

A sepia-toned photograph of a man in a market stall. He is crouching and using a large, traditional metal weighing scale to weigh produce. The scale has two pans hanging from a central point. The man is looking down at the produce in the lower pan. In the foreground, there are large piles of various vegetables, including long, thin cucumbers and smaller, rounder vegetables. The background is slightly blurred, showing other market stalls and people.

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Direct Cash Transfers: Evidence & Caveats



In light of the growing prominence of cash transfers as an approach to poverty alleviation, this practitioner-oriented report examines various types of cash transfers and their areas of application. It synthesizes evidence of the impact of cash transfers from different studies and academic literature reviews. Concurrently, it investigates the enablers that facilitated the success of these interventions, thereby underscoring key considerations for their implementation in the Indian context. Additionally, the report identifies opportunities for action research to further enrich the evidence base and explore new avenues where cash transfers can effectively contribute to poverty alleviation.

Acknowledgments

Sir Isaac Newton once said, “If I have seen further, it is by standing on the shoulders of giants.”

We are grateful to the academics, researchers, and practitioners who have put incredible efforts into implementing and understanding Direct Cash Transfers; we borrow heavily from their work. We express gratitude to the Project DEEP team, in particular, for generously reviewing and contributing to the report and lending images of their cash transfer programs that help ‘humanise’ the data. We thank the Give Directly team for sharing their learnings with us. We are grateful to Padmini Ramesh and Harini Ramakrishnan, our alumnae, for their contribution to this report, and to Roopali Jain, who designed the report and made it reader-friendly.

Last but not least, we also feel immense gratitude to the recipients of these cash transfers who participated in the different studies we cite here. Their participation has allowed researchers and practitioners like us to take the mission forward. While we term them as ‘poor’ in this report, it is their openness and contribution that enrich the world of evidence and understanding of the sector and help drive the impact of any intervention.

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**What
happens
when we
transfer cash
directly in the
hands of
the poor ?**



Executive Summary

What happens when you give cash directly in the hands of people? Evidence says a lot can!

Cash transfers have gained increasing popularity as a mechanism of poverty alleviation given the fungibility of cash, low cost of operations, and simplicity of design. There are about a 1000 research papers across 500 experiments in cash transfers, which speaks to the amount of interest in the intervention.

We, at The/Nudge Institute, continue to be curious about solutions that can impact lives meaningfully and at scale in India. Given that Direct Cash Transfers (DCTs) hold significant potential to create meaningful, large-scale impact on people's lives, this report brings together an understanding from some key studies and literature reviews on DCTs, also drawing from extensive conversations with practitioners and researchers.

A key finding from our research is the debunking of the long-held belief that the poor waste grant money on alcohol and other addictions. In fact, some studies indicate that poverty-induced stress leads to alcoholism, and cash transfers can help mitigate this issue.



Global evidence and reviews indicate significant short- and medium-term (~3 years) impacts of different cash transfer types on school enrollments, health (including mental health and subjective well-being), income, assets, consumption, and borrowing. However, the long-term effects remain a subject of ongoing debate.

As we delve deeper, an important understanding emerges that DCTs are effective but not a one-size fits-all solution. Their design and implementation require careful consideration of various factors such as conditionalities, targeting, lump sum versus tranches, timing, monitoring mechanisms and, mode of transfer. These decisions are based on specific context, desired outcomes of the intervention and many a times, the philosophy of the organisations involved. Furthermore, integrating awareness & capacity-building into DCT interventions provides a promising avenue for customising and contextualising these transfers to meet local needs effectively. Given the plethora of Direct Cash Transfers in India, many of them very recent, there is an opportunity to learn a lot in the context of the country, which is actually a combination of many 'contexts'.

In the light of this, it is crucial for policymakers, civil society practitioners, investors, and funders to collaborate in India to interpret global evidence on Direct Cash Transfers, generate context-specific insights, and scale relevant effective strategies in India.

Shefali Bajpai

Director, Impact Hub



Introduction

Over the past two decades, cash transfers have received increased attention as a policy response to poverty (Hanlon, Barrientos, & Hulme, 2010). While in sub-Saharan Africa, they have coalesced around unconditional cash transfer schemes (Davis et al., 2016), in India there has been emphasis on looking at cash transfers as a possible means of social protection as well as an alternative to in-kind subsidies (Subramanian, Kapur, & Mukhopadhyay, 2008). In Latin America, conditional cash transfers have been experimented with as national welfare policies to help enhance service delivery outcomes such as a 'Progresa Oportunidades' in Mexico, 1997 and a 'Bolsa Familia' in Brazil, 2003, among other programs.

Despite variations in form, delivery mode, and implementing entities,

cash transfers have become a cornerstone of donor social policy globally, evident in countries like Ethiopia, Kenya, Zambia, and Malawi. The global spread of cash transfers has soared. In the early 2010's, World Bank lending supported CCT Programs in 10 countries in LAC (Latin America and Caribbean), covering 22 million households. From FY 2019-23 this coverage expanded to reach 73 million beneficiaries in eight countries (World Bank, 2024)¹. Examples from around the region illustrate the diverse approaches that countries used to achieve impact. Even the spread of unconditional cash assistance has increased to 119 developing countries, with each country having implemented at least one type of such assistance (Banerjee, Hanna, Kreindler, & Olken, 2016).

¹Two decades transforming lives through Social Protection Programs in Latin America and the Caribbean



There are also experiments in developed countries like the UK, USA and Singapore to name a few.

With this, the perception of viewing cash transfers as the panacea for developmental hurdles and poverty has captured policy imagination and many developing countries as well as international development assistance organisations like the World Bank and the DFID (Department for International Development, UK) have shifted towards Direct Cash Transfers. For instance, in India, more than 10 states are now offering unconditional cash transfers reaching more than 11 crore women and the number of beneficiaries of central cash transfer schemes has more than tripled from 22.8 crore in 2014-'15 to 72.3 crore in 2022-'23, according to government data². Funds disbursed increased from ₹38,926.2 crore to ₹1,13,544 crore during the same period.

However, many global innovations differ analytically from the traditional social protection approach and warrant a deeper study. In this report we will start by examining what cash transfers are, its different types and areas of intervention, what has worked and what hasn't and in what conditions and go onto create

a synthesis of the impact such interventions have had in different geographies and across different aspects. This isn't a comprehensive literature review but a practitioner oriented learning synthesis. In this light, we will conclude by identifying opportunities for action research to further enrich evidence and explore new avenues where cash transfers can effectively contribute towards poverty alleviation in India.



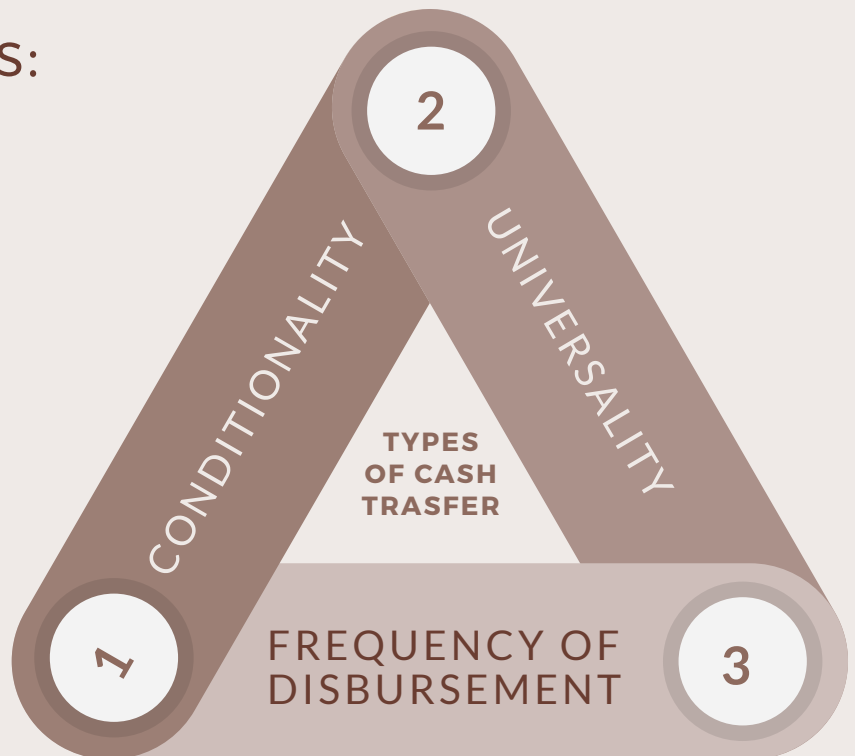
Source: Project DEEP Files

²<https://dbtbharat.gov.in/>



Cash transfers: typology

Direct Cash Transfers are cash payments made directly to individuals, households, or communities. This report focuses on humanitarian cash transfers aimed at poverty alleviation. Over the years Direct Cash Transfers have taken many forms. For simplicity, we can look at them through the prisms of conditionality, universality and frequency of disbursement.





Conditionality

Unconditional cash transfers (UCTs)

entail no restriction on use; there are no strings attached and beneficiaries are free to decide how they wish to spend the funds. This approach has been implemented by Give Directly and a substantial amount of evidence has been generated to its efficacy. A few experiments have started in India taking a similar approach, such as Project DEEP³, Workfree India⁴, etc. The Indian government has a number of schemes that provide unconditional transfers as part of social protection, and these have only increased over the last few years.

Conditional cash transfer schemes (CCTs) provide targeted households or individuals with cash contingent on specific behavioural responses. For instance, Brazil's Bolsa Familia program offers financial aid to impoverished families on the condition that children attend school and receive vaccinations. Similarly, programs like India's Janani Suraksha Yojana provide cash transfers based on meeting targets such as institutionalised deliveries and regular neonatal check-ups.

Universality

Cash transfers can also be categorised based on their universality. **Restricted transfers** target specific sub-populations such as the poor, elderly, or lactating mothers, as seen in social pension programs in India.

Conversely, **universal transfers**, exemplified by Universal Basic Income, are increasingly being discussed and debated within policy circles for their potential to provide income support universally. These have also been done at some scale by Civil Society Organisations like Give Directly.

Frequency of disbursement

In addition to this, there are several studies which seek to examine the impact of cash transfers when given in repeated **installments** over a span of time vis-a-vis a **lump sum** amount given to recipients only once at the beginning as has been tested in Africa extensively.

³<https://project-deep.org/>

⁴<https://www.work-free.net/>



Recent unconditional cash transfer schemes for women

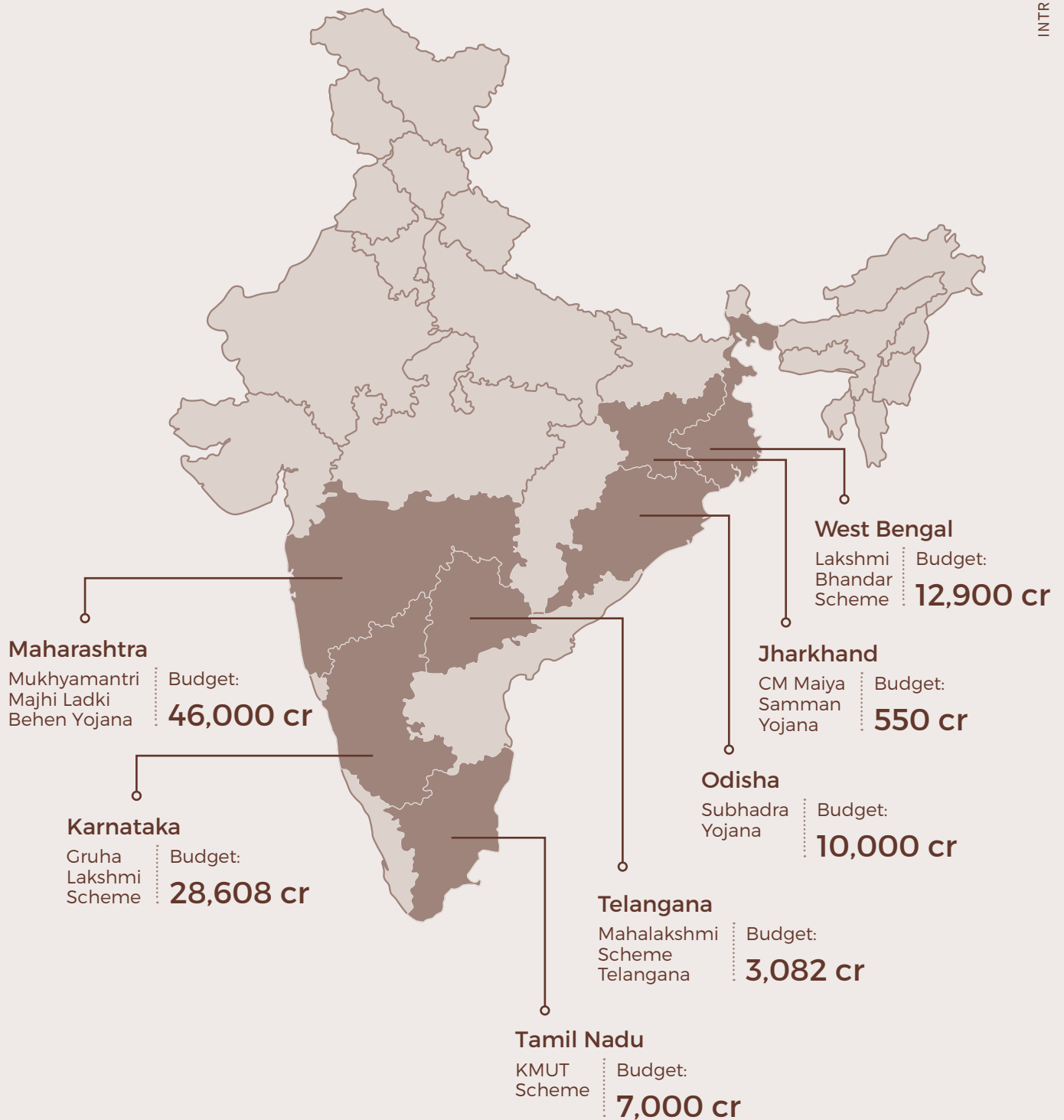


Fig 1: A map of India representing the different states where cash transfer schemes for women are running

Why have cash transfers gained traction?

Advocates of cash transfers often emphasise its role in promoting agency and **reducing paternalism** (Thurow, 1974). This doctrine recognises recipients as individuals capable of making choices that best suit their needs. Unconditional cash transfers recognise that the individual knows what is best for them.

- **Fungibility** of cash is perhaps its biggest strength. Ugo Gentilini (2007)⁵ talks about how in-kind transfers reduce the recipients' utility because of the lack of fungibility of such transfers giving the recipients less freedom to choose. In a way this allows for households to **contextualise** for their immediate needs in a manner that suits them best, at scale. Usually standard programmatic interventions are limited when it comes to such customisation.

- According to a 2016 study by Sulaiman et al., cash transfers exhibit the highest **cost-effectiveness** among various anti-poverty livelihood interventions, surpassing livelihood development programs and the graduation approach. This, logically should work, if the households have both, the information and ability to use the cash for livelihood purposes.

- Cash assistance can enable households to overcome barriers, potentially triggering a “**catch-up**” effect and even fostering a **multiplier effect** at the household level where constraints like limited access to credit exist.

- Direct Cash Transfers, with the right infrastructure can be made straight to the beneficiaries' accounts- cutting across all middlemen and **reducing the scope of corruption** and errors (Svedberg, 2007)⁶.

- Compared to many other poverty alleviation programs it is also **simpler** to implement without a requirement of an extensive distribution system on the ground. Extensive distribution systems can end up becoming barriers in many cases, even when financing is available.

- Cash can also be viewed as a complementary layer to awareness and capacity-building efforts, further enhancing the chances of success for a programmatic intervention aimed at achieving a specific goal. Cash can support individuals in implementing behavior changes related to health, education, nutrition, and more.

Note: There are however, many considerations while designing cash transfers which are discussed in other sections in this document.

⁵Cash and Food Transfers: A Primer

⁶Reforming or Replacing the Public Distribution System with Cash Transfers?



Unconditional Targeted-Transfers (Tranches) by Indian Government

PM Kisan

The PM-Kisan scheme, a central sector initiative, is designed to provide essential income support to all landed farmers. The scheme has various exclusion criteria, for example: those who file income tax returns and those who are institutional land holders cannot benefit from the scheme. Launched in February 2019, the scheme ensures that the funds are directly transferred to the bank accounts of the eligible farmers.

₹6,000

is transferred annually to farmers' bank accounts in



3

equal installments.



Funds allocated centrally and disbursed directly to accounts of farmers.

Design considerations

- **Conditionality:** While the overall objective is to enable liquidity for inputs during farming seasons, the transfer is largely **unconditional**
- **Frequency of Disbursement:** 3 equal **tranches** annually & not lump sum
- **Targeting:** It isn't universal. Initially, it focused on small and marginal farmers with combined landholdings of up to 2 hectares, later expanded to include all farmer families, except those capable of filing income tax returns

Issues faced by target population:

Lack of awareness and proper documentation among eligible farmers hinders their enrollment in the PM-Kisan scheme and payment failures due to issues like unverified Aadhaar, incorrect bank account numbers, and land records not being seeded.

Other similar schemes in India:

Kalia in Odisha, Rythu Bandhu in Telangana



Daliya Meena, a farmer in
Sada Rajasthan, working the
bore well.

Source: Project DEEP

Types of Cash Transfers within the Livelihood Framework

Cash Transfer Type	Use Case
Unrestricted & unconditional transfers	These kinds of transfers, which have no conditions for qualification and no restrictions on their use, allow recipients to address basic needs and protect their livelihoods. They also enable recipients to invest in the recovery, enhancement, or diversification of their livelihoods. Past experience has shown that these transfers are often used to repay debts, which has led to the stimulation of credit markets. Example: SEWA Bharat pilot in Madhya Pradesh (discussed later)
Limitations	These transfers can be used for livelihoods only if recipients are first able to meet their most pressing needs. Without additional measures (such as technical training, financial management education, or access to credit), households may lack the necessary knowledge and skills to develop or build on their activities.
Cash transfers to replace assets	In a post-crisis context, where households have lost or sold their assets, cash transfers help households to acquire and replace their assets and thereby lay the foundations for recovering their livelihoods.
Limitations	<p>These transfers are generally considerable in value, which increases the risk of them being used for purposes other than those initially intended.</p> <p>Replacing productive assets is crucial, but just recovering assets that don't immediately generate income isn't enough. Additional measures are needed to protect these assets until households can earn enough to ensure their livelihood.</p>

⁷ [Cash transfer programming in emergencies](#)

Cash Transfer Type	Use Case
Cash transfers “plus” for livelihood enhancement	Cash transfers, in this case, are accompanied by technical assistance and/or skills-building measures (<i>technical, financial management, concepts of resilience applied to livelihoods, etc.</i>). Additional measures could also include indirect action on social, political and economic environments to ensure increased opportunities. Example: Different variants of the graduation approach.
Limitations	Just as with asset replacement schemes, households must address their most pressing needs before engaging in livelihood-building activities. The most vulnerable households may face challenges in immediately undertaking new activities, necessitating the integration of this process into a long-term project.
Cash-for-work	Agencies offer opportunities for temporary work, for which participants receive financial remuneration. The work that is carried out is usually in the interests of the public and/or community and for the most part aims to repair or rebuild collective resources (<i>sanitation system, reforestation, soil protection, etc.</i>) Example: MGNREGA
Limitations	<p>Cash-for-work programmes are generally more complex and more expensive than unconditional cash transfers.</p> <p>Cash-for-work programmes might compete with other livelihood activities, not just when they are scheduled without consideration for the seasonal calendar, but also because the rate of remuneration may lead certain households to prioritise this activity over livelihoods or paid work in which they are normally involved.</p>

Table No. 1: This table details various types of cash transfers and their possible use cases within the larger context of livelihoods. Adapted from Bastagli et. al (2016)



Synthesis of Evidence

As we lay out oft cited evidence in this section, it is important to note that cash transfers have been experimented with for different reasons and purposes, ranging from diversifying livelihoods (Pace et al., 2022- Zimbabwe) to its impact on increasing school enrollments (Maluccio et al., 2023) to implications such transfers have on reducing malnutrition (Ahmed, Hoddinott and Roy, 2019).

The evidence of impact for each of the studies is different as the contexts vary to a great extent, but in the short term, the impact of cash transfers appears to be positive. The strength of cash transfers as an intervention lies in the extent to which they enable the development of capabilities and assets (“productive” effects) as well as provide the potential to recover from shocks and stresses (“protective” effects). In this section we synthesise evidence across some important themes.

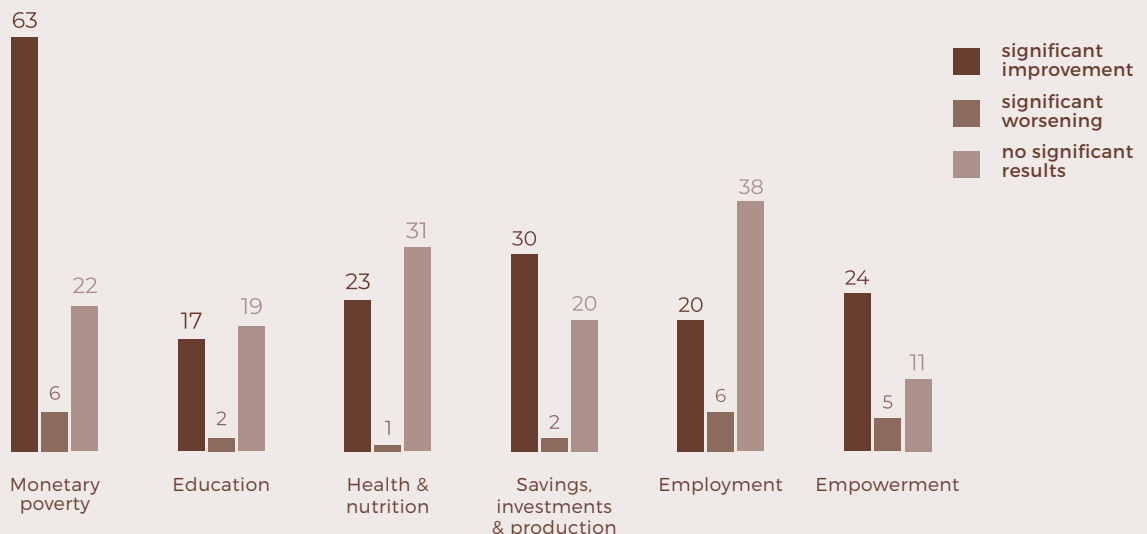


Fig 2: Source- Bastagli, Zanker, et al(2016). The graph above shows the number of studies on cash transfers reviewing its intended and unintended impact on individuals and households on six outcome areas





Enhancing school enrolments

Earlier systematic reviews⁸ highlight a clear link between cash transfer receipt and increased school attendance, however no clear-cut pattern emerges on impact on learning outcomes (as measured by test scores) and cognitive development outcomes (intelligence, reasoning, etc.). A Campbell systematic review by Baird (2016) found that programs that are conditional and ensure compliance through strict monitoring and penalisation increase the odds of enrolment by 60% compared to less than 20% for unconditional transfers. However these differences are not statistically significant.

Garcia, Harker and Cuartas (2019) studied the short-term impacts of a large-scale conditional cash transfer program on educational aspirations in poor households in Colombia and found a positive impact on the aspirations for higher education, for both children and parents after a year of exposure⁹. The paper notes that behavior change, i.e. attitudes and aspirations around school enrollment, changed not only due to the cash component but also due to the additional features of the program, such as the information sessions to increase parental awareness about education. Additionally, monitoring mechanisms were set up such that parents met with the children's teachers every two months, where they received feedback about their children's academic performance and attitudes.



For representational purpose only

⁸<https://media.odi.org/documents/11316.pdf>; <https://www.calpnetwork.org/wp-content/uploads/2020/09/10748.pdf>

⁹The programme used a Difference-in-Differences approach.

In India, different state governments have piloted voucher schemes, scholarship schemes and CCTs to increase school attendance. The Centre for Civil Society published a review¹⁰ of these interventions globally as well as in India. The Odisha government piloted a CCT targeted at SC and ST children, while in Andhra Pradesh, Delhi, Rajasthan and Uttarakhand, voucher system experiments were conducted. The study advocates for universal Direct Benefit Transfer to all children (be it in the form of vouchers, scholarships or CCTs) but caveats it with the need for higher awareness among parents so that they are empowered to choose the right kind of schools for their children, re-emphasising that cash transfers even though conditional, alone may not be adequate in ensuring learning outcomes for children.

Studies support universal Direct Benefit Transfers for children but stress the need for parental awareness to choose the best schools and ensure effective learning outcomes



For representational purpose only

¹⁰ [School Vouchers Direct Benefit Transfers in Education](#)



Conditional Cash Transfers by the Indian Government

Janani Suraksha Yojana

Janani Suraksha Yojana (JSY) is a maternal health initiative within the National Health Mission. Its goal is to lower maternal and neonatal mortality by encouraging institutional deliveries among economically disadvantaged pregnant women. Launched on April 12, 2005, by the Hon'ble Prime Minister, the scheme is active across all states and Union Territories (UTs), with a particular emphasis on Low Performing States.

The eligibility for cash assistance under the JSY is shown below:

LPS (low performing states)	All pregnant women delivering in government health centres, such as Sub Centers (SCs)/ Primary Health Centers (PHCs)/ Community Health Centers (CHCs)/ First Referral Units (FRUs)/ general wards of district or state hospitals are eligible.
HPS (high performing states)	All BPL/ Scheduled Caste/Scheduled Tribe (SC/ ST) women delivering in a government health centre, such as SC/ PHC/ CHC/ FRU/ general wards of district or state hospital are eligible.
LPS & HPS	BPL/ SC/ ST women in accredited private institutions are eligible.

Cash assistance for institutional delivery (in ₹). The cash entitlement for different categories of mothers is as follows:

Category	Rural Area		Total	Urban Area		Total
	Mother's package	ASHA's package*		Mother's package	ASHA's package	(Amount in ₹)
LPS	1400	600	2000	1000	400	1400
HPS	700	600	1300	600	400	1000

*Accredited Social Health Activist (ASHA)

Evidence: India's Janani Suraksha Yojana, a conditional cash transfer programme to increase births in health facilities: An impact evaluation.

Using data from the 2002-2004 and 2007-2009 India District-Level Households Survey (DLHS), a 3ie** study finds significant variation in programme uptake across districts. Moreover, uptake was different across women with different levels of education (higher among women having 1-11 years of education than among women with no education or with more than 11 years of education). Significant improvements in the use of antenatal care and the number of in-facility births was observed. The programme shows a reduction in perinatal and neonatal morbidity as well. However, no impact on maternal deaths was observed.

**<https://www.3ieimpact.org/evidence-hub/replication-studies-status/indias-janani-suraksha-yojana-conditional-cash-transfer>



For representational purpose only



Nutrition and health

A comprehensive review of 165 cash transfer programmes from 2000 to 2015 by Bastagli et al. (2015) suggests that cash transfers do have positive outcomes in enabling health-seeking behaviour and increasing in dietary diversity, but not on anthropometric outcomes (i.e outcomes like height to weight ratio, height for age ratio, etc.). A review by Radhika Jain¹¹ states that CCTs effectively increase utilization of required health services resulting in higher rates of perinatal care, facility delivery, child growth monitoring visits, timely and complete child immunizations while UCTs are less likely to do so. However this could be because of the availability of health centers in the intervention areas as well.

Environmental factors such as level of sanitation and prevalence of diseases are important considerations to be kept in mind while designing cash for health interventions

To understand the adequacy of Direct Cash Transfers in determining nutritional and health outcomes, an experiment was conducted in Bangladesh by Ahmed, A., Hoddinott, J., & Roy, S. (2024). The study was split into four arms - cash only, food only, food and behavior change training, and cash and behavior change training. They found that the Cash + Behavior change training arm had the highest impact on Height-for-age score, an anthropometric outcome. In this arm of the experiment, it was observed that maternal knowledge of nutritional practices improved, and incidence of disease decreased. The paper noted that just the cash and food arms did not have much impact.

Similarly Jain in her review also found that cash transfers can improve child nutritional status, particularly height, especially for younger and more vulnerable children. However, the effects are modest and not consistent, possibly due to the complex causal pathways leading to better nutritional status.

In conclusion, improving nutritional status involves complex factors like disease, sanitation, and caregiving, which may require more than just cash. These should be considered when implementing UCTs or CCTs for better nutritional outcomes.

¹¹ https://www.povertyactionlab.org/sites/default/files/review-paper/CaTCH_review-paper_cash-transfers_2018.10.09.pdf



Mental health and well-being

Wolburg, Steinert et al. (2023) reviewed evidence on the effects of cash transfers on mental health among people living in low and middle income countries. They found that providing cash to populations living in poverty leads to improvements in depression and anxiety disorders in the short term. The authors do introduce the caveat that these effects may not sustain after the financial support ends. Their review also suggests that conditional transfers might not have the same effects on alleviating anxiety as unconditional ones. There has not been much research done on stress outcomes. Another systematic review, quality appraisal and meta-analysis of 45 studies examining the impact of CTs on self-reported SWB (Subjective Well-Being) and MH (Mental Health) outcomes, covering a sample of 116,999 individuals done by Mcguire et al.¹² After an average follow-up time of two years, they found that cash transfers have a small but statistically significant positive effect on both subject well-being and mental health. According to the study, the cash transfer value is a strong predictor of the effect size.

45 studies, sample of 116,999 individuals reported small but significant effect on mental health and subjective well being 2 years post the cash transfers

Haurshofer, Mudida et al. (2020) conducted a randomised controlled trial to compare the effects of a psychotherapy intervention with a Direct Cash Transfer intervention on the mental health of participants. This experiment was conducted in Kenya. One year after the intervention, the study found that participants going through the cash transfer intervention reported improved psychological and economic well-being, but no measurable effects were found for the psychotherapy intervention. The paper suggests that the psychotherapy intervention could have had similar effects if it had been targeted on one specific issue (e.g., IPV), or had been more intensive.

Overall, our review of literature suggests that cash transfers can play a role in alleviating depression and anxiety disorders. Yet, continued financial support may be necessary to enable longer-term improvements.

¹² <https://www.nature.com/articles/s41562-021-01252-z>



Unconditional Lumpsum Transfers by an NGO

Project DEEP

Flagship Program - Lump sum, Unconditional Cash Transfers

Project DEEP's flagship program involves providing a Direct Cash Transfer of ₹65,000 to all families in a selected tribal hamlet, with no strings attached. They believe that communities are best positioned to define what a better life means for them and how to achieve it. This funding serves as seed capital, unlocking people's latent potential and aspirations. It increases their ability to access relevant opportunities, alleviate immediate stressors, and improve livelihood returns, sustaining and growing cash in the local economy.

Impact to Date

In the last **15** months Project DEEP has disbursed over **₹1.7cr** giving **₹65k** each to **264** households via women's bank accounts in seven tribal hamlets in Maharashtra and Rajasthan through their flagship program.

An annual assessment in Maharashtra, involving 50 households, indicated that 68% of families reinvested in income-generating assets like agriculture, enterprises, and livestock. There was a 22% increase in average annual income, boosting the availability of capital due to more land under harvest, timely processes, and more employment. Families were able to complete and strengthen their housing, and improve their health and standard of living.

In Rajasthan, similar results were observed four months after disbursing funds to 112 families. 70% of the funds were used to create and preserve inter-generational assets like housing, releasing pledged collateral, and extensive leveling of uneven terrains.



Goti Meena holding
the receipt of the cash
disbursed to her as part
of the cash transfer
programme by
Project DEEP in Sada,
Dungarpur, Rajasthan
Source: Project DEEP



Income increase, productive assets and borrowing

Leight et. al (2024) conducted a systematic review and meta-analysis to estimate the pooled effect of any cash or cash plus intervention on livelihoods-related outcomes (consumption, income and labour supply). They compiled 305 different treatment estimates from 155 treatment arms in 104 studies (and in 43 countries). Their findings suggest an increase of between \$1 and \$2 in monthly household consumption and income per \$100 in cumulative transfer. The effect persists for a period of roughly three years (inclusive of the period of program implementation) and is meaningfully larger (as much as \$4 larger) for cash transfer programs that also include a cash plus livelihoods intervention. There are no significant effects observed on labour force participation.

In a similar vein, examining cash transfer programs in eight African countries, the Transfer Project¹³ finds strong evidence not just for both “protective effects,” “smoothing consumption” and mitigating risks for the poorest households, but also for “productive effects”, facilitating poor households in improving their living standards (Davis et al., 2016, Handa et al., 2018).

A systematic review by Hagen-Zanker et. al (2016) finds that cash transfers’ impact on livestock ownership/purchase, agricultural productive assets, purchase/ use of agricultural inputs and savings were consistent and statistically significant. However, a point to note here is that impacts were particularly strong for fertiliser, seeds and small livestock.

Studies have found that cash transfers increase consumption and income by \$2 a month for every \$100 in cumulative transfer, with greater effects when combined with livelihood support

¹³ [The Household and Individual-Level Productive Impacts of Cash Transfer Programs in Sub-Saharan Africa](#)

A frequently referenced study in this context is the study on Give Directly's unconditional cash transfers in Kenya. The study goes on to show positive impacts both nine months and three years after implementation, including increased income, productive assets, and borrowing. The differences are illustrated in the table below.

First study (9 months after the program)	Second study (3 years after the program)
Increase in assets <ul style="list-style-type: none"> Transfer households have 61% more assets than control households 9 months after the transfer (<i>Mainly driven by investment in livestock and durables.</i>) 	Increase in assets <ul style="list-style-type: none"> Transfer households have 40% more assets than control households three years after the transfer
Increase in earnings <ul style="list-style-type: none"> An increase in monthly revenue from agriculture, animal husbandry, and enterprises of \$16 PPP. <i>However, this revenue increase was largely offset by an increase in flow expenses (\$13 PPP)</i> Households invest in livestock and durable assets (<i>notably metal roofs</i>), 	Increase in earnings <ul style="list-style-type: none"> No data on this in the second study
Increase in consumption <ul style="list-style-type: none"> An increase in monthly non-durable expenditure of \$36 PPP 	Increase in consumption <ul style="list-style-type: none"> A 25% increase in consumption (\$47 PPP), and a concomitant reduction in hunger.
Improvement in psychological well-being <ul style="list-style-type: none"> Transfers led to a 0.18 SD increase in happiness, a 0.13 SD increase in life satisfaction, a 0.23 SD reduction in stress, and a significant reduction in depression (<i>all measured by psychological questionnaires</i>). Found no effects on health and educational outcomes. 	Improvement in psychological well-being <ul style="list-style-type: none"> Increases in education expenditure and psychological well-being observed When comparing the short and long-run impacts, the impacts do not significantly decrease over time, suggesting that cash transfers may have sustained effects that persist for at least three years.

* Long-term impacts on other dimensions, and potential spillover effects, remain to be substantiated by future work.

Table No. 2 : This table compares the effects of Give Directly's unconditional cash transfers in Kenya on households 9 months and 3 years later, based on Haushofer and Shapiro's study (2017).

¹⁴ Research study: Months after payments end, households earn more, own more, eat more & are happier

However the evidence is not always consistent. Another important study in 2008 in Uganda by Blattman, Fiala and Martinez looked at cash transfers in a longer horizon. The study examines the impact of the Youth Opportunity Programme (YOP) and goes on to conclude that the effects of cash transfers in the long run seem to dissipate. Uganda granted hundreds of small groups \$400/person to help members start individual skilled trades. Four years on, an experimental evaluation found grants raised earnings by 38% and consumption by 10% (Blattman, Fiala, Martinez 2014). The authors returned to the same geography after 9 years only to find that the start-up grants acted more as a kick-start than a lift out of poverty. Grantees' investment leveled off; controls eventually increased their incomes through business and casual labour; and so both groups converged in employment, earnings, and consumption.

Interestingly, the results changed yet again for the same cohort after 12 years- the study¹⁵ conducted after 12 years (data collected in 2020) found that the men in

the treatment group reported significantly higher incomes and employment. They are also more likely to be in skilled trades and higher working hours. No such effect was found on women. The paper suggests that the effects 'resurfaced' (after the apparent convergence of treatment and control as found by the previous study) during the Covid-19 pandemic, because 'the deeper structural changes induced by the treatment materialise in income and employment again in times of a crisis, by making treatment group members more resilient'.

An interesting study to note in this context is the research by Pace et al. (2022) in Zimbabwe examining the role of Cash transfers in improving livelihood diversification strategies and well-being in the short and medium term.

¹⁵ The (Very) Long-Run Impacts of Cash Grants during a Crisis (<https://shorturl.at/tpwjrl>)

Their research seems to suggest that the long term impact of cash transfers (after 4 years) are, in fact, more pronounced than the short term¹⁶. To quote them, “Our findings suggest that, after one year, the HSCT program has only a modest impact on changes in the beneficiary households’ livelihood strategies, represented by a reduced diversification of income sources characterised by low returns (“survival-led” diversification). However, the impacts become stronger after four years of program implementation: engagement in survival-led diversification and specialisation in on-farm activities decrease in favor of diversification of income sources characterised by high returns (“opportunity-led” diversification).”

According to the systematic review conducted by Bastagli et. al (2016), the evidence on borrowing indicators is mixed, as households either use cash to increase their access to credit or to pay off existing debt. Of the 15 studies that report any indicator for borrowing, four report significant increases in the share of households in debt or borrowing and/or on total amount of debt, three report significant reductions, one reports mixed findings and the remaining seven studies report no significant impacts. Of the 15 studies, four report significant increases,

three report significant reductions, one reports mixed findings and the remainder are not statistically significant.

Amitha et al. surveyed 60 beneficiary farmers of the Rythu Bandhu scheme (that was introduced in 2018) 3 years after they had received direct bank transfers. The paper noted that direct bank transfer to farmers’ accounts resulted in increase in input purchasing power, continued farming, and productivity. This was because farmers felt like they had a safety net of liquid cash, which allowed them to take risks, invest in hybrid varieties, and adopt mechanised cultivation methods. In that sense it also protects farmers from debt traps, as asserted by a study by Bandaru et al. of around 200 farmers in Warangal. This paper also reports another interesting finding: the impact of the scheme was seen more on beneficiaries who owned around 5-8 acres of land. It was observed that those who owned >10 acres of land used the money on purposes other than farming. This is because these landowners had mostly leased or rented out their land to others to cultivate.

¹⁶ The study was not completely randomised. Baseline data was collected in 2013 on 3,063 households in 90 wards across six districts, with 60 wards in the treatment sample and 30 wards in the comparison sample. Randomization of wards to comparison status was not possible because programme guidelines dictated that once the programme entered a district, all eligible households in that district would immediately be enrolled. Thus, households in the three districts that entered the programme in phase 2 (Binga, Mwenzi, and Mudzi) were compared with eligible households in three comparison districts that were scheduled to enter the programme in phase 4 (UMP, Chiredzi, and Hwange)



Public meetings and discussions are important to raise awareness about the cash disbursement so as to avoid conflicts and potential misunderstandings- One such meeting in Sada, Dungarpur, Rajasthan

Source: Project DEEP

So what do we make of the evidence?

The studies are wide-ranging with some indicating that the impact of cash transfers seems to dwindle in the long term (for example, the Uganda study discussed above), and yet some suggesting that the impact, in fact, becomes more pronounced in the long term (The Zimbabwe study discussed above). In some cases (such as the Transfer programme of Africa), one can see wide-ranging positive impacts on different indicators, while some others suggest impact on only a few indicators and not others (South Africa's Child Grant Support programme).

Furthermore, some studies go on to suggest that many unconditional cash transfers end up being palliative, meaning that they improve outcomes while the income support is in place, but may not cause sufficient accumulation of human (or other forms of) capital to alter long term outcomes. Thus more studies are required to make sense of the impact of such transfers in the long term. Needless to say, more evidence is needed on establishing the long term effects of cash transfers. The studies also go on to suggest that the success/ failure of cash transfers is contextual because societies, populations and realities of existence are highly diverse.

Conditional and Unconditional Cash Transfers: Summary Overview

The debate over Conditional Cash Transfers (CCTs) and Unconditional Cash Transfers (UCTs) is an old one. To begin with, experiments with CCTs and UCTs have been carried out generally for different reasons. The first generation of CCTs addressed behavior change in health and education in Latin America in the 1990s. Examples include the Oportunidades (health and education programme, Mexico)¹⁷, the Bolsa Familia (family allowance, Brazil)¹⁸, Bono de Desarrollo Humano (Ecuador)¹⁹, Familias en Accion (families in action, Colombia), PRAF (family allowance programme, Honduras)²⁰, among others. The second in south-east and south Asia have been directed primarily at schooling and maternal health (Sri Lanka's Samruddhi and India's Janani Suraksha Yojana (JSY)). Recent initiatives include pilot programmes in many countries in sub-Saharan Africa (Narayanan, 2011).

Evidence suggests that CCTs in Latin America have had significant success on many counts, most notably on school enrolment and retention. However, there do exist some studies which offer mixed results regarding the efficacy of conditional cash transfers.

Take for instance, the evaluation of a conditional cash transfer scheme in Bangladesh by IFPRI. The Government of Bangladesh with support from the World Bank launched a conditional cash transfer scheme, the Stipend for Primary Students (PESP), in 2003, in order to provide assistance to the poor to meet their nutritional and education needs and break the intergenerational poverty cycle. The PESP provides eligible families with BDT 100, or \$1.30, per student per month and BDT 125, or \$1.60, for each additional student in the same family.

CCTs in Latin America have shown significant success, particularly in school enrollment and retention, though some studies present mixed results on their effectiveness

¹⁷ [A Model from Mexico for the World](#)

¹⁸ [Bolsa Família in Brazil](#)

¹⁹ [Non-contributory Social Protection Programmes Database: Bono de Desarrollo](#)

²⁰ [Programa de Asignación Familiar \(PRAF\) \(Family Allowance Programme\) \(1990-2009\)](#)

In order to qualify for the stipend, selected students were required to have maintained 85% monthly school attendance and achieve grades of at least 50% on the annual exam. To continue to participate in the program, a school was required to have demonstrated at least 60% student attendance with 10% of its grade 5 students sitting for the Primary School Scholarship Exam.

The evaluation compared intervention and comparison groups and found statistical differences between the outcome indicators in the mid-term. While the outcome indicators of stunting and enrolments in primary school were found to be statistically different from zero using conventional levels of significance, the results changed when enrolments were disaggregated by grade.

After disaggregation, there was actually very little difference based on participation in the program. This takes us back to the point on the efficacy of cash transfers being contextual.

What about the differences between CCTs and UCTs? In what situations and contexts are CCTs preferable over UCTs? Berk Ozler²¹ suggests that there may be immediate trade-offs between CCTs and UCTs. CCT programs incentivise behavior change by withholding transfers from those who do not meet conditions. However, some of these individuals, often from vulnerable households, equally require income support. UCTs provided to such households can enhance significant outcomes, although they may not achieve the specific goals targeted by CCTs.

The Campbell systematic review (Baird et al., 2013) which summarises findings from 35 studies highlights that cash transfers have a larger effect on enrolment if there are conditions that are strictly monitored and enforced.

Programs that are explicitly conditional, monitor compliance and penalise non-compliance have substantially larger effects – increasing the odds of enrolment by 60% compared to less than 20% for programs with no conditions. However, they also state that these differences are not statistically significant.

²¹ [How should we design cash transfer programs?](#)



Conditional programs with compliance monitoring increase enrollment odds by 60%, compared to 20% for unconditional programs

All this seems to suggest that the incentives that conditionality brings with it has the potential to induce a certain kind of behavior among recipients. However, there are opinions that differ. For example, Baird et al.'s 2006²² paper examining cash transfers in Malawi, seems to suggest that while CCTs are better at encouraging compliance with the condition itself and achieving outcomes closely linked to it, UCTs provide benefits – and potentially positive outcomes – to households that may not have the financial wherewithal or may be unwilling to comply with tough conditions. UCTs can be effective when the fundamental constraint for the poor is availability of money and not knowledge, and thus they are best equipped to decide what to do with the cash (Hanlon, Barrientos and Hulme 2010).

Let us look at India. Targeted UCTs have been undertaken by both central and state governments in India. The Centre's PM Kisan (adapted from Telangana's Rythu Bandhu Scheme) provides ₹5000 in annual minimum support to small and marginal farmers. Madhya Pradesh's Ladli Behna²³ is a cash plus care initiative, that provides a monthly grant of ₹1000 to low-income women, with an option to avail skill development training and educational support. Karnataka's Gruha Lakshmi²⁴ and West Bengal's Lakshmi Bhandar²⁵ are meant to provide direct cash transfer grants to women. Thus, different state governments seem to have experimented with unconditional cash transfers for women, farmers and the marginalised section.

²² Moving from Emergency Food Aid to Predictable Cash Transfers: Recent Experience in Ethiopia

²³ Chief Minister Ladli Behen Yojana | ²⁴ Gruha Lakshmi Scheme | ²⁵ Lakshmi Bhandar Scheme

Considerations while deciding between conditionality and unconditionality

As has been illustrated before, there is evidence for impact of both conditional and unconditional transfers with certain caveats of context related differences, our review of literature revealed the following in considerations of design



1. Expected outcomes :

Unconditional cash transfers (UCTs) allow households to address immediate needs based on their beliefs and exposure. However, for specific behavior changes like promoting higher education for girls, in contexts where gender discrimination is a practice, conditional cash transfers (CCTs) may be more effective.



2. Supply side constraints :

Behavioral changes require adequate access to services. For example, Kenya's OVC cash transfer program faced challenges when operational managers deemed conditionalities unfair due to inadequate supply-side support (schools, hospitals, etc.).

3. Investment in monitoring :

Conditionalities necessitate monitoring, increasing program costs depending on the monitoring design.



4. Operational ease :

UCTs are simpler to implement due to the lack of monitoring and penalties. In contrast, CCTs, like Mexico's Progresa (later Oportunidades and Prospera), initially faced delays in transfers due to compliance verification.²⁶



Many organizations such as the UNICEF have taken a stand that unless evidence affirms the need of conditionality, they would enable unconditional cash transfers. Others such as the World Bank propose to resolve the trade-off by viewing them as complementary rather than as alternatives.

²⁶ Handa & Davis 2006, Op.cit



Cash Transfer Design and Potential Impact on Savings, Investment and Production

Cash Transfer Features		Potential Impacts on Savings, Investment and Production Indicators
Core cash transfer design features	Level of the transfer	Higher levels expected to increase productive impact (production/saving rather than consumption smoothening). The size of the transfer may also affect the choice of investment: higher amounts may be used for bulkier investments (e.g. cow) and smaller amounts for smaller investments (e.g. chickens and goats).
	Timing and frequency of payment	Less frequent 'lumpy' payment could have higher impact on 'lumpy' investments vs consumption smoothening. Potentially more impact if timing linked to seasonal changes (i.e. to key agricultural moments).
	Duration	It might be expected that receiving cash transfers for longer would allow households to build up a higher level of capital.
	Main recipient	Can affect extent of livelihood diversification, overall productive choices and ultimate level of risk taking (see section on gender).
Conditionality		<p>If the cash transfer is contingent (or strongly labeled) on human capital, it is less likely to have productive impacts in the short term but potentially more impacts in the long term due to increased productivity.</p> <p>If the cash transfer is contingent on investment, it is likely to have strong impacts.</p> <p>If the cash transfer involves low monitoring, compliance, or enforcement of human capital-related conditions, it potentially has a higher productive impact.</p>



Cash Transfer Features	Potential Impacts on Savings, Investment and Production indicators
Targeting	Potentially lower productive impacts if targeted at poorest, elderly, labour-constrained or land/asset-constrained households, or households in areas with absence of markets or lack of agricultural activity.
Payment modality	Payment modalities associated with direct and indirect costs (such as cost of transport) for recipients reduce the size of the transfer leading to potentially lower impacts. The impacts on savings/ credit are higher when cash is disbursed through the banking system or mobile money system. Regularity and predictability of the payment is essential for creditworthiness and risk management.
Grievance mechanism and governance	Community monitoring can play a function in creating social pressure and ensuring cash transfer resources are spent 'productively'.
Complementary interventions	Coupling cash transfers with business and vocational training initiatives, extension services, and productive grants or asset transfers can significantly improve productive impact. Coupling with micro-credit initiatives or support to formal banking can enhance saving/credit outcomes.

Table No. 3: The table, adapted from Bastagli et. al (2016)²⁷ shows the potential impacts on savings, investment and production indicators based on the design of the cash transfer intervention.

²⁷ Cash transfers: what does the evidence say?



Piloting Basic Income in Madhya Pradesh

SEWA Bharat

SEWA Bharat piloted an unconditional and universal cash transfer scheme in Madhya Pradesh in 2012. Tribal families were given monthly payments of ₹300 (to 5200 individuals), for 17 months. In a report²⁸ that evaluated effects 4 years after the intervention, the following interesting findings were highlighted -

1) alcoholism declined - men and boys drank less now that they had money to pursue productive activities

2) women's decision making in the household increased - since the money was paid out

both to men and women (the report notes that this is one of the few programs in the world that respected the tenets of UBI), responses on household decision making shifted from just the men to both men and women.

3) livestock increased and incomes improved - as people started taking up animal husbandry as a primary or secondary livelihood option, and investing in buying big as well as small livestock

Moderate effects were also seen in health-seeking behaviors, nutrition, attitudes to schooling and entrepreneurial drives. An interesting finding of the SEWA Bharat initiative was that in the long-term, while there was no change in the debt households took on, they did have better bargaining power with the moneylenders, i.e. paying lower rates of interest.

Momentum Effect (Sustained impact)	Persistence Effect (Partially sustained)	Drop-Back Effect (Complete drop-back)
Declining use of alcohol	Better electricity connectivity	
Improved spouse's role in decision making in the household	More private drinking water	No more housing improvement
Increased livestock	Better nutrition	Medical insurance dropped off
Improved incomes	Better medical care	Schooling expenditure declined, shifted to government schools
	Positive attitude to schooling	Increased debt bondage
	More likely to earn income from farming vis à vis wage labour	
	More likely to earn income from own- account work vis à vis casual wage	

Source: *Piloting Basic Income: A Legacy Study (2017)*



For representational purpose only



Design and Implementation Considerations

1. Supplementary to and not in lieu of basic infrastructure and welfare

It is imperative that Cash Transfers do not replace investment in basic infrastructure particularly for the underserved, rather serve to supplement it. It is worth noting that in countries like Brazil, the CCTs were carried out in the context of an expanding state, and the CCTs itself catalyzed the demand for infrastructure. The synthesis of evidence we presented here also underscores the necessity of functioning markets and essential infrastructure for recipients to fully realise the benefits of Direct Cash Transfers.

2. Context Matters

a. Functioning Markets

When various constraints like limited access to credit, insurance, and labour exist, cash provision can address market failures, facilitating increased productive investment and spending. This is done primarily by helping shift investment and spending, leading to a reallocation of household resources, particularly labour. This assistance can enable households to overcome barriers, potentially triggering a “catch-up” effect and even fostering a multiplier effect at the household level. That said, as argued by Daidone et al. (2019), in an ideal market scenario with no constraints, providing cash to impoverished households shouldn't substantially impact productive activities since production and consumption are considered separate (Singh, Squire, and Strauss, 1986).

b. Availability of goods and services

As Jayati Ghosh in her 2011²⁹ paper highlights - In Brazil, Bolsa Familia, based on minimum school attendance, could work only because there were enough public (and free) schools of reasonable quality that children of poor households could attend. Similarly, this 2013 study³⁰ by Reetika Khera of over 1200 households in nine states wherein respondents were asked to choose between cash and in-kind subsidies highlights that over two-thirds of the respondents favored in-kind food transfers rather than cash. The survey findings suggest that choices made by respondents were context specific—if the PDS (Public Distribution System) functioned poorly, respondents were open to the idea of cash transfers; where the PDS delivers foodgrains regularly and without much embezzlement, most respondents voiced an emphatic preference for food.

Kebede (2006)’s research seems to validate this. Her study in Ethiopia suggests that when markets are weak, the cost of transfers increase substantially, undermining any cost advantage that cash transfers have. In districts in Ethiopia where the government did nothing to improve or guarantee the supply of food grains to meet increased demand from PSNP (Productive Safety Net Programme) beneficiaries and other households, the price of food rose significantly in 2005. Getting cash transfers right means ensuring linkages with wider programmes and making other investments in, for example, markets, roads and the availability of services.



For representational purpose only

²⁹ [Cash Transfers as the Silver Bullet for Poverty Reduction: A Sceptical Note](#)

³⁰ [Cash vs In-Kind Transfers: Indian Data Meets Theory](#)

c. Active bank accounts, access to banking and technology

India through the JAM trinity, has made banking much more accessible than before for poor households and the digital infrastructure in India allows for efficient transfer of money directly to the user's account. That said, a pertinent aspect to consider, especially when cash transfers are made monthly and not in lump sum, is the extent of difficulty faced by the household in accessing cash.

An assessment by Karthik Muralidharan, Paul Niehaus and Sandip Sukhtankar of the pilot conducted by the government on providing Cash Transfers in lieu of food subsidies found that on an average, it costed beneficiaries more (in time and money) to travel to banks (to access cash) and markets (to use cash) than in collecting food rations making the cash transfer cost inefficient (Muralidharan, Niehaus, & Sukhtankar, 2017).

3. CCTs and UCTs

As discussed earlier, beyond access to infrastructure, cultural norms, societal expectations and community acceptance play a big role in behavior change and decisions on conditionalities need to be informed by them, particularly if cash transfers are aimed at behavior change.

That said, whether conditional cash transfers alone can make a difference in such cases, or further push through capacity building and awareness is required is a question that needs further research and exploration. Unconditional cash transfers can have myriad benefits, beyond the expectations of the intervention and these outcomes are dependent on what problems households themselves prioritise to solve.



Source: Project DEEP



4. Targeting, Safety, Monitoring and Audit

Despite substantial evidence that lump sum cash transfers transferred to every household in the village creates impact in the short and medium term (Give Directly's model), funding such initiatives will have its own challenges. In such cases careful targeting, monitoring the right selection, and avoiding pilferages might have cost implications. As such Give Directly, even in its current models have Safety and Audit teams to monitor and support even universal transfers. CCTs become even more costly and cumbersome than UCTs given such costs.

5. Timing

While this hasn't been adequately discussed in the literature we reviewed, when the cash transfers are done may impact how they are used substantially. A transfer right before the agriculture season, intuitively, has a better chance of being utilised for productive purposes. A transfer right before a festival may be partially used, and understandably so, for leisure and entertainment. However, one cannot be sure that such is the case and clearer answers will emerge through more research and documentation. That said, a study by Bazi, et. al³¹ does claim that while expenditures might not go up with timeliness of cash transfers, delays impact consumption negatively. They reconcile these findings 'with models of consumption smoothing in which liquidity constraints imply asymmetric responses to positive and negative shocks.'

³¹ <https://www.sciencedirect.com/science/article/abs/pii/S0167268115002267>



Opportunity for Action Research in India

Direct Cash Transfers are not a new topic in India. The social protection framework in India has cash support at its core, and there are many schemes to that effect. However, in most cases the amounts are small and meant to meet basic needs and not lump sum except in a few cases. What remains to be tested adequately is models consisting of lump sum transfers where families have the opportunity to invest in productive purposes. These could be targeted or universal.



For representational purpose only

Some open questions which require more research include:



Can unconditional cash transfers have a significant long-term impact on poverty alleviation and not limited to providing only an initial push with effects that dissipate over time?



Are cash transfers alone sufficient for the most excluded households within a community to use the money productively (for livelihood generation/promotion) without requiring further hand-holding?



Are direct one time lump-sum cash transfers sufficient for solo and micro-entrepreneurs to set up or expand their businesses in urban India, despite the ongoing challenge of accessing credit?



Do Direct Cash Transfers impact existing hierarchies in villages, with particular relevance to the deeply entrenched caste hierarchies in India?



What is the significant advantage of conditional versus unconditional cash transfers in driving behavior, particularly in the Indian context?



What are the differential impacts, particularly in terms of women's well-being, when Direct Cash Transfers are made directly to women in India?



Conclusion

Poverty is complex and multifaceted. It is also evolving, contextual, varying at every level - the individual and the collective. Decisions of the poor, like the rich, are embedded in the complex fabric of culture and societal norms and expectations. It is therefore safe to say, that it is difficult to find any intervention that will solve all of the problems forever.

That being said, a clear conclusion that emerges is that cash transfer programs are backed by evidence and are becoming a popular choice because of their cost effectiveness, multiplier effect, ability to reduce paternalism, fungible nature and relatively easy and efficient implementation. The evidence of impact for each of the studies reviewed above is different as the contexts vary to a great extent, but in the short term, the impact of cash transfers appears to be positive. The strength of cash transfers as an intervention lies in the extent to which they enable the development of capabilities and assets ("productive" effects) as well as provide the potential to recover from shocks and stresses ("protective" effects).

The evidence regarding long-term effects is mixed, with some studies indicating dissipation of effects over time and others suggest enduring protective and productive impacts. There is a lack of rich qualitative evidence on what the determinants of success or failure of cash transfers are. Existing studies do indicate that the success or failure of cash transfers depends heavily on contextual factors, with effectiveness varying across different geographies and societies. Key contextual factors include the presence and maturity of local markets, the readiness of the financial system, the socioeconomic status of recipients, and cultural norms. Access to financial, supply markets and infrastructure, literature indicates, is particularly crucial for the success of cash transfers.

The paper also highlights operational challenges and caveats in implementing cash transfers, noting that cash as a “Catch Up” strategy may not be effective for individuals lacking the necessary capacity, skills, or exposure and in such

instances. Additionally, the paper outlines specific use cases where cash transfers can serve as a viable livelihood strategy while acknowledging their limitations in certain contexts. The paper also brings out evidence of cash transfers’ role in improving livelihood diversification strategies and well-being.

Moreover, process evaluations are required to understand the fidelity of implementation and the quality of existing government/ non-government cash transfer programmes. There is enormous scope for Civil Society and the Government to collaborate to implement such cash transfer programmes such that they reach maximum people across diverse contexts, offering possibilities of more evidence generation and synthesis. Rich learnings can come out of innovations like the SEWA Bharat and Deep Pilots. This paper can be understood as just the beginning of a long journey in India.

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happens
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