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# WOMEN IN THE WORKFORCE

## How has the National Rural Livelihoods Mission IMPROVED FEMALE LABOR FORCE PARTICIPATION

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*This note is based on the paper Labor and Welfare Impacts of a Large-Scale Livelihoods Program: Quasi-Experimental Evidence from India by Vivek Pandey, Abhishek Gupta, and Shivani Gupta.<sup>1</sup>*

### CONTEXT

Across the globe, women face unequal economic opportunities and an inequitable burden of the socio-economic consequences of poverty. These trends are further exacerbated in South Asia and especially amongst rural women due to low education levels (skills and training), limited credit access, and disenfranchisement within the community. In India, from 1972 to 2013, female labour force participation (FLFP) has declined from 31.8 percent to 26.7 percent. Similar trends of decline have been observed in the rural Workforce Participation Ratio (WPR) as seen in the last population census from 30.79 percent in 2000-01 to 30.02 percent in 2011. When women with the potential of being employed or the potential to undertake entrepreneurial activities, are unable to do so, this leads to low FLFP which then slows down the growth of the rural economy. Better economic opportunities and enhanced employment are also cited as key pathways to reduce gender inequality.

According to existing literature, the most important reason for the decline of the rural FLFP in India has been a reduction in agricultural jobs, despite the emergence of other employment opportunities. The need to design policies and programs to enhance the economic and livelihood activities of women is more urgent than ever, and reduction in gender inequality and increased female empowerment has clear and significant economic benefits.

1. The original paper is available at <https://openknowledge.worldbank.org/handle/10986/31873>

### HIGHLIGHTS

- Self-employment promoted through women's groups has often been cited as a promising intervention to transition more women back to the labor force, especially in South Asia
- This study provides empirical evidence on the impacts of a large-scale livelihoods project - on female labor force participation in India
- The program has improved livelihoods by transitioning more women into work
- The program has expanded access to credit, increased the proportion of savings, and reduced interest rates on credit for rural households
- There are notable increases in the median income of women, across the sample

In recent years, policy makers the world over have focused on promoting entrepreneurship, with a specific focus on women. It is believed that entrepreneurship can transition more women into the labor force through self-employment and indirectly help by creating livelihood opportunities for other women, as female entrepreneurs are more likely to hire female workers.

A multi-sectoral approach in South Asia that combines micro-loans and savings, asset transfers, business training, and social networks is quite popular. Most such programs focus on women and are implemented through women-only community groups such as Self-Help Groups (SHGs). Several empirical studies have estimated the welfare impacts of such community based multi-sectoral rural livelihood interventions. It is found that an integrated approach is more likely to foster sustainable impacts on female labor force participation, livelihoods, income, assets, skill development and other indicators of household welfare, while impacts on consumption and income are more elusive.

Despite the large-scale and continued presence of these community development and rural livelihoods projects over several years, evidence of the effects of such programs on key economic outcomes like income, labor force participation and seasonal migration remains limited. The study referenced in this note seeks to add to this nascent literature by providing empirical evidence of short to medium run impacts of the intensive model of the National Rural Livelihoods Mission (NRLM).

## INTERVENTION

The genesis of NRLM dates to the late 1980s, when several NGOs and development agencies such as UNDP, World Bank, DFID etc. launched women-focused community rural livelihoods programs all over India. Encouraged by these successes, the Government of India, in 2011, phased out the struggling Swarnajayanti Gram Swarozgar Yojana (SGSY) program and replaced it with NRLM. The new national program is unique as it adopted a state-specific approach that builds on the history of the state community livelihoods

program. This approach was expected to ensure continuity of efforts and introduce programmatic innovations that can address local constraints and challenges.

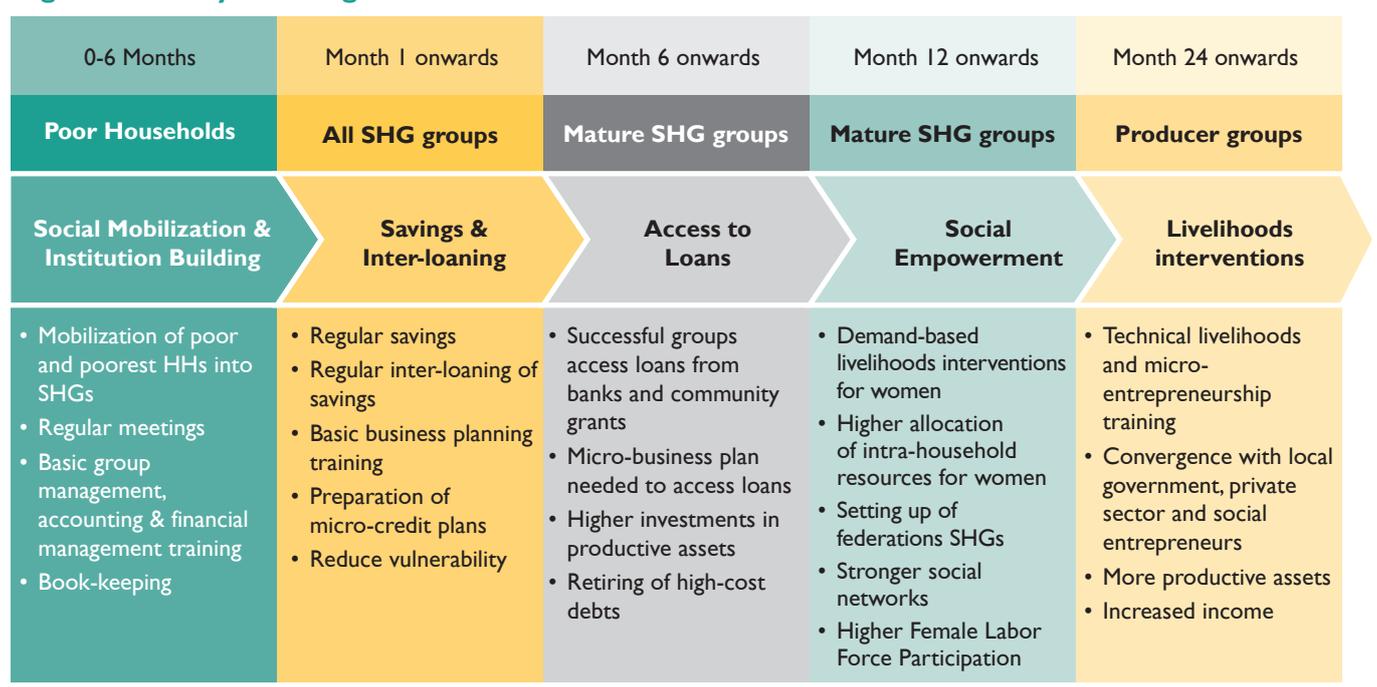
In 2011 the Government of India, with support from the World Bank, piloted an 'intensive' approach of the already successful state models in 584 blocks through the National Rural Livelihoods Project (NRLP). In 2017, NRLP was scaled-up as NRLM Intensive all over India. Under the NRLP, additional teams were deployed in the field at the sub-district level to mobilize poor women into SHGs. Figure 1 provides a summary of the NRLM Intensive theory of change.

The program was designed to enable livelihoods diversification at the household level and help expand business activities in rural areas. It was expected that eventually more women would be able to participate in the labor market and improve household income. Over time, it was envisaged that these community groups, and their federations would gradually become an 'institutional platform of the poor', and strengthen the voice and negotiating power with the markets of small and marginal producers.

Since 2012, NRLM has mobilized more than 59 million women from poor rural households into SHGs. The majority of these women belong to Scheduled Castes, Scheduled Tribes and other vulnerable households. Figure 2 provides the current mobilization of NRLM across the country.

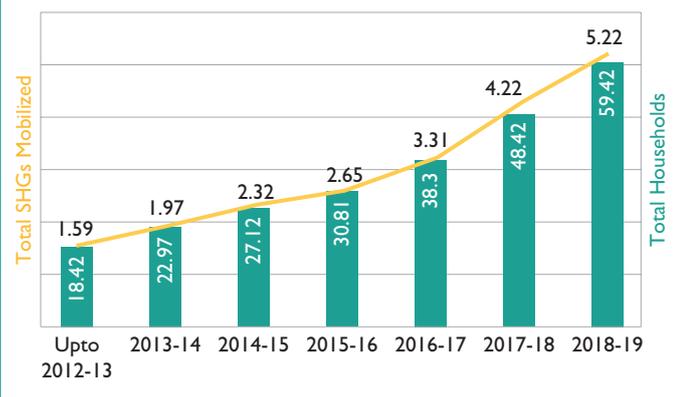
When the household survey was conducted, the program had completed the first set of trainings for almost all the beneficiaries. And by 2016, the project had succeeded in universally implementing its first-order interventions of mobilizing more women into SHGs in the treatment areas, providing low cost credit and basic training. According to project monitoring estimates, private financial institutions

Figure 1: Theory of Change of NRLM Intensive<sup>2</sup>



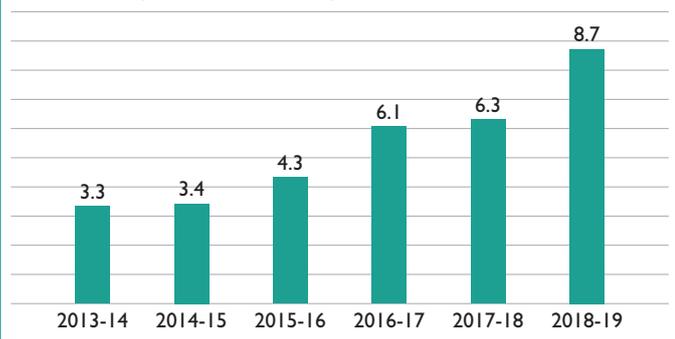
2. For more details on the details of NRLM Intensive intervention see: South Asia Agriculture and Rural Growth Discussion Note Series I-10, World Bank Publication, 2020.

**Figure 2: Year wise rollout of NRLM in India (in millions)<sup>3</sup>**



have disbursed approximately US\$ 8.7 billion to the NRLM SHGs throughout India in 2019 alone (see the progress in Figure 3). As per the authors' estimates, approximately INR 6,200 (US\$ 95) per household has been disbursed through community grants from 2011 till 2017 to the three states of Jharkhand, Maharashtra and Madhya Pradesh that are a part of the study.<sup>4</sup>

**Figure 3: Amt. of bank credit accessed by SHG (in USD Billion)<sup>5</sup>**



## STUDY DESIGN

The study followed a multi-stage sampling strategy at the block, village and household levels and exploits the phased roll-out of the program to build a control group. It uses propensity score based matching to construct a comparison group as an estimate for the counterfactual outcome. The selection model includes variables that are drawn from the literature as well as the strategic and implementation guidelines of NRLM such as proportion of SC and ST population, poverty rate (proxy indicators),<sup>6</sup> and village remoteness indicators such as distance to nearest district headquarters. Data for the selection model were drawn from primary household and village surveys as well from Census 2011 and SECC 2013-14.

After the selection of the treatment and control group, community and household surveys were conducted in the three states of Jharkhand, Maharashtra and Madhya Pradesh. Between November 2016 and February 2017, 4316 households were canvassed across 727 villages.

## KEY FINDINGS

The number of livelihoods has increased by almost 20.4 percent among the treatment households (with average livelihoods of 3.8 activities per household in the treatment areas). This increase is driven mainly by the increase in the number of livelihoods of female members (38.5 percent higher in treatment areas).

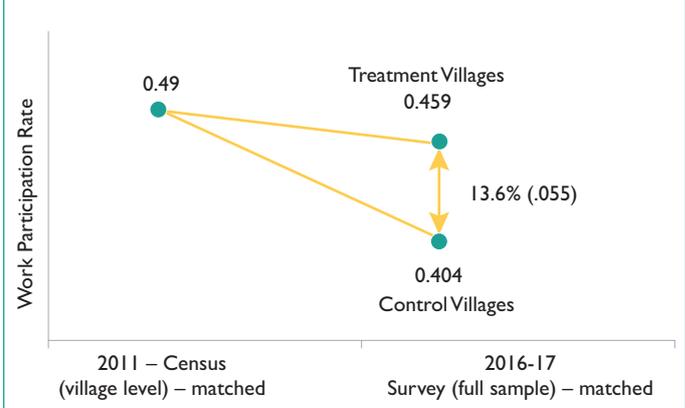
The increase in livelihoods is predominantly due to the large and significant increase in the number of self-employment livelihoods activities in farm (5.4 percent more women employed) and non-farm activities (0.7 percent more women employed).

This increase is significant where women have moved away from casual farm labor towards self-employment-such as high value agriculture and non-farm businesses. The results also indicate that there is a 8.4 percent increase in the number of households that have transitioned to high-value agricultural crops.<sup>7</sup>

There is a small but significant increase in the number of formal jobs within the households.

The study estimates that the decline in the overall female Work Participation Rate (WPR) in treatment areas has slowed down by almost 5.5%. The impacts are even higher among women of productive age as 7.7 percent more women are working in treatment areas. Therefore, overall 13.6 percent more women have been retained in the labor force. See Figure 4.

**Figure 4: Changes in female WPR for full village - 2011 to 2016-17<sup>8</sup>**



3. Year runs from April to March. The latest data is till March 2019.

4. Data accessed on 9-Oct-2018, Source: NRLM MIS (<https://aajeevika.gov.in/>); 1 US\$= 70 INR.

5. Till March 2019.

6. In the absence of poverty rates data at the village level, proxy indicators such as electricity, access to irrigation, income sources etc. were used.

7. High-value crops are all crops except cereals and millets.

8. This figure is only for illustrative purpose to explain the results and provide the policy context. Due to the cross-sectional nature of the data we cannot estimate the standard error of the difference in WPR between Census 2011 and household survey 2016-17.



In addition to livelihoods and labor force, there are other emerging impacts on assets and income. The study found a huge increase in the amount borrowed at the household level in treatment areas where average borrowing increased more than twice, compared to control areas.

The intervention has also altered the nature of borrowing, with more loans being used for full productive purposes (11.2 percent higher in treatment areas). There is also a 4.9 percent reduction in annual interest rates likely due to the lower cost of the SHG loans or the interest subsidies for good repayment.

While we find an average increase of 2.9 livestock assets owned, there was no significant diversity in the kind of livestock assets since 2011.

## ABOUT THE IMPACT NOTE SERIES

This note is part of the South Asia Agriculture and Rural Growth Impact Note Series, that seeks to disseminate research and analysis focused on World Bank financed rural, agriculture and food systems programs in South Asia. Series editors: Abhishek Gupta and Gayatri Acharya. Photographer: Ritayan Mukherjee.

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The study also finds that more households have started non-farm businesses, but does not find any meaningful trends on employment or revenues of these enterprises.

There is also an overall increase in the median income by INR 4,700 (US\$ 67) but no noticeable impact in overall mean income.

## POLICY LESSONS

First, the program needs to build on increased labor force participation and use it to enhance income generation for participants by accelerating the technical and livelihoods interventions; efforts are also needed to document the impacts of these sub-interventions.

Second, the focus of future interventions needs to shift from pure access to loans to more targeted borrowing and larger loan sizes.

Finally, the ongoing and future impact evaluations of these large-scale government programs need to have a broader focus on labor force participation and income; in particular to better understand the long-term impacts of these programs.

## CONCLUSION

The decline in female labor force has been a major policy challenge in India, especially to tackle the falling participation in rural areas. As multi-sectoral initiatives implemented through women-based groups such as SHGs have often been cited as one of the key interventions to address this issue, the National Rural Livelihoods Mission was tailored to meet these objectives.

Understanding the impact and efficacy of this large-scale intervention at an early stage is critical from a policy perspective. The program has been able to achieve its primary objective of improving livelihoods and bringing more women into the labor force, which has a strong ripple effect starting at the participants and impacting entire villages.

NRLM's Intensive model has been able to expand the reach of financial services in otherwise un-penetrated areas and reduced the average borrowing costs. This has enabled households to use these loans for productive purposes. However, more research is needed to better understand the long-term and downstream impacts of such interventions.