

## **WORKSHOP PROCEEDINGS**

VIRTUAL WEBINAR ON  
RURAL LIVELIHOODS PROGRAMS IN SOUTH ASIA: LESSONS FROM THE  
PAST AS A GUIDE TO THE FUTURE

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# **Rural Livelihoods Programs in India: Lessons from the Past as a Guide to the Future**

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## 1. MOTIVATION

Enhancing the livelihoods of the poor and poorest households is critical to every country's poverty reduction effort. South Asia has the longest documented history of community-based rural livelihoods programs anywhere in the world, and is known for using the self-help group platforms since the late 1960s. The World Bank's 2000/01 World Development Report (WDR) (*Attacking Poverty*), focused attention on three types of action for addressing poverty: providing opportunity (to standard economic indicators like education, health, income); enhancing security (that is, reducing risks and vulnerabilities that the poor face); and increasing empowerment (explicitly recognizing that established power structures need to be enfeebled through interventions that allow the poor, especially poor women, to voice their demands and views). Of these, the third was unusual as an element of poverty reduction: it underscored the explicit connection made by WDR between empowerment of the poor, especially poor women, and poverty reduction.

This perspective was reflected in the World Bank's focus on promoting "membership-based organizations of the poor" (Dev et al 2012) that aimed at reducing or even ending rural poverty by boosting rural livelihoods in parts of the world, including India. These groups, in which the poor organize themselves as voluntary members, are different from the traditional non-governmental organizations (NGOs) that typically work as external entities outside of the poor. The organizations that the World Bank supported through the government of India (central as well as state) focused on rural livelihood programs, which are increasingly seen as a popular development solution to diversify incomes and reduce vulnerabilities. In India alone, the official programs have reached 74 million women,<sup>2</sup> a number that is larger than the combined population of Australia and Canada.

The term 'livelihood programs' encompasses a wide range of interventions at the community level with the primary objective of supporting or generating sources of income, diversifying livelihoods, and access to basic services. This study reviews the lessons learned from 20 years of World Bank support to community-based rural livelihoods programs in India. In doing so, it documents the major milestones in the historical evolution of the rural livelihoods agenda till now. Thus, it provides a unified summary of the various programs (details of which were gleaned from disparate sources) in one place. The historical picture reveals that community-based livelihood programs in India have a much longer past. This study shines a spotlight on World Bank's interventions in the livelihood sector over the past two decades.

It is important to emphasize that this study is neither another impact evaluation nor a meta synthesis; excellent instances of such efforts have already yielded rich insights and lessons. While the success of these programs on income generation and poverty reduction has been heterogeneous, an important by-product of these interventions has been an increase in women's empowerment in various dimensions: autonomy, greater voice and agency, enhanced decision-making power within households, and a greater propensity towards political participation and collective action.

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<sup>2</sup> <https://www.gatesfoundation.org/ideas/articles/womens-empowerment-collectives-covid>

Drawing upon those insights, this study presents a critical review of two key dimensions of the Indian experience with rural livelihoods programs: women’s empowerment and the political economy of program implementation. The rationale for these two research questions is stated briefly below.

**(a) Question 1: Women’s Empowerment**

Since women are the targets of the program, calling women’s empowerment a ‘by-product’ might appear incongruous. However, targeting women as chief beneficiaries of a program should be (and has been) distinguished from the program’s empowerment impacts (Kabeer, 2001). The focus on women could be instrumental and need not necessarily lead to empowerment.

This study elaborates on this distinction in greater detail below, but it is important to state upfront how women’s empowerment is defined. While the concept might appear nebulous and context-specific, there are core elements that are widely accepted and are seen as conventional wisdom. Women’s economic empowerment is defined as a combination of “economic advancement” (when women have the skills and resources to compete in markets as well as fair and equal access to economic institutions) and “power and agency” (ability to make and act on decisions and control resources and profits) (ICRW, 2011). A widely used definition is provided by Kabeer (1999), where empowerment is defined as a sum of three components: resources (pre-conditions), agency (process) and achievements (outcomes).

**Box 1: What is Women’s Empowerment?**

Based on Kabeer’s (1999) pioneering work, women’s empowerment is understood in this study to encompass three elements: (a) resources (material/economic, human and social); (b) agency, or the ability to define one’s goals and act on them; and (c) achievements. An alternative framing based on Sen’s (1985) capabilities approach is: the potential that people have for living the lives they want, of achieving valued ways of ‘being and doing’.

As the discussion in Kabeer (2001) makes amply clear, the impact of livelihood programs, such as the microcredit programs in Bangladesh, on women’s empowerment is a matter of debate, not assumption, even when the program is largely targeted towards women. Indeed, as discussed below, there is a similar debate about the Indian program as well. However, any program could have intended and/or unintended impacts, leading to several possibilities. Women’s empowerment could be the desired impact but might have failed (or not failed) to materialize; equally, it could be an unintended impact.

Specifically, the study was conceptualized to throw light on the following questions:

- (i) To what extent does the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY—NRLM) focus on women’s empowerment (in addition to boosting rural livelihoods) today?

- (ii) Have the program’s objectives, theory of change, and actual implementation evolved over the past 20 years such that it is now more of a women’s empowerment program?
- (iii) What internal or external factors or influences have accounted for any shift in the program’s attitude and approach to women’s empowerment during this time? (*See Appendix A*)

**(b) Question 2: Political Economy of Program Implementation**

The DAY–NRLM organizational structure, created in 2011, runs parallel to India’s pre-existing system of local governance represented by the *Panchayati Raj* institutions (PRIs). However, since pre-existing initiatives were also brought under the purview of the program, the relationship between PRIs and program architecture assumed a variety of forms, with considerable heterogeneity across and within different states. The program states “convergence” as a key objective with two dimensions: one of them is convergence with PRIs with the other being convergence with other government programs and line departments of various ministries.

This leads to the second set of broad research questions:

- (i) How was the DAY–NRLM program institutionalized? What was the political economy during the implementation of the program implementation?
- (ii) In particular, how did the interactions between community-level institutions and local/district government bodies hinder or enhance local governance, grassroots democracy and the participation of the poor in decisions that affect their everyday lives?

While the first research question has been examined individually for small samples or for specific states/time periods in the papers reviewed below, the second one has not been explored with the intensity and depth that is needed to shed light on the political economy of program implementation. This study explores the element of political economy, especially the question of “convergence” as it is currently defined and interpreted in practice.

The novelty of the present study lies in the combination of the two research questions that are, in fact, inextricably intertwined in ways that were not imagined at the start of this study. The exploration of the interconnections along with their historical origins is a unique contribution of this study.

**Box 2: Indian Administrative Units**

India, geographically the seventh largest country in the world with 3.28 million km<sup>2</sup> area, is divided into 28 states (administered by elected state governments) and 8 union territories (administered through the union government representatives or elected governments). Ethnicity and geographical features are the two most important factors deciding the division of states and UTs. Rajasthan is the largest state (area: 342,239 km<sup>2</sup>) and Goa is the smallest state (area: 3,702 km<sup>2</sup>). Districts are the third tier of India’s governance structure following union/center and states.

The number of districts in India keeps changing owing to bifurcation for ease of administration. At present, India has 736 districts. The larger and populous states have a higher number of districts. For example, Uttar

Pradesh, the most populated state in the country (199.8 million people), has 75 districts. Goa, with 1.4 million population (Census, 2011), has only 2 districts. In 2019, the average size of a district in India was noted to be 4356 km<sup>2</sup> whereas the average population in a district was 1.85 million. North 24 Parganas in West Bengal with more than 10 million inhabitants is the country's most populated district. Dibang Valley in Arunachal Pradesh, which has nearly 8000 residents, is the least populated district (census, 2011). Districts, headed by a collector or district magistrate or deputy commissioner, comprise sub-districts, blocks, *vikas khand*, towns, and villages. India has 7199 blocks within the 736 districts.

The rural governance system in India is called the *Panchayati Raj* System which in itself is a three-tier system. *Gram panchayat* (five persons from the village) is the basic unit of the system, followed by *panchayat samiti* at the block/tehsil level and *zila parishad* at the district level. The *panchayat samiti* at the block level is the link between the *gram panchayat* (an elected body) and the *zila parishad*, which is headed by the district collector/magistrate or commissioner. The Constitutional (73rd) Amendment Act, 1992, provides for reservation of selective posts for women in the *Panchayati Raj* System.

### 1.1 Summary of the Major Contributions of this Study

The study makes a substantial contribution to the large corpus of knowledge on rural livelihood programs as it examines the full length of time of the World Bank-supported interventions in India. This enables a holistic overview allowing us to identify interconnections between elements of the program that might appear disparate at first glance. Research papers that focus on a micro dimension of the program or on a smaller time period or geographical unit yield valuable insights into specific details, but are unable to reveal the big picture.

This study is distinctive in terms of the multiplicity of inputs/components it combines to produce a factual summary of the evolution of the program in addition to exploring the two main research questions through a combination of research methods. There are four broad components to this study.

The first component provides a detailed compilation of the major elements of the rural livelihoods agenda in India, including key milestones, the multiple objectives and the variety of programs both at the national and state levels besides how they combined to blend into the current national level program, DAY–NRLM. It also provides an overview of the progress over the past two decades along with a discussion of the challenges in implementation. This section integrates the key lessons from the process monitoring evaluations. The creation of a combined statement of goals, results, and outcomes including a discussion of process is the first key contribution of this study.

The second component reviews the evidence from published material (research papers, books and reports), especially as it relates to the question of women's empowerment. The overwhelming evidence is that the participation by women in self-help groups (SHGs) led to greater empowerment in one or more dimension of their lives. The evidence is unequivocal regardless of the state-specific context and regardless of whether participation led to positive economic impacts or a reduction in poverty. In other words, participation in the program enhanced women's empowerment—irrespective of whether it was a direct result of enhanced or diversified livelihoods or greater income or lower poverty, or

whether it resulted from an enhancement of social capital due to participation in a community organization that was not based on kinship or family ties. As the review in Section 4 demonstrates, the very process of decision-making in the group is an empowering process and this can lead to broader development outcomes, such as greater participation of women in local governance and community structures.

The third component focuses on the issue of convergence within the larger political economy question based on fieldwork in two states, Tamil Nadu and Jharkhand. This part includes interviews with both SHG members as well as state government officials. Therefore, this study is able to present insights arising out of interviews with key personnel in charge of administering and running the program on the ground. These are voices that are typically not amplified to an external audience. We are able to gauge the various perspectives on the question of what convergence has meant on the ground for the two sides of the convergence story. We focus on a few selected programs in each state and find that the interpretation and ground reality of the convergence agenda is heterogeneous and interpreted differently by different actors (local officials, or SHG women. This issue is explored further in the report in the next component.

The fourth component, which provides an oral history of program evolution, is the major novel contribution of this study. This history is narrated by some of the key figures drawn from current and former World Bank officials and current government of India (GoI) functionaries who were/are the drivers of the program and who enabled the involvement of the World Bank in the rural livelihoods/community organization space. This would be the first publication where several of the important perspectives that shaped the evolution of the program can be read side-by-side. These interviews reveal a rich tapestry of perspectives characterized both by mutual agreement as well as vibrant contestation. The names have been anonymized to protect privacy (WB1 to WB6 are current or ex- World Bank officials and G1 to G4 are GoI functionaries, who are referred to with gender neutral pronouns).

The diversity of views expressed in the oral history illustrate how the two main research questions (women's empowerment and convergence) were much more inextricably connected than were initially imagined when the study was conceptualized. In particular, the differing perspectives on the role of structures of local governance—namely, elected rural local bodies or *gram panchayats*—and the nature of the relationship between rural local bodies and women's SHGs led to two alternative roads. One of these approaches became the mainstream or dominant model that the Bank-supported programs have replicated in large parts of the country. Despite the mainstream model (popularly known as the 'Andhra Model') which spread beyond its home state to several other states, there is considerable heterogeneity in the evolution of SHGs across the country, which this study tries to capture. The interviews with key informants reveal that two factors guided the establishment and proliferation of the Andhra Model: one, World Bank (India) leadership's thinking on the link between enhancing household income (livelihoods), women's empowerment and poverty reduction, and two, the imperatives of state-level politics.

The interviews touch upon a range of fascinating issues, such as, what were/are the challenges in scaling up? Was/is scaling up allowing the program to retain efficacy, particularly in terms of women in the driver's seat? Two, to what extent do (did) women have agency in the conceptualization and running of the program? How sensitive was/is the program to the needs and constraints of women whose empowerment it seeks to enhance? This question relates to the broader concern about whether women are instrumental to the success of this program, or whether the approach of gender equality runs throughout the program, starting from the topmost leadership.

The rest of the paper is organized as follows. Section 2 traces the evolution and architecture of the DAY–NRLM. Section 3 presents the evidence on the evolution of the program along with a discussion of the challenges in implementation and validation from the process monitoring reports. Section 4 summarizes the broad lessons from various evaluations of SHGs or rural livelihoods interventions. Section 5 discusses the theory of change on the question of women's empowerment and summarizes the evidence on program's impact on women's empowerment. Section 6 delves into the political economy of program implementation by investigating the phenomenon of convergence based on field work in two states, Jharkhand and Tamil Nadu. Section 7 outlines the oral history of program evolution. Section 8 discusses key lessons from the preceding sections, and offers concluding comments.

## **2. RURAL LIVELIHOODS INTERVENTIONS IN INDIA**

### **2.1 Brief History of Self-Employment and Rural Livelihoods Programs Leading up to NRLM**

As noted in Section 1, the history of women organizing themselves in SHGs in India predates the World Bank's involvement in these programs. A detailed examination of the entire history from the 1970s is outside the scope of the paper, but it is important to understand the key milestones in the evolution of women's collectives and livelihoods initiatives that eventually crystallized in the World Bank supported rural livelihoods program at the national level.

The Indian experience with SHGs is substantial and offers a variety of lessons for us to understand the linkages between rural development, livelihoods, self-employment and women's empowerment at the local level. Brody et al (2015) discuss how the concept of SHGs as catalysts for change in poor countries is based on the self-help approach pioneered in India in the early 1980s.

#### **What are SHGs?**

SHGs are essentially membership-based organizations of the poor (MBOP). Typically, their characteristics are: (a) the majority of the members are poor; (b) they have joined voluntarily; (c) they have developed their own decision making structures; and (d) they have made a contribution to secure membership (Dev et al, 2012). To be clear, MBOPs can take a variety of forms (cooperatives, worker committees, trade unions, producer groups, village or slum associations), SHGs being one instance.

SHGs usually employ strategies such as savings, credit or social involvement as instruments of empowerment (Brody et al, 2015).

SHGs typically start on small individual savings contributed by group members (typically 10-15 members) on a regular (typically weekly) basis. These amounts are miniscule; for instance, in the state of Maharashtra in 2013-14, women were contributing 10 Indian rupees (INR) per week per head, which is roughly equivalent to 50 cents US in purchasing power parity terms at that time.<sup>3</sup> This sum of money is too small, even if diligently accumulated over weeks, to enable women members to embark on any livelihood or income-earning activity. The concept of member savings in an SHG is to foster the habit of thrift and not meant to facilitate livelihood activities (for which additional steps are needed, as discussed later). The savings, although miniscule, demonstrate that members trust the SHG.

While the focus of this report is on SHGs, we should note at the outset that in India the history of voluntary organizations of women engaged in livelihood activities dates to the 1970s. The most successful example of these is the Self-Employed Women's Association (SEWA) that was launched in the state of Gujarat in India by female garment workers in 1972. This is one of the largest trade unions of women in the informal economy that supports the member-based organization of poor working women.<sup>4</sup> SEWA has resulted in the formation of producer groups of women engaged in a diversity of livelihood activities (artisans, milk producers, farmers and more). SEWA women have also formed service cooperatives around health and childcare. By 2016, association had 1.9 million members across the country.

### 2.1.1 Evolution of SHGs and Rural Livelihood Programs in India

The SHG movement in India started in 1968 through the Mysore Resettlement and Development Agency (MYRADA) working in backward and drought prone areas. MYRADA works with more than a million families in 18 districts of Karnataka, Andhra Pradesh and Tamil Nadu. It forms community-based organizations (CBOs), promotes livelihood activities, manages and develops natural resources, improves health and educational status of the community, and builds capacities of the community to raise and manage resources independently.<sup>5</sup> Among other examples of nongovernmental organizations (NGOs) promoting SHGs, the most prominent is Professional Assistance for Development Action (PRADAN). Set up in 1983, PRADAN has been working with the government since 1987. Over the years, PRADAN has played a leading role in developing and strengthening government programs that are reviewed below.

In 1978-79, the ministry of rural development (MoRD, GoI) launched the Integrated Rural Development Programme (IRDP) with a focus on rural poverty. This was not a specific SHG-based program but targeted towards generating and strengthening self-employment in rural areas. It focused

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<sup>3</sup> In purchasing power parity terms, INR 18 was roughly equal to USD 1 in 2013-14, according to OECD data (<https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm>) accessed on 10 April 2021.

<sup>4</sup> <https://sewabharat.org/about-us/sewa-movement/>

<sup>5</sup> <https://myrada.org/> accessed 10 April 2021

on small and marginal farmers, agricultural workers, landless laborers, rural crafts persons and artisans, and all families with an annual income level below INR 3500. This scheme was implemented by the district rural development agency (DRDAs)/ *zilla parishads* with assistance from block level machinery. As a part of IRDP, a scheme called Development of Women and Children in Rural Areas (DWCRA) was launched in 1982.<sup>6</sup>

This scheme was evaluated in 1983-84 by the program evaluation organization (PEO) of the ministry of rural reconstruction. The report released in 1985 found that the strong administrative set up recommended by MoRD had not come into existence in most states except Gujarat and Rajasthan, and to some extent Andhra Pradesh. The evaluation report outlined 38 specific lacunae in the implementation of the program. Overall, the report indicated very poor preparedness (more than half the states had not attempted to prepare the five-year perspective plan), a large number of vacancies in staff positions, a lack of coordination between the district and block levels, inadequacy of infrastructure and so on. The main takeaway from this evaluation report is that the IRDP was badly in need of a drastic overhaul (PEO, 1985<sup>7</sup>).

Before discussing IRDP's overhaul, we should note another milestone in the spread of SHGs in India. In 1982, a unique development financial institution, the National Bank for Agriculture and Development (NABARD), was set up by an act of the Indian parliament to focus on credit related issues related to rural development.<sup>8</sup> In 1992-93, it started a pilot to link around 500 SHGs of the poor to formal financial institutions. NABARD's outreach has subsequently expanded significantly. According to NABARD's 2019-20 report,<sup>9</sup> there are 10.2 million SHGs with savings linked to banks with a total financial engagement of INR 26152.05 crore or over INR 261 billion.<sup>10</sup> Of these, exclusively women SHGs are 8.8 million, as NABARD finances mixed and male SHGs as well. 5.8 million SHGs are under the National Rural Livelihood Mission (NRLM).

NABARD and NRLM have operational linkages and collaborations, where NABARD conducts seminars and workshops, or focused programs such as "training of trainers" (ToT) for state rural livelihood mission (SRLM) staff members from 17 states, for bankers or training of *bank sakhis* (SHG members who help women access banking services).

Returning to IRDP, based on the suggestions of the evaluation, it was restructured in 1999 to the Swarnajayanti Grameen Swarozgar Yojana (SGSY) (literally, golden jubilee rural self-employment

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<sup>6</sup> <https://niti.gov.in/planningcommission.gov.in/docs/reports/peoreport/cmpdmpeo/volume1/134.pdf>, accessed 10 April 2021

<sup>7</sup> <https://niti.gov.in/planningcommission.gov.in/docs/reports/peoreport/cmpdmpeo/volume1/134.pdf>, Accessed 10 April 2021

<sup>8</sup> The Reserve Bank of India, under the directive of the government of India, set up a committee in 1979 to examine how institutional credit could be used towards rural development. The committee recommended setting up a new organizational structure, as a result of which NABARD came into existence. The details about the genesis of NABARD can be found here: <https://www.nabard.org/content.aspx?id=2>

<sup>9</sup> [https://www.nabard.org/auth/writereaddata/tender/NABARD%20SMFI%202019-20\\_compressed.pdf](https://www.nabard.org/auth/writereaddata/tender/NABARD%20SMFI%202019-20_compressed.pdf), accessed 29 May 2021

<sup>10</sup> Roughly 12 billion USD in purchasing power parity (ppp) terms, based on <https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm>

scheme), which consolidated, modified and integrated several earlier experiments with self-employment programs such as Training of Rural Youth for Self-Employment (TRYSEM), Supply of Improved Tools for Rural Artisans (SITRA), Ganga Kalyan Yojana, Million Wells Scheme (MWS), and Development of Women and Children in Rural Areas (DWCRA).

SGSY was a centrally sponsored self-employment scheme, with the funding shared between central and state governments in the ratio of 75:25 (90:10 for north-eastern states). Like IDRP, this scheme was implemented by the district rural development agency (DRDAs)/*zilla parishads* through the *panchayat samitis*, with the active involvement of *panchayats* (rural local government).

SGSY made progress in terms of outreach: nearly 3.1 million SHGs were formed across the country over a period of ten years (1999-2009). However, the critical bottleneck in the success of the program was low availability of institutional credit: only 22 percent of the SHGs were provided with bank finance, which meant that most of these groups had not been able to undertake income generating activities or start micro enterprises. Since its inception, the program was able to assist 1.06 crore *swarozgaris* (self-employed), of which 66 percent were women (p.5). The amount of bank assistance was “abysmally low” leading to low levels of investment activities (P.V., Radhakrishna, 2009).

In 2009, the ministry of rural development (MoRD) set up a high-powered committee under the chairmanship of R. Radhakrishna to examine ‘credit related issues under SGSY’. The report noted that since most of the rural poor were crowded in low productivity primary sector activities, the program’s success depended on its ability to enable the poor to diversify into high productivity activities. The committee found that two-thirds of the assisted *swarozgaris* were engaged in the primary sector, with dairy alone accounting for 50 percent. The report pointed out that even in better performing states (those with a good record of social mobilization of women into SHGs), “only one-fourth of the SHGs could undertake self-employment activities.” It also observed that even among these self-employment activities, “the average monthly earnings per *swarozgari* in better performing states of Andhra Pradesh and Kerala is observed to be as low as Rs.2,000 per month and there has been an element of self-exploitation among women involved.” (p. 15, Radhakrishna, 2009). Thus, the income gain from SGSY was rather small.

The Radhakrishna committee noted that while credit flows are important, there were several steps that needed to be taken prior to SHG-bank linkage. For one, the poor would have to be brought together through a process of social mobilization. Then, SHGs would need to be sustainable, and would require to be trained to pool their individual savings into a common pool. Also, SHG members would need training to manage the corpus fund created with their own savings, interest earned from lending and revolving fund contributed by the government. As one of the key informants (WB4) mentioned during the oral history interviews, these were the elements of the ‘Andhra Model’ discussed below.

The architecture of the SGSY envisaged that these tasks would be done by the program implementing agency of the government and that local banks would be involved right from the beginning, with NGOs as facilitators. The committee noted that to increase the flow of credit to SHGs, both the

supply of credit as well as the capacity of the SHGs to absorb credit needed to be enhanced. Therefore, the committee recommended several changes in the architecture of the self-employment initiative.

The committee proposed the creation of a national agency, the National Rural Livelihoods Mission (NRLM), for rapid increase in the coverage of rural poor households under self-employment. The focus of this report is on the current national level program. The committee further suggested that the national agency should provide professional and technical support to the state agencies implementing pro-poor programs, which was another learning from the ‘Andhra Model’ (WB4).

Both IRDP and SGSY relied on the DRDA apparatus for program roll-out. The Radhakrishna committee recommended that NRLM should study the best practices across the country and support their replication in other parts of the country. It specifically noted that the “banks and DRDAs are presently ill-equipped in terms of professionalism and manpower for social mobilization of the poor.” NGOs may not have enduring interest and need direction. Therefore, the committee proposed an “agency or an umbrella organization at that state level for helping in the formation of SHGs, nurturing them through hand-holding and providing professional guidance”. It further recommended that “the state level agency should be endowed with due autonomy and authority to function effectively...the agency should be in the form of a ‘society’ of which the chief minister should be the chairperson.” (p. xiii). This was also a learning from the Andhra Model (WB4). As we will see below, this signaled a major departure from the established architecture of government programs.

### 2.1.2 State-Level Programs

While the discussions for an overarching program at the national level were proceeding with older initiatives like SGSY being subsumed under new ones like NRLM, there were separate schemes focusing on livelihoods via SHGs that were underway in several states. This section reviews some of the key state-level schemes that predate the creation of NRLM.

#### **(a) Andhra Pradesh**

The genesis of the massive mobilization of women under SHGs in the erstwhile united Andhra Pradesh (before Telangana was carved out as a separate state), often referred to as the Andhra Model, happened in a sequence of incremental steps, outlined in several chapters in Dev et al (2012). Not only was this among the largest mobilization of women in membership-based organizations of the poor (MBOP)<sup>11</sup> in India, Jones et al (2012) cite a 2002 study which suggested that with over five million women organized into half a million groups, Andhra Pradesh accounted for approximately 40 percent of women’s SHGs internationally.

This study began with outlining the 2000-1 World Development Report (WDR)’s three-pronged approach towards alleviating poverty. The state government of Andhra Pradesh (AP) efforts to promote women’s SHGs reflected the operationalization of the WDR’s view that organizing women

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<sup>11</sup> S Mahendra Dev et al (2012)

around thrift and credit services is one of the most effective methods for alleviating poverty as well as for empowering women.

In 1982-83, the AP government in partnership with UNICEF started the Development of Women and Children in Rural Areas (DWCRA) program. DWCRA formed SHGs of 10-15 women members. These groups were later federated into Mahila Banks (women's banks) under Andhra Pradesh Mutually Aided Cooperative Societies Act, 1995. These SHGs were also able to access IRDP funds.

In 1995, the UNDP South Asia Poverty Alleviation Program (SAPAP) was unveiled, which was in response to Dhaka declaration of the SAARC summit held in 1993 that had resolved to eradicate poverty by 2002 in all SAARC countries. This was implemented in three poverty-stricken and drought-prone districts in Andhra Pradesh (Anantapur, Kurnool and Mahabubnagar). The SAPAP model consisted of three elements: social mobilization, capital formation and capacity building of the poor.

Galab et al (2012) discusses how this model was implemented in collaboration with local NGOs and state government. The SHGs of SAPAP were federated into village organizations (VOs) at the village level and *Mandal Mahila Samakhya* (MMS) at the *mandal* level. These groups were both homogeneous and heterogeneous along caste dimensions. This program trained community coordinators, community volunteers and village specialists (paraprofessionals) in addition to forming SHGs. One of the key informants interviewed (WB2) informed the study team that SAPAP was in turn based on an initiative in Pakistan, supported by the Aga Khan Rural Support Program (AKRSP).

The AP District Poverty Initiative Project (APDPIP), popularly known as the *Velugu* (meaning light), was launched in AP with World Bank support. It was later renamed as Indira Kranti Patham (IKP). In the first phase (2000-2005) it covered six districts: Vizianagaram, Srikakulam in coastal Andhra, Mahabubnagar and Adilabad in Telangana, and Anantapur and Chittoor in Rayalseema. This program ran in addition to Andhra Pradesh Rural Poverty Reduction Project (APRPRP). AP also had a pure microfinance model, the Cooperative Development Foundation (CDF).

The immediate precursor of the NRLM program was Society for the Elimination of Rural Poverty (SERP), which was an independent autonomous society under the Societies Act created in 2000. One of our key informants (G1) explained to us how SAPAP laid the architecture of NRLM, but “the entire DNA of the program” was improved in SERP and later taken to NRLM (Galab et al, 2012). The SERP model was replicated in the formation of the SHG programs in Bihar (JEEViKA), in Odisha (TRIPTI), and partly in Maharashtra, among other states.

## **(b) Kerala<sup>12</sup>**

In 1998, the government of Kerala started a program call 'Kudumbashree', which is a women-oriented poverty eradication program with women's empowerment as one of its major goals. The program places women from below poverty line (BPL) households at the heart of the poverty eradication

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<sup>12</sup> This section is based on information from Devika and Thampi, 2007 and [www.kudumbashree.org](http://www.kudumbashree.org)

efforts. The precursor to Kudumbashree was the 1991 Community-Based Nutrition Program (CBNP) which was supported by UNICEF to improve the nutritional status of women and children. This program had a three-tiered structure, starting with neighborhood groups (NHGs) federated into area development societies (ADS) at the ward level, which in turn federated into a community development society (CDS) at the municipal level. These committees comprised exclusively of women from families identified as poor through a non-income-based index. CDS is anchored at the GP level, which is the key to the success of the Kudumbashree model.

The success of the CDS model in Alappuzha and Malappuram led the Kerala government to scale up the strategy to establish Kudumbashree, with the state poverty eradication mission responsible for implementation through the department of local self-government. At the same time, the CDS initiatives had drawn lessons and strategies from the NABARD-led initiative of the SHG Bank Linkage program.

Unlike SHGs, NHGs are forums for planning and development action too in addition to being credit societies. The idea of NHGs is drawn from traditional forms of community organization in the state. 10-20 women from a neighborhood could form an NHG. Additionally, NHGs and the Kudumbashree model fitted into the women component plan of the people's plan campaign for democratic decentralization of the government of Kerala during 1996-97.

An explicit aim of decentralization was to give opportunity for as much direct participation of people in daily governance as possible. As a part of this process, NHGs of 40-50 families were formed in 198 *gram panchayats* across the state. NHGs effectively functioned as grassroots forums for direct citizen participation in governance. NHGs work as supplements to the *gram sabha*, not as substitutes.

Kudumbashree has a multi-pronged strategy: (a) convergence of various government programs and resources at the community-based organization level; (b) efforts to involve the CDS structure in local level anti-poverty planning; and (c) development of women's microenterprises, and thrift and credit societies and (d) social development. Thus, microcredit is one of the many initiatives implemented by Kudumbashree. With the introduction of NRLM, Kudumbashree got designated as the implementing agency for DAY-NRLM in Kerala while also retaining its original features. In other words, it is the State Rural Livelihood Mission.

### **(c) Tamil Nadu**

Tamil Nadu is one of the states chosen for intensive field work for this report. Section 5 has a greater discussion of the specifics of the state and Section 6 elaborates on the exact sequence of events that shaped the World Bank involvement in the TN SHG movement. A very brief summary of the SHG/rural livelihood programs in the state is presented below.

The World Bank South Asia Agriculture and Rural Growth Impact Note #2 outlines that "self-help groups have been a major aspect of programs for rural women in Tamil Nadu since the early 1990s under various central, state and donor initiatives. However, while most initiatives were successful in

mobilizing and forming SHGs of the poor and empowering village institutions, there were challenges of exclusion of the truly poor and disadvantaged along with the ability of these groups to sustainably reduce debt and support livelihood diversification. To address this exclusion and existing economic inequality, the government of Tamil Nadu (GoTN) envisaged the development of village level organizations that represented the poor and worked synergistically on shared development goals within the framework of the *gram sabha*. In this context, the Tamil Nadu Empowerment and Poverty Reduction Project (TNERP) or *Puthu Vaazhvu* Project (PVP) was rolled out in 16 selected districts in 2005.

PVP (2005-11), supported by the World Bank, was designed with the twin objective of ensuring women's livelihoods and thereby their empowerment. It was deployed in the most backward districts of the state. The foundation of the PVP was the village poverty reduction committee (VPRC), which was designed as the core institution and comprised federated SHGs whose representatives were democratically elected. While the VPRC's core mandate remained credit and livelihoods support for SHG women with a targeted aim to include the ultra-poor and vulnerable, PVP had an in-built linkage to the *village panchayat* (VP), to improve access to welfare benefits and improve local accountability. A three-tiered project structure—district, block and cluster (of villages)—was instituted to support the implementation of the project. Lastly, a social audit committee (SAC) comprising 3-5 people nominated by the village was set up to monitor all project activities. With the advent of the National Rural Livelihood Mission (NRLM) in 2011, Tamil Nadu retained its original model consisting of both *panchayat* level federations (PLFs) and VPRC under the Tamil Nadu State Livelihood Mission (TNSRLM). The SHGs functioning under the PVP were integrated under the TNSRLM umbrella.

#### **(d) Bihar**

The Bihar Rural Livelihoods Project (BRLP), commonly known as JEEViKA, was set up in 2006. The project is being implemented by Bihar Rural Livelihoods Promotion Society (BRLPS), promoted by the government of Bihar (GoB). The society aims to improve rural livelihoods and enhance social and economic empowerment of rural poor, focusing particularly on women.

JEEViKA was modelled after the Andhra Model, with women SHG members acting as 'agents of change' to bring economic transformation in the household and ensure social transformation for the village society. The project started in 18 blocks in 2006 and had reached the whole state by 2015. The stated objective of JEEViKA is to sustainably alleviate poverty of 10 million households in rural Bihar. Section 6 elaborates more on how the BRLP came to be established and why it took the form that it did.

A brief review of these selected states reveals considerable inter-state heterogeneity in the evolution of the livelihoods program in many aspects of program design. One such difference across states which has considerably affected the national schemes is the relationship with *Panchayati Raj* institutions (PRIs). States like Kerala and Tamil Nadu exhibited an organic link between SHGs and PRIs, and Andhra Pradesh developed a network of women's SHGs that function in parallel to the PRIs.

This was the context in which a new national program, the National Rural Livelihoods Mission (NRLM), was born..

## 2.2 National Rural Livelihoods Mission (NRLM)

Based on the recommendations of the Radhakrishna committee report and the best practices of State level programs discussed above, the Ministry of Rural Development (MoRD), government of India launched the National Rural Livelihoods Mission (NRLM) (or Aajeevika in Hindi, which means livelihoods) in 2011, aided in part through investment support by the World Bank through the National Rural Livelihoods Project (NRLP). The NRLM mission document (2011) terms the launch of the program as a “restructuring of the SGSY” (p.1).

The program was renamed as Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY–NRLM) in 2015. The name change does not represent a structural break in the basic composition or the thrust of the program.

The DAY–NRLM aims at creating efficient and effective institutional platforms of the rural poor, enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services. NRLM initially set out with an agenda to cover 7 crore (70 million) rural poor households, across 600 districts, 6000 blocks (this target has increased subsequently with the creation of new districts and blocks to 721 districts/6968 blocks), 2.5 lakh *gram panchayats* and 7 lakh villages in the country through self-managed SHGs and federated institutions, and to support them for livelihoods collectives in a period of 8-10 years.<sup>13</sup>

In order to transit successfully from SGSY to NRLM, each state was required to (i) set up an autonomous State Level Rural Livelihood Mission (SRLM) as a Society/Trust/Company that would act as a special purpose vehicle for NRLM planning and implementation; (ii) appoint an officer as the State Mission Director/CEO; and (iii) position trained staff at state, district and sub-district level for taking up NRLM activities. After the SRLMs were established, some states entered into Memorandum of Understanding (MoU) with Society for Elimination of Rural Poverty (SERP), for instance, Maharashtra (Umed), Karnataka (Sanjeevani), Chhattisgarh (Bihan), Madhya Pradesh (MPSRLM).

The NRLM was originally envisaged as a rural poverty alleviation program, whereas the currently operational version goes beyond income generation and poverty alleviation.

The one-sentence mission statement of the NRLM states: *"To reduce poverty by enabling the poor households to access gainful self-employment and skilled wage employment opportunities, resulting in appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots institutions of the poor."*

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<sup>13</sup> <https://aajEEViKA.gov.in/en/content/welcome-deendayal-antyodaya-yojana-nrlm>

The current version of the NRLM envisages that through SHGs and their federations, the poor would be facilitated to achieve increased access to rights, entitlements and public services, diversified risk and better social indicators of empowerment.

NRLM viewed itself as a program that would help rural poor families come out of poverty and “enjoy a decent quality of life” (p.2, NRLM mission document, 2011). The focus of the program was on building “institutions of the poor”—SHGs, their federations and livelihood collectives— as these institutions are meant to provide the poor the platforms for collective action based on self-help and mutual cooperation.

NRLM was more self-led as compared with its previous incarnations, for example, SGSY. NRLM distinguished itself by *not* setting the poverty line as a benchmark to avail the benefits offered by SHGs. Instead, NRLM initially adopted a process of “participatory identification of poor (PIP)” for identifying beneficiaries. The PIP process involves community-based organizations (CBOs) using participatory tools to identify the poorest households, which are then vetted by the *Gram Sabha*. Based on this exercise, a village list of different categories of poor and vulnerable households would be prepared. The PIP would list DAY–NRLM target households as “poor” or “poorest of the poor” (PoP), in addition to classifying them by social category. This list would be endorsed by the GP.

This approach was a deliberate departure from the established government practice of identifying the poor using the government specified poverty line. The below poverty line (BPL) identification process is known to be riddled with errors of inclusion and exclusion. Also, poverty lines are computed at the state level, and do not allow for fine tuning at more disaggregated geographic levels. The PIP process is seen by the program as “well-defined, transparent and equitable<sup>14</sup>” at the community level. The aim was that existing institutions, their leaders, staff, and community resource persons (CRPs) would support the process of inclusion and mobilization.

G1 in the key informant interviews told us categorically that the program “didn't accept how the poverty line is fixed by governments. We said poverty line is something which poor people themselves should decide. [That is how] participatory identification of poor (PIP) was the mechanism chosen.”

The guiding principles of NRLM are listed as follows:<sup>15</sup> a) The poor have a strong desire to come out of poverty, and they have innate capabilities; b) Social mobilization and building strong institutions of the poor is critical for unleashing the innate capabilities of the poor; c) An external dedicated and sensitive support structure is required to induce the social mobilization, institution building and empowerment process; d) Facilitating knowledge dissemination, skill building, access to credit, access to marketing, and access to other livelihoods services underpins this upward mobility.

We should note that the 2011 mission statement does not make any reference to women’s empowerment as an explicit goal. The program envisages mobilizing women in SHGs, and in this

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<sup>14</sup> <https://aaJEEViKA.gov.in/en/content/participatory-identification-poor-pip>

<sup>15</sup> <https://aaJEEViKA.gov.in/en/content/mission>

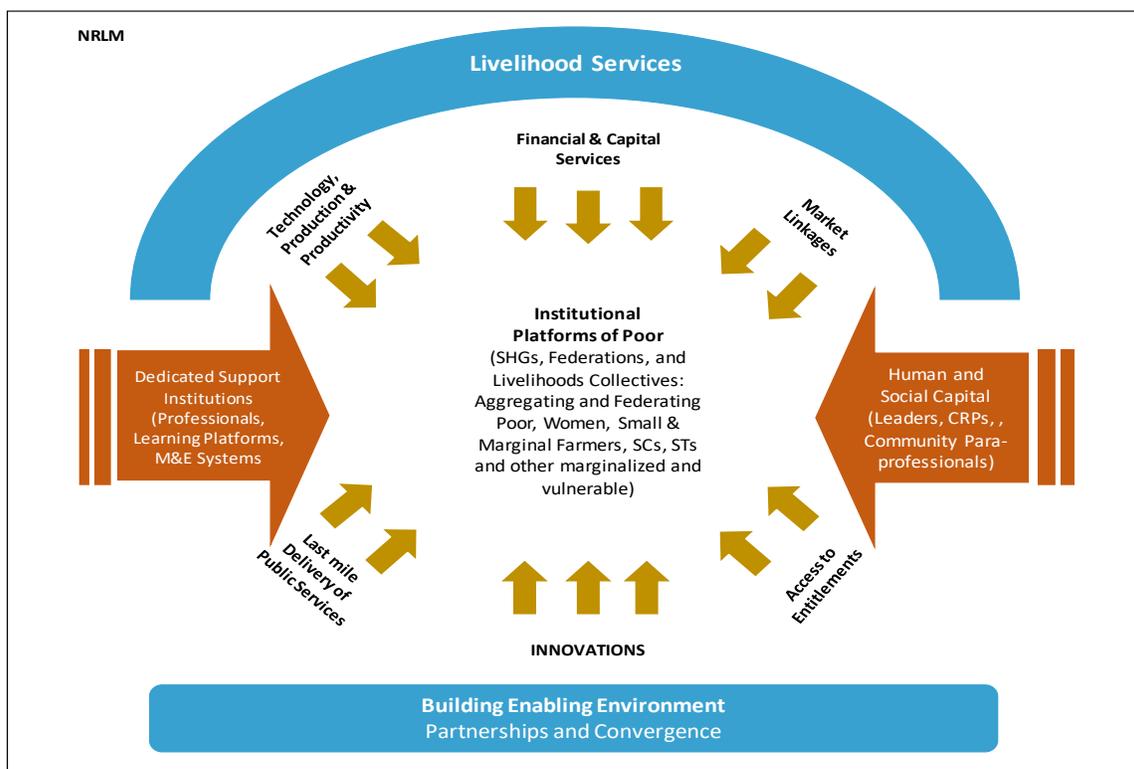
sense, women have always been central to NRLM's agenda. However, women's empowerment, as it is conventionally understood (outlined in Section 1), is not a focus of the initial mission statement. The first time it explicitly appears as a clear objective is in the National Rural Economic Transformation Project (NRETP) statement, discussed in Section 2.5.4.

These suggest a view that the program works because of the agency of the beneficiaries and works towards enhancing that agency. To what extent has it been able to do this? This is discussed in Sections 6, 7 and 8.

### 2.2.1 Components of DAY-NRLM

The DAY-NRLM is now a flagship program of the MoRD. The guiding principles have six core components: institution building and capacity building; financial inclusion; livelihoods promotion; social inclusion and development; systems; and convergence. These are outlined below. Figure 1 provides a pictorial summary of the core components. As summarized in Figure 1, the DAY-NRLM approach has many distinct and diverse elements, which include several components such as last mile delivery of public services and access to entitlements that are not directly under the purview of the MoRD. The efficiency with which these individual sub-goals can be achieved depends on the extent of convergence between the NRLM institutions and other institutions/structures working in villages.

**Figure 1: The NRLM Approach**



(Source: <https://aaJEEViKA.gov.in/en/content/mission>)

## A. Institution Building and Capacity Building

This component focuses on universal social mobilization (meaning that at least one woman from each identified rural poor household will be brought into the SHG network in a time bound manner) with the eventual aim of harnessing latent potential of rural poor. The main strategy to achieve this is to build “institutions of the poor”. The poor are mobilized into SHGs.

The SHGs are federated at the village and higher levels (cluster, block/sub-district, district). Existing institutions of the poor are strengthened and integrated into the institutional architecture of the poor. SHG members are trained to manage their institutions, link up with markets, sustain their ongoing livelihoods, enhance their credit absorption capacity and credit worthiness.

DAY–NRLM aims to promote livelihoods collectives. These are institutions meant to help the poor to enhance their livelihoods by deriving economies of scale, forging backward and forward linkages, and gaining access to information, credit, technology, markets. Building these capacities in SHGs and their federations require the services of community professionals, community resource persons (CRPs) and ‘community heroes’.

DAY–NRLM invests in building ‘social capital’ comprising community animators, activists, and CRPs. These resources are crucial in making DAY–NRLM community driven and sustainable. Singh and Rani (2020) report that nearly 277,000 community professionals and CRPs have been trained for project implementation.

## B. Financial Inclusion

There are several sub-components to this component. The first is to ensure that the poor become preferred clients of formal financial institutions. DAY–NRLM facilitates universal access to affordable cost-effective reliable financial services to the poor. These include financial literacy, bank account, savings, credit, insurance, remittance, pension and counselling on financial services. The core of the NRLM financial inclusion and investment strategy is towards “making the poor the preferred clients of the banking system and mobilizing bank credit”. The basic aim is to enable access to institutional credit, which is to be achieved by forming linkages between SHGs and banks.

The second aim of the NRLM is to capitalize institutions of the poor. NRLM provides revolving fund (RF) and community investment fund (CIF) as ‘resources in perpetuity’ to the institutions of the poor, to strengthen their institutional and financial management capacity, and build their track record to attract mainstream bank finance.

- NRLM provides RF to SHGs of Rs.10,000-15,000 (~USD 200) as corpus to meet the members’ credit needs directly and as catalytic capital for leveraging repeat bank finance. RFs are given to SHGs that have been practicing ‘Panchasutra’ (The five practices of regular meetings; regular savings; regular inter-lending; timely repayment; and up-to-date books of accounts).

- NRLM provides CIF as seed capital to SHG federations at the cluster level to meet the credit needs of the members through the SHGs/village organizations and to meet the working capital needs of the collective activities at various levels.
- NRLM provides vulnerability reduction fund (VRF) to SHG federations at the village level to address vulnerabilities like food security and health security, and to meet the needs of vulnerable persons in the village. VRFs also contribute to the 5<sup>th</sup> component of NRLM (social inclusion).

The third aim is to provide access to credit. NRLM expects that the investment in the institutions of the poor would be sufficient for them to leverage bank credit of at least Rs.1,00,000/- on their own. It also envisages that these funds would be accessible to every household in repeat doses over a period of five years. For this, SHGs go through a micro-investment plan (MIP) process periodically. MIP is a participatory process of planning and appraisal at the household and SHG levels. The flow of funds to members/SHGs is against MIPs.

Interest subvention: This is an important component of NRLM provisions, the full details of which can be accessed online.<sup>16</sup> Interest subvention (IS) means that a part of the interest is paid by the government. This scheme was started in April 2013.

The IS scheme was implemented in two distinct ways: The first category consists of 250 selected districts where all women SHGs get loans up to INR 3 lakh at upfront 7 percent interest rate per annum. They get additional 3 percent interest subvention in case of prompt repayment. The subvented amount is transferred to the banks by the MoRD. This means that for the SHGs who repay promptly, the effective interest rate would be 4 percent.

All the remaining districts are categorized in the second category where all NRLM compliant SHGs are eligible to get loans up to INR 3 lakh at usual bank rates of interest. The accounts of SHGs repaying loans promptly are credited with sub-vented amount to the extent of the difference between the lending rate and 7 percent. Hence, the effective lending rate is 7 percent per annum.

To emphasize, the facility of interest subvention is provided only for women SHGs. All rural SHGs, regardless of whether they were started by the government or not, are eligible.

The fourth aim is SHG-credit linkage. While the mission provides only catalytic capital support to the community institutions, it is expected that banks provide the major chunk of funds required for meeting the credit needs for the rural poor households. The mission therefore expects that the SHGs leverage significant amount of bank credit.

- As mentioned in the third objective, NRLM assumes that over a period five years, each SHG would be able to leverage cumulative bank credit of INR 10,00,000/- in repeat doses. In effect, each member household, on an average, accesses a cumulative amount of INR 1,00,000.

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<sup>16</sup> [https://aajeevika.gov.in/sites/default/files/nrlp\\_repository/SHGs%20Interest%20Subvention%20booklet.pdf](https://aajeevika.gov.in/sites/default/files/nrlp_repository/SHGs%20Interest%20Subvention%20booklet.pdf)

- In order to facilitate bank linkages, state level bankers' committees (SLBC) constitute exclusive sub-committees for SHG-bank linkages and financial inclusion in NRLM activities. Similarly, district level coordination committees and block level coordination committees would review SHG-bank linkages and NRLM.
- The mission units are also expected to use the services of field level customer relationship managers such as *bank mitra/sakhi*.<sup>17</sup> These women are not bank employees but banking correspondents who make the process of SHG-bank linkage easier. A well trained *bank sakhi* is expected to facilitate opening and transacting of SHG savings bank accounts. More importantly, she can enable credit linkage of the SHGs by working closely with SHGs. Also, she can reduce the workload of banks in different ways, especially by helping in documentation work and facilitating recovery of bank loans. Based on the successful experience of Andhra Pradesh, Telangana, Bihar, Odisha and Tamil Nadu, all states are now required to facilitate identification, training and placement of *bank sakhis* at all bank branches. In addition, SRLMs have been advised to adopt the *bank sakhi* model, which is central to the financial inclusion strategy of NRLM.
- Further, institutions of the poor are expected to constitute community-based recovery mechanisms (CBRM) (or sub-committees on bank linkage and recovery of loans).<sup>18</sup> This is a community managed system where a committee with representatives of SHGs and their federation oversee the SHG-bank linkage, and apply rules and 'social pressure' to ensure timely loan repayment. In Bihar, Andhra Pradesh, Telangana, West Bengal, and Odisha, this mechanism has ensured prompt repayment of loans and brought down the proportion of non-performing assets (NPA). The positive experience of these states has led to CBRM's implementation in the entire country.

In addition to credit, DAY–NRLM works towards expanding the portfolio of products of savings, credit, insurance (life, health and assets) and remittance through the institutions of the poor. This is done either directly or in partnership with mainstream financial institutions using various institutional mechanisms and technologies.

### **C. Livelihoods Promotion**

The lives of the poor are characterized by uncertainty and vulnerability to shocks. To reduce this vulnerability, this component of NRLM envisages transforming the lives of the poor by enhancement of livelihoods (by tapping new opportunities in the farm and non-farm sectors); building employment skills for the job market outside one's village; and nurturing enterprises for self-employed persons and entrepreneurs (employing others). Wherever necessary and feasible, this objective also includes the possibility of thematic interventionism in areas such as sustainable agriculture and non-timber forest produce (NTFP). This component has several sub-components, outlined briefly below.

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<sup>17</sup> [https://aajeevika.gov.in/sites/default/files/nrlp\\_repository/MORD\\_Hand\\_Book.pdf](https://aajeevika.gov.in/sites/default/files/nrlp_repository/MORD_Hand_Book.pdf)

<sup>18</sup> <https://daynrlmbl.aajeevika.gov.in/Advisory/AdvisoryonCBRMandBankSakhi.pdf>

DAY–NRLM encourages the delivery of government services/entitlements (such as the rural employment guarantee program, Mahatma Gandhi National Rural Employment Guarantee Program (MGNREGS) or Public Distribution System (PDS) through the SHGs and their federations. The institutions of the poor set aside funds towards reducing vulnerability in food security and health security. A vulnerability reduction fund is also used for meeting the emergency needs of the poor and catering to the requirements of the ultra-poor and vulnerable households on a differential footing. NRLM promotes and supports Collectives towards Sustainable Livelihoods of the Poor (CSLP) focusing on key livelihood issues. These collectives offer their members access to livelihoods knowledge, skills, technology, market intelligence, risk management products and credit support through their SHGs and federations.

Since 2011, DAY–NRLM, through Mahila Kisan Sashaktikaran Pariyojana (MKSP), has made concerted efforts to recognize the role of women in agriculture, to enhance their capacities and increase their income in agriculture and allied activities.

It has been instrumental in scaling-up successful, small-scale projects that enhance women's participation and productivity in agriculture and allied activities.<sup>19</sup> This promotional aspect has largely been integrated into the annual action plans of the SRLMs. While MKSP aims to ensure household food and nutrition security of the poor and the poorest of poor, its primary focus is on promoting and facilitating the growth of successful small-scale projects with the help of NGOs, CBOs and other government agencies across the country. It is envisaged that these projects would emerge as resource centers.

To boost employment, NRLM has implemented Aajeevika Skill Development Programme (ASDP). 25 percent of NRLM Funds are earmarked for this purpose. ASDP enables building the skills of rural youth and placing them in relatively high wage employment in the growing sectors of economy. In 2014, the MoRD launched the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY). It was aimed at skilling youth between 15-35 years of age from rural poor households and providing them with placement support. In states with better capacity, SRLMs fund, plan and monitor projects aligned with skill demands.

One of the pillars of the livelihoods promotion strategy of NRLM is nurturing self-employment and entrepreneurship. In this regard, NRLM encourages public sector banks to set up Rural Self Employment Training Institutes (RSETIs) in all districts of the country on the lines of Rural Development Self Employment Institute (RUDSEITI) model. The National Academy of RUDSEITIs is supporting RSETIs in this effort.

Since 2016, a sub-scheme called Start Up Village Entrepreneurship Program (SVEP) was started under DAY–NRLM.<sup>20</sup> SVEP addresses three major pillars of rural start-ups, namely finances, incubation and skill ecosystems. Activities under SVEP are strategically designed to promote rural enterprises.

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<sup>19</sup> <http://mksp.gov.in>

<sup>20</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=1651525>

One of the key areas is to develop a pool of community resource persons for enterprise promotion (CRP-EP) who are local and support entrepreneurs setting up rural enterprises. Another key area is to promote the block resource center (BRC) in SVEP blocks, to monitor and manage the community resource persons, appraise SVEP loan application and act as the repository of enterprise related information in the particular block. During the initial years of implementation, SVEP focused on mobilizing rural communities to set up and strengthen the institutional structures, invested in training and capacity building on business management aspects for the BRC members, created a pool of CRP-EPs and provided them intensive training, supported the entrepreneurs to scale up their existing enterprises besides establishing and supporting the new enterprises. As of August 2020, SVEP had extended business support services and capital infusion to 153 blocks of 23 states. Around, 2,000 trained CRPs-EP are providing services to rural entrepreneurs—and around 100,000 enterprises were supported by them, as of August 2020.

In 2017, the MoRD started another new sub-scheme named Aajeevika Grameen Express Yojana (AGEY) as part of the DAY–NRLM. Under this initiative, SHGs are expected to operate road transport service in backward areas. The idea is to provide safe, affordable and community monitored rural transport services that will connect remote villages with key services and amenities (such as access to markets, education and health) and lead to economic development of backward rural areas. This initiative is also expected to provide an additional avenue of livelihood for SHGs.

The community investment fund (CIF) provided to community based organizations (CBOs) under DAY–NRLM is to be utilized to support the SHG members in this new livelihoods initiative. The beneficiary SHG member will be provided an interest free loan by CBO from its CIF up to INR 6.50 lakh for purchase of the vehicle. Alternative, CBO will own the vehicle and lease it to an SHG member to operate the vehicle and pay lease rental to the CBO. AGEY was initially implemented in 250 blocks in the country on a pilot basis with each block provided up to six vehicles to operate the transport services. The funding of this scheme is shared by central and state governments.

#### **D. Social Inclusion and Development**

The aim of this component is to ensure that 50 percent of the beneficiaries are members of Scheduled Castes (SCs) and Scheduled Tribes (STs); 15 percent are minorities, and 3 percent people with disabilities (PwDs). The broader view was that ultimately 100 percent of the rural poor must be covered.<sup>21</sup> In keeping with the objective of all-round social inclusion, the program aims to target 'Particularly Vulnerable Tribal Groups' (PVTGs), single women and women-led households, landless, migrant labor, isolated communities, and communities living in remote hilly and disturbed areas.

Additionally, the Vulnerability Reduction Fund (VRF) mentioned above is also provided by the program to address specific needs of the destitute and most vulnerable SHG members. VOs are empowered to create a vulnerability reduction plan (VRP) to govern the use of VRF, which is meant

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<sup>21</sup> The quota percentages are from Singh and Rani (2020)

to be a “participatory bottom-up plan” to recognize and address food insecurity, health risk, sudden sickness/hospitalization, and natural calamity (Singh and Rani, 2020).

## **E. Systems**

This component develops systems of financial management for the program. The primary guiding principles are as following:

- (a) Use the country fiduciary systems to the extent feasible. The systems should be considered satisfactory and suitable to meet the essential fiduciary requirements
- (b) Build upon successful models developed and tested in the World Bank funded rural livelihood projects implemented across eight states
- (c) Review of good practices in national programs in other sectors (education, health)

## **F. Convergence**

This component aims to develop linkages between NRLM and other state and civil society institutions. Specifically, it envisages the creation of linkages between institutions of the poor, *Panchayati Raj* institutions (PRIs), and the respective line ministries. It also envisages NRLM to work in partnership with NGOs and civil society organizations, academic, training and research institutions besides RBI, NABARD, banks and other financial institutions. It aims to create “platforms for public-private-community partnerships in key livelihoods sectors like agriculture, livestock, and non-farm sectors for developing select value chains or product clusters. It would build value-chain based business partnerships and market linkages.”

The convergence idea originates from the Radhakrishna committee’s suggestion that to adopt a ‘livelihoods approach’ for elimination of rural poverty encompasses four inter-related tasks. One of these tasks is “converging various schemes for efficient delivery of social and economic support services to the poor with optimal results.” The project implementation plan (PIP) of NRLM<sup>22</sup> highlights the need to leverage through convergence with different rural development programs in order to allow the poor to reduce vulnerability and risk by providing a “one-stop-shop, helping them reduce transaction costs and livelihood risks”. It states that the peoples’ institutions built under NRLM can create “conditions wherein the programs targeting the rural poor can converge in terms of content and capital flows” (p.23). The continued emphasis on convergence is also highlighted in the fifth common review mission 2019<sup>23</sup> report. It states that MoRD has consistently advised the states to pursue planned convergence among various schemes of rural development and also with the schemes of other departments to leverage their respective strengths, for optimum utilization of funds and maximizing outcomes.

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<sup>22</sup> <https://aajeevika.gov.in/en/content/programme-implementation-plan-nrlm>

<sup>23</sup> <https://rural.nic.in/publications/report-and-study/common-review-mission>

The government of India and state governments are implementing a wide range of programs to address different dimensions of poverty and deprivation, such as

- Entitlements – PDS, MGNREGS, social security, right to education and so on.
- Improving quality of life – health & nutrition, clean drinking water, sanitation, permanent housing, electricity and so on.
- Enhancing capabilities – Elementary education, vocational, technical education, skills enhancement, and so on.
- Creating livelihoods opportunities – Institutional finance, agriculture, animal husbandry, watersheds, MSME development, food processing, and so on.
- Physical Infrastructure Schemes – Roads, electricity, telecommunications, and so on.

The rationale for convergence is to improve the effectiveness of these programs through linkages between the institutions of the poor, PRIs and the respective line ministries. The convergence and partnerships would enable these organizations/institutions and DAY–NRLM to develop different models for service delivery. NRLM/SRLMs would work on developing these partnerships and build synergies. Examples of partnership models with different types of organizations include:

- ***Panchayati Raj* institutions:** NRLM will ensure that mutually beneficial working relationship and formal platforms for consultations between *panchayats* and institutions of the poor are put in place—and in a manner that PRIs are actively involved in various activities of NRLM while preserving/protecting the autonomy of the institutions of poor.
- **Nongovernment organizations (NGOs) and other Civil Society Organizations (CSOs):** The learning from the rich grassroots experience and demonstrations of NGOs and other CSOs has influenced MoRD and state departments to formulate new strategies and fine tune existing methodologies for improving livelihoods and reducing poverty. The partnerships with them would be critical and within the ambit of the national framework for partnership with NGOs and other CSOs, guided by NRLM core beliefs and values.
- **Academic, Training and Research Institutions:** NRLM, with emphasis on ‘professionally competent and dedicated implementation structures’ at various levels, would partner with academic and training institutions for curriculum design, training pedagogy, faculty/trainer development, and for training and developing professionals. It would partner with research institutions/centers of excellence for research/diagnosis tools, policy and strategic planning through field/action research and social observatories to monitor trends.
- **Public-Public, Public-Private, Public-Private-Community Partnerships:** NRLM would work with RBI, NABARD, banks and other financial institutions, and insurance companies. It would build platforms for public-private-community partnerships in key livelihoods sectors like agriculture, livestock and non-farm sectors towards developing select value chains or product clusters. Besides creating value-chain based business partnerships and market linkages, it would also build a variety of partnerships for the poor to increase the access to their rights and entitlements, and public services.

This is the most overarching and nebulous of the NRLM components, because it is widely open to interpretation. Also, since it envisages partnership with a variety of institutions in government and outside, it is also the most challenging and the least amenable to measuring progress.

### 2.2.2 NRLM Roll Out

The NRLM was designed to overcome the lacunae identified in SGSY, as discussed in Section 2.1.1. It was conceptualized in a “mission mode”. This implies a shift from the usual manner in which government resources are centrally allocated. The expansion of NRLM is demand-driven, meaning that states have to formulate their own livelihoods-based poverty reduction action plans. Importantly, the state missions are required to focus on target, outcomes and delivery. They also need to continuously build capacity, impart skills and create linkages with livelihood opportunities that emerge from other sectors, including in the formal sector, and monitor progress against targets of poverty reduction outcomes.

NRLM has been designed to be implemented in all the states of India, except Delhi and the union territory of Chandigarh.

Apart from creating an enabling environment in the states, the institutional capacities of the central and state governments need to be developed to understand, adopt and implement NRLM to produce significantly higher outcomes. Further, not all the states have similar community institutional environment which is central to NRLM.<sup>24</sup> The actual roll out is explained below.

## 2.3 World Bank Support to Rural Livelihoods Programs: NRLP and NRETP

### 2.3.1 The National Rural Livelihoods Project (NRLP)

The National Rural Livelihoods Project (NRLP), supported through World Bank funding, was created as a complementary sub-project under NRLM as a proof of concept for DAY–NRLM. NRLP was approved on July 5, 2011, and was declared effective on July 18, 2011. The size of the originally approved project was US\$ 1 billion (SDR 635.8 million). NRLP had a two-fold objective. First, to help launch and scale up the National Rural Livelihood Mission (NRLM), and shift the MoRD’s focus from allocation, disbursement, and monitoring of central government financial resources to provision of skilled technical assistance to states implementing NRLM. Second, NRLP aimed to provide additional pro-poor resources (for intensive livelihood investments) in 13 states with the highest poverty rates.<sup>25</sup> These states accounted for 85 percent of the rural poor of the country.

The resources were disbursed among 107 districts and 422 blocks in 13 states as stated earlier (Assam, Bihar, Chhattisgarh, Jharkhand, Gujarat, Maharashtra, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, West Bengal, Karnataka and Tamil Nadu). The budgetary allocation of NRLP funds is

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<sup>24</sup> <https://aaJEEViKA.gov.in/en/content/nrlp>

<sup>25</sup> [https://aaJEEViKA.gov.in/sites/default/files/NRETP\\_PIP.pdf](https://aaJEEViKA.gov.in/sites/default/files/NRETP_PIP.pdf), accessed April 14, 2021

demand-driven, unlike NRLM, wherein the budget is allocated on the basis of inter-state poverty ratios.

The incremental progress in NRLM/NRLP is outlined in Section 3. A MoRD report in 2019 noted the progress over time and observed that NRLP support and technical assistance had enabled the ministry to successfully scale up the NRLM to all 29 states of the country. Support provided through NRLP includes a) setting up of the National Mission Management Unit with professionals having the requisite technical expertise to provide the states in the implementation of NRLM; b) development of all relevant program guidelines for the implementation of NRLM; and c) development of expertise to manage finance, procurement, human resource and MIS systems for the roll out of the program at the state level. Because of this technical assistance, the intensive approach successfully demonstrated by NRLP in 13 states is now being implemented at scale under NRLM in 6758 blocks across all States and Union Territories (except Delhi and Chandigarh). In terms of financing leverage, the USD 500-million investment of the bank leverages an investment of USD 2 billion from the government of India. Table 1 below outlines the cumulative progress of NRLM.

### 2.3.2 Implementation Strategy

The implementation of NRLM involved a devolution of power to the states to allow the program to be adapted to the highly heterogeneous nature of state level contexts in India. From the start, NRLM was intended to cover the entire country. But to reach out to every single village in such a large country is an immense challenge. For that reason, NRLM adopted a phased implementation strategy. Within states, implementation was phased across and within blocks and districts. The program devised specific strategies to reduce implementation costs by using personnel and resources from the early states to lead implementation in the later states.

Block-level implementation is the backbone of the program. The plan is that the NRLM would work in a block for a period of ten years till community federations take responsibility of implementation. A typical block having about 13,500 (90 percent of the total poor) mobilize-able poor households spread over 100-120 villages is divided into 4 clusters of 30 villages each.

For the purpose of implementation, blocks are divided into four types.

- **Resource blocks:** Roughly 5-6 percent of the blocks in a state are typically taken up as resource blocks. These blocks are intended to serve as model blocks where all the key strategies of NRLM would be piloted. The plan was that these blocks would create a ‘proof of concept’ for other blocks to adopt and replicate. The social capital expected to be generated in the resource blocks would support the intensive blocks in implementation. To implement the Resource Block strategy, a State-to-State partnership framework was established, wherein the emerging States such as Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Uttar Pradesh etc. entered into a memorandum with the MoRD designated National Resource Organizations (NROs).

The NROs for social mobilization and institution building consists of the three SRLMs (Andhra Pradesh, Bihar, and Telangana) that have experience in successfully implementing NRLM protocols on a large scale. It deputs a state anchor person to SRLM to anchor implementation. A Project Resource Person (PRP) is seconded to each cluster in the resource block to facilitate implementation on the ground. External Community Resource Persons (CRPs) in teams of 5 from NRO assist with mobilization, formation of institutions of the poor, and training of institutions in the block. The organization also nurtures social capital—women leaders, internal CRPs, bookkeepers and other community workers—to support the institutions in the resource block as well as other blocks. NRO also implements livelihood and layering activities in the block.

CRPs are members of the community who have graduated out of poverty with the help of their SHGs.<sup>26</sup> This strategy essentially rests on the premise that the community learns from the community better. CRPs are employed by the Community Based Organizations (CBOs) at various levels and in various verticals, that is silos dedicated to each theme (such as livelihoods, financial inclusion and others). There are some CRPs who specialize in certain areas such as gender and social action. These CRPs visit different states in teams to inspire women from other communities to form and run SHGs.

- **Intensive Blocks:** SRLMs directly implement the program in intensive blocks where they enter with their own staff at the block level (as opposed to going through the resource block strategy), and take support of the internal resources from the resource blocks. CRPs are chosen from the resource blocks to accelerate implementation in these blocks. The protocols of implementation followed in the resource blocks would be adopted in these blocks as well.
- **Partnership Blocks:** SRLMs take up implementation in blocks that already have significant mobilization of poor women in SHGs. The program is executed in partnership with community federations and NGOs who were previously working in these blocks. NRLM has developed partnership guidelines to identify and work with NGOs and CBOs. NGOs that have significant presence (with 80 percent mobilization or those that have promoted a SHG federation) in a block are identified as partner NGOs. These NGOs are expected to follow NRLM's implementing protocols and processes in the blocks. It is important to note that these Partnership Blocks are one of the means through which NGOs have a formal place in the NRLM architecture. There are other ways, for example, NGOs were involved in implementing the Mahila Kisan Sashaktikaran Pariyojana (MKSP).<sup>27</sup>
- **Non-intensive Blocks:** The remaining blocks in a state (other than resource, intensive and partnership blocks) are non-intensive blocks. NRLM strengthens existing SHGs in these blocks with some capacity building and limited financial assistance. No new mobilization

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<sup>26</sup> <https://aajeevika.gov.in/en/content/implementation>

<sup>27</sup> MKSP is a subcomponent of NRLM which focusses on capacity building of women farmers:<http://mksp.gov.in/>

would be done in these blocks. Over time, as NRLM implementation progresses, these blocks also would come into the intensive-fold. Some SRLMs have adopted 2-3 villages in the non-intensive blocks to implement NRLM in a full-fledged manner.

In a typical intensive block, the first 3 years are spent in building the organizations of the poor by mobilizing them into SHGs, federations at all levels— village, cluster, and block. Funds flow to the community institutions over the first 4-5 years. The middle years (years 3-6) are invested in deepening the activities and adding various layers such as health and nutrition besides interventions for persons with disability (PwD) and so on. The last 4 years are essentially a maintenance and withdrawal phase where the community institutions graduate to self-reliance and self-sustainability.

### 2.3.3 National Rural Economic Transformation Project (NRETP)

In 2018, MoRD requested World Bank assistance through additional funding of USD 250 million for “increased technical assistance and investment support” to scale up the economic transformation initiatives introduced through NRLP to a larger number of states and districts. This request also included technical assistance and support for the then newly launched Mission Antyodaya program, another flagship program of MoRD. Mission Antyodaya aims to spur rural economic growth with the help of the private sector, SHGs and local self-governance institutions (NRETP, 2018).<sup>28</sup>

The overall aim of NRETP is the same as that of NRLP: “to establish efficient and effective platforms of the rural poor that enable them to increase household income through sustainable livelihood enhancements and improved access to financial and selected public services.” Since there is no change in the Project Development Objective (PDO) between NRLP and NRETP, the PDO indicators remain the same, with an additional indicator to measure change in income. Since several of the NRLM/NRLP objectives (already discussed) have an overlap with those of NRETP; these are not being repeated here. This section focuses on the key features of NRETP that are either novel or sufficiently enhanced from the NRLP counterparts.

The original 13 states that were targeted by the NRLP are also the focus states for NRETP. Within these states, 100 districts were identified for project support under NRETP based on the criteria of highest mobilization (that is, the highest intensity of NRLM implementation) and capitalization (both the catalytic capital from NRLM and finance from commercial banks).

The technical assistance under NRETP is meant to help national and state teams to transition to a new phase with a greater focus on economic initiatives such as high value agriculture, value chain development, enterprise and skill development. Since 2015, NRLP has financed investments to increase productivity in agriculture and livestock, and to diversify and enhance incomes of more than 2 million rural poor households. Additionally, NRLP conducted pilots for development of producer organizations, and value chain interventions in agriculture, food and livestock sector in seven states.

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<sup>28</sup> [https://aajeevika.gov.in/sites/default/files/NRETP\\_PIP.pdf](https://aajeevika.gov.in/sites/default/files/NRETP_PIP.pdf)

#### 2.3.4 Economic Transformation

Building on these experiences, NRETP aims to continue to strengthen women-led producer organizations and boost value addition for high value farm and non-farm commodities such as commercial crops and livestock products and fisheries. It also aims to provide technical assistance, skills building opportunities, and investment support as a means to help farmer owned and farmer led organizations improve market information and access, processing, quality enhancements and market information.

NRETP seeks to build on Start-up Village Entrepreneurship Programme (SVEP) (discussed above) and also draw on experiences from other similar efforts initiated by government of India. For instance, A Scheme for Promoting Innovation and Rural Entrepreneurship (ASPIRE) and Stand-up India; experiences of non-profits; incubators and accelerators; and private-sector initiatives in promoting entrepreneurship.

Recognizing the challenges of providing livelihood to nearly 1 million youth joining the workforce every month (NRETP, 2018, p.51), the project aims to support banks in developing and strengthening Rural Self Employment Training Institutes (RSETI) and upgrading them to achieve the objective of sustainable rural entrepreneurship which can provide rural jobs.

The proposed approach to be used by NRETP is meant to be a) cross-cutting across sectors (high value agriculture, manufacturing and services); b) deliver all requisite products/services (finance, technology, mentoring) through a single source; c) have a differentiated support strategy based on the age, size and potential of enterprise and d) leverage technology and private sector in program delivery. This approach has shown to be effective in helping microenterprises that have demonstrated some potential to graduate to Small and Medium Enterprises (SMEs). The project also continues to provide technical support to new entrepreneurs and nano enterprises through NRLM and SVEP, which together comprise the majority of SHG member-owned businesses.

NRETP aims to align skills training interventions with value chain and enterprise development objectives of the project. The objective of skills training initiatives will be to enhance access to jobs in focus value chains and sectors for the poor and marginalized populations in project areas; to strengthen value chains and enable enterprise growth through adequate availability of skilled labor; and to enhance productivity and incomes of rural poor women by upgrading skills in selected self-employment occupations. To achieve these objectives, the project plans to leverage the existing network of RSETIs in project districts and to develop and deliver skills training aligned with national standards.

NRETP has a sub-component which focuses on access to finance for farmer producer organizations and rural enterprises. This includes scaling up initiatives to pilot digital financial methodologies towards enabling digitization of financial transactions in community institutions. The initiatives include Bank-Business Correspondent (BC) approach (in convergence with the flagship Prime Minister Jan Dhan Yojana (PMJDY) program), mobile wallet, and banking-based services.

With increased focus on improving household income through higher order livelihood activities in farm and non-farm sectors, NRETP recognizes that it needs to enable larger value loans (beyond SHG-bank linkage) for micro and small enterprises and producer collectives. The need for such customized financing products has also emerged in the process of developing sub-national projects with states such as Bihar Transformative Development Project (BTDP), Jharkhand Opportunities for Harnessing Rural Growth Project (JOHAR) and Tamil Nadu Rural Transformation Project (TNRTP) as well. This will require technical assistance to NRLM-SRLMs and financial institutions to develop suitable financial instruments besides financial solutions to mitigate financial risk of lenders to non-collateralized loans.

### 2.3.5 Social Development and Convergence

NRETP takes the convergence objective several notches higher compared to NRLP. It aims to foster convergence among PRIs, line departments, and SHG federations in 160 select blocks for creating community demand to access rights and entitlements, effective provision of public services, and improving accountability and transparency among stakeholders.

The project will universalize activities related to health and nutrition: Water, Sanitation and Hygiene (WASH): in the select blocks. NRETP also seeks to support states in designing and implementing a few special projects in agri-nutrition linkages, and implementing convergence pilots in WASH and PRI-CBO.

There are several strategies outlined in the NRETP PIP (2018) aimed at Food, Nutrition, Health and Wash (FNHW), social development and convergence. These include:

- Mobilization of SHG members to participate in the Village Health, Sanitation and Nutrition Days, *gram sabhas* and *gram panchayat* development plan (GPDP) planning process.
- Facilitation of Accredited Social Health Activist (ASHA), Auxiliary Nurse Midwife (ANM) and *Anganwadi* Workers (AWWs) to participate in SHGs, Village Organizations (VOs) and Cluster Level Federation (CLFs) meetings for generating awareness and promoting behavior change in issues related to mother and Young Child Health and Nutrition, and WASH Issues with an emphasis on 1000 days window, dietary diversification and complementary feeding.
- Promotion of nutrition sensitive interventions with well-designed farm to plate education.

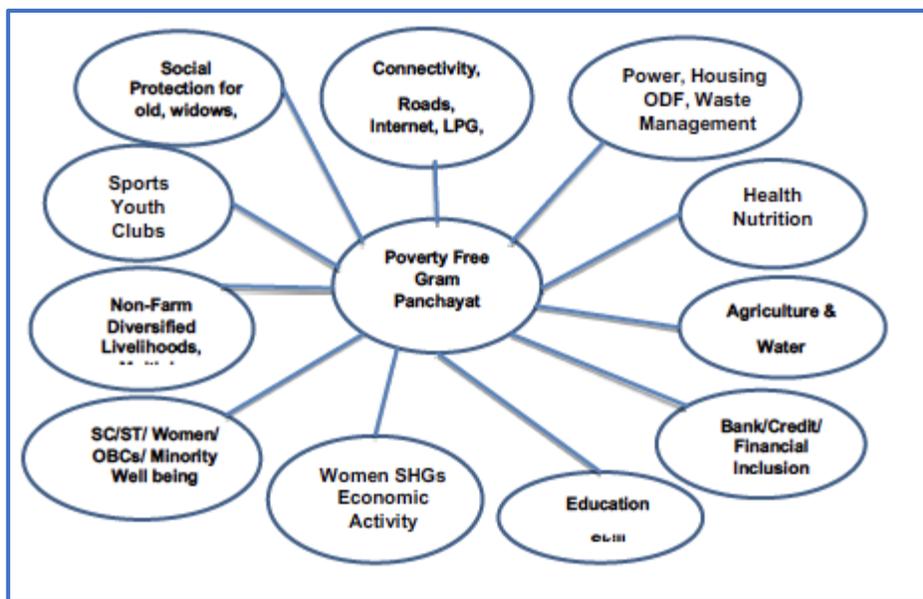
### 2.3.6 Mission Antyodaya

As noted above, convergence is a major strategy of NRLM/NRLP. Under NRLP, a separate fund was dedicated for this purpose. The objective of the convergence fund was to provide an impetus to convergent planning and to demonstrate sustained mechanisms for mainstreaming results-based convergence as envisaged under Mission Antyodaya. MoRD has approved nine sub-projects worth \$10 million under the special convergence fund of NRLP. Collectively, these sub-projects plan to reach out to 628,000 in 39 districts/54 blocks and intend to mobilize more than USD 78 million from

various other government programs, namely Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Pradhan Mantri Awas Yojana (PMAY), Swachh Bharat Mission (SBM), National Social Assistance Programme (NSAP) among others. These funds are expected to promote increased access to health, nutrition, sanitation, and wage labor besides other social entitlements and services such as pensions, rural housing, and productive assets.

Mission Antyodaya is an effort at convergent planning with a *gram panchayat* (GP)/rural cluster as a unit of planning. Since it follows a saturation approach, there will be a sequence of taking up GPs/clusters (especially rural/urban/water stressed clusters with DAY–NRLM, SHGs/ODF/SAGY) as starting point. It proposes to bring all financial and human resources that address the poverty of households. State governments may utilize the expertise of civil society organizations, nongovernment organizations, and corporate social responsibility initiatives having proven impact in the field of rural development to ensure time-bound, effective, and efficient realization of the objectives of Mission Antyodaya. The concept of a poverty-free GP–Mission Antyodaya is based on a multidimensional understanding of poverty and is the overarching convergence program as illustrated in Figure 2 below.

**Figure 2: Mission Antyodaya**



*Source:* NRETP, 2018

The NRETP PIP (2018) notes that states like Bihar, Jharkhand, Chhattisgarh and Maharashtra have done exceedingly well, and each state has come up with its own priority programs and convergence model. Based on the experiences from the convergence blocks, the recently established National Nutrition Mission has issued a joint advisory to focus on nutrition by MoRD, ministry of health (MoH) and ministry of women and child development (MWCD) aligned with the outcomes expected under Mission Antyodaya and National Nutrition Mission.

### 2.3.7 Gender and Women's Economic Empowerment

The NRETP document (2018) is the first explicit statement of the goal of women's empowerment and of the adoption of a gender transformative approach. The NRETP explicitly mainstreams gender by stating that it will adopt a "Gender Transformative Change Approach for engendering all domains of NRETP and mainstreaming gender" (NRETP, 2018, p. 17). It aims to proceed in two ways.

All NRETP blocks will be subject to the "extensive strategy", which means that the project will sensitize mission staff at all levels on gender issues. In the 160 select blocks, it will adopt the "intensive strategy", which means that it will develop a "gender institutional architecture". This includes the development of *lok adbikaar kendras* (social justice centers) and capacitate the CLFs to proactively address higher order social issues that negatively affect women like witch-hunting, human trafficking, prevention of arrack (country liquor) and so on. The full list of activities to mainstream gender is in Appendix B.

One of the key informants from MoRD elaborated on the gender component of the program and placed in the context of the larger goals of the program. They felt that the program was empowering entire families by empowering women. "Women's empowerment is an important feature of the program because one, we felt from the SGSY experience that women's groups basically are more sustainable than men's. We wanted to reach out to the family through women, because one is certain that it would ensure empowerment of women. Second, the feeling was that once you support women, once you bring some money in the hands of women, they are more likely to use it for the benefit of the family than men. It is not like we are working only for women. We want to reach out to all the rural poor households but through women. So that way, women's empowerment has come into the picture."

They also spoke about plans for gender mainstreaming under NRETP. "About mainstreaming, there are two aspects of our gender interventions under the program. One is that we want to set up a mechanism that would be integrated with the institutional structure that we have of SHG, village organization and CLF, so that any gender related issues—be it violence against women or against children or other kind of issues that women face in the rural areas—[they get institutional support].

The mechanism that we are trying to set up is that at the SHG level there should be a gender point person, then social action committee at the village organization level and cluster level federation, and also some kind of organization that can actually function as a formal institution to look into the complaints and grievances of women and sort of administer some kind of justice for them. These kinds of models have been created in various places now with the support from the Bill and Melinda Gates Foundation (BMGF) and Initiative for What Works to Advance Women and Girls in the Economy (IWWAGE). We're also trying to create these kinds of centers in pilot mode in a few states."

"When we say gender mainstreaming, we want to bring the gender aspect into all the other aspects of the program. One is that we want all the staff under NRLM to be trained on gender related issues. When they have an understanding of gender, they can look at every intervention (in financial inclusion

or livelihoods) from the gender lens. In financial inclusion, we are ensuring that women are able to utilize the funds, that the loan is going to the woman member of SHG, that she is the one taking a decision about the utilization of the funds, and so on. In the case of livelihood, let us suppose that some women get together to grow some nutritious vegetables in their backyard. But are the women actually consuming them or not? Are the vegetables being consumed by the men in the family or children, or are they being sold for economic purposes. We are trying to make the women understand that it is important for them to consume also. So wherever there is this gender aspect that has to come in, we would like that each vertical of a program also brings in that perspective. To some extent, this thinking (from gender point of view) has come in but more work is probably required.”

Thus, NRETP envisages gender concerns to take center stage in all aspects of the program. However, as the discussion in Section 5 reveals, the success of this objective, for starters, depends on how it is internalized across all branches of government and not just among NRETP/NRLP staff members. There are other challenges discussed below.

### 3. PROGRESS OVER TIME

#### 3.1 Expansion in SHGs over Time

DAY–NRLM has been rolled out in phases across the country, with both new SHGs being formed as well subsuming the existing SHGs promoted under state-level programs and the erstwhile SGSY<sup>29</sup>. The expansion after the creation of NRLM (post 2011) has followed the Andhra Model.

The implementation plan anticipated that 7-8 crore (70-80 million) rural poor households would be covered within a decade of NRLM’s inception in 2011—and all the rural poor households would be covered<sup>30</sup> within 14 years. The program started with 600 blocks in 150 districts in Year 1. In Year 3, the plan was to include additional 1500 blocks in additional 150 districts. The target for Year 5 was to cover the balance 300 districts and additional 2100 blocks. The projection for Year 7 was to include the balance 800 blocks. The goals for Year 10 and Year 14 were to reach the last village and the last household.

In terms of the outreach, it appears that the first target has been met, as NRLM now covers over 76 million women (counting new SHGs and existing state-level programs) organized into 6.9 million SHGs. As Table 1 shows, NRLM covered the entire country by March 2021, with presence in 34 states and union territories, and 705 of the total 718 districts.

**Table 1: Key DAY–NRLM Indicators (Cumulative)**

NRLM Indicators	Cumulative till 2021
Number of States/Union Territories transited to NRLM	34

<sup>29</sup> Predominantly, the co-option of existing SHGs was done after conducting necessary training and orienting them on NRLM protocols.

<sup>30</sup> <https://aaJEEViKA.gov.in/en/content/implementation>

<b>NRLM Indicators</b>	<b>Cumulative till 2021</b>
Number of Districts with intensive blocks	705
Number of Blocks where intensive implementation has started	6,758
Number of villages in which intensive implementation has started	783,389
“Number of households mobilized into SHGs (in Lakh)”	758.4
“Number of SHGs promoted (in Lakh)”	69.6
Number of Village Organizations promoted	327,906
Number of SHGs provided Revolving Fund	2,242,348
Amount of Revolving Fund disbursed to SHGs (in Lakh)	431,398.6
Number of Community Investment Fund (CIF) disbursed	1,673,701
Amount of Community Investment Fund disbursed to SHGs (in Lakh)	905,879.12
Number of SHG having bank loan outstanding (as of May 2021)	7,177,627
Outstanding Amount in Cr. (as of May 2021)	117,326.56
Cumulative loan accessed by SHGs (Amount in Cr.)	8,171,662.54
No. of Villages covered under Farm Livelihood interventions	110,337
No. of Mahila Kisans covered under Agro Ecological Practice intervention	2,697,758
No. of Mahila Kisans organized into Farmer Producer Organizations	547,588

Source: DAY-NRLM, MoRD

**Table 2: State-Wise Distribution of the Number of SHGs in Existence till March 2021**

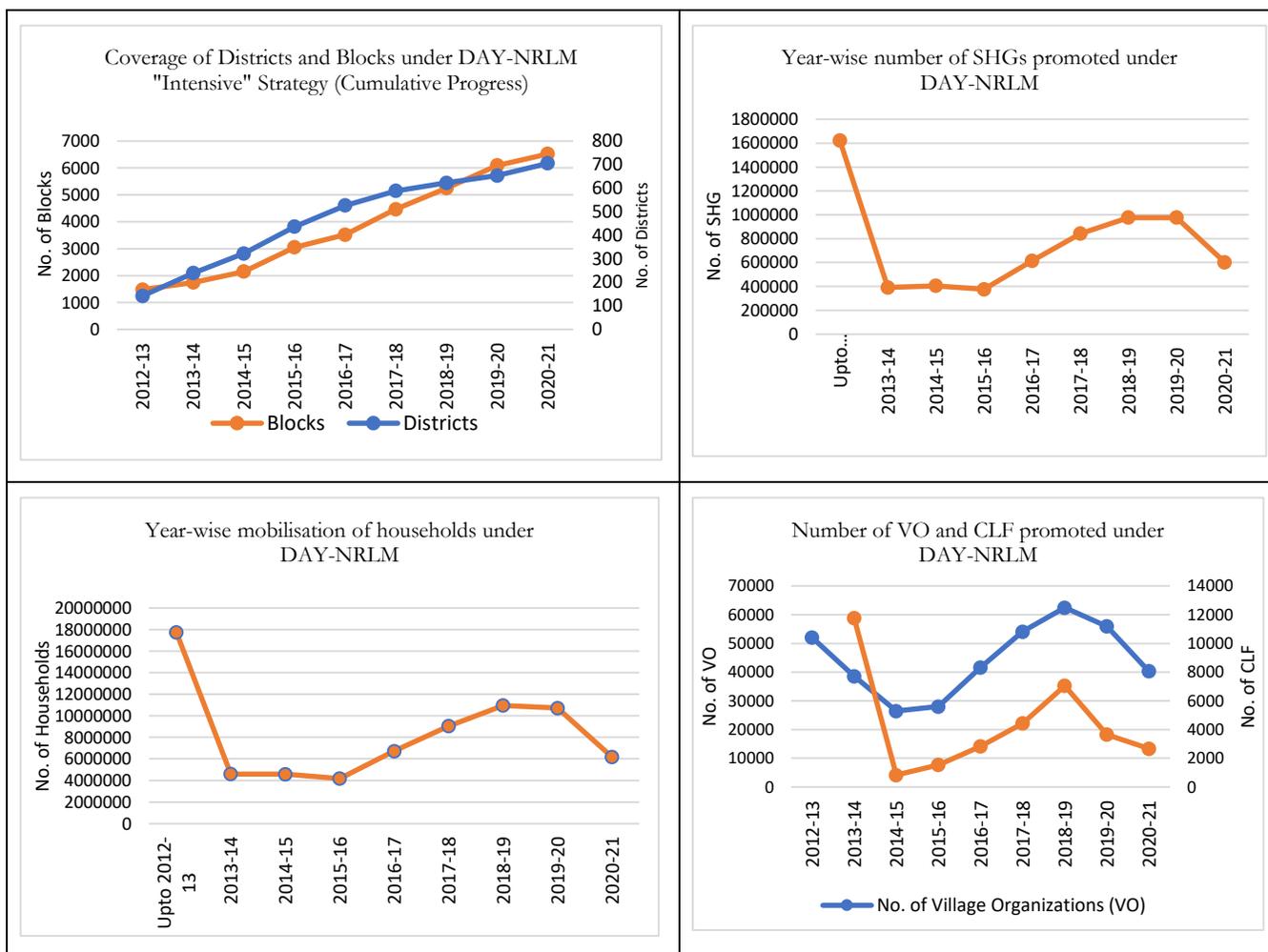
	State	Category-Wise SHG				Minority Category-Wise Member					PWD
		New	Revived	Pre-NRLM	Sub Total	SC	ST	Minority	Others	Sub Total	
NRLP States											
1	Assam	1,17,795	1,40,516	38,020	2,96,331	3,17,717	5,95,935	9,26,754	13,50,854	31,91,260	6,531
2	Bihar	9,50,684	2	30,422	9,81,108	28,45,107	2,07,405	12,64,512	70,35,693	1,13,52,717	4,146
3	Chhattisgarh	1,47,353	42,345	5,029	1,94,727	2,15,936	9,40,289	13,623	9,21,485	20,91,333	91,990
4	Gujarat	97,404	60,710	97,586	2,55,700	2,92,334	7,68,040	74,386	14,69,627	26,04,387	22,666
5	Jharkhand	2,23,139	11,070	20,763	2,54,972	4,33,560	10,35,337	1,63,383	13,28,555	29,60,835	18,200
6	Karnataka	38,677	9,393	1,45,839	1,93,909	4,39,227	1,99,663	1,22,248	16,80,046	24,41,184	87,313
7	Madhya Pradesh	2,79,024	39,468	9,792	3,28,284	7,14,442	14,13,696	53,472	15,37,017	37,18,627	69,367
8	Maharashtra	3,96,301	85,817	30,671	5,12,789	7,02,401	8,54,661	1,84,585	35,13,721	52,55,368	1,36,819
9	Odisha	1,80,714	1,13,758	1,69,626	4,64,098	9,46,794	12,11,529	87,500	26,78,726	49,24,549	95,303
10	Rajasthan	1,61,307	3	5,410	1,66,720	4,36,020	6,91,821	51,605	7,16,263	18,95,709	59,861
11	Tamil Nadu	1,20,565	17,109	1,56,213	2,93,887	10,25,152	64,971	1,48,553	22,67,399	35,06,075	3,92,065
12	Uttar Pradesh	4,14,514	33,677	15,817	4,64,008	17,41,150	66,851	3,23,627	27,71,387	49,03,015	2,52,253
13	West Bengal	5,18,798	34,863	3,23,949	8,77,610	30,08,618	6,46,754	23,67,359	31,32,525	91,55,256	96,149
	Sub Total	36,46,275	5,88,731	10,49,137	52,84,143	1,31,18,458	86,96,952	57,81,607	3,04,03,298	5,80,00,315	13,32,663
North West States											
1	Haryana	43,512	1,451	173	45,136	2,27,983	389	36,068	2,15,218	4,79,658	4,593
2	Himachal Pradesh	21,718	2,932	1,005	25,655	65,188	10,295	2,219	1,25,767	2,03,469	9,426

3	Jammu and Kashmir	46,390	15	42	46,447	52,032	26,379	1,769	3,21,941	4,02,121	8,565
4	Punjab	23,904	394	77	24,375	1,67,017	17	10,703	75,469	2,53,206	2,343
5	Uttarakhand	27,784	3,169	792	31,745	66,152	15,558	16,087	1,53,791	2,51,588	6,121
	Sub Total	1,63,308	7,961	2,089	1,73,358	5,78,372	52,638	66,846	8,92,186	15,90,042	31,048
North East States											
1	Arunachal Pradesh	3,371	43	126	3,540	45	28,277	550	2,361	31,233	816
2	Manipur	2,397	44	8	2,449	164	4,983	4,795	17,446	27,388	242
3	Meghalaya	30,119	1,486	520	32,125	2,866	3,10,412	3,090	3,137	3,19,505	3,869
4	Mizoram	5,366	1,393	98	6,857	100	60,736	0	8	60,844	1,156
5	Nagaland	8,142	367	3,766	12,275	141	1,08,702	1	196	1,09,040	783
6	Sikkim	1,541	3,315	278	5,134	2,858	18,399	5,476	21,426	48,159	720
7	Tripura	14,705	322	11,883	26,910	59,308	83,324	15,722	91,813	2,50,167	2,486
	Sub Total	65,641	6,970	16,679	89,290	65,482	6,14,833	29,634	1,36,387	8,46,336	10,072
Southern States											
1	Andhra Pradesh	55,488	2,663	7,02,818	7,60,969	15,94,886	4,56,251	0	54,77,170	75,28,307	99,788
2	Kerala	90,385	1,297	1,48,400	2,40,082	4,13,783	73,622	0	30,05,853	34,93,258	1,01,469
3	Telangana	1,13,454	89	2,94,195	4,07,738	9,12,812	5,68,213	0	28,10,953	42,91,978	15,148
	Sub Total	2,59,327	4,049	11,45,413	14,08,789	29,21,481	10,98,086	0	1,12,93,976	1,53,13,543	2,16,405
Union Territories											
1	Andaman and Nicobar	881	76	6	963	6	250	1,507	7,724	9,487	109
2	Goa	1,000	1,997	12	3,009	807	7,390	3,155	27,147	38,499	205
3	Ladakh	447	4	0	451	3	3,325	14	284	3,626	34
4	Lakshadweep	178	0	2	180	0	1,750	13	0	1,763	41
5	Puducherry	2,087	246	956	3,289	11,183	115	1,691	30,373	43,362	786
6	The Dadra and Nagar Haveli and Daman and Diu	565	0	4	569	266	4,697	11	1,103	6,077	88
	Sub Total	5,158	2,323	980	8,461	12,265	17,527	6,391	66,631	1,02,814	1,263
	Total	41,39,709	6,10,034	22,14,298	69,64,041	1,66,96,058	1,04,80,036	58,84,478	4,27,92,478	7,58,53,050	15,91,451

(Source: <https://nrlm.gov.in/shgReport.do?methodName=showPage>)

Table 2 shows number of SHGs promoted (cumulative) in each state since inception. The number of SHGs promoted depends on the number of rural households in the state, the number of intensive blocks and when these blocks were started.

**Figure 3: NRLM Coverage over the Years**



Source: Created using data from DAY-NRLM, MoRD

Figure 3 shows the incremental progress of NRLM over the years. We see that while the geographical coverage has steadily increased over the decade, the number of SHGs (top right panel) increased between 2015–16 and 2019–20. The last year saw a decline which could be due to the Covid-19 pandemic. The same pattern can be observed in the year-wise mobilization of households under DAY-NRLM. The number of VOs and CLFs promoted under DAY-NRLM peaked in 2018-19 and had started to decline before the onset of the Covid-19 pandemic. When interpreting these numbers one has to be mindful of the expansion protocol of the mission. NRLM initiates work in a block by taking it as a unit. By the year 2018-19, all blocks in large states like Bihar, Maharashtra, Madhya Pradesh and West Bengal were already covered, thereby showing a slowdown in the rapid expansion. Also, often new SHGs are likely to be federated into an existing VO and CLF. For example, a block in Bihar will have 3-4 CLFs. A CLF's formation (or VO formation) would not be held back till all potential SHGs in the cluster/village are formed. One of the functions of VOs and CLFs is to mobilize households into SHGs (that are not already mobilized), and get them federated over time.

The evidence presented above shows that the initial NRLM target of mobilizing 70-80 million women appears to have been met.

In a review by the World Bank, Singh and Rani (2020) point out that the participatory identification of poor (PIP) exercise found widespread acceptance among stakeholders, but “its execution and quality monitoring at scale has remained a challenge.” However, it is important to remember that the coverage of NRLM is not uniform. The poorest of the poor (PoP) households that are roughly at the bottom 10 percent “lack the basic assets and skills to participate in DAY–NRLM institutions, and suffer multiple deprivations and discrimination based on caste, gender and remoteness.” Their discussion note points out that there have been successful interventions by some states (Andhra Pradesh, Bihar, Jharkhand, Telangana, Tamil Nadu and Kerala). They recommend that “more robust learning, evidence and dissemination of information on economic mobility of the PoP households are required to develop state-specific, targeted interventions.”

### 3.2 Challenges in Implementation

For a program as multi-faceted as NRLM/NRLP, there are many challenges, often unanticipated. Ground realities can throw up constraints in unexpected ways. One of our key informants, Anjani Kochar, gave this example from her field work.

“I was involved in an evaluation study for JEEViKA in Bihar. The organization had a women’s producer group program in Purnia called Vartha. The group was selling maize. It turned out through the data that maize is the main crop over there and the way they had designed the program was that whatever the women earned by sale of the output would go into their bank accounts.”

“The irony was that here's a crop that is being produced by the man of the house. Women weren't putting in that many hours in the field, definitely nowhere near what men were doing. On paper, the men were supposed to hand over the harvested crop to the women. The women would then sell it through this producer group, and the money would go into a women's account. And later the husbands (according to the program design) would have to ask the women money for expenses, and even for something as insignificant as tea? So obviously that wasn't happening. And if we looked at the percentage of maize that they were selling through the producer group, it was small. Really small.”

The lesson from this example is that the reason underlying the observation that women were not selling through the producer group is not related to outreach or training or any other technical factor. It is the fact that women are getting control over the earnings which is upsetting the power equation between husband and wife. This does not mean that the program is misplaced but understanding the correct reason will lead to appropriate resolution. In this case, the response would need to either eliminate a situation where the man has to ask the woman for money or to find areas of intervention where women are directly paid for their own efforts. There are no readymade or formulaic solutions; the point is to learn from the field work, review and brainstorm about the possible steps to fix it.

### 3.3 Process Matters: Internal Evaluations

The next few sections focus on the literature review, learnings from the fieldwork and insights from KIIs. One theme that needs to be discussed is the process that is followed by a program. Undoubtedly, the “how” (process) questions are as important as “what” (goals and targets) queries. Given the questions around the process, did the World Bank evaluate the process, in addition to monitoring outcomes? One of our key informants explained how process evaluations were “a very central part” of the work of the social observatory unit of the World Bank (discussed below in Section 5). They observed that the World Bank “has always done process evaluations...whether they have done it well or not is another story, but they've always done them.”

The State Missions have contracted the services of process monitoring agencies (Taru Leading Edge Private Limited for Bihar, Chhattisgarh and Maharashtra; Sutra Consulting of Bhubaneswar and GRAAM, Mysuru for Karnataka; Inspire for Madhya Pradesh). Our study team was able to access World Bank process monitoring reports for six states: Bihar, Chhattisgarh, Karnataka, MP, Rajasthan, Maharashtra, and a summary for Odisha. We focus here on Bihar in detail because the program has been underway for 15 years.

#### 3.3.1 Process Monitoring of JEEViKA

The process evaluation report for JEEViKA emphasizes that a community-driven project requires a responsive and adaptive monitoring system, as “community level development processes do not necessarily conform to pre-set rules, deadlines, targets or blue-print approaches.” (p. 4, BRLPS Process monitoring, 2015)

The process monitoring exercise was conducted by Taru through a series of workshops, training, field visits and meetings with officials at all levels. The actual process monitoring was done by CRPs under the supervision of district teams of Bihar Rural Livelihoods Promotion Society (BRLPS) and resource persons from Taru. Members of Taru were also involved in field studies in NRLP districts.

The BRLPS set out the “non-negotiables” for the way ahead: inclusion, equity, transparency, accountability, participation and facilitation were emphasized in the training programs. The process monitoring exercise focused on the following elements: a) SHG functioning (adherence to *Panchasutra*—regular meetings, saving and book keeping, appropriation of funds, and loan repayment); b) social impact (micro-insurance, PDS, TFI, community managed health and nutrition centers, CHNCC); c) livelihoods (poultry, *agarbatti*, dairy cooperatives, producer groups); PM-CRP (development of training modules, field-based training); d) vulnerability reduction fund (health risk funds, HRF); e) VO functioning (adherence to *saptasutra*—SHG-VO linkage, VO meeting, sub-committee, saturation, exclusion of SC-ST).

The exercise reveals that the challenges to implementation stem from issues internal to JEEViKA as well as structural constraints over which the organization does not have a great deal of control. For instance, the report found that financial inclusion is very low “because the presence of banking

infrastructure (both physical and human) is much below the desired level.” (p. 8). It also finds that banks tend to focus on mobilization of savings via opening of accounts and do not focus on increasing the credit flow to households in the poor and vulnerable groups.

Anjini Kochar in her interview pointed out how the low bank penetration affected the Bihar program. Bihar relied extensively on post offices and not on bank branches, because the network of bank branches was scant. She explained that in the SHG-bank linkage, there are two elements, the *bank sakehi* (banking mate) and the banking correspondent agents (BCA). The role of the *bank sakehi* gets repeatedly emphasized in the program: she is the one who sits at the branch and helps people fill out forms and fulfil other criteria.

Kochar pointed out that for the *bank sakehi* to be useful, people must go to the bank. In Bihar, because of the low penetration of the bank network, Kochar discovered during her field work that many SHGs keep their money in a cash box at home, because distance from the bank is a big issue. However, in India, dependence on cash is common and it is not necessarily a comment on bank accessibility. Thus, when a particular outcome is not observed, it could be because of factors outside the program. Additionally, NRLM has recently introduced BC *Sakehi* (BCS) to drive rural financial inclusion. But it needs to be understood that there could be challenges internal to the program and that the solution is not as simple as deploying a *BC Sakehi* in an area.

Returning to the process monitoring exercise, the report is somewhat self-contradictory, because right after pointing out this lacuna, it elaborates at great length on how “increased access to affordable credit, especially for people belonging to poor and vulnerable groups is one of the most remarkable achievements of the program.” (p. 9). It backs its claim with several tables documenting the increase in credit. Later, it observes that “more than 98% of the SHGs from the sample were observed to be functional and fulfilling the mandate of financial inclusion.” (p. 13).

The project had the aim that “interventions under the project would result in a poor family accessing cumulative credit of INR 100,000 during the project period of 10 years.” (p. 9). The monitoring report concludes that “based on the current pace of household investment, reaching the investment goal of 1 lakh (INR 100,000) seems challenging.” It goes on to point out that “for reaching the targeted level of 1 lakh of household investment much more needs to be done. Poor repayment often obstructs the flow of funds, hence the goal of high household investment with the present situation of poor repayment has made the task of achieving the desired level of household investment quite challenging.” (p. 11).

One clear element related to process is *panchasutra*, which is non-negotiable. The report finds that adherence to *panchasutra* has come down. “Due to lack of a concurrent monitoring system...SHGs are facing the challenges related to poor repayment and pending work in updating of books of records...dependency on cadres is increasing which is affecting the meeting regularity.” (p. 13). Since the program mandates weekly meetings, clubbing of two or more weekly meetings into a single meeting is very commonly observed.

Updating ledger books is a major task and appears to be onerous because it is time consuming. As a result, cadres who are supposed to assess demand for credit by members are unable to attend to that. The report found that “the demand column in the SHG ledger sheet was more than often found to be blank.” (p. 15). This affects the preparation of the loan ledger as well.

The report also observed that timely repayment of loans “is the biggest challenge which may affect the sustainability of Jeevika SHGs.” (p. 17). It was observed that only 60-70 percent of the loan gets repaid, which leads to blockage of funds. The reasons identified were lack of awareness (linked to non-preparation of loan ledger) and credit counselling. Members face genuine cash-flow problems and SHGs do not try and resolve the issue since SHG leaders also default on their repayments (hence, no discussion or follow up takes place in the SHG meetings).

The report goes on to describe each of the individual components that were brought under focus (listed above). Overall, for a process monitoring report, a large part is devoted to outputs and targets, and comparatively less to the process. The larger point is that the issue of the rigid, top-down approach (discussed in the previous section) appears to constrain or adversely affect the ability of the SHGs to set the rules that work for them.

Kochar et al (2020) recommend re-evaluating the *panchasutra* to ensure that they fully reflect the quality standards by which SHGs can be monitored. They found that the existing *panchasutra* standards are extremely high and hard to achieve for most SHGs. Setting exceptionally high standards may deter their mobilization and lead to higher failure rates. A dynamic measure with realistic standards could serve as an accountability mechanism and the basis for resource allocation.

### 3.3.2 Chhattisgarh Gramin Aajeevika Samvardhan Samiti (CGSRLM): Bihar

The CRSRLM started in 2011 to extend the NRLM mandate to the state. It has adopted a phased expansion: blocks in the state have been divided into intensive and non-intensive categories. It entered into a partnership with SERP (that is, followed the Andhra Model) to implement the resource block strategy. The program is ambitious: the aim is to sustainably alleviate poverty of 1.2 million people living below the poverty line in rural Chhattisgarh and stay engaged with them till they come out of poverty. The program claims a great deal of success in making women “agents of change” due to their role in debt reduction and in ensuring improved access to public services.

While the evidence from Bihar as well as other voices points to the need for more flexibility, the Chhattisgarh process monitoring report (by the same agency Taru) reports that the program (Bihar) has transformed itself from *panchasutras* to *gyarabsutras*: from five to eleven guiding principles. The project seeks to extend its focus from SHG quality indicators to the overall well-being of households.

Taru’s report notes that “the added six sutras are pertaining more to ... behavioral change... these new *sutras* are so transforming (*sic*) that apart from the households under the project it can empower each of the rural households in its own way.” Taru’s recommendation is that “the *project can make wall*

*paintings for the communication of these six sutras at public places.”* (p.8, Bihar process monitoring report, 2017)

This added burden, including the additional target of making wall paintings, defies logic.

The Karnataka process monitoring report for the state level program, Sanjeevani, also found similar gaps with respect to strict adherence to *panchasutra*. Bookkeeping recurs as a major issue: blank columns, no signatures, incomplete information seem to be common here too. The Karnataka process monitoring report is comprehensive: it takes a look at specific details for each district, and clearly discusses bottlenecks and challenges.

In fact, presentations of the annual Progress Review Committee (PRCs) on the NRLM website<sup>31</sup> demonstrate a keen awareness of these persistent issues. However, perhaps what is needed is the ability to step back and see the full picture that can reveal where the common bottlenecks are. For instance, if bookkeeping is emerging as a problem in several states, perhaps it is time to revisit bookkeeping practices.

### 3.4 Which Elements Work?

A question arises from the evidence is what it is about these small groups of very poor women that enables a wide range of significant and positive outcomes. These groups are not profit making; many of these groups do not have large-scale income generation activities. It is difficult, possibly also erroneous, to identify one single channel of “what works”. It could simply be the ritual of a weekly meeting, the ability to discuss and articulate views on diverse topics, the security of knowing that there is a group of women in similar circumstances who could be called upon if needed, or even the opportunity to get away from the house on a mission which is the woman's own.

Sanyal, Rao and Majumdar (2015) attempt to understand the process by which an anti-poverty program induces a “cascading set of changes that leads to empowerment of women.” This process is especially puzzling (at first glance) in “a very poor and patriarchal region of India” like Bihar. Based on qualitative data (semi-structured interviews, focus group discussions with members, non-members and key stakeholders), they found that JEEViKA gave women privileged access to three kinds of resources: symbolic resources (that facilitated the formation of a new identity anchored in the SHG, rather than caste or kinship; b) physical resources (money, credit), and c) an associated institutional environment (SHGs, VOs, CLFs).

#### **Box 3: Pathways and Theories of Change for Women’s Empowerment**

In the terms of the sociological theories of culture, therefore, ideologies of gender equality and empowerment (a cultural system of meanings and values) that are promoted by modern day anti-poverty interventions

<sup>31</sup> <https://aajeevika.gov.in/en/content/day-nrlm-presentation-prc-meeting-july-14-15-2016>, for instance.

facilitate (a) the creation of particular kinds of entities and institutional spaces to which women have privileged access and the exclusive right to participate in; and (b) the cultivation of new cultural competencies (concepts, meanings, language, rituals) and “capabilities” (Sen 1990) that defy the classical conventions of gender. Combined together, for women, these entail a process of opening up their internalized schemas to revision and remolding their embodied cast of habitus. These changes are reflected in individual and collective practices and performances, and all together these results in a process of shifting the symbolic boundary of gender as it exists, changing men’s and women’s ideas of what it means to be a woman. In time, activities that were seen as the antithesis of womanliness come to be viewed as normal. (p.52, Sanyal, Rao and Majumdar (2015))

Majumdar, Rao and Sanyal (2017), based on the analysis of qualitative data over four years (2011-15) on the JEEViKA project, suggest that the process of implementation of the project changed when it was scaling up from its first phase (covering 400,000 households) to its second phase (covering 800,000 households). Their own association with the project through both phases leads them to suggest that the first phase was “akin to a mini-social movement that challenged traditional structures of power and patriarchy (p. 2).” They argue that in the first phase, “mobilizers incorporated the interests of multiple stakeholders on the ground”, and as the project scaled up, “participants were mobilized quickly with a homogenous and fixed script that ... failed to include diverse stakeholder interests, objectives and voices.” They argue that this kind of “implementation failure” has not received the scholarly attention it deserves.

#### **4. A BRIEF LANDSCAPE OF SHG IMPACT EVALUATIONS**

There is a massive body of research on rural livelihood programs globally as well as in India. For India in particular, in addition to academic papers, there have been meta-syntheses as well as impact evaluations specifically of NRLM or NRLP and/or SHGs on a range of economic and non-economic outcomes. For example, Kudumbashree has been extensively studied, with the number of books, articles and research papers on the scheme going into several hundreds.<sup>32</sup> As stated in the Introduction, this study is not meant to be a meta-synthesis or another impact evaluation; the objective is to discuss what we have learnt from the body of knowledge specifically with regards to the question of women’s empowerment. However, before moving specifically to this aspect in Section 5, it should be noted that impacts on women’s empowerment are not unrelated to larger impacts of the program in other dimensions, such as earnings, diversity of livelihoods, savings and so forth. This section briefly reviews the broader body of evidence before zooming in on the specific question of women’s empowerment in Section 5.

The review below is not a paper-by-paper discussion on the entire mass of research on SHG programs in India, but more in the nature of ‘taking stock’—or, rather an attempt to answer what we have learnt so far from the massive body of evidence. The evidence comes to us from a variety of sources: the World Bank Policy Research Working Paper series, impact assessments by agencies such as

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<sup>32</sup> <https://kudumbashree.org/pages/500>

International Initiative for Impact Evaluation (3ie) and impact evaluations published in peer-reviewed journals by independent researchers.

**Table 3: Summaries of major papers/studies reviewed in Section 4**

Authors	Type of Material	Outcome	Indicators	Results
Dev et al (2012)	Edited book	Various	employment, poverty, income, empowerment	positive
Deininger and Liu (2009, 12, 13)	Research Papers	Economic, mobility	savings, moving inside village, interaction within caste group nutrition	positive positive for new participatnts
			energy intake, total consumption	positive
			income, assets	no increase
Prennushi and Gupta (2014)	World Bank Policy Research Paper	Economic, mobility	loans and assets, expenditure	positive
			mobility	positive
			benefit from other govt schemes	positive
Barooah et al (2019)	Evidence Gap Map (3ie)	Econ, social and empowerment	Various	mixed
Kochar et al (2020)	Impact analysis (3ie)	Economic and empowerment process	loans taken, entrepreneurial activity, financial inclusion, adherence to Panchasutra	most positive, some no impact mixed
Barooah et al (2020)	3ie study on federation	Economic	Two case studies	mostly positive, mixed
Sanyal (2009)	Research Paper	Social capital	several	positive
Deshpande and Khanna (2021)	Research Paper	Economic and empowerment	income amd livelihoods	no impact
			mobility, decision making, personal efficacy	positive
Garikipati (2012)	Research paper	economic	type of employment: wage to self	positive
Datta (2015)	Research Paper	economic	asset ownership	positive
Khanna, Kochar and Palanisamy	Research Paper	economic	assets, debt and skilled employment	positive
Hoffman et al	Research Paper	economic	high cost loans	negative
Pandey et al (2019)	World Bank Policy Research Paper	economic	diversification of livelihoods	positive
Mukerjee and Dutta (2010)	Research paper	empowerment	various indicators	no effect
Christian et al (2018)	Research paper	disaster relief	decline in food expenditure	mitigated reduction, i.e. good

The rest of Section 4 is organized as follows. 4.1 focuses on the Andhra Model as it is predominant followed by NRLM for national roll-out. 4.2 gives a brief glimpse of the international impact evaluation literature to provide perspective on the knowledge gaps that exist in this broad area; 4.3 discusses the largest impact evaluation of NRLP; 4.4 discusses the evidence from federation and 4.5 discusses other impact evaluation literature. The organization of this section is not chronological but thematic.

#### 4.1 The Andhra Pradesh Model

The Andhra Model has become the predominant model for the expansion of NRLM/NRLP all over the country. Several studies studying various dimensions of the Andhra experience are compiled in a book volume (Dev et al, 2012) in addition to published research papers by World Bank economists (Deininger and Liu, 2009, 2012 and 2013).

The most important paper on the Andhra Model is by Deininger and Liu (2012 and 2013). They motivate the paper by noting that the accounts of the Andhra Model's success are descriptive, and "a thorough assessment of its impact on specific groups that accounts for self-selection has thus far been

missing.” They use a 2004 household survey and control for selection by assigning individuals into three groups: those who had joined an SHG in a new program; those who had joined an SHG that existed prior to the program but got converted to a program SHG; and those who never joined an SHG. They use propensity score matching (PSM) and difference-in-differences methodology for attributing the effects of the program to the outcomes.

Their main findings are as follows: First, social capital and economic empowerment as well as nutritional indicators improved in program areas for both participants and non-participants, compared with control areas. Thus, they find that the program generated positive social externalities. Second, distinguishing different types of participants (new, converted, and non-participants) and disaggregating social capital suggests that the most pronounced changes were registered in women’s ability to save, move freely in the village, and interact within their caste group. These effects accrued equally to participants and non-participants. By contrast, impacts on nutrition were most pronounced for new participants, and smaller or insignificant for converted or non-participants. Protein intake increased significantly for all groups, possibly due to the program’s emphasis on livestock and milk production as well as its nutritional interventions. Participants also increased their energy intake and total consumption. The fact that this was achieved after a drought (at the time of the survey) suggests that the program was successful in supporting participants to smooth their consumption during shocks and in supporting groups to improve access to public safety net programs. At the same time, the gains in consumption for participants (17 percent) are not matched by a commensurate increase in income or assets. They (Deininger and Liu, 2013, p. 155) state that “our estimates do not point to any significant impact on income or accumulation of assets over time.”

A World Bank policy research paper by Prennushi and Gupta (2014) also examines effects of the Indira Kranti Pratham (Velugu) using panel data over 2004 and 2008 in five districts of AP. Their results are very similar to that of Deininger and Liu (2013). The authors also use PSM to estimate program impacts and find several positive effects: increased access to loans that allows participants to accumulate assets, increase levels in expenditure, and greater freedom of mobility for women. They found that the impacts were strongest for the poor, the poorest of the poor, and for scheduled tribe participants. They also found that participants were more likely to benefit from other government schemes like MGNREGA, mid-day meals in schools and housing program. They conclude that the results demonstrate an improvement in the overall well-being of the program participants.

While it is clear that the reach of the Andhra Model has been extensive, the research is not comparative. In other words, the mainstreaming of the Andhra Model is not backed by research demonstrating that it was the most efficient or desirable model (in relation to other models with similar agendas).

## 4.2 The State of the International Impact Evaluation Literature

Barooah et al. (2019) provide an Evidence Gap Map<sup>33</sup> (EGM) on how impactful group-based livelihoods programs have been, and the reasons underlying their success (or the lack of it). Their focus is not exclusively on India; within India, it is not exclusively on NRLM. The reason for starting this section with this EGM study is to highlight that despite a great deal of literature on livelihoods interventions globally, there are substantial gaps in our knowledge base.

In the process of creating the EGM, the authors offer a useful systematic review of existing literature on interventions directed at improving livelihoods. The use livelihoods in a broad sense to mean “a household’s means of earning a living [which] includes activities to meet basic human needs in good and bad times, as well as acquiring capabilities, resources and assets to carry out these activities (p.1).” Their focus is on rural group-based livelihoods programs in low and middle-income countries, including India. The groups need not be only SHGs; they could be producers’ organizations or farmers’ collectives. These activities fall within the larger realm of community-driven development (CDD).

They underscore significant gaps in the evidence landscape. The EGM highlights a few common limitations of impact evaluations: for one, they often do not or cannot shed light on the pathways, or channels, through which certain outcomes do or do not manifest. Also, they often cannot explain why or how the measured outcomes came about. For that, qualitative methods are often more appropriate.

Their EGM on the economic, social and empowerment effects of livelihoods interventions focuses on impact evaluations and systematic reviews of interventions providing financial, human or social capital during the period between January 1996 and April 2018. Their search for such studies yielded 30,085 citations from which they finally included 129 impact evaluations and 8 systematic reviews.

Their first finding is of a threefold rise in the number of impact evaluations between 2006 and 2014. However, their review indicates that there is substantial geographical clustering of the evidence. Of the 129 studies in their selection, the majority (84) are concentrated in South Asia, with Bangladesh and India providing nearly half of the evidence base (55). This makes sense as group-based livelihood programs have existed longer and are much more common in South Asia than in any other region of the world. In addition to geographical asymmetry in studies, there is also asymmetry across types of interventions. Financial interventions (provision of credit, savings, and financial training) have been evaluated more than livelihoods interventions. The authors find that programs that target human capital development as essential components of livelihoods programs (skills training, health, and nutrition services) have not been studied as much.

There is a corresponding asymmetry in the types of outcomes studied: impacts of economic outcomes such as income, consumption, expenditure, and assets have been studied more than social

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<sup>33</sup> 3ie produces EGMs on a variety of subjects, which are meant to be “collections of evidence on the effects of development policies and programs in a particular sector or thematic area.”

repercussions such as migration and vulnerability to shocks. Even within economic outcomes, there are fewer studies on means of savings and loans than on other economic outcomes.

On the impact of the intervention on women's empowerment, the most often studied outcome is non-financial decision making by women. The least studied empowerment outcomes are physical/sexual and/or mental abuse.

The EGM emphasizes that while women play an important role in the livelihood strategies, many evaluations focus on impacts on households and not on the direct participants (women). It also underlines the need for a detailed analysis of gender roles, which is missing from studies as well as from other EGMs. These general features about the state of the literature are applicable to studies focused on India as well.

### 4.3 3ie Impact Evaluation of NRLP

One of the most comprehensive impact evaluations of SHGs in India is the NRLP evaluation by Kochar et al (2020), who examined the impact of the program in nine of India's poorest states: Bihar, Jharkhand, Odisha, West Bengal, Uttar Pradesh, Chhattisgarh, Madhya Pradesh, Maharashtra and Rajasthan. They collected data on over 27,000 households (including member and non-member households) during 2018-19. They also analyzed data from the government's monitoring and information systems (MIS) and individual state records besides data from SHGs, VOs, and CLFs collected during their survey. They combined this with an impact evaluation for JEEViKA in Bihar based on the sample initiated by Hoffman et al (2017) that used an RCT randomized at the GP level. Kochar et al followed this sample and were able to build a household panel that allowed them to study the effect of NRLP seven years after its initiation in Bihar. They measured the impact of NRLP by utilizing the distinction between early and late villages in terms of rollout of the program. They first calculated a counterfactual, which is the predicted value of the outcome measure if the early villages were not to receive the program. They call this the "base value."<sup>34</sup>

Their sample covered 1052 villages and 4742 functioning SHGs. Their summary statistics reveal that NRLP worked well in terms of federating and funding the SHGs. In their sample, 79 percent SHGs were linked to VOs, 75 percent were linked to CLFs and 70 percent had received revolving funds. However, only 34 percent had received community investment funds (CIFs) and 50 percent had received bank loans, indicating that there are gaps in implementation and room for improvement.

They found that 68 percent SHGs reported internal lending over the past 12 months (2019-20). The average loan was INR 5466 suggesting that these loans were used more for consumption, rather than

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<sup>34</sup> In her interview, Professor Kochar highlighted that one of the challenges in accurately assessing impact was that there was no baseline study. In its absence, an end line study would not be robust in terms of identifying the effects of the program. Thus, to find an identification strategy that would be valid across states was another challenge. She and her team identified early blocks and late blocks within each state. Within each block, they identified early and late villages. They also used MIS data not only for sample selection but also for matching their survey to MIS data. She emphasized that incorporating state level experiences into the study design deeply enriched the study.

for productive purposes. Only 65 percent of the groups had initiated group entrepreneurial activities. This suggests that while SHGs had significant impact in terms of financial inclusion, the uptake of livelihoods promotion activities was not as strong. However, one should note that initiating group entrepreneurial work is not the aim of the mission. The NRLP emphasis is on preparing micro-investment plans (MIPs) that are tailored to an individual household's requirement.

However, they found that when SHGs are federated (that is, linked to VOs and CLFs<sup>35</sup>), there is a marked improvement in financial access and use of funds. The proportion of loans from non-federated SHGs used for productive purposes is 13 percent, whereas this is 15 percent and 24 percent for SHGs federated into VOs and CLFs, respectively. The average loan amounts are higher in SHGs federated with CLFs (INR 7474 compared with INR 3401 in non-federated SHGs). There are significant impacts from linkage with VOs on household productive assets and household expenditure on education and food, although SHGs alone did not make a difference to these outcomes.

Overall, Kochar et al found several benefits associated with federation. Federated SHGs have the benefit of better organizational capacity since the leadership of VOs and CLFs is better qualified. For each SHG, they calculated a score based on adherence to the five norms of *panchasutra* (regular meetings, savings, internal lending, repayments, and bookkeeping), which is required for SHGs to receive funds. They found that federated SHGs have greater adherence to the norms (the average adherence score for this category was 2.5 out of 5; this was lower for non-federated groups at 2.2 out of 5). SHG closure rates also are lower when they are federated. However, we should be cautious about drawing causal inferences from these statistics, as better performing groups are more likely to be federated, simply because they are more likely to survive long enough to be federated. We need more careful evidence in which way the causality runs; indeed, it could run both ways.

Further, their analysis showed that older groups were more likely to have received funds such as revolving funds (RF), community investment funds (CIF) and bank loans. However, time to receipt data suggest that early SHGs suffered delays in the receipt of funds in their early years. Older groups experienced a longer time before being federated as compared with newer SHGs.

They also found that SHG adherence to *Panchasutra* declined with age. Looking at the distribution of internal loans, they found that older SHGs distributed loans less equally than younger groups. In summary, older groups had greater access to funds, but implementation delays and poor governance may have important implications for the impact on household outcomes.

#### 4.3.1 Impacts

Their results show that an additional 2.5 years of membership in SHGs increases total household income by approximately INR 11,000 per year, which is an increase of 19 percent over the base amount of INR 57,000 per annum. This increase is mainly driven by wage labor earnings, including

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<sup>35</sup> A typical VO links 12 SHGs and a CLF links 218 SHGs and 19 VOs.

work in MGNREGS. It is noteworthy that the big income effect of the program is coming from an increase in wage income, not from increase in entrepreneurial income.

Households in their sample are dependent on savings. Without the program, the predicted base value for savings was negative (that is, expenditure exceeded income). This base value of negative savings was INR 60,000. The study showed that the program has had a significant effect on savings: SHG members in early entry villages in early NRLP blocks have approximately INR 17,000 more in savings, which translates into a gain of 28 per cent over the counterfactual base value. In line with other studies discussed below, the study also found a significant decrease in informal loans of 20 percent because of the program.

It further observed that NRLP significantly increased the number of income sources for households. On an average, treatment households had 0.2 additional sources of income compared with the base of 2.35 income sources. The study pointed out a significant increase in male labor force participation and women's secondary occupations. Notably, the program led to a decline in informal loans. The base value of the share of informal loans in a household's five-year loan portfolio was 0.115. Thanks to the program, the share of informal loans reduced by 20 percent.

The study also analyzed heterogeneity in gains from the program and found that the gains from the program were larger for the more disadvantaged sections of the population (scheduled castes and scheduled tribes)—a finding that resonates with several studies discussed below. Access to SHG loans among scheduled caste and scheduled tribe households increased as the program matured.

The authors found significant and positive impacts of the program on the number of social schemes used by households. Similar to the results of the Andhra evaluations, the percentage increase in the number of social schemes availed by households was 6.5 per cent over the base value of 2.8 schemes.

Their findings from the analysis of the seven states are mostly upheld by the results of their separate evaluation of JEEViKA. In this case, the study had the advantage of a randomized design, which ensured comparable treatment and control groups, and a panel of households observed before and after the implementation of the program. The authors used the same sample as Hoffman et al (2017) (discussed below) and followed them to evaluate impacts of the program seven years after the start of NRLP. They were unable to causally estimate the impact of federations in Bihar. Treatment areas participated in the program for seven years, while control areas participated for four years. Comparing households in treatment and control areas, they found that JEEViKA led to a 9.3 percent decline in the incidence of high-cost loans by making SHG loans available. At baseline, almost 75 percent of households reported having a high-cost loan. This improved household accumulation of productive assets and expenditure on education. Unlike the results from the seven states, we do not find any impact of JEEViKA on the number of income sources.

On women's empowerment, they found that women with higher education gained confidence to engage with the community due to the program. However, intra-household bargaining is more difficult to change, and they found no impacts of the program on women's household decision-making.

Interestingly, the study showed compelling evidence of the role of VOs in enhancing women's confidence in engaging with members of the community. It also showed that an increase in the age of VO improves empowerment as measured by a confidence index. However, neither SHGs nor VOs had any impact on women's decision-making within households.

#### 4.3.2 Size of the Initial Grant

Kochar, one of the KIs chosen for the in-depth interview, was also the author of the first thematic paper on community investment funds (CIF). In her interview, she explained that this fund was important because it was a major infusion of cash to SHGs. States could choose the amount of CIF they considered appropriate. In Rajasthan, the amount of the CIF was INR 1,10,000 and in Bihar it was between 20-30,000. Thus "an average loan that an SHG member would get in Rajasthan would be three times as much as the average member in Bihar," she said. "The amount of the loan is going to make a difference to how much you're shifting the needle. This is common sense," she added.

The amount of the initial loan is linked to women's empowerment in Kochar's view. "To get women to be empowered, they have to cross a line," but the line itself might be difficult to achieve. That is where the CIF makes a difference. Kochar's point is that continuing to give small loans is self-defeating. If resources are scarce, there could be better targeting, but the amount must be large.

Another key informant, G2, was asked to react to the critical value of INR 300,000 of CIF from Kochar's study. They found the idea of a critical amount persuasive. They agreed that the national average (around INR 200,000) might be too low, in addition to the amount varying widely across states.

#### 4.4 SHG Federations

Kochar et al (2020) study highlights the advantages of federation. Barooah, Narayanan and Balakrishnan (2020) focus exclusively on the current and possible roles of SHGFs (SHG federations). They highlight that government-promoted SHGFs, especially the scaled-up NRLM federations, have not been examined adequately in terms of their impact. They suggest that "in spite of the lack of clarity around the role played by SHGFs, GoI is set to expand their scope via the NRETP." (p.2).

Based on a rapid field study in Kerala (Kudumbashree), Telangana (SERP) and Karnataka (various NGO-promoted SHGFs), they found that federations do enable promotion of women's enterprises if the latter have specific advantages/features. For one, social capital matters. Women in the older SHGFs share mutual trust, which allows them to pool resources and share out-of-pocket expenditure. Two, larger size federations can obtain larger loans or government funding, which they can devolve to individual SHGs. The larger loans are more swiftly processed, reducing transaction costs for women in accessing formal loans. Three, federations have strong linkages with local governments and banks. Four, the federations in their sample had satisfactory governance structure.

However, even for these SHGFs, challenges continue to exist: for instance, lack of high-quality technical skill providers, product developers, marketing professionals and institutional development experts. Also, their products are not able to compete with branded products and sell primarily within the state. However, as these enterprises consider scaling up, a key challenge is the ability to maintain quality, without which they would not be able to penetrate national and international markets.

#### 4.5 SHGs and Livelihoods: What Does the Evidence Tell Us?

The focus of SHG-led interventions is economic empowerment of SHG members and their households. Therefore, the primary expected impact is transformation and/or enhancement of livelihood opportunities, or incomes for rural women. To be fair, studies of SHGs do explore other possible impacts, such as greater autonomy or increase in women's empowerment (which are reviewed in Section 5). However, an implicit assumption in the literature appears to be that these impacts are either a) subsidiary or corollary, and/or b) predicated on better livelihood opportunities, and/or greater economic freedom. In other words, the mechanism through which these “subsidiary” impacts take effect is through greater economic empowerment.

The international literature shows mixed effects of SHGs on livelihoods, measured variously as income generated, increase in savings, diversity of livelihoods or asset formation (Banerjee et al., 2015; Brody et al., 2015; Morduch, 1999; Goetz and Gupta, 1996; Datta, 2015), with some studies finding stronger livelihood impacts than others. In other words, existing evidence indicates that the primary impact is not necessarily significant, but what is assumed to be the secondary or corollary impact (in terms of various empowerment indicators) is most often realized, and might be the stronger effect. This presents a puzzle for the theory of change of the program if we continue to regard the livelihood impact as the main pathway to other ‘subsidiary’ impacts.

Turning to the literature on India, research on the impact of SHGs reveals that it enhanced social capital (Sanyal 2009’s study of SHGs in West Bengal). Deshpande and Khanna 2021 explore how the “weak ties” between SHG members in Maharashtra—the fact that they know each other as fellow members rather than through the strong ties of kinship or personal friendships—enhances social capital, which is manifested through improved personal efficacy (information, possibility to improve flows of future income) and better propensity for collective action for societal good.

##### 4.5.1 Economic Impacts of SHGs in India: Assets, Credit, Employment

In some cases, SHG membership encouraged wage earners to turn to self-employment (Garikipati 2012). Datta (2015) finds that SHG membership increases ownership of some assets (cows and mobile phones) and even leads to a slight tendency towards animal husbandry as a livelihood activity in Bihar. Deshpande and Khanna (2021) observed an increase in ownership of goats and sewing machines in Maharashtra.

Khanna, Kochar and Palaniswamy (2013) in their review of Tamil Nadu’s *Pudhu Vaazhvu* Project (PVP) found a positive and significant impact of PVP on its core credit and livelihoods related

interventions. In particular, households in PVP project areas reported a greater increase in assets over the recall baseline values, lower cost of debt (23.45 percent), and an increase in skilled employment.

Income and assets are not the only material/SES indicators to be affected by NRLM. Hoffman et al (2017) noticed that JEEViKA led to a 14.5 percent decline in the use of informal credit, as households shifted to a lower-cost SHG loans. The program resulted in a decrease in the interest burden: average rate paid on recent loans fell from 69 to 58 percent per year. Among landless households, informal lending rates fell from 65.5 to 63.2 percent, decreasing by 40 percent the gap in rates paid by landless versus landowning households. There were significant positive impacts on asset ownership among landless households.

A Social Observatory study found that households in TRIPTI<sup>36</sup> areas in Odisha reported higher SHG membership compared with non-TRIPTI areas: specifically there was a 22 percent increase in SHG membership in TRIPTI areas compared with non-TRIPTI areas. This increase was additional to an already high baseline value of 67.9 percent SHG membership in project areas and 74.2 percent membership in control areas. With this increased membership in SHGs, households in TRIPTI areas were less dependent on informal sources of credit, and more likely to rely on SHGs for savings, and more likely to save. They were 7.7 percent more likely to report borrowing from formal or institutional sources of credit. These institutional sources of credit include SHG or bank loans; and exclude high-cost loans that come from moneylenders or relatives. About one quarter of households in treatment and control areas reported access to these formal credit sources at baseline. Improved access to cheaper credit, however, did not translate into improved economic welfare of households, as measured by increases in household consumption expenditures or assets. Despite no overall increases in household expenditures, TRIPTI households reported larger expenditures on healthcare (INR 303 more per capita per month compared to non-TRIPTI areas), and a larger share of household expenditures towards women's and children's goods (2 percent more than in non-TRIPTI areas).

However, the study finds that there was no change in the livelihood portfolios of households in TRIPTI areas. These households report working 2 more days on the MGNREGA program (on a low base of roughly 2 days in non-TRIPTI areas).

#### 4.5.2 Diversification of Livelihood Activities

Pandey, Gupta and Gupta (2019), based on a primary survey in three states of India (Jharkhand, Maharashtra and Madhya Pradesh), assess the livelihood impacts of NRLM. They identified potentially treated blocks where the program take-up rate was at least 50 percent. In consultation with the national

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<sup>36</sup> The Social Observatory, which is a part of the World Bank's Development Research group (<https://socialobservatory.worldbank.org>), conducted several studies on various components of NRLM in India. Its study on Odisha looked at TRIPTI (a World Bank assisted project implemented by Odisha Livelihood Mission (OLM)), which was launched in 2009. While the government of Odisha had initiated its formal SHG program called Mission Sakthi in 2001, there were challenges of exclusion of the poor from these SHGs along with the ability of these SHGs to sustainably reduce debt and support diversification in livelihoods portfolios (World Bank, 2009). TRIPTI was designed to address these challenges of **inclusion** and limited productive potential.

and state RLMs, they also identified potential comparison blocks as those where the program had just entered in 2016 or was about to take off in the following year. The treatment and comparison blocks were randomly selected from the list of potential blocks.

They found that livelihoods in treatment areas had diversified, and the biggest factor for this diversification was the large and significant increase in the number of self-employment livelihood activities. Specifically, they found that the number of livelihoods had gone up almost 20.4 percent among the treatment households (with average livelihoods of 3.8 activities per household in the treatment areas). Most of this increase was due to the increase in the number of livelihoods of female members (38.5 percent higher in treatment areas). For female members of productive age (15-64 years old) the results were similar (33 percent higher in treatment areas). The increase in livelihoods was predominantly due to the large and significant rise in the number of self-employment livelihoods in farm (5.4 percent more women employed) and non-farm (0.7 percent more women employed) activities (with an overall increase of 5.8 percent). The paper pointed out an 8.4 percent increase in the number of farming households who have transitioned to high-value agricultural crops.

The authors also observed an increase in work participation rates (WPR) of women. They reported a 5.5 percent increase in overall WPR in treatment areas and an even higher increase of 7.7 percent among women of productive age, when compared with those in control areas. Interestingly, the increase in paid livelihoods among adult women was almost the same (7.3 percent) across treatment and control areas. *Prima facie*, this seems to buck the national trend of a decline in female labor force participation rate (FLFPR). However, the paper later clarified that the decline in working women in treatment villages was lower than that in the control version. The authors interpreted this as an increase in WPR (p. 16).

The analysis found that the program had been able to achieve its primary objective of improving livelihoods by transitioning more women into work. The program had also expanded access to credit, increased the proportion of savings, and reduced interest rates on credit for rural households. The results for 30th, 40th, and 75th percentiles are also large and significant. However, the study did not find significant average treatment effects for income.

### **Net Effect on Livelihoods?**

As mentioned earlier, Pandey et al (2019) in their analysis found that most of the increase in livelihoods was due to households moving away from casual farm labor towards self-employment. This suggests that we need to quantify the net change in livelihood options, and consequently income, as one source of livelihood might be substituted by another. The importance of calculating the net change is highlighted by studies in other international contexts, such as Crepon et al. (2015) for Morocco, which found that an increase in investment assets used for self-employment was matched by a reduction in income from casual labor, resulting in no overall gains in income or consumption.

#### 4.5.3 Impact of SHG membership: Selection Bias, Poverty Alleviation and Disaster Relief

One concern in the study of SHGs is the voluntary nature of membership. Are women who join SHG different from those who do not? There is some evidence of ‘selection bias’, that is, women who were already active and dominant in the public spaces ended up joining SHGs, according to Husain, Mukerjee and Dutta (2010), who studied SGSY beneficiaries in six municipalities in West Bengal. Since the data was collected after the program was already underway, estimating selection bias is challenging. They compare new members (who joined SHG in the past six months) with older members. They hypothesize that on empowerment measures (control over income from SHG activities, tolerance of domestic abuse, household decision making, improved status in the family, aspirations for the girl child) a significant difference between younger and older members would indicate the effect of the program, whereas no significant difference between the two groups would mean that women with already high empowerment levels tend to self-select themselves into SHG membership.

To the extent this happened, the program excluded the very women that the SHGs are meant to benefit, and instead of alleviating poverty, the program might have perpetuated the process of marginalization. However, this study does not resonate with the overwhelming evidence on the effects of SHG membership on women’s empowerment. This could be due to small N or more likely due to the focus on SGSY that had several weaknesses as noted in Section 2.

Also, even in cases where SHGs had positive economic impacts, the process of poverty alleviation was not smooth. Based on a study of 1942 SHGs from 41 districts of eight states (Rajasthan, Assam, Bihar, West Bengal, Gujarat, Maharashtra, Andhra Pradesh and Karnataka), Reddy and Reddy (2012) find evidence of casteism as 29 percent of their SHGs reported “different etiquette for various social categories (p.53). The extent to which the benefits of the SHGs percolate to them remains low. In some cases, there is evidence that women from higher caste/socio-economic stratum access the SHG benefits much more. *Moreover, the onus for service delivery and household work burden that was already on women has surged in many areas, stopping women from switching to non-traditional activities.* (italics added)

SHGs also provided a cushion in the context of natural disasters. Christian et al (2018) examine the effect of Cyclone Phailin that hit Odisha in 2013. Phailin hit areas overlapped with the TRIPTI study districts. They found that prior presence of TRIPTI SHGs mitigated covariate risk by improving access to credit and providing a platform for government response. They also found that participation in the program mitigated some of the reductions in household non-food expenditure and women’s consumption, but not food expenditure.

Despite these shortcomings, the impact of SHGs in increasing women’s access to credit, capital and loans, in strengthening household decision making and literacy, and forming support groups has been significant. In the long run, they could play a vital role in mobilizing women for participation in the labor force, as well as involving them in the daily activities of their communities towards resolving economic and social issues (Brody et al 2015). The expansion of the scope of SHGs in promoting human and professional development indicators such as health, nutrition, enterprise training, political

participation, and education explains the popularity of SHG programs. This is explained in section No. 7 while discussing the convergence agenda of NRLM.

## 5. SHGs AND WOMEN'S EMPOWERMENT

The main vehicle of NRLM are SHGs that have women as their primary members. Therefore, in a formal sense, the question of how NRLM affects the lives of women is at the core of program. However, the debate over whether the NRLM can be seen as a women's empowerment program should first consider these points: Are women, as SHG members, merely instrumental in the larger agenda of rural livelihoods and poverty eradication? Is an instrumental approach sufficient for NRLM to be a women's empowerment program, or would the program need to be explicitly aimed at empowering women?

### 5.1 SHGs and Women's Empowerment: Theory and Evidence

Since women bear the disproportionate burden of poverty, have lower access to health care, lower levels of asset/land ownership, and lower representation in decision making positions, women's SHGs are increasingly used to address substantive and deep-rooted gender inequalities. The theory is that giving women access to working capital increases their ability to make choices that affect their lives.

Are SHGs set up to *primarily* or *eventually* empower women? Jakimow and Kilby (2006) suggest that South Asian SHGs are often focused on solving market failures, as they emphasize credit and savings, rather than empowering women. In the literature, they argue, participation is often confused with empowerment and that "introducing participatory mechanisms does not guarantee empowering outcomes." However, as they admit, participatory mechanisms do increase the possibility of empowering outcomes. Joshi, Palaniswamy and Rao (2019) in their study on TRIPTI argues that while the program was not set up for women's empowerment, it had significant effects on women's empowerment.<sup>37</sup>

Gendered impacts can be often seen in programs that are not targeted towards women. For instance, Pitt and Khandker (1998) estimated the impact of participation in three group-based credit programs (Grameen Bank, Bangladesh Rural Development Advancement Committee (BRAC), and Bangladesh Rural Development Board's Rural Development RD-12 program) in Bangladesh on labor supply, schooling decisions, household expenditure and assets. These programs are the major small-scale credit programs in Bangladesh that provide production credit and other services to the poor. While a large proportion of beneficiaries are women, in principle these programs are open for all rural poor. The paper found that program credit had a larger effect on the behavior of poor households when women are participants, compared with men. They find that annual household expenditure increased 18 taka for every 100 additional taka borrowed by women from these credit programs, compared with 11 taka for men.

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<sup>37</sup> The Social Observatory and the TRIPTI program are described on page 53.

## **Mechanisms: Theory of Change?**

Pitt, Khandker and Cartwright (2006) investigate the causes of these gender differences in the impacts of microfinance programs. As they highlight, there are two different mechanisms that can lead to differential impacts of the same program by gender: the “empowerment” effects, and standard income and substitution effects from economic theory.

For instance, as the relative value of women’s time and money income increases (relative to men’s) female preferences would get a higher weight in household decision making. More technically, within a household, the weight given to female preferences increasing proportional to the relative value of female time and money income. Also, in an economy in which women do not work in the wage labor market, participation in a group-based credit program increases the shadow value of female time by providing a complementary input to produce goods for the market in the self-employed mode. In contrast, if men still provide time to the wage labor market, the shadow value of their time is unaffected by participation in the program. These mechanisms would manifest as gendered effects (that is, different for men and women), but this would be the standard economic income and substitution effects as discussed above, not an empowerment effect.

Participation in a credit program can change the latter (shadow value of women’s time) without changing the former (weight given to female preferences). If that happens, then we will see differential gender effects without any change in the power that women gain in the household. Applying this framework to their survey data from rural Bangladesh in 1998-99, they found that women’s participation in a microcredit program helps boost women’s empowerment by a) increasing their role in household decision making; b) providing them more access to financial and economic resources; expanding their social networks; improving their bargaining power vis-à-vis their husbands; and affording them greater freedom of mobility. They also found greater spousal communication about family planning and parenting outcomes. Additionally, while not relevant for India’s NRLM program, focused as it is on women, they found that the effect of male credit (that is, credit given to men) on women’s empowerment was negative in all the spheres for which they found positive effects. Their analysis suggests that what might be seen as empowerment impacts coming from an increase in relative power of women (relative to men) could simply be the result of positive economic outcomes for women.

In applying an empowerment lens to SHG programs like NRLM, a fundamental question arises regarding the process through which women are intended to become empowered after joining an SHG. The majority of economics literature hypothesizes (implicitly or explicitly) that livelihood improvements would manifest first, and these primary impacts would generate or lead to women’s empowerment as a secondary effect. This theory is elaborated in the paper by Brody et al (2015), in which they propose a theory of change based on their reading of the literature (Figure 4).

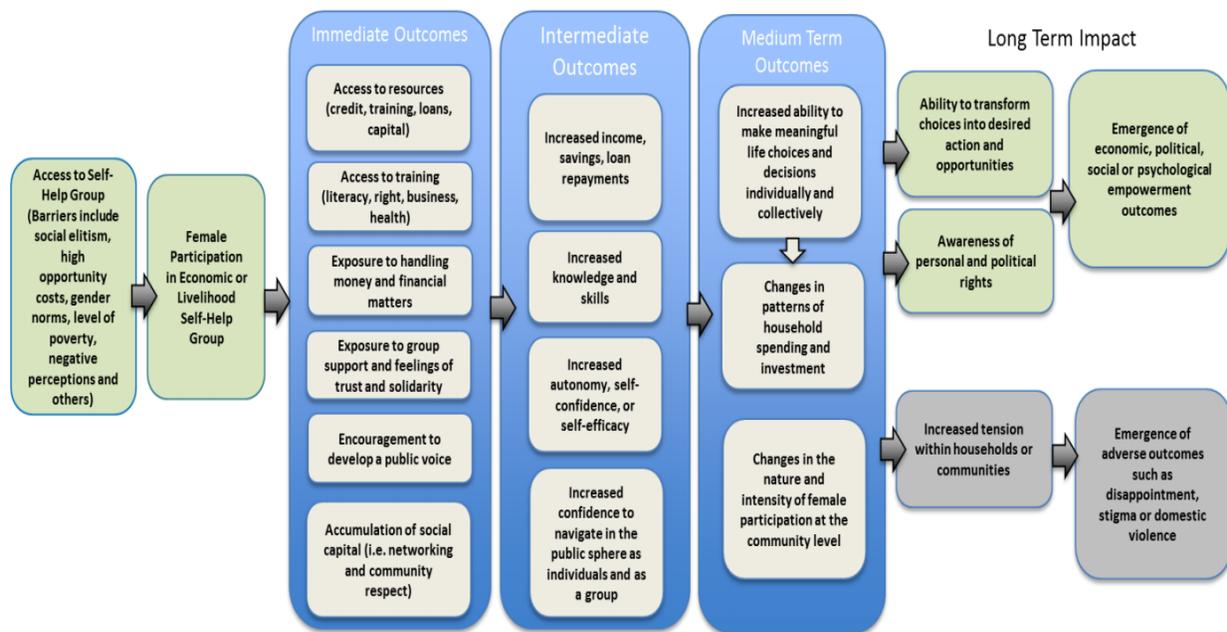
According to this thinking, women’s participation in economic SHGs would increase access to resources (credit, training, loans or capital). This would lead to an increase in income, savings, and/or loan repayments. A combination of these tangible economic impacts along with group support would

result in SHG members experiencing an increase in autonomy, self-confidence and self-efficacy. Thus, the first stage economic impacts would lead to positive effects related to social capital and group support.

Following increased financial stability and self-confidence, the medium to long-term impact of participation in economic SHGs would be an increase in women’s empowerment, reflected in their increased ability to make “meaningful life choices and collective decisions” and “ability to transform choices into desired action and opportunities” over a period. This suggests that the theory of change is sequential: participation leads to tangible economic impact, which in turn leads to empowerment. The economic impact must come first. And presumably if the program is ineffective in producing tangible economic benefit, then we would not expect to see any empowerment?

But the evidence from India points otherwise. Deshpande and Khanna (2021), in the context of Maharashtra, suggest that we see strong empowerment effects even when the tangible economic benefits are small. Indeed, in the literature, there is no compelling evidence that economic impacts need to precede empowerment impacts. In fact, economic impacts are not even essential for significant empowerment impacts: this is evident when women organize themselves in groups that are not based on kinship or caste yet imbue a strong sense of community and enhance their social capital.

**Figure 4: Theory of Change**



Source: Brody et al (2015), p. 101

Brody et al (2015) reviewed studies conducted from 1980 to January 2014 that examined the impact of SHGs on the empowerment and perspectives of women of all ages in low- and middle-income countries, as defined by the World Bank. These women participated in SHGs in which female participants physically came together and received intervention in collective finance, enterprise and/or

livelihoods. Using a variety of criteria for selection, the researchers chose 23 quantitative (of which, 12 were from India) and 11 qualitative (of which, 7 were from India) studies in their final study (out of over 4000 abstracts).

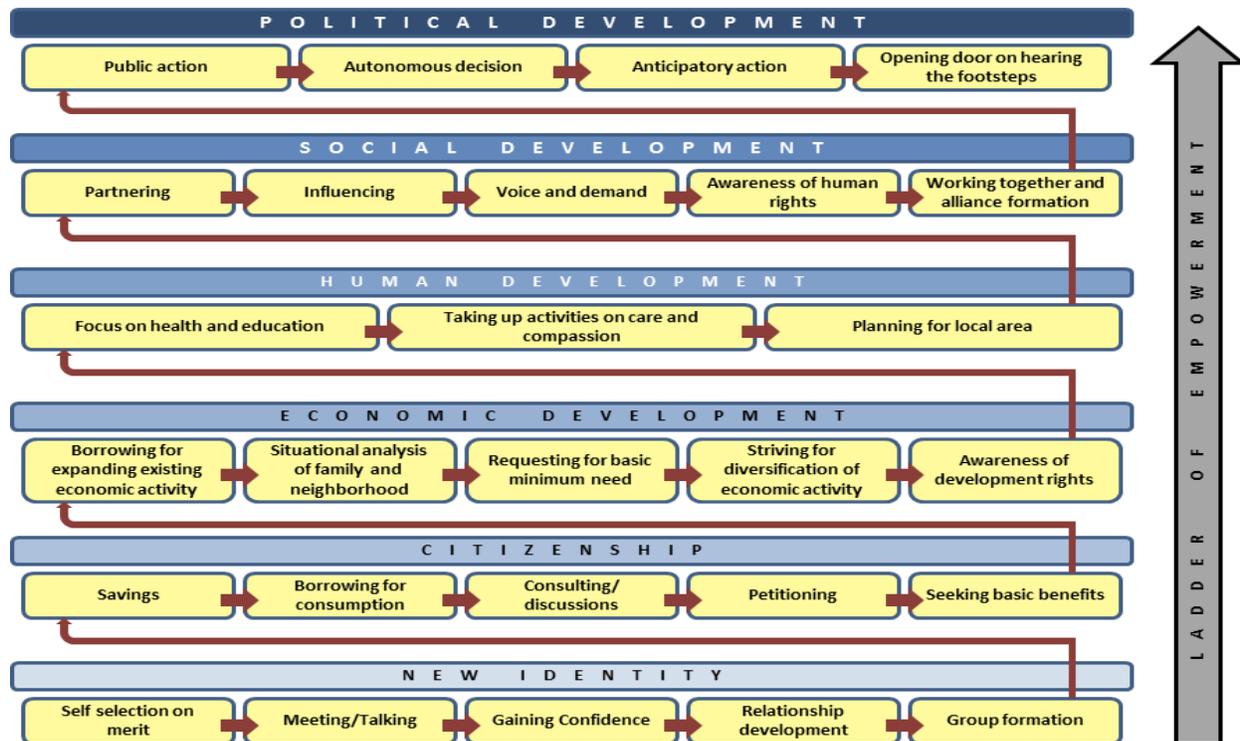
They found that women’s economic SHGs show (statistically) significant positive effects on various dimensions of women’s empowerment, including economic, social and political empowerment ranging from 0.06-0.41 standard deviation (SD). They did not find evidence for statistically significant effects of SHGs on psychological empowerment.

The theory of change outlined in Figure 4, which the study refined based on its findings, indicates the possibility of adverse impacts of SHG membership: for instance, an increase in women’s empowerment could promote a backlash. Brody et al did not find evidence (based both on quantitative and qualitative studies) to support the view that SHGs have adverse consequences for domestic violence.

### 5.1.1 Kudumbashree Mission’s Approach to Women’s Empowerment

Of all the RLMs at the national or state level, Kudumbashree is perhaps the only one with a clear conceptualization of the pathways to women’s empowerment through SHG membership. Barooah, Narayanan and Balakrishnan (2020) have visualized their “Ladder of Empowerment” which is a six-stage linear but overlapping process.

**Figure 5: Kudumbashree’s Ladder of Empowerment**



Source: Barooah et al 2020, p. 5, based on inputs provided by program administrators

According to Kudumbashree's theory of change, empowerment is the result of a six-stage linear but overlapping process:

**Stage 1:** This is the new identity of the woman as an SHG member: The idea is that by forming a group based on affinity, the women get their first taste of confidence.

**Stage 2:** This is expected to lead to citizenship: the group carries out activities like savings, lending which binds women in a transactional relationship, based on self-defined group norms. This is meant to be the idea of citizenship as all women are equal participants in this process.

**Stage 3:** Economic Development: members experience economic benefits from group activities, with expansion of existing livelihood activities or starting of a new enterprise, or even collective enterprises (run by the group collectively). The expectation at this stage is that women would begin to look beyond the group and show signs of awareness of their broader economic rights and entitlements.

**Stage 4:** Human Development: Women start taking community action on social issues and begin to play a larger role in household decision making, which contributes to an expansion of their capabilities.

**Stage 5:** Social Development: women start looking beyond the immediate neighborhood, and start influencing social agenda and discourse by building support groups and proactively demanding rights for its members. The belief is that at this stage, there is a change in the social order with women finally challenging existing norms and traditional power structures at different levels.

**Stage 6:** Political Development: This is seen as the final stage in the ladder of empowerment where women in SHGs become autonomous functionally and organically. In other words, they can draw up their own social and political agenda and act upon it effectively. The belief is that this last stage will result in a permanent transformation of the social-political landscape, where women are able to take strategic control of their life choices.

Devika and Thampi (2007) offer a feminist critique of the Kudumbashree approach, one that is possibly applicable to the entire spectrum of NRLM initiatives. They highlight that while gender equity is cited as an objective, Kudumbashree is described as a 'woman-oriented poverty eradication mission'. Women are regarded as the major agents, not just because they assure better repayment rates, but also because they are identified as more vulnerable among the poor. Women's empowerment also includes their capacity to increase the well-being of their families.

By contrast, Devika and Thampi support Mayoux (1998) in arguing that a feminist agenda of empowerment would challenge or transform economic structures that support patriarchy. Microfinance or group membership-based organizations would have a place in this agenda as well, but this approach would acknowledge all the interconnections (between economic, social and political structures) that keep women subordinate. Women would be central to this framework, but not just as major agents of change in the family, but also as the "vulnerable party in non-reciprocal relations of power within the family and society who need explicit support to reverse these." (p. 36). Devika and

Thampi suggest that this framework would combine programs for gender awareness and feminist political mobilization with microcredit and identify gender equality and women's rights as equal citizens as primary goals. They argue that women's empowerment would not be, as in Kudumbashree, "in which the dismantling of patriarchal power is projected as the last stage in a progressive unfolding of stages expected to appear sometime in a vague and unspecified future." (p. 37).

These are perceptive observations but their translation into practice or actionable points is complicated. For one thing, the more fundamentally the program pushes gender equality, the greater is likely to be a male/patriarchal backlash. Equally, a stronger agenda of gender equality as included in NRETP could also be onerous for SHG members as the scope of their work might get expanded significantly. The tricky issue would be to negotiate the fine line between pushing the needle on gender equality without inviting backlash and without increasing the work burden on SHG members.

This critique notwithstanding, Devika<sup>38</sup> also acknowledges the positive role played by Kudumbashree. She suggests that in 2008, the adoption of a new by-law shifted Kudumbashree's orientation away from the masculinist development machinery and towards democracy. Strengthening internal elections provided greater maneuvering space to women. Contesting elections proved to be a transformative experience for the Kudumbashree office bearers, as it was more empowering than passively taking orders from the *panchayat*. "While it continues to rely upon the sanction of the state, the possibility of greater flexibility vis-à-vis both political and bureaucratic control, to some extent seems to be real. Also, 'ordinary women' (a term that usually refers to women of the lower middle class) are now much keener to be present in the public, outside domestic and community spaces, and interact with a wider circle, which includes men." This captures the essence of relationship between state-bureaucracy and women, and also highlights the political empowerment component in the ladder of empowerment.

#### **Box 4: Kudumbashree**

*By Balakrishnan Madhavan Kutty & Akaankshita Dey*

With the introduction of NRLM, Kudumbashree got designated as the State Rural Livelihoods Mission in Kerala for the implementation of the scheme. The World Bank never had an active role in the functioning of Kudumbashree. Nor does the organization fall under the ambit of NRLP, a World Bank-funded initiative in 13 selected states of India.

As compared with other state run SHG programs, the Kudumbashree community network lies on the foundation of a three-tier structure that institutionalizes the PRI-community organization convergence. The grassroots of Kudumbashree are neighborhood groups (NHGs) comprising 10 to 20 adult women that send representatives to the middle level area development societies (ADS) at the ward. The ADS sends its representatives to the community development society (CDS), which completes the unique three-tier structure of Kudumbashree. CDS plays a pivotal part at the local-government level: for one, it connects women to the *gram sabhas* and helps them bring the needs of the poor to the attention of the local governments. Two, also supports the *panchayat* in improving its governance mechanism and outreach. *Gram sabha* provides a foundation to this interface, where both the institutions meet each other.

<sup>38</sup> [https://www.india-seminar.com/2012/637/637\\_J\\_devika.htm](https://www.india-seminar.com/2012/637/637_J_devika.htm)

Kudumbashree strives to convert a microfinance led financial security model into a more comprehensive model of women-led local economic development. The mission statement clearly reflects the objective: “To eradicate absolute poverty in ten years through concerted community action under the leadership of local governments, by facilitating organization of the poor for combining self-help with demand-led convergence of available services and resources to tackle the multiple dimensions and manifestations of poverty, holistically.” There are a few distinguishing characteristics to Kudumbashree which set it apart from the usual SHG model of empowerment. These are:

- (a) The universality of reach: from its inception, Kudumbashree has attempted to bring every poor woman in the state within its fold. As a consequence, Kudumbashree today is present in every village *panchayat* and municipality, and in nearly every ward, colony and hamlet.
- (b) The scope of community interface in local governance: the functioning of Kudumbashree is tied up to the development initiatives of the local government, be it for social infrastructure, welfare, right-based interventions, or for employment generation. The aspirations of the poor along with their genuine demands voiced out in the NHG meetings form the ‘micro-plans’, and are scrutinized and prioritized to form a ‘mini-plan’ at the level of ADS. After consolidating the mini-plans by judicious prioritization process at the level of CDS, the ‘CDS Plan’ is formed. This plan is also the ‘anti-poverty sub-plan’ of the local self-government (LSG). Preparation of micro, mini, and CDS plans facilitate the poor to participate in the planning process as a major stakeholder. The local body monitors the implementation of the plan, thereby allowing proper linkage coupled with autonomy in the CDS system. Most of the plan interventions of *gram panchayats* and urban local governments in the areas of poverty reduction and women’s development use the CDS network as an agency—especially in identification and selection of beneficiaries, in gauging individual and collective needs, and for community outreach. Women of CDS are members of the working groups formed under the aegis of LSG. For LSG-coordinated project preparation and community intervention, CDS uses the Kudumbashree network. The CDS network also ensures that gender issues are addressed in the local development agenda, and that the *gram sabha* retains its space for bringing community voices onto a common development platform.
- (c) Nine point index to assess deprivation: Kudumbashree differs from conventional programs in that it perceives poverty not just as deprivation of money but also as deprivation of basic rights including access to water, sanitation, and literacy among others.
- (d) The objective on empowerment: As compared to other programs, the Kudumbashree mission clearly states its aims to eradicate poverty through women empowerment in its multiple dimensions: economic, social, and political. Through coordination of the three tiers, the mission works on projects for (a) “economic empowerment” (through collective farming, livestock farming, market development and so on); (b) “social empowerment” (through identification and rehabilitation of the destitute and mentally challenged persons; and (c) “women empowerment” (comprising programs on education and elimination of violence against women).

## 5.2 SHGs and Women’s Empowerment: Evidence from India

There is evidence on women’s empowerment both from pre-NRLM SHGs as well as NRLM SHGs. A survey by Banerjee and Ghosh (2012) selected SHG members under the Swarnjayanti Gram Swarozgar Yojana (SGSY) program in West Bengal twice—first in 2005, with a follow-up in 2009.

They found that women who received training under the SGSY SHGs were more likely to be employed and empowered. Swain and Wellentin (2009) looked at data from two districts each from five states of India: Odisha, Andhra Pradesh, Tamil Nadu, Uttar Pradesh and Maharashtra. They surveyed respondents in 2003, and collected data both for 2003 and retrospectively for 2000 and found positive effects of SHG-bank linkage on the ability of members to “resist existing gender norms...that restrict their ability to develop and make choices.” Mukherjee and Kundu (2012), who did another study in West Bengal based on SGSY, also found similar positive impacts on decision-making.

Turning to the realm of microfinance programs (distinct from but related to SHGs), Holvoet (2005) addresses the question raised by Pitt et al (2006): Do microfinance programs directly increase women’s empowerment? Using a household survey data from south India, the study focused on borrower’s gender and lending technology for intra-household decision making processes. The paper shows that direct bank-borrower credit delivery does not challenge the existing decision-making patterns, regardless of whether men or women receive the credit. But when credit is combined with financial and social group intermediation, women’s group membership shifts the decision-making process from one guided by patriarchal norms and male dominated to more joint and female decision making. Length of time matters: the study finds that longer term group membership and more intensive training and group meetings strengthen these patterns. Dutta et al. (2017), based on a study of micro finance groups in two districts of West Bengal in India, find that membership has a positive impact on social insurance and women's decision-making power. They gauge social insurance by asking women how much they think they can raise in an emergency by borrowing from others.

However, there are also studies that do not find this effect. Banerjee et al. (2015) use an equally weighted average of z-scores of 16 social outcomes as an index of empowerment. These outcomes include various decision-making indicators, levels of expenditure on various items, and counts of female children in the age-group less than one year and between 1-2 years; the numbers in the latter indicating the absence of strong son preference or greater female agency to prevent infanticide or gross neglect. Garikipati (2008), based on data from two villages in AP, found that while lending to women has helped households across income groups to diversify livelihoods and reduce vulnerability to shocks, it has failed to empower the women concerned. She refers to this as the “impact paradox”, and this occurs because the woman’s loan may easily get diverted into enhancing household assets and incomes. Given her lack of co-ownership of the family’s productive assets, access to credit may not result in her empowerment.

The negative findings of these studies highlight the importance of sensitivity to measurement. Whether the effect is positive or null/negative crucially depends on the outcome being measured or how deeply entrenched the issue is. Indeed, Kabeer (2001), in her review of impact studies of Bangladesh microfinance interventions, found that different studies do not necessarily use the same concept of empowerment, nor do they measure it the same way.

Turning back to SHGs, there are other studies that find that SHG membership does not significantly alter women's socio-economic status, at least in the short or medium term. Interestingly, the

membership shows an increase in empowerment indicators not only for members, and even generates positive externalities for non-members (Deininger and Liu, 2009)

The evidence from NRLM SHGs is greater in volume than non-NRLM SHGs. Using data from among the largest independent primary surveys covering 10,000 households across 334 villages in Maharashtra, Deshpande and Khanna (2021) investigate if SHG membership can create or augment social capital and contribute to the process of empowerment of women. They show that regardless of whether the presumed first-order effects of the program (enhancing livelihoods) materialized, the main impact of SHGs on the ground was the creation or enhancement of social capital, which has the potential to strengthen the process of women's empowerment.

Their paper pointed out that the livelihood impacts of the program in Maharashtra were weak. 95 percent of the members did not report any new income generating activity that they started using SHG funds. However, despite the weak impact on livelihoods, there are significant and strong impacts on a range of indicators related to political participation, knowledge of administration, financial literacy, mobility, and decision making. Members have a greater propensity towards collective action and a higher sense of personal efficacy, even in the context of complex social problems. The paper found that the results were stronger for members from lower-ranked, marginalized and stigmatized caste and tribal groups, which are typically at the bottom of the socio-economic hierarchy, with limited agency and 'say'.

In terms of mechanisms, the paper highlighted how this creation/enhancement of social capital and increased empowerment was realized by establishing networks of weak economic ties. This result was more in line with the vision of early feminist-inspired approaches to mobilizing poor women into SHGs, which imagined that group solidarity through SHGs would help instill in women awareness of their rights and confidence to tackle opposition within their families and community.

The findings were in sync with some other literature on NRLM impacts on various indicators of women's empowerment. Desai and Joshi (2013) established SHGs in randomly chosen villages in one of the poorest districts in western India. Two years of exposure to these programs increased women's participation in group savings and civic activities. They find an increase in women's participation in household decision making, but no significant increase in incomes or on women's socio-economic status.

Khanna, Kochar and Palaniswamy (2015) in their retrospective impact evaluation of the Tamil Nadu Empowerment and Poverty Alleviation (*Pudhu Vaazhvu*) project found improvement in women's empowerment and agency—both in the spheres of local public action and intra-household decision making. They also pointed out other positive trends: A 25 percent increase in tendency to report issues of local service delivery and women's public safety; a significant increase in propensity to approach the local government to solve these problems; and a 64.5 percent increase in women's participation in *gram sabha*, which is the deliberative forum of village government. Women in PVP areas also reported a significantly greater agency in key intra-household decisions that range from purchase of durable assets to options on children's education besides their own occupational choices.

Various studies on Jeevika also analyzed the impacts on women's empowerment. Hoffman et al (2017)'s quantitative study did not find a significant impact on women's economic or decision-making roles or capabilities, but Sanyal, Rao and Majumdar (2015)'s qualitative interviews, discussed in Section 6, found significant changes in women's empowerment and gender norms. Based on the analysis of Majumdar, Rao and Sanyal (2017), it appears that the process of implementation changed from the first phase to the second phase of the program—and that might account for this difference in impact. The study by Kochar et al (2020) (which is partially based on Hoffman's sample) found that village organizations (Vos), which are comprised of SHGs, played a critical role in enhancing women's confidence in engaging with members of the community. Interestingly, their "confidence index" was found to increase with the age of VO. The study did not find any impact of either SHGs or VOs on women's decision-making within households.

Joshi, Palaniswamy, and Rao (2019) in their study on TRIPTI found that the program's impacts on credit access also improved mobility of women in terms of being able to independently go to SHG meetings and banks. However, the increased mobility was conditional on seeking permission. Also, the study found that this improved mobility related to credit services did not translate into a larger improvement in women's empowerment in other spheres—as measured by their more general mobility outside the house, or through greater decision making within the household.

However, TRIPTI contributed to greater propensity to collective action. More women in TRIPTI areas reported that they were likely to pursue local public problems that related to domestic violence and alcoholism (5.6 percent), the functioning of the public distribution system (4.9 percent), and school mid-day meals (5.1 percent). The study created a "willingness to act" index and found that the index was higher in TRIPTI areas on these problems. In general, the study found a higher willingness of women to pursue institutional responses in TRIPTI areas.

Their overall positive results notwithstanding, even Deshpande and Khanna (2021) found that the more deeply entrenched the issue (for instance, domestic abuse), the harder it was for SHG membership (alone) to make a dent in it. Similarly, the study by Parthasarathy, Rao and Palaniswamy (2019) shows that participation in SHGs can shift the needle on some outcomes but not the more intractable ones. The study used natural language processing (NLP) technique on a matched sample of transcripts from village assembly meetings in Tamil Nadu. They found that the PVP project significantly increased women's participation in the *gram sabha* on several aspects—attendance in meetings, propensity to speak, and the length of floor time for speaking about an issue. Although women in *Pudhu Vaazhvu* Project (PVP) project enjoy greater voice, they are no more likely than women in control villages to drive the broader conversational agenda or elicit a relevant response from government officials.

Additionally, even though Brody et al (2015) meta-analysis did not find evidence of a backlash, we should also note that increasing autonomy might have unintended negative consequences. De Hoop et al. (2014) found that SHG membership (pre-NRLM) increased autonomy, but not necessarily subjective well-being. In fact, they found that members living in communities with relatively

conservative gender norms among non-members have lower subjective well-being. They interpret this as a manifestation of a phenomenon that has been noted in other contexts: increasing autonomy implying a stronger violation of established gender norms.

Overall, the literature reveals that SHG membership, both pre and post NRLM, has positive impacts on women's empowerment, with or without significant economic impacts.

### 5.3 NRLM and Women's Empowerment

MoRD's early publications on NRLM do not state women's empowerment as a specific objective. Its mission statement,<sup>39</sup> discussed in Section 2, focuses on poverty alleviation.<sup>40</sup> Indeed, neither the word nor the concept features anywhere in Figure 1, which outlines the NRLM approach.

Thus, it is noteworthy that the 5<sup>th</sup> CRM<sup>41</sup> in 2019 explicitly calls NRLM a program for "social and economic empowerment of women by forming collectives of rural poor women." As noted in Section 2, the NRETP has women's empowerment as an explicit objective. When and how did this subtle shift of objectives from poverty alleviation to women's empowerment happen? Or was this even a shift? This is explored more deeply through the key informant interviews.

WB2 explained how the program decided to train women to run for *panchayat* positions so that they could implement "gender centric processes in *panchayats*." As a result of their approach, SHG members were more likely to be elected to a *panchayat* position. This same strategy was tried in Bihar as well, with support from the state government.

G1 elaborated how the program had a very specific intervention focused on gender, which was carried forward from Society for Elimination of Rural Poverty (SERP). This was developed because of the belief that the true measure of the impact of SHG membership on women's lives would be revealed by which elements in their lives had changed. "...what is her decision-making power within the household. Has it changed? Are the girl children facing less obstacles at home because the mother is in SHG? We realized that merely looking at SHGs as economic empowerment vehicles for themselves and for the family was not enough. There was a very strong gender dimension in the SERP program ...we used to run campaigns against domestic violence, against girl child marriage, against efforts that prevented girls from going to higher education. I'm very proud of that particular part, but also aware that that was not enough."

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<sup>39</sup> "To reduce poverty by enabling the poor households to access gainful self-employment and skilled wage employment opportunities, resulting in appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots institutions of the poor," <https://aaJEEViKA.gov.in/en/content/mission>, accessed 16 April 2021

<sup>40</sup> However, different arms of the GoI provide contradictory perspectives on this. For instance, the Planning Commission in 1997 claimed that the "SHG model was introduced as a core strategy to achieve empowerment in the Ninth Plan (1997-2002) with the objective to organize women into SHGs and thus mark the beginning of a major process of empowering women." (Planning Commission, 1997).

<sup>41</sup> Since 2016, MoRD has been conducting Common Review Mission (CRM) of its program where a review team assesses the functioning of major programs in selected states. There have been five CRM reports between 2016-2019.

G1 emphasized that there was a relationship between economic empowerment and other dimensions of gender equality, such as decision-making ability of women. However, economic empowerment was not expected to automatically lead to gender equality. “We were very conscious that these are independent dimensions...there is a relationship, but definitely it's a separate dimension, which needs to be tackled with the same intensity as the economic dimension. But it takes a longer time to yield results because this [current position of women] is over hundreds, thousands of years of patriarchy.”

G1 clarified that they were aware that “we need to do what seems possible within the project scope” but they were also “conscious that this is not something that can be done in a project mode. It's a social movement, it has very different dynamics.” Therefore, the project tried to shift norms, but with the full realization that “the pace of this particular dimension is very complex, and it's not just limited to the group. It's related to the family, culture. We were conscious of that, at the same time we decided that we should make an impact and that's the effort that we made.”

WB6 claimed that the programs they were involved in clearly had empowerment indicators. She discussed how the team would measure empowerment indicators regularly. According to them, there were two phases in the original design: “The first three years you were more focused on empowerment and [building] institutions ... and the livelihood part came in [the next] three years.”

WB6 went further to assert that this division in two phases was the correct way to proceed. “You cannot do all of this in first 3-4 years. If people are doing it, they're not doing it right...focusing on empowerment and institutions is the foundation. If the foundation is right, then you can build more rooms, more floors... you can build in a livelihood part, a convergence part, and other [components].”

## **6. EXPLORING CONVERGENCE: FIELDWORK IN JHARKHAND AND TAMIL NADU**

NRLM stands out among development programs in the world, in part, because of its lasting power. Understanding the reasons underlying the longevity of the program would hold lessons for other countries contemplating similar interventions, as well as be of interest to the wider community of policymakers and to the development world. What are some of the reasons underlying the continued growth of the program?

One part is the real or perceived effectiveness of NRLM. But a second part is the political economy of factors that contribute to NRLM's political success, especially its popularity among policymakers that has led to its continued funding. What did the program itself do to make itself so popular politically? Section 7, which records an oral history of the evolution of the program, offers more insights into the political dimensions of this program and adds to our understanding of durability and sustainability of the program.

In Section 2, we noted that “convergence” is one of the six core principles that define the NRLM agenda. The statement of this objective is so overarching that it is open to a variety of interpretations. Was the role of convergence seen as a pathway to sustainability of the program? One major aspect of

convergence (perhaps the most important aspect) is that under convergence, other government departments can utilize the SHG networks to carry out service delivery activities of Government programs outside of MoRD. For example, SHG networks were employed to construct toilets under ministry of water's Swachh Bharat Mission (SBM). By making SHGs indispensable to the delivery of basic government services, the program built up the conditions for its continued survival. The genesis of the idea of convergence is discussed in Section 7. This section explores what convergence looks like on the ground.

The broad-based and all-encompassing convergence objective also suggests that the actual meaning of convergence is likely to be locally defined and might vary from one context to another. In order to understand what this means on the ground, we chose to do field work in two states, Jharkhand and Tamil Nadu.<sup>42</sup> The two states were selected to represent geographic diversity within India as well as different stages within NRLM. Tamil Nadu has a much longer history of running livelihoods programs. Jharkhand is a relatively new state: its rural livelihoods program—run by the Jharkhand State Livelihoods Promotion Society (JSLPS)—is less than a decade old, and elections to PRI institutions were first held in 2011.

The government officially views the SHG network as the passport to the successful implementation of a wide range of programs. The 5<sup>th</sup> CRM of the MoRD explicitly states that “every department of the government is looking to these SHG networks for the successful implementation of their programs,” (MoRD, 2019, p. 8). Under the convergence dedicated fund, more than INR 100 crore have been mobilized from various other government programs for the benefits of SHG members (2017 NRLP report).

## 6.1 Convergence on the Ground: Lessons from Field Work<sup>43</sup>

The study team for this report was acutely aware that convergence on the ground would be difficult, if not impossible, to capture from a quantitative household survey. Additionally, given the team's specific areas of interest, a quantitative survey would have been misplaced, as it needed to understand how convergence was defined and/or understood on the ground by all the actors involved—SHG members, government officials, elected *panchayat* officials, employees of line departments of ministries. Therefore, the team chose to implement a qualitative survey with semi-structured interviews to gain an in-depth understanding of three critical aspects: (a) the linkages between institutions of the poor (SHGs), *Panchayati Raj* institutions (PRIs) and the respective line ministries (b) whether such convergence is contributing to the sustainability of NRLM. Additionally, since SHG membership leads to women's empowerment, the team wanted to check if empowerment subsequently leads to increased political participation of SHG women. Therefore, a third objective in the qualitative study was to

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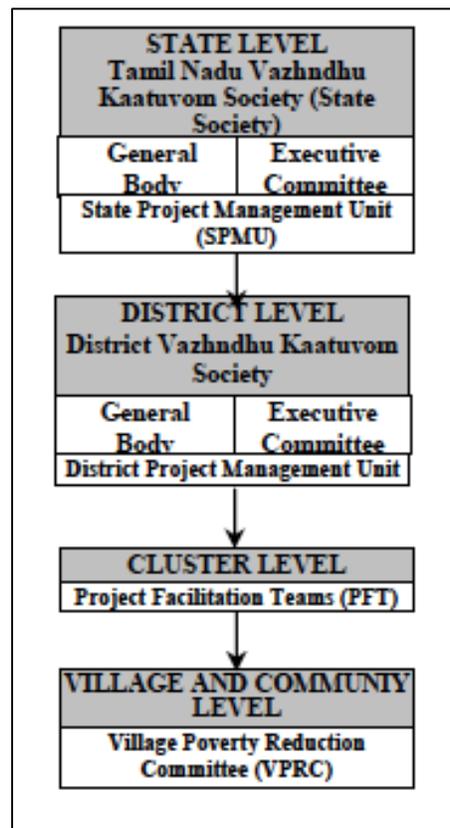
<sup>42</sup> The choice of the states was guided by some other practical considerations as well. We were keen to move away from AP, Bihar and Kerala, as the three states have been extensively studied. Due to limitations of time and resources, we were constrained to choose two states. Given that number, we chose two that were sufficiently distinct from one another (after internal discussions with World Bank and MoRD staff), in order to give us a flavor of how local context shaped the convergence agenda.

<sup>43</sup> The full field work reports are available upon request

understand (c) whether running for, and winning, elected office in PRIs by SHG members was contributing to the institutionalization and sustainability of NRLM.

The main conclusions from the field work are as follows. Convergence is very much an active principle that guides the relationship between SHGs and other administrative bodies. However, the term convergence is better understood or internalized by other arms of the government rather than by SHGs. It is not difficult to see why. The practice of convergence has meant shifting the responsibility for tasks that are legitimately under the purview of other bodies onto the SHGs, rather than making SHG members a part of the decision making process that guides the execution of these tasks. The biggest example of this concept is the building of toilets under the *Swachh Bharat Mission* (SBM), where the full range of tasks from motivating to construction was handed over to SHG members. The belief among government officials is that SHG women are responsible, efficient and will get the job done. While officials described convergence as mutually beneficial, our fieldwork revealed several lacunae in the benefits that were due to SHG members: there was lack of clarity on the plan of action, payments to SHG members were tardy or absent, SHG members often did not know who to contact for solving problems. Overall, in the sites studied, it seemed there was no clear way to resolve disputes between PRIs and SHGs.

**Figure 6: PVP’s institutional model**



Source: GoTN, 2007, p. 31

From the SHG interviews it was clear that members were interested in participating in various government schemes, in establishing better transparency of funding, and in ensuring greater reach through their networks. When activated, the networks prove to be effective implementing partners. However, SHGs were often left to ensure the outcome on their own, which makes the work of SHG members even more challenging, rather than enabling their consolidation.

On the question of SHG members' political participation in PRI positions in Jharkhand, *Panchayati Raj* elections were held for the first time in 2011 after the new state of Jharkhand was formed in 2000. Over the past decade, the number of SHG women running for local office and winning elections has been steadily increasing. However, as will be discussed shortly, the process of political empowerment of SHG women is still evolving. Interview data revealed that husbands or other male authority figures still hold decision-making powers, and the women are elected in name only. In Tamil Nadu, the history of both the SHG movement as well as women's participation in the political system is much older—and with a stronger process—compared with Jharkhand. Also, PVP's institutional model is more organically integrated with local governments as shown in Figure 6.

Both in Jharkhand and in Tamil Nadu, SHG members interpreted sustainability as ensuring the longevity of their SHGs. The government officials' view of sustainability was not as much from an institutional perspective but from the point of view of the women's capacity to save. The detailed summaries of the field work appear below.

## 6.2 Summary of Qualitative Findings from Jharkhand<sup>44</sup>

### Box 5: By Monica Biradavolu

To gain a deeper understanding on convergence, we selected three programs that NRLM has converged with: *Swachh Bharat Mission-Gramin* (SBM-G), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), and THR Take-Home Ration (THR), program of Integrated Child Development Scheme ICDS), run by the ministry of women and child development (MWCD). The first two are national level programs: convergence with NRLM is occurring in both Jharkhand and Tamil Nadu whereas convergence with THR is Jharkhand-specific.

#### 6.2.1 Understanding Convergence

Administrators at the block and district levels interpreted convergence along three dimensions: (a) convergence was necessary for livelihood generation among SHG members, (b) convergence was part of Jharkhand State Livelihood Promotion Society's (JSLPS) withdrawal strategy and necessary for the sustainability of SHGs, and (c) convergence enables "last mile delivery" of benefits to the intended beneficiaries. JSLPS administrators who worked at levels below the block were less likely to be familiar with

<sup>44</sup> The section 6.2 on Jharkhand has been prepared by Monica Biradavolu. The methodology for this study had to be changed abruptly from in-person fieldwork to one-on-one phone interviews due to the Covid-19 pandemic travel restrictions. Therefore, the findings are derived from in-depth phone interviews conducted with 52 respondents, across 8 blocks in 4 districts of Jharkhand. This includes 29 interviews with JSLPS and other administrators at the state, district and block levels, and 23 interviews with SHG members who are linked with different convergence schemes and who are elected representatives.

the term. The interviews with this cadre focused more on experiences with specific programs rather than on the conceptual understanding of convergence.

With just one or two notable exceptions, SHG respondents were generally unfamiliar with the term “convergence” and could not generally speak conceptually about convergence or sustainability. Those who were able to speak about the issue said that it was important to think about the sustainability of SHGs since JSLPS might run out of funding. For these respondents, convergence was less about joining forces with other government programs and more about sustaining bank linkages and strengthening cluster level federations (CLFs). Having said that, regardless of whether the term is understood, “convergence” is a very lived experience for all the SHG members, and their views are covered under experiences of convergence programs.

Administrators also mentioned that convergence is a “new” modality in the following ways: (a) previously JSLPS had an ad-hoc engagement with key government entities in districts and blocks whereas now it is systematized, (b) there is an increased “government identity” for JSLPS staff which enables trust and better coordination with other government departments, (c) “old” government programs are being implemented in “new” ways because of the involvement of SHGs and JSLPS, improving transparency and accountability and (d) there is greater ownership of various government programs among SHG beneficiaries.

### **A. Experiences of Convergence**

In Jharkhand, SBM-G converged with SHGs by shifting the responsibility of toilet construction in some (not all) GPs from the village water and sanitation committee (led by the elected *mukhiya*) to SHGs. Additionally, some SHG members were trained as *rani mistri* (women masons). These roles were in addition to the “soft” role of SHGs in **communicating messages to their members on hygiene and sanitation** and generating demand for toilets. MGNREGS converged with SHGs by designating that the position of worksite supervisors would exclusively be given to SHG women, and the women would be called “mahila mate”. Convergence between JSLPS and MGNREGS accelerated during Covid-19 to provide livelihoods options for returning migrants, especially with the implementation of two schemes: to grow mango orchards and kitchen gardens. THR converged with JSLPS by designating SHGs (through VOs) to oversee distribution of monthly ration for households with **pregnant and lactating women** and children under the age of six (through the *angamwadis*).

#### *a. Government-SHG Relationship*

Government authorities placed a high level of trust in the SHG network to be organized, responsible and efficient. The expectation in SBM-G was that the SHGs would construct toilets with greater speed compared with those constructed under the supervision of the *mukhiya* and that the funds would be utilized without leakage. Some administrators even argued that the toilets would be of better quality. From the beneficiaries’ perspective, there was not a uniformity of opinion on whether the toilets constructed by the SHGs were better than those constructed by the *mukhiya*. However, both administrators and beneficiaries agreed that government officials from the district to the local levels were operating in “mission mode” and had to meet targets. This allowed flexibility in implementation modalities, but there was also pressure to complete the task. Shifting the responsibility for toilet construction (this was not done state-wide, but only in some blocks and GPs) from the *mukhiya* and *jal sahiya* to the VOs and SHGs resulted in a backlash from the *mukhiya*. Government authorities at the highest levels were quick to respond to smooth any tensions and motivate SHGs to continue their work. In most cases, funds flowed smoothly. A high degree of interest in the program across all (district, block and below-block) levels led to local innovations.

Administrators view the convergence between MNREGS and SHGs as mutually beneficial. The responses from beneficiaries provide a more complex perspective. Though they express interest in MNREGS work, they mention facing significant payment delays. The payments for labor usually come on time, but the situation of non-payment is acute for MNREGS mates. Some women are reluctant to work as *mabila mates* while others say they are only able to do so because they are not dependent on this income. More recently, JSLPS has become more involved with MNREGS and is trying to motivate women to join as both mates and laborers.

The question that arises here is whether the SHG women have any choice in deciding whether or not to participate in the programs such as SBM, MGNREGS and THR. The World Bank study team's fieldwork in Jharkhand revealed that individual SHG members often exercise their choice in joining (or not) a particular program. There are some instances of entire SHGs saying no to participating in a program. On the whole, however, there is a great demand for these programs alongside suggestions that these programs be run better. Thus, more often than not, SHGs do not want to refuse participating in these programs.

The convergence between THR and NRLM programs is relatively new (since 2019). JSLPS administrators view THR as a convergence program with a lot of potential. They see it as a high-value contract from which SHG women can stand to gain significant earnings. If the VOs can negotiate bulk rates for the rations, they profit from the difference between the purchase price in the open market and the price that the government pays the VOs. In addition, SHG women can get paid for packaging: this is not hard labor and there is no need to travel long distances for work. However, just like the MNREGS program, there are significant payment delays. VOs are borrowing large sums of money to keep the program afloat, causing them large potential losses. Further, there is a lack of clarity for the SHG women on several issues: when will payment arrive, who to approach to resolve the problem, and whether the promise of paying for packaging will materialize.

**Box 5.1: Comparing Coordination and Cooperation in the Three Programs (SBM-G, MNREGA, and THR)**

The differing convergence experiences of the three programs allows us to take a step back and assess who benefits from convergence programs and in what ways. Government authorities across programs trust the SHG network to be disciplined and effective. As a result, they want to involve JSLPS in every program. While this is a testament to the power of the network and their dedication and effort, the implicit sentiment is that SHG women are being viewed as essential players in the implementation of every program. As a JSLP administrator stated:

*Now with every program they ask, "Where is JSLPS?" We are like the humble potato, which can be added to anything—any vegetable or chicken—to add taste and thickness.*

Echoing the same sentiment, another added:

*Now, any work that comes from the government is allotted via the SHG network. This is how policy is made.*

Coordination can work very well if each department shares the same goal and working style and strives to fulfil them. Also, the stakeholders from various programs should have an understanding that convergence is the meeting of equals—a relationship that is vertical not hierarchical. In the words of a JSLPS administrator:

*For convergence you need 3 Hs. A common head, where the two people sitting in the two departments have the same thinking. In other words, their philosophy should match. A common heart, where both have the same goal of upliftment of*

*the poor and see this as their passion. And finally, a common hand. It should not be that “my people are working, but your people are monitoring.”*

Comparing the three programs, respondents felt the SBM-G had a very high level of coordination with government departments. Government personnel across the different levels of government at the district, block and GP level were incentivized to ensure smooth implementation through timely payment and redressal of grievances. SHGs involved in SBM-G responded by being motivated to spread awareness, generate demand, complete toilet construction on time and monitor toilet usage. Local officials were granted flexibility in implementation modalities. There is continuing interest among beneficiaries to work in MNREGS projects, but only if payment delays can be smoothed out. The redressal mechanisms for payment delays, which are unclear and opaque, have demotivated beneficiaries. The newest program is THR, which has both high potential but also comes with high risk. THR is also facing serious payment issues and the level of involvement with government authorities is low. The more recently implemented Birsa Harit Gram Yojana has increased JSLPS's involvement, which will be covered in the following sections.

#### **Box 5.2: What More Do SHGs Want from These Programs?**

In the interviews, no one talked of “wanting more” from government programs; rather, all respondents talked about wanting what was due to them. They want more government programs to come their way, they want the chance to find income-generating activities, and they want the system to work as promised. Wanting flexibility or higher pay or more control is a “higher order” demand in a context where getting a job and getting paid on time is a privilege. The broader context of Jharkhand is that of men migrating out-of-state to find employment and sending money home. It is also important to note that not having other demands does not mean that SHG women are fine with the status quo. Rather, the bitter truth is that the status quo is not yet working out for them. SHG women work as MNREGS mates or in the THR program, but they do not receive payments for months, sometimes years.

An interview with a MNREGS administrator laid out the perspective from the point of view of the program authorities regarding convergence with JSLPS. Convergence is seen as beneficial to SHGs: the increased participation of SHGs in MNREGS projects will improve female labor force participation and household incomes, and help in women's “development”. There is very little said on how MNREGS benefits from convergence, other than general statements that the SHG network is the best way of transmitting information on various schemes.

*There are 2-3 reasons for this [convergence between MNREGA and SHGs]. One is for women's progress [“uttbaan”]. Second is to increase the number of MNREGS laborers. Finally, since SHG women are well-connected to each household they can transmit the correct MNREGS information for the benefit of the villagers.*

The viewpoint of JSLPS staff is that the convergence is beneficial to MNREGS as well because there has been a slump in MNREGS work over the past several years. With JSLPS' help, MNREGS is boosting participation in the projects.

*MNREGA started off well but slumped a lot in the later years. But the women keep at it and continue to complete their work. They are dedicated to fully contribute to the program. Many times, SHGs face a lot of external pressure. For instance, an MLA will select a farmer who will not even show up for work. It is then a challenge for the entire*

*group to ignore such setbacks and continue to implement the program.* **[JSLPS administrator, Block Level, Palamu]**

From the point-of-view of the beneficiaries, the most important issue is significant delays in payment, and this is especially true for the payment owed to *mabila mates*. As one respondent put it starkly:

*I do not consider the work of a mabila mate as a job. In a job, you get paid. I am a mabila mate, but I have never been paid so far. [Hum isko naukri nahi samjhte hain. Naukri mein payment milta hai, is mein hum mabila mate hain lekin kabhi bhi payment nahi mila hai]* **[Mahila mate for the past 2 years, Palamu]**

Similar views were expressed across districts and blocks.

*Earlier MNREGS was running very well and there used to be a lot of work. Since 2016-17 problems started with delays in payment. Now, I will work only if payment happens on time [acche se, samay se, payment milega, toh kareenge].* **[Beneficiary, West Singhbhum]**

Administrators acknowledged the problem as well.

*People's trust has been broken in MNREGS (because of the payment issue). [Logon ka visbwas hi khatam ho gaya hai MNREGS se.]* **[JSLPS administrator, Below-Block Level, West Singhbhum]**

In some cases, the payment for the labor arrives on time, but not for the *mabila mates*, and in some cases, there are delays in payment for both labor and mates. In the latter case, the mates have to face the wrath of the villagers.

*Payment has stopped in MNREGS. The laborers are abusing us, they don't want to join in the work, we are somehow managing.* **[Mahila mate, West Singhbhum]**

### **Box 5.3: Examples of Local Adaptations**

An SBM-G administrator said, “*At the field level, we adopted whichever mode made our work easier while remaining within the confines of the government system. As an SBM-G coordinator, we were provided this much flexibility from the district to achieve the targets.*”

Beneficiary interviews revealed the different modalities through which toilets were constructed. A VO member in charge of toilet construction said that SHG women were uninterested in building toilets, so the VO hired a contractor from the village and supervised his work.

*The VO received INR 2,40,000 to build 20 toilets but the women were not prepared to build the toilets themselves. There were conflicts within the SHG over this. So we decided to hire a contractor from the village. He assured us that he would construct the toilets and share the pictures of the completed toilets on Whats.App. The 20 toilets have been made and the UC of all have been submitted.* **[VO member in charge of toilet construction, Palamu district]**

Another beneficiary said that her own toilet and that of all the 11 SHG members was made under SBM-G. The material was collectively purchased for all by the SHG for cost effectiveness, a mason was hired for constructing the structure. But the labor work of digging the pit, preparing mixture of sand and cement for laying bricks, and transporting the mixture to the mason was done by SHG women themselves. The mason was paid for his 3-4 days of work.

In another block in Palamu, SHGs were given the contract to construct 6000 toilets. To prevent the misuse of funds, local officials decided that half the allotted amount per household (INR 6000) would be disbursed in advance. The SHG members were asked to consider the advance as a personal loan and were prohibited from taking any additional loans until a photo of the completed toilet was submitted to the VO within 15 days. Then, the remaining balance of INR 6000 was disbursed. The high stakes coupled with a sense of ownership propelled each SHG member to cooperate in building good quality toilets for other members within the timelines.

*b. PRI-SHG Relationship*

The relationship between *Panchayati Raj* institutions (PRIs) and self-help groups (SHGs) is an important one in the political economy of program implementation. The relationship was the most contentious under SBM-G, because local development authorities shifted the power from the PRI to the SHGs. Administrators from the highest levels had to intervene to resolve disputes. In MNREGS, the relationship between the PRIs and SHGs is cooperative. The SHGs accept that the PRI is the implementing authority and because SHGs do not attribute their biggest grievance (lack of payments) to PRIs. Finally, unlike SBM-G and MNREGS where the PRIs have a clear role to play, the PRI is seen to have an arm's length approach with the THR program.

*c. Hand-holding Role of JSLPS*

The data highlight that JSLPS staff played an important intermediary role for SBM-G. The middleman role is even clearer in the current rollout of the various MNREGS projects. It is not a stretch to say that the implementation of the projects would be very difficult without the backing of JSLPS staff. They not only ensure that proper implementation processes are being followed but also take on the responsibility of ensuring trust between MNREGS administrators and SHGs. It is possible that the WB study team conducted interviews at a time when THR implementation was stalled in the pandemic period, but there is no doubt that JSLPS is the least involved in THR compared with its role in SBM-G and MNREGS.

**B. Impacts of Convergence**

SBM-G was not seen to generate income, but when constructed well, toilets became an asset for households. For SHG women who were trained to be *rani mistry*, there was some level of income generation, but it is unclear whether this has been sustainable. On the other hand, MNREGS is considered a source of income only for the poor. But in this case, there is demand for work only when there are no payment hassles. Some beneficiaries see the potential of MNREGS to transform their earnings and even generate long-term assets such as orchards and kitchen gardens. However, it is important to remember that JSLPS' involvement in these programs is new. While the programs are currently moving at a good pace, only time will tell whether the promises are fulfilled. In comparison, THR's potential remains untapped: it is currently neither generating income nor building assets.

Other impacts include greater mobility, increased confidence in speaking with higher authorities and improved health due to a possible reduction in open defecation due to SBM. The interviews revealed some continuing issues with the last mile delivery of services, highlighting the challenges that remain. For example, there are still "left out beneficiaries" in SBM-G, for whom toilets are still being constructed as of 2020-2021. Also, the spread of information on the position of *mabila mates* is still low.

Taking a step back on the experiences from different perspectives on different programs, what are the key takeaways? The strategy of creating linkages between SHGs and various government programs is a good policy and can lead to sustainability of SHGs. The convergence experiences show that the SHGs are

interested in participating in various government initiatives and ensuring improved livelihoods, better transparency of funding and greater reach through their networks. When activated, the networks prove to be effective implementing partners. However, SHGs cannot do it alone. An examination of the political economy of each of the three programs shows that all spokes in the government-PRI-SHG-JSLPS wheel need to work in tandem for the smooth functioning of the programs. At present, JSLPS' presence is critical for all programs; government agencies at all levels view JSLPS as indispensable. SBM-G is an example of effective coordination, especially for the smooth flow of funds and speedy dispute resolution. However, it has limited potential for livelihoods generation. MNREGS is an example of a program with good potential for livelihoods generation but it also underscores the fact that there has to be greater government ownership of systems and processes to ensure payments are made on time. JSLPS has a crucial role to play to ensure an effective linkage between MNREGS and NRLM. THR is an example of a convergence program that has the potential for high livelihoods rewards for participating SHGs. At the moment, however, without active support and managerial oversight from the other spokes in the coordination wheel—government, PRI and JSLPS—there is a danger that the high rewards can turn into high risks for SHGs.

## 6.2.2 Sustaining Institutions through Women's Participation and Bank Linkages

### A. SHG Women's Participation in PRI Institutions

In Jharkhand, *Panchayati Raj* elections were held for the first time in 2011. According to official figures from 2019, there are 30,757 elected women representatives in Jharkhand. Of these, 281 women are at the district level, 2,812 are functioning at the block level and 27,664 at the *gram panchayat* level. Data are not available on how many are also members of an SHG.

While the representation of SHG members in *panchayats* appears to be healthy on the surface, several of these women hold their post in name only, with the real power residing with male members of their household. This is also the acceptable social norm. When the WB study team requested contact information on elected women, they were given numbers of the spouses instead. Or, after a few minutes of initial conversation, the respondent handed over the phone to her spouse or some other male member to answer questions.

#### *Experiences of Elected SHG Women Actively Engaged in PRI Work*

Despite the challenges, the elected SHG women, who were found to be active, exhibited pride and confidence in their abilities. These women mentioned the various skills they have developed over the years. These skills, they said, have helped them navigate their position in local governing bodies. The elected women have learned that the SHG network is a crucial 'vote bank' and fellow SHG members can be mobilized to canvas for votes on their behalf.

However, while the collective efforts of JSLPS, organizations like PRADAN, and the SHG network can help an SHG woman gain a foothold on some rung of the PRI ladder, the real powers continue to reside with the village *panchayat* head, the *mukhiya*. It is still uncommon for SHG women to be elected as *mukhiya*. Accounts from the elected block representatives reveal instances of being sidelined by *mukhiyas*, who act as de facto scheme implementers across *panchayats* even though the law states that the block representatives must be included in aspects of program implementation.

#### *Expected Outcomes from Elected SHG Women*

The interview data revealed that information about programs and entitlements do not reach down to the village level, and it is the hope of beneficiaries that more elected SHG women will fill the gap. In general, there is a sense of apathy towards attending the *gram sabhas* meetings where programs are meant to be

discussed and decided upon. This indifference can in turn prompt meeting adjournments due to low attendance, thus creating and compounding the vicious circle of an information vacuum. To repeat the point made above, there is no weariness about government programs. Women want more government programs, not less, but they want them to function better. A few SHG women from older SHGs already understand this after being trained by the JSLPS-PRADAN team on the importance and specifics of attending *gram panchayats*. There is increasing recognition, especially among those SHG members trained on the issues, that *gram sabhas* promote transparency and fairness in program implementation. Higher attendance can be used to highlight the past achievements of SHG groups in the implementation of earlier programs. This, in turn, will help win more work contracts through unanimous consent.

#### **Box 5.4: SHG-PRI Administrative Support**

Higher representation of SHG women in the *panchayat* can be of particular value for the SHG network is in lending administrative support to the programs.

*"We haven't received any financial benefit (laabh) from the mukhiya yet but when it comes to getting signatures on government paperwork, she helps. Earlier panchayat members used to ask for a commission for even doing signatures, but this mukhiya SHG woman does not take any commission for signatures or stamping certificates."* **[Beneficiary, Torpa]**

There have been enough reports and studies over the years about the general systemic indifference of *panchayats* towards common person's needs. The Jharkhand narrative is no different, with delays in administrative work at different government and *panchayat* offices. With the SHG's 'own person' in the *panchayat*, both the administrators and beneficiaries expect reduced delays in administrative work at the *panchayat* level.

*"If your own person is in the panchayat office then that member would look after the SHGs. This would make people happier, and they would work for a longer duration. The SHGs would continue working through convergence."* **[JSLPS administrator, Below-block level]**

*"If our person, our SHG didi, becomes a panchayat member, some work would become easier [‘apna aadmi hai, apni didi ko jitayae hain to kuch to asaan hoga’]."* **[Beneficiary, Palamu]**

The presence of a female representative in the predominantly male bastions of PRI institutions could make it easier for the SHG women to approach and discuss their problems.

*"If an SHG didi would be in the panchayat, then it could be helpful as they could accompany other women to get the government work done...for example, we generally see only men in the panchayat bhavan, so if women SHG members sit there it would be easier to interact with a woman official in getting the work done."* **[Beneficiary, Palamu]**

Additionally, as these elected representatives would have started their professional journeys through association with an SHG, they are expected to be sensitive and empathetic towards the challenges faced by the SHG networks.

*"SHGs understand the value of group effort, so if more women enter panchayats then SHGs will get more support. Women who have risen from the ground up with the help of an SHG will understand the problems of SHGs better. Also, if there is any SHG related work at the block level, the panchayat member could speak directly with the BDO officer and get the work done."* **[JSLPS administrator, Below-block Level]**

### *Meeting Expectations*

SHG members report that most elected representatives who attend SHG group meetings regularly are very helpful in sharing information about new programs and help the right people get enrolled as beneficiaries in programs. Aside from helping SHG women and other villagers understand government programs, the elected representatives try to motivate SHG women to attend the *gram sabhas* and try to nominate their groups as program implementers.

Helping SHG women get connected to more government initiatives is important from a sustainability perspective. Equally crucial is the post-convergence support in terms of quick grievance redressal besides ensuring regularity in the flow of government funds to reduce the financial load on SHG network's group saving funds. Elected SHG women play an important role in (a) apprising the higher authorities at the block level about the grievances on the ground (b) providing the necessary support to empower other women to present their grievances directly to block officials and (c) weeding out fraudulent beneficiaries and ensuring proper targeting of recipients.

### **B. Sustainability Through Bank Linkages**

This study's original focus was on NRLM's convergence with existing government programs and projects. It did not initially cover bank linkages as a form of convergence modality because it is a core feature of NRLM and has been studied and written about. However, interviews with JSLPS administrators reminded us that bank linkages are perceived as a first stage or step of convergence and remains important for sustainability.

Bank linkages are the first experience of a convergence modality for SHGs. Indeed, through increasing loan amounts over a period of time, SHG women gain experience in working with institutional entities. For some administrator respondents, even the regular process of taking loans from the SHG group fund and returning it slowly over time can ensure a longer term for an SHG. The reasons are not hard to seek. For one, an SHG member would be liable to pay the loan amount. For another, the savings fund will continue to earn some nominal interest on the disbursed loan, thus adding to the overall savings.

The key takeaway on sustainability is that both pathways—political participation of SHG women and continuing bank linkages—are important. On the political front, Jharkhand is at a crossroads. In some places, men still effectively wield power on behalf of female elected representatives. In other instances, SHG women elected to local bodies are gaining confidence to take the reins of power in their own hands. There is a growing realization among SHG women of the power of their network and the power of their vote and, just as importantly, a keen understanding of getting elected to certain posts (for example, the post of the *mukhiya*). It is notable that women who have been trained in the process of local governance also recognize the importance of participating in *gram sabhas*. Small wonder that their attendance is rising in these meetings. There is evidence that elected representatives are particularly helpful in appropriate targeting and grievance redressal mechanisms. Finally, the interviews brought us back full circle to the core work of NRLM when administrators reminded us that bank linkages continue to be a critical convergence modality and, therefore, remain an important pathway for sustainability.

## 6.3 Summary of Qualitative Findings from Tamil Nadu<sup>45</sup>

### Box 6: - By Kripa Ananth Pur

Tamil Nadu's long history of SHG movement with its unique institutional structure pre-dates the National Rural Livelihood Mission (NRLM). *Panchayat* level federations (PLFs), a federation of all SHGs within the village *panchayat* (VP) constituted under the *Mahalir Thittam* program in the 1990s, and subsequently the village poverty reduction committee (VPRC), a federated body created under the *Pudbu Vazhvu* Project, consisting mostly of target population represented by elected SHG members (in the most backward districts), have become the twin foundations underpinning the architecture of SHGs in Tamil Nadu. VPRC, with an in-built linkage to VP, was mandated specifically with the task of inclusion and debt reduction. With the advent of NRLM in 2011, Tamil Nadu retained its original model consisting of both PLF and VPRC under the Tamil Nadu State Livelihood Mission (TNSRLM). The SHGs functioning under the PVP were now brought under the TNSRLM umbrella, as discussed in Section 2. Convergence of SHGs with other line departments in program implementation is an important aspect of NRLM.

The qualitative work in Tamil Nadu aimed to study this dimension further. Given the pandemic and the subsequent lockdown measures imposed by the government as well as travel restrictions by the World Bank, it was decided to eliminate field visits completely. This had an impact on both the sample size and methodology. A total of 46 interviews (20 functionaries and 24 SHG members) were conducted.

The study was conducted in 2 districts: Tiruvannamalai and Trichy. Two blocks within these districts were chosen along with two village *panchayats* per block. Four schemes were chosen for this study: Swachh Bharat Mission (SBM), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Amma Two-Wheeler Scheme for Working Women (ATWS, a state government program), and Tamil Nadu Rural Transformation Project (TNRTP, a WB sponsored project). MGNREGS and SBM were chosen for comparability with Jharkhand. Given below are some of the qualitative findings.

### 6.3.1 The Meaning of Convergence

The study found that **convergence** is viewed differently by different stakeholders within the program. It is viewed as different departments coming together with the aim of effectively implementing programs. The officer<sup>46</sup> in charge of convergence at the state level explained that the convergence activities take place with the line departments, particularly in the areas of social inclusion/welfare. As he was in charge of livelihood convergence, he was able to provide an overview of the various themes under which convergence activities are taking place such as livelihoods, food, nutrition, health, and wash interventions (FNHW), National Rural Economic Transformation Project, SBM and gender intervention. In all these domains, social inclusion is given priority. He believes that optimization in government spending lies solely in convergence. According to him, convergence ensures that funds are channelized well and reduces wastage of resources and duplication of beneficiaries in different programs.

Block level officials, who are part of the TNSRLM, view convergence as mainly getting benefits for SHG members. On the other hand, line department functionaries in charge of these programs view convergence as a way to implement last mile delivery. The concept of convergence as envisaged in the NRLM project document starts losing its core focus of tackling poverty as it flows down the bureaucratic channels from the

<sup>45</sup> The section 6.3 on Tamil Nadu has been prepared by Kripa Ananthpur.

<sup>46</sup> He was subsequently transferred during the lockdown period.

districts to the block levels. While the TNSRLM mission management continues to link convergence with poverty reduction, the line departments view convergence as synonymous with effective implementation and a mechanism to achieve last mile delivery of services. Explaining their rationale, the line department officials say that since SHG women hail from these villages, they have a clear understanding of the needs of the people and are in a better position to create awareness and outreach for those that have been excluded. Convergence is also seen as a way of creating awareness about various welfare programs from multiple departments and ensuring that benefits of these programs reach the people. Further, convergence is also seen as a way to disseminate information about good schemes across various departments to a wider audience.

While this does contribute to the larger mandate of poverty reduction, SHGs are seen as being *instrumental* and not *central* to the process. Notably, convergence as an instrument to ensure the sustainability of SHGs did not feature in any of the discussions with government functionaries. Interestingly, SHG members, while discussing the benefits of convergence, alluded to sustainability as a possible outcome of convergence.

### **Convergence in Practice**

SHG members play 3 different roles in the convergence process. They are involved as (a) motivators; (b) facilitators; and (c) beneficiaries. The field study attempted to understand convergence of SHG women in these four schemes from all three perspectives.

SHG members, who are the foot soldiers ensuring last mile delivery of government schemes, were not aware of the term ‘convergence’ but were told that their involvement in these schemes would lead to better implementation. While SHG members were beneficiaries in all four programs, they played different convergent roles (both formal and informal) in different schemes. In SBM, they have a formal role as motivators with designated tasks with remunerations; in MNREGS they are involved as worksite facilitators with a daily wage and defined roles and responsibilities; in ATWS and TNRTTP, their role is informal and with or without remunerations.

Of all the four schemes, involvement in SBM posed the most challenges for SHG women. Motivators face backlash from the public, many of whom questioned their legitimacy in being involved. They have also had to face disgruntled contractors who feel that they have been replaced. Most motivators have not received any payment for their services and were not aware that they were eligible for payment. Despite the meagre pay and hostile response from some sections in their community, SBM motivators that the WB study team spoke to were committed to their work. They viewed their work as giving back to the community. This is how the SBM motivators explained their involvement with the scheme:

*“My family always questions me as to why I do this even though I do not receive any salary but this work gives me happiness by being able to contribute to the development to my village. I have received a name after this. Other than this, I also go for 100 days MGNREGS work but this gives me satisfaction. My name has become synonymous with toilets and hygiene in my village!” [Chitra, motivator, Tiruvannamalai]*

*“People in the village get to know about the importance of toilets thanks to SBM program. I feel good that I am able to spread this awareness among people.” [Latha, motivator, Trichy]*

Inculcating behavioral change and curbing open defecation has proved to be difficult as well. Despite these challenges, TNSRLM and line department officials indicate that SBM was the best example of convergence as motivators have been instrumental in reaching out to more beneficiaries.

A one-time honorarium of INR 5000 is fixed for the work of the SBM motivators and it is paid by the VPRC who receive the money from the block. Once the toilets are built, they get an additional sum of INR 200 within the first 6 months, INR 100 after a year for ensuring its regular usage. Despite the meagre pay and hostile response from the villagers, SBM motivators that we spoke to were committed to their work. They viewed their work as giving back to the community.

SHG women have benefited from convergence by way of earning income with which they are able to make regular payments to their SHG. Their participation in the programs has helped them gain self-confidence and agency. SHG involvement in ATWS has the potential for challenging gender norms by skilling the SHG facilitators (in ATWS) to operate in a space (transport) traditionally dominated by males. Convergence has expanded their sphere of interaction within as well as outside the village. It has also helped develop their skill sets in fields like computer, accounting, technology and people management. Some SHG members have leveraged their positions to get more loans for their SHGs from banks. Interestingly, almost all the SHG members have expressed happiness in being able to give back to the community.

#### **Box 6.1: Impact of Convergence: Increase in Self-Confidence and Agency**

Apart from being the coordinator in PLF, Chandrika is also a worksite facilitator for MGNREGS. She comes to the worksite early to take measurements if needed. After the workers arrive, she checks their job cards and takes attendance. Different tasks are delegated to the workers and she ensures that they work properly and complete the task within the stipulated time. She updates the *panchayat* clerk on the number of workers at the site and the progress made.

Chandrika is grateful to be a worksite facilitator as this ensures regular wages for her to support her family. She says: “I have definitely gained exposure and confidence. Earlier, I knew only how to do household work. But this work that I am doing now has exposed me to the outside world. It has made me learn about responsibility and has given me a chance to actually interact with people. Now I know things like workplace etiquette (for instance, how to behave with my boss), how to talk to people and how to get things done.”

#### **6.3.2 Sustainability through Political Participation**

Under this theme, various dimensions of political involvement such as participation in the *gram sabha*, serving as vote banks, canvassing for fellow SHG members and contesting in elections were studied. It was found that SHG members attended *gram sabha* and raised village development related issues. Elected SHG members expressed that they were able to win owing to SHG support. SHG women campaigned and voted for them. They were motivated to contest elections as they wanted to give back to their community. Many of these SHG elected representatives had previously worked as convergence partners either in SBM or MNREGS. While convergence seems to be emerging as a pathway to political empowerment, it must be noted that most SHG members involved in convergence did not express interest in contesting for elections. Elected women SHG representatives have tried to balance their loyalty to their SHG members with their obligations to the larger community by separating themselves from their SHG identity while performing their roles as political representatives.

Trying to understand the implications of convergence for the sustainability of SHGs was challenging as there is no equivalent term in Tamil (for sustainability) but this did not limit the scope in any way. While

functionaries did not link convergence with sustainability of SHGs, some SHG members felt that convergence leads to sustainability because they have earned the goodwill in the community.

Some motivators within these flagship programs have been able to leverage their position to get loans from TNSRLM and banks.

*“Being a motivator, as opposed to being only an SHG member, has helped me get loans for my SHG. I can take care of the loan application myself, and talk to the manager because of my position and the confidence that I have gained. As a motivator, I have also been able to get loans from PLF—they have given me loans of Rs. 50,000- Rs. 1,00,000. This might not have been the case if I had been just a SHG member. We have been able to get loans easily with the confidence we have gained”.* [Devi, SBM Motivator, Tiruvannamalai]

However, the extent to which either convergence or political participation ensures sustainability of SHGs is difficult to ascertain at this point and also in such a short study. Convergence does provide them with entry points into larger government departments and networks. In other words, convergence does have the capacity to institutionalize the SHG networks in a wider institutional framework. Also, by becoming a pathway for political empowerment for many SHG members, convergence has the potential to strengthen the SHG movement within the local governance structure. Just as empowerment was not part of the original mandate of the NRLM but went on to become an integral aspect of it, a similar pattern is visible here too. It would not be an exaggeration to say that SHG women were the only ones to envisage the possibility of achieving sustainability through convergence.

Indeed, the manner in which SHG women in Tamil Nadu are making use of the spaces opened up by convergence—such as increased political participation, leveraging loans, upgrading skills, and networking with other government departments—indicates that convergence may become the new highway for ensuring the sustainability of SHGs in future.

#### **Box 6.2: Balancing Public Accountability Versus Representing SHG interests**

As elected representatives, who contested elections and won with the support of the SHG members, how do these women balance their loyalty to their SHG with their obligation to the larger community? The WB study team attempted to probe this aspect with the elected representatives. An interesting finding emerged as the team was doing content analysis of the transcripts. We noticed that the political representatives refer to SHG women as ‘them’, thus separating themselves from completely identifying with SHGs once they transition into their political roles.

The elected representatives were quick to ascertain that they represented both SHGs as well as the general community. This came through even when they were discussing about SHG’s role in acting as vote banks. They emphasized that they had reached out to the larger community and had come to power because of the support of SHGs as well as the larger community. Their motives for contesting elections were also about serving the larger community. They reiterated that they represented both their SHG and the community. They described this variously as –

*“I represent the interests of both. Now, I am looking beyond my panchayat to represent the needs of people across villages.”* [Councilor, Tiruvannamalai]

*“I represent the interests of my whole village and not just SHGs. If SHGs have a problem then maybe I can help out.”* [Panchayat President, Tiruvannamalai]

*"I represent the interests of both SHG and the community. The panchayat work usually involves important tasks. I have been performing SHG related roles for quite some time. Hence, I am able to balance both. [Ward Member, Trichy]*

It was intriguing to note that the SHG elected representatives understood the need to balance these dual interests in discharging their duties as political representatives. This gets reinforced in the way they separate themselves from their SHG identity while performing their roles as political representatives. To an extent this is indicative of their 'expanded agency' (Drydyk, 2013).

## 6.4 Lessons from Fieldwork

The current model of convergence and SHG effectively boils down to the SHGs being relegated to the task of completing the work that is legitimately the responsibility of other departments of the government. This not only increases the burden on the women but also defeats the whole purpose of SHGs being a vehicle of women's empowerment and agency. Importantly, it side-tracks the objective of SHG-led programs as instruments of poverty reduction.

Bandopadhyay et al (2002) proposed a scheme for building linkages between SHGs and PRIs before the word convergence entered the official vocabulary. They argued that since the objective of both SHGs and PRIs was to usher "people-centered development and through it to empower the disempowered" (p. 2556), it was both desirable and possible to establish a system through which the two interface efficiently. They suggested the following institutional architecture:

The *gram sabhas* (GPs) would co-opt one or more representatives of SHGs (selected in a *gram sabha* meeting, although the selection is currently often done by the office holders) into their respective standing committees. These members would fully participate in the proceedings of the standing committee and have all rights other than voting rights. These members would act as pressure groups or lobbies. GPs would find it hard to ignore their views as they would represent significant groups and constituents. Once this was done, SHGs could act as both implementing and monitoring agencies of the relevant programs.

However, this introduces twin challenges. There is already a need for genuine decentralisation, that is, transfer of power to PRIs. Additionally, the proposed framework suggests PRI-SHG linkage and power sharing.

## 7. ORAL HISTORY OF THE POLITICAL ECONOMY OF PROGRAM EVOLUTION: THE ROAD (NOT) TAKEN

The oral history of this program through key informant interviews revealed a rich and complex tapestry. Six current and former World Bank officials and four current government officials were interviewed, anonymized as WB1 to WB6 and G1 to G4. The historical account reveals that there were, initially, two alternative competing models (two possible roads) that could have served as the basis of the roll out of the SHG/RL (rural livelihoods) program (which eventually became NRLM).

One of the two models, popularly referred to as the ‘Andhra Model’ (focusing exclusively on mobilizing women) became the mainstream or predominant model. The other approach, variously referred to as the ‘holistic’ or ‘*panchayat*-led’ model, was adopted by TN and Kerala, with some states (Madhya Pradesh) adopting a hybrid approach. To be clear, women were the focus in both approaches. The question was whether men or PRIs were also critically involved (holistic) or not (Andhra Model).

### 7.1 PRIs and SHGs: Substitutes or Complements?

India has had a long engagement with local, grassroots democracy. The early 1990s in India saw the 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendments which laid the bedrock for strengthening local governance through rural and urban local bodies as the key *Panchayati Raj* institutions (PRIs). Programs that created and strengthened women’s user and self-help groups started to shift the nature of local self-governance. At the village level, SHGs provided new channels for resource allocation (as an alternative to PRIs), initially for private goods and later expanding through convergence to public goods as well. Powis (2003) highlights the inherent tension between the two approaches, as these committees and groups “often exist in parallel and overlap with the established framework of local self-governance.” (p. 2617).

Powis discusses how the “second system of decentralization” in Andhra Pradesh in the early 2000s through the creation of SHGs or stakeholder associations (SHAs) was in direct contradistinction with the core system of local governance through the PRIs. While GPs were elected, village level bodies empowered by constitutional status, contained provisions for both representative and direct democratic participation with responsibilities covering a number of sectors or subjects. GPs also have reserved positions for SCs, STs and women.

Powis argues that SHAs are formed with a single unifying objective and membership is not regulated through caste-based reservations. He agrees with Manor’s (2004) analysis that sees the proliferation of user groups as “a potentially damaging second wave of decentralization.” Manor discusses the first wave in the 1980s across 60 countries that experimented with the devolution of powers and resources to elected councils at lower levels in the political systems. Manor argues that the second wave has implications for the nature of “people’s participation and influence, for equity, for development and for the institutions created in the first wave.” (Manor 2004, p. 184). The SHGs bypassed this structure and were not accountable to local governments in terms of use of funds.

Reading the analyses done by Manor and Powis around two decades ago, one can appreciate the source of their concern because funding allocated to creating a network of SHGs in the Andhra Model did create a parallel structure of financing to community groups, which was independent of PRIs and not subject to electoral accountability. However, backed by the considerable positive evidence on the contributions of women’s SHGs (available in public domain now), we need to evaluate afresh the claim that the SHG movement has ended up “damaging” the credibility or authority of the PRIs.

The analysis by Powis does force us to pay closer attention to political imperatives at the local level that might have influenced the road (not) taken. He suggests that “broadening the scope and range of

positions of influence in the village can be seen both to respond to the latent demand of rural leadership, and to provide a platform for the proactive development of party cadre.” (p. 2621). He goes further to assert that “civil forums for engagement can be expected to respond and strengthen over time as a result of the new potentials and platforms for participation offered by multiple institutions. However, in the short term at least we need to account for the fact that the active stratum of political leaders and aspirants is making use of these spaces to further personal and political ambition.” (p. 2621).

### 7.1.1 How did One Approach Become Predominant? Summary of Main Views

What was genesis of the two models? Why did one road become the predominant one? The multiple perspectives revealed through the KIIs present different interpretations of the link between PRI-CBO convergence and women’s empowerment.

The view expressed in the World Development Report 2000–01 that organizing women around credit and thrift services is effective in reducing poverty and empowering women shaped the Andhra Model decisively. G1 explained how the question of women’s empowerment was always on the agenda in the precursor to the Andhra model and “the whole idea was premised on social mobilization and empowerment of communities, both as a means of ending poverty ... and ... building strong institutions of the poor...” WB4 and WB5 shared this view. G1 explained that “women’s empowerment was [seen as a] multi-dimensional [concept], with an economic dimension, a social dimension and ... an intra-family dimension.” The mobilization of women into SHGs was meant to address these multiple dimensions of women’s empowerment.

WB2 suggested that the aim was primarily poverty reduction and women’s empowerment was not an explicit objective. They explained how various precursors in the South Asia region as well as other parts of India were studied, and different strategies were tried in AP, Madhya Pradesh (MP) and Tamil Nadu (TN). Of these various alternatives, the AP model turned out to be most successful and hence it became the basis for expansion in other parts of the country.

WB1’s analysis was at variance with these accounts. They shared the perception of conflict that Powis articulated between the two alternative routes, and suggested that the fact that AP took the women’s mobilization approach over PRI-led approach reflected the imperatives of state-level politics in AP. WB6 explained how their own involvement with the RL agenda in the South Asia region led them to adopt a model that eventually became the TN model. They believed in a holistic approach and did not favor pitting SHGs as independent, parallel bodies, outside of PRI jurisdiction and control.

On the question of convergence between SHGs and line department of ministries, the perspectives of the KIIs were broadly similar. While WB5 explained why theoretically convergence was a good idea, his views on the practice were similar to other KIIs who indicated that the “last mile delivery” objective converts SHGs into delivery agents for the government and foists on them additional onerous tasks that the original service providers are responsible for. SHG women should not be treated as “dumping grounds” just because they have been successful in managing funds with low

leakage and corruption, WB5 said. They should not be seen as the natural choice for multiple, and often difficult, additional responsibilities.

## 7.2 The Political Economy of the Andhra Model

There are two distinct but related aspects of the Andhra Model that inform our understanding of how the program proceeded. One relates to the growth and development within Andhra Pradesh and the second relates to the export of the model to other states.

WB2 recalled the first roll out in three states: AP, Madhya Pradesh (MP) and Rajasthan. “We were looking at all the South Asia programs that had worked...The programs we looked at were BRAC, Grameen Bank, Amul, AKRSP (Pakistan), [as well as] various programs in India in community development. The idea was that we learn from them and then design a new set of programs that incorporate the principles which have been tried out in these programs. [Thus] the AP program *was not designed as a women’s empowerment program* (emphasis added) to begin with. It was a poverty reduction effort called district poverty initiatives. It was felt that we could incorporate these lessons into a new set of programs and try them in different socio-economic conditions. That is why the choice of [three states of] Rajasthan, MP and AP because there was a UNDP South Asia poverty pilot going on for past 3-4 years that had the elements of what Pakistan and others were doing.”

WB4 had an almost identical recall. They were brought in the team “to work [on] rural community driven projects, [which were] later classified as ‘rural livelihoods’ projects. We started in 2002-3 [with] the district property initiative projects (DPIP) in three states: Madhya Pradesh, Rajasthan and Andhra Pradesh. In Rajasthan, MP and, to a lesser extent, in Andhra, [we implemented] the community interest group (CIG) model, which means that people with a common interest would come in to form a community-based enterprise or economic activity and then take it forward, but there was no saving element into it.”

WB2’s recollection also indicates that the three early states (that were the focus of the World Bank’s involvement) implemented the livelihoods program slightly differently. “We looked at a range of situations and said we will take six districts in each state, but even if we have [common] principles they will evolve differently based on how local governments follow them in spirit. Woman empowerment was definitely one the principles. AP said they will focus on women's agency because they had experience of that, Rajasthan said they will go for common interest groups, which will be more based on livelihood, and MP had some kind of a hybrid model of community infrastructure and livelihood. Again, I think both the MP and Rajasthan programs did not have focus on women exclusively, but definitely they were also looking at women’s empowerment as one of the variables. Until then, we [World Bank] had done programs with watershed, forestry, agriculture groups, and so on. There was community participation, but we had not looked at rural poverty reduction or impact at the household level.”

According to WB2, of the three initial states, the AP model “took off” and since it was focused on “social empowerment and women’s agency”, this particular element acquired prominence. “[AP] had

the right kind of infrastructure, I would call it *social infrastructure* ... [because of which they] the government recruited almost thousands of young professionals and created professional teams to work on social mobilization on a large scale, whereas MP and Rajasthan both struggled in creating an institutional architecture.”

WB1’s extensive interview indicated that the answer to the ‘whether Bank-supported rural livelihood (RL) programs focused explicitly on women’s empowerment’ question was not straightforward, and that a short yes/no answer was not possible. WB 1 explained in detail how the special position of the women’s empowerment objective in the RL programs was inextricably tied up with the history and politics of the World Bank’s involvement in the RL agenda in India. WB1’s recreation of the history revealed how the questions of convergence and focus on women’s empowerment—treated in the contemporary discourse as separate dimensions of the RL programs—were actually interwoven in the political economy of program implementation.

### **How did the World Bank’s involvement in rural livelihood programs start and how did women become the central focus of the program?**

WB1 outlined how the Bank’s involvement started in the old Andhra Pradesh,<sup>47</sup> around 1999-98. That was also the time when the Bank was able, for the first time, to lend money directly to state governments. Prior to that, Bank lending was always to the central government, which in turn would allocate the money to state governments. This changed in the late 1990s as the World Bank started lending money to state governments directly (although through the central government).

WB1’s view was that the shift in the lending practices was important because it meant that the state-level politics started to matter more than the politics at the center, as far as the World Bank’s lending priorities were concerned. WB1 suggested that the Andhra Pradesh’s focus on women’s livelihood’s programs was driven by a desire to exert control in village politics.

G1’s account reiterates the strong support that the AP program received from the state political leadership. “That level of clarity of both the political and civil service leadership is a very rare combination, and the fact is that we were getting results on ground thanks to this clarity.”

#### **7.2.1 Going through Women’s SHGs: Larger Scale, Deeper Reach, Less Leakage**

### **If the focus of the program was on poverty reduction, why were the PRIs not the first or the natural choice, since that institutional structure already existed, was accountable and members were elected democratically?**

WB2 explained that in the very early days, all approaches were tried: “MP went with panchayats in the beginning” and how they had “designed a \$60 million component which would start with panchayats even in AP also”. They argued that AP’s experience of going with the panchayats revealed that “women’s empowerment, the ‘poorest of the poor’ part got completely relegated because they

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<sup>47</sup> This was before Andhra Pradesh had been bifurcated into Andhra Pradesh and Telangana.

[panchayats] were not able to develop a social mobilization strategy in the short time...in the pilots, which we had done, it took us almost three and a half years to convince panchayats to work with women and poor people. So, the call they [the government] took was that if we now go through panchayats we will achieve a scale which will be 1/8<sup>th</sup> of what we are achieving if we go through the route of directly empowering women. That's [the call] AP took at that stage.”

“This was the first time we had encountered a specific assessment of the relative scale of social mobilization possible depending on whether it was based on PRIs or women’s SHGs. We probed further about who did this assessment (1/8<sup>th</sup>).

WB2 responded that it was the “government's assessment... not many people know that AP had also started with the idea of rolling out the agenda of poverty reduction and livelihoods with the *panchayats*. Rajasthan clearly said that if we go through *panchayats*, even in 100 years, we will not be anywhere.”

G1 emphasized that the objective was poverty reduction, but the route was through reaching the women. “It was our objective that every poor woman, every vulnerable person should be included in the group. That's a bridge for a better life and that's also the reason we identified different kinds of vulnerability ...persons with disability, single women.” They also emphasized that “it was both a political decision and commitment by the civil servants leading the program that they should go to every family in the state. It's a rare combination of political and civil servant leadership to see that every poor person is included in the program.”

WB2 explained that they also studied the Kerala model, as “the political commitment to go through *panchayats* was of infinitely higher order there. We were taking the AP, MP [staff] to Kudumbashree even at that time to make them motivated. They said Kerala can do it, we can't as they are more egalitarian.” Therefore, the assessment of the AP team was that the Kerala experiment was not replicable in other parts of the country. This view was echoed by WB4, who elaborated how states like MP, Odisha, Rajasthan, and Bihar were not equipped to have a robust program based on the *panchayat* system. They raised a larger point about the feasibility of SHG-PRI partnership. “The jury is out on the issue of whether *panchayats* have the capacity to work with a quasi-private kind of institutions like SHG....so a model needs to be developed.”

WB2 also clarified why they needed the program to yield relatively quick results. Their assessment, after working on the *panchayat* pilot, was that it would take too long if they went down that route. “World Bank or government projects have a five-year horizon...it didn't look like we will achieve anything except a small pilot. In Andhra, I must have spent 30 percent of my time on *panchayat's* pilot as opposed to the main project because we really were very, very clear that we wanted it to work.”

WB4 elaborated on the differences between the two approaches in terms of lasting impacts. “In the District Poverty Initiatives Project (DPIP) model in MP and Rajasthan, we realized that the results that we were expecting to see in terms of economic and social transformation at the grassroots level, or at the village and *panchayat* level, did not materialize, because the model itself was not able to mobilize people and keep them together in an institutional platform.” They explained that the program

created individual assets, but the group disintegrated (more so in Rajasthan and to a lesser extent in MP) once people got their assets. “Once the institutional platform was built around the CIG model or the SHG model, it became a more sustainable and long-lasting kind of intervention in the states.”

The importance of the distinction between public and private asset creation was articulated by WB5 who explained how “the SHG programs were working on creating private assets, not on public assets. Public institutions like the *panchayat* were people’s institutions, working on public goods rather than on private goods. And that is one of the principal reasons why we thought at that point of time that we need to keep it a little separate from *panchayats*.” This testimony provided yet another reason why the World Bank supported models did not go through the *panchayat* route. WB4 felt that in an ideal scenario, “we would want the *panchayats* and the SHGs to coexist. While *panchayats* have the classical role to play in the case of public goods, SHGs play a role specifically in private goods, and there's a huge complementarity.”

WB4 also felt that aiming for SHG-PRI partnership would make the program less manageable. “It would have complicated the overall deal ... as it is, it was a very complicated design ... for such a massive program ... we were working with individual household mobilization ... and you bring in [another] layer of panchayats into it, and the design will [not remain] manageable. So, [it was a] conscious decision we made at that point of time.”

In WB6’s view, there was already a basic democratic architecture in place in India, the backbone of which was the village panchayat. However, it needed to be “revived and empowered.” “I have seen panchayat sarpanches who don't have authority to sign a cheque. [Higher] officer comes and signs cheques.” They decided that the democratization and decentralization had to be genuine, where the panchayat had real authority to take decisions at the local level.

### 7.2.2 Women’s Empowerment and Holistic Approach

WB6’s remarks (discussed in 7.4 under the Tamil Nadu approach) put the relationship between women’s empowerment and poverty reduction in a different perspective compared to the AP model. When WB2 was asked about why the AP program was not holistic given that the target was poverty reduction, their response was that the outcomes were measured at the household level: “the category of the households we were working with, landless people, or people with two acres... developing some kind of financial safety net and capital at the local level was [very important], because the households did not have any financial resources to fall back on in terms of a safety net... it was felt that women had the propensity to save and meet regularly, and *mobilization of women was found to be easier* (italics added).”

WB2 claimed that “the world over” it was seen that “first level of capital mobilization at the household level where households are able to save and create a safety net before going to productive activities happens better through women.” The debate between the two perspectives suggests that the AP model views women’s involvement as instrumental, though vital, to achieving the larger objective of poverty reduction. The NRETP makes women’s empowerment more central without explicitly

recognizing the challenges inherent in making gender equality and women's empowerment centerstage without first building a broader consensus within government departments and broader society.

### 7.3 SHG-PRI: Convergence or Divergence?

It is well known that SHGs have been around much before NRLM, and so have PRIs. However, a question that has been vexing the experts for some time is whether there is an inherent tension between the two institutions on who will control the village administration? If yes, this suggests divergence, that is the opposite of the much-valued core principle of convergence.

WB1 explained that there is no inherent tension between the two and there need not be. They claimed this tension was “a specific feature of the Andhra Pradesh Rural Livelihoods Project. They were the ones responsible for that divergence. Neither Kerala nor TN are examples of divergence.”

On the question of involving the panchayats in AP, G1 explained that the reason it was not possible was because “there's a fundamental problem with the *Panchayati Raj* system in AP... even though AP was kind of a leader in NREGA implementation, it was never driven by the panchayats in AP. NREGA implementation was always driven by the mandal officers, (in AP you don't have blocks you have mandals).”

Ultimately, WB2's claim was that the final call on the contours of the program has to be that of the state government. “What can [the World] Bank do? If the government is not interested in changing the rules of game in panchayats, and clearly achieving mobilization and institutional change to make them inclusive, equitable ...the [World] Bank cannot do that.” Their point was that the Bank was open to both routes but chose one based on pragmatic considerations. He said, “... I don't think anyone expected that in 20 years NRLM will achieve so much impact. I think the scale is even beyond what [was anticipated] in the original design...”

WB2 feels that now the program has taken a life of its own, almost independent of the World Bank. “It is no longer dependent on us. There are a lot of leaders who are trying it ... whatever works is what gets scaled basically, and whatever the government thinks is working will get scaled. It is not dependent on the World Bank after a point of time.”

On a side note, WB4 elaborated on the PRI-SHG relationship in the context of Tamil Nadu. He explained that in order to keep women's (SHG's) interests center stage, even when the panchayat members were included in all the decision-making, it was “ring fenced” in that the “influence of the panchayat was limited to approvals in a particular process-oriented manner. It was not left to the discretion of the panchayat to take decisions because “decision-making in panchayats can be very convoluted and can be influenced by various sources.”

## 7.4 Extension of the AP Model to Bihar and Beyond

### 7.4.1 Bihar

WB5 pointed out another feature of the Andhra Pradesh (AP) model, which accounted for its success: it was entrepreneurial. “They put up an import export office. They said we will train people to learn Hindi and English”. Women from Kadappa, Kurnool, Karimnagar, Nizamabad were learning Hindi and English and spreading their wings. Tamil Nadu and Kerala during the 2011-15 phase did not show enough willingness to really go take their learnings and export their learnings to other states. WB5 claimed that TN and Kerala were “insular”.

WB1 explained that “the experience of the second phase in AP was also very good... When Bihar came in 2006 with a request, [we cautioned the Bihar team] “you should know what you're getting into, this is not an easy thing to do because you are on ground zero in terms of state capacity and architecture. It requires a lot of handholding, political and financial commitment of a very high order.”

The Bihar state leadership was willing and eager and were keen to “give it a shot ... we got a trust fund, we started implementing some activities. We wanted them to get a feel of what this is about and we arranged very intensive exposure between Bihar and AP. We designed the JEEViKA project in 2007. We had almost half the Andhra team working on Bihar from the Bank side because their request was they had seen what MP and Rajasthan had done, and said doesn't appeal to us...”

“Bihar ... had a lot of teething troubles ... in implementing [the AP model], WB2 recalls. It was not easy... and I would say that the women's empowerment part was the toughest thing [to implement] in the first 2 years. There was tendency to just focus on livelihood approaches and... not focus on women's empowerment, but they had good leadership at the bureaucratic level. There was a series of Chief Secretaries who had understood what is required and they said we should not take the shortcut and stay true to trying out things. There was some turn-around in a couple of years and they started showing some very good initial results in 2009-10.”

It was the success of the model in Bihar that prompted its adoption to the rest of the country. WB2 explained how “in 2010, the government of India came to us to explore if they could roll this out nationally. They had learned about AP for a long time, and when they went to Bihar they realized that if this can work in Bihar, it has the potential to work in the whole country. We also had PRADAN and lots of other NGOs talking about what they were doing. It was not just the government doing it, there were a lot of variants of this kind of approach available with other NGOs also.”

“[The idea of] woman as an agency came more through AP, but because it was validated in Bihar in a difficult socio-economic situation, these two examples gave the government confidence to [roll it out nationally]. But [elements related to] producer organizations, livelihoods came from MP. So eventually it became a hybrid program with [lessons] from MP ... taken into the program.”

A couple of other KIIs question the extent success in Bihar. Anjani Kochar, an independent researcher wonders why JEEViKA is discussed as a big success story. “It certainly had a larger footprint, but if you see my results, there was no real increase from the initial treatment control when we evaluated it... the effects are not large.”

WB4’s account is very similar, with an additional mention of Odisha. When MP bifurcated and Chattisgarh got created, initially they “just copy pasted the MP model there, but that didn’t do well”. As a result, the Chhatisgarh program got revamped to follow the SERP model.

#### 7.4.2 Jharkhand

Two of the key informants were closely associated with the Jharkhand program. One of them explained how Jharkhand started taking off in 2011-12 and by 2013-14 it had established a very strong foundation. They attribute the success to the quality of professionals. “If you look at the Jharkhand model, one of the big pluses of the Jharkhand model is the fact that they were able to really attract good quality professionals at the state and the district level. They were able to pay well, they got their initial recruitment very well and they were humble enough to learn both from AP and Bihar... and of course because of the strong presence of PRADAN there and they tried their best to really take lessons from the PRADAN model.”

They elaborated on the differences between PRADAN and NRLM. They explained that the funding for PRADAN programs is big but their scale is not, which the NRLM changed by scaling up the SHG model to the whole state and make it universal. “One of the big difference between the PRADAN model and the NRLM model is the fact that PRADAN did not invest as much as the NRLM does in federations, the VOs and the CLFs. They also have a very strong SHGs. The second big difference is PRADAN model never aggressively pursued the bank linkage bit”.

“There was an MoU that was signed in 2013 which coopted the PRADAN SHGs into NRLM. So NRLM and PRADAN sat together and decided that whatever standard benefits and the capitalization that we typically did for all the SHGs across the country, the same entitlements will be passed on to the PRADAN SHGs as well.”

“Jharkhand...had a homegrown PRADAN which meant that they had good lessons as far as you know livelihood models are concerned vegetable cultivation, goat rearing, poultry and so on... and they could take good lessons from AP and Bihar.” They believes that “Jharkhand is truly one of the poster child of what NRLM could achieve”.

WB3 recalled how they had to take over the Jharkhand Opportunities for Harnessing Rural Growth (JOHAR) (which is a different body from Jharkhand State Livelihood Promotion Society-JSLPS) and fast-track the project in a low-capacity environment. It was up in 11 months. This, they claim, was the first stand-alone agri-business project (in a state rural livelihoods mission) created in a challenging environment.

There already was “a very overpowering institution there called the JSLPS”... led by a very able administrator ... understanding the JSLPS model, their good practices, building good relationships not just with the higher ups, but also with the middle level domain professionals, domain experts on high value agriculture, financial inclusion, social development...”

They reminded us that “Johar was not just another standalone NRLM project ... currently there is any project that can in any of the NRLM states that matches the design of Johar”. [Therefore] leapfrogging NRLM to the next generation farm livelihoods projects ... took a while ... we had a solid Project Monitoring Unit (PMU) there during design...” This underscores the importance of a good organizational backbone.

The challenge in Jharkhand was to create value on small holdings of land (about one and a half hectare on average). They had to move from subsistence paddy to high value agriculture, in order to create more yield per acre. Additionally, they focused on allied sectors (like fisheries, non-timber forest products). Here, the convergence agenda looked very different as it was about establishing convergence with these departments to increase incomes. They also had to focus on the whole chain of backward and forward linkages by focusing on transportation and storage.

The specific nature of JOHAR also defines the issue of women’s empowerment in Jharkhand differently. They explained that the objective was “increasing incomes within the fabric of the social, economic, cultural fabric of Jharkhand with strong emphasis on women- women have to get out of their tribal homes and get more empowered. The state has clearly put in a lot of effort and created that platform of empowerment.” However, here the focus on women’s empowerment ends up involving men as well. “Given that JOHAR aims at high-value agriculture, irrigation becomes central for the success of the project. And this is where men come in: building community-based lift irrigation systems (or other components like installing solar panels)”. The focus was on mobilizing women (“since they have fiscal discipline”) but the nature of the activity is such that men are also involved.

They explained that with these concerns, JOHAR, as blend between NRLM and agri-business models, learned “not just from NRLM experiences in Bihar or AP, but also from the experiences of, say, Maharashtra, or Karnataka... one of the states that has done the best by way of taking farmers to markets, aggregation, processing and things like that.”

WB3 also talked about Jharkhand’s challenges with left-wing extremism (LWE) and her efforts to bring in international experience to bear (she brought in an expert from the Philippines) on how to achieve inclusion under these specific challenges.

Thus, while JSLSP had elements of the AP/Bihar model, JOHAR has ended up as a distinctive blended model, drawing upon the experiences of many states.

### 7.4.3 The Other Road: Tamil Nadu

WB6's personal story reveals a fascinating glimpse of the Sri Lankan influence on Indian programs. "The government of Sri Lanka came with the request to have what was called at that time Adaptable Lending Program, which is for 12 years in Sri Lanka. The hypothesis was if we empower people with information, resources and capacity, they will take better decisions and development will be much more effective and sustainable. This was a conceptual idea at that time. But when I started testing it in three villages, we had to operationalize it: what does empowerment really mean and what does it mean for them to manage their own priorities? They decided on priorities and we came through [with] the operational tools and processes"

"One of the rules was that women had to be empowered, but overall, it was a holistic model in Sri Lanka: everyone needed to participate and [that meant] inclusion of the poorest. [For that] they (the community) needed to identify the poor. They went through this whole ranking [exercise] that at least X percent of poor should be included."

"The priorities - whatever they decided - had to be [satisfactory] to these poor people, they needed to make sure that [the poor] are part of the process and everything has to be transparent. There was not a Sinhalese word for [transparent] at that time! Same thing in India, there was not a word for transparent, people did not know what transparency means. They came up with ... rules themselves and ... everyone would hold themselves accountable to those rules. I saw many examples where if they violated [any rule], they came back to *themselves* (italics added) saying that we have violated this rule. We need to correct it."

#### **Direct Cash to Recipients**

WB6 explained that the NRLM model of giving cash directly to the recipient is a well-established and accepted intervention<sup>2</sup> in the World Bank now, but it was a new idea in 1998-99.

"This [idea] came from a very poor lady [who] said I don't want any charity. I want a loan. We were not in the loan business in the Bank that time. We were giving only grants, not loans.

"I brought in ... very experienced microfinance specialists from the Bank ... to help these illiterate women ... [since] we wanted to make sure that it is done properly. Even in Sri Lanka where it was a holistic model, [we had a rule that] at least 66% had to be women [managing the finances] and top three positions had to be women."

They explained how these rules were formulated through extensive consultations and discussions with them about what empowerment meant, how money should be managed and so on. The net result was a big success. "They managed that fund so well ... those 2000 communities even now are carrying on with that livelihoods fund, they have sustained themselves despite government withdrawing from the program."

#### **"Everyone Comes Up with Same Rules"**

Their account included a fascinating revelation. "Any country I have gone [to], including Africa, everyone [that is, the poor everywhere] comes up with the same rules. These are basic human values

... which had been eroded in the current different ecosystem ... But they all came up with same kind of similar rules.”

“The very first rule is respecting each other. Poor do not get respected by others who come there or by within. On transparency, [the principle is] we don't hide information, but we share with everyone. We do everything with integrity. I'm so amazed at these poor communities how they have shown the way ... we help each other... if somebody is in need of help, that doesn't mean that we exploit that person, but we help each other. We make sure that everyone is included and especially those who are vulnerable are included. Anything which is decided has to be shared with everyone. Books are open if anyone wants to look at, they can question each other. So, I think these are the rules that have come up everywhere and these rules then became the operational tools for them and how they have been able to manage.”

#### 7.4.4 The Tamil Nadu Experience: Historical Roots of South Asian Cross-Fertilization

“We took Tamil Nadu and Sri Lanka, we had a lot of learnings by cross fertilization. Sri Lankan team came to Tamil Nadu and Tamil Nadu team went to Sri Lanka and they also went to AP and finally we came up with a program in Tamil Nadu which was different from what was DPIP model at that time.”

“It was not holistic [in a similar way] like Sri Lanka because in Tamil Nadu [there were] panchayats doing the infrastructure and public works programs. [Our program] focused more on livelihoods, employment generation and skills. I also brought in a youth component there, which was [more a] test ... youth could be male or female. The skill enhancement component became very successful there...that has been taken up by [the] national skills mission [that has] scaled [it] up tremendously.”

In the Indian context, the two roads – holistic versus women-based – have evolved as two alternative routes, whereas the work in SL shows that the two objectives can be complementary. The oral history reveals that the individual World Bank Team Task Leader (TTL) for a given was instrumental in shaping in specific contours of the program.

One of the KIIs reveals the process through which the TTL played a key role in shaping the project. At the start of the TN program, they “sent clients to AP. What I saw in the field was that wherever there was a bad relationship conflict between the panchayat and PLF (panchayat livelihood federation), [the program] was not serving anybody, but in the villages where there was some relationship between Panchayats and PLF, things were working much better.”

“I found panchayat playing a very important role in Tamil Nadu, where same village had panchayat and PLF as competing institutions. My thrust was we cannot have conflicting and competing institutions, and fortunately we had a very good project director in Tamil Nadu who was working with me on this. We saw how they can actually support each other.”

“In Tamil Nadu we came up with a different model ... in every village, we consulted panchayats, it was brought into the discussions. We made this (the meetings of the panchayat) one of the milestones

for this program. The attendance of Gram Sabhas at that time was around 10 percent we said it has got to be at least 70 percent. Everyone said it is not going to work but I said if Gram Panchayat tell them exactly what is happening, people will be interested because this proposal within the village needs to be now adopted by Gram Sabha.”

“We need to connect these dots, and you will be surprised to know that 90 percent of people participated at that time. We gave a position to the sarpanch in VPRC. We said he or she is going to be chairing that, but without signing authority. We did connect the two, but the signing authority was given to the woman who was the second person in the VPRC. The gram panchayat president was ex officio chairperson of the VPRC and that brought in a lot of help to these VPRCs, PLFs in these villages. I would say 60-70 percent of villages actually did very well together.”

## **Moving Ahead**

WB6 explained how “from the World Bank there was a lot of appetite for similar kind of programs in Bangladesh, so a lot of country directors had gone to Sri Lanka and looked at Sri Lanka program and Bangladesh’s country director was very keen that I introduced similar things.” They recalled that in Bangladesh BRAC and Grameen Bank were already implementing their own programs and were resistant to the idea of introducing a livelihoods component and changing the course of their pre-existing programs. From this exchange of ideas and experience, Notun Jibon (New Life) was born in Bangladesh, the focus of which was empowerment – of women and communities – and the model was holistic, that is, men were involved as well. They also made sure that there was institutional capacity to execute and implement the program.

## **7.5 JEEViKA and Social Observatory**

### **7.5.1 Extension of the AP Model to Bihar: Phase 1 of JEEViKA**

WB1, who was involved in *panchayat* work during Phase 1 of JEEViKA, claims that it was “one of the best World Bank interventions” they have seen. With the backing of state bureaucracy, it “was an army operation in six districts they went to it with great discipline. I think everybody felt this is our chance to do some good in the world. They had such a concentrated, intense engagement with local Community organizers. They were all part of a very tight hierarchy of administration with constant up and down feedback. So, if there was a management bottleneck it went directly to the top because it was a small operation. It was not small in absolute numbers, six lakh women were affected by that but still by Bihar, by Indian standards, small and manageable.”

The Social Observatory (SO), a unit in the World Bank, was born in this context in 2010 towards the second half of the phase one of JEEViKA, which started building these impact evaluation systems, monitoring systems. The SO started giving an external eye to specific World Bank projects, exemplifying the idea of embedded research.

## Scaling Up: JEEViKA Phase II

When the project was scaled up, the SO view was that the program was not ready for expansion just yet. The concern was that a larger project cannot rely on word of mouth, informal feedback loop. The program needed management decision making systems in place, which had not yet been build. Thus, one view is that Phase 2 was marked by implementation failure.

One of KIs argued that “When you move from a more boutique approach... and this is hardly a boutique approach, 600,000 women is not a small project ... [you need to] rely on technology as well as on soft feedback systems rather than just on soft feedback systems. Soft, meaning human feedback systems, unless you are very, very coordinated don't work very well after a certain point, after a certain tipping point of size, but we have technology that can help with that.” His argument is that they could have done better.

### Issues with Scaling Up

WB2 attributed a dilution of focus to scaling up. “I would say that when you go to scale there is dilution which means that you need many teams of high intensity working on these issues. It is very difficult for the government to keep on taking a lot of micro lessons and convert them into miso-replications. So, there are micro lessons, there's miso replication and there is a macro-replication because this scale is a science, you know it's not like something which happens on its own. Some states are able to do it, some states are not able to do. Glass is always half full, so anyone who says ‘this was not done’, there is always ‘this was done’ also. We need a good assessment of why it was done at some places and why it was not done and how can we take it from there which will help us going forward.”

“I think clearly in a large program there are trade-offs. There's political leadership. There's bureaucratic leadership. There's quality of processes you have and it is taking variations even for our team to understand where this is going. It's always been a black box on why certain things work, why certain things don't work, and we have tried to understand it, but it's still not possible to do that in a traditional evaluation framework. I think we need mixed methods to understand why these kinds of programs work. I personally want to make a case for doing a mixed method evaluation.”

#### 7.5.2 Capacity Constraints

While the KI quoted above made a distinction between two phases of JEEViKA, another KI was skeptical about being able to make a phase-wise distinction in Bihar. They felt that the whole program grew organically. When pushed on this point, they pointed to capacity constraints, that is, lack of capacity building as leading to some dilution of the program. When asked what is meant specifically by capacity building, they answered, “If you look at this whole capacity building architecture under NRLM, first there's a very standardized training of the institutions, the SHGs, the VOs, the CLFs, that is, training at multiple levels. Second, there is a very standardized training of the community functionaries which is people who work for SHGs, who work for VOs and so on. The third dimension is the training and capacity building of project professionals, who are being directly paid by the

government. On all three fronts, I would say that there was flattening of the intensity of capacity building but within these three categories, I would say the maximum drop in quality would have been the training of the professionals. Second, most on the community professionals and third on the community institutions.”

Another KI also drew attention to the challenges of scaling-up quickly and the need for a more cautious approach. “I think under NRLM program it was kind of quick. Secondly, in earlier programs we focused a lot on technical assistance, south-south exchange and clients were learning from each other...there was a lot more focus on that part, which I think is really critical. You cannot ask them (SHGs) to do certain things and not give them enough capacity and resources to do it.”

One of key informants was Anjini Kochar, a researcher with no prior connection to NRLM/NRLP or the World Bank, but with an intensive engagement over at least three years as a part of her impact evaluation study felt that that biggest constraint to further expansion was the capacity constraint. The training of cadre is low and hiring and adequate number of community cadre members was also an issue across states. In several states, the delay in the program roll out was because of slow hiring. For instance, in Rajasthan, the program started in 2012, it got restructured in 2015 and it essentially got off the ground only in 2016, which is very close to the start of the program in UP.

She explained that the process (if done correctly) could not be rushed. First women get recruited as SHG members. They need to be a member for a year, and then get trained for another year, so it takes them close to two years before they become members of the community cadre. This realization – that the process was intrinsically slow – did not get internalized and factored in adequately. As a result, the expansion hit against a capacity constraint. Kochar felt that “everyone underestimated the capacity constraint”.

We can link this discussion to the resource block discussion in the implementation section of NRLM. It is well recognized that capacity would be a constraint, but there may not be enough funds (ever) to provide the same intensity of support during scale-up. NRLM developed what looks like a clear cut and sophisticated system of roll-out across blocks and brought in support from other states to help build the capacity. For its time, it is an innovative program. Thus, despite recognizing the challenge, the solution they developed of resource blocks and resource organizations from other states did not quite manage to maintain the (perceived) high implementation quality of the first phase of Jeevika.

## **7.6 Women’s or Men’s Livelihoods or Men’s? Self-Employment and Loan-Based Models**

One of the questions that Kochar et al, 2021 examined was whether a “big push” in the form of a large loan could enable changes in women’s status. They implemented a survey of 15,000 SHG members across eight of India’s poorest states. The survey enabled an evaluation of the impact of the program at scale, close to the point where NRLP had almost reached its target of mobilizing 70 million BPL households, spread across 600 districts and 600,00 villages.

They found that in the early stages of the SHG's life cycle, loans are based on the group's internal savings and are therefore small. For SHGs formed between 2012 and 2018, the average loan size across all SHG members (in their sample) in the first year of formation is INR 1,014. For the sample that actually borrows, this amount is INR 4,150, which is approximately equivalent to 20 days of work. However, access to community investment fund (CIF) increased the size of the loan substantially. The variation in state funding to CIF is substantial, ranging from INR 30,000 to INR 110,000.

In her presentation to the Livelihoods Summit 2020,<sup>48</sup> organized by 3ie, Kochar highlighted the importance of focusing on return to assets, rather than only focusing on creation of assets. She suggested that return to assets for women, if they act independently, is lower than that for men because of the multiple demands on their time from domestic chores and care work.

The corollary to this argument is that the household is actually better off if women leverage their assets to support their husbands' business, rather than set up independent business. She suggested that it is a myth to think that SHG loans are actually not collateralized. Loans are given to those who can repay, she emphasized. Her fieldwork in Odisha/Jharkhand in 2019-2020 revealed that women who received large loans (to the tune of INR 250,000) facilitated by SHG-bank linkage were those whose husbands ran a business. Thus, the large loans to women were essentially loans to men and the repayment of these loans was from the husband's income.

Instead of becoming a vehicle for diversifying livelihoods for women or families that do not have any businesses, these loans place families that already have businesses at an advantage. She further argues that this has implications for the woman's bargaining power. Since the rate of return on the loan would be higher if she invested the money in her husband's business instead of starting her independent business, Kochar suggests that SHG loans would increase the woman's bargaining power only marginally; in fact, men may gain more from them than women.

When presented with this result, one of the WB KIs responded: "In my personal experience, it's a mixed bag. There are a lot of single woman-led households who have benefited from this, who have gone ahead and become micro-entrepreneurs." They argued in a large diverse country like India, any generalization is risky and the impacts are going to be heterogeneous.

"I think this is an assessment which still needs to be done: how many woman owned enterprises and assets and businesses have been started as a result of NRLM. The final phase which we are doing in National Rural Economic Transformation Project (NRETP) is about that --we want to see whether we start more woman SME's, women entrepreneurs of the next level, so that there's a radical change in that."

Kochar elaborated in her KII that NRLM officials always emphasize women's enterprises, and there are case studies of women starting their own business. She reiterated the point made in her presentation "by and large, the productive assets are going into the husband's business. If you ask the

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<sup>48</sup> <https://www.youtube.com/watch?v=nVEnfjJLYeQ&list=PLhSlqxX3DpdGe9vlaX9UK0g-OXDb2gpiN&index=13>

women, they may tell you they work on that... but even if they do, work by their husbands far exceeds that of the woman”.

She felt this was not surprising given the ground realities. “If a woman gets loan and she has this option of starting up her business and she knows she's only going to be able to put in half a time because she has all these domestic care responsibilities and she knows her husband's going to put in more of the time, the efficient outcome is really to give it to the husband’s business. You would have to be really pushing on some new boundary to start your own business when your husband has one that is effectively working. It wouldn't be justified by any kind of efficiency argument.”

Kochar also pointed out that the World Bank should think through the completely woman focused approach. “When we did our endline survey, there was still very little focus on livelihoods. All of it were just lending and borrowing...It's coming up [now] through CLFs and we surveyed some CLFs purposely. But by and large the SHGs were not connected to CLFs and so that is now picking up and taking off in a big way.”

### 7.6.1 Focus on self-employment

Self-employment is inherently, by definition, a risky activity. In a poor country where livelihoods are already so precarious why would the focus be on self-employment as opposed to getting wage-employment or formal sector jobs or expansion of employment, where men or women do not have to be taking all the risks that are associated with running a successful self-employment enterprise?

G1 responded to this clearly. “I don't think the self-help group’s sole task was enterprises. There are multiple objectives, first and foremost is the fact that they come together to build that solidarity function which is extremely important. One of our beliefs when we started the program, and which I think is still very true is that a person is poor not because of any inherent disabilities, but because of [the] many obstacles in their way. These obstacles [need not be] economic obstacles, but could be psychological, social, religious. You're told that if you are born poor you will die in poverty, God is punishing you for what you did in your previous birth. Eventually you start believing it. This kind of solidarity function [that SHGs provide] enables [women] to liberate themselves from these obstacles.”

“We continue to see these obstacles, in state after state, and within AP also. [When] the women come together, they actually strengthen themselves. They strengthen the family and whether they want to pursue wage employment or enterprise, or a mix of these two livelihoods, or invest in their children's education. This is something left to them in our program. We don't have any such restriction that this has to be used for enterprises only.”

G1 added, “the second part is that the poor are [already] leading a very risky life. The formation of the groups, the availability of capital on relatively easy, non-exploitative terms, actually reduces the risk. This is the way in which the group functions, so I am not in agreement with [the view] that the groups are only meant for creating some enterprises.”

“What they choose to do with their lives is up to the members themselves. The function of the group is to encourage each other, if possible, to give knowledge to them if they're doing something new or learn from each other, strengthen each other, so it is a long-term capacitation of each member...it's a very complex and multi-dimensional process that happens in the solidarity groups. These are not some narrow income generation groups.”

### 7.6.2 Loan or Savings? Financial linkages

Since one of the KIs had elaborated on the rationale of a loan-based model, it was important to dig deeper into this question.

WB4 did not view the NRLM as a loan-based model. They insisted that this was “one of the biggest misconceptions about NRLM”. It should be viewed as a “savings-based model” with the loan “as a top up”. His estimation is that the small savings of SHG members over the years runs into “billions of dollars”. “You have to turn this story to saving rather than a loan program, and then see how this capital is leveraging financial markets in getting loans and in expanding their livelihoods or assets... that is the story line I would focus on, [instead of] looking at this program only [as] a bank linkage and lending program.”

### **Where does the program stand on the objective of individual small savings entering the mainstream financial system?**

WB4 responded by explaining that “the poor are not [seen as] creditworthy for financial sectors and financial service. This program created the platform that [enabled] the poor to become creditworthy ... such that the financial markets/ financial institutions looked at them as creditworthy clients.” They attribute the creditworthiness to the architecture of the program, including training Community Resource Persons (CRPs), creating a system of book-keeping which were enabling conditions for financial institutions to deal with the poor as clients. WB4 draws attention to the “entire ecosystem that evolved out of this... mobilization, savings, financial inclusion that went into as CIF that that gave them the capacity to manage higher quantity, higher volumes of funds...which worked in favor of the poor in terms of creating a demand push for the financial sector to respond to them”.

They reminded us that “it was not easy [to achieve this]. It had to be done through a lot of lobbying, lot of discussion at [the] NABARD and Reserve Bank of India (RBI) level to ensure that the policy makers are able to see this. When a former RBI governor visited Bihar and started talking to a federation and looking at their records, he put it on record that they are working better than any MFIs or any financial institution in the country in terms of the dynamics they bring into their own loan management and fund management.”

### 7.7 Convergence versus Livelihoods: Width versus Depth?

Convergence is one of the six core elements of the program as noted in Section 2. A concern about expanding the convergence objective (as NRETP does) is whether the program is moving towards

width (covering a larger set of objectives) at the cost of depth (doing the existing tasks more intensively).

**What was the perspective of the KIs on the convergence objective: did they view it as a desirable or positive aspect of program or as an additional set of tasks?**

WB5 argued that theoretically convergence is good for SHG members, as convergence with last mile delivery ensures that entitlements and services reach the household. They pointed out that ultimately what matters are household entitlements. For instance, “how do you increase incomes? If the pensions that you are supposed to get properly on time, that really is an addition to the income. If the PDS is working well, it is a reduction on your expenditure. If you are able to access the health insurance schemes, that's a reduction in your expenditure. If NREGA is working well that's an addition to the income. So, from our standard livelihood equation point of view, if the entitlements and the social security or the social safety nets are working 100 percent and very well and the institutional architecture is able to help women access all of these entitlements that's a big plus actually. Therefore, from that classical assumption point of view, I would say that convergence is good for the institutional architecture.”

But they cautioned that for this to work as expected, “public sector capacity needs to be very high ... if the NREGA functioning on its own is superb and great, and that's a functioning pipe and the SHG architecture only has to dip into that pipe, that's a great result for the SHG model. But the problem is that if the SHGs are asked to lay the pipes themselves then that takes a toll on the capacity of the institutions. I think convergence worked very well in Tamil Nadu, AP where the basic capacity of the public sector, the rural development, social welfare, health and education departments was quite high to start with. Then it is easier for SHG institutions to dip into that and make sure that all the entitlements flow.”

The story in Bihar, UP and Jharkhand is complicated. The very capacity of these public sector agencies and specially at the last mile below the block is very, very thin. So, whether the [SHG] institutional architecture is playing a facilitative role or the institutional architecture actually taking on the role of the service provider themselves, makes a huge difference. That's my take on this whole complicated issue of convergence.”

#### 7.7.1 Convergence = Dumping on SHGs?

WB2 felt that the convergence agenda has resulted in diminishing the initial thrust of the program. “Personally, I feel that the livelihood focus is lost. We have gone into tangents in many other places because the last mile service delivery is broken in India. Frankly, the state's structures don't work and NGO structures are at a small scale, and so basically we don't have any scalable last mile outlet of delivery. So, states are now started looking at this as a last mile mechanism. Secondly, some of the smart politicians look this as a vote bank and you can see the results in Bihar. The fact is that people think they can convert the [SHG generated] social capital into political capital. In Hindi, colloquially

we would say *'har marz ki dawa, SHG'* [SHGs are the cure for all ailments/solution to every problem] -- that is the problem we have right now.”

WB2 was strongly of the opinion that in order to “achieve a significant change ... if we had stuck to how women own enterprises, how women get new assets or woman control some new kinds of things, focused on three or four things and just stayed with that, and deepened our work on that we would have achieved very different kinds of impact by now.”

This is possibly one issue where various KI views ‘converge’. Another KI reiterates “In Bihar, now SHGs are doing everything. That is also not helping the core goal of the project, which is poverty reduction. And these poor women don't get compensated. They're doing 100 different things. That is partly ... affecting the process of women's empowerment because, basically, in addition to all the work [the women] are doing at home, [they] are also running 100 different things outside...”

#### **Box 7: Elephant in the Room: Swachh Bharat Mission (SBM)**

Our fieldwork in two states has demonstrated that SHG women got deployed for toilet construction as well as to serve as behavioral change agents under SBM. Those two states were not exceptions; in state after state, the SBM ran on the backs of the hard work done by SHG women. The process monitoring report for Chhattisgarh (discussed in Section 8) proudly claims the role of the program in making villages open defecation free (ODF) and the involvement of the women in toilet construction as one of the big successes of the program.

While KIs expressed concern with the tendency of dumping everything on the SHGs, those in charge, including those in charge of process monitoring, do not seem to see an enduring conflict between the larger objectives of poverty alleviation and/or women’s empowerment, and the imposition of onerous tasks like SBM.

However, one of the GoI KIs, G2, expressed concern at this interpretation of convergence: They said that “because NRLM is one of the few programs that has an implementation structure right down to the ground level and most other programs do not have that kind of structure,” a great deal of work was being thrust on SHG members. “For example, the health ministry would have cases of having one accredited social health activist (ASHA) overburdened with a lot of work. However, the SHG network has the potential of having as many number of community resource persons trained to deliver. So, all programs want to do the delivery through SHGs. Sometimes there are literally given targets, which is very, very wrong. In some states we have come across some instances where the district magistrate actually closed the account of an SHG for not being able to fulfill a certain target—and it is completely wrong.” SHG members are “not government employees in any way, they are independent private individuals working for their own good,” they pointed out.

The KI clearly articulated that they were was not against convergence per se but the process of how it was happening was problematic. “We definitely want to converge with all the different departments but to the extent that their benefits are routed through SHG members. We are saying that NRLM has special skills to mobilize the women, connect with them and train them. So if you want to reach out to them for anything regarding awareness generation and for service delivery, we can help you in mobilizing the women. But when you take their services be prepared to pay for it.”

MoRD officials spoke about convergence plans underway currently. “One thing that we have started is the PRIs doing *gram panchayat* development plans (GPDP). For the past 2-3 years we are training our organizations and some community resource persons to prepare what we call the village poverty reduction plans and have got the entire formats and trainings done. These SHGs will prepare the plans and then list down whatever they want from maybe NREGS and other different programs, their entitlements, their infrastructure needs for the village besides all kinds of social development related things.”

“We have these specific formats and SHGs will prepare them for consolidation at the village organization level. If a village has more than one view, these are consolidated consensually and presented in the *gram panchayat* when the GPDP is being discussed. We have been able to do that, we have also got an app to capture the progress in a particular program. Once that goes to the *panchayat* we are not able to track beyond that. How many of them are actually getting integrated or fulfilled is a moot question. All we are told to do is to upload it in their plan and/or whatever portal they have. Once it is uploaded what happens to it is something that needs to be looked into. After a few rounds of this activity, if nothing seems to be coming back to the groups then they are definitely going to be demotivated. We really need all these follow-ups to happen.”

“In livelihoods too, there has been convergence -- through these centers where the SHGs or the VOs have a bank of agricultural implements and there agriculture has a scheme of giving some grants to SHGs and so on so that grant is used for this village organizations to create this bank of agricultural implements.”

### 7.7.2 Convergence: Bring Men into the Picture

WB6, echoing several other KIs, argued that “convergence conceptually is fine, but burdening them without extra help or extra resources is not...then what is the use of other institutions? My view on convergence is this: for example, if they had come up with a poverty assessment and want to reach out the poorest of the poor, you can contract out SHGs for certain tasks. But to put the burden on them that they have to make sure the convergence is done is a very kind of tall order.” WB6 supports the idea of due payment to SHG members for convergence activities as well as fixing responsibility and accountability for other government departments. In other words, convergence should not be interpreted as letting other government departments off the hook.

“Earlier unmarried women could not be part of SHGs. Most of these women are in a situation where they have to cater to their children, husbands, in laws and others and they don't have enough time actually to do that. To burden them and then to blame them for not doing it is not a good strategy. I think that we need to have a supporting system for them, where we should bring in men, then we should bring a lot of youth – male and female -- to help them and I think that is where a lot of traction comes in because youth come up with innovative ideas, they have the time, they can do it. Whereas women can overall guide it, they can, and they need to be empowered on decision making side, they need to have control over finances, but that doesn't mean to exclude men. You will go much faster if you bring in men in this.”

## 7.8 Top-down Regulation: Women-Centric but Not Women-owned?

### 7.8.1 Top-Down Approach with Men in Decision-Making Positions

There has been criticism of the process that regulates the NRLM SHGs. There is unease about a group of men in the national capital guiding what rural women in the farthest corners of the country should be doing. For a program that is so crucially dependent on the ability of women to undertake a range of activities, what is striking is in the topmost positions in New Delhi there are hardly any women. Related to this is the observation in the literature that the process was a top-down process determined by men. Was there never any discussion about involving more women in the top leadership positions? Even in the Radhakrishna Committee, all committee members are male. The only woman mentioned is Rita Sharma, who happened to be secretary MoRD.

When posed with this question, G1 agreed with the overall observation: “There is a point in what you're saying, it could have been better, but it's not really in our hands as to who is posted to these positions in Delhi”. They added that there was one “very senior woman colleague” who was supporting them at all times. There were two women Deputy Secretaries and many SRLMs had women in prominent positions. “We did make efforts to inculcate women officers who showed interest. Odisha had a woman SRLM leader. Many states such Tamil Nadu, Chhattisgarh, J&K, Karnataka had women mission directors. But the percentage of women in the civil services itself is small. So, we did wherever possible encourage the states to involve more women leaders.”

WB2 linked the top-down approach to the convergence agenda. They discussed how SHG work is in danger of losing focus because of being burdened with too many responsibilities. He felt this was being done because “people think [of] SHGs as a panacea for all the problems that the state has not been able to solve. Whether it's sanitation mission, whether it is literacy, whether its prohibition and all that, so I think once something works, people dump a lot of things on that and that is where the top-down part comes in. But informally I advise these teams all the time even if I'm not in the team to [not] dilute. In fact, bring the economic focus back.”

Other than in the convergence part, WB2 did not see much substance in the charge that the program is tightly regulated in a top-down manner, despite the “the clear central directives which can be very top down”. They were very clear that officials sitting in New Delhi could not possibly control women’s decisions about what to do with the money they have.

WB2 believes that program needs to have discipline. “[NRLM] has elements of Grameen Bank discipline where you have some control over how those groups will work. Even Grameen Bank was top down, they gave directives and that's how it got scaled up. Nothing will get scaled up until you have some [common] central principles”. They cautioned that in the absence of clear disciplinary core “[programs] would remain boutique .... [in criticizing the top-down approach] people don't realize that [major organizations] whether you take Amul, AKRSP (Pakistan), all of them have started with clear principles with very strong mission orientation, and that is how they were able to scale up... you need a good combination of participatory and some ... strong principles there.”

### 7.8.2 Common Property Resources, Gender Resource Centers

The focus of the rural livelihoods (RL) programs has been on individual asset creation. Was it not seen as important that women should have access to common property resources?

WB2 claimed that in AP almost every district was running a gender resource center and a center for land for women. When they took it to the national level, it was not possible to implement these measures because “we didn't have the same intensity of engagement.” They added: “In AP, the project worked with the National Academy of Legal Studies and Research (NALSAR), and we had so many paraprofessionals working with women to develop human rights, access to land, and access to common property resources. Even the high court came in and recognized the woman as a way of deciding family disputes and things like that.”

“I have personally gone and attended meetings of those gender resource centers where they have completely changed the intra-household relations, in terms of how they've gone into panchayat meetings and got lot of land rights restored to women and all those kinds of things, there have been a lot of work on that... we had a woman colleague who came from Deccan Development Society, was leading an NGO, became the Director of Gender in AP and the kind of work she has done on the gender relations in creating gender resource persons in all the institutions. There were at a point of time 96,000 gender resource persons working in AP really working on the hardcore gender issues. Similarly, on the land side we had Assistant Collectors of land being trained to really develop more gender centric approaches to land allocation and all. In tribal areas we have almost like thousands of acres land, which was being allocated to women in those areas.”

“I would say that when the program got scaled up, that part really got diluted. We were not able to have the same focus as we had in the initial pilots. But clearly the criticism on NRLM is very valid there. It needed very strong effort, the kind of effort which is required in panchayats, required there. So, the project takes the call of trade-offs, it realizes that it is getting more success on one part of it and it stays with the part which is getting more success.”

On common property resources, they felt that “there are a lot of forest communities in MP and Karnataka where what you're saying has been done ... “How can you achieve individual assets, community assets, panchayats and get everything scaled up? No, there's no program in the world which can do that. So, all the programs start with many objectives, but there's a trade-off. But in terms of the initial focus lot of this work has been done.”

### 7.9 Lessons Going Forward: If we could do it all over again?

The longevity of NRLM is exceptional. If we include the SERP period, this is one of the longest and largest development projects supported by the World Bank. It has survived across administrations, across political parties, across many significant transformations of the Indian economy. Many things have shifted, yet this has remained and continues to receive funding. We asked G1 what factors they

would attribute their success to. In particular, were there times when the continued financing of this program was ever in question and how was that overcome?

“I think the results speak for themselves. The state governments have done it with a lot of seriousness and we are able to see results on ground. It's something which has acquired scale, which gives it a political strength. We must also give credit to the women, that they were able to demonstrate what they can do with a little bit of help. We should give due credit to the fact that this is changing lives and people recognize that and the fact that the program itself gives it a lot of strength. In general, any program or anything which is woman centric, in my opinion, will not fail.”

**We asked them if they had to do it all over again, what are the elements of the program that they would change?**

“What is happening is that the women SHG movement is getting increasingly politicized. I suppose that its inevitable in a country like ours or any democracy. At the same time the women at the SHG level, they are still very conscious, very strong about the need to be together.”

“I don't know if it is possible to insulate the program from too much political interference.”

“Also, there is the kind of investment in building capacities. It should be more in terms of building leadership and entrepreneurial capacities. Somehow governments are shy of putting in enough funds for what is called as a ‘soft dimension’, but to me this is a real important dimension. Building capabilities of women leaders and through them their own members especially in a country with poor literacy standards, is important. So, this capability building, leadership building dimension is very important, but we also have to capacitate the projects. To build capacities is one dimension which really needs to be strengthened. There could be multiple ways of doing it, and that is precisely what I'm seeing now because in agriculture, as it's a knowledge intensive agriculture that we have moved into. We see the need to build capacities of farmers, women, men. So, this capability dimension is very important and I feel that the political dimension of how do women enter the political space or how do they gain control of the political space is also very important. Even though the Constitution has a provision for women leadership in the local self-government, very often they are at the mercy of men. So that particular capability dimension I think would be something very helpful in building that resilience and leadership capability of women.”

In terms of the main challenges going forward, G1 added “I think we have collectively underestimated the role of environmental degradation and climate change. We are in a climate crisis now and we could not see it 10 years ago. We need to realize that it's going to wipe away all the gains that the women, the poor acquired over 10 years in one or two droughts or one flood. This dimension of protecting livelihoods against climate exigencies, extreme weather events was not adequately understood, and not adequately provided for, and even now I've been telling the World Bank team and the States that all the gains of the women through NRLM can be wiped out in one flood event, one or two droughts or in fact the Covid pandemic itself. We need to seriously look at the climate resilient livelihoods which are not only resilient to climate change but also can mitigate climate change. The way I look at it, the

foundation created by NRLM by organizing 70 million women is a real opportunity for the state and central government to create livelihoods which are resilient to climate change and climate change mitigation.”

## 8. DISCUSSION and CONCLUDING COMMENTS

The DAY–NRLM is meant to be a program for poverty alleviation, rural livelihoods and woman’s empowerment, all rolled into one. As the discussion above indicates, the progress in terms of outreach has been substantial but has been marked by regional variation. Also, the progress in elements in each of sub-components has been uneven. To the best of our knowledge, there is no reliable estimate of how many people came out of poverty as a result of the program. On livelihoods and women’s empowerment, the evidence is greater in volume but heterogeneous in its impact. Indicators of women’s empowerment have shown the strongest results. The 3ie EGM finds that globally, microfinance and access to credit alone may not be enough to improve economic outcomes of people living in poverty. Additionally, the EGM finds that “there is lack of high-quality evidence on the impact of microfinance institutions (MFIs) on women’s non-financial decision making, experience of abuse and political empowerment.” (Barooah et al 2019, p.29). They suggest that we should integrate evaluations with the programs. “Identify treatment and control groups, collect high-quality baseline data at the start of a new program, and follow the implementation protocol throughout the evaluation cycle.” (p.30)

To return to a question that this study started with: what does empowerment actually mean? Kabeer (1999) defines it as “expansion in people's ability to make strategic life choices in a context where this ability was previously denied to them; a process that entails thinking outside the system and challenging the status quo, where people can make choices from the vantage point of real alternatives without punishingly high costs.”

The United Nations includes five components as women’s empowerment: women's sense of self-worth; women's right to have and to determine choices; women's right to have access to opportunities and resources; women's right to have the power to control their own lives, both within and outside the home; women's ability to influence the direction of social change to create a more just and social economic order, nationally and internationally. Does NRLM successfully meet these criteria? Possibly not.

Stepping back and outside the boundaries of this report for a moment, we note that the ultimate aim of rural livelihood programs, especially in the phase currently underway (NRLP/NRETP), is to go beyond creating livelihoods to eliminate rural poverty. The idea is to aim for rural transformation led by SHG member women. Thus, the expectation seems to be that women, in addition to battling various constraints and obstacles imposed by patriarchal social structures, now also have to bear the burden of eliminating poverty and transforming rural society. This transformation is envisaged through a whole gamut of activities ranging from organic farming and banking to entrepreneurship, horticulture to water and soil conservation, to name a few. This focus on women as a means to achieve

broad development objectives, which should be the focus of most socio-economic policies, could arguably undermine the larger objective of gender equality. Additionally, there is a broader critique of community-based and community-driven development projects (Mansuri and Rao, 2004) that argues that these programs are susceptible to elite capture, and their impacts are strongly influenced by local inequality. Thus, we need to be mindful of local contexts that would shape the mechanisms driving the impacts.

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## APPENDIX A

### DAY–NRLM PILOT INITIATIVES TO STRENGTHEN PERSPECTIVES ON GENDER AND WOMEN RIGHTS

-Akankshita Dey

Having mobilized more than 758 lakh households, the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY–NRLM) has successfully established an efficient and effective institutional platform in the form of an extensive network of SHGs. SHGs with poor women as its members provide a unique entry point for governments and civil society organizations to prioritize gender responsiveness of the mission along with the promotion of inclusive women empowerment and well-being in rural areas of the country. DAY–NRLM in collaboration with private organizations and other government departments has been piloting initiatives to institutionalize perspectives on gender and women rights as central to the mission strategy and its implementation system.

	<b>Program</b>	<b>Year</b>	<b>States</b>	<b>Description</b>
1.	Engendering Rural Livelihoods: Supporting Gender Responsive Implementation and Monitoring of the Mahila Kisan Sashaktikaran Pariyojana (MKSP)	2013 to 2015	Bihar, Madhya Pradesh	UN-Women and the Area Networking and Development Initiatives (ANANDI) implemented a pilot with MPSRLM and JEEViKA BRLPS (in 6 and 2 districts respectively) to strengthen perspectives on gender and women rights in NRLM, and to gear the mission towards gender equality and women’s empowerment. The national, state and district level implementers and members of SHGs participated in capacity building and training workshops as a part of the process to make gender perspectives central to the mission strategies. These initiatives helped in gender-responsive implementation, monitoring and evaluation of the mission (particularly MKSP). Participatory action learning systems (PALS) tools were designed to encourage interaction and processes of critical reflection, self-discovery and sensitization among community women. The performance of the pilot has been assessed by the number of trainings and members mobilized. It covered 9320 women members in 931 SHGs in both states through training workshops and by supporting them in action. It built capacities of 16 CRPs in Bihar and 8 CRPs in Madhya Pradesh, as well as coached 9 master trainers from Mahila Samakhya Bihar.
2.	Parivartan	2012 to 2017	Bihar	Health layering of SHGs in 64 blocks of Bihar across 8 districts was done through Parivartan, an initiative of Project Concern International (PCI). This model of

	Program	Year	States	Description
				<p>layering included health modules, community events and review mechanisms. Parivartan mobilizes, organizes, and builds community groups with a focus on: a) strengthening their ability to shape social norms, promoting behavioral change, and driving demand for services critical to maternal and child health, sanitation and hygiene; b) strengthening accountability and monitoring mechanisms (through community structures for health, sanitation, and welfare services and schemes) to advance equity and service access and; c) establishing sustainable institutional structures and frameworks to support the state-wide scale up of community mobilization interventions focused on maternal, neonatal, child health and sanitation (MNCHS).</p> <p>Evaluation of the pilot by Mehta et al., 2020, showed significantly higher levels of approximately two-thirds of reproductive, maternal, newborn, child health, nutrition (RMNCHN) indicators in SHG members compared to non-members. Health layering of government-led SHGs (JEEViKA+HL) produced additional health benefits, particularly for antenatal care, postnatal care, nutrition and family planning. The benefits were higher than those seen in JEEViKA SHGs that were formed primarily for access to credit and livelihood promotion.</p>
3.	Multisectoral Convergence Initiative (JEEViKA-MC)	2016 to 2018	Bihar	<p>Jeevika BRLPS and World Bank used the SHG platform in 12 <i>gram panchayats</i> of Saharsa, Bihar to address under-nutrition in women and children. Under the pilot, SHG members received messages about mother and child nutrition and about various safe practices in water, sanitation, and hygiene. By creating awareness among VO members in services, entitlements and access, this pilot aimed at promoting household behavioral change and use of nutrition-specific and nutrition-sensitive public services. Community mobilizers (CM) were the primary implementers of the initiative.</p> <p>In three blocks of Saharsa district, 24 <i>gram panchayats</i> that had mature JEEViKA groups were selected. Of these, 12 randomly received the JEEViKA-MC pilot treatment interventions, with the other 12 <i>gram panchayats</i> serving as controls. To assess the impact of the pilot, the International Food Policy Research Institute (IFPRI) and the World Bank designed a randomized controlled</p>

	Program	Year	States	Description
				trial (RCT). They found that the pilot had small but significant impacts on women’s and children’s reported dietary diversity, but not on anthropometric outcomes for either women or children. While the intervention delivered key messages, no impact was seen in the implementation of government programs.
4.	FNHW Program	2017 onwards		<p>Through a master circular-food, nutrition, health, and WASH (FNHW) in June 2017, the MoRD (GoI) mainstreamed this initiative for implementation by SRLMs through convergence with relevant government departments. The basic foundation of the FNHW program under DAY–NRLM is the identification of the need to promote health, food security and hygiene status of SHG members using a multi-sectoral approach.</p> <p>Key elements of this approach are realization of entitlements (like public distribution system, national health mission), and behavioral change at the individual, family, and community levels through consistent capacity building efforts. By 2021, FNHW has been adopted in 1100 blocks across all DAY–NRLM states.</p>
5.	Swabhimaan (UNICEF Project)	2016 to 2021	Bihar, Chhattisgarh and Odisha	<p>Swabhimaan, a UNICEF pilot, is a five-year term pilot project launched in 2016, layering its food-oriented interventions on DAY–NRLM SHGs to improve nutrition levels of adolescent girls and women. Swabhimaan is delivered through associations of women SHGs comprising VOs and cluster-level federations (CLFs). This pilot aims at improving the food and nutrient intake of adolescent girls and women; prevent micronutrient deficiency; encourage planned fertility; facilitate access to basic health, water, sanitation and hygiene (WASH) services; and improve household food security.</p> <p>Midline evaluation (Shrivastav et al. 2021) carried out in 2018–19 found strong progress in implementation with 336 village level micro plans developed. Midline results show a reduction in thinness in adolescent girls (13.8% versus 18.5% at baseline), mothers with children under two years of age (44.6% versus 48.4% at baseline), and an increase in the average mid-upper arm circumference of pregnant women (24.0 cm versus 23.5 cm at</p>

	Program	Year	States	Description
				baseline). Evidence also shows improved household food security and improved uptake of government health, water, sanitation, hygiene and social protection services. Midline results support the argument that it is feasible to utilize and fund women’s collectives to respond to nutrition needs in their communities with integrated responses.
6.	The Haqdarshak Model: Digital Solutions Exploring the Transformative Potential of Digital for Women’s Empowerment Collectives in Chhattisgarh.	2020 onwards	Chhattisgarh	<p>Initiative for What Works to Advance Women and Girls in the Economy (IWWAGE) and Haqdarshak Empowerment Solutions Private Limited (HESPL), with the support of Chhattisgarh state mission, is implementing a pilot in four districts for promoting government entitlements. It is being done through women self-help group (SHG) members as agents to disseminate information and encourage uptake of such entitlements. SHG members are trained (Haqdarshikas) on a digital mobile application called Haqdarshak and visit door to door to provide a ready reference of more than 200 central and state government welfare schemes and programs, their benefits, eligibility criteria, documents required, and the application process for each scheme. HESPL will train 5000 SHG women.</p> <p>A randomized control trial (RCT) by Evidence for Policy Design (EPoD) will help assess how much role digital innovations and technology have in boosting the groups’ empowering impact on women’s lives and in speeding up information flows. Over the past year, around 2,700 SHG women have been trained to become Haqdarshak agents. They have received over 100,000 applications for a wide range of government entitlements.</p>
7.	Gendering National Rural Livelihoods Mission	2020 onwards	Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha	Through <i>Swayam</i> , IWWAGE is partnering with DAY-NRLM to provide technical assistance in 95 CLFs across 8 districts in 4 states on gender operational strategy (GOS). The strategy commits to recognizing women’s heterogeneity and the unique socio-economic barriers faced by them. To support this strategy and to institutionalize gender across all levels of the mission, IWWAGE in collaboration with SRLMs and implanting partners (CSO) is testing pilots and developing institutional models for SHG federations to serve as gender resource centers (GRCs)/gender justice centers

	Program	Year	States	Description
				<p>(GJCs). These centers at the SHG federation level help women voice their concerns and get connected to forums for rights and entitlements.</p> <p>Key components of these pilots are piloting gender resource centers, gender training and monitoring, learning and evaluation to assess performance. The overall goal is to test a transformative model for women’s empowerment integrated into the mandate and institutional structures of the SRLMs. Training and capacity building for SHG members are targeted to enable decision making, psychological empowerment, freedom from gender-based violence, and political participation.</p>

## APPENDIX B

### GENDER AND WOMEN'S ECONOMIC EMPOWERMENT IN NRETP

#### A. Engendering NRETP Components

The project will build the capacities of all mission staff, CBOs and CBO staff to implement all the project activities with well-defined gender transformative approach. Some of the interventions for engendering NRETP components are:

- Inclusion of tribal/PVTGs, economically and socially poor dominated districts and blocks as one of the critical criteria for selection of districts and blocks in the project
- Promotion of special institutions or networks for survivors of human trafficking
- Building flexibility in SHGs and their federations norms to accommodate needs of the vulnerable
- Providing credit to single women, widows, women-led families on a priority basis by SHGs
- Opening PMJDY Accounts to all SHG members
- Collection of disaggregated data analytics for monitoring and ensuring equity and equality while providing project benefits
- Reserving at least one leadership position for socially oppressed communities
- Analyzing the role of women in LH or enterprise activities, and implement intervention for developing women's ownership and control on productive assets and income
- Facilitating unconventional LH to break gender stereotypes
- Introduction of technology/machinery/women-friendly equipment in LH for reducing women's drudgery
- Facilitation of construction of bathrooms along with toilets, and sensitizing men and children on toilet usage and cleaning
- Ensuring access to rights and entitlements for the vulnerable

#### B. Mainstreaming of Gender Activities

The following activities will be undertaken to mainstream gender in the project:

- Development of state specific gender strategy, accountability framework and protocols, and issuing advisory on implementation

- Development of gender CRPs/community cadre (*samata sakehi*) (at least 4 persons per block) for training CBOs as well as handholding and nurturing support to CBOs
- Development of institutional mechanisms at SHGs and their higher-level federations to introduce gender agenda and address social issues: one point person for gender in every SHG, social action committees at the level of village organizations (VOs) and cluster level federations (CLFs), and gender forums at GP, block and district level
- Building the capacities of (gender) point persons, social committees and gender forums on implementation of all project activities by adopting gender transformative approach, understanding women reproductive health issues, handling social issues, maintaining required registers and records for documentation and legal aspects, and so on
- Promotion and strengthening of gender justice centers/family counselling centers/*lokadhikar kendras* at CLF/block level federation (BLF) level and hiring an advocate for providing free legal aid to victims
- Creation of gender fund at CLF level for providing free legal aid, medical support, temporary shelter, meeting the cost of community cadre/*samata sakehi* and so on
- Development of resource pool at national, state and economic cluster level for gender sensitization of all domains of NRETP and mainstreaming of gender activities
- Capacity building of mission staff, VO and CLF members, executive committee, Sub-committees and office bearers
- Development and customization of gender training modules, material and aids
- Collaborating with TSOs, NGOs, research and academic institutions for piloting social analysis and action, and participatory learning approaches under innovations similar to the lines with social observatory, capacity building of all stakeholders, development of materials and aids, policy advocacy, creation of awareness campaigns and conducting studies
- Formation and strengthening of exclusive adolescent/youth groups of both boys and girls, and train them on social issues, various legislation acts, nutrition, health (especially reproductive health), enterprise development and life skills
- Formation of ASH and grievance redressal mechanism committees both at CBO level and mission level and ensuring effective functioning
- Coordinating with line departments in establishment of help-lines for providing immediate rescue services to the victims
- Conducting gender audits both at mission and CBO level for ensuring women-friendly workspace

### **C. Special Projects to Address Key Social Issues**

- Develop efficient online MIS system and key outcomes for gender
- Support states in development and implementation of at least one special project on social issues like witch hunting, human trafficking, gender-based violence, child labor, children's education— especially girl child education, street children, rag picking, child marriages, short stay homes and shelter homes
- In addition, studies will be conducted to understand gender barriers in agriculture and accessing markets
- Lastly, multiple awareness campaigns, workshops, and trainings will be conducted on gender-related issues