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The Impact on Living Conditions

Introduction

The early phase of the basic income pilot must have struck many villagers as puzzling, prompting discussions in and around the houses as they came to terms with this unfamiliar unconditional source of monetary liquidity. Gradually, families and individual members of households would have seen the cash as a potential means of improving their lives in little but significant ways.

In some cases, it may have just made the difference between endlessly postponed acquisition of something and a decision to go ahead. In others, it may have led to agreements to pool part of the money so as to save for some more substantial improvement. In closely-knit village communities, one family's big decision could have set up demonstration effects, exciting others to plan to do likewise, or even better. This particularly affects little improvements to housing.

Evidence of change came quite early, shown by the results from the IES and from accounts given in case studies. By the end of the pilot, in the FES, some of the changes were quite impressive. People's living conditions are the most basic aspect of life, determining or influencing almost everything else. Provided with extra cash, families could be expected to make modest improvements to their housing, unless the critics are correct in thinking that recipients would dissipate the money in idleness and waste.

Latrines

Although other changes may have been the first to be made by many households, it is appropriate to start by considering the impact on the most basic of human needs. A scourge of Indian village life is that most people's dwellings lack any kind of toilet.

This has a serious adverse effect on health, particularly of young children, as well as those who are frail, disabled or ill. Poor public hygiene is known to be the cause of many deaths from diarrhoea and encephalitis. Indeed, many economists and other social observers (e.g. Virmani, 2013) claim quite plausibly that the primary cause of malnutrition in India is the abysmal state of public health, in terms of sanitation, clean drinking water and public knowledge about the importance of cleanliness.

According to the Indian Population Census of 2011, only 47 per cent of all households in the whole country had access to any type of toilet, and the extent of rural access lagged well behind the urban level, with less than one-third of rural households having a toilet of some kind (Kapoor and Mamgin, 2013).

Villages in Madhya Pradesh had done even less well; only one in every six had access to a toilet in 2011, the second lowest in the country, although the incidence seems to have been a little higher in the areas covered by the pilots. But the trend unleashed by the basic income was encouraging.

During the first year of the pilot, nearly one in every six households (16 per cent) made improvements of some kind, compared with one in ten in the control villages. Another indicator is that, by comparison with the control villages, nearly twice as many households that did not have a latrine in their dwelling at the outset did have one by the end of the pilot. Almost certainly for no other reason than their low incomes and lack of space in non-permanent dwellings, the least likely to have made any change were scheduled tribe and caste households. However, a very few did so.

This might not seem a great deal, but significantly more basic income families made improvements. The case studies also revealed an increasing consciousness that installing a latrine was feasible and that the basic incomes could be pooled within families or even across households, so as to take advantage of the *Nirmal Bharat Abhiyan* (Total Sanitation Campaign), under which a subsidy was provided to those who wished to build a latrine. In the SEWA villages local organizers have tried to advise households to consider this option, but have had limited success. As it was, there did not seem to be much difference between basic income and control villages in this respect.

While lacking a toilet is an indicator of impoverishment, in cruel ways the lack of access to one helps to perpetuate poverty, simply because it increases the probability of ill-health, which costs more in treatment. And the ill-health limits the chances of children going to school regularly and lowers the productivity of adults in their work and labour.

It is a well-known debilitating cycle. A breakthrough in sanitation could have a corresponding set of beneficial effects. If the basic income could break the cycle of impoverishment at any point, the positive effects would be multiple.

A significant aspect of private sanitation was the widely different beliefs about the cost of installing a latrine, which ranged from about Rs.10,000 to Rs.25,000. One Jaat caste family, headed by a 45-year-old man, Sitabai, who mainly worked as a wage labourer, reported that they pooled all their individual basic incomes and by combining them with some savings managed to build a toilet for Rs.25,000.

One is inclined to surmise that this family would not have made the effort to install it without the basic income, partly because the assurance of the flow of money in coming months would have made them more willing to risk their savings.

To complete the picture, family members worked on the construction of the toilet, guided by the *mistri* (mason) who supervised as well as did the construction. Sitabai told our team that without their own work, the total cost would have been Rs.5,000 more. In short, it was a classic case of a little more, how much it was. The basic incomes made the difference between doing nothing and making a change to living conditions that could have a transformative effect on family life and well-being.

This is an interesting case because it shows the social dynamics that can be released by an individualized basic income. And psychologically, a facility built with the family's own money and collectively is likely to induce a greater sense of care to maintain it in good condition. The initiative stemmed not from pure charity but from what must have been a debated decision for their common good.

There are several reasons why more families do not construct or improve toilets. Their reticence is surely partly due to a legacy of generations not having them and using open spaces. It also reflects not having enough space on which to construct one. This is a major social problem. Women have a particularly strong need for toilets, since they cannot defecate in the open during the day, and suffer many diseases as a result. The trouble is that women have been unable to determine spending priorities or make decisions. So, when a household decides on what items to buy, it is more likely to be a motorcycle than a toilet.

On a societal level too, sanitation has been considered less important than many other needs, which is one reason why Indian towns and villages are so unclean. Religion has not helped, regrettably. Thus, it was not surprising that in the tribal village where the basic income was paid, when asked whether any

collective village-level decisions had been made on spending money from the basic incomes, the main actions had been to upgrade the temple or to upgrade the road.

Policymakers are beginning to alter the public consciousness. Across party lines, prominent politicians have called for 'toilets instead of temples'. Thus, Jairam Ramesh, then Union Minister for Rural Development, in April 2013 made a much-publicized statement saying that toilets were more important than temples (*Indian Express*, 2013). And in October 2013, Narendra Modi, then Chief Minister of Gujarat, urged people to 'build toilets first and temples later' (*Times of India*, 2013).

Mindsets are changing, especially as more families show that better amenities can be installed. Shortly after the pilot was completed, a young Dalit woman became famous for walking out on her husband, taking her children back to her parents' house, saying she would not return until the husband had built a toilet (Singh, 2014).

Among the reasons for families not constructing toilets must be inertia. But, of course, so is simple affordability. The Total Sanitation Campaign, now called the *Nirmal Bharat Abhiyan* (NBA), was intended to overcome this constraint. It evidently has failed to do so. Bureaucratic inefficiencies play a big role, as does corruption.

During the UPA government, the Secretary of the Union Ministry of Drinking Water and Sanitation set up a high-level committee to investigate the huge discrepancy between the reported number of toilets built under its sanitation programme and the reality. The discrepancy had come to light when the 2011 Population Census showed that the number of rural households without a toilet was much larger than the ministry's data had reported (Down to Earth, 2013). The census showed that just 31 per cent had toilets, whereas the ministry's figures indicated that 53 per cent of rural households had been covered by its sanitation drive by December 2010.

The situation is dire, and the basic income could only have been expected to lead to a few changes. It was clear during the course of the pilot that many families overestimated the cost of installing a latrine, although the data suggest that many others were induced to spend more than should have been necessary.

In villages across India, government has promoted the construction of 'pit latrines', based on technical designs by Indian agencies such as Safai Vidyalaya and Sulabh and international agencies such as UNICEF. These cost less than Rs.12,000, and are widespread in western and southern India. However, in

Madhya Pradesh and much of northern India, villages have not adopted pit latrines, and have tended to opt for septic tanks, which are much more expensive.

Informed discussion in the area covered by the pilot suggested that the cost of installing a *pucca* latrine should have been between about Rs.10,000 and Rs.12,000, including the cost of labour. In the PFES, respondents were asked how much they had paid if they had installed a latrine, and surprisingly the average was Rs.26,000. Those who had not installed one were asked how much they thought it would cost. The average was Rs.13,700. And when asked how much they would be prepared to pay, the mean average was nearly Rs.4,700.

Finally, many households seemed to expect installation to be paid through a government scheme, and were waiting until some government official organized the construction for them. On that basis, the NBA should be more successful in extending latrines to such villages. The impasse is surely solvable, and the basic income might have set valuable precedents, albeit with only a minority of households.

Water sources

Many Madhya Pradesh villages lack a reliable water supply, with most households forced to rely on a public tap or hand-pump. Indicative of the difficulties that such a situation imposes, on average households had to spend over an hour every day collecting water.

But in the course of the pilots, something happened. Many households installed a tube well. The most striking change in this regard happened in the tribal village.

All households in the basic income and control villages were asked about their main source of general water and main source of drinking water. Before the pilot was launched, most used a public tap or hand-pump or a government/municipal or *panchayat* tanker. But during the pilot, shifts took place in both the basic income and control villages.

The main improvement was either gaining a tube well or having a private tap or pump in the house. Although the increase was also substantial in the control villages (12 per cent), in basic income villages, between the baseline and the FES, there was a shift from where there were almost no pumps to one where over 14 per cent of households had one.

However, the really dramatic change occurred in the tribal village where the basic income was paid. In the course of the pilot, one in every five households installed a pump and another one in five invested in a shared one with a

neighbouring household, in both cases doing so instead of relying on a public hand-pump as they had done. In the meantime, there was hardly any change in the pattern in the control village, where about 60 per cent still relied on a public hand-pump.

What happened was that in the basic income village there was a pond. Near the pond was a recharged well. Although no villagers reported using the pond as a direct source of drinking water, many used part of their basic income money to buy motors and lay underground plastic pipes, in some cases, to pump water onto their farm. They bought the materials in the nearby town of Mhow, paying in monthly instalments from their basic income.

A main justification for what was a significant cost was that the pumps were needed for irrigation, the lack of which has been a major impediment to production and higher productivity. The effect of basic income on work and production is considered later. But clearly the basic income induced improved access to drinking water and to productive investment.

Energy

Although electrification was widespread in the villages at over 85 per cent, between the baseline and the FES, the proportion of households that had electricity rose by 12 per cent in the basic income villages, whereas the proportion rose by half that in the control villages. This was a statistically significant difference.

The evaluation surveys probed changes in sources of energy for cooking and for lighting. In the non-tribal villages, nearly one in every five households that were receiving the basic income reported that they had made some change in one or the other or both. By contrast, only one in every ten did so in the control villages. Again, this was statistically significant, indicating that the basic income had made a difference.

In recent years, households in these villages had been moving towards using electricity for lighting, since there was a local supply and the monthly costs were moderate. Most had been able to use electricity for part of the time, if not all of the time every day. The basic income seems to have made a significant difference to the extent of electricity use, through encouraging some to invest in more sockets and more wiring. For some reason, this was more common in the SEWA villages, perhaps because the women in households had a greater say in the decisions on domestic spending.

With lighting there were only modest changes. But there was a much greater shift in fuel for cooking, with four times as many reporting a change among the basic income households.

The most common change was from charcoal and dung to wood. The switch from charcoal could be explained in part by the ban on use of local charcoal. But the basic income villages seem to have been able to switch to wood, whereas more in the control villages switched to cheaper fuels. In the former, between the baseline and the final point, the share using wood rose from 30 per cent to 42.5 per cent, whereas in the control villages it rose from 24.5 per cent to 32 per cent. It is worth noting that dung cakes were used both as organic fertilizer and as fuel, so that those who shifted to dung for fuel would have less for fertilizing their land, potentially lowering production.

Across all these villages, the main fuel is either wood or dung cakes, some of which come from free collection on the commons. But there is also a market in wood, which seems to have been used by those receiving the basic income. Those favouring the PDS subsidy on kerosene should ponder on the fact that hardly any household was using it as a main source of energy, under 2 per cent among basic income households and 3 per cent in the control villages.

Very similar patterns were observed in the tribal villages, except that the relationships were stronger. In the basic income village, 16 times as many households reported making an improvement to their cooking fuel than in the control village, and 14 times as many reported making an improvement to their lighting arrangements. In sum, in these respects, the basic income had made a difference.

Housing

Most households in most villages are in a gradual transition from traditional *kutcha* houses to relatively modern *pucca* buildings. The terms defy easy explanation. Roughly speaking, a *pucca* house is one having walls and a roof made of burnt bricks, stone, cement or timber, whereas a *kutcha* dwelling would have walls and a roof of unburnt bricks, bamboo, mud, grass, reeds and loosely packed stones.

In reality, most had walls, floors and roofs made of mud and bamboo, rarely being fully *pucca*, constructed mainly or wholly with brick and mortar. Often, roofs are leaky, walls are made of *kutcha* materials and floors are muddy in the rainy season.

Conversations during the course of case studies suggested that most villagers had an ambition to make their dwellings more *pucca*, especially because *kutchha* structures leaked during monsoons, could not withstand strong winds and were invaded by insects, rats and other pests. *Kutchha* dwellings require regular upkeep, whereas a *pucca* dwelling was seen as needing repair or repainting only every few years.

The research team, visiting the villages from time to time during the 18 months covered by the pilots, was able to see improvements being made to houses, some quite remarkable in themselves. What was unclear at the time was whether or not apparent changes would show up in the statistical evaluation surveys, and whether or not they were any different from what was happening in the control villages.

The case studies certainly threw up some encouraging anecdotal evidence. An example was Kalabai, a woman in a scheduled caste household with a small landholding of 1.5 bighas, who reported that the family pooled their basic income money:

Last month [June 2012], before the start of the monsoon, with the last cash transfer of 600 Rupees and adding 200 Rupees, we put a *kutchha* roof on the verandah. The previous year it was so bad, because we had no roof on it, and so all the rainwater came inside the house. This year we thought we should do something. Thankfully, at the right time we had this money. On a bamboo frame, we put a plastic sheet and on top of it stones to protect it from the wind. The bamboo frame cost us 300 Rupees and the plastic sheets cost 500 Rupees, and since we did all the work, there was no spending on labour.

There were other such cases, systematically suggesting that the liquidity was operating to release a constraint that may have been as much in the mind as in reality. But the statistical data from the FES backed up this trend, for significantly more households in basic income villages reported making some improvement than in the control villages.

Somewhat surprisingly, the most widely reported change was construction of a new dwelling, although the biggest difference was that more basic income households made improvements to their house walls. This also applied to a tendency to increase their dwelling size by adding a room.

Improving or repairing roofs was also quite common. Again a case study can illustrate the sort of changes that occurred. Gokul, a 40-year-old wage labourer, described his family's actions as follows:

The roof of my house was made of dry grass and straw, which used to create a difficulty in the rainy season. After I started to receive this money [basic

income], I bought metal sheets to cover the roof and this has given us some comfort ... We used the cash transfer money for house repairs. In the rainy season, water used to collect in the house, which is why we put mooram for 3,000 Rupees and one iron angle and sheet to cover the roof. We used some of the cash transfer money and some of our savings from our wages for this purpose; altogether we spent about 5,000 Rupees for the house repairs.

Not all those who made changes attributed them to the basic income, but in most cases they said it was at least partly due to it and, as Figure 4.1 indicates, that was obviously more the case with repairs than with major construction.

In the tribal villages, the research team devoted more attention to studying changes in housing, drawing on lessons learned from watching what seemed to be happening in the larger pilot that had begun earlier. But again it was a few case studies that revealed the full extent of what happened. The case of Draupadibai was outstanding:

I have four girls and one boy. My mother-in-law lives with us. Each month we received 1,350 Rupees, which includes my husband's money. My mother-in-law kept her money for herself. Last year, three months after the basic incomes began, my husband and I decided to build a new house on our farm near the pond. Before that we were living in a hut far away from the village in the forest.

Figure 4.1 General villages: Percentage judging whether change in dwelling was due to the basic income

In total we spent about 15,000 Rupees. We had four masons who stayed in our house for two weeks. We had to pay them 200 Rupees per day. They were my husband's relatives. We had saved 3,000 Rupees from the basic incomes and started the work. Gradually, we paid the masons the rest of the money. After they had done the basic structure and the roof, my husband and I did all the other work. So, the cash grant money gave me a new house. After that, my husband went away to work in a brick kiln. While he was away, I did almost the entire plastering of the outside.

We make no claim that this was typical; indeed, it was exceptional. But where one woman set an example, was it not likely that others would wish to follow?

In fact, no less than one in ten families in the tribal village where the basic income was paid constructed a new dwelling or part of one, and 43 per cent of all the households did some upgrading during the course of the pilot, compared with 28 per cent in the control village. This was a statistically significant difference.

Household assets

Besides making improvements to their dwellings, basic income households were more likely to buy items that made their living conditions more pleasant. Thus, nearly one in every five (19.4 per cent) households in the non-tribal villages purchased furniture during the pilot period, compared with one in seven in the control villages. More also bought items of transport, such as bicycles, scooters or motorbikes.

However, again it was in the tribal village where the impact was greater. This was not surprising, given that incomes were generally much lower and few households had many assets. But the changes were dramatic. Among them, many households in the basic income village bought beds, so the share having at least one bed rose from 35.5 per cent before the pilot began to over 83 per cent by the end of it. The share owning a mobile phone rose from 9 per cent to 61 per cent. The proportion owning a scooter or motorcycle rose from 3 per cent to 30 per cent, and the proportion owning a bicycle rose from 7 per cent to 17.5 per cent. There was also an increase in the number of households having an electrical fan and a television, with some sharing one or both.

By contrast, in the control village, acquisition of household assets was much more modest. For instance, whereas many more there had a scooter or motorcycle at the outset of the pilot, the change was merely one percentage point in

the period. For some reason, more households had a bed at the outset, and fewer purchased one in the pilot period.

In sum, whereas the basic income had a modest positive effect on the acquisition of household assets in the general non-tribal villages, it seemed to have had a major impact in the tribal village.

Mosquito protection

Some modifications to living conditions are very small in themselves but have wider, even transformative implications. Protecting against mosquitoes at night is one such small change that has potentially major effects, particularly with regard to children's health and development.

So it is intriguing that during the course of the pilot some basic income households shifted from not doing anything to protect themselves, and others shifted from just using traditional methods to do so, to using what might be called modern methods of protection, through use of chemical repellents or mosquito nets.

That was significantly more likely to have occurred in the basic income villages than in the control villages. Of course, many believe traditional methods are as effective as chemical repellents. But the change itself was indicative of a desire to improve their protection.

Concluding reflections

The story that comes across from the evaluation survey data and from case studies is that families that received the basic income were more likely to make small but cumulatively significant changes to their housing and living conditions, improving household amenities and practices in the process.

As we proceed through the analysis of the impact of the basic incomes, we should keep in the back of our minds how these small changes can have a series of positive effects on other aspects of life, from health to child development and economic activity. They may appear to be matters of welfare, but one should recognize them as both emancipatory, in freeing up time and energies for living better, and developmental, in enabling people to work and learn more effectively.