



EMPOWERING Rural Women Through MGNREGA

Photo Credit: Ishan Tankha

Over the past few decades, the Indian government has taken impressive measures to improve women's well-being, ranging from political reservation to financing for last-mile healthcare workers to broad-based support for women's self-help groups. Despite these efforts, Indian women lag those in other countries, particularly in their economic activity: As of 2018, India's female labour force participation (FLFP) was only 21%, one of the lowest levels in the world.¹ FLFP, particularly in rural areas, is not simply low – it has dropped quickly over the past 20 years despite rapid economic growth, fertility declines, and educational gains among women.

But FLFP in India is not low because women universally do not want to work: According to National Sample Survey (NSS) data, close to one-third of women out of the labour force expressed a willingness to have a job. What are the barriers to women's employment, and what can policy do to strengthen women's overall participation in the economy?

KEY POINTS

India is an outlier among nations at a similar level of development with its **low rate of women in the workforce** – an impediment to economic growth, not to mention women's autonomy.

Traditional beliefs about gender roles

limit women from working – but it is unclear how such norms function or how they can be changed.

A policy that increased women's control of their own wages in the government's workfare program, MGNREGS, led them to work more, both in workfare and – surprisingly – private employment. Compared to women who just received bank accounts, those who additionally received direct deposit and training in account use earned 24% more in private sector employment annually.

Women who received MGNREGS direct deposit and training were more likely to have a positive view of women and work. They reported in surveys that a working woman made a better wife, and the working woman's husband a better husband and provider.

Their perceptions of the views of other people in their community also changed: the women were less likely to say women bore social costs if they worked outside the home.

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Photo Credit: Ishan Tankha

THE POLICY CHALLENGE: FEMALE MGNREGS WORKERS' WAGES WERE PAID INTO THEIR HUSBAND'S BANK ACCOUNT

Gender-inclusive policy measures require a variety of features to work well: They must be designed for women and accessible to women, and policy measures must be implemented in practice, rather than simply remain on paper. An important example here comes from the government's massive social protection programme, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), which includes a variety of features that could empower rural women: Work is provided close to home, women are paid the same wages as men, and crèche facilities are to be made available for women who need them.

The MGNREGS payment infrastructure is designed to be similarly female-friendly: Since 2008, the government has required that all MGNREGS

workers' wages be paid into their own bank accounts, and in 2012 the government specifically mandated that women's wages from MGNREGS be paid into their own, individually-controlled bank accounts.² State government efforts to expand rural banking infrastructure allowed women to access payments near their homes.

Yet the MGNREGS payment policy was not always implemented in practice. Instead, the status quo in 2013 in the state studied here, Madhya Pradesh, was that women's wages were paid directly into the bank account of a designated household head, typically the husband. While in theory, these reforms enabled women to have wages directly deposited into their private, accessible, and secure accounts, payments into individual bank accounts among female workers remained below 20% even until 2016.

Could redirecting women's MGNREGS wages into her own bank account and helping women understand how to use the account affect women's economic activity, empowerment, and well-being?

THE EXPERIMENT: TRANSFER WOMEN'S MGNREGS WAGES INTO THEIR OWN BANK ACCOUNT, AND PROVIDE TRAINING, SO WOMEN UNDERSTAND HOW TO ACCESS THEIR WAGES

In collaboration with the state government of Madhya Pradesh and banking partners, the research team randomly assigned 197 Gram Panchayats (GPs) in 4 northern districts³ to participate in one of the multiple potential interventions focused on 1.) helping women open their own no-frills bank accounts; 2.) ensuring their new bank accounts were linked to their job cards, so their MGNREGS wages would be paid directly into the new account; and 3.) delivering training to groups of women to give them basic information about the purpose of bank accounts, how to access their funds, and help them understand how Direct Benefit Transfers (DBTs) worked. This training was built around the Reserve Bank of India (RBI) financial literacy curriculum.

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2 In 2008, the central government mandated that states transition towards a system to directly deposit MGNREGS workers' wages into the individual worker's own bank account. In 2012, the Minister of Rural Development made it mandatory to deposit women's wages from MGNREGS to their own account.

3 Gwalior, Morena, Sheopur, and Shivpuri

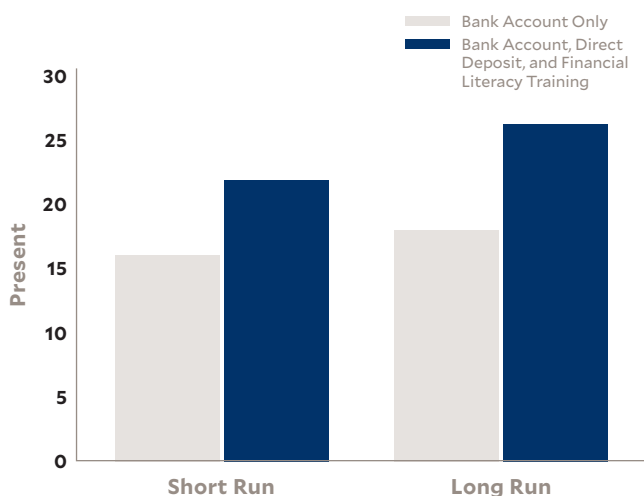
The evaluation was a randomized controlled trial, meaning GPs were selected to participate in the different interventions through a lottery. This way, it is possible to compare results across different types of interventions and be certain the outcomes were due to the intervention itself rather than some feature of GPs that adopted a particular approach. In other words, the design helped isolate a causal impact of the DBT and training initiative. To understand the impact of the policy intervention, the research team tracked MGNREGS and bank administrative data, and collected survey data from approximately 4,300 women and their husbands across all 197 GPs, both 1 and 3 years after the intervention began.

The research team investigated the effect of increasing women’s financial control on women’s labour supply by comparing the group that received bank accounts, direct deposit, and training (the so-called “financially empowered group”) with the group that only received bank accounts. The team also examined the impact of financial empowerment on norms, as measured by long-run survey data on male and female attitudes toward women’s work and perceptions of community members’ attitudes toward these issues. The study also investigated the effect of the intervention specifically for more “constrained” women, who had never worked for MGNREGS before.

FINDINGS

DBT + Training Increased Women’s Financial Engagement: Figure 1 shows that, compared with women who only received bank accounts but did not link their MGNREGS wages to their account or receive financial training, financially

Figure 1: Woman Visited Bank in the Past 6 Months

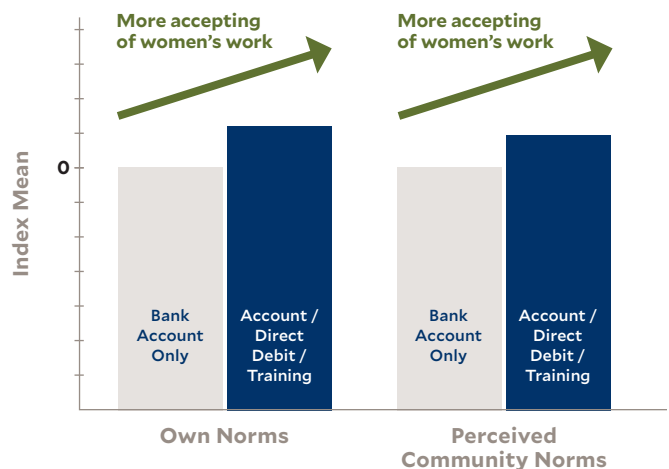


empowered women increased their bank account use and conducted more independent banking activities. Women’s increased independence in banking included things like visiting a bank kiosk on her own, feeling more comfortable about transacting independently, and preferring to receive wage payments into her own account.

DBT + Training Increased Women’s Labour Supply and Earnings: Financially empowered women were 8 percentage points more likely to work for MGNREGS in the last year, and they were 5 percentage points more likely to have worked in the previous month. Private sector earnings of these women also increased by 24% (Rs. 950). While labour supply effects persist even after three years of the treatment for “constrained” women or women with the least access to the labour market, they attenuate among “unconstrained” women (who had worked for MGNREGS prior to the intervention) over time.

DBT + Training Liberalized Beliefs Regarding Women’s Employment and Increased Women’s Agency Among Previously Constrained Women: According to Figure 2, women’s financial empowerment liberalized women’s own views, as well as their perception of community members’ attitudes towards women’s employment. There was a suggestive positive shift in men’s perceived beliefs regarding women’s work. “Constrained” women who received DBT + training also experienced improvements in their empowerment and agency, such as in their mobility and economic involvement, compared with women who only received bank accounts.

Figure 2: Boosting Women’s Financial Control Changed Social Norms



WHY ARE THESE RESULTS SURPRISING, AND WHAT DO THEY TELL US ABOUT POLICIES TO EMPOWER INDIAN WOMEN?

Interestingly, basic economics teaches us that redirecting wages from husbands to wives, if anything, should *reduce* women's work. In the absence of some other constraint to women working, this change would give women more bargaining power in their household and allow them to reduce their work and increase their leisure activities, while still enjoying the same level of consumption. The study results highlight that something else – notably husband's reservations about their wives working – was keeping women from engaging in paid employment.

There are multiple lessons from this policy experiment: First, gender-inclusive policy in MGNREGS may not only impact women's engagement in MGNREGS, but also in the overall labour market, particularly among women with more limited access to jobs. Second, policy interventions that empower women in their households can reshape conservative norms that constrain women's agency. Finally, this study was not simply about DBTs – impacts are transformative when directing women's wages to individual accounts accompanied by basic financial training. Other Government of India and state programmes that transfer payments directly to women, such as PMJDY and pension programmes,

RESTRICTIVE GENDER NORMS KEEP WOMEN OUT OF THE WORKFORCE

In some countries, including India, a woman who works is often viewed as a source of social stigma or dishonor for her husband, who is expected to provide for the family. Conservative norms around traditional gender roles often hold women back from entering the workforce, even when they want to work. According to household-level survey data from rural areas of Madhya Pradesh, men in this sample are 34% more likely than women to believe that women should not work for pay. Men also perceive higher social costs to women working: The average woman in this sample reports that 39 percent of community members would speak badly about a woman who works, while the average man reports that 56 percent of community members would think the husband of a working woman is a bad provider.

are likely most empowering when women are equipped to access those funds independently.

Crucially, even though this DBT-related policy was enacted by the Ministry of Rural Development years ago, MoRD records suggest that 14% of women still are paid into joint bank accounts, and states have rates of joint payments as high as 44%.⁴ A straightforward step to empower women, therefore, is simply to finish the work of transitioning to an individual accounts regime.

4 Statistics are based on MGNREGA MIS table R.1.2.5, "Women Account Detail", as of July 23, 2021. <https://mnregaweb4.nic.in/netnrega/MISreport4.aspx>

HOW CAN POLICY ENABLE INDIA'S WOMEN TO ENTER THE WORKFORCE?

Research shows that women with greater control of their finances choose to work more.



Financially empowered women were **8 percentage points** more likely to work for MGNREGS in the last year.



Financially empowered women were **5 percentage points** more likely to have reported any paid work in the past month.



Financially empowered women earned **24% (950 Rupees)** more in private sector employment annually.