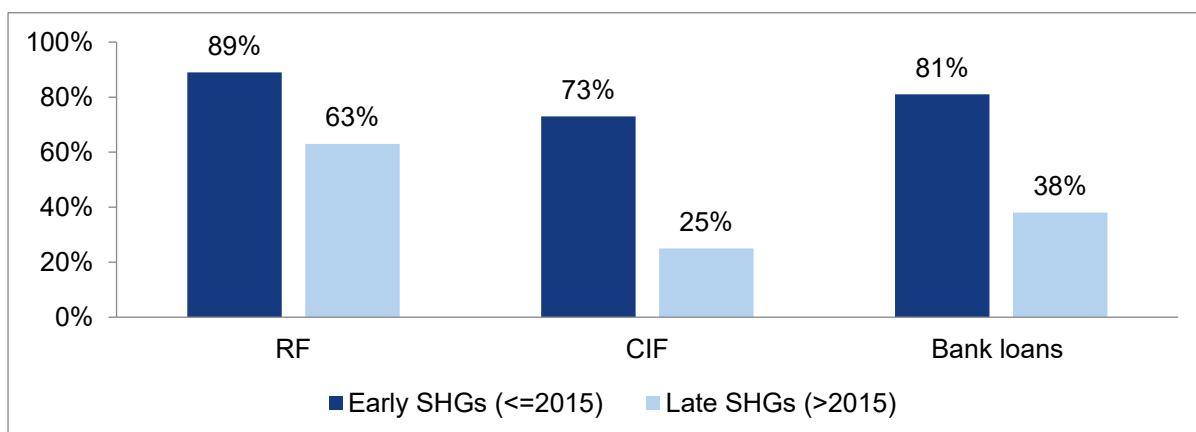

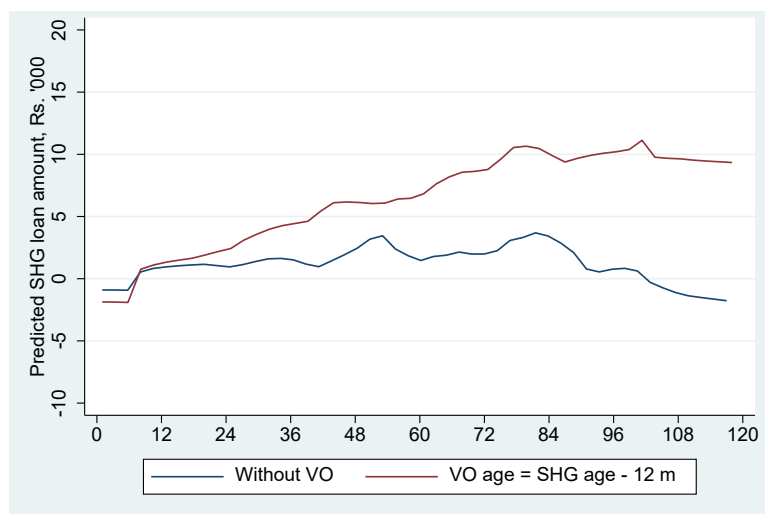## Figure 3: Predicted SHG loan amounts, with and without VOs
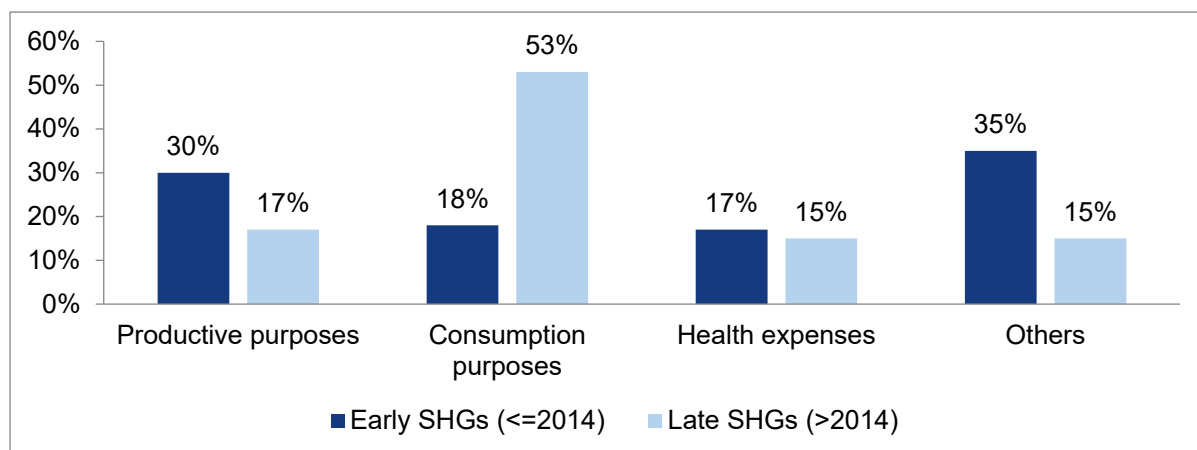
Figure 4: Loan utilisation

Impact on women's empowerment

Decision making and confidence indices: The evaluation created two indices to gauge women's empowerment: decision making role 'inside' the household and confidence levels in dealing 'outside' with local government officials and community leaders. The programme was found to have no significant overall effect on either of the indices. This finding should be read bearing in mind that the programme was implemented in the poorest of poor districts and that the average SHG member had just 2.8 years of schooling.

Deeper analysis shows that education and federation improved 'outside' outcomes. Pre-existing higher levels of confidence among more educated women got augmented with programme exposure, attributable to better community interaction and leadership opportunities available in the federated NRLP structure.

Labour force participation: While women's labour force participation is declining nationally, the programme improved women's participation in income-generating secondary occupations by four percentage points, an increase of over 6% over the base secondary participation rate of 58%. The following factors affected women's labour force participation:
- Female labour force participation decreases as women's schooling levels increase. This finding is consistent with many other studies.
- The probability of the head of household being engaged in his own occupation reduces his wife's decision-making role and female labour force participation rates.
- Programme effect on female labour force participation rates is significant in villages poorly connected to markets and banks. This reflects a positive impact in wage labour markets within remote villages.
- Longer programme exposure increases female labour force participation rates.

Extent and impact of convergence – linking members to welfare schemes

Overall, 40% of SHGs reported convergence activities, of which older SHGs performed the best (48%), significantly ahead of younger SHGs (35%) and SHGs not federated into VOs (31%). At the VO level too, a high proportion of older institutions took up convergence activities (49%) compared to VOs not federated into CLFs (20%). It is unsurprising that federation and age positively impact convergence activities since these activities fall in the domain of VOs and CLFs, and older institutions are more likely to be federated.

Impact on health and nutrition

While the programme increased household incomes, it did not have any significant effect on average household expenditure (the sum of expenditures on food and non-food items in a year), suggesting little impact on household welfare measures.

Generally, rise in household incomes increase the proportion spent on non-food items, correspondingly reducing the proportion spent on food. However, the evaluation found a seven per cent increase in share of food within total household expenditure (from a base of 0.38%).

Lastly, there was a small but statistically significant improvement in the household food diversity index[6] and a decline in the proportion of households reporting going hungry because of a lack of resources. This index improves with SHG age and is even higher for SHGs linked with VOs.

About this note

This brief was authored by Harsh Vardhan Sahni with inputs from Bidisha Barooah. The author is solely responsible for all content, errors and omissions. This note was commissioned by the Ministry of Rural Development to provide an overview of the results of 3ie's multistate impact evaluation on women's empowerment, convergence, institutional, health and nutrition. It is being made available as produced for wider use.

For more details on the context and results, we recommend referring to the full report; Impact Evaluation of the National Rural Livelihoods Project (October 2020) by Anjini Kochar, Bidisha Barooah, Chandan Jain, Geeta Singh, Nagabhushana Closepet, Raghunathan Narayanan, Ritwik Sarkar and Rohan Shah.

Acknowledgements

Endnotes

[1] Unless specified, findings are drawn from seven states, with the exclusions being Bihar and West Bengal.

[2] These were expenditures on: food; kitchen items; fuel; household durables; clothing for men, women and children; and weddings and other ceremonies. Additionally, we asked who made decisions regarding choice of schools for children, types of health care providers (for women, men and children), home improvements including construction of toilets, sale of land, stocks of food grains to maintain and sales from stocks, and the acquisition of loans from different sources (SHGs, formal institutions, information institutions, and relatives and friends).

[3] The question asked was: 'What do you think is your input into [DECISION]?'

[4] Office of the Registrar General and Census Commissioner of India, 2011. Census of India 2011: Primary Census Abstract. New Delhi: Ministry of Home Affairs, Government of India.

[5] VO age is predicted as one year (12 months) less than the age of the SHG; this provides evidence of the amount of SHG loans had the SHG been federated into a VO one year after its formation.

[6] The food diversity index is calculated using the reported dietary diversity by the surveyed women. It takes a value of 1 if the household consumed from at least five of the following broad food categories: (a) grains, (b) beans or peas, (c) nuts or seeds, (d) milk or milk products, (e) meat or fish, (f) eggs, (g) green vegetables (spinach, methi), (h) other vegetables (cabbage, cauliflower), (i) other fruits (banana, apple), and (j) orange fruits or vegetables (mango, pumpkin); if the household consumed from less than five categories, it takes a value of 0.