Empowering women through fiscal measures requires a nuanced approach, not only cash transfers

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The recent policy announcement by Prime Minister Narendra Modi regarding a ₹10,000 cash transfer to women's accounts in Bihar has sparked a nuanced debate on gender budgeting and the efficacy of such initiatives. Against the backdrop of fiscal rules and the discretionary fiscal space available for the State, it is essential to analyse the policy implications. Gender budgeting is not synonymous to designing unconditional fiscal transfers to women, rather it is applying an effective ‘gender lens’ in the overall fiscal policies towards women-led development.

Economic empowerment or electoral politics?

On the surface, direct cash transfers to women's accounts in the care economy can be seen as a step towards empowering women financially, promoting gender equality, and recognizing their contributions to the household and economy.

The timing of the announcement, coinciding with electoral cycles, raises questions about the fiscal marksmanship of the policy. Any deviation between what is announced and the allocation of resources to meet that objective can raise questions relate to fiscal transparency and accountability. Usually Fiscal Councils look into such acting as a watch dog, whereas in India such an institution is absent. It is important that such policies should not dwindle down to electoral politics to woo the “calculus of consent” of women voters.

Cash Transfers vs. Participation Income

The use of discretionary fiscal space to design cash transfers rather than promoting participation income is a contentious issue. While cash transfers provide immediate financial support, they might not necessarily lead to long-term “agency” in a woman or her economic empowerment.

Participation income, on the other hand, encourages women to engage in economic activities, fostering sustainable livelihoods and economic independence. The intra-household bargaining power of women increases with her participation in State-led financial inclusion related policies. Cash transfers policy might not trigger the ‘agency’ in her to tackle the intra household power dynamics. The trade-off between these approaches warrants careful consideration.

Fiscal space and unconditional cash transfers

The concept of fiscal space is critical in understanding the feasibility and sustainability of such policies. Fiscal space refers to the government's ability to allocate resources for specific initiatives without compromising its financial stability.

In the context of gender budgeting, fiscal space is essential for allocating resources that address gender disparities and promote women's empowerment. However, the allocation of resources for cash transfers raises questions about the prioritization of initiatives and the opportunity costs involved.

Gender budgeting is not just about assigning cash transfers to women. It is not just about allocating resources for women-centric programs; it's about mainstreaming gender perspectives in overall fiscal policies. It involves analyzing the impact of budgetary policies on women and ensuring that they are not left behind in the economic development process.

In India, gender budgeting has been a key initiative, applying a ‘gender lens’ to the overall fiscal policy with the government allocating specific funds for women-led programmes. However, the effectiveness of these initiatives depends on the source and use of such funds and its fiscal accountability.

Clientele-based spending?

Critics view this policy announcement as clientele-based spending, aimed at securing electoral support rather than addressing systemic gender issues. Women voters vote in ‘retrospect’ considering the policies undertaken by the government and vote them back to power. The use of fiscal space for cash transfers can influence the way they exercise adult franchise.

This perspective raises concerns about the policy's sustainability and effectiveness in driving meaningful change. If the primary objective is to garner votes rather than empower women, the policy's impact might be short-lived.

Empirical evidence about unconditional cash transfers to girls revealed that it often get used as dowry instead of using it for girl’s educational and health entitlements. Unconditional cash

transfers might also trigger intra household tensions if male relative induces domestic violence go get it used by him for 'sin goods'. The power dynamics play a crucial role and State machinery has limited impacts over there.

However, such unconditional cash transfers are effectively used in times of crisis such as the pandemic when women used it as a coping mechanism against plummeting employment opportunities. The efficacy of such cash transfers will widen with the advent of AI and digital economy and infrastructure.

Free Health Check-Ups: A significant move

In contrast, the announcement of free health check-ups for women is a significant move, addressing critical delays in healthcare access. The three delays in women's access to health care – late perception of illness, difficulty in conveying her needs to relatives, and lack of health care infrastructure – are well-documented. By providing accessible healthcare, this policy has the potential to improve women's health outcomes, enhancing their overall well-being and participation in economic activities.

A nuanced approach to gender budgeting

A more nuanced approach to gender budgeting and cash transfers would involve combining these initiatives with programmes that promote participation income and address systemic gender issues through care economy infrastructure. This could include initiatives that support women's entrepreneurship, provide skills, and enhance their access to credit deployment and markets.

In conclusion, while the policy announcements regarding cash transfers and free health check-ups have potential benefits, it's essential to critically evaluate their context, effectiveness, and fiscal sustainability.

I would argue that a more nuanced approach, combining cash transfers with initiatives promoting participation income and addressing systemic gender issues, might yield more meaningful outcomes.

The allocation of fiscal space for gender budgeting initiatives is critical in ensuring the fiscal sustainability and effectiveness of these policies. It's essential to prioritise initiatives that address systemic gender issues, rather than mere populist measures.

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