

In spite of the rapid growth of the Indian economy, the fraction of the rural population living in poverty has declined only modestly. Increasing indebtedness, rises in input prices, and rapid commercialization have contributed to what some policymakers call “generalized rural distress.” Partly in response, the Indian government is in the process of scaling up a national rural livelihoods program that envisions a substantial role for nongovernmental organizations. This brief explores the determinants of the scaling-up path chosen, examines the effectiveness of village-based rural-livelihoods programs managed by the Self-Employed Women’s Association (SEWA), and explores questions regarding the role of NGOs operating at scale.

Two principal drivers behind the scaling up of the rural livelihoods programs have been the continuing problems of traditional large-scale antipoverty programs and the potential effectiveness of the small-scale model. The large-scale programs typically have been impeded by capacity bottlenecks at the district or village level. And the lack of organization and collective action among the principal beneficiaries has meant that projects have been implemented without strong oversight and accountability. The government has responded with a mix of (i) greater commitments to decentralized governance, (ii) new partnerships with NGOs and the private sector, and (iii) greater use of alternate service-delivery mechanisms for program implementation.

In recent years, antipoverty programs have expanded the role for rural membership-based organizations in improving livelihoods. These organizations’ members provide each other with mutual support while attempting to achieve collective objectives. NGOs have been the primary facilitators of these organizations, identifying and selecting poor rural households and mobilizing them into self-managed institutions such as self-help groups and their federations. The NGOs also provide capacity-building and training activities. These efforts increasingly focus on women as the primary beneficiaries of poverty-alleviation programs.

In 2009, the national government established the National Rural Livelihoods Mission, which will ultimately spend \$5 billion dollars on strengthening institutional platforms for the rural poor in the country’s seven poorest states. A significant component of this effort finances “livelihood grants” to village-based membership organizations to undertake “productive livelihood activities” including skills development, training for financial literacy, and business education. Eligible organizations include self-help groups, producers groups, farmers collectives, and producer companies. Their success in supporting the scaling up of rural development programs will be determined by answers to three questions: (i) Do they help improve rural livelihoods? (ii) Do they strengthen accountability? (iii) Are they able to function at a large scale?

### Impacts of two programs of village-level membership organizations

Two recent programs undertaken by SEWA highlight the impact of membership organizations on rural livelihoods. The first, a program for poor female farmers in Gujarat, established village-level producer associations. The second, based in the southern “tribal belt” in Rajasthan, created self-help groups.

#### Producer associations in Gujarat

Women Farmers with Global Potential was designed to support female farmers in accessing global agricultural markets. About 200 village-level producer associations were established in villages in four districts in Gujarat. These producer associations were (i) linked to banks for access to savings accounts and credit services; (ii) given technical training in crop management and farming techniques; (iii) provided access to seeds, organic pesticide, fertilizer, and farming equipment available for rental; (iv) provided with price information for various crops, often on a daily basis; and (v) linked with SEWA’s own processing centers as well as larger markets.

After 18 months of implementation, the Women Farmers project raised awareness of available opportunities among participants, linked women to the financial sector, and diversified employment opportunities, particularly in nonfarm work. SEWA members were less likely to work as unpaid workers, more likely to have better knowledge of loan products, more likely to have obtained those loans, and more likely to have superior information about market prices than nonmembers. SEWA women were also more likely to sell outside the established state-procurement system than nonmembers.

Finally, we saw no discernible effect on household incomes of SEWA participants, nor any effect on consumption, agricultural employment, or crop sales.

#### Self-help groups in Rajasthan

In 2007, SEWA established self-help groups in 32 villages in one of the poorest state districts. Participants met once a month and saved Indian Rupees 25–100 each in a linked bank account, thereby becoming eligible for credit. SEWA conducted educational and job training programs and employment and income-generation workshops.

The program was evaluated through a randomized-controlled trial. Baseline and follow-up surveys were conducted in 2007 and 2009, respectively. Women in SEWA villages were 24 percent more likely to participate in group savings programs, 11 percent more likely to save money regularly, and 5 percent more likely to be involved in nonagricultural employment than women in control villages. They were 4–7 percent more likely to participate in household decisions about children’s education and the use of family-planning technologies. They were also 13 percent more likely to know where to report grievances regarding water, 10 percent more likely to have actually reported problems of water access to

village councils or district offices, and 5 percent more likely to know if anyone in the village had paid a bribe to gain access to water for farming or to public officials. As with the farmers participating in Gujarat producer associations, SEWA group members in Rajasthan did not experience any increases in employment or wage income.

Evidence from behavioral games with the participants, however, suggested that self-help group participation may have changed mind-sets and behaviors of participants: repeated social interaction increased trust and fostered cooperation, making it easier for the SEWA women to organize themselves than for those in control villages.

### Can NGOs help improve rural livelihoods and strengthen accountability?

The evaluations of the two interventions suggest that NGOs can play critical roles in linking unorganized and marginalized populations to state-led antipoverty efforts and public goods and services. The NGOs' main effects appear to be organized communities, better informed participants, greater intragroup cooperation, and lowered costs of participating in collective decisionmaking. Impacts on income, employment, and household consumption are modest.

In achieving scale, therefore, it may be that indirect, behavioral effects on program participants outweigh direct effects on income, consumption, and employment. In both the Gujarat and Rajasthan programs, the strongest effect of the interventions was seen in terms of empowerment of women, including greater control over household finances, greater ability to make decisions regarding the health and education of children, and greater autonomy. Behavioral evidence from the Rajasthan program further shows that self-help groups lower collective-action costs at the village level. Strong self-help groups may thus be in an ideal position to demand transparency as well as accountability and thus improve the performance of poverty-alleviation programs and the provision of public goods.

However, in neither the Gujarat nor the Rajasthan programs is there broad evidence of improved political agency among members. Nor are there extensive improvements in service delivery or better public goods provision (with the exception of water in Rajasthan). While the membership groups may have overcome coordination problems among the poor, they have not effectively mobilized these groups to take the next, crucial step: more access to and representation in local decisionmaking circles in order to strengthen the accountability of local government to its citizens.

### Potential political constraints for NGOs at scale

Program dynamics that operate at the village level may be quite different than those that are salient at scale. This is especially the case with NGO programs that acquire extensive reach and membership. SEWA's experience reveals the dilemma that NGOs may face as their programs reach scale and as their organizational resources are seen as politically valuable. SEWA's leaders claimed that the Gujarat state government—which had partnered with SEWA in several projects—wanted to use SEWA's network for political purposes. As SEWA resisted, it began to face charges of financial irregularities, found itself the subject of a series of audits, and for several years had state grants withheld. Ultimately, SEWA withdrew from all projects in which the Gujarat state government was a partner.

The National Rural Livelihoods Mission will significantly invest in developing institutional arrangements to enhance the access of poor, rural households to public services and to promote sustainable improvements in local governance by giving the poor, women, and other vulnerable groups greater representation in village-level government. To do this on the expected scale will require that NGOs avoid or overcome antagonistic relationships with local and state governments and enter into dialogues with these institutions in order to shape official development policy and deliver basic services.

### Conclusion

NGOs such as SEWA that support village-level membership organizations can play valuable roles in supporting the scaling up of rural livelihoods programs. They empower local communities, especially women, but their direct impacts on livelihood improvements are limited and they do not appear to increase the political agency of the rural poor more generally. When they operate at a large scale they may become exposed to political tensions that limit their ability to support national strategies of rural poverty reduction. Their ability to effect indirect, behavioral change among participants, however, may be a resource in scaling-up efforts.

**For further reading:** E. Bhatt, *We Are Poor but So Many: The Story of Self-Employed Women in India* (London: Oxford University Press, 2006); M. Chen, R. Jhabvala, R. Kanbur, and C. Richards, *Membership-Based Organizations of the Poor* (Sussex, UK: Psychology Press, 2007); R. Datta, "On Their Own: Development Strategies of the Self-Employed Women's Association (SEWA) in India," *Development* 43 (4): 51–5; N. Srivastava and R. Srivastava, "Women, Work, and Employment Outcomes in Rural India," *Economic & Political Weekly* 45 (28): 49; K. C. Suri, "Political Economy of Agrarian Distress," *Economic and Political Weekly* 41 (16): 1523–9.

---

**Raj M. Desai** ([desair@georgetown.edu](mailto:desair@georgetown.edu)) is an associate professor in the School of Foreign Service at Georgetown University, and nonresident senior fellow at the Brookings Institution. **Shareen Joshi** ([sj244@georgetown.edu](mailto:sj244@georgetown.edu)) is a visiting professor in the School of Foreign Service at Georgetown University.



INTERNATIONAL FOOD POLICY  
RESEARCH INSTITUTE  
*sustainable solutions for ending hunger and poverty*  
A member of the CGIAR Consortium

[www.ifpri.org](http://www.ifpri.org)