



Ph.Studio/Dec,1955,A46g. Women Social Workers of the Bharat Sewak Samaj trainees camp at Badarpur explaining to village women how to follow clean and sanitary ways on December, 1955. Public Resource via Internet Archive

15

Whose Direct Benefit? Cash Transfers for Women

Over the last few years, there has been a tremendous rise in unconditional cash transfer (UCT) schemes targeted at women. Since 2021, seventeen states have introduced them and some estimates suggest that over ₹2 lakh crore was allocated to such schemes in 2024. These initiatives continue to spread and have become a central feature of electoral promises made by political parties in state elections. The debate on cash versus in-kind transfers in India is not new but has recently evolved into a complex and contested one. It is important to examine the various dimensions of this debate and situate this wave of UCTs within its broader policy and political context. This shift in welfare policy raises key questions on implications for financial sustainability and state budgets, public services and human development outcomes, gender relations and women's economic agency, the state-citizen relationship and the nature of democracy.

Whose Direct Benefit? Cash Transfers for Women

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Cash transfers as a form of welfare delivery are neither new to India nor unique to the global policy landscape. National scholarship schemes, for instance, have long been delivered in the form of cash transfers. The National Social Assistance Programme (NSAP), which provides social security pensions, is also a cash transfer programme, as is the Janani Suraksha Yojana (JSY), which offers a cash incentive for institutional delivery. More recently, in 2019, the Government of India launched a large-scale cash transfer programme for farmers through the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN). India, therefore, already has multiple forms of national cash transfer schemes targeted at different population groups and designed with varying objectives and scope. Any broader debate on in-kind versus cash transfers in welfare policy must necessarily engage with this diversity.

In this chapter, however, we focus on a narrower and more recent category of cash transfers. Unconditional cash transfers targeted at women, usually married women, are becoming increasingly common across Indian states. While only two

states had such schemes in 2021, the number has risen to seventeen in 2025. An estimated twelve to twenty crore women are covered by these schemes, with a total outlay exceeding ₹2 lakh crore annually. Although there is currently no national scheme of this nature, the scale and possible implications of these programmes for India's welfare landscape warrant attention.

These schemes may be situated within the discussion on Universal Basic Income (UBI) in India that emerged more prominently around a decade ago. Jean Drèze coined the term 'quasi-universal income top-up' (QUIT) to describe proposals that were neither universal nor sufficient to constitute a basic income (Drèze 2017b). The schemes discussed in this chapter may similarly be understood as QUIT schemes targeted at women and funded and implemented by state governments. Most have emerged as electoral promises and have been rolled out immediately before or after state elections. They have generated significant debate in policy circles and the media concerning their fiscal viability, political implications and ethical foundations. Recent policy documents, the Economic Survey 2025–26 and the report of the Sixteenth Finance Commission, have also raised concerns regarding their impact on states' fiscal health.

Since most of these women-centred QUIT or UBI-like schemes are relatively recent, there is still insufficient evidence to evaluate them comprehensively. In this chapter, we review the status of these schemes, identify major concerns and discuss their plausible implications. Section 2 defines the various forms of cash transfers in India and locates the UBI-like schemes discussed here within that broader landscape. Section 3 traces the history of unconditional cash transfer schemes and proposals in the country. Section 4 examines recent state-level schemes, their coverage, entitlement amounts and budgetary allocations while also reviewing the limited evidence currently available on their impacts. Section 5 concludes with a discussion of the long-term implications of these schemes.

15.1 **Classifying cash transfer schemes**

There are several distinct types of cash transfers, differing substantially in their design, objectives and implications. Recognising these differences is important because debates on the desirability or effectiveness of cash transfers cannot be meaningfully framed in binary terms. Rather, such discussions must be attentive to the diversity of programmes that fall under this wide category. Broadly, cash transfers may be classified as conditional cash transfers (CCTs) or unconditional cash transfers (UCTs).

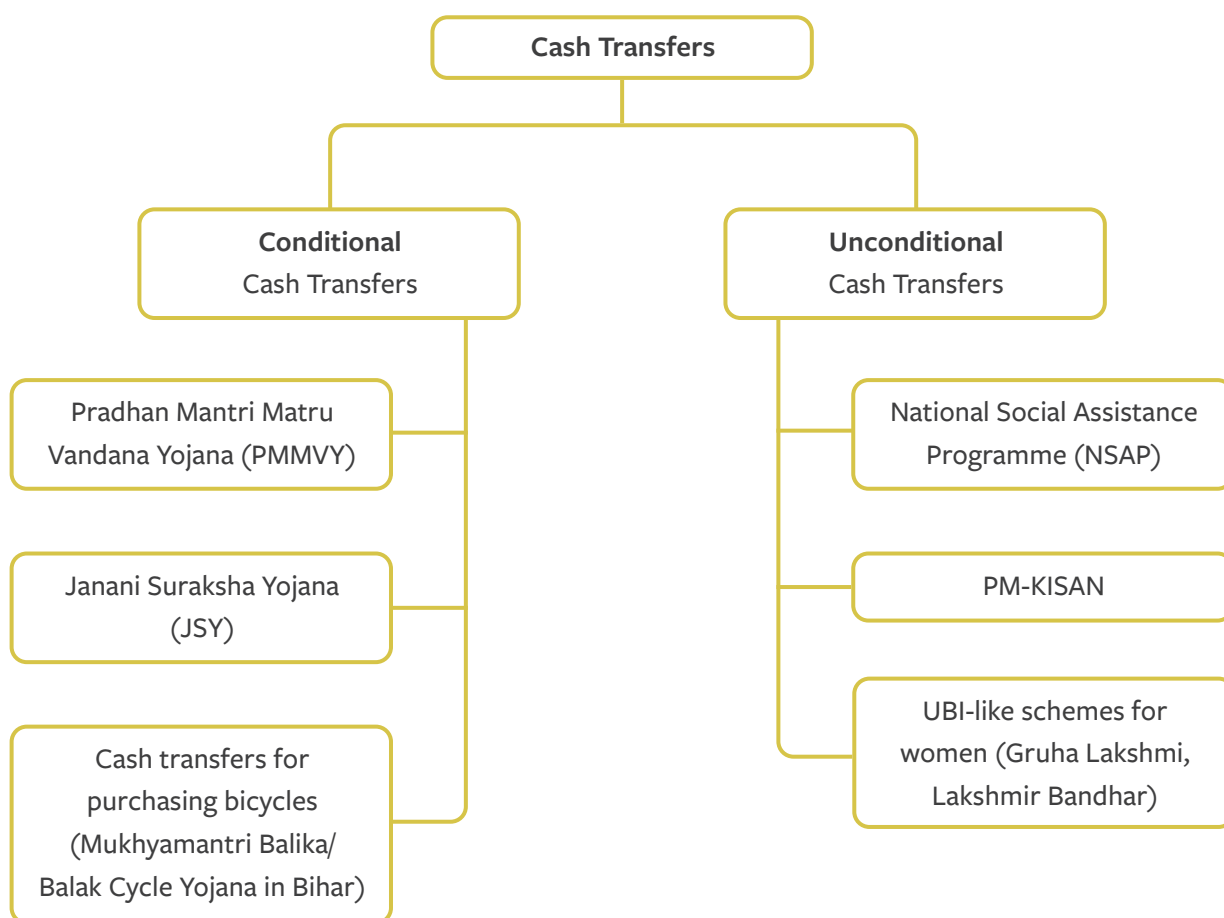
Unconditional cash transfers are provided without requiring recipients to fulfil specific behavioural conditions. The UBI-like transfers being discussed in this chapter are unconditional in nature. A more common example is social security pensions, such as old-age pensions, widow pensions and disability pensions. In

India, such pensions are provided through the Union government's NSAP as well as through various state schemes. These programmes are forms of social protection justified on the grounds of providing income security to vulnerable populations, who, because of age or social exclusion, are unable to earn a livelihood. Old-age pensions of this nature are especially important in India, where more than 70 per cent of the labour force works in the informal sector without access to contributory pension systems. In this context, pensions may be understood not merely as welfare measures but also as entitlements grounded in the right to social security and recognition of lifelong contributions to the economy. Such schemes have existed since the 1990s, and they are discussed in detail in a Chapter 13 in this Handbook.

Another category of UCTs comprises of income transfer schemes targeted at occupational groups as such as farmers or agricultural workers. Chapter 14 discusses the PM-KISAN which is one such scheme. PM-KISAN, introduced in 2019 as part of the government's stated objective of doubling farmers' incomes, provides ₹6,000 annually to each farming household. Many states also operate similar schemes. Most are linked to land ownership and therefore disproportionately benefit those who own agricultural land. At the same time, farmers' incomes may also be improved through a range of structural interventions, including investments in irrigation, improved access to markets and transportation networks, cheaper or more reliable inputs and the adoption of more productive technologies. Such measures seek to enhance agricultural productivity and reduce structural vulnerabilities. Assessing the relative effectiveness of cash transfers vis-à-vis these interventions remains an important policy question, although a detailed evaluation lies beyond the scope of this chapter.

A third category of UCTs consists of UBI-like transfers targeted at adult women. These schemes provide periodic cash payments to women without linking them to specific expenditures or behavioural conditions. Their stated objectives vary and include improving household welfare, enhancing women's economic agency and addressing income insecurity. The Sixteenth Finance Commission describes them as 'subsidies that are not directed to a specific economic or social sector'. These schemes are discussed in greater detail below.

Much of the debate on cash transfers during the 1990s and 2000s, both in India and globally, centred on conditional cash transfers (CCTs). Under these programmes, cash benefits are tied to compliance with specific requirements related to education, health or nutrition, such as minimum school attendance, vaccination compliance or participation in health check-ups. The rationale underlying conditionality is that it encourages investments in human capital while simultaneously providing income support. One of the most widely cited examples is Brazil's *Bolsa Família* programme, which targets recipients based on their monthly incomes. Since 2003, the Government of Brazil has provided approximately US\$35 per month to

Figure 15.1: Types of cash transfers

Note: Schemes mentioned are examples, not exhaustive

thirteen million families. The scheme has been associated with reductions in poverty and inequality as well as improvements in health and education outcomes (Fassarella et al. 2024; Magalhães et al. 2024). Indonesia’s *Program Keluarga Harapan* offers around US\$580 annually to nearly ten million families that satisfy health and education requirements (Syamsulhakim and Khadijah 2021). Other examples include PROGRESA in Mexico (Siaens et al. 2003), the Benazir Income Support Programme in Pakistan (Cheema et al. 2016) and Kenya’s Cash Transfer for Orphans and Vulnerable Children (The Kenya CT-OVC Evaluation Team 2012).

India also has examples of CCTs, most notably the JSY, which provides financial incentives to pregnant women delivering in health institutions in order to reduce maternal and neonatal mortality. CCTs can be effective when they complement public service provisioning and are accompanied by system-strengthening initiatives. However, they are not equally effective across all kinds of outcomes. For instance, they have mostly succeeded in increasing attendance at nutrition counselling sessions without producing commensurate improvements in nutritional outcomes (Ali et al. 2022).

These varied forms of cash transfers illustrate that the category itself encompasses programmes with different objectives and design features. Some are

intended primarily to provide income security, while others seek to alter behaviour or improve particular social outcomes. Some are targeted at demographic groups such as the elderly or women, while others focus on poor households more generally. The conditions attached to transfers, the extent of targeting, the frequency and size of payments and the administrative mechanisms for delivery vary considerably. For this reason, policy debates cannot be reduced to being simply ‘for’ or ‘against’ cash transfers as a general instrument. Such framing obscures the fact that different forms of transfers pursue different policy goals and operate through distinct mechanisms. The more relevant questions concern which kinds of transfers are appropriate in particular contexts, how they interact with other components of social policy and what trade-offs they entail.

15.2 Debates on UBI in India

Discussions on income transfers as a means of enhancing livelihoods have existed in India since the time of Independence. During the 2000s and early 2010s, debates on in-kind versus cash transfers intensified, particularly in relation to reforming the public distribution system. Proposals were advanced to replace other in-kind schemes, such as school meals and supplementary nutrition programmes, with conditional cash transfers (Mahapatra 2012). In practice, however, apart from schemes such as the JSY, these debates did not result in major policy shifts. Without entering into those wider discussions, this section focuses specifically on debates surrounding the universal basic income.

Discussions on UBI gathered momentum in India after the Economic Survey 2016–17 argued that it could constitute a more effective method of combating poverty than existing welfare programmes (Ministry of Finance 2017), especially with the emergence of the Jan Dhan–Aadhaar–Mobile (JAM) trinity. It was claimed that UBI could reduce the inefficiencies of existing social security schemes by replacing allegedly bureaucratic and leak-prone systems with direct cash transfers to beneficiaries. Critics, however, warned that such proposals risked further weakening an already fragile social security system (Khosla 2018).

The Economic Survey made several arguments in favour of UBI. It suggested that such a scheme would provide citizens with a share in the country’s collective wealth, reduce the paternalistic attitude of the state by allowing recipients autonomy over spending decisions and improve transparency and administrative efficiency through JAM-enabled delivery systems. The Survey estimated the cost of such a scheme at 4.9 per cent of the gross domestic product (GDP), while recognising that a fiscally sound execution of UBI can only be achieved after some social security programmes are withdrawn (Ministry of Finance 2017).

Subsequent commentators raised several concerns regarding these proposals. First, targeted UBI-like schemes do not resolve exclusion errors because they

continue to depend on the same targeting mechanisms (Khosla 2018; Drèze 2017b). More fundamentally, critics argued that the proposals underestimated the importance of existing social security and anti-poverty programmes that provide essential services and pursue larger developmental goals. The value of in-kind programmes extends beyond the transfer itself. The Mid-Day Meal scheme, for example, contributes to education, employment generation and social equity. Similarly, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) supports asset creation, women's empowerment and environmental protection (Drèze 2017b). Moreover, the claim that cash transfers necessarily reduce leakages has not been substantiated empirically, since corruption and exclusion also persist within cash transfer schemes such as pensions and housing subsidies (Himanshu 2017).

Nimai Mehta (2016) argues that even a successfully implemented UBI would fail to address two fundamental problems confronting the poor in India: the absence of adequate employment opportunities and the poor quality of public services related to health, education and sanitation. In conditions where livelihoods remain precarious and the provision of public services is weak, the limited resources that households are able to allocate towards human development are further constrained. In such a context, UBI may prove insufficient or even counterproductive. There is also the risk that cash transfers could weaken political pressure for broader structural reforms.

Questions regarding fiscal feasibility have likewise remained central to debates on UBI in India. Ghatak (2016), for instance, estimates that providing every adult with an income equivalent to the poverty line would cost approximately 11 per cent of GDP. It is frequently argued that expenditure of this scale would require either substantial spending cuts elsewhere or increased taxation in order to avoid fiscal pressures and inflationary risks. In practical terms, financing a meaningful UBI would likely require reducing the state's role in providing public services related to health, education, nutrition and infrastructure. Even smaller UBI proposals, such as Bardhan's (2016) model costing around 3.5 per cent of GDP, would exceed the entire health budget and amount to nearly ten times the expenditure on MGNREGA (Drèze 2017a). There is therefore a significant risk that such schemes could come at the expense of existing public services and in-kind transfer programmes, and there is no clear justification for why they are urgent despite the continuing inadequacy of affordable and accessible education, healthcare and social infrastructure in India. The poor already face increasing barriers in accessing quality public services amid ongoing privatisation. Under such conditions, the implementation of UBI could potentially deepen existing inequalities rather than alleviate them (Himanshu 2017).

15.2.1 Universal basic income pilots in India

India's first UBI pilot was launched in Delhi in 2011 through a partnership between the Government of Delhi and SEWA Bharat as part of a United Nations Development Programme initiative. The pilot studied the effects of replacing the public distribution system food rations with cash transfers for 100 below-poverty-line families. Each family received ₹1,000 per month through Direct Benefit Transfer (DBT). The findings showed that the transfers neither reduced household per capita calorie consumption nor increased expenditure on non-food items. However, households reported increased consumption of nutritious non-cereal foods.

A second pilot was conducted in Madhya Pradesh by SEWA Bharat and the United Nations Children's Fund. UCTs were provided to all adults and children across eight villages, with adults receiving ₹200 per month and children receiving ₹100 (SEWA Bharat and UNICEF 2014). The pilot documented improvements across a range of indicators, including sanitation, housing, access to drinking water, energy sources, healthcare, indebtedness and child nutrition, particularly among girls. Tribal villages also reported improvements in food security and ownership of household assets.

15.3 The rise of UBI-like schemes

Just before the 2019 elections, the Union government under the National Democratic Alliance announced the PM-KISAN scheme, which provides annual cash transfers of ₹6,000. This was towards fulfilling its electoral promise of doubling farmers' incomes (Ministry of Agriculture and Farmers Welfare 2019). During this period, states such as Telangana (Rythu Bandhu in 2018) and Odisha (KALIA in 2019) also initiated UCT schemes for farmers (Government of Telangana 2018; Department of Agriculture and Farmers' Empowerment, Government of Odisha 2018). Although they target a different group, namely farmers, these schemes can be seen as precursors to the current wave of cash transfer schemes. They come along with this broader shift towards 'new welfare' schemes involving DBTs, which are well-defined, individualised benefits not mediated through any institutional mechanisms.

The emergence of these DBT and UCT schemes was enabled by the proliferation of information and communication technologies that made digital-led administration feasible, and a push for 'good governance' and efficiency in welfare delivery through technological interventions, large-scale databases and 'e-governance'. These changes aligned with and accelerated the broader neoliberal shifts and structural adjustments taking place in the 1990s in India (Narayanan and Ramesh 2026).

Anand et al. (2020) define ‘new welfarism’ as the ‘subsidised public provision of essential goods and services, normally provided by the private sector, such as bank accounts, cooking gas, toilets, electricity, housing and more recently, water and also plain cash’. The idea behind new welfarism is that the provision of tangible goods and services that reach recipients directly and quickly results in progress that can be easily monitored and measured. While a wide range of goods and services, including cash, may be provided under new welfarist schemes, the commonality they share is that they are all ‘attributable tangibles’ (Subramanian and Felman 2023). This is different from the more traditional approach to welfare, where, for example, the provision of primary education or healthcare services often produces impacts that are difficult to define and measure and whose effects might only be visible in the longer term. New welfarism is also politically advantageous for governments since tangible goods and services are delivered in the short term, that is, in the ‘political present’. On the other hand, the benefits of the earlier approach to welfare might accrue over a longer horizon. Increasingly centralised implementation of schemes under new welfarism and the ability to easily attribute these benefits to the leadership in the Union or state governments enable political parties to consolidate electoral support.

In its manifesto for the 2019 parliamentary elections in India, the Indian National Congress (INC) proposed a minimum income support programme called Nyuntam Aay Yojana (NYAY). Under the scheme, the INC promised that it would guarantee cash transfers amounting to ₹72,000 per year, paid in monthly instalments, to the poorest 20 per cent of all households – five crore families – in India (Indian National Congress 2019). The manifesto also stated that ‘as far as possible, the money will be transferred to the account of a woman of the family who has a bank account’. It estimated that, once fully implemented, the programme would cost less than 2 per cent of India’s GDP annually. This electoral promise received widespread media coverage. Rahul Gandhi, then President of the INC and the party’s prime ministerial candidate, described the scheme as a ‘final assault on poverty’ (Roy 2019). Although the INC did not come to power after the 2019 elections, the party returned to a similar proposal in the 2024 parliamentary elections. Under the Mahalakshmi scheme, introduced as part of its ‘five guarantees’, the INC promised ₹1 lakh a year to women in the poorest households in the country (Indian National Congress 2024).

15.3.1 Women-centred state schemes

In March 2020, the Government of India announced unconditional cash transfers of ₹500 for three months to all women holding Pradhan Mantri Jan Dhan Yojana (PMJDY) bank accounts (Kotiswaran et al. 2025). This remained a short-term COVID-19 relief initiative and did not translate into a national scheme.

However, since 2021, UCTs have been introduced across seventeen states by governments led by various political parties. It is claimed that these schemes are now an effective electoral plank to win over women voters (Nair and Suganthan 2024). The first such state-level scheme was Goa's *Griha Aadhaar* scheme (2013), under which married, divorced or widowed women above the age of 18 are entitled to ₹1,500 per month.^{1,2}

While UCTs to women are a common element across these schemes, there is significant heterogeneity in their structures, entitlement amounts, eligibility criteria and impacts. Table 15.1 and Figure 15.2 provide details of these schemes. All impose some form of upper limit on family income, ranging between ₹1 lakh and ₹3 lakh per annum, beyond which women are excluded. Some states, like Tamil Nadu, also exclude applicants based on land ownership, vehicle ownership and government employment. Age criteria also vary, with some schemes limiting benefits to women under 59 or 60 years and above 18 or 21 years of age. The entitlement amount ranges from ₹833 per month in Odisha, corresponding to an annual transfer of ₹10,000, to ₹2,500 per month in Jharkhand and Telangana. While some schemes are restricted only to the women who are heads of households, others permit multiple women within the same household to qualify or limit the eligibility to married, divorced, widowed or destitute women. Certain states, such as Assam, prioritise single, divorced or widowed women.

The stated objectives of these schemes also vary significantly across states. *Makkal Needhi Maiam*, a newly formed political party in Tamil Nadu, for instance, promised 'salaries for housewives' in its 2021 election manifesto. Although this party did not come to power, the Tamil Nadu government's *Kalaingar Mahalair Urimai Thittam* scheme foregrounds recognition of women's household and domestic labour. Other UCTs emphasise objectives such as improving women's financial independence, increasing household incomes and enhancing women's health and nutrition. Bihar's *Mukhyamantri Mahila Rozgar Yojana* and similar schemes in Assam have cash transfers that support women's entrepreneurship. These programmes provide one-time transfers to a broad section of women in the state, while also promising additional financial assistance on the basis of performance.

¹ One of the earliest UCTs targeted at women was introduced in Kerala in 2012 for unmarried mothers below the age of 65, providing a monthly transfer of ₹1,000. This scheme has not been included in the present list, even though it is a UCT targeted at women; it is limited to a specific vulnerable group rather than the broader population characteristic of the schemes discussed in this chapter. Unlike the latter, it has also not been uniformly linked to electoral mobilisation.

² The scheme was initially launched in 2013 and subsequently revamped in 2016 into its current form.

Table 15.1: State-level UCT schemes for women

State	Scheme	Target population	Amount per month (₹)	Start Year
Existing UBI-like schemes				
Assam	Orunodoi 3.0	Women heads of economically vulnerable families	1,250	2024
Chhattisgarh	Mahtari Vandan Yojana	Women of households with income below ₹8 lakh per year	1,000	2024
Delhi	Mukhyamantri Mahila Samridhi Yojana	All women aged 18 years and above, excluding taxpayers and government employees	1,000	2025
Goa	Griha Aadhaar Scheme	Married women aged above 18 years	1,500	2013
Haryana	Lado Lakshmi Yojana	Women aged above 23 years; family income below ₹1 lakh per year	2,100	2025
Himachal Pradesh	Indira Gandhi Pyari Behna Sukh Samman Nidhi Yojana	Women aged 18–59 years	1,500	2024
Jharkhand	Mukhyamantri Maiya Samman Yojana	Women aged 18–50 years; household income below ₹8 lakh per year	2,500	2024
Karnataka	Gruha Lakshmi Scheme	Female heads of households	2,000	2024
Kerala	Sthree Suraksha Scheme	Unemployed women and transgender persons aged 35–60 years not receiving any other pensions	1,000	2026
Madhya Pradesh	Ladli Behna Yojana	Married women aged 21–60 years with household income less than ₹2.5 lakh per year	1,500	2023

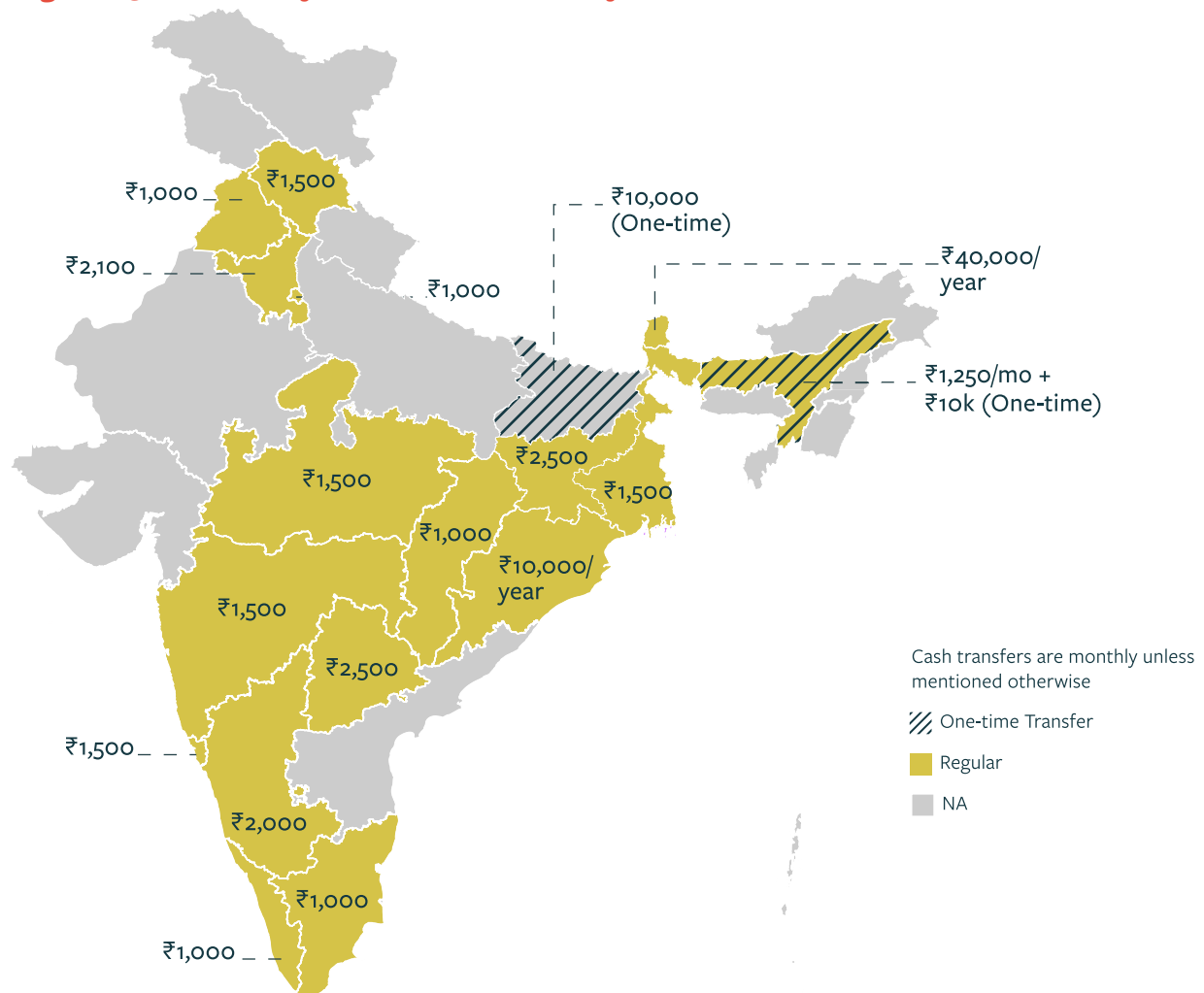
Table 15.1 (contd.): State-level UCT schemes for women

State	Scheme	Target population	Amount per month (₹)	Start Year
Existing UBI-like schemes				
Maharashtra	Mukhyamantri Majhi Ladki Bahin Yojana	Women aged 18–65 years with household income less than ₹2.5 lakh per year	1,500	2024
Odisha	Subhadra Yojana	Women aged 21–60 years from economically weaker families.	10,000 (per year)	2024
Punjab	Mukhya Mantri Mawan Dheeyan Satkar Yojna	All women aged 18 years and above	1,000 (1,500 for scheduled castes)	2026
Sikkim	Sikkim Aama Sashaktikaran Yojana	Women aged between 18–59 years	40,000 (per year)	2026
Tamil Nadu	Kalaignar Mahalir Urimai Thittam	Women/transgender heads of households with income less than ₹2.5 lakh per year	1,000	2023
Telangana	Mahalakshmi Scheme	Women and transgender persons from families with income less than ₹2 lakh per year	2,500	2023
West Bengal	Lakshmir Bhandar Scheme	All women covered under the Swasthya Saathi scheme	1,500 (other castes/ other backward castes) 1,700 (scheduled castes/ scheduled tribes)	2021
One-time UCTs for employment generation				
Assam	Mukhya Mantri Mahila Udyamita Abhiyan	Rural women members of self-help groups	Year 1: 10,000; Year 2: 25,000; Year 3: 50,000	2025
Bihar	Mukhyamantri Mahila Rozgar Yojana	Women aged 18–60 years who are members of self-help groups	10,000 2,00,000 for those who have started businesses after assessment	2025
<i>Sources and notes: Compiled by the authors from scheme websites (upto May 2026)</i>				

15.3.2 Scheme impacts

Evaluation studies of these schemes have looked at the household and individual-level benefits of receiving the cash transfers and have reported widely positive results. Field studies in Maharashtra (Radkar and Kulkarni 2025), Assam (Kotiswaran 2022; Pegu 2024), Tamil Nadu (Kotiswaran 2025a) and Karnataka (Kotiswaran 2025b) find that the money received under these schemes was mostly used for consumption expenses related to food, education, health and so on. Some also used the transfers for repayment of debt or interest payments. Ambedkar and Shinde (2025) in Maharashtra report improvements in health and education outcomes, while Kotiswaran (2025b) in Karnataka finds that women had full control over the cash, enhanced financial inclusion and improved say in decision making. Some of these studies also document the difficulties in accessing the scheme due to a lack of proper documents, failures in Aadhaar linkage, delays in payments and other similar hurdles. Twenty-five out of thirty entitlement holders who were surveyed in a study reported difficulties in applying for the *Ladki Bahin Yojana* in Maharashtra, due to document requirements, bureaucratic hurdles and insufficient information (More and Chatare 2024). Similarly, in Assam, only 63 per cent of more

Figure 15.2: Monthly UCTs for women by state



than 26,000 applications were accepted because households could not provide proof of below-poverty-line income, address or valid identity documents ([Phukan 2021](#)).

The studies so far are limited in nature as they do not address the larger questions of fiscal implications and long-term human development outcomes. To evaluate these empirically, the schemes would need to be operational for longer. At the same time, scholars have raised concerns about the effect of these schemes on decentralised governance, local democracy and state–citizen relations, which are equally serious considerations. Commenting on this broader shift in welfare policy towards direct transfers, Aiyar and Venkat ([2024](#)) describe this as a shift away from the ‘centrality of the public sector in delivering basic services’. Understandings of citizenship and state accountability have also shifted from ‘deepening citizen capacity to place claims on the state and extract accountability’ to the ‘efficiency of direct delivery and the role of markets’ as the key to accountability for citizens, who are now viewed as customers. Rathin Roy ([2019](#)) describes it as a shift to a ‘compensatory economy’ from a welfare state. New welfarism and cash transfers are described as a ‘compensation’ for the failure of the state and the economy to create opportunities for all.

The timing of the cash transfers, immediately before elections, has also led many to call them a ‘dole’ or even a ‘bribe’. These schemes have been seen less as instruments of empowerment and more as tools of electoral strategy. ‘Women are positioned as beneficiaries to be courted, and political loyalty is secured in the most direct way possible: through deposits into their bank accounts’ ([Hasan 2025](#)). [Kotiswaran \(2022; 2025b\)](#) argues that these schemes could have the potential to be gender-transformative when they are seen as wages or recognition for housework. Field experiences on improved access to resources and greater decision-making power due to cash transfers are presented as evidence towards this.

Others argue that while recognition of women’s unpaid domestic and care work is undoubtedly important, such cash transfers serve to reinforce existing gendered divisions of labour and do not contribute to questioning the structural inequalities within and outside the household ([Cookson 2018](#)). Rather, they might even take resources away from care services that could lighten the burden of unpaid care work on women ([Atasü-Topcuoğlu 2022](#)). Similarly, cash transfers have also been linked to increases in domestic violence, child labour and even mortality ([Henderson 2025](#)). It has been argued that cash transfers cannot be a panacea for global poverty. They also risk diverting attention from public infrastructure, such as healthcare systems or access to clean water, that cannot be addressed by giving cash to households. While proponents argue that it is a solution to sidestep the ‘paternalism’ of the state, cash transfers only replace one form of paternalism with another by assuming that markets can be a one-size-fits-all solution ([Henderson 2025](#)).

15.3.3 Financial burden of UCTs

With the expansion of these schemes and their coverage, the share of cash transfers within overall subsidy and transfer expenditure has also risen sharply. Taking all categories of UCTs into account, including pensions and PM-KISAN, a report by Project DEEP estimates that the total budgetary allocation for UCTs by the Union and state governments increased twenty-three-fold, from ₹12,188 crore in 2015–16 to ₹2,80,780.5 crore in 2024–25, accounting for 11 per cent of total social sector spending. During this period, the Centre's share in total UCT expenditure declined from 70 per cent to 25 per cent (Shah, Hathiari and Ghatak 2025). The report of the Sixteenth Finance Commission separately estimates the fiscal costs to state governments of large-group cash transfer schemes that do not fall under either social security programmes or transfers to farmers. It finds that expenditure on large-group UCTs totalled ₹1.96 lakh crore in 2025–26 Budget Estimates, with a trend growth of 53.6 per cent between 2018–19 and 2025–26. Much of this increase has happened after 2023–24. The largest schemes include Maharashtra's *Majhi Ladki Bahin Yojana*, Karnataka's *Gruha Lakshmi* and West Bengal's *Lakshmir Bhandar* scheme.

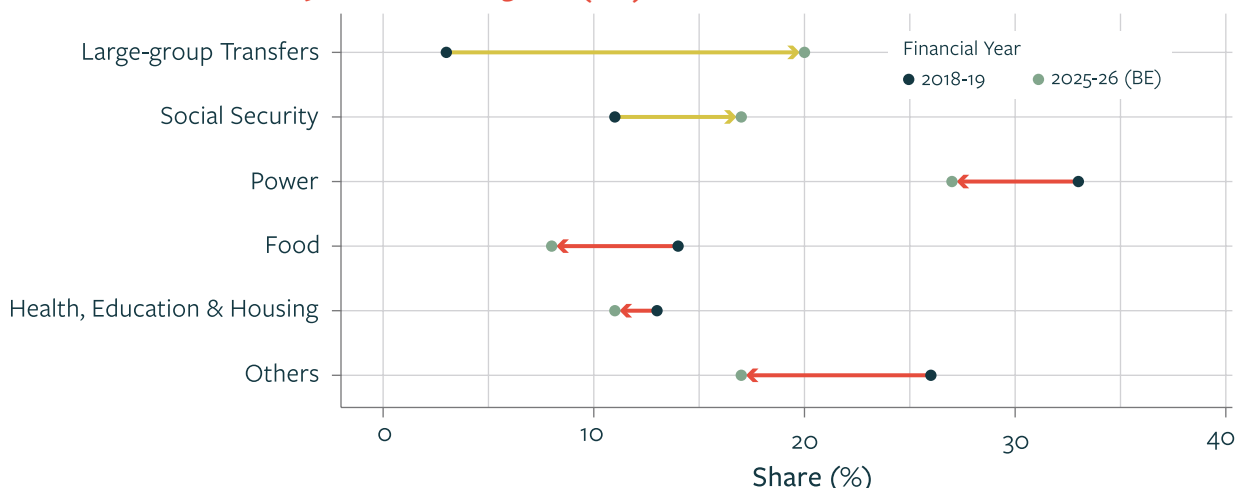
The composition of states' revenue expenditure has also shifted significantly during this period. The share of cash transfers within subsidies and transfers increased from 3 per cent in 2018–19 to 20 per cent in 2025–26, as shown in Figure 15.3. Furthermore, within these transfers, the proportion accounted for by large-group schemes – which include the UBI-like schemes discussed in this chapter – rose from 16 per cent to 47 per cent (Sixteenth Finance Commission 2025).

One concern associated with the growing fiscal burden of these schemes is that, over time, they are likely to put pressure on other essential social sector expenditures. There have already been allegations in Maharashtra and West Bengal of funds being diverted from social justice, social welfare and education schemes towards these new cash transfers (Marpakwar 2025; Mitra 2026).

States bear the primary responsibility for most social sector spending while operating within limited fiscal space because of taxation structures. State finances have already been under strain and stringent Fiscal Responsibility and Budget Management (FRBM) norms³ place clear limits on borrowing and deficit expansion. In practical terms, overemphasis on one category of transfer schemes is bound to come at the cost of other expenditures. In the context of already underfunded social sector investments, as discussed throughout this Handbook, concerns that these UCTs may crowd out spending on education, health and social security are not unfounded. Any assessment of the costs and benefits of UCTs must therefore

³ The Fiscal Responsibility and Budget Management (FRBM) Act, 2003, is aimed at institutionalising financial discipline and reducing fiscal deficit. It empowers the central government to set limits to state governments' borrowings, generally to 3 per cent of Gross State Domestic Product (GSDP).

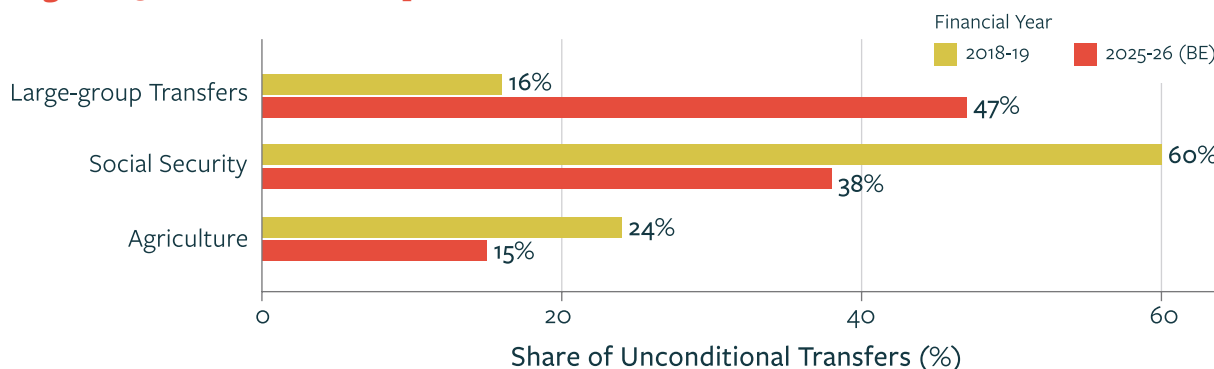
Figure 15.3: Comparison of sectoral shares of subsidies and transfer schemes between FY 2018-19 and FY 2025-26 (BE)



Sources and notes: 16th Finance Commission Report, States’ Demand for Grants.

The composition of subsidies in each sector is as follows: (i) Power: Subsidies provided to state distribution companies (DISCOMs); (ii) Large-group transfers: Includes only large-group cash transfers that are not directed to a specific economic or social sector. Cash transfers for agriculture are not part of this. The unconditional cash transfer schemes referred to in this chapter form the majority of these subsidies; (iii) Social security: Pensions and welfare support to vulnerable groups such as the elderly, widows and persons with disabilities; (iv) Food: Food subsidies; (v) Health, Education and Housing: Subsidies on health and education through scholarship schemes, the free distribution of inputs such as uniforms, subsidised insurance premiums and treatment costs. Top-ups to PM Awaz Yojana and other state-level housing schemes.

Figure 15.4: Sectoral composition of state-level cash transfers

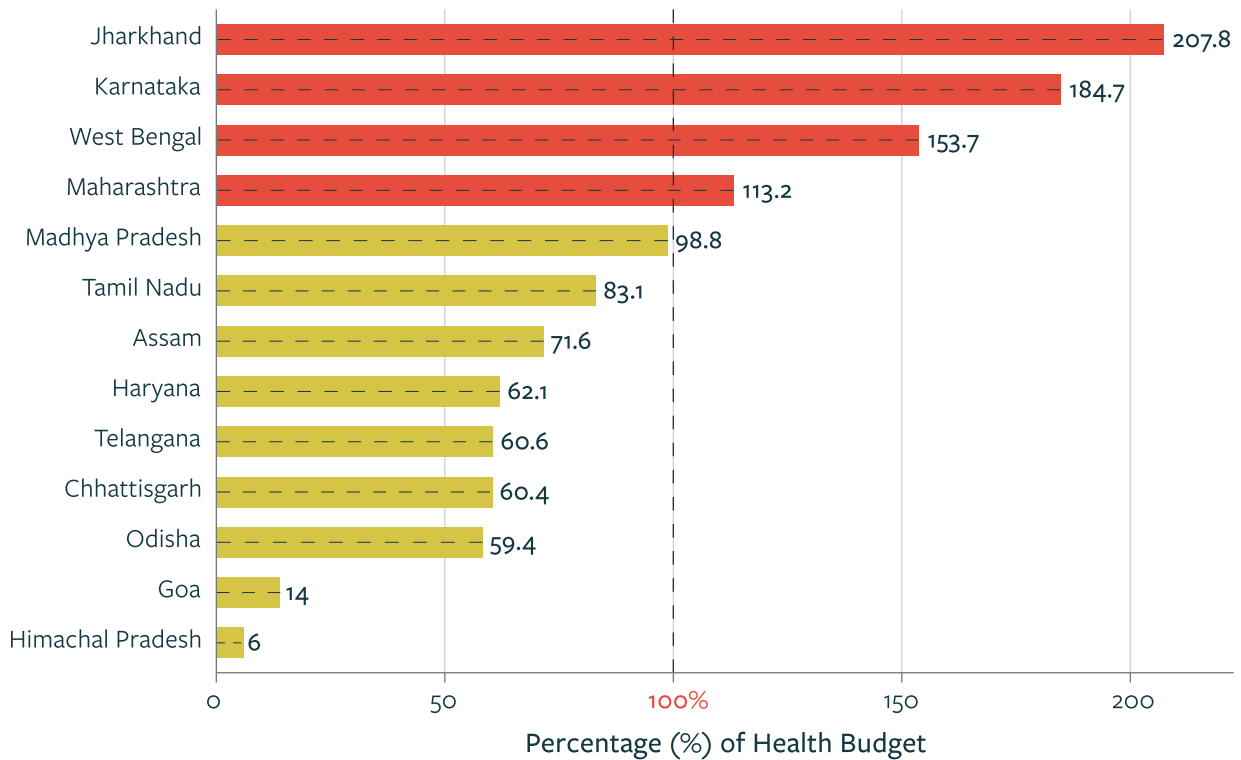


Sources and notes: 16th Finance Commission Report, States’ Demand for Grants.

Composition of subsidies in each sector is as follows: (i) Agriculture: cash transfers to farmers under schemes such as the such as Krushak Assistance for Livelihood and Income Augmentation (KALIA), Rythu Bandhu and top-ups to the PM Kisan Samman Nidhi Yojna (PM KISAN); (ii) Social security: pensions and welfare support to vulnerable groups such as the elderly, widows and persons with disabilities; (iii) Large-group transfers: large-group cash transfers that are not directed to a specific economic or social sector. The unconditional cash transfer schemes referred to in this chapter form the majority of these subsidies.

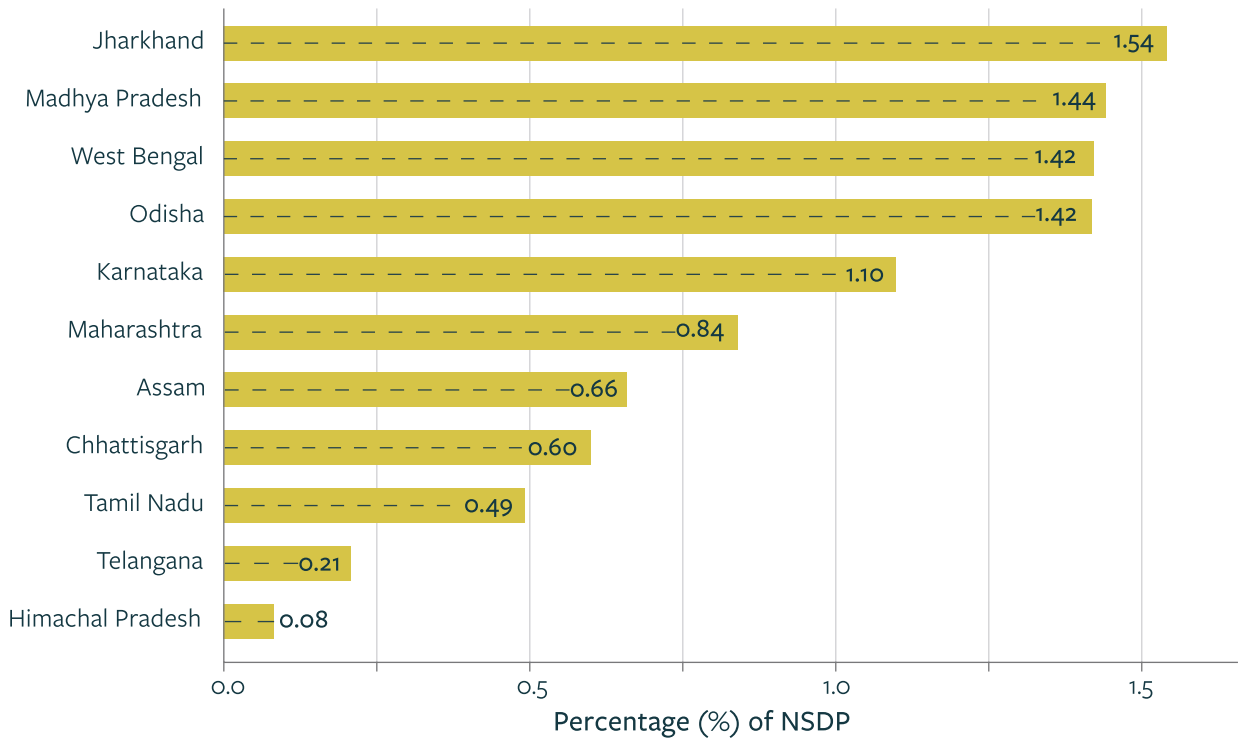
consider not only their effects on state finances, but also their implications for human development outcomes. Since most of these schemes are only a few years old, it is too early to determine their full impact on other expenditures. However, the scale of these schemes is evident. Figure 15.5 compares expenditure on these schemes as a proportion of total state expenditure with state spending on health across twelve states. States such as Jharkhand, Karnataka, Maharashtra and West Bengal are already spending more on these schemes than on their entire health budgets.

Figure 15.5: Budgets for cash transfer schemes as a % of health budget for select states, FY 2025-26 (BE)



Sources and notes: 16th Finance Commission Report, States' Demand for Grants

Figure 15.6: Cash transfer expenditure as % of NSDP (FY 2024-25)



Sources and notes: 16th Finance Commission Report, States' Demand for Grants; NSDP is Net State Domestic Product

States are also resorting to other measures to manage the financial pressures generated by these programmes. In Maharashtra, for example, the state's forest minister stated that the *Ladki Bahin scheme* was affecting the finances of other departments and that the forest department would fell and monetise teak trees worth ₹12,000 crore in order to raise funds for departmental expenditure ([Kulshreshtha 2026](#)).

15.4 Conclusion

This chapter has examined the rapid expansion of unconditional cash transfers targeted at women across Indian states and situated these schemes within broader debates on welfare, social protection and UBI-like interventions. Although the available evidence remains limited, existing studies suggest that these transfers are largely being used for essential expenditures related to food, healthcare, education, debt repayment and interest payments. In contexts marked by unemployment, stagnant incomes and increasing precarity, it is unsurprising that a cash influx into households is welcomed and is mostly spent on necessary goods and services. At the same time, these schemes must be assessed within the wider economic and political context, particularly in relation to the forms of intervention they risk displacing. The macroeconomic and fiscal implications of these programmes are far more complex than their immediate household-level benefits, as reflected in the growing share of state expenditure being directed towards such transfers.

As these schemes expand, they increase the fiscal burden on states, which is likely to generate pressure on other forms of social sector spending, including existing social security expenditures. Given the resource-constrained position of state governments, this is not an unreasonable apprehension. In the longer term, the implications of underfunded public services and infrastructure in health, education and nutrition for human development, growth and equity must be considered. The nature of these schemes also reflects a shift in welfare delivery away from a rights-based framework towards one in which recipients become beneficiaries (*labharthis*) of state largesse. This raises critical questions regarding state–citizen relations, accountability mechanisms and local democracy. Expanding welfare access must involve strengthening communities' democratic capacities and moving towards more bottom-up and participatory forms of claim-making ([Henderson 2025](#)). In light of these concerns, UCTs for women in India require much deeper scrutiny. Given the rapid ballooning of the scale of these schemes, both in terms of population coverage and fiscal magnitude, the urgency of such scrutiny is only increasing.

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