Empowering women via cash transfers

Mains: *GS II | Government policies & interventions*

Why in News?

Unconditional cash transfers (UCTs) for women have expanded rapidly across Indian states growing from a single state in 2020 to 15 states and 1 union territory by 2025.

What unconditional cash transfers do?

- It covers roughly one-fifth of India's female population and reaching 12 crore women with an estimated annual outlay of Rs.1.7 lakh crore in 2025–26.
- **Immediate relief -** Regular money in a woman's own account can help cover everyday expenses, healthcare, education, and small personal or family needs, while strengthening her bargaining voice inside the home.
- Evidence also indicates that when women control resources, household welfare such as children's nutrition and schooling often sees meaningful gains.
- **Amartya Sen's approach-** Rather than treating cash merely as a handout, policy thinkers connect it to expanding "capabilities" giving people real freedom and options to live a life they value.
- A monthly transfer can ease the symptoms of tight household budgets without fixing deeper causes of economic exclusion, such as unpaid care burdens, limited job openings, unsafe transport, or lack of ownership over productive assets like land or enterprises.

What is the workforce and economic parity reality check?

- **Persistent Labor Force Gap -** India's overall female Labour Force Participation Rate (LFPR) for ages 15 and above stood at **34.6% in September 202.**
- It is dipping from August due to a drop in rural female LFPR with a **40.8 percentage point** gap between male and female workforce participation.
- **Modest Economic Parity Gains -** In the **Global Gender Gap Report 2026**, India recorded a **41.2% parity score** in *Economic Participation and Opportunity* (3.5 percentage points below its 2013 peak of 44.6%, and only 1.5 percentage points higher over 20 years).
- **Entrepreneurship and Credit Support -** Alongside cash transfers, policy efforts have expanded including **70 central schemes** and **400 state-level schemes** aimed at women entrepreneurs.
- It is a 429% rise in gender budgets between 2013–14 and 2025–26, women accounting for roughly 68% of loan accounts under PM MUDRA Yojana (PMMY), nearly 50% of registered startups having at least one-woman director, and targeted initiatives like **Lakhpati Didi, Namo Drone Didi, and PM SVANidhi.**

What is the Comparing Approach?

Dimension	Cash Transfers Alone	Integrated "Cash-Plus" & Capability Model
Primary Effect	Smooths consumption, builds small savings cushions, and strengthens short-term voice in family spending	Combines income support with skills, credit, jobs, childcare/health, and asset building
Role of Women	Primarily positioned as welfare recipients/beneficiaries	Supports women as active economic agents and decision-makers
Long-Term Sustainability	Vulnerable to fiscal strain on state budgets and can reinforce dependency if not paired with livelihoods	Builds durable earning power and upward mobility beyond regular payouts

What are the key challenges in cash transfer programmes?

- **Fiscal Pressure on State Finances -** Spending around Rs.1.7 lakh crore annually across states puts heavy pressure on state budgets, raising questions about fiscal sustainability and trade-offs with capital or public-service spending.
- **Unpaid Care Work and Job Barriers-** Many women stay out of paid work due to caregiving duties, lack of quality local jobs, or mobility and safety constraints barriers that cash alone cannot remove.
- **Account Access vs. Real Financial Agency-** Having a bank account or receiving money does not automatically mean a woman has full control over how it is saved, invested, or spent within the household.

What is the way forward?

- Treat cash transfers as a launchpad rather than a finish line by linking them with skill training, market access, childcare support, healthcare, and quality employment.
- Align complementary health, nutrition, and education support so families see tangible gains in women's well-being and child health (such as lower stunting and anaemia) alongside financial relief.
- Strengthen women's collectives, credit access, asset ownership, and safe work opportunities so economic empowerment lasts even if transfer schemes evolve.

Reference

Down to earth | Can cash transfers empower women?

SHANKAR IAS PARLIAMENT
Information is Empowering