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Understanding India's self-help groups

An organisational anatomy of functionality
in a district in Madhya Pradesh

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About this working paper

This paper, *Understanding India's self-help groups: an organisational anatomy of functionality in a district in Madhya Pradesh*, presents findings of a qualitative research study on the functioning of women's self-help groups in one district in Madhya Pradesh. This paper is being made available as submitted. It has not been copyedited but has been formatted for publication by 3ie.

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Understanding India's self-help groups: an organisational anatomy of functionality in a district in Madhya Pradesh

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Summary and recommendations

This report presents findings of qualitative research on the functioning of women's Self Help Groups (SHGs) in one district in Madhya Pradesh. SHGs are the central focus of the National Rural Livelihoods Mission (NRLM), and its state-level counterparts. The research was a complement to the 3ie national survey of SHGs (Kochar et al 2020). The initial motivation was in response to a specific finding of the national study--that a significant minority of SHGs that were listed in the MIS system were not operating, or were "defunct." To explore this empirically, our qualitative research was designed as a case study in one district, with six SHGs, to explore how the various parts of the SHG institutional ecosystem interacted with each other, and how this related to functionality.

As a small-scale qualitative study, this is not intended to be representative, though the sample was selected to be "typical" of poorer districts of Madhya Pradesh. The research was designed to provide case study-based insights on relevant existing conceptual and empirical literature around SHGs as locally embedded institutions, and on how the SRLM system works in relation to the NRLM's goals guidelines. We interpret ground realities in terms of the interactions between the culture and incentives of the state and socio-cultural relations in the villages.

The NRLM program has a well-articulated theory of change. This envisages front-line actors of the state forming SHGs among poor women, that then evolve through a sequence of stages, from basic functional groups (in terms of meeting, accounting, saving, receiving initial loans and repaying loans) to active engagement in bank borrowing and livelihood activities. Eventually, they are envisioned to become women's groups with the collective agency to overcome social, financial and economic exclusions that perpetuate their poverty. Support for SHGs is envisaged to initially come from the SRLM, then over time to be undertaken by establishing village organizations and cluster level federations of SHGs (VOs and CLFs). The SHG and federations are also expected to partner with government programmes and local governance structures, the goal of convergence.

The study found that the six SHGs--all of which had been formed some three years prior to the research--had either never got off the ground, or were functioning only at a basic level. In terms of the NRLM's theory of change, these groups had not yet been able to shift to a condition of effective engagement with banking and livelihood activities, nor reported changes in women's empowerment or agency. VOs and CLFs had been formed, but did not play a significant role in supporting functioning SHGs, nor recovering defunct ones. Distance (of SHGs from the CLF office) and lack of resources was cited by the SRLM frontline officials as a factor for their not being able to reach and support groups.

Based on our findings, these outcomes were not a "failure" of NRLM's design, or a lack of effort on the part of frontline actors. Rather they were often a consequence of the state, and its frontline actors, not having the capacity and culture to effect the challenge of forming and sustaining groups within the villages, or to build the institutional platforms that nurture collective agency and action. This was partly due to lack of resources (including unfilled positions) but also because of a hierarchical, target-driven culture of the Indian state. To meet targets, frontline workers had to rely on development

intermediaries within the village--often male leaders or already-connected female villagers, who took an active role in the SHGs. All the SHGs studied had mixed caste composition, and many reported a lack of trust. Some were unstable, and quickly became defunct. And while the “functioning” groups completed the initial basic protocols, connected with VOs, and received the government-mediated initial funds, there was little evidence of their progressing to the next level of bank-based borrowing and investing. Some actors--amongst leaders and the state-supported Community Resources Persons--displayed high levels of motivation, but there was no evidence of expanded agency amongst core SHG members.

What does this imply? The study suggested four main areas of recommendation.

First, for the state itself, the issue is not more or “better” protocols, but rather providing the resources, incentives and space for an approach that allows for local exploration and adaptation of support, from group formation to nurturing of practices. Other literature suggests some SRLMs have done this in other states, but it is a more expensive, slower process, and not aligned with many Indian states’ core “legislative”, rule-bound culture. It is an approach that would have higher initial costs, but may bring potentially substantially greater benefits, in economic terms and in women’s empowerment.

Second, an alternative is to build on the NRLM’s vision of working through the SHGs’ federation system. This is a focus of the current phase of implementation across the country, that is seeking to develop a model of effective CLFs, that can both be financially viable and have the capacity to support the village-level network of SHG organizations. This has a promising pilot working with non-profit actors, but it is important to recognize that this involves a crucial and challenging initial phase of developing the organizational capacity of the CLFs themselves. SHGs and VOs have often been formed before the CLFs, and a new set of strategies, competencies, processes and resource allocations may be required for the SRLM and the CLFs to reconfigure, revive and rejuvenate SHGs and VOs.

Third, whether at SHG level or the new emphasis on CLFs, these issues are “complex” both in the sense that we don’t understand all the relationships, and they involve interactions within different parts of the system. This presents a strong case for applied research, designed in a way that is itself “adaptive”, working with the intervention, building off monitoring in the MIS and beyond, and feeding back into the evolving organizational and resource designs.

The methods we have employed in our study were key to the types of observations we were able to make—observations that are often missing in the contemporary SHG literature. In particular, our tracing of SHG ecosystems from the bottom-up, with an explicit focus on interactions with front-line workers and other local actors, were vital to seeing that simple dichotomies of functional-defunct, or federated-unfederated may not help policymakers improve programming on the ground. What is needed is an understanding of how to nurture a group’s dynamic transitions, and what this means in terms of practical work on the ground.

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1. Introduction

This paper has two motivations. The first is to understand how an Indian development program—the National Rural Livelihoods Mission—is working in the formation of women’s groups. Here the goal is to use applied research as a contribution to the designers and implementers of the programme. The second motivation is to use the prism of analysis of this programme to inform the understanding of state-society relations in the context of a relatively poor part of rural India. This is intended as an interpretative contribution to a broader set of issues in which the state affects the lives and capabilities of citizens through the protagonist role of front line state actors.

NRLM is a major national governmental initiative that seeks to connect poor rural women to markets and public services through formation of groups. These aim to solve market and organizational failures, and to expand or transform the individual and collective agency of the women. It is administered at the Indian state level, as State Rural Livelihood Missions (SRLMs). There is significant variation in implementation across states. The design of the programme drew on a variety of experiences, including the work of civil society actors in forming women’s groups, for example by the Self Employed Women’s Association (SEWA) and the NGO PRADAN, and on earlier programmes run by state governments, notably the Society for Elimination of Poverty (SERP) in Andhra Pradesh, and Kudumbashree in Kerala.

The NRLM has an articulated theory of change, that involves the formation of Self-Help Groups (SHGs) of poor rural women in villages with the goals of expanding women’s incomes and empowerment. Groups are formed by front-line state actors, supported by contracted community resource persons (CRPs). SHG formation is targeted amongst disadvantaged groups, often from lower caste or tribal groups. The SHGs are provided support through training, protocols and—subject to following the protocols—phased access to funds, that are distributed as loans to group members. As they mature, these groups connect with local banks for additional borrowing, with the intention that the women invest in productive activities. The support system for SHGs is designed to shift over time from state actors to federations of SHGs, in the form of village organizations (VOs) that comprise several SHGs, and cluster level federations (CLFs) that represent several VOs. In addition to a channel for funds, the vision is that mobilized SHGs will serve as a broader platform for development, both as source of claim-making and delivery for other government programs (under the “convergence” goal) and for engagement with the Panchayat, the local political body in rural India (COM, 2016).

Past research on SHGs finds modest income, savings and credit benefits from the rural livelihoods programme and similar programmes, and, in some cases, the expansion of indicators of women’s individual agency. Some of these come from studies of NGO-fostered SHGs, such as PRADAN; others from research on the SRLM in specific states.¹

The context for this study was provided by a national quantitative survey of SHGs in the NRLM system covering almost 5000 SHGs and associated VOs and CLFs in seven states of the country (Kochar et al. 2020). This found some gains in income (though from wage as opposed to enterprise sources), increased savings and use of formal credit, and

¹ These are summarized in the section reviewing the literature.

improvement in some measures of confidence; it did not find evidence of increases in agency within the household. It also found an association between these gains and linkage of SHGs to VOs and CLFs. A specific finding from the quantitative survey motivated this study: some SHGs that were listed in the MIS were discovered by the research team to be not functioning or defunct. The team defined defunct groups as those that had not met for over six months.² They found that over 20 percent of the SHGs were defunct in Madhya Pradesh and Maharashtra, in contrast to less than five percent in the other seven states. This raised the question of why some SHGs stopped functioning.

To explore these issues, the research was designed as a small-scale qualitative study of a specific area and group of SHGs. The rationale for this design was as follows. How SHGs are formed and function has to be understood in terms of interactions within a complex local system. This involves state actors, the variety of actors at village level, the SHGs themselves, the SHG federations, banks, the panchayat officials and so on. Each part of the system, including especially the SHGs and state actors, needs to be understood as an institution, in which behavior is shaped by a mix of motivations, culture, leadership, hierarchy and external resources or demands. While it is commonly recognized that SHGs are part of an interacting with local socio-cultural and power structures—indeed, this is recognized in the NRLM’s own guidelines—there has been much less analysis of the nature of interactions. We emphasize that state actors— notably the frontline actors that are so important to the SHGs—are embedded in a specific set of bureaucratic structures, incentives and norms (see work by Aiyar and Bhattacharya, 2016, and Mangla, 2015, described below).

While this approach is a matter of research strategy it is also an issue for policy design. The “success” or “failure” of government-administered SHGs is typically addressed as a “program delivery question” that can be understood in terms of whether prescribed processes were designed and implemented effectively. We believe the formation and functioning of SHGs is an example of a “complex” organizational problem, with multiple interactions, imperfectly known, within the local system. Apparent “failures”, even at quite basic levels of organizational functioning, need to be understood in this light.

To implement this research approach, we purposively selected a set of six SHGs in a poor district in the state of Madhya Pradesh, with a mix of functional and defunct SHGs in two blocks.

The SRLM had been running since 2015 in Madhya Pradesh. It built on the network of groups initiated under the aegis of the earlier MP government’s District Poverty Initiative Program (DPIP). We selected both the state and district because they each had relatively high numbers of both defunct and functioning SHGs, often in the same village. The design, implementation and initial interpretation of the field work was jointly undertaken with the Institute of Social Studies Trust (ISST), with details provided below.

To underpin the goal of organizational and system analysis, some 90 semi-structured interviews were conducted with SHG members, SHG leaders, husbands of members,

² In addition, there were groups that existed only on paper with no records: 19% in Uttar Pradesh, 12% in Madhya Pradesh and less than 5% in the other states studied

VO and CLF representatives, community resource people hired under the project, bank officials, panchayat officials and SRLM frontline district and block level staff, as well as meetings with state-level SRLM staff and national level NRLM staff. This was complemented by six focus group discussions with SHG members.

Of the six SHGs, the three “defunct” cases had never been institutionalized. Of the three “functional” groups, one had not met for six months, while the other two were meeting regularly, but were stuck at a low level of activity and use of financial resources. They had received the initial Revolving Fund and part of the Community Investment Fund, but these were reported by members to be too small for significant investment. There was little or no direct borrowing from banks, minimal connection with other schemes, and essentially no functional links with the panchayat.

While these SHGs were only 3-4 years old, these results are substantially short of NRLM’s expectations for groups of that age. Why was this? We argue that the dichotomies of defunct-functional SHGs, and federated-unfederated SHGs are not the most helpful prisms through which to capture how well these institutions are working. We advocate, instead, using a stylized equilibrium framework, based on work on group dynamics and social change in the tradition of Kurt Lewin (1947). This allows us to examine SHGs as an organization working within a system and pose the question of how to move them from one equilibrium to another. This framework also enables us to gain an understanding of SHG behavior as a product of interactions between the state’s behavior as an organization, and local level societal institutions.

Drawing on NRLM’s theory of change and our field research, we suggest four stylized equilibria: (1) initial group formation that is insufficiently supported or cohesive, typically lacks trust, and is intrinsically unstable; (2) group formation that gets stuck at a low level of functionality--meets, receives modest initial funds, but with no significant bank borrowing, major investment, or collective economic activity; (3) sufficient institutionalization as an organization to follow NRLMs protocols and to enter the next phase as a *platform* for borrowing and investment, and potentially link to other government services; (4) a highly functioning organization, fulfilling NRLM’s longer term theory of change, in terms of collective and individual agency, from women’s personal empowerment in the household, economy and community, to active claim-making and engagement with the Panchayat and government.

Our cases were essentially of (1) and (2), and this shifted the research focus from only focusing on the question of why some SHGs are defunct (that is in (1)) to why none in the sample got beyond a low level of organizational functionality (beyond (2))

Based on our analysis of the interviews and focus groups, our interpretation is that the fundamental reasons for the failure in the cases studied is not the design itself, that has a plausible, well-developed theory of change. It is rather the translation of that design to ground realities, and especially the nature of the interaction between front-line actors of the state and local conditions. Thus, while there was, to some degree, presence of all the actors within the system, as envisaged within the NRLM design, the *capacities, supports and motivations* within the system are insufficient to tackle the very large organizational, socio-cultural and economic-market challenges inherent in the situation on the ground. Frontline SRLM staff are caught between a familiar condition of “bureaucratic overload”

and target-based requirements flowing from the NRLM system. This overload is exacerbated by unfilled vacancies, and has become acute with the last phase of expansion of the SRLM. The hierarchical targets form part of a bureaucratic culture (characterized as “legalistic” by Akshay Mangla, 2015) that focuses on programmatic delivery against rules, as opposed to problem solving.

Community Resources Persons (CRPs)--on contract with the government--are motivated and active, and key to SHG formation and support when this occurs. But they are also under-resourced (and often paid less than they work), in terms of reach and capacity. Given these conditions, SRLM staff have had to prioritize making local connections with established leading actors (often “active men”) who already have established social capital in the village and often with the state—as opposed to nurturing and supporting group dynamics amongst poorer women who lack human capital, agency and social capital (beyond their peers). This has meant groups are often not homogeneous with respect to caste, face other conflicts, or suffer from lack of trust. Frontline actors lack the time and resources to support and manage group difficulties.

Given this, the institutionalization of SHG groups has proved to be difficult, either with respect to sustaining an SHG at all, or in a group moving from an initial, low level equilibrium of meeting regularly and receiving the initial funds from the state, to one in which there is a participatory institution leading to expanded collective and individual agency for the women who are members. While functional groups are connected with VO's (consistent with the quantitative findings in Kochar et al. 2020), both NRLM guidelines and field reports suggest that VOs are formed once functioning SHGs are established, with a ‘funneling’ of better groups and systematic exclusion of lower quality groups. For the cases studied, there was no evidence that VOs, even less CLFs, provide the types of direct support to recover defunct SHGs or take the functional SHGs to the next level, or equilibrium. This is also interpreted as an issue of lack of capacity and resources at the federation level and within the SRLM.

The cases displayed little or no evidence of development of deliberative processes or expanded agency--that we suggested above would only be expected in a more highly functioning equilibrium. An important complementary factor relates to material rewards. All participants reported that their motivation for joining a group was primarily the promise of material gains. They also reported that actual gains were substantially lower than expected and insufficient for any significant productive activity. This seemed to be partly to be due to the transfers being incomplete (SHGs that qualified only received part of the Community Investment Fund), but is also symptomatic of being stuck in a relatively low group equilibrium.

From our case studies, there is also little or no evidence of SHGs leading to greater connection or claim-making on other programs, with the exception of when a leader brought this in based on her (or his) prior connections. Similarly, links with the Panchayati Raj system were negligible (with the exception of when a SHG leader had a personal connection with the sarpanch) for two reasons: the Panchayat officials see no advantage from the SHG system, rather viewing it as a parallel, potentially competitive, route to those coming through the PR system; and SHG women members do not report becoming more active in the Gram Sabha or in forming other connections with Panchayat officials.

While the findings from this case display a sharp contrast between the NRLM's theory of change and ground realities, we don't find it useful to characterize this as a case of "delivery failure." Our research approach rather uncovers a deeper set of processes, with low levels of functionality a product of institutional interactions within an unequal system. The design assumes a central role for the state as a protagonist in the organizational formation of groups, working with and activating social capital in villages, as the first step toward transformation of collective and individual agency of poor, disadvantaged women. Yet the front-line state actors, and the CRPs they contract are substantially overloaded, within a context of a target-driven, hierarchical state structure. Developing group capacity to manage internal processes, finances, reporting and then institutional linkages with banks and convergence with government schemes and the panchayat involves a complex process of nurturing and supporting the groups.

These incentives and culture within the state interacts with the village-level context. This is one of unequal, socio-cultural structures of power, social capital and influences. Working with leading active men and women is then a pragmatic consequence. Connecting with the sarpanch of course makes sense, and is also prescribed in the NRLM guidelines, but is not a substitute for the exploratory, adaptive, and more intensely supportive action necessary to foster the group dynamics required to fulfil the NRLM vision—at least in this part of Madhya Pradesh. We found many elements within the system with motivation and agency, including SRLM workers themselves, the CRPs, and some of the active men and women. But this was insufficient to effect even the consolidated institutionalization of SHGs as functioning organizations that is a prerequisite to their graduating to the types of expanded group and individual economic, personal and coordination activities envisaged in NRLM's theory of change.

What does this imply for design and implementation? As noted already, the core principles of NRLM's design—which come from findings from the first generation of government-mobilized SHGs—have a well-developed and internally coherent theory of change. But this assumes implementation with fidelity to the design, and the real challenge is in translation into effective action on the ground. We draw from other experiences—in the SHG movement, and from other research on the logic of state organizations—to suggest two, complementary avenues for change. First, for the state to be effective in building local groups of disadvantaged women in this type of context, there needs to be both a more exploratory, adaptive approach and a simplification of top-down state processes, toward what Mangla (2015) has called a more "deliberative" model of state engagement, based on his research on the education bureaucracy in India. This specifically implies changing the emphasis on upward reporting in relation to high level targets. Adding more specific homogeneous benchmarks for institutional quality would thus be counter-productive. Second, there is a resource and phasing issue. Even with a more adaptive approach, more engagement is required by front-line state actors—at least for a period—and agents of change and support, including CRPs in the first phase, and in building the capacities of the federated structures, of VOs and CLFs, over the medium term. In the context studied in this research, there is a choice between a more intensive, adaptive approach, and one that moves faster but without achieving either the group institutionalization or the broader goals of increasing women's empowerment and the individual and collective capacity to engage with other parts of the state, that are goals of the NRLM.

Finally, we note implications for future research. The interpretation in this study is of SHGs as fluid and dynamic organizations interacting with a range of other state and non-state actors as well as internal influences on group dynamics. The quantitative 3ie study was of a snapshot (albeit of SHGs at different points of maturity) while this qualitative study was at one point in time (albeit using interviews for retrospective reflections). Future research would ideally be designed to both follow social dynamics and provide feedback to implementation, in the spirit of an adaptive and learning approach.

The rest of this report is organized as follows. To provide context, we both have a relatively extensive survey of key concepts from the existing literature, followed by a description of the design and rules of NRLM, focusing especially on the early phases of group formation and consolidation. There is then a section outlining the research approach and sampling. This is followed by the core section on empirical findings in relation to SHG “performance” and our interpretative findings on how the system works, and generates the outcomes observed in our cases. A final section expands on implications for design and future research. The initial hypotheses and an example of a survey instrument are in the annexes (all survey instruments are available on request)

2. Concepts and literature review

NRLM is a state-designed and implemented program. The implementation apparatus involves front-line state bureaucrats mobilizing and working with intermediaries to establish women’s groups and then support their institutionalization, in the sense of sustained, functioning groups. Consistent with this policy design, the main theoretical perspective underpinning our study is of women’s self-help groups as institutions embedded within a complex system. This system is characterized by state agencies and actors that mobilise these SHGs, other intermediary or complementary actors, including local elites, banks and representatives of local governance, and the dynamics of the groups themselves within this socio-cultural context.

Much of the rich contemporary literature on women’s economic self-help groups (ESHGs) in India focuses on the impacts of being a member of a group on various forms of women’s collective and individual empowerment. There is much less on how groups become established or “institutionalized”. In an extensive review of international experience—including several Indian studies—Brody et al (2017) find positive impacts on economic, social and political empowerment from quantitative studies, but with no measured impacts on psychological empowerment. They find significant variation depending on context. Their review of qualitative studies finds complementary results: “Evidence suggested that the positive effects of SHGs on economic, social, and political empowerment run through the channels of familiarity with handling money and independence in financial decision making, solidarity, improved social networks, and respect from the household and other community members. In contrast to the quantitative evidence, the qualitative synthesis suggests that women participating in SHGs perceive themselves to be psychologically empowered.” (Brody et al p.4). This also found that SHGs can have larger positive impacts when paired with training programs or livelihood interventions. A more recent review focused on quantitative studies with experimental or quasi-experimental designs, and extended the survey to non-economic women’s groups (Diaz-Martin et al 2020). This found widespread evidence that groups can be effective “platforms” for delivery of resources, information

and training. However, it did not find systematic evidence for benefits outside the core activities or gains from interactions with other members, though some studies found that focused support in these areas can bring benefits.

While expansion of agency or empowerment is a goal of NRLM, a prior question is whether groups can actually become functional organizations in interactions with the state, banks and other local organizations, that are necessary to perform the role of “platforms” identified by Diaz-Martin et al. This is almost certainly a prior step to the formation of collective or individual agency, and is particularly relevant to the question of whether groups become defunct or not—that was the original motivation for this research.

These reviews delve relatively little into the black box of the SHG as an organizational structure. We know little about the nature of the equilibria that SHGs may enter into, the processes that generate these, and the phases they pass through from basic functionality as an organization to a source and site of empowerment. This suggests a need for close examination of two key features of NRLM to understand variations in programmatic success: first, the norms and actual processes followed by key actors—SRLM bureaucrats, local cadres mobilized by these bureaucrats, and other local development leaders mobilized by these bureaucrats and cadres; and second, how SHGs and their federative structures function as organizations. For example, how large is the gap between what is written “on-paper” in state program design and implementation documents, and what is happening in practice? These considerations are particularly important for a program like SRLM, which aims to achieve the tricky balance of scale and local tailoring through state intervention.

To frame our assessment of SHGs, we thus draw on concepts from three domains (1) state bureaucracies and bureaucratic norms, (2) community actors as intermediaries, and (3) group dynamics in locally embedded institutional structures, of which SHGs are an example. The remainder of this section reviews existing literature and ends by proposing a sequence of stylized equilibria for SHGs.

2.1 The state

Since the multilevel Indian state is the initiator and implementer of the NRLM program, we first cast our analytical lens on the state as an organization. In particular, we build on Skocpol et al’s (1985) idea that the effectiveness of state interventions must be understood by treating the state as a group of autonomous actors with incentives. This is complemented by Scott’s (1998) idea that the organizational culture of public agencies creates “state maps of legibility” of the societies that they administer (p. 3). He also warns that “radically simplified designs for social organization seem to court the same risks of failure courted by radically simplified designs for natural environments.” (p. 7). Building on these insights, we specifically look to compare the on-paper design of the NRLM (described in the next section) with processes on the ground as described by local implementation actors.

A related strand of organizational literature applied to the state uses the concept of “isomorphic mimicry” to describe a situation in which the form of a planned or desired structure is replicated but not the function. DiMaggio and Powell (1983) applied this concept to describe organizations’ behavior, and Andrews et al. (2017) argue that this

has become endemic among governmental organizations pursuing development, especially when governments mimic other governments' "successes, replicating processes, systems and even products of 'best practice' examples," conflating form with function (Andrews et al. 2017). This mimicry can induce behaviors of front-line workers that follow rules to protect their interests, as opposed to pursuing real performance gains. They argue, in the spirit of Scott, that this is especially problematic for "complex" or "wicked" development problems, for which simple solutions have not been established, often because they depend on multiple interactions between actors, whose parameters are not known. Furthermore, in these types of government system, the normal strategies for improvement - training, reform, generating better evidence, and forcing compliance - fail (Andrews et al. 2017).

A growing literature on Indian government service delivery, especially in the education and rural development sectors, sheds context-specific light on these ideas. The rural population in India has continued to rise (by more than 12% between 2001 and 2011), and there has been a proliferation of programmes, including national rural development programmes over the last twenty years with implementation by front-line bureaucrats (Dasgupta and Kapur 2020, Kruks-Wisner 2018). Dasgupta and Kapur (2020) provide evidence of "bureaucratic overload" at the block-level across India. This is manifest in managers (such as Block Development Officers in this case) having little power to purchase resources or hire staff, and stepping in to take care of the small, day-to-day gaps in implementation that should be taken care of with more human or physical resources.

Studies in the education sector provide further insights of direct relevance to rural development. Aiyar and Bhattacharya (2016) use organizational theory to study front-line bureaucrats. They use time-diaries and other qualitative methods to explore how front-line workers were structuring their work to align with signals from the top: "None of the officers observed found any time to review monitoring reports and provide feedback to cluster officers on what was learnt and done based on monitoring data collected [...] And when BEOs [Block Education Officers] or their staff did go out into the field to gather data, they prioritized the hasty collection of information required by higher-ups on attendance, the status of infrastructure, or the delivery of mid-day meals over spending time in classrooms and understanding students' needs [...] In summary the entire block office appeared to be geared towards implementing schemes rather than focusing on the learning and infrastructure needs of the school. Interviews and time-use diary entries highlight that officers simply did not discuss issues surrounding learning, curriculum design or school governance" (Aiyar and Bhattacharya 2016, p 65). The front-line workers saw themselves as "post-officers" of service delivery, cogs in a machine, rule followers and data gatherers, rather than active agents of administration. This is the opposite of how employees feel in a well-designed job, where their three psychological needs are met: autonomy, competence, and relatedness (Ryan and Deci 2000, summarized in Aiyar and Bhattacharya 2016, p. 62).

Mangla's (2015) comparative study of state school administration organizations and actors in Himachal Pradesh versus Uttarakhand (and later work on Uttar Pradesh) provide additional insights through analyzing bureaucratic norms: "unwritten rules that guide the behavior of public officials and structure their relationships with civic actors outside of the state," which "influence how officials enact their roles and responsibilities

as they carry out the tasks of policy implementation, from infrastructure development to community outreach. These norms also shape the ways officials engage with citizens and civic agencies in educational planning, service deliver, and local monitoring.” Differences in bureaucratic norms in the two states is associated with their being embedded in two very different state organizational models: a “deliberative” model in Himachal Pradesh, versus a “legalistic” model in Uttarakhand. In Himachal Pradesh the norms....“... encourage public officials to work collectively and adapt policies according to local contexts, while promoting the participation of citizens and civic agencies – women’s groups in particular – in the implementation process. Consequently, policy implementation in HP has been highly responsive to local needs. Bureaucratic norms in Uttarakhand, meanwhile, operate according to a legalistic model. They tend to promote strict adherence to official rules, procedures, and hierarchies within the state. The bureaucracy in Uttarakhand tends to marginalize citizens in the implementation process and stifle local collective action, which yields worse outcomes” (Mangla 2015). A deliberative model involves participatory behavior of bureaucrats, civic inclusion and implementation that is responsive to local conditions, a legalistic model induces rule-following, with bureaucrats acting to protect their interests, and lack of adaptation to societal conditions.

In complementary work on organizational bureaucracy in developing countries, Rasul and Rogger (2016) find that increasing bureaucrats’ autonomy in the Nigerian Civil Service is associated with project completion rates, while “practices related to incentives/monitoring of bureaucrats are negatively associated with completion rates.” Gulzar and Pasquale (2017) add to this literature showing that multitasking and poor targeting incentives lead to lower levels of bureaucratic performance--places where local bureaucrats are only accountable to one politician perform better in the MNREGA bureaucracy (for a review of literature on bureaucracy and service deliver, see especially Pepinsky et al. 2017).

Muralidharan and Singh’s (2020) provides an additional perspective on the failures of best practice, based on analysis of an educational intervention loaded up with global best practices (e.g. comprehensive assessments, detailed school ratings, and customized school improvement plans). This program had near universal completion of student assessments, but failed to have any significant impact on accountability or incentives, nor on school functioning or student outcomes. Despite this, the program was perceived to be successful, and was scaled up to cover over 600,000 schools nationally--but continued to be ineffective at improving student learning in the state studied. With detailed qualitative interviews with front-line officials, they found that “the main impact of the program on the ground was to increase required reporting and paperwork” (Muralidharan and Singh 2020).

This theoretical and empirical literature has implications for this study: this includes documentation of the NRLM’s rules (in the next section); and, in the empirical work, exploring the norms, or culture, in which the bureaucracy works. We use interviews to examine the ways in which local actors perceive how the state programming interacts with established community norms, structures, and roles.

2.2 Development intermediaries and community cadres

The design of a hierarchical bureaucracy may lead to the unintentional creation or empowerment of cadres of the types of local actors who were not intended to be key implementers or beneficiaries of the program (Scott 1989). However, the incentives and motivation of these cadres--and the ways in which they differ from state designers' plans, and even from bureaucratic cadres--are critical to understanding whether and how such a state program is implemented on the ground, especially in a multilevel democracy like India's. While bureaucratic behavior is increasingly being studied, there is another group whose behavior is arguably equally important for service delivery programs--community cadres that are recruited as front-line workers by bureaucrats, or who become intermediaries.

A burgeoning literature examines intermediaries as important actors to study in distributive politics. This new literature emphasizes that while party workers may be middlemen (e.g. Auerbach et al. 2020, Jha et al 2007, Thachil 2014, Auerbach 2016) or *naya netas*, "new leaders" - entrepreneurial, non-partisan individuals who will work for the highest bidder (Manor 2000, Krishna 2002, Chauchard and Sircar 2018). These intermediaries can be typologized on four dimensions: partisan alignment, profiteering (or rent-seeking), local embeddedness, and competing priorities. This typology is important because intermediaries, or community cadres, are often grouped together in the design of the program (for example, into the category of "CRPs" or "community cadre" in NRLM, or "active women" as SHG leaders), but each different type of intermediary brings different norms, incentives, motivations, and community and interorganizational ties to the community to the table--and thus should be expected to implement the program in different ways. We argue that program design and implementation need to take account of what "type" of CRP or local leader is being mobilized (or which type the program design is implicitly incentivizing to be mobilized) in different communities, as this drastically influences actual program implementation.

Intermediaries who are responsible for last-mile implementation of the program may have different initial relationships to the state. They may primarily become intermediaries because they are contract workers who simply want to draw a salary, or they may have other interests in the program--for example, they may be deeply embedded in the program recipient community (as social or political elites, or as civil society organization workers). The functions they eventually perform for the program as front-line workers or leaders, and the way that they perform them, depend deeply on their initial motivations and relationships with the state and with the community.

The literature on contract workers shows that they may have multiple considerations and ways of performing their roles when implementing a program. Some academic studies simply focus on the cost-effectiveness of non-professional contract workers in certain bureaucracies -- such as contract teachers in India (Muralidharan and Sundaraman 2013). However, their implementation behavior can vary based on the incentives of their position in the organizational structure and their satisfaction and connectedness with their role in the organization they work for, in a similar way to front-line bureaucrats (Aiyar and Bhattacharya 2016). However, their competing priorities at home (Hyun et al. 2016) and their embeddedness in local interorganizational environments (Kalkman and Groenewegen 2019) are especially important to examine in the NRLM context. Given

that CRPs only draw wages for at most ten days out of every month, they may also have other wage employment, or have competing priorities balanced with household labor -- especially if they are women. They may also be quite different from one another in terms of their interorganizational and local government links -- in this case, particularly with banks and panchayats.

In addition to the role of CRPs, there may be space for enterprising local elites, or other development entrepreneurs, to become intermediaries, whether to extend their leadership or capture program resources for themselves while also connecting SHG members. Auerbach and Krus-Wisner (2020) point out that in India, the state is much "thicker" and more responsive to citizens in rural areas compared to urban areas in India, and suggest there is less of a need for political intermediaries or informal brokers to fill the void. However, the very thickness of the local bureaucratic structures may be leading to a new category of local intermediaries between citizens (SHG members) and the bureaucracy, which has yet to be fully examined, and is consistent with the phenomenon of overloaded bureaucrats. In fact, studying links between citizens and bureaucracies like NRLM may be especially vital for rural women citizens, compared with links with the Panchayati Raj institutions. Auerbach and Krus-Wisner's (2019) surveys show that while there is a small but statistically significant gender gap in expectations of responsiveness from the state in urban areas (13.50% of urban men expected attention, compared to 10.26% of urban women), there is a much larger and significant gender gap in expected responsiveness in the rural sample (55% of rural men expected a response compared to just over 35% of rural women). Intermediaries created by the design of programs like NRLM, may be both particularly relevant for women citizens accessing the state as well as providing opportunities for enterprising local actors.

In our case studies, we thus pay special attention to who the *de facto* intermediaries between SHG members and the NRLM bureaucracy are--both those who are officially recruited by bureaucrats (CRPs), and those who fill gaps in community cadre vacancies (e.g. "active women," and "active men"). We examine how and by whom each of these intermediaries is mobilized, how connected they are with both banks and panchayats, what their motivations and incentives are once they are performing their NRLM-related tasks, whether they have enough resources, time, and training to actually implement all of the tasks laid out on paper for them, and how they cope if they do not have enough capacities.

2.3 Group dynamics, participation and embeddedness

The third category of literature of relevance to SHGs concerns group dynamics. The purpose of SHGs is to bring women together into a group, and through this, achieve changes in their interactions with the economic, governmental and socio-cultural system in which the women live. Such changes could range from essentially transactional shifts within a "platform" for service delivery (such as managing savings and loans) to changes in norms and aspirations. As we discuss below, the NRLM theory of change involves both. Here we look both at the theorization of group dynamics, and empirical literature on this in India.

Kurt Lewin's (1947) seminal work on group dynamics and planned social change, built further on by Benne and Birbaum (1960), saw behavior in an institutional setting as not a

static habit or pattern, but a dynamic balance of forces, often working in opposite directions within the social-psychological space, the life space, of the social system. Taking a social systems perspective, Burns (2021:33) suggests that Lewin's model of planned change has become "the best-known and, arguably, the most influential approach to organizational change". In this understanding, social systems are in a state of quasi-stationary equilibrium. "Planned change must use situational forces to accomplish unfreezing, to influence the movement in generally desirable directions, and to rearrange the situation, not only to avoid return to the old level, but to stabilize the change or improvement. This discussion suggests three major strategies for achieving change in any given pattern of behavior: the driving forces may be increased; the restraining forces may be decreased; these two strategies may be combined" (Benne and Birbaum, 1960:286). Quoting Lewin (1947:34): "A successful change includes therefore three aspects: unfreezing (if necessary) the present level L1, moving to the new level L2, and freezing group life on the new level. Since any level is determined by a force field, permanency implies that the new force field is made relatively secure against change."

This provides conceptual context, and implies empirical approaches should explore whether such organizational transitions actually occur. Turning to the question of how SHGs may function as organizations, a central approach in the literature concerns how group formation and associated deliberative processes in the expansion of the individual or collective agency of women (or "empowerment"). As noted above, Diaz-Martin et al. (2020) analytically separate two important types of mechanisms for impact for government-mobilized SHGs: as a platform for intervention delivery, and through leveraging interactions among group members. While both can be mechanisms for positive impact, the logic behind the first mechanism is that having a bunch of women in the same place together makes it more cost-effective for the state to deliver individual-level services (for example, linking women with bank accounts). They find scant quantitative evidence from experimental and quasi-experimental studies for the second mechanism, though they refer to suggestive evidence for social connections or moral support built through groups with positive impacts. Other studies do find evidence for this second mechanism in some women's groups, including SHGs, for example in qualitative studies reviewed by Brody et al (2017) and additional quasi-experimental and qualitative studies on SHGs (e.g. Sanyal, Rao and Majumdar, 2015; Prillaman 2017) as well as studies that more broadly look at organizations (e.g. Mansbridge, 2015 Sanyal and Rao 2018, Parthasarathy, Rao and Palaniswami, 2017) show that deliberative processes, social networks, and moral support - i.e. the dynamics of the group itself - may help achieve particularly positive outcomes.

This organizational literature suggests that SHGs and federations have the potential to become dynamic deliberative spaces, where women develop and exercise personal, economic, and political agency to bring about change for themselves, and potentially for the broader community and interactions with external organizations (in the state and market). These occur when collectives "make demands, transgress boundaries, defend positions, campaign, instruct, inform, entertain, and [are spaces] where mutual respect becomes an institutionalized practice" (Butler 2015). Such effective deliberation is about context-change (Appadurai 2015) – the "ability to shift the nature of the context so that the terms are more favourable to citizens" (Sanyal and Rao 2018). This happens when

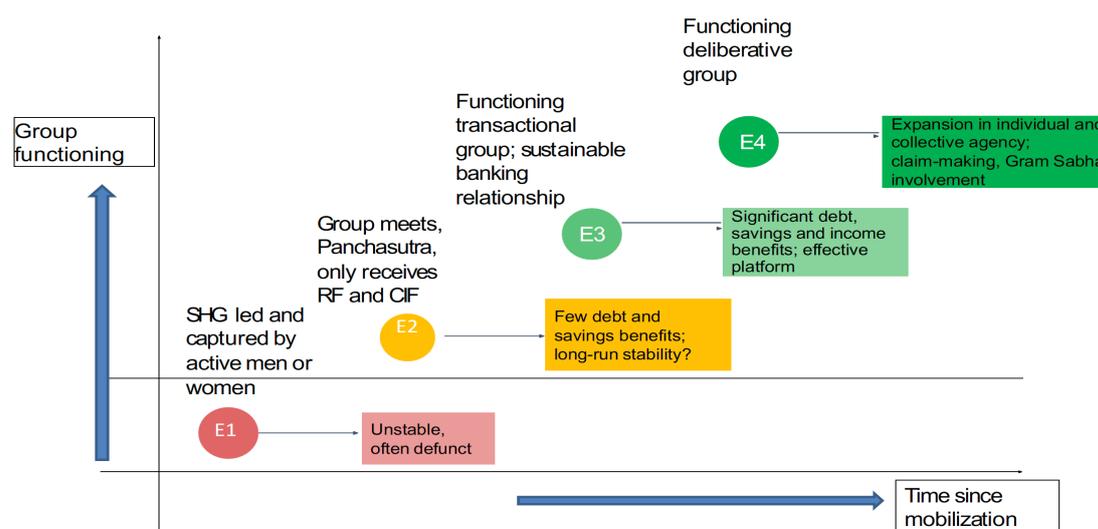
SHGs expand women's capabilities ("freedoms" in the sense of Amartya Sen)—specifically, the capability to deliberate and to express material interests. As SHGs and SHG federations mature and become institutionalized, they can also slowly acquire legitimacy, much as gram sabhas do: "politicians and bureaucrats learn how to engage with them, citizens learn how to navigate them, and both officials and citizens learn how to manipulate them" (Sanyal and Rao 2018) – amplifying their sustainability and efficacy. There is evidence from India that in states where support for local institutions has historically been high, as in Tamil Nadu, state-mobilized SHG participation increases women's participation in the gram sabha (Parthasarathy et al 2017) – suggesting that the institution is becoming more embedded in wider community consciousness, and acquiring legitimacy as well as collectivizing women to express their interests in wider political fora. Also relevant here is the extensive work of Naila Kabeer on women's agency (e.g. Kabeer, 1999), and more recent work on the relationship between collective action, solidarity and material needs in an indigenous community in India (Kabeer, Narain, Arora and Lal, 2019).

However, such transformational change is not an automatic consequence of group formation. An important element of Lewin's theory is precisely that individuals—in our case, village women—enter the group with the patterns of behavior, the norms, of the socio-cultural context and power relations in which they live. Whether, or to what extent, such norms are "unfrozen" depends both on the strength of these forces and group behavior.

This takes us to a complementary strand in the literature that concerns internal group dynamics and institutional design, as well as the salience of collective identities within groups. As Karpowitz and Mendelberg (2014) say, "people walk through the door with stable differences shaped by social mechanisms [...] if the institution understands the nature of the social inequality it is dealing with, it can shape the way people interact for good or for bad." Institutions have different effects depending on the composition of the group, the social identities of the members, and the types of discussion and decision rules followed. This line of research has two implications for our study: first, understanding the heterogeneity of SHG groups by class, caste, and whether and how husbands or other outside members are involved in its regular functioning, may affect performance and sustainability, especially where bureaucrat or community cadre positions are vacant. Second, the norms that members and other authority figures have about the rules of discussion and decision-making at each level of the federation—both *de jure* and *de facto*—may also impact these outcomes.

Using the findings from these literatures in the context of a government programme like NRLM, we suggest that a SHG can be thought of as falling in one of four stylized equilibria, illustrated in Figure 1. These are, of course, ideal-types to help conceptualize and interpret our empirical findings and their implications for policy.

Figure 1: A stylized sequence of equilibria for Self-Help Groups



Source: authors

In the first equilibrium (E1), an SHG is formed. This is often by an enterprising local leader, and involves basic processes of formation. This equilibrium is one that may lack social cohesion and associated trust among its members. They may be induced to join by the promise of material benefits, but internal differences make meeting, and especially financial transactions, hard. It is intrinsically unstable. SHGs either fail to get off the ground at all, or have a few meetings, and are likely to go defunct. At the next level (E2), SHGs meet, receive and share the initial transactional benefits (that are effectively transfers from the state), have sufficient trust to manage these internal financial relations, but do not go beyond this in terms of proactive engagement with external opportunities. (This could correspond to a space of “unreflective” communication in the terminology of Mansbridge 2015). In the next stage (E3) the SHG develops an active savings and borrowing relationship with the banking system, and potentially with other livelihood activities, and this can form the basis for significant economic benefits. However, there is not a transformation of norms and aspirations that are the foundation for expansion of agency. This corresponds to the group becoming an effective “platform”; as in the scaling of the Bihar version of the SRLM, Jeevika, significant benefits in debt and asset ownership, but not on measures of women’s agency, as found in Hoffman et al, 2021. There is then a further “higher” equilibrium in which the SHG becomes a functioning deliberative group (E4) with the forms of engagement and critical consciousness outlined above. This is associated with measures of expanded agency in the home, in claim-making with the state, and engagement in the political sphere--as seen, for example, in the early phase of Jeevika and Tamil Nadu, referred to above.

We present this stylized sequence for three reasons. First, it puts a framework on the literature, that has emphasized either the agency and deliberative potential, or the more transactional, platform-based benefits, while in practice there are important prior phases for practical action. Second, we find it useful to think of these phases as exemplifying different internal processes--in the spirit of Lewin’s and Mendelberg et al.’s arguments on organizational change. Their concepts on group dynamics apply as much to the early as later phases, albeit with different processes. And third, it raises the policy question of whether the types of public action and support are conducive to fostering group

transitions between equilibria. In the case of the NRLM it is to understand what programme design, government resources and activities of the federative organizations, are likely to be necessary to help SHGs reach each equilibrium.

The specific motivation and the findings of this research primarily focuses on E1 and E2, as we see below. NRLM's theory of change explicitly or implicitly encompasses the whole sequence. Note that Figure 1 only refers to SHGs. A comparable path and sequence could be hypothesized for the SHG federations, especially on the contrast between these as platforms and deliberative bodies with collective agency. This is also an important policy issue, since their capacities as groups are critical to their fulfilling their envisaged function in the system. We return to this in the recommendations.

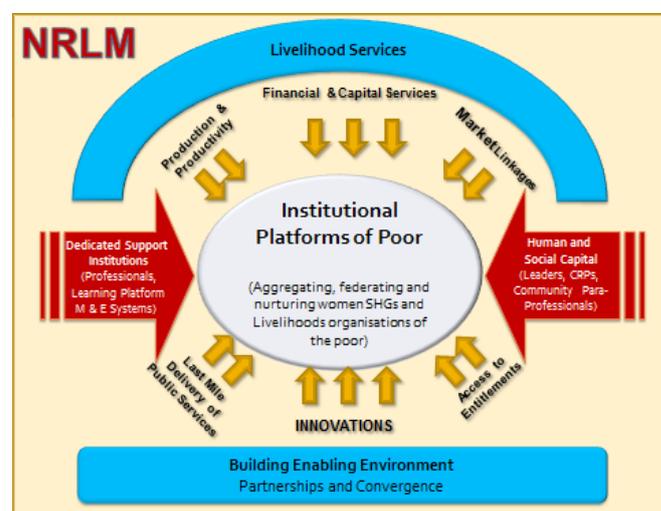
3. NRLM's theory of change and implementation rules

This section provides a detailed account of NRLM's rules and the functioning of the CLF-VO system. Such programme specifics are critical to understanding the empirical data, as we compare descriptions of processes that happened on the ground to what was supposed to happen as per the programme's on-paper design. This is also summarized in Kochar et al (2020); here we pay particular attention to NRLM's theory of change and action in the early phases of implementation.

3.1 The overall theory of change

The Implementation Guidance Notes of the National Rural Livelihoods Mission (NRLM, 2013) was a foundational document, dynamic and subject to revision based on learning as NRLM progresses. Based on these Notes, a model Community Operational Manual (COM) was developed, the latest version of which was published in June 2016 (NRLM, 2016). Each SRLM is expected to develop a plan for adoption and adaptation of this COM taking the local context into account. Together the Guidance Notes and COM provide the core of the SRLM's perspective plan. Induction and capacity building of the staff and community institutions typically pivots around the Guidance Notes and COM. Figure 2 presents NRLM's system diagnostic.

Figure 2: NRLM's System Diagnostic



Source: NRLM (2016; p4)

NRLM is designed on the premise that the poor have innate capabilities to “graduate” out of poverty. The challenge is to facilitate the change process by building their capacities as individuals and as groups, through the provision of knowledge, information, tools, collectivization, finance, etc. To this end, NRLM seeks to put in place a dedicated, sensitive structure at various levels to help the poor build their institutions, providing the professionals, the learning platform and the M&E systems. The NRLM, and SRLMs, focuses on poor women (earlier incarnations had also involved men), but the guidelines themselves only refer to “the poor”.

The “institutional platforms of the poor”--the federations of SHGs at village level (VOs) and the secondary, or cluster level, federations (CLFs)--are platforms for collective action based on self-help and mutual cooperation, as depicted in Figure 2, that support the primary organizations of SHGs.

This institutional platform was designed and formally launched in 2011³ to provide financial inclusion services that helped members to strengthen and sustain their livelihoods--savings, credit and livelihoods support. By the first external review of the programme, it was established that “the community institutions are expected to enable the poor to overcome three types of exclusions that perpetuate their poverty *viz.*, social exclusion, financial exclusion and economic exclusion. The four key components of the Mission are therefore social mobilization and institution building, financial inclusion, livelihoods promotion, and convergence and social development. These strategies are designed to address the exclusions of the rural poor, eliminate their poverty and bring them into the economic mainstream. Additionally, the Mission seeks to facilitate access of the poor to their rights, entitlements and public services, besides diversifying risk and improving empowerment” (IRMA, 2017:4).

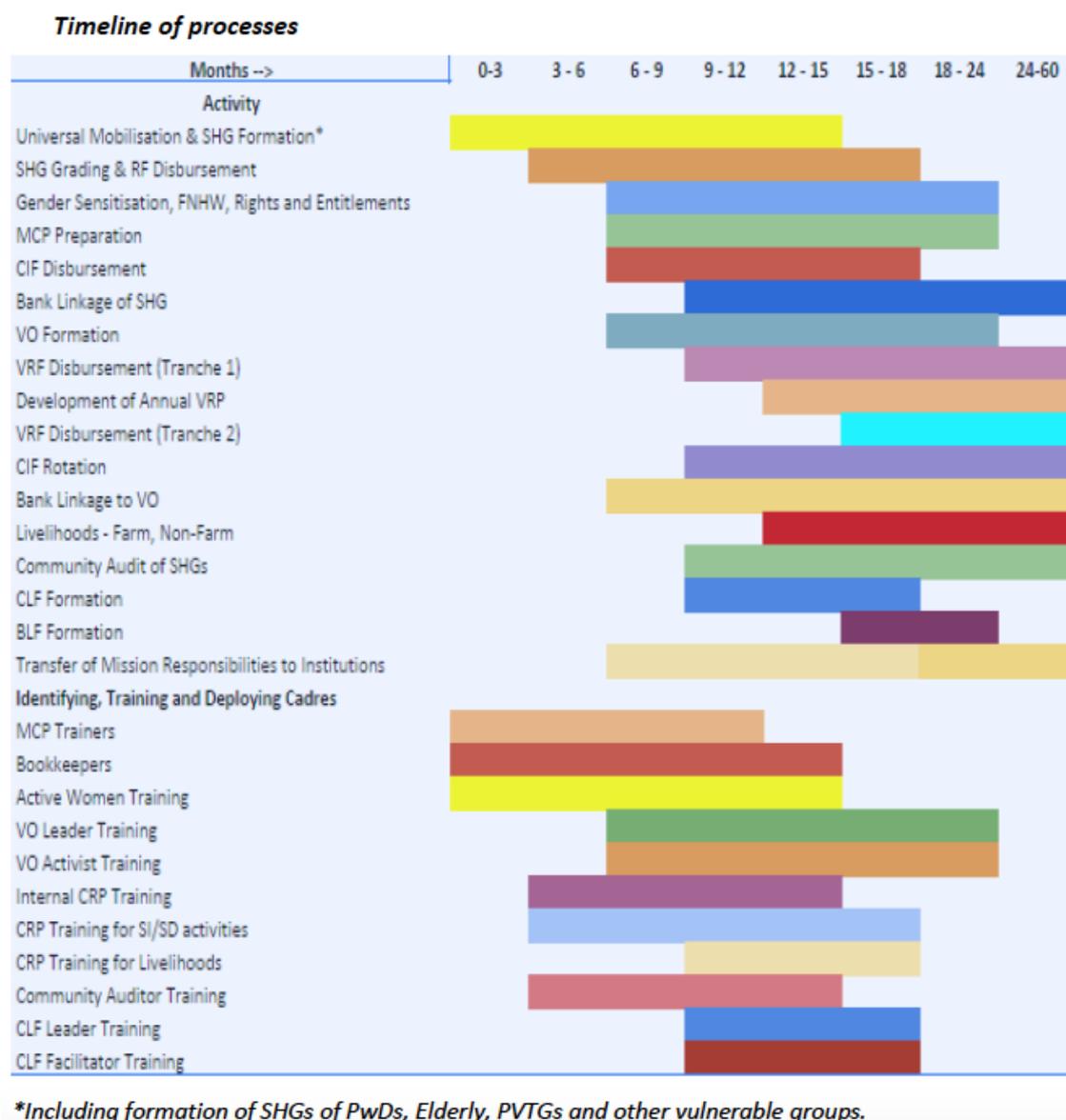
The model is premised on a large cadre of local human capital, crucial for scaling up and sustaining the programme. These local cadres include community resource persons (CRPs), theme-based activists and animators, and community leaders. “The process-intensive effort requires dedicated human resources. Realizing this, NRLM has set up dedicated support structures at the National (NMMU), State (SMMU), District (DMMU) and sub-district levels (BMMU/PFT). The institutions of the poor, their staff and other social capital also provide the support in implementing the programme. These structures are supposed to have suitable linkages with the parallel state structures, District Rural Development Agencies (DRDAs), and PRIs. These support structures are staffed with professionally competent and dedicated human resources through appropriate arrangements including partnerships and outsourcing of services” (IRMA, 2017:6).

The process design involves a phased approach for implementation, based on benchmarks that allow for graduation from one phase to the next: “NRLM has designed quite an innovative process for performance-based infusion of capital for different purposes in different forms, one of the basic assumptions is that the livelihood activities of the people, after their capacities are built, will be financed through bank credit.” (Shylendra, 2017:29). The envisaged timeline of processes is summarized in Figure 3. This has various steps: the RF is the Revolving Fund, that is the initial transfers to the

³ Based on DAY-NRLM Mission Document, Ministry of Rural Development, Government of India 2012

SHG; the MCP is the Micro-Credit Plan, prepared by the SHG on its planned use for the next round of resources, the CIF, or Community Investment Fund. Both the RF and CIF are “resources in perpetuity” provided to the SHG, to be circulated amongst members of the group. This phase can also include a Vulnerability Reduction Fund, VRF, intended to reduce specific financial or other vulnerabilities that members face.

Figure 3: The typical activities of a functioning SHGs structure



Source: NRLM (2016. p8).

A series of “grading” steps underpins the process of funneling of groups that are ready to receive the next level of programmatic benefits. These are summarized in Table 1. Benefits and resources given to SHGs are thus linked to “grades” at each phase.

Table 1: The initial hurdles in group formation and institutionalization

Processes: Grading→ Intervention	(Indicative) Timing of the Grading	Purpose	Hurdles to be overcome/Areas to be strengthened
Grade 1 by SRLM→ RF release	3-4 Months or on submission of Micro Plan from the date of formation of the SHG	To meet the emergency needs, consumption, needs, swapping high interest debt, small micro-enterprises	Collective financial management Internal lending norms and practices Mutual help Building credit history
Grade 2 by Bank→Receivin g bank credit	6 Months or before application for Bank linkage from the date of formation of the SHG	To provide more funds as loans for income generation activities, social needs like housing, education, marriage, and debt swapping	Establishing structures and processes Financial discipline Credit linkage with bank
Grade 3 VO→CIF: Seed capital (i) CIF: VRF (ii) CIF: Livelihoods 'A' graded SHGs SHGs which have prepared Micro-Plan SHGs which had undergone basic training on fund management	9 months from the date of formation of SHGs	To undertake productive livelihood enhancing activities: Assetization and working capital (Rs 4,000 per member), High interest debt swapping, To reduce vulnerability of the SHG members: Food security, health risk, community based rehabilitation Providing small grants (Rs 10,000) to the destitute, old and the disabled SHG members in extreme poverty to meet the emergency needs Improving access to social safety nets and entitlements; -Promoting access to formal financial services for the poor	Promoting access to formal financial services for the poor Undergone basic training on fund management Formal and non- formal link One time 'provisioning' of financial assistance for the vulnerable

Source: Framework of implementation and COM

Table 1 shows that SHGs can be characterized as having acquired a basic level of organizational functioning--mapping to the equilibrium E2 in the stylized sequence of Figure 1--by the NRLM Grade 1, or perhaps 2. To achieve the goals intended in Grade 3--from undertaking livelihood activities to reducing vulnerability and promoting financial access--they would clearly be at the stylized equilibrium E3, at least in design. This includes crossing a *first set of hurdles* and achieving the following three financial inclusion goals: (a) crossed the third grading stage; (b) received the RF and CIF due to them i.e. ~Rs 50,000 per SHG, and repaid the CIF at least once; and (c) their bank credit linkage has moved beyond the first linkage (after grading two), i.e. the SHG has returned a loan and has also borrowed again.

The NRLM guidelines also have an articulated and detailed account of expected phasing and associated indicators. Figure 4 provides the NRLM's overview. (While hard to read in this document, it illustrates the extent of detailed thinking and can also be seen at [LINK.](#))

The first level of federation, the Village Organization (VO) enters the SHG's life at the point of grade 3. The VO formation takes place with the support of the SRLM, after which the "micro-credit plans (MCP)" of the SHGs are consolidated and the third grading is conducted by the VO. The VO itself may be in a formative stage, and it is during its 12-18 month age/phase that the VO enters its own "growth phase" (See Figure 3). The beginning of this growth phase of the VO is marked by the formation of the higher order structure, the Cluster Level Federation, or CLF, following which all efforts of the SRLM staff are towards strengthening the organisational functioning of structures, systems, processes, norms and practices within the CLF. The design envisages the CLF-VO-SHG structure becoming self-sufficient, and less guided by SRLM, by the fifth year (Figure 4). It is expected that the processes of establishment of the VO and the CLF (over a five year period) would prepare the platform to sustain empowerment effects of the SHG—at least for those SHGs who meet criteria (a) to (c) above over a 12-18 month period (Figures 3 and 4). We could consider the growth phase of the VOs and the CLF formation stage as the *second set of hurdles* to be crossed for sustainability of the groups. By this phase, the VOs and CLFs are expected to take over the support for SHGs—and also to become financially self-sustaining themselves, from a mix of SHG fees, lending margins and their own livelihood activities.

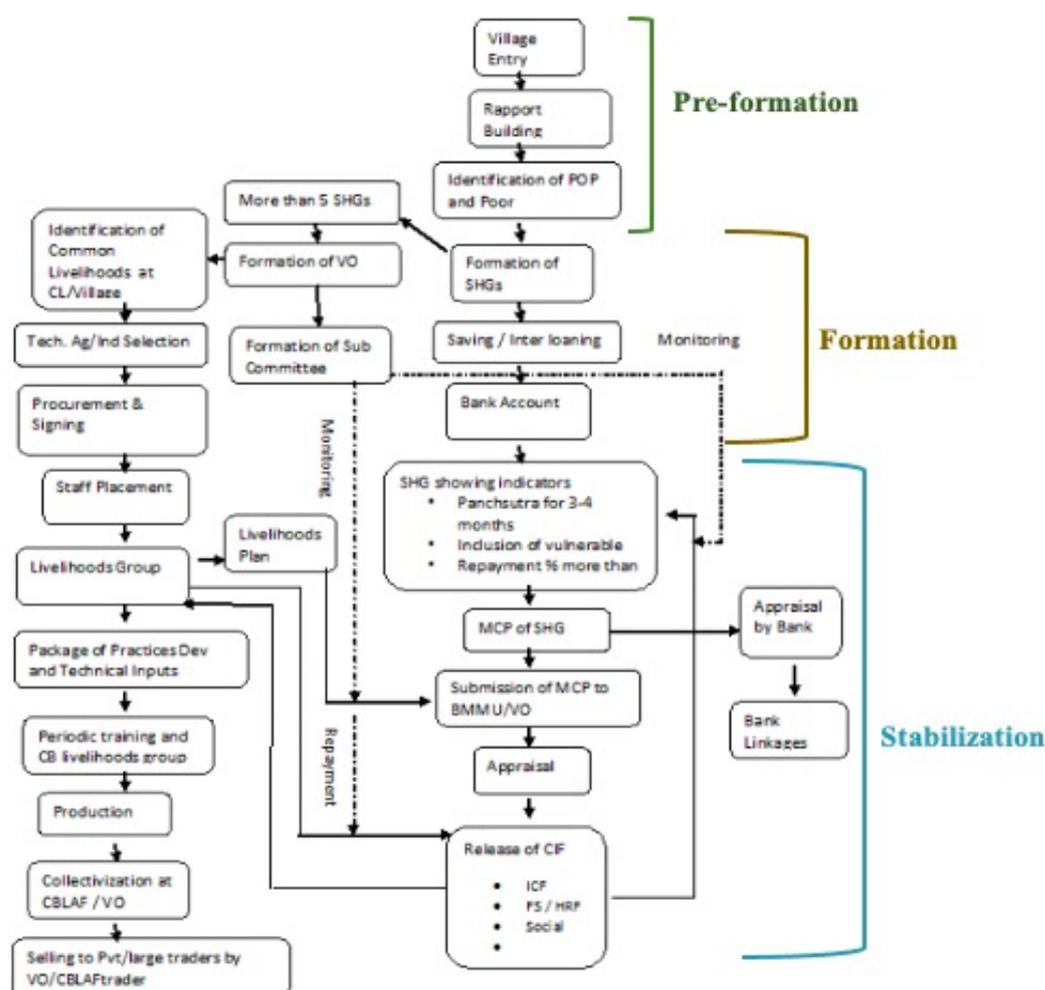
In summary, on reviewing the program implementation documents, two insights emerge:

- (a) It is only when certain hurdles are crossed that the SHG may be deemed ready to receive more support. As Table 1 suggests, these hurdles could be quite high for groups that are not yet cohesive, especially if SRLM support is limited. This rigid grading system, especially in the beginning stages of SHG growth, may mean some groups may get stuck at a lower level of functioning.
- (b) It is after eighteen months of the program when the second set of hurdles (VO and CLF growth and self-reliance) are crossed, that the system is expected to become sustainable in terms of both financial performance and the organizational support provided by the VO and CLF to SHGS.

The NRLM design sees the identification, selection and deployment of local cadres (leaders, CRPs and community para-professionals; Figures 3 & 4) as the support system that effects these changes. A central research question is whether this happens on the ground.

Given the motivation of the research on group formation, and the initial equilibria of Figure 1, we are particularly interested in the early implementation stages. These are elaborated in further detail in the NRLM's guidelines, and are shown in Figure 5. It is useful to distinguish between the pre-formation stage, the end of which may be marked by the formation of the group, and the group formation stage, the end of which may be marked by the SHG opening a savings bank account. This is followed by the third grading, and entry into what is here referred to as the stabilization stage, the end of which may be marked by the receipt and rotation of bank credit and the CIF. Each of these stages is discussed below, with focus on the barriers anticipated and the processes prescribed to overcome these hurdles.

Figure 5: Flow of activities in a village



Source: Adapted from NRLM Implementation guidance notes, (2013, p11)

3.2 Pre-formation or social mobilization stage

The SRLM staff are envisaged to play a crucial role in the initial stages of forming and establishing an SHG, with support from the local cadres, the VO (if it exists) and the PRIs. The village level functionaries, consisting of the community organizers (the CRPs), are expected to lead the process of social mobilisation and institution building.⁴ They are expected to meet with opinion makers and other key persons in the village, including Gram Panchayat members, leaders of existing CBOs/CSOs, elderly people from different social groups, school teachers etc (NRLM, 2016). In cases where a village has no existing SHGs, support teams are particularly important in assisting the village level functionaries in identifying households and even participating in SHG activities. These may include representatives of the PRI; local youth volunteers and “active women”; local leaders; community volunteers; line department/officials; local reputed NGOs; and, pre-existing community-based organizations (CBOs) (NRLM, 2013: p. 12). Identification of the poor, and the poorest, through participatory means, requires the community to identify the vulnerable, facilitated by the SRLM with its core team and support team.

⁴ <https://darpg.gov.in/sites/default/files/National%20Rural%20Livelihood%20Mission.pdf> p.8

NRLM guidelines have an explicit account of potential accelerators of social mobilization at the household and community level (Table 2). This process is expected to involve usage of information, education and communication (IEC) material, including videos, local television, community radio, posters, leaflets, banners, loudspeakers and trumpeting in the village to let people know about the programme. This is expected to be done with the support of external cultural troops/outreach agencies who organise street plays, rallies, campaigns, songs/folklore and congregation on festival/cultural occasions.

Table 2: Accelerators of Social Mobilization

Triggers/accelerators	Suggested strategy to deal with
Household level	
Literate persons/Vocal Persons in the household	Involving and engaging them for motivational work
Support from family members	Exposure to best practices, focus group discussions
Community level	
Volunteers from community	Involving and engaging them for motivational works
CRP strategy	Tie up with Resource Organization or NGOs / Federations
Local CRP	Invest in their training and capacity building and provide suitable compensation
Involvement of PRIs	Sensitizing them about NRLM & assigning them the responsibilities of village entry activities
Block Development Officers, Agriculture Officers and other line Department Officials	

Source: NRLM (2013: p14)

NRLM's programme design also specifies anticipated barriers to social mobilization at the household and community levels (Table 3) along with various types of action, sometimes in collaboration with other relevant departments, to address these barriers. This puts a lot of emphasis on potential issues around household relations, village level culture, local power relations and the capacity, biases and relations of front line staff. In each area the strategy involves an intensification of frontline engagement.

Table 3: Barriers to social mobilization

Barriers	Suggested strategy to deal with
Household level	
Resistance within the family (husband/father or mother –in-law)	Involving them in the sensitization process. Organize a separate focus group discussion/exposure/interaction
Individual bias/perception of project staff	Close mentoring by a senior project staff, sensitization and confidence building
Lack of rapport and confidence building by project staff/SM team	Rapport building
Community level	
Cultural barriers (parda system,	IEC campaigns, identifying active

Barriers	Suggested strategy to deal with
caste hierarchy, village level prohibiting norms etc)	women/volunteers and exposing them to best practices and working through them
Bad experience of community from the earlier efforts for SM	Motivation in different ways, exposure to best practices
Excessive dependency on one or few people	Development of multiple community cadres & CRPs in the village
Illiteracy & ignorance	Effective convergence with Non-formal education/Mass awareness programmes
Leftwing extremism, factionism, Insurgency	Convergence with relevant departments and seek support, Transparent work culture
Hijack by dominant groups	SM to start with most vulnerable and the remote villages so that poorest of the poor will occupy leadership position and access benefits/services in the first instance and its continuance Maintain proactive disclosure of beneficiaries of the programme and funds allocated and subsequently devolved, at all times.
A long drawn-out & and time-consuming process	Project should allocate extra financial and human resources, time and effort for working with the most vulnerable

Source: NRLM, 2013: page 15

After undergoing training on social mobilisation, the responsibilities of this core team of block and district resource persons include the profiling and vulnerability assessment, identifying the NRLM Target Group (NTG) through the participatory identification of the poor (PIP)⁵ and mobilising them into affinity-based SHGs. This is an intensive process. It is also expected to operate at scale: across the first six months of social mobilisation, it is expected that approximately 24 villages are covered by the core team and 230 SHGs are formed in total by the SRLM (Implementation Guidance Notes p.46-47).

The primary incentive offered to households is the access to government schemes and support in order to reduce poverty, which is why social mobilisation involves targeting the households with a high poverty ratio (NRLM, 2013:p.4).

3.3 Formation

An SHG or cluster of SHGs in a village is said to be formed when 10-15 members are registered, have initiated savings, have begun inter-loaning and have opened a bank account.

Homogeneity of membership is encouraged so that interactions “are freer”⁶: mixed gender groups are discouraged and women with similar social and financial backgrounds, or living in proximity, are preferred.

⁵ See <https://aajeevika.gov.in/en/content/protocols-ibcb-pipppa-expansionscaling-com-etc> and <https://aajeevika.gov.in/en/content/participatory-identification-poor-pip>

⁶ http://nirdpr.org.in/nird_docs/nrlm/nrlm_eng_mod.pdf p.9

Community resource persons hired by the SRLM are expected to offer special training services particularly for the SHG bookkeepers, as well as for leaders and members of newly formed SHGs. Financial and accounting systems and bookkeeping procedures are put in place and training follows the *panchastutra* system. In addition to financial inclusion, it is expected that the groups are oriented to⁷ issues related to gender; food, nutrition, health, water, sanitation, and hygiene (FNHW); inclusion and rights; entitlements and government schemes; and the panchastutra and poverty-vulnerability-livelihoods situation.

Critical at this stage in the design is that the SHG opens a savings bank account, ideally with the support of the bank sakhi. In the absence of a VO, the first grading exercise, a marker to move to the flow of financial benefits (the *raison d'etre* for the group) are all responsibilities of the village level functionaries of the SRLM.

3.4 Stabilization, or the readiness to receive financial resources

Financial support is a key role played by the SRLM. The District level management unit (DMMU) is expected to hold and disburse the revolving fund, as well assist in developing linkages with banks. The Block level management unit (BMMU) and village level functionaries are simultaneously involved in imparting financial literacy, extending counselling services on savings, credit and training on micro-investment planning⁸.

A-grade SHGs receive preference in receiving funds, but it is unclear how an SHG graded B, C or lower is to be helped to meet the grade. There is one mention, in NRLM's Grading protocol⁹ from 2014, that "funds are also dedicated to improving B and C SHGs, whose performance across categories is above 75% and 60% respectively". However, protocols and procedures and systems to ensure this are not identified.

There is thus a further and continuous funnelling of well-functioning SHGs to receive the CIF with very little discussion on mechanisms to support those SHGs that do not meet requirements.

The various phases and grades in the NRLM sequence can be mapped broadly on to the sequence of stylized equilibria for group functioning in Figure 1, at the end of the concepts section. Formation is self-explanatory--but this may be in the form of a potentially functioning group or an unstable one (E1), this influenced by the processes in the pre-formation phase. The transition to "stabilization" in the NRLM theory of change maps to the "functioning transactional group" (E3) in Figure 1, though whether the group actually has the group capacities to move to this level is a key question. Note however that there are distinct prisms here: the NRLM criteria relate to meeting specific processes, while concept in Figure 1 is of differing equilibria involving internal group dynamics, norms of behavior and associated external capacities. Understanding the latter is key to functionality and performance in the specific processes.

⁷ https://aajeevika.gov.in/sites/default/files/nrlp_repository/COM.pdf p.10

⁸ <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=8075&Mode=0>

⁹ https://aajeevika.gov.in/sites/default/files/nrlp_repository/31Grading_of_SHGs_Protocol.docx

4. Research design

The research was designed as an in-depth qualitative case study of one geographic area. As noted in the introduction, it was a complement to the large-scale quantitative survey of SHGs formed under the NRLM (Kochar et al 2020). It was designed to explore mechanisms behind outcomes amongst a small group of SHGs, in order to develop deeper insights on the processes at work. The specific motivation from the quantitative survey was on why some SHGs had become defunct. To explore this, we made two strategic design choices: first, to select a small number of defunct and functioning SHGs in the same area; and second, to explore behavior in relation to the overall interactions within the local system, including front-line state actors, intermediaries, the women and their husbands, and other local actors, including in banks and the Panchayati Raj (the lowest level of politics). The principal empirical instrument was a set of tailored semi-structured interviews of these actors, throughout the system, plus focus groups of SHG women. While the scope of field work was limited to one period of time, retrospective views were incorporated into the interviews to support interpretation of changes over time. The focus was on SHGs formed under state programs supported by the NRLM, as opposed to those formed under an earlier program.

4.1 Research hypotheses and interview design

An initial literature review and related conceptual work formed the basis for a set of research hypotheses that were used to design the field work. This initial list is included in Annex 1. It included hypotheses relating to material benefits from SHG membership, internal group dynamics, household interactions, community-level political economy, political participation and linkages to both the SRLM and SHG federative structures. Interviews and focus groups were then designed as semi-structured interactions, combining open-ended explorations of an individual or organizational history, with prompts that were structured around these hypotheses. These were designed to elicit and probe views around these hypotheses, as well as listening for new and different perspectives. A sample of one interview protocol is in Annex 2; all others available on request.

While the hypotheses and interview design provided an effective structure for the field work and initial organization of interview material, we shifted our interpretative sequence as a product of the findings--and follow a different sequence below in the presentation of our interpretation.

4.2 Sampling

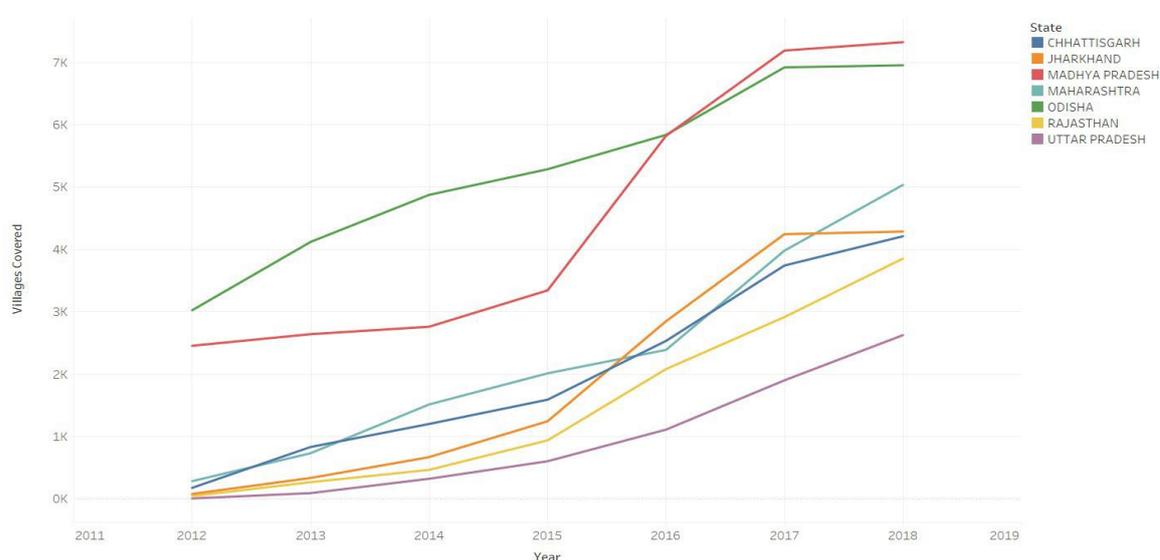
The goal of the sampling strategy was to find SHGs that could provide rich insights on the variation in performance. This was done through purposive selection at three levels.

First, we wanted to pick a state where the performance issue raised by the quantitative work was salient. We chose Madhya Pradesh, because it is a large state for which the quantitative survey found a relatively large fraction of “defunct” SHGs. Madhya Pradesh is different from the other states in the Kochar et al. (2020) study in one way. MP had no “first phase” SHGs in the sample, because the SHGs formed under NRLM only started to be formed in 2015 and 2016. SHGs had been formed under a

different program, the District Poverty Initiative Program (DPIP) in 2009-2011. (For the quantitative analysis in the Kochar et al. (2020) study, these DPIP SHGs were used as “early” SHGs).

Figure 6 illustrates this large jump in scale in coverage for MP, compared to other study states. This sudden increase in scale provides context for institutionalization and embedding of SHG-related organizations, as well as a large burden on the SRLM bureaucracy structure in the state – one that is much larger than in the other states in the study, except perhaps Jharkhand. This has major implications for the ability of the Madhya Pradesh SRLM to support the capacitation of high-quality “community cadres” of internal CRPs, versus reliance on established structures. Our study delves into this issue by examining how bureaucrats and community cadres in our sample describe their roles, functions, and support.

Figure 6: The number of villages covered by the NRLM across states, 2011-2018

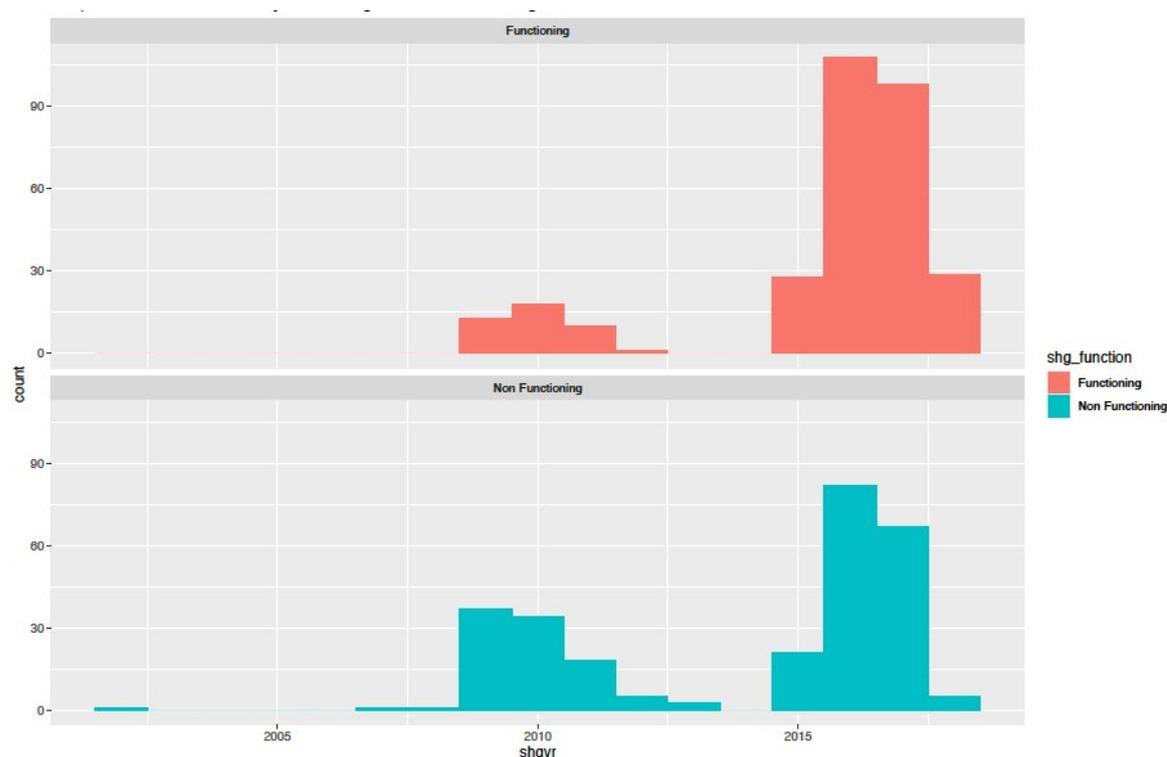


Source: MIS data as reported by Kochar et al (2020)

In most states, bank loans increase with older SHGs (i.e. have an earlier formation year). Here Madhya Pradesh is an exception - it has consistently low levels of bank borrowing (Kochar et al. 2020), suggesting broader impediments to success.

Second, we selected a district with both defunct and functioning SHGs and selected a set of SHGs within this. The data from the quantitative survey indicate that “defunct” SHGs are spread across most districts surveyed in Madhya Pradesh and often occur in the same villages as “functioning” SHGs.

Figure 7: Functioning and non-functioning SHGs in Madhya Pradesh



Source: authors' calculations from data files of 3ie survey

We also looked for **some variation in terms of linkage to SHG federations**, in light of the policy interest in the role of federations. As always in qualitative work this was based on a judgment to get some variation across both categories, but with a small enough total number of SHGs selected (six) to allow for an extensive range of interviews in each case. We also chose defunct and functioning villages within the same village: this was because of the particular interest in local level group dynamics and contrasts within the same village and potential VO context. We chose one district out of six districts surveyed by 3ie in Madhya Pradesh. The district selected is categorized as a “backward” district, and is one of the Government’s 100-odd “aspirational districts”. Within this category, the district is not atypical with respect to observable characteristics—neither in the top or bottom quartiles of the aspirational districts according to the government’s criteria with respect to socio-economic features.¹⁰

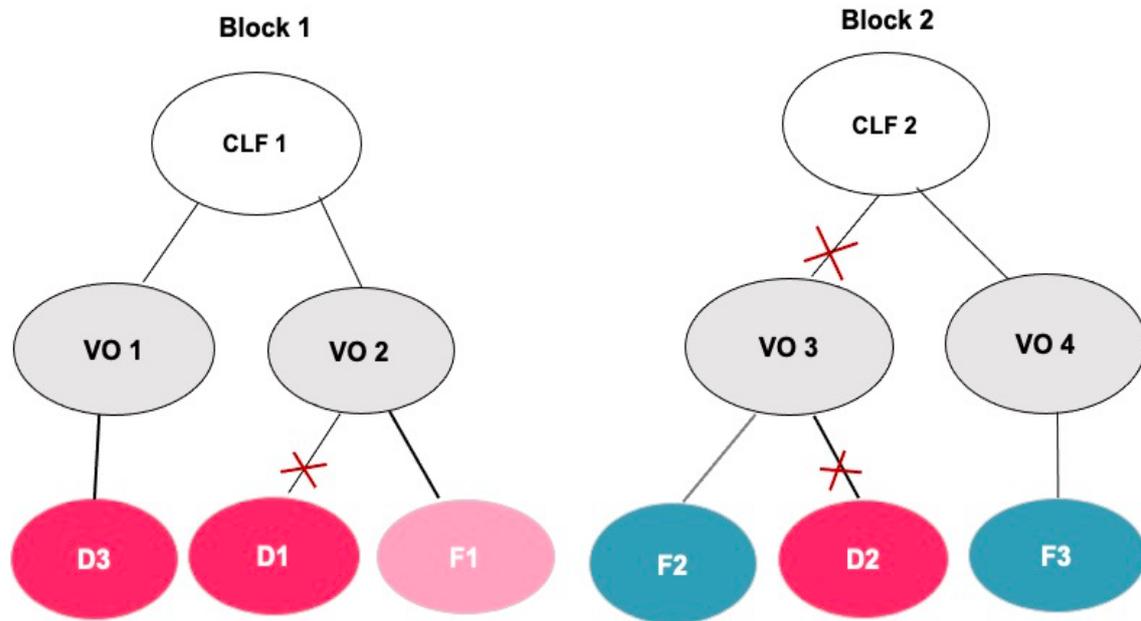
Within the selected district, three “defunct” and three functional SHGs were purposively selected to satisfy the above criteria.¹¹ 3ie’s survey of SHGs included 581 SHGs of which 305 were functioning and 276 non-functioning at the time of the survey. As we saw in Figure 7, these were formed in two phases, and for this research we selected six from the 2015 to 2017 phase of creation. In the dataset, there are on average 11.4 members per SHG and 3.3 SHGs per village. Of the functioning SHGs 84% are affiliated to some Village Organizations, of which 155 are affiliated with a Cluster Level Federation (there are also 50 SHGs with missing information for this question).

¹⁰ This is based on Niti Aayog’s 2018 classification; see Government of India (2018)

¹¹ This was based on the 3ie survey’s categorization of “defunct” as opposed to “ghost” SHGs.

After prioritizing villages with both functioning and defunct SHGs, this ended with SHGs in four villages in two blocks, with all three functional SHGs and one defunct SHG (D3) linked to a Village Organization (VO), and three of the four VO's linked to a Cluster-Level Federation (CLF)—see Figure 8.

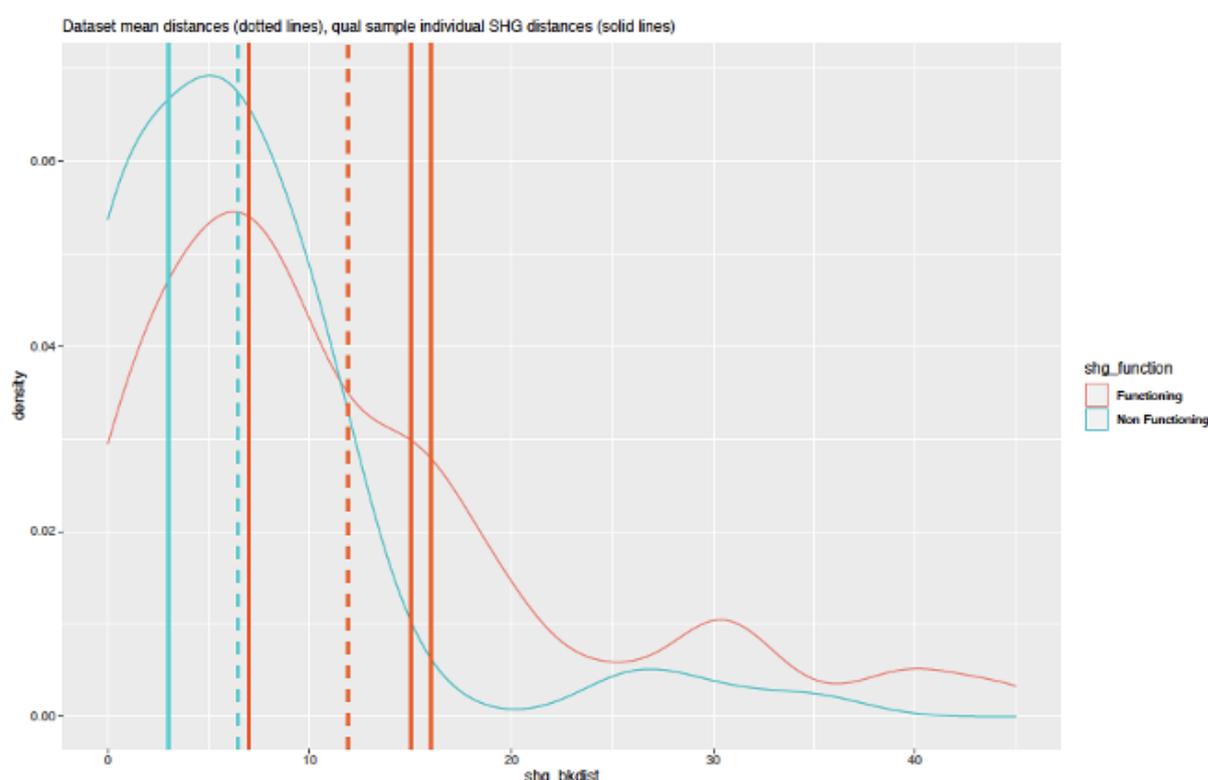
Figure 8: Functional and defunct SHGs in the research



Source: authors

As this is by design a small-n sample, the goal is not to be statistically representative. It was rather to reconstruct and compare the on-the-ground processes of SHG functioning and dysfunctioning for federated, unfederated, officially “functional” and officially “defunct” groups. However, we can look at some variables to assess how selected SHGs compare to the Madhya Pradesh-wide sample of SHGs in the quantitative data base. One important variable is the distance to the local center. On average SHGs were 10 kilometers to the nearest bank, that would generally also be the location of the local government SRLM and other offices. As Figure 9 shows, there is substantial variation across SHGs. Defunct SHGs with data in the quantitative data set are actually closer to the nearest banks—but as a majority had missing data, this is not a reliable result. The three functioning SHGs in the research sample fall around the mean for the overall sample—two further away and one closer. Two defunct SHGs were in the same village as the functioning SHGs (so aren’t shown in the figure); the third defunct SHG was much closer. The modal distance of SHGs to a bank (and government office) is about 6 kms in Madhya Pradesh, but with wide variation.

Figure 9: Mean distance of functioning and defunct SHGs to a bank in MP



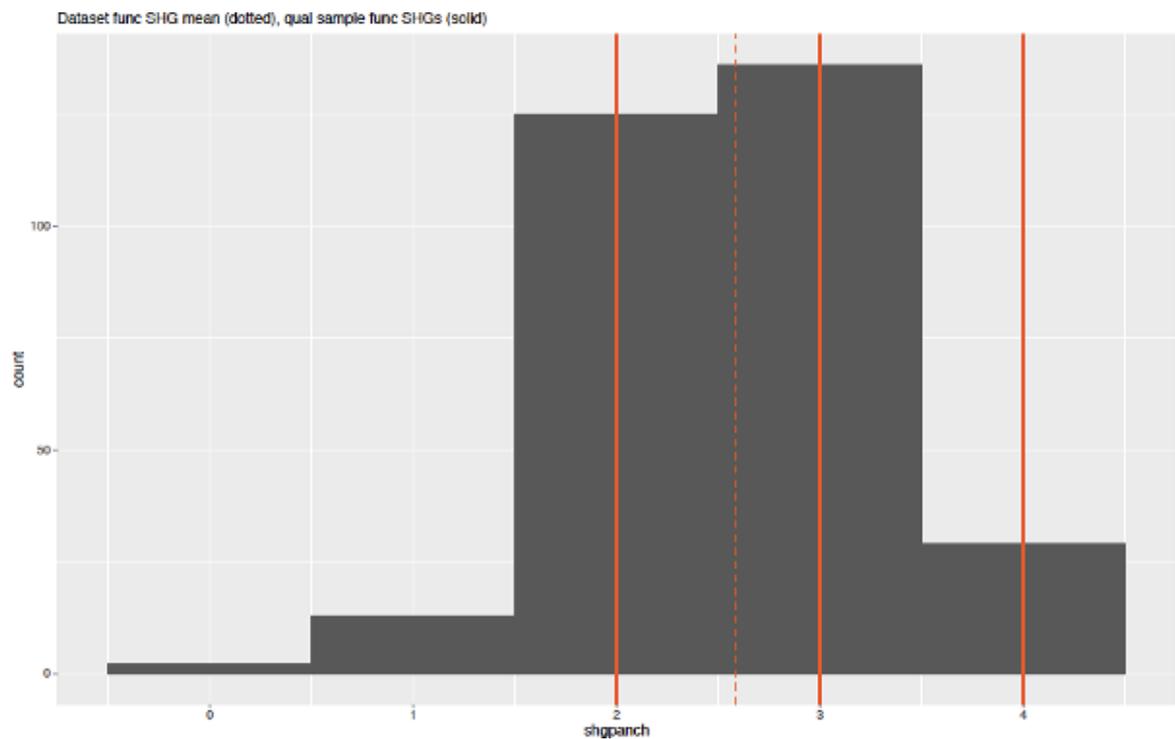
Note: dashed lines are means from the full survey; solid lines are individual numbers for selected SHGs in the qualitative research.

Source: authors' calculations from data files of 3ie survey

With respect to other data on characteristics, defunct, or non-functioning, SHGs have a high proportion with missing data for most variables, and so a systematic comparison is only possible with the functioning SHGs. This finds that the three sample SHGs were close to the mean for average age of members (between 38 and 44 years) but had significantly lower average education (0-1 years, compared with 2.5 for the whole sample). With respect to identity, in the whole sample over a third of all SHGs in the sample are exclusively of SC/ST members, about a quarter with none, and about a further third mixed. By contrast all the sampled SHGs were mixed--see below. Note that in one case this was different from the quantitative sample that recorded the SHG as being homogeneous.

Finally we report two proxies for SHG performance for the three sampled functioning SHGs compared with the overall sample, from the quantitative survey: meeting Panchasutra criteria and total loans received. Panchasutra is a measure of procedural performance of an SHG, that encompasses five measures: regular meetings; regular savings; receipt of loans; loan repayments; and bookkeeping. These are reported levels as an index from 0 to 4. For the vast majority of defunct SHGs this is zero or missing. For the functioning SHGs in the whole 3ie sample there is a range, with most in the middle or upper middle (Figure 9), and only a small minority counted as fully satisfying the criteria. The three SHGs in the research sample are spread across the top three categories—from middling to fully meeting Panchasutra by this standard.

Figure 10: Index of SHG performance with respect to Panchasutra

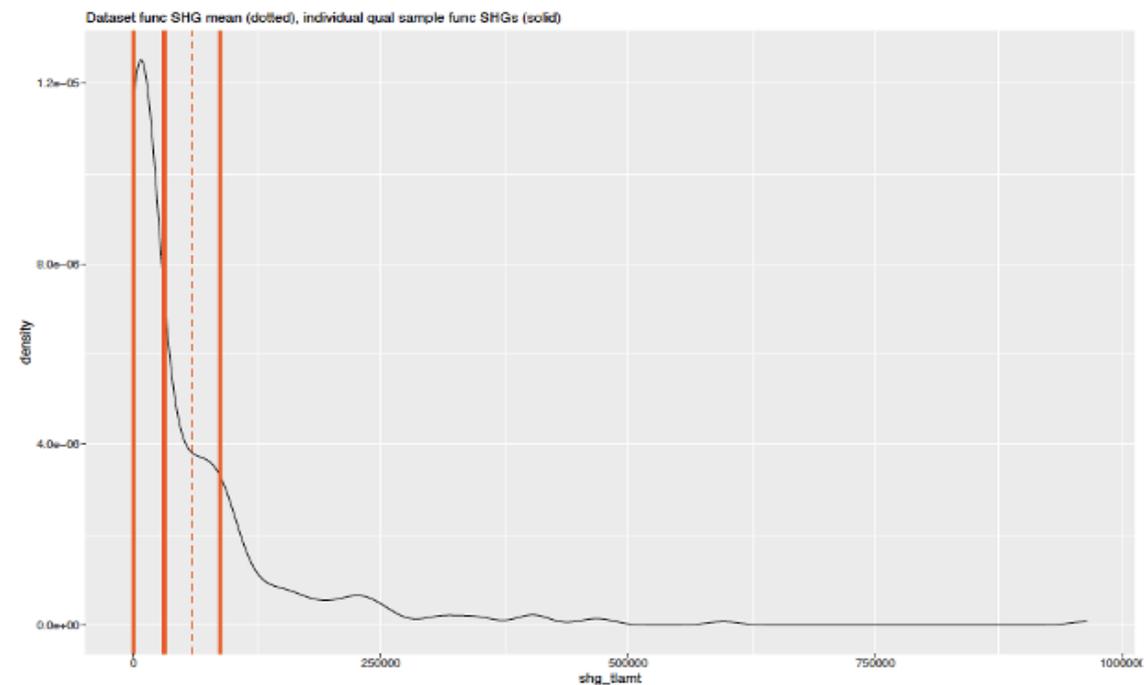


Note: the dashed line is the mean from the full survey; solid lines are individual numbers for selected SHGs in the qualitative research.

Source: authors' calculations from data files of 3ie survey

With respect to reported total loans, there is a large range in the overall Madhya Pradesh sample, but with a sharp mode around a low level (Figure 11). The research sample again has a spread from reporting no loans, to somewhat above the mean. None were in the right tail of the small number of SHGs that had received much larger total loans. Only 35 of the functioning SHGs reported also receiving bank loans (and none from the research sample.)

Figure 11: Total loans received



Note: the dashed line is the mean from the full survey; solid lines are individual numbers for selected SHGs in the qualitative research.

Source: authors' calculations from data files of 3ie survey

Even for the functioning SHGs the impression from the overall 3ie sample is of a low level of performance in terms of procedural criteria or loans received. Overall, the selected district and SHGs appears not to be atypical of the broader Madhya Pradesh sample, with the partial exception of being somewhat less educated, and having more mixed groups.

The third level of selection was at the level of individuals to be interviewed.

As we wanted to get different perspectives from different parts of the system (Figure 1), we chose a systematic mix of SHG members and leaders, VO and CLF members, community resource persons, SRLM bureaucrats, panchayat officials, and bank employees. This came to around 90 interviewees. This was complemented by six focus groups of SHG members. The list of respondents interviewed in the ecosystem around each sampled SHG was as follows:

Interviewees:

- Focal SHG – leader, husband, office bearers, active woman (n=45)
- Focal VO – VO member, Office bearer (n=5)
- Focal CLF -CLF member (VO rep) + EC member (n=5)
- CC/CRP/mobilizer, if available (n=10)
- Panchayat member/*Sarpanch*; Jaati panchayat member (if applicable) (n=9)
- State/District/Block bureaucrats implementing SRLM (n=6)
- Bank officials/MFI staff (n=4)
- Snowball respondents (n=6)

Focus groups:

- SHG members (n=45)

5. Results and interpretation

This section presents the results of the empirical analysis in two parts. We first describe the level of functioning of the SHGs in the research sample in relation to the NRLM guidelines and the story of each case. We then develop our interpretation of SHG functioning in relation to the behavior and interactions across different parts of the system.

5.1 The level of functioning of the six SHGs

The SHGs in our sample were 2-4 years old -- young, but having passed through multiple phases of the program. However, the results were substantially short of programmatic expectations laid out in the NRLM guidelines. None of the SHGs had crossed the minimal hurdles set in the guidelines, namely: (a) crossed the third grading stage; (b) received both the RF and the entire CIF due to them, and repaid the CIF at least once; and (c) received bank credit at least twice and returned it. As a corollary, there was very little investment in productive activities. Additionally, there was no progress made toward achieving convergence with other government programs.

Though these are the overall findings, every SHG also has its own story, which needs to be examined to understand the variety of trajectories of functioning, as well as of ecosystemic interactions between SHGs, federations, banks, and local governments. Table 4 summarizes their main features and Figure 12 then maps them on to phases in NRLM's guidelines. Letters have been substituted for the village and SHG names to ensure anonymity. All were formed in the recent expansion of the SRLM, between 2016 and 2017. Three were categorized as defunct in the 3ie quantitative survey (D1, D2 and D3), and three categorized as functioning (F1, F2 and F3). There was substantial variation in the social mix; in four out of the six an "active man" played a leadership role (discussed in the next section); all the three functioning groups had received both the initial revolving fund (RF) and part of the subsequent community investment fund (CIF), while only one defunct group (D1) had received an RF.

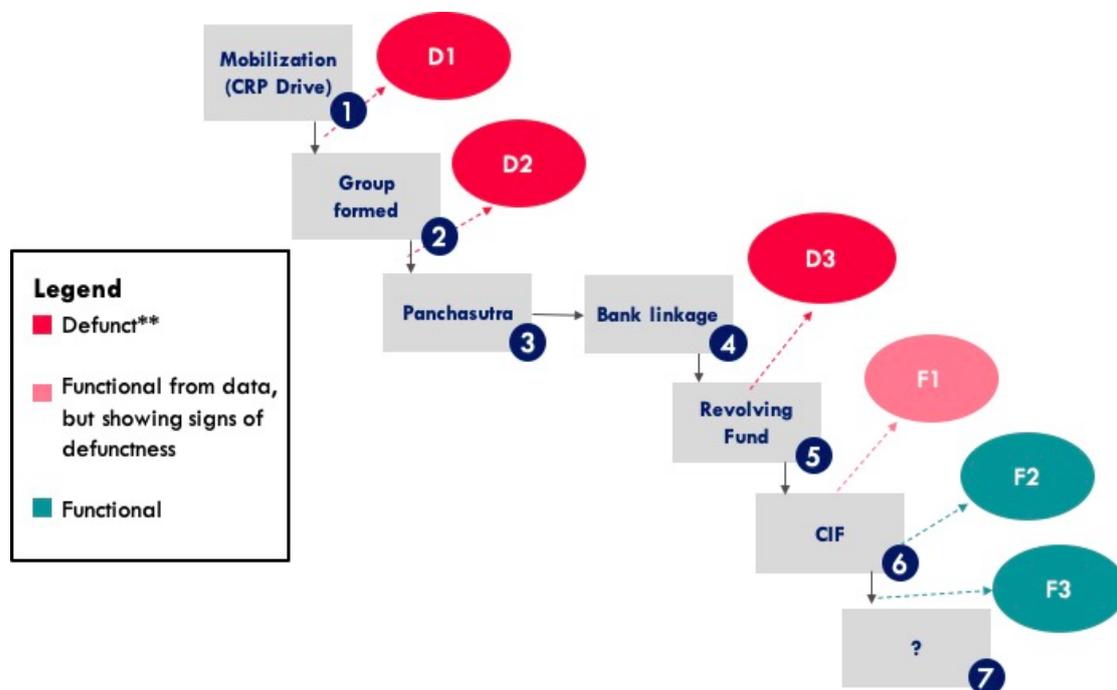
Table 4: Main features of the research SHGs

	D1	D2	D3	F1	F2	F3
<i>Stage reached (see Figure 4)</i>	Pre-formation	Formation	Stabilization by formal criteria	Stabilization	Stabilization	Stabilization
<i>Status</i>	Never met	Stopped functioning	Never met	"Pause" in functioning	Functioning	Functioning
<i>When formed</i>	2017	2017	2016	2017	2017	2016
<i>Who mobilized</i>	SRLM	SRLM	Anganwadi teacher	SRLM	SRLM & CRP	SRLM & CRP
<i>Composition</i>	Two Yadav families 1 Brahmin	2 Goswami 6 Harijan 4 Chandel	2 Dalit 10 Yadav	6 Kewat 5 Sehariya	Kewat and Ahirwar	10 Jatav 2 Yadav
<i>"Active man"</i>	Yes	Yes	No	Yes	No	No
<i>Bank account</i>	Never opened	Never opened	Opened	Opened	Opened	Opened
<i>Bank loans taken</i>	0	0	0	0	1	0

	D1	D2	D3	F1	F2	F3
Bank loans repaid	0	0	0	0	0	0
RF received	No	No	Yes	Yes	Yes	Yes
VO formation date	25/06/17	26/12/18	15/6/10	25/06/17	26/12/18	25/01/17
Linkage status with VO	No	No	Yes	Yes	Yes	Yes
CIF received	No	No	No	Yes	Yes	Yes

Note: Goswami is upper caste, Yadav, Chandel, Kewat and Ahirwar are OBC, Jatav and Harijan are SC and Sehariya is ST
Source: authors from field work

Figure 12: The position of research SHGs in relation to NRLM guidelines



Source: authors

The three defunct groups were not adequately mobilized, even though some elements of what was described in the implementation guidance note (Table 1) did occur.

D1 was in the pre-formation or social mobilization stage (see Figure 5). A team of two female, and one male, officials from the SRLM spent 2-3 days with key persons in the village, and identified village level functionaries to lead the process of social mobilisation. A person from the dominant Yadav caste, an 'active man', helped the officials set up the SHG by mobilizing the women and creating lists of those interested in forming a group. The SHG comprised almost entirely Yadav women from two nearby hamlets. The lone Brahmin woman member was the cook in the local anganwadi, and the SRLM officials nominated her as the President, since she could read and write. However, the Yadav active man insisted that his wife be the President, and an intra-group conflict arose.

Additionally, the active man and a few Yadav husbands of members did not approve of the Brahmin woman's character, because she had left her husband's home and, they said, was bringing a bad name to the village by returning (she was a daughter of a family in the village). Owing to this conflict, most Yadav men did not allow their wives to be a part of the group and it never took off after the first mobilization gathering.

The SHG never held a proper meeting. The research team found the SHG's books of accounts and other registers with the active man; he did not want to return them to the SRLM as that would mean that the group would then be considered officially defunct. He did not want to close the option of the group coming into existence and said that he was still trying to convince the women to come together under his wife's leadership. None of the other members however, tried to restart the group, neither did they join another group. The SRLM staff had not followed up, and neither had the VO followed up with this group since 2017.

D2. The second defunct group, D2, was in a mixed-caste village also formed by an SRLM official working with an active man in the village, this time from the single upper caste Goswami family. Like the Yadav 'active man' in D1, the Goswami 'active man' also wanted his wife and sister-in-law as President and Secretary of the SHG. Unlike the Yadav 'active man' in D1, the Goswami 'active man' was successful in doing so and a group was formed with a mix of Scheduled Caste (SC) and OBC women from the Chandel *jaati*, both castes living in two separate hamlets. However, the SC women reported their names were forcefully (*zabardasti*) listed. The four OBC members said that they approached the SC women and asked them to become members of their group because all the OBC women in their hamlet had already joined other SHGs and they had no other alternatives if they were to form a group.

The group conducted 2-3 meetings in the beginning and saved some money. However, very soon they stopped meeting. The initial meetings took place in the OBC hamlet at the Goswami office bearers' house with the presence of SC women on only one occasion. The SC women said that they were not invited to any subsequent meetings. Members of these two castes, from two different hamlets, seemed to generally avoid interacting with each other. There were restrictions on mobility as the OBC women did not visit the SC hamlets, even though the distance between hamlets was not more than 100 metres. The OBC members we interviewed did not consider the SHG to be defunct and hoped to re-start the meetings. On the other hand, some of the SC members had joined another group in their hamlet. The SC women reported issues of trust: they considered the intentions of the active man and the SHG leadership to be untrustworthy and they were concerned about how their savings would be deployed. This lack of trust was attributed in part to the interference of the active man in the day-to-day functioning of the group. They reported that they had heard that he wanted to get some government schemes for the Chandels and himself through the SHG.

D3. While D1 and D2 were in the pre-formation and formation stage, respectively, when they became defunct, D3 was formally in the stabilisation of benefits stage when it broke down (see Figure 5). An entrepreneurial anganwadi (pre-school) teacher effectively organized the group (D3) reportedly encouraged by a Block level official to "register" an SHG, apparently because this was seen as a means of getting access to midday meals, via another government program. Her door-to-door campaign led to women signing up

for the midday meal delivery scheme. No meetings were conducted. She identified a President and Secretary and offered them Rs250 each to sign off as office bearers and visit the bank to set up an account. The pre-formation and formation stages being “successfully” crossed, the panchasutra was graded, allegedly by the SRLM (with fraudulent entries), and the group received the RF. Of the Rs 10,000 received, Rs4,000 were given to the block official and she retained Rs6,000. The VO did not intervene.

When interviewed, most members said that they were unaware of their membership in the SHG until they tried to join another group and were denied by the BMMU, as they were already SHG members. By this time the RF had been disbursed, and these members were upset that this amount had not reached them. Their husbands complained to the BMMU and panchayat, and action was taken to close the group and disciplinary action was taken against the anganwadi teacher.

F1. F1 was identified as functional at the time of the quantitative survey. However by the time we reached the group it had not met for over six months, and so was technically defunct by the definition adopted in the quantitative survey. The social mobilisation team had a similar formation to D1 and D2—an SRLM official (BMMU level) working through an active man, who was an OBC. The group consisted of a mix of women from the OBC and Scheduled Tribe (ST) communities. This active man placed his wife and sister-in-law in the office bearer positions in the SHG. It is instructive to note that an ST (Sehariya) male interviewed described his role as an active man in another SHG in the same village (VO): he had placed his wife and sister-in-law as office bearers in that group, thus “balancing” the distribution of power between the Sehariyas and the Kewats in the village. In F1, the Kewat women reported that they approached the Sehariya women because they were falling short of members. The Sehariya (ST) women, living in a nearby hamlet reported that though they were invited by the OBCs to be a part of the group, meetings were always held in the Kewat hamlet and at times the Sehariya women were not informed of the meetings.

This group was formed in 2017 and for a while. It received both the RF and part of the CIF, and these were divided equally between the members. Meetings, savings, inter-lending and repayment activities were a part of the initial activities. However, the Sehariya women soon lost trust in the Kewat leadership. They reported lack of transparency in accounting, the active involvement of the President’s husband (the “active man”) in the book-keeping and other processes of the SHG, and complaints of Rs.5,000 from their CIF being taken by the President of the Village Organization (VO). Though the group had not met for several months at the time of interviews conducted for this study, most members (and the active man) did not even consider it defunct as they were still eligible for government benefits.

The social mobilisation team for the two groups in our sample that were still functioning (F2 and F3) comprised an SRLM official (BMMU level) and a community resource person.

F2 comprised a mix of two castes (Kewat and Ahirwar), both classified as OBC. Office bearers were from among the the Kewat caste, that accounted for a larger number of members in the group and also in the two hamlets covered. The CRP, a bank *sakhi*, also interviewed for the study, was not from the local area. She paid regular visits to the

SHGs during its mobilisation and initial months of formation and continues to visit as and when needed. Decisions about leadership and functioning of the group were taken in group meetings, which she facilitated. Although the two caste sub-groups lived in distant hamlets, the meetings were conducted at the Office Bearers' homes rather than in rotation across the hamlets. The Ahirwar members said that they did not like this aspect of the group functioning, however there were no reports of conflicts due to this. Activities related to the panchasutra (required to cross grade 1, Table 1) were being carried out in a disciplined manner, supported by the bank *sakhi*. She also helped them to overcome the problems related to opening a bank account and supported bank-related transactions. The daughter of the SHG President did the book-keeping. The group had received the RF and a part of the CIF and had paid it back. Amounts received from these funds were distributed equally to all the members; some used this to open vegetable shops and snack shacks and in purchasing livestock.

F3 was mainly made up of Jatav (Scheduled Caste) women, along with two Yadav (OBC) women. Office bearers positions were divided between the Jatav and Yadav women. The BMMU staff (*Samuh Prerak*) guided the group through its pre-formation/social mobilisation and formation stages, and the women were in regular touch with him. Members also reported ongoing support from the bank *sakhi*, a CRP. This group, an 'exemplar' in our sample, did well through the three stages of grading. They adhered to the Panchasutra guidelines with book-keeping assistance from the President's daughter. The office bearers also reported that they attended political rallies and training for painting the Swachh Bharat toilets in the villages. The group was functioning when we met them, and had received, and paid back, their RF and a partial CIF.

Overall there are two broad empirical patterns in relation to the focus of this research. As depicted in Figure 12 and Table 4, with respect to "defunctness", the sampled SHGs barely got off the ground. Our defunct groups either effectively never got past the social mobilisation or pre-formation stage (D1), just got to the formation stage (D2 held one meeting) or got part of the way to stabilization, but on fraudulent terms, in a group that never met (D3).

With respect to the groups classified as functioning, F1 had stopped meeting after getting the RF and partial CIF, while the other two had at best a low level of transactional performance (F2 and the 'exemplary' case of F3). There was little activity with respect to bank borrowing and rotation of bank credit, nor with convergence with government schemes or connection with the panchayati raj. In addition, the women reported very little attention paid to deliberative processes or articulation of members' preferences.

In summary, all the six SHGs were at different stages of organisational functioning i.e. pre-formation, formation and stabilization. All three classified as functioning were linked to a VO, as was one of the defunct groups. However, in all cases, the VO was formed later (after the stabilisation phase had begun and A grade groups had been "funnelled") and therefore did not play a role in supporting the group formation process. Nor did any of the interviews refer to direct support from their VO. The date of CLF formation was also after the groups had been formed or stopped functioning.

These groups can also be classified through the prism of the stylized equilibria for groups in Figure 1. The three defunct groups, and the functioning group that had stopped meeting, were closest to E1: intrinsically unstable, with low levels of trust, typically formed opportunistically by local leaders. The other two functioning SHGs groups were in a status aligned with E2--functioning at a low level, receiving the transfers from the state, but without, yet, signs of proactive collective activity, on borrowing or livelihoods, nor on claim-making or measures of individual agency.

5.2 Interpreting SHG functioning in the context of interactions in the system

Why was there an apparent shortfall relative to the NRLM's theory of change and guidelines in these six SHGs? After all, in terms of actors and initial interactions, it "looked like" the NRLM design.¹² In this section we develop our interpretation on the basis of the interviews and focus groups conducted throughout the local system. While there was some participation by all the actors and interactions envisaged within the NRLM design, the capacities, supports and motivations within the system were insufficient to tackle the very large organizational, socio-cultural and economic-market challenges inherent in the situation on the ground that would be necessary to support groups shifting to higher equilibria. From our analysis of the interviews and focus groups, we developed the following interpretation on the system:

- 1) **The culture and constraints of frontline state actors limits their capacity as change agents.** Frontline SLRM (DMMU and BMMU) staff are caught between a condition of bureaucratic overload and a culture of target-based requirements and upward reporting flowing from the requirements of the NRLM. Many positions remain vacant and are occupied by other staff with dual responsibilities. The overload seems to have become acute with the last phase of expansion in the state.
- 2) **Community Resource Persons are motivated but overstretched.** CRPs are motivated and active, and key to social mobilisation, SHG formation and support when this occurs, but are also under-resourced, in terms of their permissible work hours, reach and capacity.
- 3) **Frontline state actors prioritize connecting with local leaders.** Given (a) and (b), the SRLM staff have had to prioritize relying on established leading actors or special interest groups seeking to advance their private goals--"active men" or dominant men and women with existing social capital in the village and with the state—as opposed to nurturing and supporting group dynamics amongst poorer women who lack both human agency and social capital (beyond with their peers).
- 4) **Lack of trust within groups makes group development hard and often unstable.** This results in low levels of organizational functioning and makes moving even to "functioning transactional" group equilibrium difficult. This is consistent with some groups never taking off, and others satisfying the minimum requirements to receive the RF and a part of the CIF, but not going beyond this, in terms of convergence with government schemes and rotation of bank credit.
- 5) **Material benefits are seen to be small and below expectations** This is a source of low motivation of SHG members. It interacts with the apparent overall

¹²In the approach of Andrews et al (2017) this could be interpreted as an example of isomorphism—of form without function, or at least, the full functioning laid out in the guidelines.

under-resourcing of the programme, with SRLM staff being forced to “ration” funds (the CIF for example) across groups with grade A, because of (a perceived) overall shortage of funds from the NRLM system.

- 6) **VOs and CLFs lack the capacity to provide support.** There was no evidence that VOs, even less the CLFs, provide the types of direct support to recover defunct SHGs or take the functional SHGs to the next level. CLFs do undertake specific programmatic delivery activities close to their location, with SRLM support, but lack the capacity to support SHGs beyond their area.
- 7) **Connections with other organizations are weak: Panchayats and banks** Links with two key agencies, panchayats and banks, were negligible (with the exception of when a SHG leader had a personal connection with the sarpanch). Panchayat officials see no advantage from the SHG system, that channels resources in a parallel route to those coming through the PR system; and SHG women members are not recognised as a group/collective and do not report more activity in the Gram Sabha. There is limited borrowing from banks, and bank officials do not see SHGs as attractive financial opportunities.

Each of these is expanded on below.

5.2.1 The culture and constraints of frontline state actors limits their capacity as change agents

The frontline SRLM staff are caught between a familiar condition of “bureaucratic overload” and target-based requirements from an essentially “legislative” bureaucratic culture (in the terminology of Mangla, 2015). This condition was clear from the interviews.

First, there was understaffing and vacancies across frontline SRLM staff and multiple responsibilities for those occupying these positions, resulting in weakened organisational capacity to deliver the programme. The positions/vacancies in the District and Block Mission Management Units (DMMU and BMMU) had not been filled at the time of the study, and those occupying these positions had dual responsibilities and were overburdened. This is substantiated by the interviews, summarised below.

The BMMU is the interface between the SRLM system and the CLF-VO system. It was reported that the SRLM team at the block level should have a manager and three assistant block managers (IBCB professional, Samuh Prerak and Computer Operator) and a peon. This team is expected to cover 250 villages, that is a substantial workload even if at full strength.

In fact, the District Manager we interviewed identified the lack of formally appointed staff to the vacancies as a major challenge. For instance, at the time of the interview, the block managers in the two blocks were not formally appointed, had other full time roles, and the SRLM work was an additional charge for them. Those interviewed reported being overburdened: it was challenging to visit all the villages and SHGs regularly, and fulfilling the district-level targets of group formation and quality requirements was becoming difficult. To prioritize, the Block Managers placed their focus on the VOs that were geographically close to the CLF headquarters, and on building 1-2 VOs as successful prototypes. Two of our study villages were somewhat distant from the CLF headquarters (some 15 km--Figure 9) and block-level staff were not aware that D1 and D2 had stopped functioning as they did not visit those villages.

The DMMU respondents also pointed out that the District Office was understaffed, in comparison to the expected staff strength as per SRLM policy. While the district plan has seven posts, only three people have been appointed to these positions, and these staff members had additional responsibilities--for example for agricultural activity, non-farm livelihoods, monitoring and capacity building for other activities in the district. One of them commented: *"We still have three people, in some districts there are just one or two people and they are doing four jobs at a time."*

Beyond the numbers of staff, the sensitive support system envisaged by the SRLM requires professionals who have the training and experience to provide support to SHGs in their formation phase, and in the building of group management processes. These are specific skills (and central, for example, to the field work of the non-profit PRADAN in their own work with SHGs). Furthermore, there were no aspirational district fellows in the district, some of whom do have substantial field experience and could have done some of this work.

Second, turnover of DMMU and BMMU staff was high. This meant that a large percentage of the staff on board was fresh, and did not have experience or knowledge of the area, nor the relationships with the groups. A district official, himself two months into the job, said:

...two to three local administrations have transferred me. Over here, a lot of people leave the projects and go. And in this sector, it takes a lot of time to build trust. Like if I talk of the project facilitation team at the block level, of the five members that were there when I joined two months ago, only one has some experience in the position and the remaining four are new. — Interview with district official

Third, officials interviewed reported pressure around having to meet targets in addition to being overburdened, and thus resorted to just trying to meet routine reporting requirements. The following quote from a block official exemplifies this point, illustrating also that core responsibilities like visiting the villages can be difficult and thus fall by the wayside in prioritization under such constrained conditions:

Each BM has to take care of multiple responsibilities. They are overburdened with work as on an average each BM has to look after around 80-100 villages. It becomes challenging to visit all the villages and SHGs regularly while fulfilling the district level targets..... — Interview with block level official

The complexities of generating livelihoods possibilities and planning are critical to achieving programme goals. However, quoting the block and district officials:

Trained professionals are required who can smoothen the complex processes for the SHGs. There are only two district managers in place and a target of 1,000 people for training etc. These specialists are so engaged in achieving their targets that they find it difficult to focus on other activities and follow up for routine work that is also not done regularly. — Interview with block level official

Fourth, there are not enough physical resources, for instance computers or vehicles, to divide tasks between multiple Mission staff. Workplace safety and insurance provisions were also lacking. The following quote from a staff member typified this:

Many of my colleagues have met with accidents, safety provisions by the Mission are not adequate... for example, I am in the field and I am working..and on the way I met with some accident, we didn't get any help....we got medical leave just for that one day.. — Interview with district/block official

Two key consequences of the culture and constraints of the frontline of the state may be characterised as (i) systematic exclusion of the poorly performing groups and (ii) lack of a sensitive and dedicated support structure. Both these are core principles of the NRLM design. Systematic exclusion of poorly functioning groups occurs as only A grade groups are funnelled through the system and there are not the resources to help the other groups make the A grade. Lack of preparedness of the SRLM as a “sensitive support structure” is seen in DMMU and BMMU staff reporting spending more time firefighting and on target-related tasks, crowding out any focus on strengthening and nurturing groups. Even though the first set of hurdles towards the pre-formation, formation and stabilization stages are known and acknowledged by the staff, NRLM’s envisioned strategies to address these challenges, as discussed in the earlier section, (Tables 2, 3 and 4) are not operationalised. The staff find it a challenge to even deliver programmatic outputs, let alone to recognise and address the complexities of strengthening the institutional platforms of the poor.

5.2.2 Community Resource Persons are motivated but overstretched

The Community Resource Persons—paid on contract by SRLM—are motivated and active, and key to SHG formation and support when this occurs, but their positions are understaffed, and they are under-resourced (for example lacking vehicles), in terms of reach and capacity, overworked and not paid salaries on time. In spite of the numerous and large scale responsibilities given to these community workers, they are still categorised as casual or part time workers with limited employment benefits. Most CRPs are women, and from social backgrounds that are similar to the SHG members. This may have reinforced the undervaluing of women’s work, which is contrary to the stated purpose of the NRLM. This is substantiated by the interviews, summarised below.

First, CRP positions lay vacant and four SHGs (D1, D2, D3 and F1) in our sample did not have ‘access’ to the different types of CRPs envisioned in the NRLM guidelines such as Krishi Sakhi, Pashu Sakhi or Bank Sakhi. CRP support (the Bank Sakhi) is conspicuous by its absence even in the relatively basic function of opening a savings bank account for the group. Quoting a CLF Office bearer who typifies the interviews conducted:

Banks (relating to opening of bank accounts) are a huge trouble for women sometimes in terms of paperwork. Women come from far away places and they get tired with all this. Bank Sakhi is there but she has to handle so many SHGs. Women complain to us and we have tried talking to the bank, but to no good — Interview with CLF office bearer

The DMMU staff attributed this shortage to a lack of educated women in the area, and the mobility required on the job. The CRPs also reflected the difficulty in travel as required by the job as a barrier:

I have to go alone to the villages and banks. I go to the villages that are around here. We face challenges also when villages are too remote inside jungle areas. My husband sometimes supports me or comes along.

I do not go to very new villages. I haven't even visited all the villages assigned to me. — Interviews with female CRPs

Second, CRP respondents pointed out that there were different wage rates for different kinds of CRPs, who mostly work for a maximum period of 10 days in a month as per government provisions. For instance, Krishi Sakhi/CRP's are paid Rs 330 per day after deductions, and therefore they can earn a maximum of Rs 3,300 per month, whereas Bank CRPs earn Rs 1,500 per month (Rs 150 per day). This is important for group dynamics as the role of the Bank CRPs is critical to cross the first set social mobilisation, formation and stabilisation tasks as a functioning organization, whereas the Krishi (or Pashu) CRPs role comes into play only after the groups have received the CIF, or subsequently. CRPs are expected to work no more than 10 days a month. However they are assigned at least 8-10 villages, and the visits take them 15-20 days every month. They therefore end up not getting paid for an almost doubling of work days. In addition, the salaries are released once every three months, making it difficult for them to meet their daily expenses. Work conditions were also precarious as CRPs interviewed reported that they were unsure of their work hours and job conditions: was it on a daily basis, do they get any days of leave and what cuts could occur? Fearing cuts in an already meagre and irregular salary, some of them reported working for two months continuously without a single day off and being paid for ten days a month. Fear of not meeting targets was also a well-worn refrain, typified by this quote from a CRP frontline staff: *"if the target is not complete that state can give any punishment if they want to"*.

Third, CRPs face difficulties owing to frequent turnover and lack of a streamlined induction programme. Though the CRPs reported that they felt the BMMU staff acknowledged the difficulties they faced, they do not have much support from the DMMU or the BMMU as they enter the village, and neither were they provided with ID cards or uniforms (which some asked for). This makes it difficult for them to establish trust with the local community when they go to a new village. The SHG members and their husbands sometimes doubt their credentials, and wonder if they are from private microfinance companies. CRPs also may face opposition from the local community if they are viewed as security threats. For instance, a Krishi CRP described how a local youth stopped her from conducting a meeting on this basis.

Fourth, the shortage of local cadres has also led to switching roles and tasks as required and lack of clarity about their roles and information on deliverables. For instance, a Bank CRP was initially trained as a Pashu or livestock CRP but then was switched to the Bank CRP role.

Fifth, CRPs have to work in and travel to a number of villages, many of which are far from the places of residence. They also do not have fixed timings as they

(understandably) have to adjust their visit timings as per the availability of the SHG members. They do not have access to any transport facilities or allowances to cover the costs of travel. At times, they face difficulties in finding transport and sometimes have to walk more than five kms to reach the villages.

Sixth, villagers also approach CRPs for government-related work which does not come under their responsibility, such as creation of BPL or ration cards. There are no “convergence” CRPs, and the current CRPs reported having to guide the villagers on such activities, increasing their number of days of work with no payment.

Seventh, women CRPs (a majority of the total in the area of research) face gender-related constraints themselves, especially given the geographical mobility required of this position. This varied across CRPs. Some have supportive family systems. For instance one of the respondent’s husband and mother-in-law share the care responsibilities and household duties when she is away for work or duty. Her husband also accompanies her to remote villages and helps her by counselling the males in the villages about the benefits of the SHG. By contrast another CRP experienced constant surveillance from her husband as he would call every hour to check where she was. Another CRP had to constantly vouch for her. The women CRPs do not receive any facilities like maternity leave, creche facilities and other entitlements provided to working women in India, even though they are working for a state program.

Despite all these challenges, the CRPs interviewed were very motivated to continue their work--being a CRP seemed to give them a sense of identity and confidence. That most CRPs are women, and from social backgrounds that are similar to the SHG members, reinforces the undervaluing of women’s work, contrary to the stated purpose of the NRLM.

5.2.3 Frontline state actors prioritize connecting with local leaders

Given the constraints and culture just described, the SRLM staff have had to prioritize making local connections with and relying on established leading actors or special interest groups seeking to advance their private goals--“active men” or dominant men and women (local elites) with existing social capital in the village and with the state—as opposed to functioning as a dedicated and sensitive support structure nurturing and supporting group dynamics amongst poorer women who lack both human, agency and social capital (beyond their peers).

A common feature of groups D1-3 and F1 (Table 4 and Figure 12) is the presence of an “active man”, who plays a *de facto* leadership role in the SHGs. This man may be effectively selected by the SRLM mobilizer, or sometimes proposed by the *sarpanch*. Such a man typically places his wife (and other female relatives) in leadership positions in the SHG and supports the running of the SHG, for example in bookkeeping, and is especially present in interactions with the bank.

The role of an “active man” has parallels with the commonly observed phenomenon of local development intermediaries, as discussed in the literature review. These are typically influential or well-networked individuals who help connect external offers of services or organization to local action. These intermediaries may be from traditional local elite families (e.g. caste elites) or they may be emergent development

entrepreneurs (e.g. those who see an opportunity given the structure of the program). While part of local inequalities (and so an element of “elite capture”) they can be practically important to getting things done, especially in the context of an under-resourced bureaucracy. However, in the cases in this research, it is striking that this was an unsuccessful path. In the three cases where an SRLM official effectively selected an “active man”, SHGs D2, D3 and F1, the SHG soon stopped functioning. This route may have been efficient in forming an SHG, precisely because it is aligned with local structures, but was ineffective at developing the norms to actually sustain an SHG, even at low levels of performance.

A corollary of this feature is that neither SHG women members nor their husbands reported resistance to SHGs, rather both seeing it as a source of potential gains. Husbands reported supporting their wives joining SHGs. Women too, reported that there was no conflict in their households with respect to their involvement in the SHG. Most of the respondents shared that their husbands had given them permission to be a part of the groups so there was no reason for them to have an issue. Moreover, women said that they finished the housework or assigned them to their daughters before going to SHG meetings so that they gave their husbands and family members no reason to complain. There was little evidence of SHG members challenging the entrenched patriarchal social structure. One of the women in F3 shared:

Till the women stay inside the village, men in the households do not have any problem as women in our household don't roam out. — Interview with SHG member

The inhibiting role of patriarchy in a “functioning” domain is cited by an SRLM official in talking about committees under the Village Organization:

But in that committee, the women do not talk to the male members. It is male dominated (patriarchal). Their women won't talk. So, then that SHG will not function because they don't sit and talk. So, there is a difference due to the society. So, it depends on the caste. — Interview with SRLM local official

The following description of D2 vividly illustrates the interaction between caste and patriarchy:

The D2 SHG was mobilized by SRLM staff who relied on an ‘active man’ in the village to identify women, make a list, call them to a meeting and to report back to the mobilisers. The ‘active man’ was an upper caste Goswami who brought his wife in as President and a relative as secretary/treasurer. According to the Harijan (SC) and Chandel women interviewed, he ‘hustled’ six Harijan and four Chandel women to join the SHG, along with the two Goswami women. The ‘active man’ ran the group meetings from his house: he did the book keeping and the money was kept in his house in a plastic folder, as observed by the researchers. After 3-4 meetings, of which the Harijans attended only one, there was a sense of mistrust among the sub-caste groups and the group stopped functioning. — Interviews with SHG women

There is, however, greater expression of agency by those women who are office bearers or in the federations. For example, one VO member said that women felt that they

cannot act or say anything against established issues, such as men drinking, but women have ownership of their own money and are not forced to give it to their husbands. This woman also had independence to travel for work without any objections from her husband, but reported that for some women, their husbands do not allow them to go out.

Interviewer: Do men around here drink often?...

Participant: Yes, it is quite rampant. But we cannot do much, we are bound by our household responsibilities...

Interviewer: Has it ever happened that the money borrowed by a woman from the group got misused for alcohol?

Participant: No, no. Women save and they use the money themselves.

Interviewer: Don't the husbands sometimes use the money for alcohol?

Participant: No, they earn on their own and use their own money for drinking purposes. Our husbands don't trouble us for that. They don't stop us from going anywhere... — Interview with VO member

5.2.4 Lack of trust within groups makes group development hard and often unstable

The lack of trust makes the social mobilisation, formation and stabilisation of SHG groups difficult, consistent with some groups becoming defunct. The functioning groups satisfied the minimum requirements to receive the RF and a part of the CIF (that are essentially transfers from the state) but did not go beyond this, in terms of investment in productive activities or direct borrowing, or in the transformation of socio-cultural interactions that would support a broader change in women's individual and collective personal and economic agency. In the literature review we highlighted the role of deliberative processes as means of developing individual and collective agency, relevant to the goals of SHGs and the NRLM, and the role of external facilitation and leadership (the human and social capital referred to in Figure 2 from the NRLM theory of change) to effectively represent, cultivate and channel this. There was no evidence of such transformative processes, consistent with the SHGs being embedded within and mirroring existing socio-cultural structures and groups not moving beyond basic functionality. Rather, the nuances around leadership and group dynamics, and issues in social mobilisation and group formation, are consistent with barriers anticipated in the NRLM guidance notes (Table 2 and 3).

Intergroup differences play an important role in SHG functionality on the ground. This was sometimes, but not always, associated with caste-based differences. NRLM criteria puts weight on forming SHGs of scheduled caste or scheduled tribes, and on homogeneous groups. The 3ie quantitative survey found that over a third of functioning SHGs were only SC/ST in Madhya Pradesh, but a slightly larger proportion were mixed (and unfortunately there is no data on the caste composition of defunct groups). All of the SHGs in our sample were of mixed caste (see Table 4), and this was sometimes reported to be salient in problems of group dynamics and breakdown, especially when lower caste groups were, or felt, excluded from meetings and decisions. However, there were also reports of conflicts within caste, and, conversely, of at least basic functionality in a mixed group (F3).

Some groups are better able to manage conflict than others. As mentioned earlier, the better functioning groups (F2 and F3; Table 5 and Figure 12) were facilitated through the pre-formation, formation and stabilisation stages by a CRP (in contrast to an active man). The CRP took into account internal group dynamics, and the broader socio-political dynamics in the hamlet/village during the pre-formation and formation stages. This reduced conflict, but did not lead to any deliberation over, or challenge to, existing caste and patriarchal structures. SHGs without such close (CRP) facilitation did not even manage to address the socio-political conflicts and the resultant internal group dynamics, and there was no support forthcoming from the SRLM system either.

F3—the exemplary group in the sample—is predominantly Jatav but also has two Yadav (OBC) members. The leadership or office bearer functions were divided, keeping the local and group dynamics in view (President was Jatav and Secretary was Yadav), and the group reportedly had regular meetings without conflict. In contrast, in D1 the initial membership was almost all Yadav and one Brahmin. The group fell victim to a dispute. The Yadav active man wanting his wife and sister-in-law to be the office bearers, while the SRLM officials who had come during the mobilisation drive chose the Brahmin woman (a cook in the village anganwadi who had studied till the 8th class) and a different Yadav woman from another hamlet to be the Office bearers of the SHG. Three other Yadav husbands disallowed their wives from joining, because of inter-hamlet rifts within the Yadav community. The group never met as it could not be formed with only eight members. This conflict remained unnoticed by the SRLM mobilisers as there were no follow up visits to the groups and there wasn't the leadership capacity or processes to manage the conflict within the group.

For functional groups (at the stabilization stage, i.e. after the initial mobilization and formation: Figure 4), too, the study indicated the absence of internal group capacities to deal with dynamics within the group, and those with the VOs. This is accompanied by inadequate or absent VO/CLF support and any follow up processes by the SRLM. The following vignette illustrates the incapacity of a group to resolve external conflicts (from the local socio-political environment and the similarly socially embedded VO structure) that are essentially imposed on them.

F1 stopped functioning a few months before the study, just after the CIF had been disbursed by the CLF/VO to the SHG. As discussed earlier (in the Results section) even though the SHG was formed by an active man (Kewat) and the group composition was Kewat-Sehariya, the office bearers being Kewat was acceptable to the Sehariya husbands. (They suggested that there was another SHG in the same VO, also with Sehariya-Kewat composition, where office bearers were from the Sahariya active man's family.) The local male brokers within the village reflected the village socio-political dynamic. The dynamics of the mixed caste village (Yadav, Sehariya, Kewat and Brahmin) were reflected in the VO: the President was a Brahmin, whose husband was the de facto President, himself an active man. While these embedded group dynamics seem to have sustained the SHG to the stabilization stage (Table 4), accusations of rent-seeking behaviour by the Brahmin VO President's husband were a point of conflict between the VO and our study SHG (F1), that stopped meeting in protest. The husbands of the Sehariya F1 members had identified this issue through their male networks, and accused the Kewat men (husbands of the SHG members) of colluding with the Brahmin VO President's husband. The complaint was escalated to the CLF and the SRLM system, and had not been resolved for the past six months.

It is significant to note that the women respondents in the SHG did *not* highlight this issue, rather it was the male members who were interviewed who discussed this at length indicating the presence of informal yet tangible “male networks”.

5.2.5 Material benefits are seen to be small and below expectations

The primary motivation for forming or joining a group was expected material gains. This was also the main source of complaint. This was a source of low motivation of SHG members--as well as a consequence of failure to move beyond the basic level of functioning. It may reflect overall under-resourcing of the programme, with SRLM staff being forced to “ration” funds (the CIF for example) across groups with grade A, because of (a perceived) overall shortage of funds from the NRLM system, problems with convergence with the panchayats and lack of confidence in the SHG-bank credit linkage

Even in the functional groups, material benefits were considered to be low and below expectations. Material gains were a central feature of almost all interviews with SHG members, their husbands and leaders. The top expectations reported to the field team were: access to loans; getting money when they needed it, and getting the amount they wanted; opening small individual businesses; collective SHG “business” enterprises such as government contracts to run the midday meal scheme or the PDS; creating a large savings corpus, and using the interest generated by judiciously investing it.

Women and men expected to receive sufficient resources for business investment. Some also expected the money they were saving/depositing would get doubled over time. All functional groups in our sample received the revolving fund (RF) but only part of the community investment fund (CIF). The RF is intended to “set up a corpus to meet the members’ credit needs directly” as a “catalytic capital to leverage repeat bank finance”, as per the guidelines (ajeevika.gov.in). It was distributed equally to all members. Each member reported receiving ~Rs 1,000. In this sense, the RF was reported as incentivising the first grading. But women and men interviewed said that the amount was too small to be of any use, and linkages for bank credit were not reported. The CIF too incentivised the CRPs and local BMMU/DMMU staff to “funnel” groups through the grading procedure. This was also distributed equally among group members (the MCP was prepared in this manner) so each woman received ~Rs 2700 depending on the varied CIF amount received by each group. The government intends the CIF “as a seed capital to the SHG Cluster Federations to meet the credit needs of the members and to meet the working capital required by collective activities at various levels”. However this expectation was unrealistic, as indicated by both men and women associated with the functional groups. They said that this amount was used to meet day-to-day and household expenses as it was too small to invest in any business or to start an enterprise.

In one case, a woman bought hens and a goat from her contribution, but had to leverage the rest of the money from her husband. She stoically said:

But what will be gained out of such little money? We returned it to the group, with interest too. Then we thought, let us keep faith and hope and not ruin the group. Let us keep it running. — Interview with SHG member

In F2 some started vegetable shops, and others bought sewing machines for themselves, using this money. However there was no help available in the form of training or assistance, something that group members had expected. One woman learned sewing from “jio” (youtube videos) but there was no market in the village so she sewed only for herself and family. One of the VOs was given a rented shop in a market complex for SHGs, but no customers visited, and the women were unable to sell any of the soaps or incense sticks they had produced, and so there was no money for bills. There were few efforts to work with the women’s traditional skills in animal husbandry and agriculture, with low availability of Krishi sakhis.¹³

Another source of material benefits is from bank loans. Loan repayments are commonly referred to as a problem area. The management of loans is linked to challenges of group dynamics. This is illustrated by the following comment from a CRP:

If the samuh are functioning, then there can be some very good work done, but some women run it for some time and they break it. Like they take the money but then they don’t return it. And if one woman does not return, then the other women also start following the same, saying that you either first collect it from her or you give us money. Due to all these arguments and fights, it breaks. — Interview with woman CRP

An alternative source of finance is MFIs. Most women reported that MFIs or private money lenders were absent from the area. However, two women shared their experiences of borrowing money from a certain MFI for some urgent work, but then faced challenges in making the regular repayments (every 15 days) and said the interest rate was high. Men expected the loans from SHGs to come fast like MFIs (“private people”) and when large amounts of money or needs are urgent they take the MFI route. However, there was a perception of unease towards borrowing money from the private sources due to the high rates and the repayment pressure. The research team learnt about a family who had to leave the village as they were not able to repay the borrowed money and the lenders took most of their household items.

D3, which was fraudulent in terms of SRLM guidelines, was justified by the (anganwadi) woman on grounds of getting mid-day meals, but it was eventually closed down on complaint by the SHG members, as we saw above.

In summary, there were very few successes in material benefits from borrowing. Local bank managers presented only the example of one VO as meeting their outcome expectations. None of the five SHGs had received the CIF in totality, none had a repayment track record, and none had two credit linkages from the bank with repayment in place. The weak capacity to facilitate the groups through the social mobilisation and formation stages, the low capacity to deal with the socio-political embeddedness of the SHG-VO system, together with the low availability of funds, results in rationing or funneling funds to A grade SHGs and to neglect the others; misalignment between expectations and benefits received; and precarity in group dynamics even in the stabilisation phase.

¹³ As reported from field work by Mubarisha Zaidi, ISST

5.5.6 VOs and CLFs lack the capacity to provide support

Functional groups are connected with VO's, consistent with the quantitative findings (Table 3). However the defunct groups (D1 and D2) never reached the stage of being linked with the VO, as they stopped functioning in the social mobilisation and the formation stages, respectively. In this sense, VO linkage has a technical and compliance connotation, a result of "funneling" A grade groups (Table 3) and arguments suggesting that VO-linked groups function better would seem to reflect such selection effects. There was also no evidence that VOs, even less the CLFs, provide the types of direct support to recover defunct SHGs or to take the functional SHGs to the 'next level' in terms of attaining an A grade, programmatic delivery or organisational functioning. As indicated in Figure 3, and discussed in the review of NRLM's guidelines, the social mobilisation and formation stages may occur before the VO comes into the picture, or in parallel. Interviews with CLF leaders, CRPs and DMMU/BMMU staff suggest that they lack the capacity to support SHGs beyond a limited radius from their headquarters.

All but one of the VOs were formed after the SHGs were formed. D3, or the fraudulently formed SHG, is an outlier in that the VO was set up during the DPIP programme (in 2010) and the anganwadi worker routed the RF through the VO: there was no group.

We had selected our sample of respondents to include SHG members who were not representatives in the VO, and VO members who were not representatives in the CLF. This enabled us to compare the levels of understanding across members of the Executive Committees of the CLF and VO, and those who were not. The respondents reinforced this information asymmetry between members and leaders in their respective spheres. A typical response is as below:

We make VO...the members of that VO come to CLF. so only those two have information...the other members of the small groups have no information at all regarding this. — Interview with CLF member

With respect to the SHGs in the sample, our study found that SHG women members had little knowledge of the VO: they know that the SHG is a member, and that office bearers attend, but displayed little or no knowledge of what is discussed or what the role is. The VO members typically also had little awareness of the VO itself.

We do not have much knowledge about the Gram Sangathan. First thing in Gram Sangathan meeting most women come out of compulsion, give Rs 50, and sign and leave. And if they skip a month's meeting then they plan to attend the next-- but only if they are going to get some benefits, and then they come back. — Interview with VO member

...women are not sure of what is the purpose of VO and say that why should we give you Rs 50 per month. But attending the meeting is very important to get your SHG entries done. For money you can give some reason that my members don't understand so the SHG President should make them understand that what is Gram Sangathan but that doesn't happen. — Interview with CLF member

The VO leaders interviewed (those who were not also CLF members), and SHG members, did not report any connections with the CLF and were unaware of the role and contribution of the CLF. By contrast, VO executive committee members (who are

members of the CLF) understandably have a greater awareness of the CLF team. Here is one account of the formation story of a CLF by a VO EC.

... first the Gram Sangathans [VOs] were brought together. Then the BMMU sir called and said that a CLF has to be made. I did not know about CLF then, so he gave me information about it: that an Employment Mission is being created in which all the money has to go through CLF. Then slowly we got to know the benefits of this CLF. The CLF is an office, an organisation above the Gram sangathan, and its members can come and talk about issues in it. We can also go to the Gram Sangathan and listen to them if there is an issue. — Interview with CLF member

We do not have data on the date of CLF formation. However an interview with an SRLM official indicated that CLF formation was more recent than VO formation, and the relations between the VO and the CLF were not very clear. Once the CLF is a formal organisation, it is gradually expected to become self-sufficient. The profit margin from financial intermediation and other services is retained by the CLF to maintain this. Existing community cadres are brought into the CLF and they are paid an honorarium. The VO had channeled the CIF to the SHGs before the CLF was formed, and was not comfortable with giving up this role and sharing the interest spread with the CLF.

Overall while these federations indeed channel the financial resources, there was no evidence of their being a source of either downward training and support, or higher level negotiation with government. There was no evidence of any system of feedback or support to groups that did not meet the required A grade. There are also no prescribed procedures to support groups with lower grades, or those who have not met the prescribed developmental milestones. There is no MIS system at the group and VO level, and this was an area highlighted as a deficit by the SRLM staff. Such practices have perverse consequences for programme achievement but serve the purpose of rationing scarce financial resources and reducing the workload of the implementing frontline workers.

The SHGs demand benefits that the CLF office bearers find difficult to respond to; and the SHGs do not repay or revolve the funds, and the CLF members seem to feel helpless.

Some groups do not even work for one month and they start asking for loans. The Rs 10,000 (RF) is too little for them and they don't repay it. It should be returned...because government's money is being wasted if it is not returned and the group stops meeting, then I try to go myself to conduct a meeting to discuss the issues with them. When I go there, all of them say that we will restart the group meetings and deposit the money in the group this time. There are some groups which I have managed to restart, but most of them, even after a lot of convincing, won't start meeting until they receive more benefits. — Interview with CLF president

The CLF members interviewed had not heard about the defunct groups in the sample, although it was in the CLF domain. They suggested that a reason may be that they were

not from those VOs, and that these villages were quite far from the CLF office. The CLF leaders interviewed did, however, report success stories from closer VOs.

Women from nearby villages who knew stitching work were selected and stitching centres were set up. Women were involved in stitching school uniforms for anganwadi school students. Women in the stitching centre made Rs 50,000 from stitching. So they used to come daily as they live nearby, stitch some 10-20 pieces of uniforms and even take some back home. — Interview with a CLF Office bearer

The SRLM staff interviewed at all levels were aware of issues related to the hurdles towards social mobilisation, formation and stabilization. However, in the current scenario, they focused on meeting their targets with the help of the CLFs. The CLF headquarters were in the block headquarters or a large town which enabled the SRLM frontline staff to manage their work despite minimal physical, financial and human resources. SHGs in our sample were between 9-18 kilometres away from the CLF headquarters, and more attention and visits were paid to the closer VOs and SHGs, as revealed in the interviews.

groups that are near [the centre] have a better chance of survival as compared to further ones. You will see that villages nearby have better groups.....While making the headquarters of the CLF, we take care that the people of that village come there for marketing. Our CRP and CLF members are not so many in number to visit every remote village regularly... — Interview with district level official

In such a scenario, CLFs do undertake specific programmatic delivery activities close to their location and serve the more stable SHGs (those that have been funnelled based on their grading), with SRLM support. As mentioned above, the weak capacity to facilitate the groups through the social mobilisation and formation stages, the low capacity to deal with the socio-political embeddedness of the SHG-VO system, together with the low availability of funds, results in misalignment between expectations and benefits received. The agency of the collectives (the VO and CLF) in negotiating with the SRLM is circumscribed, and they seem to view their role, at best, as channeling government benefits to the villages.

In the cases studied, it is clear that SRLM as cannot hand over poorly functioning organisations to the CLF or VO and expect economic and empowerment effects to flow, whether sustainably or not.

5.5.7 Connections with other organizations are weak: Panchayats and banks

Consistent with the low levels of functionality, there is little or no evidence of SHGs leading to greater connection or claim-making on other programs, or with the local political and banking system. There was hardly any reference to deliberations among members on community dynamics, politics, village-level resources, or caste or other family issues.¹⁴ This is consistent with lack of connectivity with other actors in the system, and we illustrate with two of these: panchayats and banks.

¹⁴ This is from a personal observation from Mubashira Zaidi, after returning from managing the field work.

Panchayats: There was negligible connection between the panchayats and the CLF-VO-SHG system and limited support from the Sarpanchs and Panchs in the functioning of the SHGs.

First, panchayat members, particularly the Sarpanchs, did take credit for introducing SHGs in their panchayats. Their relatives, and wives of the male representatives, were also members of SHGs, and in leadership roles. In this sense, the panchayat members viewed the SHGs as platforms for receiving benefits from the government and also played their role in supporting the introduction of yet another, government programme to their constituency. However, panchayat representatives were pessimistic of the SRLM bringing benefits. One of the Sarpanchs put it bluntly:

They will grow only when there is development and one gets employment. But no benefits are coming. I think best is to not make such SHGs as there is no benefit.
— Interview with Sarpanch

Another panchayat member was not optimistic about benefits coming in:

You have to keep waiting for benefits, unlike in the private (microfinance companies) when you get a loan immediately. — Interview with panchayat member

Second, most of the (rival) ward panchs interviewed alleged that they have never been invited to the Gram Sabha meetings by the Sarpanch. According to the panchs and villagers, the Sarpanchs mobilise Gram Panchayat resources for their own benefits and those close to the Sarpanch (or belonging to the same caste) are the only ones receiving benefits. Corroborating this, one of the ward panchs shared,

In two months, five years will complete and not even a single baithak (meeting) or gram sabha took place. They don't call us, we never know when they come and they leave, meeting takes place they sit for a couple of hours and then leave. I don't know what my responsibilities are as Sarpanch ji hasn't told me. —
Interview with panchayat member

Third, the elected representatives interviewed claimed to not have any role vis-a-vis the functioning of SHGs. They reported that they had not received any guidelines from any government officials regarding the programme, nor that any SHG members or villagers had ever approached them with any information or updates related to these groups. Sarpanchs claimed to keep themselves away from the functioning of the SHGs.

Fourth, the sarpanchs and panchs interviewed did not recognise the role of SHGs in channeling government schemes (beyond credit for the members). From the side of the panchayat there was no evidence of their seeing SHGs as a valued source of development action, or support for their work. One sarpanch put this bluntly:

They will grow only when there is development and one gets employment. But no benefits are coming. I think best is to not make such SHGs as there is no benefit
— interview with sarpanch

Linking the villagers to government schemes was the role of the panchayat, and not of the SHG. The panchayat respondents expressed reservation about the role of the SHGs in bringing benefits to their members (in comparison say to the MFIs):

You have to keep waiting for benefits, unlike in the private when you get money immediately — Interviews with Panchayat members

The SHG and VO is also not recognised as a demand system (e.g. the panchayat respondents did not acknowledge SHG participation in the Gram Sabha, and said that the women participated in their individual capacities).

The group was also not recognised as a delivery system, one that contributed to the convergence goals: Where the SHG was seen as a possible provider for certain services in the village, this was as a potential substitute for local contractors, e.g. providing children midday meals and running the public distribution system.

There is also very little evidence of increased connections with other programmes through the SHG—the goal of “convergence.” The panchayat members interviewed said that the panchayat system was accountable for delivering programmes to the individual households, not the SHGs.

Fifth, SHG members too reported that they do not expect support or even a response from the panchayat members to their SHGs. Very few SHG women members reported engaging with the panchayat system or attending gram sabhas; one said she was scared to speak. They did not attend Gram Sabhas or interact with the panchayat members citing a lack of access and social norms. One of the SHG members shared,

I have had no interaction with sarpanch/panchs and I don't attend panchayat meetings as women are not invited into them. My husband attends sometimes. — Interview with SHG member

There is some awareness among the CLF and VO members of the potential to make claims, but little evidence of action on their part. The following illustrates:

Women can come together from all groups about issues related to water or other needs in the village. We can make a formal request (darkhwast) to the sarpanch. But we have not acted on this yet. — Interview with VO member

Another VO respondent reported that women don't have Ration cards and that they have thought of taking this issue to Sarpanch. She said:

We have not taken it to him yet, and even if we go there and tell them, they don't listen — Interview with VO member

A third VO member reported not meeting the Sarpanch or panchor discussing matters related to the SHG with them.

Banks: Banking officials interviewed were aware of the SHGs, but seemed to be largely passive in transmitting the funds, as opposed to seeing this as central to their credit strategy. They also did not appear optimistic about the financial or economic transformation of SHG women.

According to the bank officials we interviewed, the infusion of capital was too low. The motivation for members to form SHGs was initially for the one time revolving fund and there were no long term financial goals. Women continued to expect financial assistance from the government through the SHG.

SHG accounts tended to become dormant when there was a change in the signatories. While the bank requires only the minutes of the meeting that certify the change in leadership, and documents of the new leaders/signatories, this does not mitigate the lack of trust between the members. SHGs have developed an informal system: both former and proposed leaders visiting the bank for the change of signatory process. Given the conflicts during change of leadership, these joint visits are difficult to organise and banks are not equipped to play a conflict resolution role.

The biggest challenge bankers spoke of was of loan repayment. Quoting one of the interviewed bank managers,

They fall apart because they have distributed the money amongst themselves and if one has repaid the money and the other one hasn't then some other woman thinks that she has not paid yet so why should I pay. So they default on their payments ... and once 1-2 people default others also follow them and don't repay. So it directly affects the bank. — Interview with bank official

Bank officials seek help from SRLM staff and panchayats to recover loans, but it is not very effective. The sarpanches interviewed also referred to this. Most bank personnel interviewed suggested that loans from microfinance institutions to the same groups of borrowers were more effective even though the interest rates are very high. This was attributed to cash inflows being timely, and meeting borrower demands, and an effective loan recovery system.

An interview with a DMMU staff member reinforced the difficulties in coordination between the banking system, DMMU and BMMU and the CLF-VO-SHG system. He described how the efficiencies of the design of local MFIs were put to test in a Start-up Village Entrepreneurship Programme (SVEP). A pilot with 20 SHGs in the one “model” block was an experiment that did not require bank linkages. Capital was transferred from the district to the CLF and then to individual borrower-members of the SHG. All the transactions were conducted online; no deal is done in cash, removing any option of corruption in the project. A caveat was that each SHG had to have a livelihoods activity. CRPs ensured loan repayment, unlike in the regular programme. Administrative costs were met by the ‘business’ and so the CRPs were also better paid.

6. Implications for practice and research

In this section we draw out some implications of the study for both action and future research. We draw on both the actual findings and other literature and field experience.

To recap. The NRLM conception, theory of change and rules have a coherence and strong story at SHG level, especially in the recognition of the constraints and how to tackle them. However there is a gap in converting the principles and guidelines into front line practice given the resources and culture of the state. The Indian state seeks target fulfilment, rule-following, response to hierarchy and short-term programme delivery over

longer-term institution building. This is also a design issue: forming and nurturing groups to move from basic existence to even an equilibrium of a functioning transactional group is a complex task, that will typically require more extensive support systems over the management of conflict and group processes.

This requires a process of exploration within a village, participatory social mapping and more; flexible and empathetic implementation is required. A more intensive engagement could also support groups that are more heterogeneous or help them with conflict management, but that requires another level of animation that is even more challenging. Inter-caste groups can also work, but require more support in group development--and potentially less rigid benchmarks on specific processes.

Effective organizational functioning, and the creation of a dynamic of cooperation around material gains, is a likely prerequisite for building the role of groups as platforms (as in Diaz-Martin et al,2020) and even more so for the expansion of personal agency, across the various domains. We have characterized this as moving the group to an equilibrium of functional, trusting relationships, with a capacity to navigate the processes, links with banks, and internal use of money that is central to NRLMs theory of change and action.

Our study suggests that while protocols for group formation and support from SRLM bureaucrats and CRPs can help, the many benchmarks interlaced within these protocols place demands on resources (time in village, interactions), and culture (norms of interaction) that are difficult, and sometimes disincentivizing, for these front-line actors. Because of this lack of resources and time, there is often a gap left that local intermediaries then fill. Given the pragmatic requirements of establishing groups - e.g.. having strong affinity with more dominant caste leaders within villages -- this gap is often filled in the process of SHG group formation by local leaders or family members. These are often “active men” (as in groups D1, D2 and F2), other local development “entrepreneurs” (such as the anganwadi teacher in F1) or relatives of the sarpanch (as in F2).

Similarly, while VOs and CLFs are, especially in the later stages of an SHG’s growth, supposed to provide key support, we found them to be much less developed as organizations than would be required for them to be the key catalysts and supports for SHGs. lacked the capacity to be proactive in either tackling defunct or low-functioning groups (those functioning at E1 or E2). It was only the SHGs with higher grades that they attended to, with little attention paid to them. The SHGs remained inadequately resourced and their expectations of benefits remained unmet. The CLFs in the study were instead performing specific activities (such as channeling the CIF or specific local livelihood activities) with support from the SRLM, but these were concentrated in their own or nearby villages. Moreover, when CLF leaders were asked, they said that they could not go out and support the distant SHGs--that ostensibly fall within their federation--or incorporate them in their activities. We found that solving organizational challenges that crop up in SHGs’ growth cycles require both substantial human inputs and complex skills that CLFs, let alone VOs, have not been equipped with, and are not providing, especially for SHGs that are further away from them. For many SHGs, local support is thus not coming from SLRM bureaucrats, CRPs, VOs, or CLFs - leaving a large vacuum.

Our findings are from a small group of SHGs in one district of Madhya Pradesh. While they do not seem to be atypical of SHGs in the state based on observable features in the survey, there is likely to be a substantial variation in processes and outcomes across villages, blocks, districts and states. The MIS is inadequate and necessary information is not available to the SRLM officials, neither within the CLF and VO system, so is a poor basis for broader assessment. The findings do resonate with other in-depth research, both on the SHG movement and the extensive literature on the organizational challenges of the Indian bureaucratic functioning. For example, there is specific resonance with the findings of a large, longitudinal study of the Jeevika programme (SRLM) in Bihar, comparing results from Phase 1 of implementation (locally-sensitive, intensive mobilization) to Phase 2 (rapid scale-up).. The study concludes:

Focusing on the frontlines of change -- at the village level, the analysis finds that the key difference between implementation in the two phases of the project was that facilitators in the first phase deployed a discourse that was carefully "co-produced" with its beneficiaries. Through careful groundwork and creative improvisation, facilitators incorporated the interests of multiple stakeholders on the ground while bringing beneficiaries into the project. However, as the project scaled up, participants were mobilized quickly with a homogenous and fixed script that lacked the kind of improvisation that characterized the first phase, and which failed to include diverse stakeholder interests, objectives, and voices. These differences significantly reduced the intensity of participation and its concomitant social impacts.

Majumdar, Rao and Sanyal, 2017

However, while the Jeevika study found the scaled up program failed to bring any measurable benefits in women's agency, there were gains in savings and credit use. This suggests that the scale up may have significantly succeeded in building SHGs as platforms for service access (As in the broader international experience reviewed in Diaz-Martin et al, 2020)--getting the groups to what we referred to as the (third) functioning equilibrium of organizational processes.

So what does this imply? We distinguish two types of issue: the process of group formation to a level of effective organizational functioning and how to tackle issues within the system as it is now.

The group formation issue involves getting groups "institutionalized" as functioning organizations, so they at least can serve as effective platforms for service access (E3), or be capacitated to develop into higher-levels of functioning with group solidarity and links with other local organizations and government programs (E4).

Contrary to expectations in selecting groups characterized as "functional" in the 3ie quantitative survey, at the time of the survey none of our sample SHGs had achieved a level of organizational functioning that would support a transition to viable financial growth. (F3 was a partial exception, but also seemed stuck at low-functioning equilibrium). As our sample didn't have cases that had shifted to such an organizational equilibrium, we couldn't directly analyze the causes. However, the implication we drew from our interpretation is that there would need to be a different, slower process.

The question is how to do this. Since this involves new SHGs, it is likely the SRLM and CRPs are the key actors. While initial contacts will often be with local leaders--and indeed should involve connecting with the sarpanch and ward panch, there needs to be much more careful attention to group composition, building as far as possible on existing groups with internal trust (with high "bonding social capital" in that terminology). However it is clear from the field work that this requires both more resources and shifts in the bureaucratic culture of behavior, including on the interface between SRLM staff and CRPs. At one level this looks like what Mangla (2015) referred to as a more "deliberative" bureaucratic culture. But this is unlikely to be a policy variable! In Mangla's own comparative analysis the contrast between deliberative and legalistic cultures is a deeply ingrained part of state-level functioning ultimately based on state-level political and cultural history. Nevertheless there can be shifts within the system through: (a) changing the emphasis on upward targets on numbers of SHGs created; (b) providing more resources and guidance to CRPs; (c) developing different forms of measurement in relation to group performance. There is also likely to be scope in terms of learning from experiences across states, in terms of specific practices, innovations and levels of resources--but this type of comparative analysis fell outside the scope of this study.

The second issue concerns tackling the challenges within the system as it is now. This may be even more important at this stage: for NRLM is now largely past the group formation phase, with target numbers of groups having to a significant degree been met in many parts of India. Growth in numbers of new SHGs is slowing. The policy focus in NRLM is now on strengthening the federation structure and on livelihoods of women. Most CLFs now have a large number of groups already formed within their ambit, and many of these would be at varying equilibria. The question remains: how can defunct or weakly functioning groups be revived, rejuvenated and perhaps reconfigured? This is a wholly new challenge compared to forming groups, and one perhaps that is not being asked. How will this be addressed?

Our research implies the task is to restructure and strengthen existing SHGs--so that they can move to at least a functional operational equilibrium. This may mean breaking them up and forming them on lines that are functional along with the array of support mechanisms envisaged in the NRLM's theory of change. This raises a new question. The CLFs in this study clearly lacked the capabilities to undertake such a function. But there is an argument that they are the only organizations with the potential to fulfil this role--given the limitations on the state system. But, this will only occur with a substantial upgrading of the CLF's own organizational capacity and resources.

This happens to be aligned with current government policy. The model CLF program (of 1000 CLFs) is designed to do this, and within this there is a smaller scale pilot with some 50 CLFs (working with the non-profits PRADAN and Transform Rural India) whose goal is to develop the capacities, protocols and business plans for CLFs, to fulfil both this large organizational support challenge and become financially viable. Importantly, the Indian government is providing "viability gap funding", to support expanded resource support to the CLFs in the transition to potential financial sustainability, but the larger challenge is capability development. It is too early to assess whether an effective and scalable model can emerge from this, but the goal is well-aligned with the findings of this study.

This brings us directly to research. Whether the focus is on developing the capabilities of the SRLM-CRP system or the CLF-VO system, this is an adaptive challenge of a complex problem, in the specific sense that we do not know how the system will respond to new shocks or “interventions”. This would be best supported by a complementary adaptive research process--that both documents and interpret processes, and does so in a way that feeds back into intervention and institutional design, with systematic prototyping and testing.

Let’s contrast this with the research undertaken by the 3ie quantitative survey and this study. Both were snapshots, the first broad in coverage, but limited in institutional diagnostic; this study, small in scale, but seeking to understand the picture of the set of interactions within the system. To take this further four design features would be desirable:

- (a) a capacity to assess the processes, incentives, motivations and culture within at least three parts of the system--of frontline state actors (embedded in a hierarchical state system), the key intermediary organizations (especially the CLFs for the second category of issue), and of course the SHGs, and their women members (embedded in the local socio-cultural and political system)
- (b) a dynamic frame, that can track patterns of change over time, with a structure that allows for causal interpretation; while an effective MIS is key input to this, it would need to be complemented by a set of other techniques, including process tracing, comparative case analysis, and eventually experimental techniques once interventions can be scaled to larger numbers
- (c) an adaptive structure, linked to intervention design--in the spirit of a more structured extension of prototyping and testing.
- (d) a comparative frame between contrasting Indian states, given the variation across states in traditions of bureaucratic functioning, culture and the relationship with local socio-economic and political conditions.

Appendix A: Initial Research Hypotheses

The field work was designed on the basis of an initial literature review and associated conceptual work. This formed the basis for an initial set of research hypotheses, that provided the basis for the semi-structured interviews. While our interpretation evolved with the empirical analysis, these are repeated here. The hypotheses were translated into questions about drivers of performance in relation to material gains, internal group dynamics, influences of the socio-cultural context, interactions with external actors and exploration of the work, attitudes and engagement with SHGs of the set of other actors in the system (including SRLM workers, CRPs, bank officials, panchayati raj officials). We also focused on women's agency, amongst SHG members, SHG leaders and members of the VO and CLF structure.

These initial hypotheses were as follows:

1. *Material benefits from SHG membership.* Do SHGs succeed or fail because of capacity to deliver benefits? What did the SHGs deliver to members? Was this in line with expectations and needs? Was failure to deliver a reason for closing SHG?
2. *Group dynamics.* Do SHGs succeed or fail because of internal group dynamics? Was there effective leadership, decision-making and conflict management? Do SHG members trust the leadership? How is this influenced by the social composition and collective identities in the SHG? Are more heterogeneous groups less functional?
3. *Household political economy.* Do SHGs succeed or failure because of support, or the lack of it, from spouses or others in the household?
4. *Local/community political economy and connections.* Do supporting or competing linkages to other groups, actors or organizations contribute to success or failure?
5. *Political participation.* Do SHG members being active in other forms of participation lead to more participation and functionalities of the SHG? Does SHG membership lead to more effective connections with the Panchayat?
6. *Vertical linkages—the state system.* Does support from the SRLM, the CRP and the banking system support success?
7. *Vertical linkages—the federation system.* Does support from the Village or Cluster level Federations support success

Appendix B: Example of interview protocol

Semi-structured interview protocols were developed for each of the interviewee types:

- Focal SHG – leader, husband, office bearers
- Focal VO – active woman, VO member, Office bearer
- Focal CLF - CLF member (VO rep) + EC member
- CC/CRP/mobilizer, if available
- Panchayat member/*Sarpanch*; Jaati panchayat member (if applicable)
- State/District/Block bureaucrats implementing SRLM
- Bank officials/MFI staff

A comparable protocol was developed for focus groups.

The following is the interview plan for SHG members. All other interview protocols are available on request.

Questions for SHG members

Functional SHGs

Oral Consent:

I am working for a non-profit organisation called Institute of Social Studies Trust (ISST) which is located in Delhi. We are doing a study to understand the status and functioning of the SHGs to improve its functioning. This research will involve your participation in a personal interview that will take about 1 hour. You are being invited to take part in this research because we feel that your knowledge of, and a person can contribute much to our understanding and knowledge of SHG. Your participation in this research is entirely voluntary and there are no right or wrong answers. You will not be provided monetary or any kind of benefits for participating in this study. It is your choice whether to participate or not. If you choose not to participate nothing will change. However, if you participate in this, you will help our research. You may stop at any time to ask questions. If you participate, we will audio-record your responses, but your responses will be kept confidential. The purpose of recording is solely for our study, and we will ensure your privacy and that the information you share is not passed to anyone else. Your names and any other identifying information will be removed from your response before it is shared with anyone. We realize your time is valuable and we would be very grateful if you chose to participate in our study.

Do you consent to participate in this study? (To add: social identity; bank manager questions;)

Experience with the SHG and SHG member's own experiences

Please tell us something about your SHG

Mobilisation of SHG members (8-10 min)

SHG: Prompt: Please share your SHGs journey with us

Listening for:

- How and when did the SHG start
- How did you and other group members become a part of the group?

- Process of mobilisation: Who mobilised; how did they do it?
- Support
- Strength of the group

Probes: Why did the members become a part of the group

- Were the members selected or it was voluntary.
- If selected, who selects them.
- Were there/are there any eligibility requirements for joining the group
- What did the mobilisers tell your SHG members were the benefits of joining? / How did they convince the members
- Do they continue to support your group? Can you tell us in which ways
- How often do they visit you/ take part in the group meetings?
- Was there someone else who supported you in group formation?
- Do you remember how many members joined at the start? What's the count now
- Status of the group now? What does that mean?

(If it is strong- Why; if it is weak- why do you think so?)

Own experience Prompt: Please share your journey with us (We want to know more about you, your experiences of joining the group)

Listening for:

- When and how did you join the group?
- Why did you join the group (Were there struggles; what were her drivers for joining)
- Support from household

Probes: What convinced you into joining the group? (mobilisers/friends/relatives in the group etc.)

- Did you have friends in the community who also joined? Who?
- Did you meet new people after joining, or did you know everyone who joined already? Have you become closer to any women because of joining?
- What about your family? Did your family support your SHG membership? (Who did/who did not)
- Did their support change over time? How and why? How is it now

Expectations of group and benefits; Individual expectations, benefits, knowledge/capacity (10 min)

Prompt: Tell us what did the group members want/expect from the group? Why did they all come together to form a group

Listening for: Expectations, benefits

- Savings
- Loans
- Help getting ownership of property
- Access services - pension, rations, etc.
- Discuss/solve household issues

Probes: Do all the members in the group have savings?

- Do all of them take loan

- Did the group members help get ownership of property
- What kind of benefits do the members of the group receive? (material, assets, recognition)
- Has the group been able to talk to local politicians, representatives, or bureaucrats? Can you give me examples of why or why not?

Own experience: Prompt: Tell us what did you want from the group?

Listening for: What were your expectations when you joined?

- Benefits that you received

Probes: Tell us what you as *Kavita didi* expected from the group

- Did someone tell you to expect this? Who
- Can you tell us what all benefits did you receive (material assets, savings etc.)
- How did being an SHG member help in them in getting aadhar, rations, pensions, mngnerga, toilets, housing etc.)
- Do you feel confident about how to access resources? Can you give me some examples of why or why not?

Internal SHG Composition and Group Dynamics (20 min)

A. Homogeneity and diversity in the SHG (Internal Cohesion)

SHG: Prompt: Tell us about the members of your SHG/ What are the characteristics of the members in your SHG?

Listening for: Are the members from the same tribe? Caste? Age? Marital status?

Women of reproductive age? Migration?

Probes: Does that affect their participation and functioning in the group? How?

- If negative- How; If positive- How?
- What are things according to you that enhances the unity of the group and what are the things that creates rift
- Can you tell me an example of conflict that happened in your SHG
- Are members in the group related to each other?

Own experience: Prompt: Tell us about your experience and positioning in the group

Listening for: Relationship with other members in the SHG

Experience

Probes: How long have you been in the group

- Have you experiences conflict with anyone?
- You have friendly relationship with everyone in the group?
- Do you have relatives in your group?

B. Panchasutra (Regular meetings, Regular savings, Regular internal lending, regular repayment, regular bookkeeping)

Prompt: Tell us something about the day to day functioning of your SHGs. What do you call it here? Panchasutra? Can you tell us more about it?

Meetings:

SHG:

Listening for: Frequency of **meetings** (Weekly/fortnightly/monthly/irregular)

- Nature of participants in the meetings
- Location of meetings and distance of location from house/hamlet

Probes: Do all the members come to the meetings regularly? Who all don't come? Why? Does anyone else from family accompany them? (husband etc)

- Does anyone besides SHG members attend? (eg. Block/state/district Staff, NGO facilitators, other SHG members, bureaucrats)
- Has the group met regularly in the last 6 months?
- Where does that meeting happen, is it very far from your house/hamlet? How far do SHG members come from?

Own experience:

Listening for: Frequency of participation in the meetings

Probes: How do you go (mode)

- Why do you go the in such frequency (lower/higher); How conducive is your household environment to go to the meetings
- Do you go to the SHG meeting with someone, or alone?

Deposits:

SHG:

Listening for: Nature and frequency of Savings

Probes: How much does everyone deposit weekly?

- Is everyone in the group able to save
- When you all make deposits, how do you know that you will get them back? Has the group had any problems with this in the past or currently?

Own experience:

Listening for: Nature and frequency of Savings

Probes: Are you able to save weekly?

- What do you do with the savings?
- Do you face any challenges in saving money?

Loans & repayments

SHG:

Listening for: Nature of loans

- Processes of receiving and repaying loans

Probes: D-Did people in the group take loans?

- Can you tell us the reasons/examples why people took loans
- Where did the money for loan come from and how long did it take to get the loan?
- Were there some rules and guidelines of taking loans
- Do you think everyone followed the rules
- How did they repay the loan
- Were there some members who could not repay loan
- What challenges did the members face in taking loans.
- Can you share some instance with us
- In your understanding, what's your perception on the group's loan behaviour

Own experience:

Listening for: Frequency of taking loans

- Challenges

Probes: How often do you take loan?

- Is it easy to take loans?
- Can you tell us a few examples of why you take loans
- How do you repay the loan
- What are the challenges you face in a. taking, and b. repaying a loan
- Do you think everyone follows the rules

Records

SHG:

Listening for: Maintenance and accountability of keeping records

Probes: How are records maintained for the savings and loans?

- Are there any guidelines or rules among SHG members about how accounts are handled? Can you tell us what are they?
- Who handles the accounts and how are they trained?
- Has anyone ever broken the rules? Can you give us an example or an incident
- How did the SHG select the SHG accountant? Have there been others?
- Have there been any issues with any accountants - if so, what?

Own experience:

Listening for: Experience with your records in the group

Probes: Have you faced any problem wrt your records

- Are you satisfied with the process of maintaining records?
- Have you ever done record keeping for your SHG? Can you share an interesting incident/observation?

C. Activities in the group

Prompt: Apart from savings and loans, what activities and discussions happen in the group?

SHG:

Listening for: Kinds of household and community issues the group talks about

- Advocacy
- Interacting with government officials wrt to community issues or with a complain

Probes: Can you share examples of such activity or discussion

- When a member of the group is having problems, do they discuss it at the SHG? Or somewhere else/with other people? If in the SHG, can you give me an example?

Own experience:

Listening for: Experiences of the activities and discussions you have participated in

Probes: Have you ever discussed a family issue with the SHG? If you don't mind, can you tell me a bit more specifically about the issue(s) that you have discussed?

- Did the SHG group give you trainings on anything? Can you give me some examples?
- How did these trainings help you get more resources? How did they help your family?

D. Leadership

SHG Prompt: Can you share something about the leaders of your SHG

Listening for: Selection of leaders

- Decision-making
- Trust
- Internal cohesion

Probes:

- Can you tell us how are the leaders in the SHG selected
- Who is the SHG leader? How was she selected? -What is her role
- How often do you interact with the leader?
- Do the members widely trust the leader? Has the leader ever had problems? Have there been other leaders? How were they
- Were there any rules and guidelines for governance in the group
- How is the leader of your group, is she approachable and supportive
- What is her role as a leader, what do you think about how she delivers her responsibilities

Intra- Household Support and Political Economy

Prompt: Please tell us about the support of households in the SHG member participation

SHG: Listening for: Support of the members of the family in member participation

Probes:

- Did/do the members face resistance from family members
- What kind of resistance do they face/support they receive
- Has the nature of support changed over a period
- Who do you approach for some issues regarding the same

Own experience: Listening for:

Probes: How was the family, especially husband and children's reaction to her joining the group. Tell us more about that experience.

- How is the support from them now? Tell us how did (did not) they support you

Social identity and agency of SHG members

Prompt: Can you share if/how the participation in the group has impacted the women

SHG members and own experience

Listening for:

- Changes in the confidence and agency of women (and self)
- How is it perceived by the respondent and the community

Probes:

- Are the members able to express themselves better; Tell us about yourself; Do you feel any change in your life; why?
- Is there increased awareness/exposure (in members and in you)
- Can you share an instance from your life
- Has the confidence level increased due to increased access to loans/ability to deposit/ participation in activities
- How do you feel about that; how does your HH feel about that
- Enhanced a sense of community in the women/ platform for empowerment
- Increased say and voice in the community?

Relationship with, support from, and legitimacy in the community

Prompt: Tell us something about the perception of the community towards your SHG?

SHG: Listening for:

- Perception (Recognition/ Issues) faced by the SHG in the community

Probes: Have there been any local issues that have also caused issues within the SHG?

Can you give me examples?

- Has the SHG got involved in any local issues or community issues? If so, how?
- Did you or other SHG members ever represent your community in other forums?
- e.g. gram sabha meetings, going to meet bureaucrats in the village, outside of the village for NREGA, pensions, rations
- Did you and SHG group or federation members ever attend gram sabha meetings together? If yes, when? Why did you attend together?
- Does the SHG's name hold any respect in your community? With whom?
- How using the name of the SHG help?
- With sarpanch/panchayat members?
- With bureaucrats - which ones?
- With others (who?)

Own experience: Listening for: Experiences in the community due to involvement and participation in the SHG

Probes: Has your reputation or role in the community changed in any way after joining the SHG?

- Can you tell us more about the change

Bank

Prompt: Can you tell us the relationship between the SHG and the bank

Listening for:

- Relationship between and support from the Bank and bank officials

Probes:

- Is the SHG linked with the bank
- How far is the bank from the hamlet?
- How is the support from the bank
- What is the nature of support from the bank officials to the SHG
- What about the MFIs (micro-finance institutions); are there any MFIs in the village; how is their support?

Support from the Federation

Prompt: Can you tell me about the federation and its impact on your SHG

Listening for: Characteristics of a federation

- Their awareness and knowledge
- Interaction with, and support from the federation

Probes: Can you tell me what is a VO

- Who all are members of a VO?
- Is anyone from your SHG a member of the VO
- Can you tell us How are VO members selected?
- What is the role of the VO in supporting your SHG? Does the SHG also communicate with the VO? About what issues and how?
- Do the VO members visit and attend the SHG meetings or trainings?
- Do you interact with VO members?
- Can you tell me what is a CLF
- Who all are members of a CLF?
- Is anyone from your SHG a member of the CLF
- Can you tell us How are CLF members selected?
- What is the role of the CLF in supporting your SHG? Does the SHG also communicate with the CLF? About what issues and how?
- Do the CLF members visit and attend the SHG meetings or trainings?
- Do you interact with CLF members
- Who makes the decision about the relationship between VO/CLF/ EC?
- How did the SHG get resources?

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