# An Experimental Pilot Cash Transfer Study in Delhi

**An Initiative under GNCTD-UNDP project, Government of Delhi**

Final Report

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**May, 2012**

## Chapter1

# Introduction

In recent years, policymakers have become interested in the feasibility and desirability of cash transfers as a mechanism for reducing income poverty and promoting capabilities and service delivery. A growing number of governments have introduced cash transfer schemes for sections of their population, and several have expanded them to national level. We will not review the debates that have grown around these developments in this proposal, which has been done elsewhere.[1]

In India, food security for the poor is assured by the government through the Public Distribution System to the beneficiaries who possess the APL, BPL or the Antyodaya cards. However, although government has been allocating funds for PDS, only a fraction reaches the intended beneficiary, due to leakages, wastages and a system of "clogged pipes". [2]

It is primarily because of this that cash transfers (CT) are being explored as one of the possible methods of food security as well as of a form of social protection. Of course, a cash transfer in itself will pose another set of challenges. Therefore, before CTs can be rolled out on a larger scale, one need to identify these challenges, anticipate the possible problems and suggest corrective measures. This requires a robust research framework that can identify (a) possible behavioural changes (in an individual as well as the community) and (b) impact of the CT on the individual and the group. It is then that the research findings could be documented and replicated. Delhi has 3140000 food cards distributed among the BPL, APL and AAY beneficiaries. 22.93 lakhs people, approximately 14.70% of its population, are officially recognized as BPL/AAY. SEWA carried out a pilot study in Raghubir Nagar (West Delhi) to assess the implications of CT on BPL households. The pilot study had the following:

i. The pilot ran for one year.

[1] See, for instance, G.Standing, Cash Transfers: A Review of the Issues in India, UNICEF India Social Policy Working Paper Series No. 1 (Delhi, SEWA Bharat and UNICEF, Jan. 2012).

[2] According to the central vigilance committee on public distribution system, headed by Honourable Justice D.P Wadhwa report "PDS is inefficient and corrupt. There is diversion and black-marketing of PDS food grain in large scale. The poor people never get the PDS food grain in proper quantity and quality." 2007

ii. The pilot ran with 100 BPL families from Raghubir Nagar, West Delhi.
iii. The 100 families were selected from the group of BPL families who wished to receive the CT.
iv. The self-selected families were not entitled to take anything from the ration shop during the pilot period. They were informed about this fact and prior consent was taken from them to avail cash transfer benefits.
v. The cash transfers for each self-selected family were in the name of women only.
vi. An account was opened for this purpose in her name in the nearest bank and the transfer had been paid every month into the account.
vii. Each family got INR 1000 per month.

To analyze the impact of the CT and document it, one must ask the following questions:

(a) Why Cash Transfer?
(b) Should the transfer be conditional (CCT) or unconditional (UCT)?
(c) What possible behavioural changes do we expect to see with the CT?
(d) How do we plan to capture those changes in the research study?
(e) What is the geographical location where we plan to roll out the CT?
(f) How will the beneficiaries of the CT be decided?

To answer the above questions, we discuss Nature of CTs and Research Methodology. The nature of CTs explains the necessity of CT. This section will answer questions (a)-(c). In the subsequent section we discuss the research methodology and design, answering questions (d)-(f).

The Nature of Cash Transfers

The essence of a cash transfer scheme is the provision of a modest, regular amount of money in the form of cash, paid to an individual or family as a supplement to any income the person or household may earn. The advantages of direct cash transfers are that they allow the beneficiaries to use the cash as they want. A study undertaken by SEWA in august 2009 in three areas—Raghubir Nagar in West Delhi and Rajiv Nagar and Sundar Nagri in East Delhi showed that 60% of the sample respondents favoured CT over PDS. The main reasons these respondents cited were poor quality of items that are available through PDS and huge transaction costs (in terms of

time spent) to avail PDS systems. Therefore, our survey design should be able to capture these claims.

Before going into the procedures to be followed in this pilot, it is appropriate to review the main claims made in favour of cash transfers and the main criticisms levelled at cash transfers.

The main claims are as follows:

- They help improve the recipients' health and nutrition status, particularly of children;
- They induce families to spend on improving sanitary conditions in their households, thereby improving health and wellbeing;
- They help to create better conditions so that children attend school to a greater extent and learn more effectively in and outside school
- They help to raise women's socio-economic status, relatively as well as absolutely, and actually increase female labour force participation;
- They enable people to cut indebtedness and to make savings, thereby enabling them to deal with financial *hazards*;
- They allow more time for adult members to spend at home caring for household members
- They allow households to take up activities that can boost their income generation capacity

The main criticisms of CT as in our case would be:

---They do not improve welfare, because families do not allocate the money to beneficial uses, unlike schemes that direct them to spend on particular items;

---They induce people, particularly men, to 'waste' the money on private bads, notably alcohol and gambling;

---They may make households worse off because the prices prevailing at open markets are higher than the PDS.

Clearly, there are potentially negative and positive effects of cash transfers. The ultimate judgment is empirical, even though the evidence might also point to what would be required in addition to the direct cash transfers in order to make their effects largely or optimally beneficial.

That is, the set of behavioural changes CT can potentially bring if the scheme had run for more years will be different from the case when it is run for only one year. This is because when the households know that the CT will be in effect for only one year, they will respond differently as against the case if the households know that the CT will run for a longer duration. Therefore, the set of observable changes that would arise after one year will be different. The other issue is what changes can one potentially observe after one year? That is, there are behavioural changes that a household will undertake even with CT being in effect for one year, but they may not be directly observable after one year.

## Chapter 2

# Research Methodology

To measure the overall impact of cash transfers to the lives of participant households, both quantitative and qualitative surveys have been carried out. The quantitative study had a baseline, a mid line (after 6 months of the cash transfers) and an endline (after completion of 1 year of cash transfers) that capture the impact of CT. In qualitative methods, both case study and impact perception survey method have been adopted among the transfer group households who were receiving the cash transfers. In case studies, we cover overall household pictures of socio economic, family profile along with their behaviour patterns of food intake, purchase behaviour, use of cash transfers etc. To have a better understanding of respondent's perceptions and for direct, first-hand experiences from beneficiaries of CT, we conduct an impact perception survey. The results of all three studies (1) the quantitative baseline, midline and endline surveys, (2) the impact perception study and (3) the case studies are combined to provide a detailed assessment of the impact of CT.

## 2.1Baseline Methodology[3]

### *2.1.1 Choosing the Location:*

In terms of selecting the location of the CT pilot, Raghubir Nagar was randomly chosen from 3 designated areas. As there was no significant difference between Raghubir Nagar and the two other areas, the results obtained from Raghubir Nagar can be easily translated across the other two regions. It must be noted that all three areas have a strong SEWA presence. However, while selecting the group of BPL cardholders who were to be part of this study, a mix of SEWA and Non- SEWA families were selected. [4]

[3] The research agency, IDF, was primarily responsible for designing the methodology

[4] As part of the pilot we are (1) constrained by the scale of operation and (2) focus on how comparable groups behave differently (those who receive CT and those who do not). As long as we can pick up transfer and control groups from the same area, Raghubir Nagar, we are fine. The role that SEWA plays will be common to both transfer and control groups, and hence the difference observed between the two groups can be attributed to CT and not the presence of SEWA.

*Certain salient features about Raghubir Nagar*: Raghubir Nagar is located in West Delhi, and is mainly inhabited by families who are second-generation migrants from different parts of the country. They are involved in a mix of activities. Some are street vendors, who sell utensils to middle class households in return for old clothes. They sell these old clothes in nearby 'mandi' or weekly markets all over Delhi. Some run small shops in their own areas. Other families go for labour or jobs in factories. A number of women are domestic workers in nearby colonies of Vishnu Garden, Tagore garden and Rajouri Garden.

### *2.1.2 Sample design: selecting households for the survey:*

As a first step, the community in 12 blocks of Raghubir Nagar was mobilised by SEWA to explain the details of the pilot. The awareness campaign, conducted by SEWA, ran for two weeks (beginning in the first week of August 2010 and ending on 13th August 2010). It was initially carried out for a group of 15-20 people. However, due to resistance from the existing ration shop owners who tried to influence people against this move, the groups were reduced to about 5-6 people at a time so as not to make them noticeable.

IDF then received a list of 690 BPL families[5] (on 1st September 2010) that were exposed to the awareness programme. These families were all potential study participants. From the list of 690 families, 362 families had self-selected themselves for the programme, 261 families did not want to be part of the programme, and the remaining families (67) were undecided on whether to join the programme or not. By a process of random selection (conducted on 5th September 2010), 300 households (constituting T, C1, and C2) were selected out of the 362 households and 150 (constituting C3) out of 261 households making it a total of 450 BPL households to be surveyed before the start of the cash transfer programme.

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[5] With Raghubir Nagar having approximately 2000 households, there was a high percentage of BPL households. In our transfer and control groups we had BPL cardholders only. Since a study by SEWA shows that there was no significant difference between the APL, BPL and the Antyodaya cardholders, the findings from the BPL households can be generalized.

We define the following groups:

- (T): The 100 households who were beneficiaries of CT
- (C1): The 100 households who had voluntarily signed up for CT but only received a bank account
- (C2): The 100 households who had voluntarily signed up for CT but did not receive the CT or a bank account
- (C3): The 100 households who had not voluntarily signed up for CT and hence did not receive the CT or the bank account.

The research agency, IDF, used a process of randomization control in order to isolate the various factors affecting the experiment. However, since we were only interested in the difference between CT and non-CT groups, we observe all groups together in the baseline analysis and have compared T with all the control groups (C1 + C2 + C3) (simply referred to as C) in our final analysis.[6] This yields a Transfer: Control ratio of 1:4.

### *2.1.3 Pre-testing of the questionnaire:*

For the baseline survey, a questionnaire was prepared by the research agency, IDF. The questionnaire included various modules such as socio economic factors, time use, health and nutrition, water and sanitation etc. Each item captured various effects we anticipated CT would have. Help from public health experts (qualified Doctor) had been taken in designing the health module of the questionnaire for survey as well as medically checking the health status of study participants.

Before the survey was conducted, the questionnaire was tested on five households to gauge its efficacy. Note that these five households were not part of the 500 BPL list to be considered for the baseline, as this posed the risk of influencing the answers in the baseline if the same

[6] For those interested in a more detailed analysis of differences between the 4 groups at baseline and endline please refer to the IDF reports in the appendix.

households were visited again. The inputs/suggestions considered relevant from the pre-testing phase were incorporated in the questionnaire to be used for the baseline survey.

A team of 12 investigators was chosen to conduct the survey. A two-day training programme for the investigators was conducted on 15th and 16th September 2010, where they were briefed about the objective of the study, and each question in the schedule (questionnaire) was explained with definitions and reference periods. The baseline survey began on 17th September 2010 and continued for 15 days.

### *2.1.4 Issues related to dropping of households:*

As mentioned earlier, 350 (constituting self selected) out of 362 households and 150 (constituting self rejected) out of 261 households were randomly selected making a total of 500 BPL households that were to be surveyed before the start of the cash transfer programme.

However, 29 of the self-selected households and 21 of those who had not self selected themselves could not be surveyed because of the following reasons.

a. It was found that some of the families on the list were not BPL families.

b. The addresses of some of the families mentioned in the list could not be traced.

c. Some of the families refused to be part of the survey.

To make up for the shortfall, households were again selected randomly from the respective groups of those who self selected and those who did not self select for the programme. However, we could only replace 12 households from the self selected group (recall the total was 362 households who had self selected themselves), which left us with a total of 483 (333 for the self selected group and 150 for the non self selected one). A list of 200 households was drawn randomly from the self selected group and provided to SEWA for opening of bank accounts in the nearest SBI branch. The process of opening of bank accounts started on 6th October 2010 and ended on 4th November. However, during this process people started dropping out of the programme as they feared cancellation of their ration cards while a lot of people went back to their villages due to the festival season. To make up for this shortfall again, a list of 100 and 33

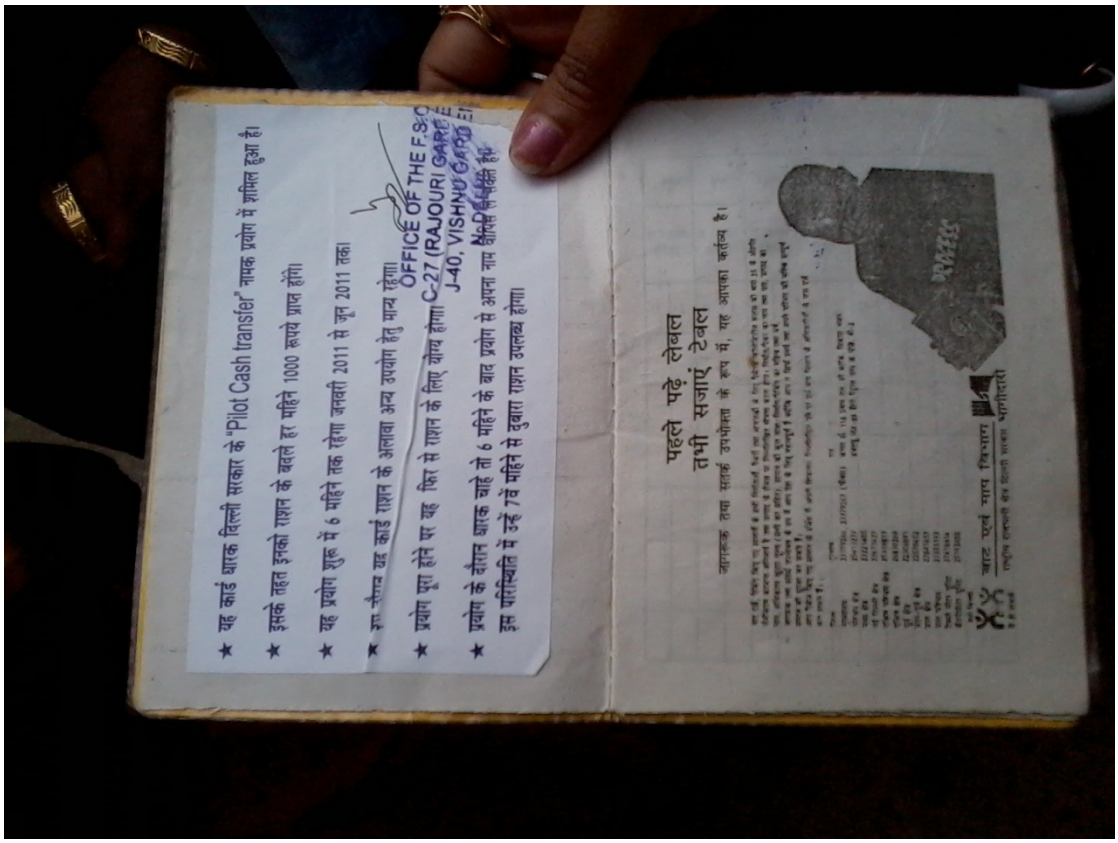
were drawn (after leaving out 200 of 333) from the self selected group for opening of their accounts. Eventually, the dropout rate was so high (due to reasons listed later in the report) that we could manage to open only 158 accounts for the households, leaving a shortfall of 42 bank accounts.

After discussion with the stake holders, it was decided that we start the process of stamping of (which makes a household eligible for the cash transfer programme, thereby constituting the transfer group) the ration cards for 65 households selected randomly from the 158 households whose bank accounts were opened. The shortfall then had to be made up by adding more households from the same blocks in Raghubir Nagar. Hence, the awareness campaign was started (second phase) in the same blocks again to make up for the short fall of 35 households in the transfer (T) group and 7 in the C1 group. The second phase of community awareness started in the last week of November from the same area. People living in jhuggis[7] were also included this time. A list of 118 BPL households who self selected for the programme was provided to IDF for the survey in the second phase. The next round of survey started on 3rd December and was completed in 4 days. A set of 109 households were selected for the survey. From the set of 109 households, 42 households were randomly selected and their accounts opened. Out of these 42 households, 35 households were selected randomly to be added to the set of 65 households that were earlier selected in the first phase (transfer group). Meanwhile, the Food and Supply department decided to stamp the ration cards for all 100 households at one go because of ease of operational modalities.

***Copy of the stamp on ration card-***

[7] The reason for not including jhuggis in the first phase was due to the temporary nature of their residence.

- यह कार्ड धारक दिल्ली सरकार के "Pilot Cash transfer" नामक प्रयोग में शामिल हुआ है।
- इसके तहत इनको राशन के बदले हर महिने 1000 रूपये प्राप्त होंगे।
- यह प्रयोग शुरू में 6 महिने तक रहेगा जनवरी 2011 से जून 2011 तक।
- इस दौरान यह कार्ड राशन के अलावा अन्य उपयोग हेतु मान्य रहेगा।
- प्रयोग पूरा होने पर यह फिर से राशन के लिए योग्य होगा।
- प्रयोग के दौरान धारक चाहे तो 6 महिने के बाद प्रयोग से अपना नाम वापिस ले सकते है। इस परिस्थिति में उन्हें 7वें महिने से दुबारा राशन उपलब्ध होगा।




While for all the groups, the number of households was sufficient for the study, we just had 27 households left in the C2 group due to high dropout rates. In both phases, the reasons behind dropping out were captured by visiting each family by IDF and SEWA representatives. The reasons are tabulated in Table 1. After discussions with all our team members we decided to include households in C2 from the lot of dropouts based on the reasons for their dropping out. If

the reason found was external and not in the control of the household, we included the household for our control group C2, making it a total of 100. Finally, a list of 100 households selected for CT were authenticated with the Delhi government's BPL list and funds transferred to the beneficiary's accounts.

**Table 1: Reasons for dropping out of the programme**

| Sl.No. | Reasons | No of households |
|---|---|---|
| 1 | Cannot go to the bank every month | 4 |
| 2 | Cancellation fear | 31 |
| 3 | Dropped after filling forms | 5 |
| 4 | Dropped when called for verification | 1 |
| 5 | Due to inflation | 5 |
| 6 | Family problem | 1 |
| 7 | Gives ration to the maid | 1 |
| 8 | Husband out of station. Cannot take decision alone | 1 |
| 9 | Husband refused | 2 |
| 10 | Lack of documents | 11 |
| 11 | Money will be spent | 2 |
| 12 | Need cash in hand- Do not want to go to bank every month | 1 |
| 13 | Need kerosene from PDS | 1 |
| 14 | Need to consult husband | 1 |
| 15 | Needed but could not fill the form due to illness | 3 |
| 16 | Never said yes - want ration | 5 |
| 17 | No confidence in Govt. Schemes | 1 |

| | | |
|---|---|---|
| 18 | No reason | 103 |
| 19 | Not at home- locked | 7 |
| 20 | Not interested after consulting family | 2 |
| 21 | Satisfied with ration | 9 |
| 22 | Want to see the programme running successfully | 2 |
| 23 | Want written proof from the Govt. | 2 |
| 24 | Wanted but could not give photographs on time | 1 |
| 25 | Wanted but no one contacted them | 2 |
| 26 | Went to village - house locked | 8 |
| | Total | 212 |

Some prominent reasons for dropping out of the programme can be summarised as follows. The ration card is used as an important document for admission in schools and government offices, for enrolling under government schemes, opening an account in banks and as an important identity proof. The families feared permanent cancellation of the ration card and hence were worried about the withdrawal of this important identity proof (ration card) since there was no written undertaking by the government about the programme, and also that it is a long bureaucratic process to renew or obtain a new ration card.

Another reason for dropping out was in those households where the bank account was to be opened in the name of a woman above 50 years (these were households that included old aged couples or where there were no other vocal/active women in the family). These women were not in favour of having an account for the cash transfer as they complained about the rigid protocol of the banks and the lengthy paper work required for opening the account. Since the bank was at a distance from their residence, it would be difficult for them to travel to the bank every month for withdrawing cash.

A member showing her stamped ration card and bank account passbook

In most of the families visited, it was found that the ration card was in the name of the male member of the family, either the father-in-law or husband. There was an issue of non clarity about the programme. Interactions with the women revealed that since the ration card is a household document, they needed to take the opinion of the other members in the family, particularly the husband in deciding whether to go for the cash transfer. When the women tried to convince the family about enrolling for the programme, the male members rejected the proposal since the concept of cash transfer was not very clear to them, even if the women had an understanding of the programme. Since the concept of a ration card and switching to a new programme is a joint decision made by the entire household and not just of a woman, such households dropped out of the programme.

It is worthwhile to note that some families opted for the existing ration scheme over the cash transfer because of rising inflation (as they thought the money was not sufficient). ***Thus, the total number of population for baseline is reduced to 450 households as it is mandatory to the households to volunteer for the study.***

## 2.2Midline Methodology

A midline survey was carried out in the month of July 2011 after the completion of 6 months of cash transfers. The objective was to collect information on the same variables for these

households and gauge whether there were behavioural changes that cash transfer would bring about in six months. Also, we wanted to see if the changes brought about were significant (once we had defined our hypotheses). We planned to do this by running statistical tests between transfer and control groups. The Midline Questionnaire design was based on the baseline survey questions and questions on women empowerment, financial inclusions, and external influence were added.

## 2.3 Final Evaluation study Methodology

### *2.3.1 Endline survey methodology*:

An endline survey was carried out by IDF after the completion of 12 months of cash transfers, i.e., in January 2012. The same households who were interviewed in the baseline and then in the midline survey were re-interview in the endline in order to capture the impact of CT throughout the 12 months. The endline questionnaire was based on the midline survey. No new questions were added to endline survey questionnaire, as there would be no baseline and midline data available with which to compare.

### *2.3.2 Impact survey methodology:*

Simultaneous to the endline survey, SEWA conducted an impact perception survey among 130 families, out of which 80 households were from the cash transfer group and 50 were randomly selected from the control group who had a bank account opened as a part of the study. The main purpose of the survey was to get an overview of transfer household's perceptions of the CT programme and provide a more detailed assessment of the impact of the cash transfer in these households. In terms of financial inclusion, we also wanted to assess the experiences of those who opened a bank account as part of the study.

The hypotheses around which the survey was designed were:

i. Cash Transfers have a positive impact on consumption (food security)

ii. Cash Transfers have a positive impact on livelihood (income, business)

iii. Cash Transfers induce more planning

iv. Cash transfers promote child education

v. Cash transfers in the hands of women has a positive impact on decision making

vi. Cash transfers induce a better sense of social security

vii. Bank account in the women's name has a positive impact

viii. Having a bank account promotes savings

ix. Having a bank account promotes a sense of economic independence among women

The impact and perception module was designed and tested according to the above hypotheses. The module includes questions on perception of income and expenses and use of cash transfers money. A copy of the questionnaire is attached in the appendices. [8]

### *2.3.3 Case study methodology:*

To capture more detail about the lives and day-to-day behaviour of study participants, SEWA conducted personal interviews. Throughout the year of cash transfers, i.e., January to December 2011, the community leaders of SEWA were in touch with the 100 transfer families. SEWA went to their respective homes to find out more about them. Case study interviews were started as soon as people got money in their accounts. Every month, community workers from SEWA visited all 100 transfer households to get an update of their experience. The case studies were written on a randomly selected group of transfer families. The first round of case studies was done after the baseline survey and during the 1st month of CT. i.e., in February 2011. The second round was done in April, 2011, the third round was done in July 2011 at the time of Midline survey and the last round was done in November- December 2011, simultaneous to the endline survey. We recorded the useful and more informative case studies. Monotonous response studies were not repeated.

[8] Findings from the impact survey have been combined with findings from the quantitative endline study in the final analysis section.

## Chapter 3

# Descriptive statistics from the Baseline Survey

The survey questionnaire consisted of the basic household characteristics, demographics and occupation, education, health, savings and outstanding debt, assets and, consumption from and outside of PDS. In this section, we present summary statistics for each group. Within each group we have separately computed the summary statistics that are relevant and applicable for the entire household (such as religion, type of housing, etc.) and individual family members (marital status, occupation, health, education, etc.).

### *3.1 Household characteristics*

**Household type:** The household type includes information on the main occupation of the household, from where more than 50 % of the income is earned. This includes self-employed, regular/wage salary earner, casual labour, and others. The survey data reveals that (Figure 1.1) 36.44 % households are regular wage/salary earners, followed by self-employed (35.56 %) and casual labour (21.78 %).

**Table 2- Distribution of household type by groups (percentage)**

| | All ( whole population) |
|---|---|
| Self-employed | 35.56 |
| Regular wage/Salary earner | 36.44 |
| Casual labour | 21.78 |
| Others | 6.22 |
| Total | 100 |

**Religion type:** Majority of the households identified themselves as Hindus (89.56 %) followed by Muslims (6.44 %) and Sikhs (4.00 %). There is not much difference among the transfer and control groups for all the three religions.

**Table 3- Distribution of religion type by groups (percentage)**

| | All (total population) |
|---|---|
| Hinduism | 89.56 |
| Islam | 6.44 |
| Sikhism | 4.00 |
| Total | 100 |

**Social group type:** Scheduled castes are the predominant social group (more than 50 %) overall as well as across the transfer and control groups. It is important to note that a thorough mapping of caste categories was done where the households surveyed mentioned categories of castes or tribe (e.g. *bhil*, *banjara*) instead of their social group. They had to be correctly placed in the mentioned groups.

**Table 4- Distribution of social group type by groups (percentage)**

| | All |
|---|---|
| Scheduled tribe | 6.22 |
| Scheduled caste [9] | 54.67 |
| Other backward class | 19.33 |
| Others | 19.78 |
| Total | 100 |

**Ownership of house:** Overall, more than 90 % of the households live in "owned" houses. A small percentage of people (about 6 %) live in rented houses.

[9] The data of caste of the population was collected by IDF which was self reported by individual households. The social categories have only 4 options rather than citation of specific individual social castes. Therefore, the reporting of SC group is entirely depending on self report of the population.

**Table 5- Distribution of ownership of house by groups (percentage)**

| | All |
|---|---|
| Owned | 93.33 |
| Rented | 5.56 |
| Others | 1.11 |
| Total | 100 |

**Primary source of energy for cooking and lighting:** Majority of the households across groups (and overall) use LPG as the primary source of cooking and electricity as the primary source of lighting. The next major fuel used for cooking is kerosene, the use of which varies from 26 % in the transfer group to 40 % in a control group. Kerosene is an important component of the PDS, and is provided at a subsidized rate. It will be interesting to see the implications of the cash transfer on the use of this fuel across groups.

**Table 6- Primary source of energy for cooking by groups (percentage)**

| | All |
|---|---|
| Coal | 1.11 |
| Firewood and chips | 2.67 |
| LPG | 63.78 |
| Kerosene | 32.22 |
| Others | 0.22 |
| Total | 100 |

**Table 7- Primary source of energy for lighting by groups (percentage)**

| | All |
|---|---|
| Kerosene | 0.89 |
| Gas | 0.22 |
| Electricity | 98.89 |
| Total | 100 |

**Type of toilet:** Availability of toilet is an important aspect of hygiene and quality of life. The toilet type is categorized as owned, pay and use, and at the community level. This provides information on whether households have access to toilets and if so, of what kind and the type of outlet available for sewerage. More than 70 % households have their own toilets. It is interesting to note that even though there are free "community" toilets available, people prefer to use the chargeable ones.

**Table 8- Type of toilet by groups (percentage)**

| | All |
|---|---|
| Owned | 76.89 |
| Pay and use | 18.67 |
| Community | 4.44 |
| Total | 100 |

**Primary source of water & sewerage connection:** Availability of water facility and sewerage connections are the other utilities that we examine in the report. The various sources of water are through Municipal Corporation of Delhi (MCD), tube well/borehole, tanker and others. More than 90 % use MCD water. A small portion of households use water from tube well and tankers.

For those with sewerage connections, majority of toilets are connected to the MCD line, while a good proportion (ranging from 14-33 %) of toilets are connected to the open drain. A small proportion of toilets are connected to the closed drain, majority of them in the transfer group (19

%). The above data highlights the sanitation facilities in the area, where there are still a proportion of toilets with open drainage.

**Table 9 - Primary source of water by groups (percentage)**

| | All |
|---|---|
| Piped water (MCD) | 94.89 |
| Tube well/borehole | 2.22 |
| Tanker | 1.56 |
| Others | 1.33 |
| Total | 100 |

**Table 10- Type of sewerage connection by groups (percentage)**

| | All |
|---|---|
| Connected to open drain | 21.56 |
| Connected to closed drain | 12.67 |
| Connected to MCD line | 65.78 |
| Total | 100 |

**RSBY card:** Ownership of an RSBY card is an important indicator of whether health insurance has reached the urban poor. More than 70 % of households do not have an RSBY card, and of those who have one, more than 90 % do not use them.

**Table 11- Status of RSBY card by groups (percentage)**

| | All |
|---|---|
| Yes | 23.56 |
| No | 76.44 |
| Total | 100 |

**Table 12- Use of RSBY card by groups (percentage)**

| | All |
|---|---|
| Yes | 6.60 |
| No | 93.40 |
| Total | 100 |

**Benefit and type of "other schemes":** A ration card entitles one to access benefits of government schemes, as that provides an important identity proof. More than 60 % of households across all groups do not receive cash from other schemes. Out of those eligible for schemes such as widow pension, old age pension, disability or retirement pension, the old age pension has reached households the most. This can be seen from the fact that more than 60 % of households across all groups have received the old age pension. About 28 % receive widow pensions, while about 4 % receive disability benefits (with households in C1 and C2 receiving none).

**Table 13- Entitlement of other scheme by groups (percentage)**

| | All |
|---|---|
| Yes | 25.11 |
| No | 74.89 |
| Total | 100 |

**Table 14- Type of scheme by groups (percentage)**

| | All |
|---|---|
| Widow pension scheme | 27.56 |
| Old age pension scheme | 67.72 |
| Scheme for disability | 3.94 |
| Retirement pension | 0.79 |
| Total | 100 |

### *3.2. Demographics and occupation:*

**Household Size:** For all the groups the minimum household size is 1 and maximum goes up to 14. There is not much difference in the average household size across groups.

**Table 15- Average household size by groups**

| | N | Mean | Median | SD | Min | Max |
|---|---|---|---|---|---|---|
| All | 450 | 5.36 | 5 | 2.23 | 1 | 14 |

**Gender profile:** Looking at the gender profile for all the groups, there is not much difference in the gender percentages across groups. Overall, the male population (50.15 %) is slightly higher than female population (49.85 %).

**Table 16- Gender profile by groups (percentage)**

| | All |
|---|---|
| Male | 50.15 |
| Female | 49.85 |
| Total | 100 |

**Age:** About62 % of the population is in the working age group of 18-60 years (both inclusive). The elderly form about 7 % of the total population, while children in the age group of 0-5 years vary from 4.71 % to 7.6 % across groups.

**Table 17-Age distribution by groups (percentage)**

| | All |
|---|---|
| 0-5 years | 6.17 |
| 6-17 years | 24.95 |
| 18-60 years | 61.91 |
| Above 60 years | 6.96 |
| Total | 100 |

**Marital status:** About 27 % population of marriageable age is never married, while the highest percentage is that of the currently married members constituting about 61 % of the total marriageable population. The proportions of currently married people are more or less the same across groups. The proportion of widow/widowers ranges from about 8.09 % to 12.75 % across groups.

**Table 18- Marital status for population (above 18) by groups (percentage)**

| | All |
|---|---|
| Never married | 27.02 |
| Currently married | 61.49 |
| Widow/Widower | 10.17 |
| Divorced/separated | 1.32 |
| Total | 100 |

**Principal occupation of household members (between 18 to 60 years):** The principal occupation of household members is defined as one where an individual works for more than six months in a year. About 20% of the working age population is self-employed, with a larger proportion of males falling into this category compared with females. Those in the sample who are self-employed mainly work as street vendors, tailors, or run a business from their home. Just over 17% of the working age population has private jobs. These mainly include domestic workers, employees/ helpers in private companies, drivers and other independent contractors. Again, more males fall into this category compared with females. The principal occupation for the majority of females is housework. Overall about 53% of females and about 27% of the entire working age population are engaged in housework for more than six months in a year. Lastly, the proportion of unemployed people is comparable for male and female members. Overall those without jobs or who are seeking jobs constitute 10% of the working age population.

**Table 19- Principal occupation of household members (18 to 60 years) by gender:**

| | Male | Female | All |
|---|---|---|---|
| Self-employed | 31.41 | 9.15 | 20.28 |
| Government | 0.00 | 0.70 | 0.35 |
| Private job | 27.61 | 7.61 | 17.61 |
| Casual labour | 14.93 | 2.54 | 8.73 |
| Housework | 0.42 | 53.38 | 26.90 |
| Ill/Disabled | 0.28 | 0.00 | 0.14 |
| Student | 11.55 | 6.62 | 9.08 |
| Not employed/seeking | 10.85 | 10.00 | 10.42 |
| Other | 2.96 | 10.00 | 6.47 |
| Total | 100 | 100 | 100 |

### *3.3. Literacy and education:*

**Literacy and education:** About 68 % of the population is literate. Only 1.33 % of the population is graduate and above followed by 5.22 % for senior secondary, while 3.5 % have any kind of vocational training. As we know that education levels in India play a big role in

determining wages in the labour[10] market. However, lack of education and skills prevents households from higher earnings.

**Table 20- Literacy of household members by groups (percentage)**

| | All |
|---|---|
| Yes | 68.09 |
| No | 31.91 |
| Total | 100 |

**Table 21- Vocational training of household members by groups (percentage)**

| | All |
|---|---|
| Yes | 3.48 |
| No | 96.52 |
| Total | 100 |

**Table 22- General educational level of household members by groups (percentage)**

| | **All** |
|---|---|
| Graduate | 1.33 |
| Senior secondary | 5.22 |
| Below senior secondary | 93.45 |
| Total | 100 |

[10] According to the NSSO 61st round (Employment and Unemployment Round) for the year 2004-05, the average wage/salary earnings per day received by regular wage/salaried employees of age 15-59 years increased as one went up the education level.

**Table 23- Last class passed for members below senior secondary by groups (percentage)**

| | All |
|---|---|
| 0 | 34.28 |
| 1 | 3.15 |
| 2 | 3.73 |
| 3 | 3.06 |
| 4 | 3.95 |
| 5 | 10.51 |
| 6 | 6.92 |
| 7 | 6.25 |
| 8 | 10.69 |
| 9 | 6.47 |
| 10 | 9.00 |
| 11 | 2.00 |
| Total | 100 |

**Enrolment and dropouts:** The enrolment and dropout rate is about 82 % and 18 % respectively for all the groups. The dropout rate is highest for T group (31.86 %). As far as children in the school going age are concerned, more than 90 % of children are enrolled in government schools. It would be interesting to see if dropout rates come down and children shift from government school to private school in the T group.

**Table 24- Enrolment and dropouts in school going age (6-17 years) by groups (percentage)**

| | All |
|---|---|
| Yes (Enrolment) | 81.76 |
| No (Drop out) | 18.24 |

| | |
|---|---|
| Total | 100 |

**Table 25- Type of school for school going (6-17 years) children's by groups (percentage)**

| | All |
|---|---|
| Government | 92.06 |
| Private | 7.94 |
| Total | 100 |

***3.4 Health:***

**Incidence of hospitalization and type of illness:** This block includes information on illnesses and diseases of household members. We collected information on incidence of hospitalization in the last 365 days, types of long term and short term illnesses, and financing the transfer of these illnesses. About 73 % of the population was not hospitalized for any illness in the past 365 days. This could also hint at a lower use of the RSBY card, which provides cashless payment only in case of hospitalization. About 22 % of the population had "other" types of illnesses, not categorized under any heading, followed by fever of unknown origin (12.58 %), and worm infestation (10.60 %). About 7 % suffer from heart disease, while about 5 % suffer from diabetes and disorders of joints and bones. Majority of households (61.87 %) finance their transfer from own savings/income, followed by borrowings (21.58 %), and then contribution by relatives and friends (10.07 %). About 6 % finance their transfer by selling ornaments or assets.

**Table 26- Incidence of hospitalization in past 365 days by groups (percentage)**

| | All |
|---|---|
| Yes | 26.89 |
| No | 73.11 |
| Total | 100 |

**Table 27- Type of illness for hospitalization in past 365 days by groups (percentage)**

| | All |
|---|---|
| Gastritis/gastric or peptic ulcer | 1.32 |
| Worm infestation | 10.60 |
| Hepatitis/Jaundice | 0.66 |
| Heart disease | 7.28 |
| Hypertension | 2.65 |
| Respiratory including ear/nose/throat ailments | 3.31 |
| Tuberculosis | 3.97 |
| Asthma | 1.99 |
| Disorders of joints and bones | 5.30 |
| Diseases of kidney/urinary system | 1.99 |
| Prostatic disorders | 0.66 |
| Gynaecological disorders | 2.65 |
| Neurological disorders | 1.32 |
| Psychiatric disorders | 1.32 |
| Cataract | 0.66 |
| Diabetes mellitus | 5.30 |
| Anaemia | 0.66 |
| Malaria | 2.65 |
| Mumps | 0.66 |
| Dengue | 4.64 |
| Fever of unknown origin | 12.58 |
| Tetanus | 0.66 |
| Cancer and other tumours | 2.65 |

| | |
|---|---|
| Fractures | 2.65 |
| Other ailments | 21.85 |
| Total | 100 |

**Table 28-Financing option for transfer at hospital in past 365 days by groups (percentage)**

| | All |
|---|---|
| Household savings/income | 61.87 |
| Borrowings | 21.58 |
| Contribution from relatives and friends | 10.07 |
| Others (sale of ornaments, assets, draught animals) | 6.47 |
| Total | 100 |

**Incidence of illness in past three months and type of illness:** A profiling of illnesses in the past three months for the population reveals that about 66 % did not have any illness. However, out of the remaining who had an incidence of illness in the past three months, about 29 % had fever of unknown origin, 14 % had "other ailments" and 7 % had respiratory and heart related diseases. For transfer of short-term illnesses, 42 % went to the government hospital while 34 % went to a private doctor. About 4 % went to a private doctor while a very small percentage went to quacks or took self-medication.

**Table 29- Incidence of illness in past 3 months by groups (percentage)**

| | All |
|---|---|
| Yes | 34.22 |
| No | 65.78 |
| Total | 100 |

## Table 30- Type of illness in past 3 months by groups (percentage)

| | All |
|---|---|
| Diarrhoea/ dysentery/ Amoebiasis | 2.13 |
| Gastritis/gastric or peptic ulcer | 2.13 |
| Worm infestation | 3.19 |
| Hepatitis/Jaundice | 1.06 |
| Heart disease | 6.91 |
| Hypertension | 4.26 |
| Respiratory including ear/nose/throat ailments | 7.45 |
| Tuberculosis | 2.66 |
| Asthma | 4.26 |
| Disorders of joints and bones | 4.79 |
| Psychiatric disorders | 2.66 |
| Diseases of skin | 0.53 |
| Goitre | 0.53 |
| Diabetes mellitus | 4.26 |
| Anaemia | 1.06 |
| Malaria | 1.60 |
| Mumps | 1.06 |
| Whooping cough | 0.53 |
| Dengue | 2.13 |
| Fever of unknown origin | 28.72 |
| Diseases of mouth, teeth and gum | 0.53 |
| Fractures | 3.72 |
| Other ailments | 13.83 |
| Total | 100 |

**Table 31- Transfer sought for illness in past 3 months by groups (percentage)**

| Transfer Type | All |
|---|---|
| Self medication | 1.05 |
| Quack | 2.63 |
| No measure taken | 0.53 |
| Advised by pharmacist | 1.05 |
| RMP | 3.68 |
| Government dispensary | 11.05 |
| Government hospital | 41.58 |
| Private doctor | 34.21 |
| Private hospital | 4.21 |
| Total | 100 |

### *3.5 Savings, expenditure and debt:*

About 28 % of the total population across all groups had an outstanding loan during the reference period. The average outstanding loan of a household was about INR 64000, with a minimum amount of INR 1200 and as high as INR 300,000. About 49 % of households borrowed for health purposes, either for emergency purposes or general illness. The next major reason for borrowing was for the purpose of marriage/funeral/festival or other ceremonies. About 12 % borrowed for home improvement and about 7 % to start a new business. Borrowing for productive purposes such as scaling of new business was done by only 2 percent of the households.

**Table 32- Average total outstanding loan by groups (INR)**

| | N | Mean | Median | SD | Min | Max |
|---|---|---|---|---|---|---|
| All | 127 | 64029.13 | 40000 | 67526.13 | 1200 | 300000 |

**Table 33- Reasons for borrowing by groups (percentage)**

| | All |
|---|---|
| Scale up existing business | 2.17 |
| Start a new business | 6.52 |
| Repay old debt | 2.17 |
| Health (general illness) | 14.49 |
| Health emergency (child birth, accident, sudden illness) | 34.78 |
| Marriage/Funeral/Festival/Other Ceremony | 24.64 |
| Home improvement/repair/construction | 11.59 |
| Purchase land | 1.45 |
| Others | 2.17 |
| Total | 100 |

Let us now look at where the households get their loans. Considering that 52 percent of Indians do not have a bank account,[11] it is not surprising that only about 1 % take loans from banks. Majority of households take loans from friends or relatives (about 59 %), while 34 % still rely on informal moneylenders. The MFIs and SHGs have a very small presence, with only 2.5 and 1.27 % borrowing from these institutions respectively. Chit funds, landlords/owner/ employers and committees constitute less than one percent of the sources of loan borrowings. The average

[11] Invest India Incomes and Savings Survey, 2007.

monthly interest rate on these loans turns out to be about 3 %, with the maximum as high as 10 % per month.

**Table 34- Source of loan by groups (percentage)**

| | All |
|---|---|
| Banks | 1.27 |
| Money Lenders | 33.76 |
| MFIs | 2.55 |
| Friends/Relatives | 59.24 |
| SHGs | 1.27 |
| Chit Funds/Local Institutions | 0.64 |
| Landlord/Owner/Employer | 0.64 |
| Committee | 0.64 |
| Total | 100 |

**Table 35- Average monthly interest rates for loans by groups (INR)**

| | N | Mean | Median | SD | Min | Max |
|---|---|---|---|---|---|---|
| All | 157 | 2.96 | 3 | 2.52 | 0 | 10 |

When asked about the expenses the households foresee in the next one year, about 21 % said it would be for the purpose of marriage, while about 7 % would spend on school/college admissions, and retiring existing debt. The average monthly savings of a household in the past 365 days was about INR 146, which is about 3 % of their total income. About 44 % place their savings in banks while 42 % place it in informal channels. The average household monthly expenditure in the past 365 days was about INR 4448.

**Table 36- Major expenses expected for households in next one year by groups (percentage)**

| Items | All |
|---|---|
| Marriage | 21.24 |
| Birth | 0.44 |
| School/College admission | 7.30 |
| Purchase of land/house | 0.66 |
| Retiring existing debt | 7.30 |
| Home improvement | 3.76 |
| Business | 0.66 |
| None | 58.63 |
| Total | 100 |

**Table 37- Average monthly savings in past 365 days by groups (Rs)**

| Type | N | Mean | Median | SD | Min | Max |
|---|---|---|---|---|---|---|
| All | 450 | 146.44 | 0 | 442.14 | 0 | 6000 |

**Table 38- Mode of savings by groups (percentage)**

| | All |
|---|---|
| Banks | 43.59 |
| Committees | 14.10 |
| Others | 42.31 |
| Total | 100 |

**Table 39- Average monthly expenditure in past 365 days by groups (INR)**

| | N | Mean | Median | SD | Min | Max |
|---|---|---|---|---|---|---|
| All | 450 | 4448.00 | 4000 | 2045.57 | 1000 | 15000 |

***3.6 PDS:***

This block focuses on the existing PDS of the government, highlighting the problems faced by people in accessing food from the PDS. The survey data reveals that about 66 % face difficulty in getting the entitled ration. The difficulties range from insufficient stock of items for 35 % of the households, unclean and inferior quality stock for about 26 % of households, and 18 % facing long queues. About 15 % said that the shop was not always open at designated times.

**Table 40- Difficulty in getting the entitled ration by groups (percentage)**

| | All |
|---|---|
| Yes | 65.89 |
| No | 34.11 |
| Total | 100 |

**Table 41- Nature of problem with ration shop by groups (percentage)**

| | **All** |
|---|---|
| Shop not open all the time | 14.83 |
| Insufficient stock of items | 34.67 |
| Long queues | 17.84 |
| Distance to the ration shop | 3.61 |

| | |
|---|---|
| Unclean and inferior quality | 26.05 |
| Any other | 3.01 |
| Total | 100 |

### *3.7 Consumption:*

**Table 42- Average expenditure on consumption basket in last month for (ALL) groups in rupees**

| | | Mean | Median | SD | Min | Max |
|---|---|---|---|---|---|---|
| 1 | Rice | 142.55 | 100 | 149.66 | 0 | 1500 |
| 2 | Wheat | 314.66 | 260 | 210.07 | 0 | 1600 |
| 3 | Other cereals | 3.87 | 0 | 24.38 | 0 | 300 |
| 4 | Pulses & pulse products | 252.62 | 210 | 159.66 | 0 | 1200 |
| 5 | Milk & milk products | 682.91 | 690 | 424.19 | 0 | 3601 |
| 6 | Edible oil | 260.98 | 240 | 159.13 | 0 | 1920 |
| 7 | Egg, fish & meat | 166.96 | 75 | 253.27 | 0 | 2000 |
| 8 | Vegetables | 513.12 | 450 | 319.87 | 0 | 2100 |
| 9 | Fruits | 96.22 | 55 | 124.74 | 0 | 700 |
| 10 | Sugar | 147.04 | 130 | 114.86 | 0 | 1570 |
| 11 | Tea/coffee/others | 104.13 | 80 | 72.17 | 0 | 500 |
| 12 | Tobacco products | 21.80 | 0 | 65.95 | 0 | 600 |
| 13 | Intoxicants | 78.49 | 0 | 392.17 | 0 | 600 |
| 14 | Food from street hawker | 25.36 | 0 | 63.97 | 0 | 400 |
| 15 | Kerosene | 122.86 | 100 | 148.61 | 0 | 1050 |
| 16 | Electricity | 516.02 | 400 | 398.12 | 0 | 4000 |
| 17 | LPG | 232.44 | 346 | 169.81 | 0 | 700 |
| 18 | Others | 15.94 | 0 | 93.94 | 0 | 1500 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 19 | Clothing (last 365 days) | 1804.76 | 1500 | 1650.98 | 0 | 12000 |
| 20 | Personal care for men | 74.98 | 50 | 114.88 | 0 | 2000 |
| 21 | Personal care for women | 72.20 | 50 | 99.93 | 0 | 1000 |
| 22 | Footwear (last 365 days) | 724.23 | 500 | 1416.72 | 0 | 2800 |
| 23 | Books, Journals | 227.95 | 100 | 417.88 | 0 | 3500 |
| 24 | Tuition and other fees (School, College, etc.) | 139.32 | 0 | 448.72 | 0 | 5000 |
| 25 | Private tutor/coaching centre | 141.72 | 0 | 304.74 | 0 | 3000 |
| 26 | Other educational expenses | 33.67 | 0 | 98.58 | 0 | 1500 |
| 27 | Entertainment | 98.76 | 100 | 86.89 | 0 | 1000 |
| 28 | Communication | 92.12 | 100 | 110.24 | 0 | 1500 |
| 29 | Conveyance | 366.38 | 200 | 440.23 | 0 | 4000 |
| 30 | Religious ceremonies | 347.01 | 100 | 668.34 | 0 | 10000 |

## Chapter 4

# Comparing self-selected and self-rejected households

As mentioned earlier, the study population initially constituted two groups: those households who had voluntarily signed up for the CT programme (self-selected households) and those who did not want to be part of the CT programme (self-rejected households). Based on this classification, households from the first group were randomly selected into T, C1 and C2 and households from the second group were randomly selected into C3.

It is possible that there are significant disparities between households that wanted to be part of the programme and households that did not want to be involved. Since the transfer and control groups were formed according to this self-selection status, it is necessary to assess the comparability of these household groupings. We do this by comparing self-selected and self-rejected households with respect to several key variables in the baseline that are presumed relevant. In each case a test is performed to determine whether any differences are statistically significant.[12]

We find that self-selected and self-rejected groups are comparable with regard to most variables under observation. There is no significant difference in occupation, social grouping (caste and community), household size, household ownership, benefit from schemes, source of energy for cooking, sanitation (type of toilet and sewerage connection), health (illness and hospitalisation), vocational training, savings and consumption patterns. Self-selected and self-rejected groups also do not differ significantly with respect to dissatisfaction with PDS overall all or PDS quality.[13]

However, in the areas of education and outstanding borrowings we observe significant differences between the two groups. Compared with self-rejected households, self-selected households are on average less educated; they have higher dropout rates; and they have significantly higher outstanding loan amounts.

[12] These are either *t tests* or *chi square tests* depending on whether the data is continuous or categorical. All significance tests are condCTed at the 0.05 level of significance.

[13] Only selected variables are reported here. However, the same comparability was found for several other variables in the study.

In terms of education, average years of schooling for self-selected households are 4.73 years, compared with 5.25 years in the self-rejected households. We find that these averages are statistically different from one another, suggesting that self-selected households are significantly less educated compared to self- rejected households. Additionally, dropout rates are significantly higher in self-selected households (Table 43) with 21% of school going age individuals not enrolled in school compared with 10% of school going age individuals in self-rejected households.

**Table 43- Enrolment and dropouts in school going age (6-17 years) by self-selected groups (percentage)**

| | Self-selected | Self rejected | All |
|---|---|---|---|
| Enrolled | 78.65 | 90.12 | 82.34 |
| Not enrolled | 21.35 | 9.88 | 17.66 |
| | 100 | 100 | 100 |

The proportion of households taking out loans is similar across self-selected and noncompliant households. However, total outstanding loan amounts are significantly higher in self-selected households. These households have an average of Rupees 74746 outstanding, in contrast with noncompliant households who have an average of Rupees 43216 outstanding. It could be that households with higher outstanding loans prefer cash transfers because they can be used to repay debt.

## Chapter 5

# Midline Survey

### *5.1 Carrying out Midline Survey:*

The total targeted number of households covered in the midline survey was 450 (same as that covered in the baseline survey). Finally, only 429 households could be surveyed due to reasons such as death of the beneficiary, shift of residence, not willing to respond to the survey due to future repercussions, etc. The total number of households fell further in the endline to 418 due to similar reasons as in the midline - there were 4 dropouts from the programme after six months. The break-up of the short fall is tabulated below for all the groups.

**Table 44- Reasons for drop out after 6 months of the study**

| Group | No of HH (Baseline) | No of HH (Midline) | No of HH (Endline) | Total short fall between Endline and Baseline | Reasons |
|---|---|---|---|---|---|
| T (Transfer) | 100 | 99 | 94 | 6 (4+2) | 4 dropouts after six months, Death of the beneficiary in 2 families |
| C1 (Control 1) | 100 | 99 | 97 | 3 | Address not traceable |
| C2 (Control 2) | 100 | 91 | 91 | 9 | Address not traceable |
| C3 (Control 3) | 150 | 140 | 136 | 14 | Address not traceable |
| Total | 450 | 429 | 418 | 32 | |

At the same time with the Midline survey, SEWA has to do the stamping of the ration cards of the 100 CT households. Out of those 100 households, as there was a provision for drop out after completion of 6 months, 4 had dropped out from the study and thus they are entitled to get ration from 7th months onwards. [14]

[14] They were supposed to get their ration from July onwards but Department of Food and Supply, Government Delhi had informed that allocation for July already out that time, so it could not be reactivated from July onwards. So, Food and supply commission asked SEWA to transfer them 7th month cash. To get ration from August onwards, the 4 drop out households needed their card to be stamped and also the other 96 households to continue with cash. It

During the midline survey, a few of household who were interviewed in baseline not found at their respective addresses. Some of them shifted from their place to a new address, some were reluctant for interview and some finally agreed for the survey but later refused. The status of such disappearing households are given in the table 45 below-

**Table 45- Details of missing household during midline**

| Sl. No | Study groups category | Name | Address (Block House No.) | New Address | Remark by IDF | Remark by SEWA |
|---|---|---|---|---|---|---|
| 1 | Self rejected | Kamlesh Sethu ram | A-351 | | Shifted to Uttam Nagar | ph no found-9654302110, called but refused for interview |
| 2 | Self rejected | Nathi Maan singh | B-III, 897 | same | Not living here any more | They lied to IDF that they no longer live here actually do not want to be surveyed |
| 3 | Self rejected | Nirmala Suraj | C-144 | | Shifted to Vikaspuri | Not found |
| 4 | Self selected but No Bank Account | Madhu Oani(Manohar) | D-412 | | Sold house and went away | Neighbors are saying that they are the same persons but they are refusing said Madhu and Manohar went away. |
| 5 | Self selected but Bank Account | Gomi Purusho | E-391 | Same | Have gone to village and will be back in 10-15 days | will be back from village |
| 6 | Self rejected | Vidya Bati Late Sushil Kumar | E-126 | | Sold house and went away | not found |
| 7 | Self rejected | Nilam Rajpal | E-237 | | Sold house and shifted to | not found |

took a longer period of time for the process of stamping due to various formalities at respective departments. Copy of the stamp is given in appendices.

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | Uttam Nagar | |
| 8 | Self selected but No Bank Account | Kamala devi Shambhu Sharma | P- 109-II | | shifted (Address not found) | Not found, just got the information that they are in raghubir nagar itself |
| 9 | Self selected but Bank Account | Sita rani Late Kaljeet Raj | R-816 | | shifted (Address not found) | not found |
| 10 | Cash Transfer | Asha Rani Late Lalchand | R-806 | | Death and nobody is in her family | Dead |
| 11 | Self rejected | Sarla Late Jaibeer Singh | R-102 | same | shifted (Address not found) | not found |
| 12 | Self rejected | Aanguri Chhote Lal | R-8 | Same | shifted (Address not found) | Refused for survey, same address |
| 13 | Self selected but No Bank Account | Madhu Dharam veer | R-132 | Same | Address not found | Refused for survey, same address |
| 14 | Self selected but No Bank Account | Manju Suresh | F-409 | Same | Do not want to get surveyed | Refused for survey, same address |
| 15 | Self selected but No Bank Account | Renu Mohan | Jhuggi khayala C.N.963 | R268 tanki wali jhuggi | Address not found | agreed for survey…new add is- R268 tanki wali jhuggi- refused later |
| 16 | Self selected but No Bank Account | Sharfi devi Shyam lal | w 139/462 | Same | Address not found | Refused for survey same address |
| 17 | Self selected but No Bank Account | Ganga Kanhe ram | W/52.B-3 T.Huts(water tank) | Same | Address not found | Refused for survey same address |

| | | | | | | |
|---|---|---|---|---|---|---|
| 18 | Self selected but No Bank Account | Sarfa devi Amr singh | W/52/208 T.Huts(water tank) | Same | Address not found | Refused for survey same address |
| 19 | Self selected but No Bank Account | Pinki Subhash yadav | W-52/112(water tank) | Same | Address not found | Refused for survey same address |
| 20 | Self selected but No Bank Account | Shakuntala Mam singh | W-52/409(water tank) | | Address not found | not found |
| 21 | Self selected but No Bank Account | Raj kumari Vinod kumar | W--52/82(water tank) | W52/52 tanki wali jhuggi | Address not found | Agreed for survey..address is W52/52 tanki wali jhuggi-refused later |

Thus, the total population of midline survey was reduced to 429 as the rest 21 could not be traced.

### *5.2 Results of the Midline survey:*

The main results of the midline survey are summarised below.

- We found that with CT, food security was not compromised. In particular, we found that households with CT were no worse off than households with PDS. We measured food security in terms of per capita per day calorie consumed as well as per capita consumption of items.
- Households shifted from cereal based consumption to the non-cereal group and in particular to the egg, meat and fish group.
- Households with CT reduced financial indebtedness.
- There was no significant impact of cash transfers on improving sanitation and skill improvement of the households.
- With a cash transfer, households did not indulge in wasteful expenses like drinking alcohol, as is commonly believed.

- Finally, we observed an interesting effect of the cash transfer on those who did not receive it. This was the spillover effect. In particular, we found that the service quality of PDS shops improved. This was primarily because the PDS owners now faced 'competition' from private shops as some of their erstwhile clients now shifted to private shops. We also looked at the possible reasons for switching. There are two types of households that were found to shift –those who said "no" to cash transfer in the baselines but now (midline) wanted them and those who were earlier recipients of cash transfer but now no longer wanted them. We found that 22% of households who did not want the intervention earlier now wanted those while only 4% households who were the recipients earlier, no longer needed the cash transfer. Clearly, the numbers suggested that there was a net positive movement towards households wanting cash transfer over time. This is the demonstration effect.

*A copy of the Midline survey report done by IDF is attached in the Appendices.

## Chapter 6

# Endline Survey: Descriptive Statistics

This section discusses the findings from the endline survey. In subsequent tables B denotes baseline, E denotes endline, T denotes transfer and C denotes control.

**Household Type:** The household type includes information on the main occupation category of the household, from where more than 50 % of the income is earned. The primary occupations are categorized as self-employed, regular/wage salary earner, casual labour, and others. If one looks at the baseline and endline there has been a shift from casual labour to self-employed category followed by regular salary earner for the T group; similarly C group also show a shift from casual labour to regular wage earner. However, overall for all groups, there is no significant change in household size from baseline.

**Table 46- Distribution of household type by groups (percentage)**

| | T(transfer) | | C(control) | | All | |
|---|---|---|---|---|---|---|
| | B(baseline) | E(endline) | B(baseline) | E(endline) | B(baseline) | E(endline) |
| Self-employed | 43.62 | 47.87 | 37.65 | 34.88 | 39 | 38.04 |
| Regular wage/salary earner | 34.04 | 37.23 | 35.80 | 41.98 | 35.41 | 38.76 |
| Casual labour | 14.89 | 8.51 | 20.68 | 16.97 | 19.38 | 17.94 |
| Others | 7.45 | 6.38 | 5.86 | 6.17 | 6.22 | 5.26 |
| | 100 | 100 | 100 | 100 | 100 | 100 |

**Primary source of energy for cooking:** Majority of the households across groups (and overall) in both the baseline and endline surveys use LPG as the primary source of cooking. The next major fuel used for cooking is kerosene across all groups in both time periods. A notable fact is that there has been an increase in LPG used as a source of cooking in the T group (16 percent), and an overall increase of about 12 percent for all groups. In both groups, there has been a reduction in the proportion of households who use kerosene as a source, particularly in the T group (about 16 percent reduction).

**Table 47- Primary source of energy for cooking by groups (percentage)**

| Source of cooking | T | | C | | All | |
|---|---|---|---|---|---|---|
| | B | E | B | E | B | E |
| Coal | 0 | 1.06 | 0.00 | 0.00 | 0 | 0.48 |
| Firewood and chips | 4.26 | 3.19 | 2.16 | 2.47 | 2.63 | 4.31 |
| LPG | 68.09 | 84.04 | 62.04 | 73.15 | 63.4 | 75.36 |
| Kerosene | 27.66 | 11.7 | 35.80 | 24.07 | 33.97 | 19.86 |
| | 100 | 100 | 100 | 100 | 100 | 100 |

**Type of toilet:** Majority of the households use owned toilets both in the baseline and endline surveys across all groups. The use of "pay and use" and community toilets has declined across all groups. The increase in the use of "owned" toilets across all groups is uniform ranging from 6-10 percentage points. Note that there has been a drastic decline in those using community toilets, except for a marginal increase for the T group.

**Table 48- Type of toilet by groups (percentage)**

| Type of toilet | T | | C | | All | |
|---|---|---|---|---|---|---|
| | B | E | B | E | B | E |
| Owned | 76.6 | 84.04 | 75.62 | 81.48 | 75.84 | 83.01 |
| Pay and use | 20.21 | 10.64 | 19.14 | 17.59 | 19.38 | 14.11 |
| Community | 3.19 | 5.32 | 4.63 | 0.93 | 4.31 | 2.39 |
| Others | 0 | 0 | 0.62 | 0.00 | 0.48 | 0.48 |
| | 100 | 100 | 100 | 100 | 100 | 100 |

**Household Size:** For all the groups the minimum household size is 1 and maximum goes up to 16. There is not much difference in the average household size across groups. There has been a decline in the average household size for group T from 5.38 to 5.22, in C from 5.55 to 5.42.

**Table 49- Average household size by groups**

| AVG household size | Group | N | Mean | Median | SD | Min | Max |
|---|---|---|---|---|---|---|---|
| B | T | 94 | 5.38 | 5 | 2.44 | 2 | 14 |
| E | T | 94 | 5.22 | 5 | 2.59 | 1 | 15 |
| B | C | 112 | 5.55 | 5 | 2.20 | 1 | 13 |
| E | C | 112 | 5.42 | 5 | 2.17 | 1 | 12 |
| B | All | 418 | 5.51 | 5 | 2.25 | 1 | 14 |
| E | All | 418 | 5.41 | 5 | 2.32 | 1 | 16 |

**Principal occupation of household members (between 18 to 60 years):** The principal occupation of the household member is defined as one where an individual works for more than six months in a year doing that activity. Majority of the members (in the working age group of 18-60 years) fall in the "others" category (which includes those who are unemployed) across all groups, followed by those who are in private jobs, and finally in the self-employed category except for the T group where those who are self-employed are more than those in private jobs in the endline survey. A comparison of all the groups shows an increase in those who are in private jobs. An interesting trend has been a decline in the percentage of the category "others". The proportion of households employed as casual labour has increased by about 1 percentage points for C group, while it has increased by less than one percentage point for all groups combined.

**Table 50- Principal occupation of household members (18 to 60 years) by groups (percentage)**

| Principal occupation | T | | C | | All | |
|---|---|---|---|---|---|---|
| | B | E | B | E | B | E |
| Self-employed | 25.54 | 25.78 | 18.88 | 18.31 | 20.33 | 19.65 |
| Government | 0.62 | 0.35 | 0.19 | 0.51 | 0.28 | 0.87 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Private Job | 15.38 | 17.42 | 18.36 | 19.57 | 17.63 | 21.24 |
| Casual Labour | 8.31 | 7.67 | 9.01 | 10.04 | 8.85 | 9.11 |
| Others | 50.15 | 48.78 | 53.56 | 51.57 | 52.9 | 49.13 |
| | 100 | 100 | 100 | 100 | 100 | 100 |

**Vocational training:** The question on vocational training is asked for the age group 15-29 years of the population. Overall there has been an increase in the proportion of households that have said "Yes" to having received/receiving vocational training, with the largest increase from baseline to endline (in percentage points) reported in group T (9.96). Group C has shown a (2.87) percentage point increase in those having received/receiving vocational training.

**Table 51- Vocational training of household members by groups (percentage)**

| Vocational training | T | | C | | All | |
|---|---|---|---|---|---|---|
| | B | E | B | E | B | E |
| Yes | 2.48 | 12.44 | 6.34 | 9.21 | 5.44 | 9.97 |
| No | 97.52 | 87.56 | 93.66 | 90.79 | 94.56 | 90.03 |
| | 100 | 100 | 100 | 100 | 100 | 100 |

**Enrolment and dropouts:** In the baseline and endline, the enrolment rate is better in the C group compared to the T group. The dropout rate is highest for the T group. Across all the groups, the dropout rate has increased from baseline to endline.

**Table 52- Enrolment and dropouts in school going age (6-17 years) by groups (percentage)**

| Enrolment and dropouts | T | | C | | All | |
|---|---|---|---|---|---|---|
| | B | E | B | E | B | E |
| Enrolment | 69.61 | 70.65 | 85.35 | 83.52 | 82.55 | 81.31 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Drop out | 30.39 | 29.35 | 14.65 | 16.48 | 17.45 | 18.69 |
| | 100 | 100 | 100 | 100 | 100 | 100 |

**Incidence of hospitalization and treatment financed:** We collected information on the incidence of hospitalization in the last 365 days. About 70 % of the population was not hospitalized for any illness in the past 365 days for all the groups in both baseline as well as endline. The incidence of hospitalization has decreased for all the groups. Majority of the households in all the groups finance their transfer from their own savings/income, followed by borrowings. There is an increase in financing of transfer from household savings for different groups ranging from 2-6 percentage points. In tables 53 and 54, we see the comparison of hospitalization and financing options among transfer and controlled group.

**Table 53- Incidence of hospitalization in past 365 days by groups (percentage)**

| Hospitalization | T | | C | | ALL | |
|---|---|---|---|---|---|---|
| | B | E | B | E | B | E |
| Yes | 24.47 | 20.21 | 27.16 | 24.38 | 26.56 | 23.44 |
| No | 75.53 | 79.79 | 72.84 | 75.62 | 73.44 | 76.56 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |

**Table 54- Financing option for treatment at hospital in past 365 days by groups (percentage)**

| Financing option | T | | C | | All | |
|---|---|---|---|---|---|---|
| | B | E | B | E | B | E |
| Household savings/income | 68.97 | 75 | 62.45 | 64.48 | 64.86 | 66.99 |
| Borrowings | 20.69 | 20 | 21.33 | 26.98 | 20.27 | 25.24 |
| Contribution from relatives and friends | 10.34 | 0 | 10.30 | 7.24 | 10.14 | 5.83 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Others (sale of ornaments, assets, draught animals) | 0 | 5 | 5.91 | 1.30 | 4.73 | 1.94 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |

**Incidence of illness in past three months and treatment sought:** In the incidence of illness in the past three months, every group reported a decrease in the proportion. Overall, there was a 17.9 percent decrease in the proportion of people reporting illnesses. From baseline to endline people in the T and C groups have decreased going to government hospitals and opted for private doctors followed by private hospitals for their transfer. Transfer sought from private hospitals has shown a maximum percentage point growth in the T group.

**Table 55- Incidence of illness in past 3 months by groups (percentage)**

| Incidence of illness | T | | C | | All | |
|---|---|---|---|---|---|---|
| | B | E | B | E | B | E |
| Yes | 36.17 | 31.91 | 34.26 | 44.14 | 34.69 | 28.47 |
| No | 63.83 | 68.09 | 65.74 | 55.86 | 65.31 | 71.53 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |

**Table 56- Treatment sought in case of illness in past 3 months by groups (percentage)**

| Transfer sought | T | | C | | All | |
|---|---|---|---|---|---|---|
| | B | E | B | E | B | E |
| Home remedy | 0 | 0 | 0 | 1.04 | 1.14 | 1.34 |
| Self-medication | 0 | 0 | 1.62 | 0 | 2.29 | 0 |
| Quack | 0 | 0 | 2.88 | 0.49 | 0 | 0.67 |
| Faith healer | 0 | 0 | 0 | 0.49 | 0 | 0 |
| No measure taken | 0 | 0 | 0.88 | 0 | 0.57 | 0 |
| Advised by pharmacist | 4.88 | 2.56 | 0 | 1.53 | 1.14 | 3.36 |
| RMP | 0 | 2.56 | 3.80 | 0 | 3.43 | 1.34 |
| Government dispensary | 12.2 | 5.13 | 10.3 | 5.0 | 10.86 | 3.36 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Government hospital | 43.9 | 30.77 | 43.9 | 43.1 | 42.86 | 42.28 |
| Private doctor | 36.59 | 35.9 | 31.3 | 34.8 | 33.14 | 36.24 |
| Private hospital | 2.44 | 20.51 | 5.4 | 11.8 | 4.57 | 10.07 |
| Others | 0 | 2.56 | 0 | 1.64 | 0 | 1.34 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |

**Average total outstanding loan:** The table-57 provides information on the average outstanding loan of households in the endline compared to the baseline survey. Overall, the average amount of outstanding loan for all the groups combined is INR 60233 in the endline period as compared to INR 65025 in the baseline period- there is a reducing trend. If we look at group-wise data, there is a decreasing trend for groups T.

**Table 57- Average total outstanding loan by groups (INR)**

| | Group | Mean | Median | Min | Max |
|---|---|---|---|---|---|
| B | T | 62000 | 45000 | 5000 | 250000 |
| E | T | 51872 | 40000 | 2000 | 230000 |
| B | C | 68952 | 50031 | 5685 | 229938 |
| E | C | 59759 | 33796 | 2630 | 285031 |
| B | All | 65025 | 42500 | 4000 | 300000 |
| E | All | 60233 | 35000 | 2000 | 450000 |

**Debt repayment:** Even though the amount of outstanding loan gives an idea of the indebtedness of a household, it will be interesting to see the total repayment as a proportion of the total loan taken in one year. This gives us a better idea of the reduction in indebtedness by normalizing it by a common denominator. Overall for all groups combined on an average about 25 % of loans have been retired. The maximum reduction is for the T group.

**Table 58- Debt repayment ratio by groups**

| Group | N | Mean | Median | SD | Min | Max |
|---|---|---|---|---|---|---|
| T | 54 | 0.315 | 0.085 | 0.376 | 0 | 1 |
| C | 160 | 0.225 | 0.000 | 0.345 | 0 | 1 |
| All | 214 | 0.248 | 0.000 | 0.355 | 0 | 1 |

**Major expenses in last one year:** We have also captured the major expenses that household could incur in the last one year and which might tighten a household's liquidity to spend on other items. The table- 59 below shows that the major expenditure made by all households is on repayment of debt followed by marriage. For the expenditure retiring of the debt, again we see the T group has the highest percentage. Expenditure on marriage follows the same trend.

**Table 59- Major expenses for households in last one year by groups (percentage)**

| | T | C | ALL |
|---|---|---|---|
| Marriage | 12.12 | 8.69 | 9.48 |
| Birth | 0 | 1.15 | 0.9 |
| School/College admission | 4.04 | 4.33 | 4.29 |
| Purchase of land/house | 1.01 | 1.17 | 1.13 |
| Retiring existing debt | 25.25 | 17.77 | 19.41 |
| Home improvement | 4.04 | 3.22 | 3.39 |
| Business | 2.02 | 2.60 | 2.48 |
| None | 48.48 | 59.65 | 57.11 |
| Others | 3.03 | 1.42 | 1.81 |
| | 100 | 100 | 100 |

**PDS:** Next we consider an important variable in the study- the performance of PDS shops. In particular, we focus on the spillover effect - the effect of CT on the PDS shops. We do so by looking at the difficulty in getting ration by the households. Table 60 shows if there were any

difficulties faced by groups other than the transfer group in getting ration from the ration shops. Overall about 56 percent reported no difficulties in getting ration in the midline survey as compared to 34 percent in the baseline survey. A deeper study of the type of problems that were faced across the two time periods reveals that the proportion of people who reported problems of insufficient stock of items and unclean and inferior quality of stock has reduced while those facing problems of the shop not being opened on time, long queues, and any other problem have increased. Note that the problems of insufficient and inferior quality of stocks were the top two problems that households faced in getting ration during the baseline period. A reduction in the problems of insufficient stock and inferior quality of stock during the endline period could be attributed to the spillover effects of the cash transfer. There could be two aspects of the spillover. One, the ration shop owners might fear closure of their shops as a result of this intervention. As a result of which one should expect an improvement in the quantity and quality of stocks. Two, even if their shops are not closed, the existing ration shop owners would face competition from the other suppliers for the same items.

**Table 60- Difficulty in getting the entitled ration by groups (percentage)**

| | T | C | | ALL | |
|---|---|---|---|---|---|
| | B | B | E | B | E |
| Yes | 65.22 | 65.95 | 43.76 | 65.75 | 43.79 |
| No | 34.78 | 34.05 | 56.24 | 34.25 | 56.21 |
| Total | 100 | 100 | 100 | 100 | 100 |

**Table 61- Nature of problem with ration shop by groups (percentage)**

| | T | C | | ALL | |
|---|---|---|---|---|---|
| | B | B | E | B | E |
| Shop not open all the time | 13.89 | 15.28 | 20.09 | 14.85 | 20 |
| Insufficient stock of items | 30.56 | 36.26 | 26.74 | 34.93 | 26.84 |

| | | | | | |
|---|---|---|---|---|---|
| Long queues | 20.37 | 16.88 | 19.44 | 17.69 | 19.47 |
| Distance to the ration shop | 4.63 | 2.39 | 0.51 | 3.06 | 0.53 |
| Unclean and inferior quality | 29.63 | 25.21 | 29.39 | 26.42 | 29.47 |
| Others | 0.93 | 3.97 | 3.83 | 3.06 | 3.68 |
| | 100 | 100 | 100 | 100 | 100 |

To assess whether the households want the cash transfer to be continued, or want to join (of those who did not want it earlier) we observe only the transfer group and the C3 group (those households that did not want to be part of the CT programme initially). We find that 90% of the transfer group wants the cash transfer to be continued and the remaining 10% have indicated that they do not. Interestingly, in the C3/ self-rejected group - those who initially did not want the cash transfer at the baseline - just over 19% indicate in the endline that they want to join the CT programme.

**Table 62- "YES or NO" to cash transfer by groups (percentage)**

| | T | | C3 (self-rejected) | |
|---|---|---|---|---|
| | B | E | B | E |
| Yes | 100 | 90.43 | 0 | 19.12 |
| No | 0 | 9.57 | 100 | 80.88 |
| Total | 100 | 100 | 100 | 100 |

**Women empowerment:** Lastly we examine the pattern of decision-making in transfer and control households. Respondents (all women) were asked to indicate who usually takes the decisions in their households with respect to amount saved, investment in assets, and regular household expenditure on food and household expenditure on children's education. For each decision, responses were categorized as either 'self' (i.e. the woman respondent); 'spouse';

'jointly with family members'; or 'others', which covers those cases where other family members decide or where no one person always decides.

Table-63 shows the results from the endline survey[15]. We find that transfer and control groups differ greatly in their pattern of decision-making. The majority of respondents in the transfer group indicate they themselves make decisions in the areas considered. Compared with the control group, respondents in the transfer group are more likely to take decisions on amount saved, investment in assets, regular household expenditure on food and household expenditure on children's education. For example 50% of transfer group respondents versus 38% of control group respondents usually make decisions about the amount saved in their households.

On the other hand, for control groups, the majority of respondents indicated that their spouses usually take decisions. Relative to the transfer group, respondents' spouses are more likely to take decisions on amount saved, investment in assets, regular household expenditure on food and household expenditure on children's education. For example 45% of control group respondents versus 32% of transfer group respondents indicate that their spouses usually make decisions about investments in assets.

**Table 63- Decision-making patterns in transfer and control groups (percentage)**

| | | Self | Spouse | Jointly/others | Total |
|---|---|---|---|---|---|
| Saving | T | 50 | 31.91 | 18.09 | 100 |
| | C | 37.65 | 44.44 | 17.9 | 100 |
| Investment in assets | T | 48.94 | 31.91 | 19.15 | 100 |
| | C | 36.73 | 45.06 | 18.21 | 100 |
| Regular expenditure on food | T | 56.38 | 29.79 | 13.83 | 100 |
| | C | 48.46 | 39.51 | 11.73 | 100 |
| Expenditure on children's education | T | 47.87 | 32.98 | 19.15 | 100 |
| | C | 38.58 | 44.44 | 16.97 | 100 |

[15] Unfortunately these questions were not included in the baseline survey.

## Chapter 7

# Final Evaluation Study: Analysis of Findings

This section will focus on the behavioural changes that can be attributed to the cash-in-lieu-of-kind (PDS). We first repeat our description of the methodology used to infer how the cash transfer led to behavioural changes.

(a) The project started with a campaign among the households about the programme. The programme was that of giving INR 1000 to households if they waived the right to lift rations from the ration shops. People were asked if they wanted to be a part of the programme.

(b) The households were divided into two groups, those who wanted to be part of the programme and those who were not interested to participate.

(c) A sample of 150 households was randomly selected from those who did not want to participate and a sample of 300 was randomly chosen among those who wanted to participate.

(d) The 300 households were randomly divided into 3 groups --- 100 in group T, 100 in group C1 and the remaining 100 in group C2. The sample of households in step (c) formed the group C3.

(e) For the groups T and C1, the women heads, or the spouse of the male heads were identified and 'no frill' bank accounts were opened in their names. Also, for group T, the Delhi government stamped the ration cards. On the cards it stated that they could not lift rations for a year. In exchange, the T households were given a monthly cash transfer of INR 1000 without any conditions on how they could spend it. This money was deposited every month in the bank accounts that had been opened for the women of the households.

(f) All 4 groups were surveyed before the programme started to create a baseline and this was followed up by a midline after 6 months and an endline after 12 months.

(g) An Impact Perception survey was also conducted alongside the main endline survey to provide more detail on the use of the cash transfer and overall perceptions.

(h) Throughout the study period, case studies were collected from the transfer families to gain a more in-depth view of the households.

(i) To isolate the effect of the cash transfer we have mainly used the quantitative baseline and endline data. Where appropriate we draw on the results from the Impact Perception Study and the case studies to substantiate our findings.

(j) With the quantitative data we can do either one (or both) of two things. First, we can compare the difference between the transfer (T) and all control groups (C1 + C2 + C3) (simply referred to as C) at the endline only. Second, we can look at the changes in both group's behaviour and then compare these differences. The first is sufficient if we are confident that the groups were very similar before the start of the programme. We have already confirmed that self-selected and self-rejected households are similar with respect to most important characteristics. However, there could still be differences in unobservable variables or, in observable variables that we have not collected data on. This is where the second approach is useful because if these differences are constant over time, then by taking differences we are negating them for each group.

(k) In our analysis, when comparisons only need to be made between groups at the endline or between baseline and endline for one group, we run either a t-test for differences in means or a z-test for differences in proportion. However, when it is necessary to compare between groups *and* across time (baseline to endline), we compute a difference-in-difference estimation[16] and determine whether it is significant based on its p-value.[17]

As a result of the cash-in-lieu-of-kind/PDS, we expect T to be better off than C with respect to various hypotheses, which are outlined in subsequent sections.

We formulate our analysis under the following broad headings:

- Food security
- Health security

[16] The difference-in-differences estimation is computed using OLS regression with an interaction term for time and treatment.

[17] Unless otherwise stated, all significance tests are done at $\alpha = 0.05$

- Education
- Consumption of other commodities
- Skills and income generation
- Sanitation
- Managing financial hazards
- Spillover effects on PDS
- Women's empowerment and household dynamics
- People's opinion of cash transfers

## 7.1 Results

### *7.1.1Food security:*

The two main hypotheses to be tested under this section were:

**H1: Cash transfers adversely affect food security.**
**H2: Cash transfers provide opportunity for households to shift to other food items.**

In order to address both hypotheses, we examined whether households bought more or less of each food item. First, the effect of cash transfer in place of subsidized ration from PDS shops, was studied in the Transfer group at the time of endline survey vs. a vs. baseline survey. Then, in order to find changes in expenditure due to cash transfer only, the pattern of expenditure in control group at baseline survey and endline survey was also studied.

Analyses for PDS items were performed using average quantity purchased instead of expenditure because cash transfer groups bought these items in the market at higher prices. Analyses for non-PDS items were performed using expenditure in Rupees. Since the study was conducted on the same persons in baseline as well as endline, paired t-tests were used to study change in expenditure on commodities and related expenditure likely to be affected by giving of cash instead of subsidized ration. A summary of the tests conducted on the Transfer group and the control group are given in the tables below:

**a) Transfer Group**

**Table 64-Average quantity purchased on PDS commodities in endline over baseline (kg)**

| | Average quantity purchased | | Change in quantity purchased in endline over baseline | |
|---|---|---|---|---|
| COMMODITIES | B | E | Paired T TEST | Significant increase? |
| RICE | 8.32 | 8.90 | 0.09 | No |
| WHEAT | 32.04 | 32.62 | 1.35 | No |
| SUGAR | 6.48 | 6.81 | 1.72 | No |

**Table 65- Average expenditure on non-PDS commodities in endline over baseline (Rupees)**

| | Average expenditure | | Change in expenditure In endline over baseline | |
|---|---|---|---|---|
| COMMODITIES | B | E | Paired T TEST | Significant increase? |
| PULSE & PULSE PRODUCTS | 239.46 | 308.86 | 4.01 | Yes |
| MILK & MILK PRODUCTS | 689.78 | 1004.25 | 5.43 | Yes |
| EGG, FISH & MEAT | 183.35 | 315 | 2.79 | Yes |
| VEG | 531.75 | 819.15 | 6.34 | Yes |

The above analysis shows that there is significant increase in expenditure on following commodities (at this stage we do not know if the increase is due to cash transfers or just inflation):

1. Pulse and pulse products
2. Milk and milk products
3. Egg, fish and meat
4. Vegetables

**b) Control Group**

**Table 66- Average quantity purchased on PDS commodities in endline over baseline (kg)**

| | Average quantity purchased | | Change in quantity purchased in endline over baseline | |
|---|---|---|---|---|
| COMMODITIES | B | E | Paired T TEST | Significant increase? |
| RICE | 8.36 | 8.30 | -1.27 | No |
| WHEAT | 31.33 | 29.32 | -0.70 | No |
| SUGAR | 6.66 | 6.07 | -1.96 | No |

**Table 67- Average expenditure on non-PDS commodities in endline over baseline (Rupees)**

| | Average expenditure | | Increase in expenditure in endline over baseline | |
|---|---|---|---|---|
| Non-PDS COMMODITIES | B | E | Paired T TEST | Significant? |
| PULSE & PULSE PRODUCTS | 258.42 | 278.31 | 1.77 | No |
| MILK & MILK PRODUCTS | 702.53 | 943.72 | 5.43 | Yes |
| EGG, FISH & MEAT | 161.03 | 190.08 | 1.73 | No |
| VEG | 515.77 | 767.19 | 10.31 | Yes |

The above analysis shows that there has been increase or decrease in expenditure in control group also even without cash transfers. The significant increase in expenditure was on following commodities:

1. Milk and milk products

2. Vegetables

It is likely that the increase in expenditure in control group was due to rising prices of these items during baseline to endline survey. These changes in control group have to be accounted while calculating net change in expenditure in Transfer group.

**c) Mean change in expenditure in Transfer vs. control group**

In order to overcome the problem of conversion of expenditure at midline at baseline prices, another analysis was done in terms of testing the difference in average expenditure in baseline and endline in Transfer and control group. The results of the analysis are presented below:

**Table 68- Mean change in expenditure in Transfer and control group**

| | Test for difference in difference of mean change in expenditure in baseline and endline in Transfer and control group | |
|---|---|---|
| Non-PDS COMMODITIES | Z-TEST | Significant? |
| PULSE & PULSE PRODUCTS | 2.41 | Yes |
| MILK & MILK PRODUCTS | 1.13 | Not significant |
| EGG, FISH & MEAT | 2.06 | Yes |
| VEG | 0.70 | Not significant |

The above table- 68 shows that difference of mean change in expenditure in baseline and endline in Transfer and control group is statistically significant on following products:

1. Pulses
2. Egg, fish and meat

Since there has been no significant decrease in any of the commodities under observation in the transfer group, we can conclude that cash transfers do not adversely affect food security. Additionally, we have seen that cash transfers provide opportunity for the households to shift to other nutritious food options. Our analyses show that cash transfer in place of subsidized ration from PDS shops has been effective in significantly increased expenditure (alternately consumption) of following commodities:

1. Pulses
2. Egg, fish and meat

The results from our Impact Study explain these findings. From the table-69 below it is clear that the majority of transfer households mainly used their cash transfers to buy food. For 95% of transfer households, they spent their cash transfer mainly on food. Hence, cash transfers do not adversely affect food security because the money from the cash transfer is spent on buying food for household members.

**Table 69- Main, second and third main use for cash transfers.**

| | Food | Education | Business | Medical treatment | Others | Total |
|---|---|---|---|---|---|---|
| Main | 95.06 | 0.00 | 0.00 | 4.94 | 0.00 | 100 |
| Second main | 5.56 | 19.44 | 5.56 | 63.89 | 5.56 | 100 |
| Third main | 0.00 | 17.65 | 17.65 | 29.41 | 35.29 | 100 |

**Ashaben**, A 47-year old home-based worker with a class 10pass, born in Morisgaon, rural north Delhi, is a Nepali origin woman married to a Punjabi man named Gurnam Singh, 50 yrs. He is a roadside cycle- Rickshaw mechanic. Sometimes he doesn't even bring a rupee home and sometimes he manages to get Rs 200/-. They had 2 daughters, 1 died and the other is separated from her husband and lives together with her daughter, at home with her parents. She came back from her in-laws house after her first child was born. Ashaben's daughter also has a class 10 pass and as a home based worker makes paper bags for nearby factories. For 1000 bags she gets 100-150 rupees. She takes 4 days to make 1000 bags but does not get regular work, in summer particularly. Sometimes, in season, she gets 1 or 2 months of regular work.

Altogether there are 4 members in the household: husband, wife, daughter and

granddaughter. They live in a small, single room, which costs them 1000 Rs per month with no electricity connection. The husband cannot make a regular income, as his health is not good. Prior to cash transfer, they had to think about their meals daily and did not get a full meal 2 times every day. They used to look for free food distribution from any religious places or civil society or even from government. Her daughter used to go to the Sikh religious place, 'Gurudwara', to check the 'langar' for free food. The 'Rationwala' used to give 3kg sugar and then if the FPS owner wished, he would give 10 kg's of wheat and nothing else. Even getting kerosene was also very painful for her. She almost had to beg for her entitlement. They were always uncertain whether they would get food. Having 2 full meals a day was not in their dreams before they joined the CT programme.

However, since receiving cash transfers they are all getting 2 full meals per day for up to 20 days a month using the 1000 rupees. For the remaining 10 days they manage to buy food using their income.

Overall, she and her family are have had food security for 20 days as a result of the Cash Transfer. During the remaining 10 days they managed from their earnings. Ashaben looks after everything, from withdrawing money to shopping for groceries and food items to other activities. She has a sense of security now.

Ashaben is very happy and does not want the ration anymore. "*I would love to take Cash transfer forever*" she says.

### *7.1.2Health security:*

Hypothesis to be tested:

**H3: Cash transfers allow households to spend more on healthcare**

BPL families in Delhi avail both Government and Private health treatment. To test whether cash transfer households are spending more on health care, we observe the treatment seeking behaviours of both transfer and control groups in the baseline and the endline. In particular we look at the proportion of households in each group who seek treatment in case of illness from private and government hospitals. Table-70 shows that for the transfer group, there is a significant decrease in seeking treatment from government hospitals and a significant increase in seeking treatment from private hospitals. On the other hand, for the control group, there is no significant change in treatment seeking behaviour.

**Table 70- Share of treatment sought in case of illness from private and government hospitals (percentage)**

| | Transfer group | | | Control group | | |
|---|---|---|---|---|---|---|
| | B | E | Z-test for proportion | B | E | Z-test for proportion |
| Govt. hospital | 43.9 | 30.77 | -1.86 ** | 43.88 | 46.7 | 0.72 |
| Private hospital | 2.44 | 20.51 | 2.9 ** | 5.37 | 6.8 | 0.51 |
| Other treatment | 53.66 | 48.72 | -0.68 | 50.75 | 46.5 | -1.08 |
| Total | 100 | 100 | - | 100 | 100 | - |

**Denotes significance

To test whether the proportionate change in baseline and endline is statistically higher in the transfer group compared to the control group, we run a Z-test for difference in proportions. The results are displayed in table-71 below.

**Table 71-Proportionate change from baseline to endline of treatment sought**

| | Transfer Group | Control Group | Z-test for difference in proportions |
|---|---|---|---|
| Govt. hospital | -13.13 | 2.82 | -2.66 ** |
| Private hospital | 18.07 | 1.43 | 2.5 ** |
| Other treatment | -4.94 | -4.25 | -1.55 |

**Denotes significance

The above table-71 shows that compared to the control group, there is a significant decrease in seeking treatment from government hospitals and a significant increase in treatment from private hospital. Since the proportionate change in the treatment group is significantly different from the proportionate change in the control group, we can conclude that the shift from government to

private hospital treatment is due to the cash transfer. Since private hospital treatment is more costly than government hospital treatment, it would seem that cash transfers indeed allow households to spend more on healthcare.

This is confirmed in the results from the Impact Study. When asked what goods and services the cash transfer money was spent on, we find that transfer households mainly spent their money on food (95%) and also medical treatment (5%). Additionally, for the second main use of the cash transfer, 64% of transfer households spent the money on medical treatment.

**Table 72- Main, second and third main use for cash transfers.**

| | Food | Education | Business | Medical treatment | Others | Total |
|---|---|---|---|---|---|---|
| Main | 95.06 | 0.00 | 0.00 | 4.94 | 0.00 | 100 |
| Second main | 5.56 | 19.44 | 5.56 | 63.89 | 5.56 | 100 |
| Third main | 0.00 | 17.65 | 17.65 | 29.41 | 35.29 | 100 |

**Kesri Devi,** A-179, Raghubir Nagar (she doesn't know her age -she said it may be less than 80 years). She has 5 sons; all are married. She stays with her younger son and daughter-in-law. The couple has 2 children. Her current family consists of 5 members. She helps her daughter-in-law to make paper envelopes. For making 1000 such envelopes, they get 20 rupees. Kesri Devi also tries to help them to cut the papers.

As the ration card was on Kesri Devi's name, she got the direct cash transfer in her name. Kesri Devi has been an Asthmatic patient for the last 10 years and needs proper medication and maintenance. She gets the old age pension every three months but needs a good amount of money for her treatment and ailment every month. Since she took the cash transfer, she has spent Rs.1500/- per month on her medication and ailments. She also takes a better supplementary diet including fruits, juices and milk. She gives 200 to 300 rupees for household expenses, which is not quite adequate help.

She was quite happy and thankful that she had a sense of security that could enable her to live better at her age. She said "*I would have died if I did not get old age pension and cash transfers as my asthma causes difficulty if does not have taken care properly*"

### *7.1.3Education:*

The main hypothesis to be tested under this section is:

**H4: Cash transfers help to create better conditions so that children attend school to a greater extent and learn more effectively in and outside school.**

There are two mechanisms through which cash transfers can have a positive impact on education. First, the money from cash transfers can be used to assist in overcoming financial barriers to school attendance, in terms of fees and other costs (e.g. school supplies, uniforms, and transport etc). Secondly, cash transfers can relieve the opportunity costs of school attendance (e.g. lost income from sending children to school rather than work). Both effects can be measured by the change in school enrolment rates.[18] In our analysis we compare the proportion of enrolled school going age (6-17 years) individuals in transfer and control groups during the baseline and endline. We find that although the difference in enrolment rates between groups is large, the change in proportion from baseline to endline is relatively small. The proportion of enrolment in the transfer group only increases from 69.6% to 70.6%. Similarly there is only a slight change in enrolment in the control group from 85% to 83%. To isolate the effect of the cash transfer on school enrolment from baseline to endline, we compute the difference in difference estimate.[19] We find that, the DID estimate of 0.029 is not significant (with a p value of 0.682) and therefore conclude that the cash transfer had no significant impact on school enrolment. The results are summarized in Table-73.

**Table73- DID estimate of the effect of cash transfers on school enrolment**

| | Change in proportion of school enrolment | | Difference between B & E |
|---|---|---|---|
| | B | E | |
| T | 69.61 | 70.65 | 1.04 |
| C | 85.35 | 83.52 | -1.83 |

[18] While school *attendance* rates would have been a more suitable indicator, this information is not easy to collect.

[19] The DID estimate is calculated using OLS regression

| | | | |
|---|---|---|---|
| Difference between groups | -15.74 | -12.87 | 0.29 D estimate |

### *7.1.4 Consumption of Private "bads":*

The two hypotheses to be tested under this section are:

**H5: Cash transfer induces people, particularly men, to 'waste' money on private "bads" like alcohol.**

A prominent debate over giving cash transfers is that it will encourage consumption of goods like alcohol that are detrimental to the individual's health and has a negative impact on family welfare. We measure this by observing the change in average household expenditure on intoxicants in transfer groups and control groups in endline over baseline. The results are displayed in table-74 below. We find that there is no significant increase in alcohol consumption in either the transfer or control groups. Hence we can conclude that there is no increase in alcohol consumption due to cash transfers.

**Table 74- Average household expenditure on alcohol (Rupees)**

| | Average expenditure | | Change in expenditure in endline over baseline | |
|---|---|---|---|---|
| Intoxicants | B | E | Paired T TEST | Significant increase? [20] |
| Transfer | 84.57 | 84.14 | -0.01 | No |
| Control | 74.90 | 84.56 | 0.58 | No |

**Rajni**, 40 years old, is a domestic worker. She lives at E-154 and rents her mother's house. She gives her mother Rs. 2000/- per month. She has 4 children- 3 sons, 1 daughter. Her younger 2 children go to school. She herself works in 3 households to earn 2000/- per month. Her husband is a drunkard and could not earn much with his work. Her sons who do

[20] At 5% level of significance

earn previously gave her some money for household expenses.

Her husband used to drink and fight a lot with her. He used to drink up rupees 50-100 /- daily. He starts his day with local liquor instead of tea. He earns for himself doing some work for a local teeth-cleaning practitioner who kills the germs in teeth. He spends his money on drinking. Many times if he could not earn that day he would ask the children for money. He also used to sell the ration out for cash and spend it on liquor.

Now, her husband does not know that she is getting 1000/- month. If he got to know that she is getting some fixed cash, he would have definitely asked for money. It is good for her that money is coming in her bank account and she manages to have control over food expenses for the family.

Overall, she is happy about getting cash because it is time saving, energy saving and a simple way to get their entitlement.

She said, "*mujhe paise leke behed khusi ho rahi hai kyuki abb mujhe har mahine jakar ration wale se jhagda nahi karna padta, ration ke liye 10 bar aana, jaana nahi padta, rationwlae ki galiya aur gandi baate nahi sunna padta*."

"*Sabke liye hi ye scheme agar aa jaye toh kissiko koe fikr hi nahi hogi aur sab izzat se apni roti kha sakenege. Ye scheme sab ke liye hona chahiye. Kya aage ye scheme sarkar sabke liye lagoo karegi??*"

She meant that is very happy taking the cash transfer as she no longer has to fight with the dealer and listen to his bad words. She also could save her time as no need to make frequent visits to the shop. She feels if the scheme come in full fledge, all poor could have their bread in dignity. She asks when it would come for all?

**H6: Cash transfers help to move from hazardous fuels to safer and cleaner fuels such as LPG.**

Since the cash transfer programme removed kerosene entitlements, transfer households are likely to have switched to other fuels. To determine whether cash transfers help the transfer group move away from hazardous fuels like kerosene to safer and cleaner fuels like LPG, we observe the proportion of households in each group that use LPG as their primary source of energy for cooking. According to our descriptive results, the proportion of transfer households using LPG increased from 68% in the baseline to 84% in the endline. On the other hand, the proportion of control households using LPG increased from 62% to 73%. It is not clear whether the increase in the transfer group from baseline to endline is statistically higher than the increase in the control

group. To isolate the effect of the cash transfer on proportion of LPG users from baseline to endline, we compute the difference-in-differences estimate[21]. We see that there is a substantial increase in LPG use for both transfer and control groups. However, the differences between group proportions in the baseline and endline are not very large. We compute a DID estimate of 0.052, which is not significant (with a p value of 0.471) and we conclude that there is no impact of the cash transfer on proportion of LPG users. Thus, according to the measured used (proportion of LPG users), cash transfers do not necessarily help households to shift from hazardous fuels to safer and cleaner fuels such as LPG.[22] The results are summarized in Table-75.

**Table 75- DID estimate of the effect of cash transfers on proportion of LPG users**

| | Change in proportion of LPG users | | Difference between B & E |
|---|---|---|---|
| | B | E | |
| T | 68.09 | 84.04 | 15.95 |
| C | 62.04 | 72.84 | 10.8 |
| Difference between groups | 6.05 | 11.2 | 0.52 D estimate |

### *7.1.5Skills and income generation:*

The two hypotheses to be tested under this section are:

**H7: Cash transfers induce investment in income generating skills or enhancement of income generating skills of the treated population.**

**H8: Cash transfers allow households to take up activities that can boost their income generation capacity**

[21] The DID estimate is calculated using OLS regression

[22] Additionally, during the study period the Governement of Delhi was encouraging LPG usage instead of kerosene, therefore, as we have observed, we would expect an increase in LPG usage in both groups.

Vocational training or skill development can increase a person's likelihood of being employed or put them on a position to demand better wages. It is possible that households receiving the cash transfer would invest that money in skill developing capabilities. To determine whether this is the case we observe the proportion of people who have received any formal vocational training in the last 12 months in transfer and control households (this question is only asked for the age group 15-29 years). We find that 12% of the transfer group and 9% of the control group received training in the last year. To test whether this is statistically significant, we run a Z-test for difference in proportions. We find that there is no statistical difference among transfer and control groups. Hence, there is no impact of the cash transfer on vocational training. The results are summarized in Table-76.

**Table76- Proportion of those who received training in the last year (at endline)**

| | T | C | Z-test | Significant difference? |
|---|---|---|---|---|
| Training at endline | 12.44 | 9.21 | -1.3362 | No |

It is also hypothesized that cash transfers allow households to take up activities that can boost their income generation capacity. Although this was not asked directly, there are two questions related to this hypothesis in the Impact Study. First, transfer households where asked whether the cash transfer had led to their household buying any tools, goods or equipment that would aid in earning more income or raising production. Only 6 households indicated that this was the case, with 2 investing in vegetable vending, 2 buying steel utensils and another 2 purchasing raw materials for their shop. The results are summarized in table-77.

**Table 77- Tools, goods or equipment bought using cash transfer**

| | Freq. |
|---|---|
| Invest in vegetable vending | 2 |
| Steel utensils | 2 |

| | |
|---|---|
| Raw materials for shop | 2 |
| Total | 6 |

The Impact study also asked respondents whether the cash transfers had made any difference to the amount or type of work they had been doing. The majority of respondents (84%) indicated that the cash transfer had made no difference in the amount or type of work they were doing. The results are summarized in table-78.

**Table 78- Difference in amount or type of work due to cash transfer**

| | % |
|---|---|
| No difference | 83.95 |
| Worked less | 12.35 |
| Worked more | 3.70 |
| Total | 100 |

According to the results of the Impact Study alone we cannot conclusively claim that cash transfers allow households to take up activities to boost their income generation capacity. Only 6 households used the cash transfer to buy items that would aid in their income generating activities and the majority indicated that the cash transfer had made no difference in the amount or type of work they were doing. Nevertheless, although cash transfers do not seem to have impacted transfer household's income generation capacity, we do find that their perception of income security has improved since receiving the cash transfer. In the Impact Study, when respondents were asked how they felt about their income security having received the cash transfer, 84% indicated that they felt better.

**Table 79-Perception of income security since receiving cash transfer**

| | % |
|---|---|
| Better | 83.95 |
| No change | 14.81 |

| | |
|---|---|
| Worse | 1.23 |
| Total | 100 |

### *7.1.6 Sanitation:*

The hypothesis to be tested under this section is:

**H9: Cash transfers induce families to spend on improving sanitary conditions in their households, thereby improving health and well-being.**

To determine whether there has been an improvement in sanitation we observe the change in proportion of households who have their own toilet facilities. Our descriptive results show that the proportion of transfer households with own toilet facility increased from 76.6% in the baseline to 84% in the endline. On the other hand, the proportion of control households with own toilet facilities increased from 75.6% to 82.7%. It is not clear whether the increase in the transfer group from baseline to endline is statistically higher than the increase in the control group. To isolate the effect of the cash transfer on proportion of own toilet facilities from baseline to endline, we compute the difference-in-differences estimate[23]. While the difference between baseline and endline proportions for both groups is large, we see that the difference between groups in baseline and endline is small. Since the DID estimate of 0.003 is not significant (with a p value of 0.958), we conclude that there is no impact of the cash transfer on proportion of own toilets. Thus, according to the measured used cash transfers do not lead to improved sanitary conditions. The results are summarized in Table-80.

**Table 80-DID estimate of the effect of cash transfers on proportion of own toilets**

| | Change in proportion of own toilets | | Difference between B & E |
|---|---|---|---|
| | B | E | |
| T | 76.6 | 84.04 | 7.44 |

[23] The DID estimate is calculated using OLS regression

| | | | |
|---|---|---|---|
| C | 75.62 | 82.72 | 7.1 |
| Difference between groups | 0.98 | 1.32 | 0.03 D estimate |

### *7.1.7Managing financial hazards*:

The two hypotheses to be tested under this section are:

**H10: Cash transfers reduce indebtedness of the treated population.**

**H11: Cash transfers help in increasing the savings of the treated population.**

Cash transfers, in general, are thought to have a positive impact on lowering the indebtedness of the treated population by providing a regular cash flow every month. In our analysis we use debt repayment ratio[24] as our indicator to determine whether cash transfers induce households to retire existing debt and hence reduce indebtedness. On an average, about 31% of loans have been retired in the transfer group, whereas only 22% of loans have been retired in the control group. To test whether the debt retirement ratio is significantly higher in the transfer group compared to the controls group, we run a two-sample t-test[25]. We find that the transfer group has a significantly higher debt repayment ratio compared with the control group, implying the effect (at 10% significance level) of cash transfer on reducing debt. The results are summarized in Table-81.

**Table 81- T-test for difference in debt repayment ratio of groups at endline**

| | N | Mean | Std. Err. | avg (T) > avg(C1) | avg (T) ≠ avg(C1) | avg (T) <avg (C1) |
|---|---|---|---|---|---|---|
| | | | | P value | P value | P value |
| T | 54 | 0.314 | 0.376 | 0.0634 *** | 0.1268 | 0.9366 |
| C | 160 | 0.225 | 0.345 | | | |

***Denotes significance at 10% level

[24] Calculated as: (total amount repaid to debt in the last six moths at midline + total amount repaid to debt in the last six months at endline)/(total outstanding loan at baseline + amount of new loan taken at midline + amount of new loan taken at endline)

[25] With unequal variances

Since the subsidy from PDS is replaced with cash in the bank accounts of beneficiaries, it may be that transfer households are able to save more compared with control households. To test this we compare the average per capita household savings in both groups during the baseline and endline and calculate the difference-in-difference estimate. Average per capita savings has increased significantly in both groups. The transfer group increased from an average of 35 rupees per capita in the baseline to 60 rupees per capita in the endline. Similarly, the control group increased from 26 rupees per capita to 61 rupees per capita. However, there is not much difference in the averages across groups and the DID estimate of -10.57 is not significant (with a p value of 0.655). Hence we find that there was no impact of the cash transfer on savings. The results are summarized in table-82.

**Table 82-DID estimate of the effect of cash transfers on per capita savings**

| | Change in per capita savings | | Difference between |
|---|---|---|---|
| | B | E | B & E |
| T | 35.07 | 60.41 | 25.34 |
| C | 25.55 | 61.46 | 35.91 |
| Difference between groups | 9.52 | -1.05 | -10.572 DID estimate |

### *7.1.8 PDS – spillover effect:*

The hypothesis to be tested under this section is:

**H 12-Cash transfers induce a positive spillover effect on the performance of PDS shops**

As a result of the cash transfer intervention, PDS ration shop owners may fear closure of their shops and so seek to improve the quantity and quality of their stocks. Additionally, even if PDS shops were not closed, the existing ration shop owners would face competition from other suppliers for the same items because a portion of their previous customers (transfer households) are now buying in the market. To measure whether the cash transfer programme has led to an improvement in the performance of PDS shops in the intervention area we compare the

proportion of households facing difficulties in getting their entitled ration during the baseline and endline. We observe transfer and control groups together in the baseline and only the control group in the endline since the transfer group were not making use of the PDS ration shop during this time. Table-83 shows that the proportion of households facing difficulties in getting the entitled ration decreased from 66% in the baseline to 43% in the endline. A Z-test for difference in proportions reveals that the baseline proportion of households facing difficulties is significantly higher than the endline proportion. Hence we can conclude that the performance of the PDS ration shops has improved. This improvement could be attributed to the positive spillover effects of the cash transfer programme explained above.[26]

**Table 83-Proportion of those facing difficulties in getting the entitled ration**

| | B | E | Z-test | %(B) > %(E) |
|---|---|---|---|---|
| | | | | P value |
| Yes (%) | 65.75 | 42.68 | 6.1597 | 0.000 ** |

**Denotes significance at 5% level

### *7.1.9 Women's Empowerment and Household Dynamics:*

The hypothesis to be tested is:

**H 13: Cash transfers into women's bank accounts increases empowerment of women.**

To address this hypothesis we examine the pattern of decision-making in transfer and control households. Our analyses is based on results from the question on who usually makes decisions

[26] However, this is unclear since we do not have a valid control group for comparison. The group of households using PDS ration shops is compared with respect to their experience of difficulties at two points in time. However, we cannot compare the change in this group with another group in a different area where the CT programme was not administered. Hence, we cannot conclusively isolate the transfer effect on PDS ration shops in the study area.

with respect to amount saved, investment in assets, regular household expenditure on food and household expenditure on children's education. A Fishers exact test was performed for each decision area to determine whether decision-making patterns were significantly different for the transfer group compared to the control group during the endline[27]. Table-84 gives the results. We find that statistically, transfer and control groups differ significantly in their pattern of decision-making[28]. The majority of respondents in the transfer group indicate they themselves make decisions in the areas considered. Compared with the control group, respondents in the transfer group are significantly more likely to take decisions on amount saved, investment in assets, regular household expenditure on food and household expenditure on children's education.

On the other hand, for control groups, the majority of respondents indicated that their spouses usually take decisions. Relative to the transfer group, respondents' spouses are significantly more likely to take decisions on amount saved, investment in assets, regular household expenditure on food and household expenditure on children's education.

**Table 84- Decision-making patterns in transfer and control groups (percentage)**

| | | Self | Spouse | Jointly/others | Fisher's exact |
|---|---|---|---|---|---|
| Saving | T | 50 | 31.91 | 18.09 | 0.02 ** |
| | C | 37.65 | 44.44 | 17.9 | |
| Investment in assets | T | 48.94 | 31.91 | 19.15 | 0.02 ** |
| | C | 36.73 | 45.06 | 18.21 | |
| Regular expenditure on food | T | 56.38 | 29.79 | 13.83 | 0.06 *** |
| | C | 48.46 | 39.51 | 11.73 | |
| Expenditure on children's education | T | 47.87 | 32.98 | 19.15 | 0.01 ** |
| | C | 38.58 | 44.44 | 16.97 | |

[27] Recall these questions were only asked in the endline questionnaire

[28] A Fisher's exact test reveals that decision-making patterns were significantly different at $\alpha = 0.05$. This applies to all decision-making areas except decisions on regular household expenditure on food, where differences are significant at $\alpha = 0.1$

It would appear that women in transfer households assume a greater role in household decision-making compared with women in control households. Results from the Impact Perception Study provide additional information about the effect of cash transfers on household decision-making. Women respondents in the transfer households were asked whether they thought the cash transfer enabled them to have a greater "say" in decision-making on expenditure within the household. Table-85 shows that 27% of women thought that the cash transfer enabled them to have more influence in decisions on household expenditure.

**Table 85- Change in decision-making due to cash (percentage)**

| | % |
|---|---|
| Yes | 27.16 |
| No difference | 71.60 |
| Don't know | 1.23 |
| Total | 100 |

According to the results, we can deduce that cash transfers into women's bank accounts increases empowerment of women. However, since the cash transfer was made into the woman's bank account, we cannot be certain whether this is the effect of the cash transfer, the bank account or the control of the cash.

**Kasturi,** 59 years, lives at B1- 302 She is a ferri, old clothe vendor. She has 4 daughters, 3 who are married and 1 unmarried and 3 sons, 2 who are married and 1 unmarried. The unmarried son is the eldest and stays outside Delhi. Her 2 married sons and daughter-in-laws stay together with Kasturiben and her husband. One of her married daughters with 2 kids have come back to stay with them. One married son and his family has a separate chullah and are living on the first floor. The rest all reside on the ground floor. Thus, they are 6 elders and 4 children who have the common chullah on the ground floor.

There has been a positive change within their households. Kasturiben said her income has doubled now. How? She explained that earlier they had a minimal stock of ration, which made them think it is okay if today or tomorrow. They did not go for work as they could have some food from the ration. The two families used the whole ration. All of them used to fight sometimes for kerosene, sometimes for wheat or sometimes for sugar. They used the ration for their main security and only went for work for 7 to 10 days a month. Thus, all of them depended on the ration for their food security.

When the Cash Transfer started in January, the cash transfer was in Kasturiben's name and she withdrew and took charge of the money. Both her sons and daughter-in-laws stopped fighting and demanding the ration. Out of respect for Kasturiben they do not ask for money from her. They accepted that all the 1000 Rs belong to Kasturiben. Since there was a sudden shortfall of food in their home, they were compelled to work to earn an income. Now all of them go for work 25 days a month. Working more regularly actually meant their income was doubled.

Earlier if they would earn Rs 1000-1500 per week or every 10 days, now they earn Rs 2000-3000/- in 25 days. This makes them happy. Kasturiben is happy about the fact that all her family members are working now. They have a sense of responsibility. There is no more fighting about getting their share of the ration.

## 7.2 People's opinions about cash transfers

In this section we consider people's overall experience and opinion towards cash transfers. Of the total respondents interviewed in the Impact Perception Survey, 91% said their first hand experience with cash transfer had been good and only 1.23% were unhappy with it. 7.41% remained undecided about their experience with the cash transfer, stating they neither felt good nor bad. The results are summarized in table-86.

**Table 86- Respondents' experience with Cash Transfer**

| | % |
|---|---|
| Good | 91.35 |
| Neither good nor Bad | 7.41 |
| Bad | 1.23 |
| Total | 100 |

**Shanti** ,35 years old, widow, lives in W52/A41, tanki huts (water tank) (called tanki wali jhuggi). She lives with her 2 sons, aged 18 and 16 years. Both of her sons are mentally and physically disabled (both hands and feet were inactive). They live in a one-room jhuggi with no electricity. She does not get a widow pension. Both her boys have no activity. Her main activity is to earn and take care of her children. She says her main occupation is ferri but her neighbours say that she sometimes goes for begging when she cannot earn a rupee in a day. She goes for ferri sometimes locking the boys inside the house. She can't spend too much time outside as she has to look after them, bath them, feed them and sometimes take the boys outside (just in front of their home). Her husband was a drinker and used to beat her a lot, even during her pregnancy. Moreover, she didn't get the proper food while she was pregnant and this may be why her children were born handicapped and are malnourished.

She says, "*Pehle jo mil jata tha , kha lete the, ya jo bhi din bhar kamaye hoti thi ussi se gujara kar lete the. " " abhi do baqht ka bharpet khana naseeb ho raha hai mere baccho ko." " abhi humlog bhar pet khana khate hai…..kuch dino ke liye nichint hai*."

Since getting the cash transfer she feels there is an improvement in their consumption patterns. She is happy that now she can serve two full meals a day to her disabled children.
The ration usually only lasted for 7-10 days. She shops weekly now with the cash transfer. She keeps the rest of the money for any family emergency that may occur that month. Before, her family was not getting full meals. She did not hesitate taking the cash transfer in place of the subsidy because she was not getting her full ration entitlement anyway. Why not choose the money when they were not getting what they should get?

With regards to her overall experience of the cash transfer, Shantiben says, "*I am happy that my children are now getting food security for 20 days a month.*"

In the endline survey respondents were also asked whether they would like to join the CT programme (or continue with the CT programme if they were already in the transfer group). We observe the transfer group and the C3 group (those households that did not want to be part of the

CT programme initially). Interestingly, in the C3/ self-rejected group - those who initially did not want the cash transfer at all in the baseline - just over 19% indicate in the endline that they want to join the CT programme. We also find that just over 90% of the transfer group want the cash transfer to be continued. The results are summarized in table-87.

**Table 87- "YES or NO" to cash transfer by groups (percentage)**

| | T | | C3 (self-rejected) | |
|---|---|---|---|---|
| | B | E | B | E |
| Yes | 100 | 90.43 | 0 | 19.12 |
| No | 0 | 9.57 | 100 | 80.88 |
| Total | 100 | 100 | 100 | 100 |

Transfer respondents were also asked in the Impact Perception Study whether they would like to have cash transfers in the future. These results match the endline results, with just over 90% indicating that they would like cash transfers in the future. The remaining 7% said they would not like cash transfers in the future and 2% were undecided. Of those who wanted cash transfers in the future, more than 91% indicated they would opt for cash transfer in lieu of PDS. The remaining 9% either said they would not opt for this or were undecided. The results are summarized in table-88 and table-89.

**Table 88-Cash transfer in future**

| | % |
|---|---|
| Yes | 90.12 |
| No | 7.41 |
| Don't know | 2.47 |
| Total | 100 |

**Table 89- Cash in lieu of PDS**

| | % |
|---|---|
| Yes | 91.36 |
| No | 7.41 |
| Don't know | 1.23 |
| Total | 100 |

Out of the 7% who indicated they would not opt for cash in lieu of PDS, the majority said that this was because Rupees 1000/- is not enough. Other reasons cited were illiteracy and fear of cancellation of ration card. Thus, it seems that despite frequent mobilization and awareness, the fear of cancellation of BPL ration card still persisted in a minority of the study sample.

**Table 90- Reason for saying no to cash in lieu of PDS**

| | Freq. |
|---|---|
| Illiterate | 1 |
| Fear of cancellation | 1 |
| Rs. 1000 is not enough | 3 |
| No answer | 2 |
| Total | 7 |

**Bacchno Devi** is Illiterate and she does not know her age. She has 2 daughters, one is married and the other is 15 years old. She also has 2 sons, aged 22 and 19 years. She stays in a rented house and has to pay Rs 2000 per month. Her husband is about 50 years old and works as a mason. They manage to pay their monthly rent somehow. When he can manage to earn, he gets Rs 500-800/- income. When he is drunk, she has to pull some money from his pocket, maybe about Rs. 200-300/-. Bacchno Devi is an untrained Dai and gets work very irregularly. She gets dai work sometimes thrice a month and sometimes only once in two months. She gets Rs. 30 per visit. This means when she gets 3 days work in a month she could earn 90 rupees. During December she got 2 days visit and got 60 rupees per month. When asked why she can't raise her fees for dai work and massage of new born babies, she replied that the people of the community cannot afford higher Dai service rates.

She does not remember where she spent the cash transfer. Her Husband earned Rs. 1000/- and drank

about Rs. 500/- or 800/- of it. She pulled out 200-300/- from his pocket. Before the cash transfer she was getting 25 kg's of wheat, 10 kg's of rice, 7 kg's of sugar and 11 litres of kerosene. This cost her Rs. 318 altogether. She also managed to get two APL ration cards from the neighbours who are somewhat better off. They kindly gave her their cards to take 15 kg's of wheat from each of the cards. She had to pay Rs. 105/- for 15 kg's of wheat per card. Thus, it cost her Rs. 550/- for 55kgs of wheat for per month, which was sufficient for her family.

She remarked, "*Mere liye bhi paise accha hota agar mera pati mujhe apni kamayee deta, Mera pati apna pura kamayee sarab me udha deta tha aur me paise mangti hu toh bolta tha ki tumhe toh abhi sarkar se 1000 rupeye mil raha hai na ussi se gujara karo……. Rs.1000/- mere liye kam padta tha, wiase ye sahi tha ki paise asani se mil jata tha*."

She meant CT would have been good for her if her husband gives her his income. He drinks up all money he earns. When I ask him money he says use your cash transfer money.

## Table of Hypotheses

*All hypotheses tested and their outcomes are listed in Table 91.*

**Table 91- All results**

| No | Hypothesis description | Outcome |
|---|---|---|
| H1 | Cash transfers adversely affect food security. | NO |
| H2 | Cash transfers provide opportunity for the households to shift to other nutritious options in the non-cereal segment. | YES |
| H3 | Cash transfers allow households to spend more on healthcare | YES |
| H4 | Cash transfers help to create better conditions so that children attend school to a greater extent and learn more effectively in and outside school. | NO |
| H5 | Cash transfer induces people, particularly men, to 'waste' money on private "bads" like alcohol. | NO |
| H6 | Cash transfers help to move from hazardous fuels to safer and cleaner fuels such as LPG. | NO |
| H7 | Cash transfers induce investment in income generating skills or enhancement of income generating skills of the treated population | NO |
| H8 | Cash transfers allow households to take up activities that can boost their income generation capacity | NO |
| H9 | Cash transfers induce families to spend on improving sanitary conditions in their households, thereby improving health and well-being. | NO |
| H10 | Cash transfers reduce indebtedness of the treated population. | YES |
| H11 | Cash transfers help in increasing the savings of the treated population. | NO |
| H 12 | Cash transfers induce a positive spillover effect on the performance of PDS shops | YES |
| H 13 | Cash transfers into women's bank accounts increases empowerment of women. | YES |

## Chapter 8

# Recommendation: A choice option for the poor consumer

### 8.1 Introduction

There has been a great deal of animated discussion in India on the efficacy of cash transfers as a means of reaching benefits directly to the poor. However, the discussion seems to have become polarized, with one side believing that cash transfers would solve all the problems of service delivery and reaching schemes to the poor, and the other believing that cash transfers would harm the interests of the poor and is a means for the Government to withdraw from its responsibilities.

Accepting the imperative of social protection in one form or another, this note proposes a practical way of bridging this divide between supporters and opponents of cash transfers, based on the lessons learnt from a pilot study carried out by SEWA with BPL cardholders. The pilot offered poor consumers a choice between staying with the current system or trying out cash transfers (with the option of reverting back). The results showed significant support for cash transfers, but equally they also showed a range of concerns about moving away from the current system totally.

Based on these lessons, our proposal is a Policy of Choice for the Poor Consumer. The Policy would be to allow the BPL cardholder a choice of food and fuel, or cash. The BPL cardholder would be asked at the beginning of the year whether she preferred cash or food. If she preferred cash, she would have to open a bank account. Her card would be stamped with her choice. Families could alter their choice after a year and revert back to food and fuel in the PDS shops.

This Policy of Choice is proposed for the following reasons: (i) It allows the poor themselves to make the choice, rather than advocacy groups making the choice for them, (ii) It maintains the current system while trying out new modalities, allowing lessons to be learnt, (iii) It creates pressures for both fair price shops and for the cash transfer system to work efficiently to keep people using them.

## 8.2 The Imperative of Social Protection

In a globalising, open economy, more and more people will be subject to economic shocks and have to put up with systemic uncertainty, against which they will be unable to insure properly. Many more will be vulnerable to sudden declines in income so that social protection is invariably tied up with income needs, and provision of cash benefits allows for tackling the economic uncertainties.

The Public Distribution System is a means by which the Government has been protecting the poorest consumers against such economic shocks. The PDS is meant to ensure that vulnerable people have a minimum level of food security and is perhaps the largest, one of the oldest and perhaps the best known programme in India. Despite its successes, the present system of providing food and kerosene directly to BPL (and APL, Antyodyay) card-holders, has been shown to have inefficiencies, and to be leakage prone. However, with changing times and changing economic situations, and with new technologies becoming available for identifying and monitoring transfers, new ways of reaching food security need to be explored.

The imperative of social protection in increasingly vulnerable times is not questioned. It is a central responsibility of government. But there is also an imperative to explore new ways of providing social protection that respond to the new challenges and the new opportunities provided by technology.

## 8.3 A Divisive Debate

The supporters of cash transfers point to the difficulties and inefficiencies of the current system, and argue that simply transferring an equivalent amount of cash to a poor household would (i) give the household more choice on what to consume, (ii) take away the dependence of the household on the good will of the fair price shop owner, where the household often gets less than its due and (iii) circumvent the inefficiencies of government management of stocks. However, opponents of cash transfers argue that (i) for all its faults the current system still delivers basic social protection to the bulk of poor households, (ii) supporters of cash transfers have not

factored in the difficulties poor households would face in opening and managing bank accounts, making them equally dependent on that system, (iii) the switch to cash transfers is really the start of a whole scale dismantling of the social protection system.

While these issues can and should be discussed and analyzed, this exploration of new methods for delivering social protection has led to an acrimonious debate in India between supporters and opponents of cash transfers. Opinions are sharply divided, with each side accusing the other of agendas other than the imperative of social protection. In all of this debate, however, the voices of poor households themselves do not seem to have been heard. How do they react when given a choice between the current system and equivalent cash transfers? What reservations do they have about cash transfers, and about the current system? How would they like to see the current system, or cash transfers improved? Before entering the debate on cash transfers, SEWA conducted a pilot study to find the answers to these questions.

### 8.4 Lessons Learnt from the Pilot Study

To allow the choices and voices of poor households to be heard in the debate on cash transfers, SEWA conducted a small pilot study with the support of Government of Delhi and UNDP. The details are provided in the Annex. The essential design was to allow some households in the sample the choice of equivalent cash transfer into a bank account in place of rations. These households then could not draw rations during the period of the pilot. Those receiving the cash transfer and those who continued in the current system were then interviewed and surveyed so their consumption patterns, and their views on cash transfers and rations, could be compiled and analysed.

A number of lessons were learnt from our pilot study, and these inform our assessment of cash transfers.

*Observation 1.* : Our experiment has shown that many BPL cardholders are indeed ready to try a cash-transfer system and, if it works well, to continue in it. We had a 6-month withdrawal clause for the families who are getting cash instead of PDS commodities. 4% of the families have

availed of this clause and withdrawn from the experiment, of which 3% have withdrawn because of all the negative publicity. The rest of the 96% wanted to continue in the experiment of receiving cash, even though food inflation had, by then, reduced the value of their cash by about 7%.

*Observation 2.:* However, in spite of this experiment we find that although all BPL cardholders complain bitterly about the PDS shops, nevertheless among the poor there is a strong public opinion in favour of the PDS system of subsidized food and fuel, in spite of its many defects. In Delhi, it is providing about 50% of a BPL card-holder's family's basic food needs. Most of the poor are now used to the PDS system and would be very insecure if it disappeared.

*Observation 3:* For poor families, the BPL card is much more than a way to get subsidized food. Most Government schemes such as scholarships, pensions or free health insurance is available only to BPL cardholders. Further, It is their identity, almost a citizenship card which entitles them to citizenship rights like admission to schools, electricity and access to Bank accounts etc. It is also proof that they have lived in a place for a certain number of years and so makes them less vulnerable to evictions. Most families are wary of allowing experimentation with this important document (an equivalent for middleclass families would be their passports, drivers licence and credit card rolled into one).

*Observation 4:* In the last 15 years there have been a number of "BPL surveys" and as a result of these surveys, in many States, the numbers of BPL cards have been reduced and BPL families shifted to APL. This has caused both fear and mistrust. Most poor families regard Government policies as capricious changing with little consideration of their needs. They would then rather hang on to what they have, rather than risk something better that may not materialize at all.

*Observation 5 :* The Right to Food Campaign has a great deal of support among progressive civil society groups. Most NGOs and activists involved in this campaign believe in food as a basic right and want the present system to be continued and improved. They point to States like Chatisgarh and Tamil Nadu whose PDS systems run well. These activists are able to create strong public opinion against cash transfers.

*Observation 6*: Only 25% of the Indian population have bank accounts. The percentages are even lower for women and for the poor. In spite of the Government's financial inclusion programme and in spite of the no-frills account, opening bank accounts are very difficult for a person to do on her own. During the process of opening accounts for this study we found thatbanks actively discourage no-frill accounts in spite of directives from the RBI. Opening a bank account is a tedious, time consuming and sometimes humiliating process.

*Observation 7:* The Experimental Pilot showed that the families who received cash transfers bought significantly more food than those families who were still on the PDS system. The results showed that there although there was no significant difference in wheat and rice, there was a significant increase in consumption of sugar, milk, meat/fish/eggs of the cash transfer families.

*Observation 8:* The end-line survey showed that, 90% of families in the experiment are happy with the cash transfers, even though there has been a ---% decline in the value of the cash transfer due to inflation in the last year. The main reason is due to the element of choice—they can buy what they like, when they like in a city like Delhi, markets are easily accessible and there is wide variety of food items available with a substantial range of quality and price. This may not be true in many rural areas.

*Observation 9:* Contrary to the apprehensions of many policy makers, there has been no increase in alcohol consumption of the cash transfer families.

*Observation 10:* An important by-product of this experiment has been that the fair price shops in the area are much nicer to their customers and are giving them near-full rations without making them wait for hours and days. 67% of BPL cardholders who were not receiving cash transfers, but were still on PDS said that they now had no difficulty with the ration shops.

## 8.5 Towards a Policy of Choice for the Poor Consumer

There are two features of the debate today that are worth noting. First it is being framed in all or nothing fashion: as an option of either food or cash, not both. Second, the voices of poor consumers themselves seem to be absent from the debate between advocacy groups.

Our pilot study shows for poor households this is not an all or nothing question. They see some advantages in the cash transfer method, but they are also aware of its difficulties and risks. They recognize that despite all of its problems the current system does provide a safety net. But they wish it could be improved, or at least provide some of the benefits that the cash transfer system provides.

If poor household themselves do not view the cash transfer debate as either all food or all cash, then why should policy makers and advocacy groups frame it in this way? We feel that a more effective and humane way of food security would be allow the BPL cardholder a choice of food and fuel or cash. The BPL cardholder would be asked at the beginning of the year whether she preferred cash or food. If she preferred cash, she would have to open a bank account. Her card would be stamped with her choice. Families could alter their choice after a year and revert to rations**.** All families would keep their BPL-card and hence its identity card advantages.

A Policy of Choice allows a family to choose what is best for its circumstances and needs. Choice opens up opportunities for people and allows them to develop according to their own understanding. This policy assumes that most people, and especially the poor, are wise enough to know what is best for themselves. They may not need the guidance of a paternalistic State or other organizations in deciding how they run their lives. If India's middle classes have benefited from the greater choices available to them as the result of liberalization, why should poor households also not be given greater choice in alternative forms fo social protection?

There is a genuine "trust deficit" among the poor. Once a system is in place, however inefficient, people have adjusted to it, and any change is looked at with suspicion, which is understandable (the devil you know is better than the devil you don't!). Therefore, there is a need for an initial

investment to create a system that can be trusted. At present PDS, with all its defects, is the only safety net available. Withdrawing this safety net without demonstrating a viable alternative, would lead to fear and unrest. Forcing people to shift from food to cash will have an element of coercion in it. Many families genuinely do not want cash as they fear that it will not be spent on food. The "free choice" method avoids the element of coercion.

Allowing people a choice would make both the fair price shops and the Government more efficient. The FPS would perform better for fear of losing their customers to cash, whereas Governments who transfer cash would be shown up, if many BPL cardholders preferred to go back to the ration shops.

Another major issue is the lack of financial inclusion, even in the urban areas. This lack is even worse for women. Very few people have bank accounts. Opening bank accounts is extremely difficult and sometimes impossible. If the cash is to be given in the name of the woman, difficulties multiply. Shifting from food to cash would mean in effect dropping a large number of the most vulnerable from the food security system. It would also mean shifting the control from women to men in the family.

Malnutrition is a major problem in India. Many in the system believe that Government should provide food security to battle malnutrition. It is not yet clear that giving cash instead of food does lead to food security and hence to reduction of malnutrition. This will have to be demonstrated over time.

*We therefore recommend that the Government of Delhi spend some years with a "Choice" option rather than an only with a food or cash option. The option can be introduced gradually to allow for mid-term course changes. This will ensure a smooth transition.*

# Appendices

1. Questionnaire Baseline, Midline, Endline survey done by IDF ( same questionnaire had been used in both Midline and endline survey)

2. Questionnaire of Impact and Perception survey of transfer group done by SEWA

3. Baseline, Midline and Endline Report by IDF