

Piloting Basic Income

A Legacy Study

Executive Summary

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In 2012-13, an unconditional and universal basic income was tested in a pilot study carried out in a tribal village in Madhya Pradesh. The pilot covered 127 households consisting of 756 individuals, and was evaluated through comparison with another tribal village with very similar socio-economic characteristics, containing 97 households and 608 individuals.¹ In one tribal village, i.e., Ghodakhurd, for a period of 12 months, Rs.300 was paid to each adult and half of that amount to children. In the control tribal village, i.e., Bhilami, none was paid any basic income.

The complex outcomes of the pilot were evaluated by a set of three comprehensive surveys, complemented by detailed ‘case studies’.² These showed that the basic income induced a series of changes that added up to being *transformational*. In brief, the basic income had a strong positive welfare impact, in terms of living conditions, nutrition, health and schooling, and a strong economic impact, in terms of increased earned incomes, more work and productive labour and more assets. It also had both an equity impact as well as an emancipatory impact, in terms of reducing debt, increasing savings, enabling more people to respond to financial crises, and gaining the ability to make decisions for themselves.

A big question was, would the positive trends persist even after the payments stopped? Backed by support from the Azim Premji Philanthropic Initiative (APPI) and the Omidyar Network, we have been able to conduct what we have called a *Legacy Survey* in the two *Tribal villages*³ four years after the end of the pilot. The same questionnaire as used in the

¹The tribal villages were selected following the conduct of a larger pilot covering 20 non-tribal villages in Madhya Pradesh, which adhered to a modified randomised control trial methodology, in that 8 villages were randomly selected from several hundred villages roughly equidistant from Indore in which every individual received a basic income, and the outcomes were compared with what happened in 12 similar villages also randomly selected from the original sample. The most important point about the methodology was that the selection of villages was unbiased, and not chosen with any prior expectations.

²The first, the *baseline survey*, was conducted in January 2012, the *Final Evaluation Survey* was carried out in January- February 2013;

³The village that received basic income in 2012 was Ghodakhurd and the control village was Bhilami.

evaluation surveys was administered and the results have been analysed using several techniques, including the difference-in-difference method. The *Legacy Survey* was carried out in January and February 2017⁴.

Bearing in mind that even one year of basic incomes had a significant impact on living standards, the results of the *Legacy Survey* suggest that many of specific outcomes persisted, mainly because of a *growth of income*. During the one year of basic incomes many households bought livestock and other assets. Others began to farm their small plots that had hitherto been left fallow, or cultivated on and off. Four years later these income generation activities had persisted and in some cases been strengthened.

Among other outcomes shown at the time of the pilot, the decline in alcohol consumption seems to have continued to decline. Similarly, the villagers' access to and understanding of health care had continued the improvements observed at the time, as had the attitude towards children's schooling. There was a continuing positive change in intra-household decision making. However, some families had dropped back to their previous condition, mainly as a result of health shocks experienced in the subsequent period. Similarly, men in those families tended to slip back into debt bondage as 'Naukers'.

In analysing these and other behavioural changes, we set out to consider three types of effect. These are as follows:

- **Momentum Effects.** These refer to changes that were strengthened, in the period after the end of the pilot.
- **Persistence Effects** (or *partial drop-back effects*). These are effects that, partially or wholly, persisted after the end of the basic income pilot, in which a statistically significant difference between the basic income village and the control village was maintained, even if it were reduced.

⁴ Same months as the Final Evaluation Survey was done.

- **Drop-back Effects.** These refer to where a cessation of the basic incomes led to a return to what had been beforehand, so that there was no longer any statistically significant difference between the control group and the families that had received a basic income.

As a rough summary, the table below indicates what happened to key factors, which had shown a *Pick up effect* during the year of basic Income. That is, those indicators where the effect of the basic income had been statistically significant at the end of the pilot survey in 2013.

Table 1 –Summary of Legacy Survey Results, 2017

Momentum effect (Sustained Impact)	Persistence effect (Partially sustained)	Drop-back effect (Complete Drop-back)
Declining use of alcohol	Better Electricity connectivity	
Improved woman's (spouse's) in decision making in the house	More Private Drinking water	No more housing improvement
Increased Livestock	Better Nutrition	Medical insurance dropped Off
Improved incomes	Better medical care	Expenditure on schooling declined and returned from private to Government School
	More positive attitude to Schooling	Increased debt bondage
	More likely to earn income from farming as compared to wage labour	
	More likely to earn income from own- account work rather than casual wage	

