

A Majority of India's Poor Women May Miss COVID-19 PMJDY Cash Transfers

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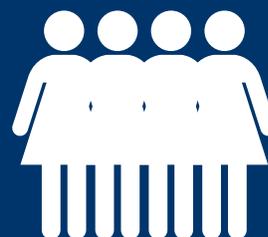
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The Indian government has rolled out an emergency COVID-19 relief cash transfer program that will send Rs 500 per month from April-June 2020 to women via PMJDY accounts. PMJDY is a programme launched as a National Mission in August 2014 to provide universal banking services to every unbanked adult. We combine government reports of PMJDY ownership and data from the nationally representative 2018 [Financial Inclusion Insights \(FI\)](#) Survey to:

- Identify what fraction of food-insecure, poor women are likely excluded from PMJDY-based cash transfers
- Assess the scope for food transfers to fill the coverage gaps left by cash transfers

We find that more than half of poor women are likely excluded from the cash transfer program. Furthermore, one in five poor women live in households that lack ration cards, which typically grant access to the central food ration system.

Women and Access to Social Protection by the Numbers



326
million poor women



150
million PMJDY accounts owned by poor women



70
million poor women lack a ration card



53%
of poor women excluded from cash relief



21%
of poor women lack a ration card

How many poor women lack PMJDY accounts?

Table 1: Estimate Inputs

	Total	Source
Adult Female Population	475,830,771	World Bank Population Projections
Number Female-owned PMJDY Accounts	205,100,000	PMJDY Progress Reports
Share Women "Poor" (Below \$2.50/Day PPP)	0.6866	FII
Share Poor Women Self-Report Bank Account	0.7801	FII
Share Poor Women Self-Report PMJDY Account	0.2297	FII
Share Poor Women Live >5km from Bank	0.2648	FII
Share Poor Women Who Lack a Ration Card	0.2142	FII
Share PMJDY Accts. Owned by Poor Women	0.7477	FII

Sources: FII, World Bank, and PMJDY stats

- To identify poor households, FII uses a [Grameen Foundation methodology](#) where answers to 10 questions about a household's characteristics and asset ownership are scored to compute the likelihood that the household lives below the poverty line. Table 1 shows that FII projects that 69% of adult women live on less than \$2.50 PPP per day. The poverty estimates square well with other FII vulnerability indicators. For example, among women below the poverty line, 86% say it would be very difficult or somewhat difficult to pull together 6,000 Rupees within a month to deal with a medical emergency.
- Combining 2018 World Bank population estimates of women between ages [15 and 64](#) and women aged [65 and above](#) indicate roughly 475 million women over age 15 lived in India in 2018. This provides a rough estimate of the number of adult women today, as the population has aged by two years.
- The first row of Table 2 multiplies the share poor from the FII times the population estimate and shows there are over 326 million women living below the FII poverty line of \$2.50 PPP per day.

Table 2: Constructed Estimates

	A: Input	B: Input	C: Input	D: Estimate	Formula
Poor Adult Women	Adult Female Population	Share Women "Poor" (Below \$2.50/Day PPP)		326,705,407	$A \times B = D$
Poor Adult Women >5km from Bank	Adult Female Population	Share Women "Poor" (Below \$2.50/Day PPP)	Share of Poor Women Live >5km from Bank	86,511,592	$A \times B \times C = D$
Poor Adult Women No Ration Card	Adult Female Population	Share Women "Poor" (Below \$2.50/Day PPP)	Share of Poor Women Who Lack a Ration Card	69,980,298	$A \times B \times C = D$
Poor Adult Women with PMJDY Acct.	Number Female-owned PMJDY Accounts	Share of PMJDY Accts. Owned by Poor Women		153,354,872	$A \times B = D$

Sources: FII, World Bank, and PMJDY stats

- Government of India data reports that women own [205 million](#) PMJDY accounts as of April 2020. Over 326 million women live below the poverty line, so more than one-third of poor women would be excluded from the benefit *even if all female-owned PMJDY accounts belonged to poor women*.
- Of course, not all PMJDY accounts are owned by the poor. How might they be allocated? FII-based estimates show that the share of all PMJDY accounts that belong to women below the poverty line is approximately 75%. This implies that 150 million of the 200 million PMJDY accounts belong to poor women. *With over 326 million women living below the poverty line, more than half are excluded*.
- Thus, many of the poor will remain vulnerable despite the attempt to provide relief through PMJDY-linked cash transfers. FII respondents were asked whether they have a bank account and, if yes, whether it is a PMJDY account. 78% of poor female respondents state they have a bank account, while just 23% of poor women say they have a PMJDY account (Table 1). Extending transfers to banked women who don't own a PMJDY account would substantially increase inclusion.
- Among those who do receive a transfer, access may still present a challenge for some. Twenty-six percent of poor women live more than 5km away from their nearest banking point, according to FII survey reports. The FII reports also suggest many women do not know their accounts are PMJDY accounts, which could complicate access and withdrawals.

Current food distribution systems

- A key alternative to cash is food, in the form of rations from India's public distribution system (PDS). The FII survey asks respondents whether their household has a ration card: 21% of poor women say they do not. Using the population counts referenced above, this implies that approximately 70 million poor women lack a ration card, and cannot access standard PDS benefits.

¹ 205.1 million as of 8 April 2020 access date.

A Case for Universal PDS and community kitchens

- Some states, such as Tamil Nadu, offer universal access to rations. In order to reach the most vulnerable, universal distribution of food rations through systems such as PDS shops and community kitchens could be expanded in all states with the release of additional grain. The expansion of low-cost grains to all NGOs engaged in relief work is a welcome move in this direction.
- COVID-19 poses unprecedented threats to health and economic wellbeing: India must capitalize upon its preparedness to address food insecurity and prioritize food distribution to protect the health and welfare of its most vulnerable citizens.

Data Sources and References:

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Photo: Bharat Meraki