Long-Term Effects of the Targeting the Ultra Poor Program in India (10 years)

Abhijit Banerjee, Esther Duflo & Garima Sharma

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Long-term impacts of TUP

- Idea behind "big push" approach: households stuck in poverty trap; large capital grant sets off virtuous cycle of investment, savings, earnings enabling escape.
- Over 3 million recipient households across 43 countries (Partnership for Economic Inclusion "State of the Sector" 2018 report.)
- Open question: do they help, or would households escape poverty on their own over time?

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- Open question: do they help, or would households escape poverty on their own over time?

This paper: RCT tracking households over 10 years

1. Do big-push programs affect poverty in the long-run?
2. What are the channels through which impact persists: do households change what they do? (poverty trap models)

TUP in India

Selection

- 120 villages in Bengal: participatory ranking + female member + no formal credit + 3 among 5 criteria (no assets, no land, no male, child labor, begging)
- 978 households: 514 T, 464 C, stratified by hamlet

Intervention

- Asset from menu (2 cows, 4 goats, or 1 cow and 2 goats); weekly consumption support ($8) for 30 weeks; access to savings; weekly training visits for 18 months.
- 57% of treated group agreed to accept the intervention. Report ITT.

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Surveys

- Baseline: 2007. Re-surveyed in 4 waves: 18 months, 3 years, 7 years, 10 years after asset transfer.

Banerjee et al. 2015 reports positive effects from year 3. This paper extends beyond. Throwback: Banerjee et al. (2015)

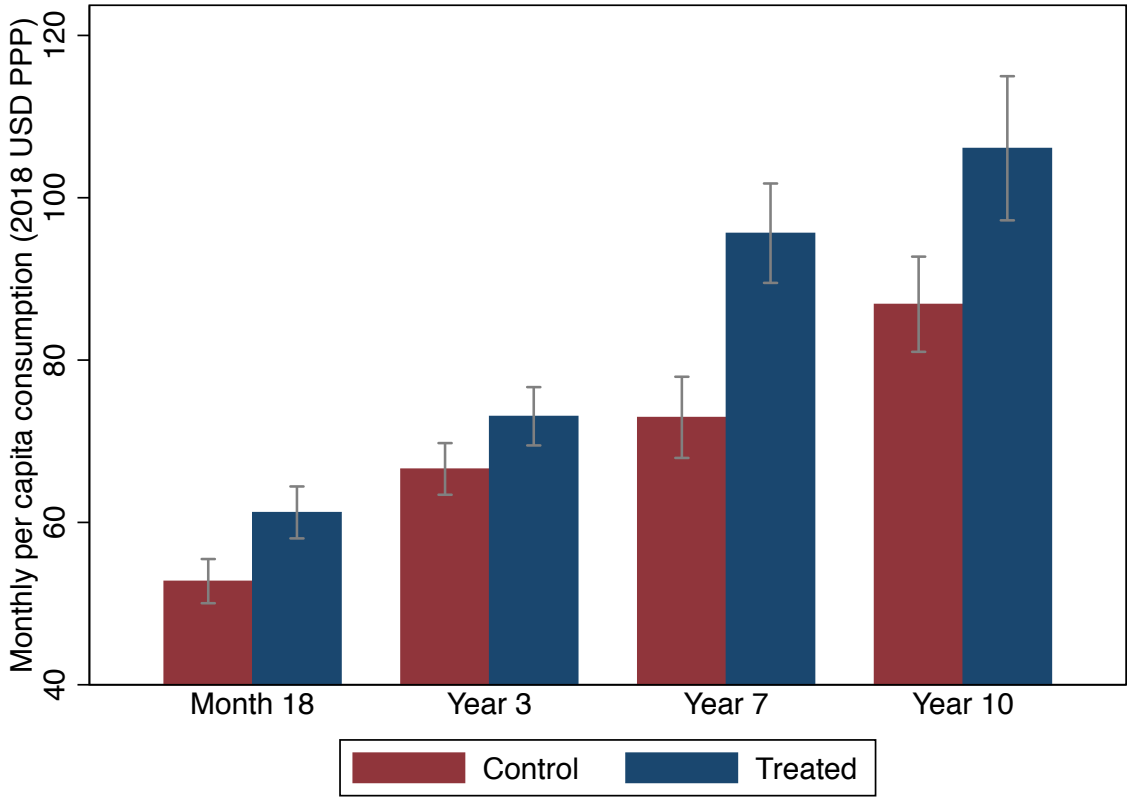
Baseline characteristics

	Treatment Mean	Control Mean	Difference	Obs
Household Level Variables				
Consumption per capita, month	37.751	38.162	-0.881	978
			(1.448)	
Everyone in HH gets enough food everyday	0.105	0.114	-0.008	978
			(0.019)	
No adults skipped meals	0.086	0.088	0.004	978
			(0.018)	
Agricultural Profits (last month)	0.093	-0.111	0.227	978
			(0.192)	
Nonfarm Microenterprise Income (last month)	23.181	15.553	5.726	978
			(9.883)	
Paid Income (last month)	56.183	49.684	5.751	978
			(3.578)	
Self-Reported Economic Status (1-10)	2.012	1.925	0.065	978
			(0.075)	
Total Outstanding Loans	204.472	206.484	-9.949	976
			(26.099)	
Total Savings (last month)	1.437	2.751	-1.493	977
			(2.645)	
Adult Level Variables				
Minutes spent on productive activities in last day	168.190	170.791	-0.702	1731
			(9.910)	
Member has not missed any days due to illness, last month	0.476	0.512	-0.045	1731
			(0.024)	
Activities of Daily Living Score	0.603	0.593	0.010	1731
			(0.017)	
Self-reported happiness	1.682	1.631	0.040	1730
			(0.038)	

- 2018 USD PPP

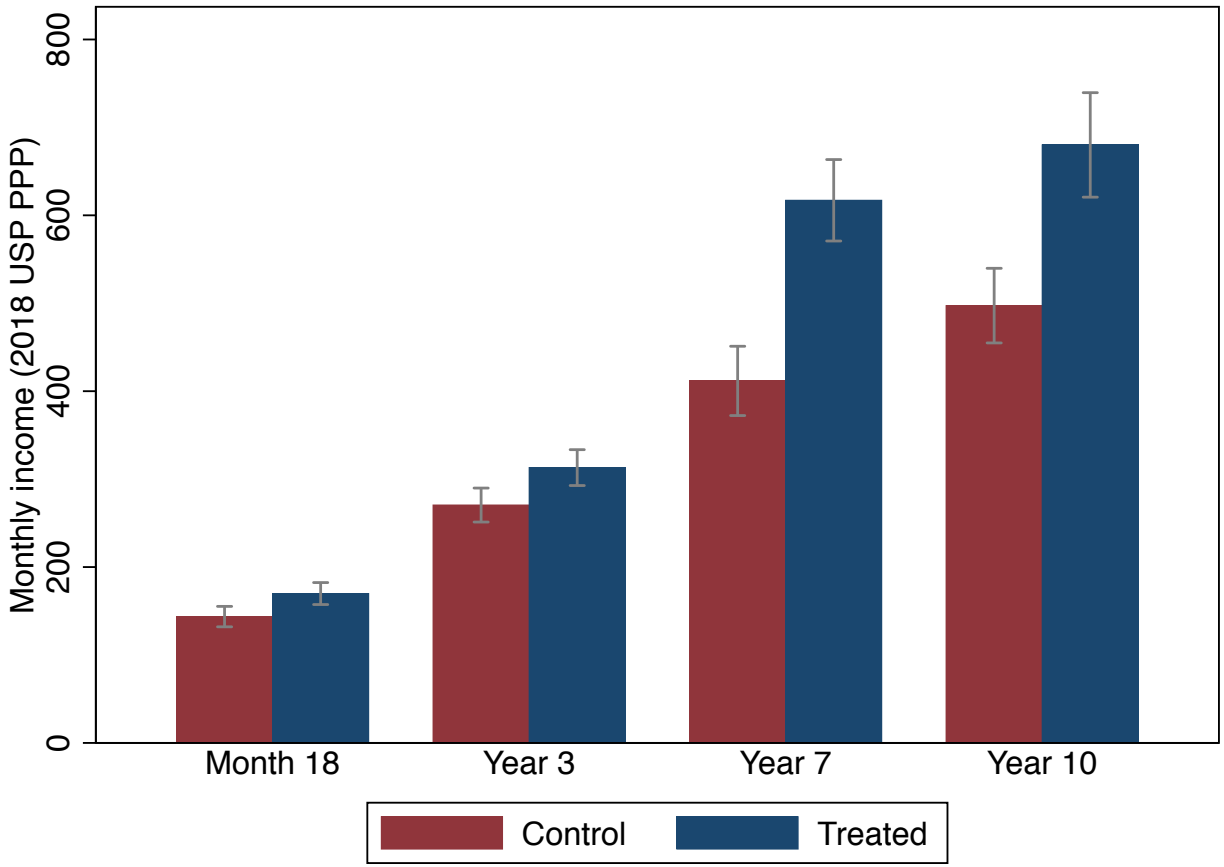
1. **Do big-push programs affect poverty in the long-run?**
   - Yes, in this setting.
2. What are the channels through which impact persists?

Per capita consumption (2018 USD PPP) persistently higher for TUP hh



- Treatment effect grows and persists: 0.3 SD; 0.3 SD; 0.7 SD; 0.6 SD.
- Control level at four endlines: \$1.8/day, \$2.2/day, \$2.4/day, \$2.9/day.
- Extreme poverty definition: \$2.1/day; Moderate poverty definition: \$3.5/day.

Income (2018 USD PPP) persistently higher for TUP hh



- Treatment effect grows and persists: 0.15 SD; 0.15 SD; 0.33 SD; 0.26 SD.

Positive effect on food security, physical, mental health

	Food security	Financial inclusion	Physical health	Mental health
	(1)	(2)	(3)	(4)
		18 months		
Treatment	0.184***	-0.004	0.061**	0.115***
	(0.048)	(0.042)	(0.028)	(0.029)
Control Mean	0.35	0.14	0.12	0.32
	(1)	(2)	(3)	(4)
		3 years		
Treatment	0.251***	0.192***	0.027	0.012
	(0.059)	(0.062)	(0.027)	(0.037)
Control Mean	0.94	0.30	0.21	0.75
	(1)	(2)	(3)	(4)
		7 years		
Treatment	0.431***	0.181	0.130***	0.249***
	(0.062)	(0.135)	(0.031)	(0.042)
Control Mean	1.09	0.67	0.57	1.09
	(1)	(2)	(3)	(4)
		10 years		
Treatment	0.127**	0.121	0.187***	0.203***
	(0.063)	(0.152)	(0.040)	(0.044)
Control Mean	1.21	1.08	0.12	0.76

- Similar pattern of growth, persistence.
- In baseline standard deviation units: index creates z-scores, standardizes to baseline.

Details

Positive effect on assets, but declines by year 10

	Asset index	Productive asset index	Household asset index
	(1)	(2)	(3)
		18 months	
Treatment	0.222**	0.467***	0.125
	(0.111)	(0.087)	(0.092)
Control Mean	-0.19	-0.23	-0.12
	(1)	(2)	(3)
		3 years	
Treatment	0.389***	0.571***	0.245**
	(0.103)	(0.072)	(0.098)
Control Mean	-0.25	-0.30	-0.17
	(1)	(2)	(3)
		7 years	
Treatment	0.814***	0.795***	0.600***
	(0.132)	(0.083)	(0.118)
Control Mean	-0.46	-0.40	-0.35
	(1)	(2)	(3)
		10 years	
Treatment	0.346***	0.197*	0.245**
	(0.121)	(0.105)	(0.113)
Control Mean	-0.26	-0.10	-0.21

- Principal component analysis + z-scores.
- Households diversify income source by year 10: up next.

1. Do big-push programs affect poverty in the long-run?
2. **What are the channels through which impact persists?–do households change what they do?**

Short-term (18 months): Higher income from transferred asset

	Livestock (1)	Business (2)	Wage (3)
		18 months	
Treatment	10.258***	7.927*	5.083
	(2.342)	(4.538)	(8.485)
Control Mean	3.33	36.24	106.45
		3 years	
Treatment	7.683***	25.116***	4.628
	(2.652)	(6.257)	(13.674)
Control Mean	7.99	49.47	217.89
		7 years	
Treatment	27.262***	67.592***	89.024***
	(5.158)	(14.264)	(25.730)
Control Mean	9.70	90.49	301.31
		10 years	
Treatment	16.710*	36.816**	52.291*
	(8.756)	(14.259)	(30.057)
Control Mean	17.80	98.49	354.93

By year 7: Diversify into micro-business

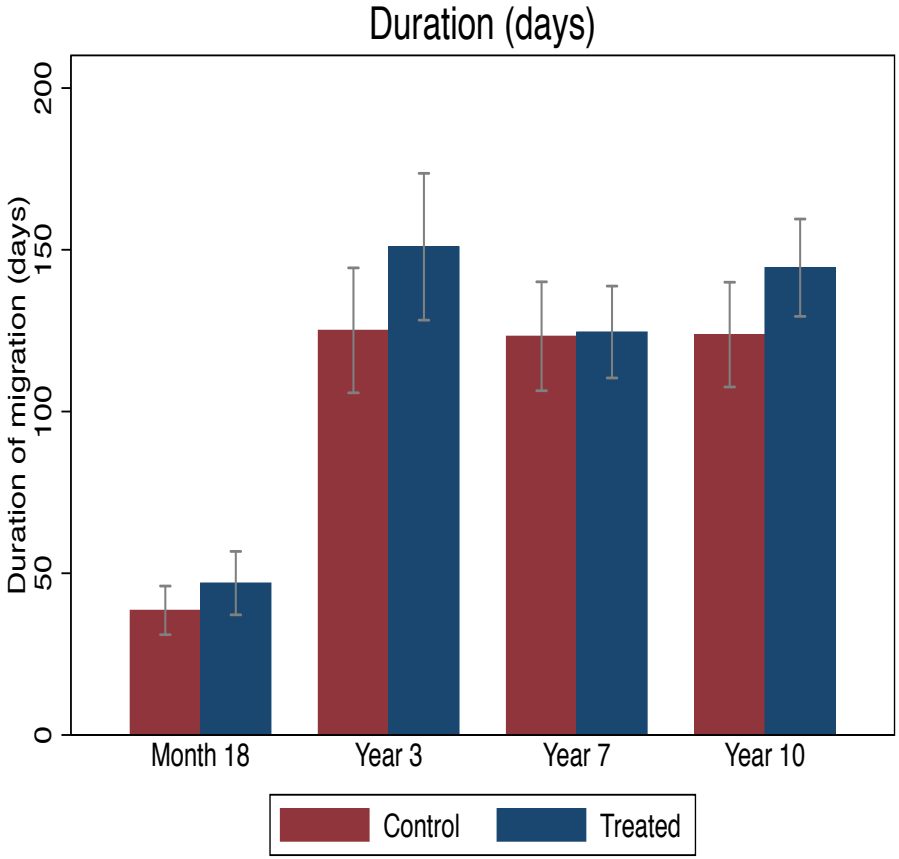
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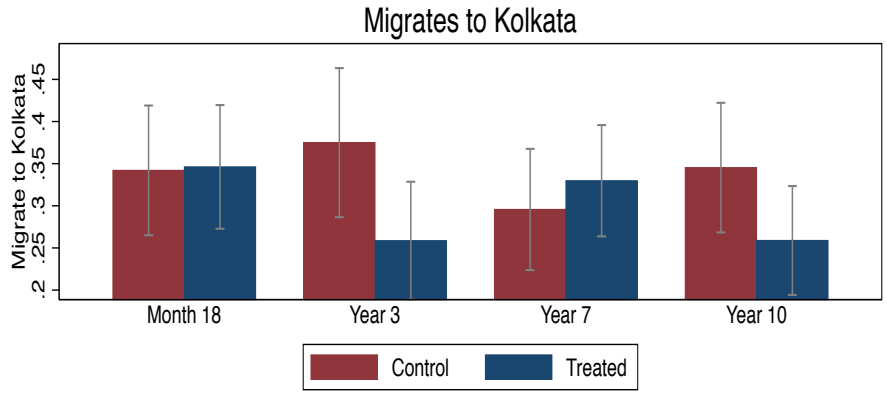
Long-term: diversify into wage employment

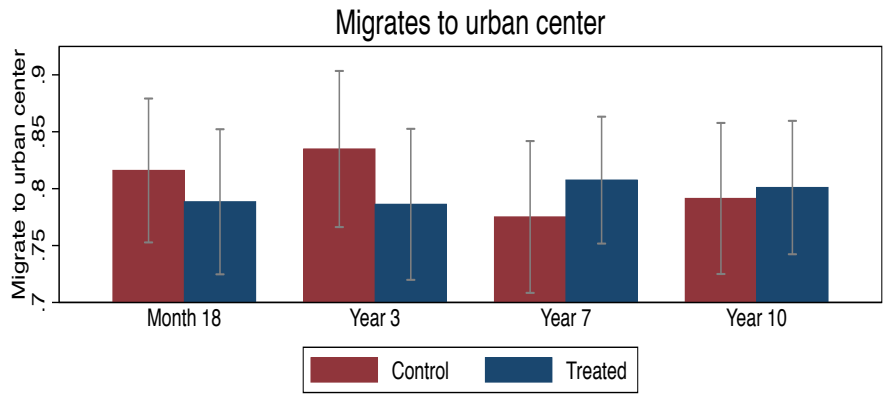
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Control Mean	9.70	90.49	301.31
		10 years	
Treatment	16.710*	36.816**	52.291*
	(8.756)	(14.259)	(30.057)
Control Mean	17.80	98.49	354.93

- Wage employment: Ag labor, non-ag labor, salaried/regular.

Diversify into wage employment, through migration







- Control households increase migration by threefold over 10 years (40 to 120 days)
- Treated households avail of migration opportunities more: month longer, further away.

Migration matters

	Per capita consumption (excl. migrant)	Per capita consumption (incl. migrant)	Wage income	Remittances
	(1)	(2)	(3)	(4)
		18 months		
Treatment	7.554***	8.196***	5.083	0.000
	(1.837)	(2.255)	(8.485)	(.)
Control Mean	49.25	52.77	106.45	0.00
	(1)	(2)	(3)	(4)
		3 years		
Treatment	7.080***	7.429***	4.628	3.696
	(1.913)	(2.441)	(13.674)	(2.369)
Control Mean	61.37	66.59	217.89	12.88
	(1)	(2)	(3)	(4)
		7 years		
Treatment	17.385***	21.252***	89.024***	8.871
	(3.030)	(3.916)	(25.730)	(6.455)
Control Mean	67.15	72.95	301.31	34.87
	(1)	(2)	(3)	(4)
		10 years		
Treatment	14.037***	18.454***	52.291*	19.057**
	(4.242)	(5.390)	(30.057)	(7.440)
Control Mean	79.88	86.88	354.93	36.81

- Effect on consumption higher by 30% when account for migrants.
- Remittances account for 36% of wage income.

Ratio of costs to benefits

- Total cost (2018 USD PPP): $2163
- Of which direct transfer: 56%
- Breaks even by year 4.
- Return: 379% by year 10; 1110% if 10-year consumption gains persist in perpetuity.

In summary

- TUP in India positively affects consumption, income, food security and health over 10 years.
- Effects grow between year 3 and 7, and remain persistently higher than control at year 10.
- Driven by changes in the composition of household activity: first to livestock, then to micro-enterprise, and finally to wage employment.
- Control group becomes richer over time: consumption grows by 60%, income by 400% (wage employment).
- Treated better avail of migration opportunities that arrive in natural course of economy.
- Pays for itself 2.5 times over by year 10.

TUP India in broader context: relative to other studies

- In contrast to Blattman et al. (2019) in Uganda: control group catches up by year 9.
- Consistent with Balboni et al. (2020) in Bangladesh: identify existence of poverty trap.
- But different mechanism than Bandiera et al. (2017) in Bangladesh: TUP enabled women to shift away from casual labor to livestock; wage employment emerges as important in our setting.

TUP India in broader context: relative to other locations

	Ethiopia	*Ghana*	*Pakistan*	*Peru*
Panel A: Program costs per household, USD PPP 2018				
Total costs, calculated as if all incurred immediately at beginning of year	3591	4672	5150	4960
Total costs, inflated to year 10 at 5% annual discount rate	5849	7610	8389	8079
Panel B: Benefits per households, USD PPP, all values inflated or deflated to year 10 at 5% annual social discount rate				
Year 1 annual consumption ITT, assuming treatment effect equal to 18 month endline	634	413	863	476
Year 2 annual nondurable consumption ITT treatment effect equal to 18 month endline	604	393	821	454
Year 3 annual nondurable consumption ITT treatment effect equal to 3 year endline	597	467	635	370
Year 4 annual nondurable consumption ITT treatment effect, if follows the same path as India	809	634	862	503
Year 5 annual nondurable consumption ITT treatment effect, if follows the same path as India	1001	784	1064	622
Year 6 annual nondurable consumption ITT treatment effect, if follows the same path as India	1172	918	1247	727
Year 7 annual nondurable consumption ITT treatment effect, if follows the same path as India	1325	1038	1410	822
Year 8 annual nondurable consumption ITT treatment effect, if follows the same path as India	1200	939	1277	744
Year 9 annual nondurable consumption ITT treatment effect, if follows the same path as India	1084	848	1152	672
Year 10 annual nondurable consumption ITT treatment effect, if follows the same path as India	975	764	1037	605
Year 3 household asset ITT treatment effect, inflated to year 10 values	89	21	10	52
Year 10 onward total consumption ITT treatment effect, assuming year 10 gains persist in perpetuity	18571	14552	19752	11524
Total benefits over 10 years:	9490	7219	10378	6047
Total benefits if sustained in perpetuity:	28061	21771	30130	17571
Panel C: Benefit/cost ratios				
Total benefits/total costs ratio over 10 years: total benefits/total costs	162%	95%	124%	75%
Total benefits/total costs ratio if sustained in perpetuity: total benefits/total costs	480%	286%	359%	217%

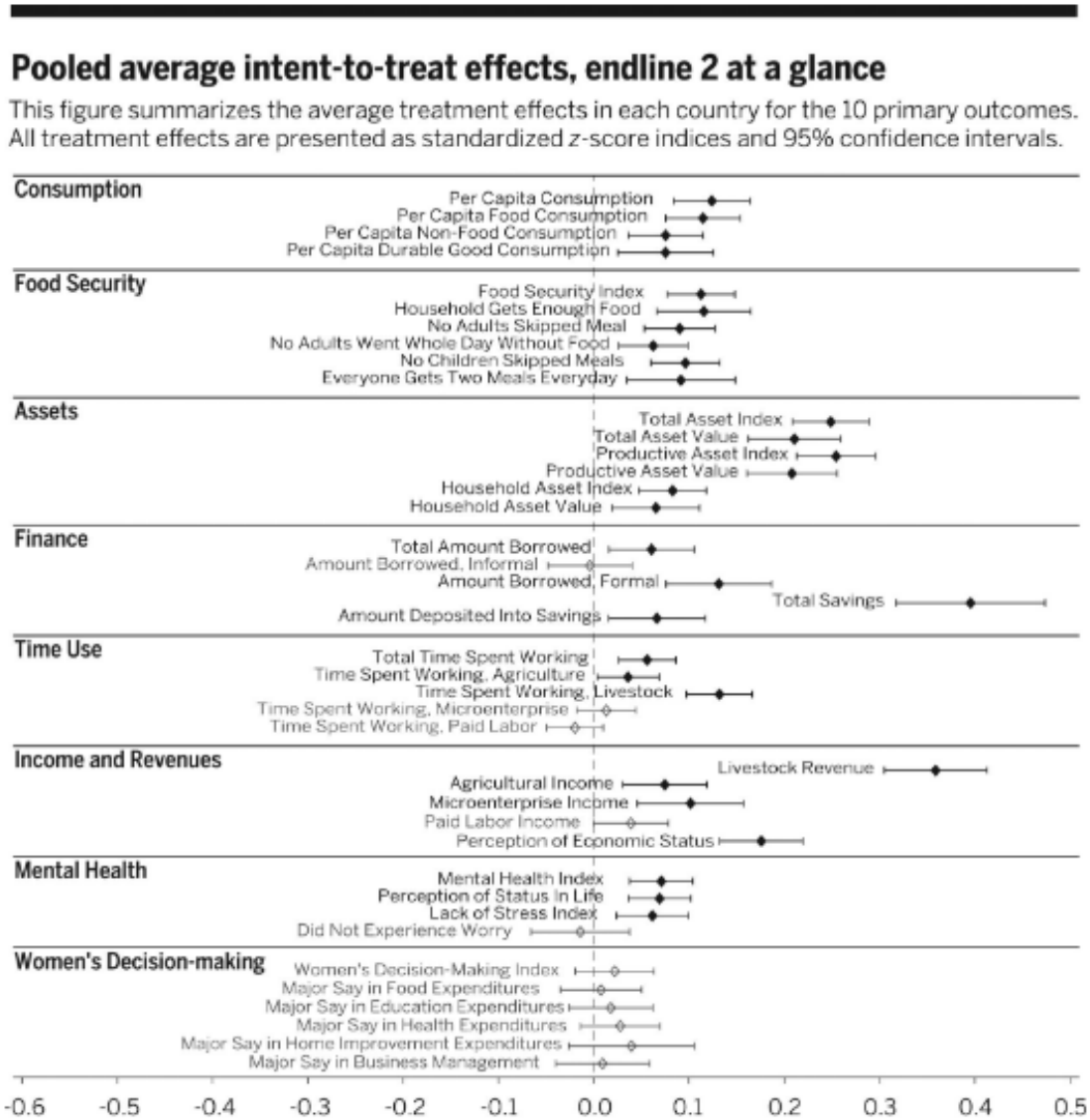
Thank you!

Index components

- **Food security:** Everyone in the household gets enough food every day, No adult skipped a meal in the last year, No household member went without food for a day, No children skipped meals, and Everyone in the household regularly ate 2 meals a day
- **Financial inclusion:** Loans, savings
- **Physical health:** Perceived health, Whether the individual missed a day of work in the past month due to poor health, ADL score
- **Mental health:** Life satisfaction, Feelings of sadness, and Periods of worry

Back to effects

Throwback: Banerjee et al. (2015)



Back