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Work, Productivity and Growth

Introduction

A basic income has usually been discussed as a way of reducing poverty and economic insecurity, as a welfare measure. To the limited extent that it has been considered as a development measure, it has been regarded dismissively, as reducing labour supply.

However, suppose it had powerful pro-growth qualities. This would not only promote development; it could also do so in a way that is consistent with the *Swadeshi* Principle outlined in Chapter 1. In this regard, it must be emphasized that economic growth can take several forms.

The conventional variety relies on large-scale production, with export orientation or import-substituting industrialization. But there is another way that respects the *Swadeshi* Principle, one involving steady additions to production in and around agriculture and small-scale production of basic goods and services. Many of these go unmeasured by national economic statistics and some go unrecognized as productive but add to personal and community development.

There is a common opinion among the comfortably well-off that if the poor were given some money they would become lazy, would reduce their supply of time and effort to labour and work, and would thus cause a decline in economic production. It is a comforting opinion, since it can be used to justify treating the poor with disdain and to justify paternalistic policies based on a presumption that ‘the poor’ cannot make rational decisions for themselves.

This returns us to one of the most controversial aspects of a basic income. Would it lead to less production and work or would it break constraints and promote a circle of growing productivity, greater energy and thus more rapid and sustainable economic growth? These pilots were a way of testing the impact. The outcome was not easy to disentangle or one-dimensional.

Let us start by recalling the pattern of economic activity in Madhya Pradesh villages. Across India, there are supposed to be nearly 650,000 villages, and they vary considerably in character. So we cannot be sure that what might be observed in the survey villages would be replicated everywhere else, even though they were selected randomly. However, the findings we will be reporting do seem likely to occur in other villages, simply because they reveal patterns of rational human behaviour.

The main activity in all the 20 general villages and in the two tribal villages was farming, growing a mix of wheat, soya and various vegetables combined with livestock rearing. Over four out of every five households were either landless or, more likely, owned a smallholding of under two hectares. Alongside these smallholdings, about one in every hundred had farms of more than ten hectares and a few landlord farmers had imposing estates of much more than that.

These landlords had pulled the economic strings for generations, controlling wage rates for agricultural labour and setting prices for local produce. One way or another, they had put many villagers into their debt and bolstered their economic position by luring a significant number of families into a form of bonded labour, discussed in Chapter 3. This had shaped the character of labour force participation, since under the *naukar* arrangement anybody trapped in it had to be on standby to provide labour on the landlord's farm whenever required, thereby acting as a considerable constraint on what they might do with their time.

Beyond the *naukar* system, most families traditionally tried to survive with a mix of farm labour, own-account farming, a little other non-farm work in and around their homes, and seasonal and other migration for labour.

Labour migration

The amount of migration in the 20 villages covered by the larger pilot had tended to be very low and seasonal in character. The basic income did not seem to have made much difference to the extent of out-migration among most groups. However, seasonal migration in tribal villages was as high as 25 per cent, which fluctuated over the year.

Superficially, the impact of the basic incomes on migration seemed minimal, in that the overall level of migration hardly changed during the course of the pilots. However, on closer inspection what happened was that the nature of

the migration changed. In the basic income villages, labour-related migration declined a little but was compensated by an increase in school-related migration. This was particularly pronounced in the tribal village, by comparison with the control village. But it applied in general across all villages.

As one woman, Harlibai, from a scheduled tribe household, told the case study enumerators:

Now because of the cash transfers, we rarely go outside the village for work. This has a positive effect on the children's schooling and health as well ... Earlier, villagers had to go out of the village for labour; now they work only in the village.

Going out of a village for labour may have a detrimental effect on the children's schooling since the children often have to travel with their parents. We discussed the schooling developments in Chapter 7. But we can tentatively conclude that the change in type of movement was potentially beneficial, particularly if the decline in labour-related migration reflected productive developments in the villages. Travel for schooling replaced some travel that was disruptive of schooling.

The impact on economic activity

The inflow of the basic incomes seemed to result in a significant increase in local income-earning activity. By the time of the FES, many more households in the basic income villages had increased their earned incomes than was the case in the control villages, and many fewer had experienced a fall in earned income than in the control villages.

Figure 8.1 shows this for the four types of village. It is clear that the change was associated with the basic income rather than with SEWA, although a small positive effect associated with SEWA is possible. This is a testament to the growth-augmenting impact of a basic income, which should be factored into any estimate of the fiscal cost of it.

Among those households that had increased income-earning activity, nearly three-quarters (73.4 per cent) attributed that to the basic income. And among those that had experienced a decline in earned income, almost all said that the reduction had nothing to do with the basic income.

The increase in earned income could have come from increased investment – seeds, fertilizers, other raw materials and the purchase of tools and equipment. Or it could have come from increased work and labour. Or it could have come

Figure 8.1 General villages: Households with change in household income, by type of village

Source: MPUCT FES, 2012; n=2034

from some of both. We will come back to the impact on investment later in the chapter. The initial intriguing story relates to how the basic income induced a set of changes in work and labour that were almost transformational in themselves.

Child labour and work

Before going any further, it is worth considering the impact of the basic income on child labour and work, which is both a welfare and developmental matter, with implications for economic growth. Child labour is an emotive issue, and remains pervasive across India. In 2012, the Indian government announced that it intended to introduce a complete ban on the employment of children under the age of 14, tightening the restrictions in the 1986 Child Labour Act.

Unfortunately, as long as impoverishment continues, children will be used economically by their families, if they can. The questions most pertinent in the pilots were whether or not the basic income would lead to a reduction in child labour, and if so, of what types of work and labour?

Traditionally, child labour has been either a substitute for schooling or a

complement to it. In the former case, it has obviously blocked off any development of the children's learning capacities, beyond the important ability to survive in difficult circumstances. In the latter case, it has typically limited their intellectual development if it has been extensive and arduous.

As it turned out, the extent of child labour in the general villages, in terms of wage labour, was not substantial, although many children did some farm work on family landholdings and many also did household chores. The latest official survey showed that 4.8 per cent of children aged 5 to 14 in Indore District in 2010 were doing some form of economic activity, for cash or in kind. So, while not very extensive, child labour was persisting.

In rural areas, even when attending school, most children are expected to help the family if there is work to be done. Most girls do some housework or childcare. Both boys and girls participate in grazing the animals and work on family farms during harvest time. Those families who are living mainly by wage labour often take their children with them to help earn a little more. Traditionally, in Indore District, schools have adjusted their schedules and holidays to accommodate the planting and harvest seasons, when the whole family is typically in the fields from dawn to dusk.

For both the general and tribal villages, the baseline and both evaluation surveys probed the extent of child labour and work, covering activities done for wages, activities done to help on a farm, activities done to produce something for sale or barter, and activities done in and around the home, including care work.

As expected, the probability of a child doing any form of work was closely linked to their age. Accordingly, children were divided into three age groups – 5–8, 9–14, 15–18 years – and the probability of doing any labour rose with age.

In the general villages overall, by the time of the IES, only about 12 per cent of households had children doing wage labour. There did not seem to have been any significant changes since the basic incomes had begun. But of those that reported a reduction in child labour, most said the children had increased the amount of time devoted to schooling.

However, by the time of the FES, there was evidence that child wage labour had been cut in households receiving the basic income, with over a third doing so, compared with under a quarter in the control villages. The SEWA villages in particular saw a reduction in children's work, in both basic income and control villages. This occurred in both wage work and work on the family farm.

Overall, among families with children, of those who had children doing labour at the outset, 26 per cent of families in the basic income SEWA villages

and 13 per cent in the basic income non-SEWA villages reported that their children had stopped wage labour. Those figures compared with less than 6 per cent saying that in the control villages. This was encouraging.

In most of the families reporting an end to child labour, their children had been doing wage labour. And the major result in the basic income villages was a shift from wage labour to own-account farm work. Such work is more complementary with schooling, or at least potentially so.

As so often, the changes were particularly pronounced in the tribal village. In the basic income village, there was a pronounced shift from wage labour to own-account farm work and to own-account non-farm work. This explained why only 16 per cent of basic income families said that their children's economic work had a disruptive effect on their schooling, compared with 37 per cent of comparable families in the control village. One could conclude that the basic income had a beneficial effect on the type of work and indirectly also on schooling.

Among older teenagers, there was a similar story. While there was not much change in the overall level of economic activity during the pilot, in the basic income villages there was a shift from wage labour to own-account work on family farms.

Child work will not disappear in the near future. One should not dismiss its contribution to economic growth, partly by freeing up time of adults to do other productive activities. What is vital is that work done by children should not disrupt their learning opportunities. In this respect, the basic income seemed to be doubly beneficial.

Main and second economic activities

Turning to the overall picture of labour and work, we may begin by reminding ourselves that the complex links with basic income – or any policy intervention – are very rarely considered in anything like their entirety.

The usual practice has been to look at one variable as a proxy for labour supply, such as 'labour force participation', a binary for being in economic activity or not, where the status is defined usually as 'main' activity. This project has tried to go further than that.

To analyse what happens, work and labour should be disaggregated into their components. Thus to start with, there is work in and around the home, in caring for children or others, and in doing 'housework'. Beyond that, there

are two types of what is regarded as 'economic activity', namely own-account production – whether for oneself or as part of family production – and labour done for wages or for some form of non-monetary payment from somebody outside the household.

These distinctive activities can be sub-divided by whether they comprise the individual's main activity, defined by the relative amount of time devoted to it, and their 'second main' activity. In principle, it is possible for the second main activity to be economic work yet not be the main one, even though it results in more 'income' than the main activity.

This is particularly true for women, many of whom habitually say their main activity is 'housework'. In villages, often their second main activity is animal husbandry, which brings income into the family through the sale of milk, meat or animals, or which results in increased consumption. Standard statistics that only take account of main activity will systematically underestimate economic activity and economic growth.

In these respects, the story coming through the evaluation data was intriguing and very clear. In terms of main activity in the larger pilot, the basic income appeared to have just a small positive effect overall, due to a modest increase in women's economic activity. The share of the adult population doing a main activity for income or family gain was about the same in the basic income and control villages at the beginning of the pilot.

However, the primary finding was that in the basic income villages there was an increase in the number of adults having both a main and second main economic activity. This dual economic activity was significantly greater than in the control villages.

That dual activity had a double advantage, providing both two sources of income and a degree of informal insurance, so that if one activity suffered a setback the other could provide some income. We conducted a test of the probability of having a second and a main economic activity by the end of the pilot among those who had only one economic activity at the beginning. Controlling for other factors that influence work activity, such as landholding, schooling, gender and household size, a set of logit functions showed that the basic income had a significantly positive effect on the probability of doing two work activities.

This is where the big change took place. And it was strongest among those in their early twenties (20–24) and for those aged 25–54. Even more intriguing, it was greater for women in the latter age group than it was for men. As we will see later, that had something to do with the type of assets women acquired with the basic income.

Days and hours of work

Most data on days and hours of labour and work are of dubious value since they are collected long after the work or labour is done and, usually, are collected for long reference periods. Asking somebody how many hours they worked in a past month is to ask for a guess. Most of us do not keep records, and only if we have a formal job with contractually agreed hours and days of labour can we be reasonably sure. Even then, we are likely to forget hours working off the workplace or days when we did not do such work.

Asking somebody to recall what they did a year ago is even more unreliable. We do not recommend that approach. Unfortunately, a long reference period was used for the baseline survey for the 20 general villages, and we feel the resultant data were useless. What we can do is use the Final Evaluation Survey data from the question about how much time was spent on various activities in the past month and report the respondents' reflections on whether they had increased or decreased the amount of time spent in various activities over the past year.

In general, as far as wage labour is concerned, while there did not seem to have been much change, the average number of days spent doing wage labour was slightly higher in the basic income villages. But the average number spent doing own-account work was significantly higher. These figures refer only to those doing any economic activity. Given that slightly more were doing that in the basic income villages, the averages are slight underestimates of the positive relationships between the basic income and the amount of work and labour.

Again, we have more faith in the data from the tribal villages, because the sample size was smaller, because the surveys were done after refinements had been introduced based on lessons learned from the surveys in the general villages, and because identical questions were used in the baseline, interim and final evaluation surveys. An expectation of more observable effects may also reflect the fact that the basic income was higher relative to subsistence and average incomes in the tribal village.

The results in the tribal villages showed that the basic incomes led to more days of labour and work. Bear in mind that labour migration is widespread in these villages, and that many villagers spend a lot of time waiting for labour. It is in this context that the share working more than eleven days in the past month rose from 85.5 per cent to over 90 per cent, whereas the share doing so in the control village fell from 84 per cent to 79.5 per cent. There was an increase in the number of people doing some work in that period, with some doing just a few hours a day. But the effect was an increase in the extent of economic work.

Villagers may be ‘under-employed’ in that they obtain only low incomes and have to do sporadic bursts of intense labour in between periods of slack. But when they have labour or work to do, they tend to self-exploit in overworking at what are tiring manual tasks. In that sense, an encouraging finding was a reduction in the extent of what could be called ‘over-employment’. In 2011, at the outset of the pilot, nearly 41 per cent of those who went on to receive the basic income worked over eight hours a day; that had dropped to 19 per cent by the end of the pilot, a drop that was much greater than for the control group.

Overall, there was a net decline in wage labour, but if anything that was less pronounced in the basic income villages (about 12.5 per cent versus 15 per cent). Meanwhile, there was an increase in own-account work in the basic income villages. It was this latter shift that was so dramatic.

To conclude this analysis, a set of logit functions was run to assess the impact of basic income on the change in days and hours of work. Controlling for age, gender, caste, landholding, schooling and household size, the basic income had a significant positive effect on hours worked in main and second main activities combined.

This result was due solely to the positive effect on women’s work, since the coefficient for a function run solely for men was statistically insignificant. The results for a similar set of logit functions run on days worked in main and second main activities showed very similar results.

We reiterate our initial caveat about the reliability of figures on reported working time. Nevertheless, all the data are consistent with a perception gained from the case studies and from the other measures of work and labour that the basic incomes were associated with an increase in the extent of economic work.

A modest transformation

What was most intriguing of all was that the basic income was associated with a shift from wage labour to own-account work. And it was really mainly a shift from casual wage labour to own-account work, representing a double improvement. Some would say that this was more than a modest transformation, since it points to a greater sense of sustainable livelihoods and a greater sense of autonomy and independence.

If we take just the main activity, we find that by the end of the pilot, while the economic activity rate was slightly higher in the basic income villages, the share doing casual labour as their main activity was considerably lower

(17 per cent compared to 22 per cent), while the share doing own-account work was much higher (33 per cent compared to 27 per cent). In other words, the proportion of households being relatively self-directed was substantially greater, putting them in a better position to contribute to local economic growth.

The impact of the basic income in the tribal village was similar. As in the general villages, at the outset of the pilot most tribal families owned some land but most of the plots were regarded as small and unproductive, mainly because of a traditional lack of investment in irrigation, good seeds and fertilizers. The result was that many families earned most of their living from wage labour, rather than as farmers on their own land.

The basic income – perhaps because of the liquidity, perhaps because of the security provided by it – seemed to enable more families to farm their land more intensively, in the process converting themselves from being primarily wage labourers competing for limited opportunities and uncertain wages into being primarily farmers.

In the basic income village, the proportion reporting own-account farming as their main occupation rose from 40 per cent to 62 per cent during the pilot, the share reporting animal husbandry rose from 1.2 per cent to 4 per cent, while the share reporting they were a wage labourer fell from 55 per cent to 27 per cent, a remarkable drop. By contrast, in the control village, the shares doing the three types of occupation hardly changed, falling for being a farmer from 42 per cent to 36 per cent, rising for wage labour from 50 per cent to 51 per cent, and staying at 1 per cent in the case of animal husbandry.

It is reasonable to assert that given the opportunity, tribal villagers would prefer to cultivate their own land rather than do casual labour or, worse, bonded labour, which many have traditionally had to do, often in brick kilns in distant towns or on the farms of landlords. The shift from labour to own-account farming seems to have been due to their ability to spend on seeds, fertilizer, irrigation and livestock, as we will see.

The shift from wage labour to own-account farming in the tribal village is also important because it represents a reversal of the powerful trend taking place across Madhya Pradesh and all the other six central states of India, whereby scheduled tribal families have been losing land and abandoning cultivation. More than 5.6 million tribals joined the ranks of agricultural labourers between 2003 and 2013 (Varma, 2013). They have been losing their capacity to sustain their economic base, and thus in an unheralded way were losing their capacity to contribute to the country's economic growth.

By 2013, 48 per cent of all tribal workers were categorized as agricultural labourers, compared with 38 per cent a decade earlier. In Madhya Pradesh, tribal cultivators declined by 15 per cent and the number doing agricultural labour rose by an astonishing 63 per cent. So, the reverse trend in the basic income village should be regarded as particularly significant, especially as the general state trend persisted in the control village.

Overall, the essential story is that the basic incomes were associated with an increase in double (or even treble) economic activities and a shift from wage labour to own-account work. This has implications for the nature of the surrounding labour market. If low-income households can do more on their own farms or in small-scale informal production for income, they can also strengthen their bargaining position in the market for wage labour.

Again, this implies an emancipatory effect, a modest mechanism for the redistribution of income at the local community level and a clear means by which the local community could boost economic growth, in the *Swadeshi* spirit. Replicated elsewhere, it would be a low-cost way of accelerating economic growth. Development is about removing constraints to sustainable economic dynamism. A basic income is one way of doing precisely that.

New assets and new work

One of the expected effects was that some households would use their basic incomes to purchase low-cost productive assets. The biggest change was due to families putting some of their basic income money together to buy small or large livestock. Indeed, the outcome was nothing less than dramatic.

Again, this came out most in the tribal village pilot. In the village where the basic incomes were paid, there were 424 small livestock (chicken and goats) at the time of the baseline. By the end of the pilot, there were 633. By contrast, in the control village there were 466 at the outset, and 355 at the end. In the case of large livestock (buffaloes, cows or oxen), the number rose from 259 to 323 in the basic income village and fell from 207 to 190 in the control village. These shifts coincided with the reported increase in animal husbandry as a main or second main economic activity.

That is, while the number of cows and buffaloes declined in the control village by 23 per cent, due to sales or deaths, the number increased in the basic income village by the same percentage, seemingly almost entirely due to households buying more livestock, which then started to breed.

In the basic income village, the share of families owning large livestock increased from two-thirds to 81 per cent, whereas in the control village the share fell from two-thirds to 51.5 per cent. In the case of small livestock, the share rose from 62 per cent to 78 per cent in the basic income village, while rising only slightly from 59 per cent to 61 per cent in the control village.

The data speak for themselves. However, it was also shown by practical experience. The case study team reported that at the time of the baseline they were very rarely offered tea by respondents, because few had enough milk. During the final evaluation survey, they were offered tea in most places, with cow and goat milk. The general change was clear. As one SEWA leader in the tribal village put it:

As everyone in the village was receiving the basic income, some paid their debts, some bought cows or oxen worth 6,000 Rupees each. Some bought goats for 5,000 Rupees. About 15 people in the village bought goats in this way. Eighteen people bought hens, eight bought cows, to give milk for home consumption.

We bought the goats for rearing. One goat produces at least two kids in six months and four in a year. We sell the male kids and keep the females. The goat milk is used to make tea. One kid can be sold for 6,000 Rupees. We go to Mahu and Maanpurhaat [bazaar] on Saturdays and Tuesdays to sell the kids. In the same way, we sell the chickens; one can sell for 400 Rupees. Overall, in the two harvest seasons, we earned over 2,000 Rupees in the village from all this.

Simple really. The obvious question is why they did not do this before the arrival of the basic income. The only feasible answer is that they lacked the liquidity to make the series of transactions and ‘investments’.

In the general villages, significantly more purchases of large livestock were reported in the basic income villages, and slightly more purchases of small livestock were reported in them. So, whereas at the baseline, only about 12 per cent of households set to receive the basic income had any large livestock, by the time the pilot concluded over 40 per cent did. The number of large livestock increased considerably in the basic income villages, especially for households that had owned just a couple of bullocks or cows at the outset. Although control villages also saw some expansion among those with small numbers of large livestock, there was an overall decline due to cuts among those that initially had more. In sum, the basic income seems to have enabled households to scale up their livestock holdings.

Livestock are vital in these villages. Listen to how one woman, Lakhan Dholi, a *dhol* (drum) player in Datoda village, described her family's actions:

This year our family has received the basic income. With that money, I bought four goats. These have had five kids. I bought the four goats for 14,000 Rupees by pooling our basic income money. The intention was to increase our income. But they also give milk for our children to drink and for us for tea. Earlier we had to buy milk, but now the goat milk is enough. So we don't have to buy milk. I'm thinking of paying off my debts by selling these goats now.

While an increase in livestock is surely a sign of rising living standards, as noted at the outset, significantly more basic income households reported an increase in income-earning work or production. Among those that did so, nearly three-quarters attributed that directly to the basic income. Part of this reflected a small entrepreneurial initiative, as exemplified by Babitbai, a casual labourer of the Malviya caste, living in Gogakhedi village, who told the enumeration team:

When we began getting the cash transfer, we started a business making *chudas* [large bangles] that are worn on the arms. We get the raw material and make them at home. We are able to earn about 1,000–2,000 Rupees a month from this work ... We also bought a second-hand motorcycle in instalments ... We paid three of the instalments – 1,200 each – with money from the basic incomes. Apart from that we have used the basic income money to buy stuff for daily household needs.

A particularly encouraging aspect of these small-scale entrepreneurial activities is that they occurred across all castes. Thus, over 19 per cent of scheduled caste households with basic incomes increased their economic activity, compared to only 7 per cent of such households in the control villages.

During the course of the pilot, there were also increases in the purchase of productive assets, with more wells, tractors and sewing machines in the basic income villages than in the control villages. Another common occurrence was families pooling some of the basic incomes so as to buy a sewing machine to add a supplementary income-earning activity.

Perhaps the most striking development was that in the tribal village where the basic incomes were paid no fewer than 41 new wells were dug, whereas beforehand only four existed. There was also an increase in the control village, but nothing like as many were dug.

These purchases increased the productivity of land, suggesting another means by which the basic incomes were growth-inducing. Along with wells, households also invested in pumps and pipes, enabling them to bring water from the village pond to their fields as well as to their dwellings. Over one in every five households invested in irrigation and another one in five did so jointly with neighbours. Overall, the number of families possessing an electrical water

pump for irrigation purposes increased by 45 per cent, whereas there was no increase in the control village.

Moreover, in the basic income tribal village, 57 new ploughs were bought during the pilot, a 48 per cent increase. Again, this was much greater than in the control village. There was also a growth in the number of machine tools and carts in the basic income village.

In both the general villages and the basic income tribal village, the basic income was associated with more purchasing of seeds, fertilizers and pesticides, and the vast majority of those who acquired more of any of these reported that the purchase had resulted in increased production and income. And in most cases they said the increased production had resulted in increased consumption.

In sum, there can be little doubt that the basic incomes had increased productive activity and made it more profitable in the most meaningful sense of raising living standards.

Women's labour and work

The impact of the basic incomes on women's work and labour was also fairly clear. First, comparing the baseline and final points of the general village pilot showed that the overall female labour force participation rate rose in the basic income villages (from 35 per cent to 36 per cent), while it fell in the control villages. This finding is consistent with the impact of cash transfers in Latin American countries, notably Brazil and the *Bolsa Família* scheme (Soares et al., 2010).

In this regard, according to official NSS data, the female labour force participation rate in Madhya Pradesh has been low relative to other parts of India, although studies have shown that the NSS data systematically undercount women's work participation, especially own-account work on or around the farm (Banerjee, 1998).

However, as with the general story on labour and work, the impact on main economic activity only tells a small part of the story of what happened. For women were the primary beneficiaries of the growth of secondary economic activities.

A revealing tale that emerged in one of the case studies highlighted the potential importance of individual basic income payments compared with monetary transfers that are family-based or directed at either the nominal head

of household or one particular woman ('the mother'). It was a report from a 45-year-old woman who is a scheduled caste farmer from Padlya village. Her name is Shakuntalabai.

With the basic income money, my husband and I bought a goat, and my three daughters pooled their money and bought a sewing machine. They want to learn and start a tailoring shop. All the three girls are married; the eldest one's husband is a drunkard, so she has decided to stay with us. The other two are yet to reach their puberty, and then will be sent to their husbands. When they go there they want to continue their tailoring. My son and daughter-in-law spent their money on their children's education. Their children are studying in a private school. My daughter-in-law has gone to her maternal home for child-birth. She has taken her diary with her so that she can use the money there. Her child is fifteen months old now.

These are the sort of behavioural and emancipatory dynamics a modest policy change can induce. An individualized basic income led to an independent work opportunity for these young women. Without that individualized cash payment they would have been unable to do any income-earning work or would have been obliged to work in a dependent position in the household economy. We will consider this further in the chapter on women's agency. Another woman told how her daughter-in-law had bought a sewing machine with savings from her basic income money that had been combined with a monetary contribution from her son. She reported, 'She stitches all the household clothes now. Perhaps in the future, she can earn an income from it.'

Many women used their basic income money to improve their own income and production status and, very specifically, that of their female family members, usually their daughters. For instance, the data from the IES showed that the basic income caused a change in the patterns of working days of women, with those in basic income SEWA villages increasing their days of work both on their own farms and as wage labourers.

Naukar labour

We return, finally, to that scourge of village life, bonded labour, in the form of the *naukar* and *gwala* labour relationships. A typical case was that described by a low-income woman from the Bhil scheduled tribe. The family of two adults and four offspring possessed an AAY ration card. She was aged 35, her husband aged 40. This is how she described their situation:

In my house three people work for wages, my husband and my two older sons. About three years ago, I was working in the field and I climbed a tree to collect firewood. I slipped and fell, and broke my right leg and hand. They have put a rod in my leg. Since then, I can no longer work outside; I just do the housework.

My eldest son, Vinod, who is 17 years old, works as a *naukar* for a big farmer. He receives 15,000 Rupees a year. And my second son, Laxman, works as a *gwala*, and receives 10,000 Rupees a year. My husband does casual labour on the farm. My sons go to work early in the morning and come back only in the evening. Vinod was just a *gwala*, but now has become a *naukar*.

So he does all the work relating to cattle and also works on the landlord's farm, whereas Laxman does only cattle-related work. They don't even send them home for lunch. They give them lunch so that they can make them work even during the time that they would spend in coming home for lunch.

A finding from the FES is that by then fewer households were trapped in such situations in the basic income villages, as shown in Figure 8.2.

The link between the basic income payments and the weakening of the *naukar* system does not stop there. Consider the statement of Gumaan Singh,

Figure 8.2 General villages: Percentage of households with somebody working unpaid to pay off debt, by type of village

a scheduled tribe man from Gogakhedi Village, speaking at the end of the pilot to the case study enumerator:

We were much helped by the basic income money that we were getting. If we didn't get any labour work, then we didn't have to think about where to get food. We could go to the doctor for treatment whenever required. Earlier it wasn't like this. I'm not a bonded labourer anymore, and if it weren't for this money, then perhaps I'd still be working as a bonded labourer. After all, one needs money to run a household, and there is almost no labour work available in our village. So far it was all fine as we were getting the money. Now that it has stopped, let us see what happens.

What this personal story suggests is that the modest payments had provided a safety valve, enabling him to avoid or escape from the *naukar* trap and thus helping him to take other decisions to his family's benefit. There can be little more emancipatory than that.

Collective economic activity

One hypothesis on basic income is that it increases cooperation and collective action. Within the family, of course, there was pooling of funds sometimes for education and more often to improve the home. There was anecdotal evidence of pooling money within and between families. For instance, two teenage women in two villages pooled their cash to start a stitching class, and some families pooled their funds to buy seeds and fertilizers collectively.

However, the most transformative collective action that was observed occurred in the basic income tribal village Ghodakhurd, where households used the pond in the centre of the village as a common resource to increase their incomes.

The basic incomes began in February 2012. When the rainy season came in June and July, some of the villagers started to discuss the possibility of buying fish roe so as to start fish farming. They announced the idea to the villagers and asked people to join the venture, set up on a cooperative basis of shared costs, shared work and shared income. Thirteen people came together and pooled Rs.2,000 each from their basic income.

With this money, they bought fish roe and began farming. By the start of the harvest season, they were able to sell fish both within the village and in the market in the local town of Mhow. The proceeds were used to buy more fish roe. This process, illustrated in Plate 11, continued in the next year. Thus, an

informal fish cooperative was formed that gave not only income to its members but also made fresh fish available to the villagers.

By the end of the pilot, it was clear that fish had been added as a regular item of the village diet. So, as a result of the basic income, incomes, collective action and consumption were all improved. As the famous saying goes, 'Give a man a fish, and he will be hungry later. Enable a man to fish, and he will improve his life.' In this case, there was the added benefit of cooperation and strengthened social solidarity. It was another form of emancipation induced by the basic incomes.

Concluding reflections

We initially feared that the actual level of the basic income would be too low to have a major series of effects on work and labour. However, we soon realized that the liquidity effect was likely to mean that the real value of the money was greater than it seemed and that it could unlock constraints to create mini-multiplier or transformative effects through the influence on work and labour.

Overall, the effects were positive, reducing the extent of short-term labour migration, changing the nature of child work, raising economic opportunities for women, curbing *naukar* labour, and leading to a shift from casual wage labour to own-account farming and non-farm economic activity. The money helped households to buy more productive assets, which helped to increase economic security as well as raise incomes.

There are also indirect effects to bear in mind, such as the impact of improved health and nutrition that make work and labour more feasible and less onerous. And one should not ignore the possibility that by providing a steadier, more predictable income, basic incomes reduce the adverse shock of temporary periods of unemployment. Households are also less likely to default on debt repayments and thus are less likely to fall into an asset loss cycle.

We believe the effects of the basic income on the pattern of work and labour were positive. Overall, there was an increase in economic activity and thus a beneficial effect on economic growth and incomes. That is eminently desirable.

However, the shift from reliance on a single source of income to two or more also had a beneficial effect on socio-economic security, while the shift from wage labour to own-account activities also tended to have a modest redistributive effect via the impact on the capacity of people to escape from the

naukar relationship and to bargain for better wages if they wished to enter the wage labour market.

Meanwhile, the impact on child labour, although modest, was in the direction we should all wish to see. We will consider what happened to the elderly and those with disabilities in a later chapter. But in sum, we can reasonably say that the impact on work and labour was rather transformative, raising incomes in an emancipatory way, almost unlike any other policy that we could envisage in rural India.

There has long been a debate among economists about achieving structural change in the course of economic development. No single policy can achieve that. But the argument that should emerge from this analysis is that a basic income can be part of a realistic package of reforms that would unlock the development potential in most of village India.