

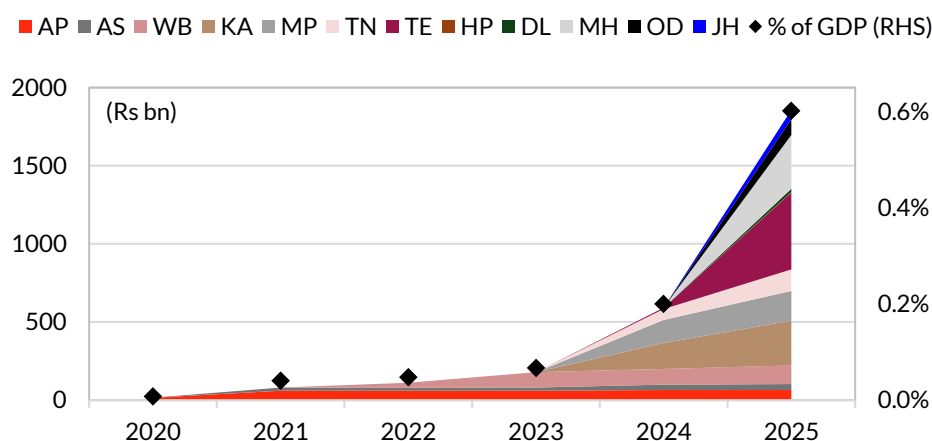
Expenditure-switching financing income transfer schemes

14 states have now announced income transfer schemes for adult women, taking annualized spend to Rs 2trn (0.6% of GDP), with 20% of women benefiting (34% of women in the 14 states). Much of the financing for these schemes comes from expenditure switching, and some from higher deficits. Much of the cuts are to other revenue spending; though for 5 of 12 states with these schemes, capex as % of GDP is lower than in FY19. Capex share of spending for states overall, though is at a record high in FY25BE. HH spending data shows a 7-45% boost in the target segments, mostly on food.

November 12, 2024

Fiscal | States

Exhibit 1 - Income transfer schemes to women total Rs 2trn (Rs 1.9tn in FY25)



Source: State Budget documents, media articles, Axis Bank Research

OD, JH, HR, and J&K also announce/promise income transfers, taking count to 14

Since July, when MH became the 10th state to start income transfer schemes ([link](#)), four more states have announced them, taking the count to 14. New governments in Haryana and J&K promised this too, and Odisha's Subhadra Scheme made its first transfer in Sep. Further, poll-bound Jharkhand [raised the monthly payout to Rs2500](#) from the Rs1000 started in August, after the [opposition BJP promised Rs2100](#). Parties in MH also promise to [raise transfers from Rs1500 to Rs2100-3000](#). These schemes cover 134mn women (~20% of women, Fig 3) with annualized spend of Rs2tn (0.6% of GDP), >3x FY24.

Primarily funded through substitution of other revenue expenditure

This is a substantial burden on the exchequer: in 5 states it is >1% of GSDP (Fig 4), and 4-7% of total spending in the new states OD, JH and HR. Where is the funding coming from? Some is from higher deficits: FY25 budgeted deficits are above FY19 for nearly all these states; for eight of them even after adjusting for the usual gaps in BE vs. actuals (Fig 5). Whereas revenue receipts-to-GDP for all states was unchanged (though tax-to-GDP is higher: Fig 8), for eight of these states the ratio is lower (Figs 6, 9). This implies expenditure-switching, except in OD/JH (Fig 7). Capex share of spending for states is higher overall (Fig 10), but for five of these twelve states capex appears to have been cut to finance these schemes (Fig 11).

For the targeted population, these schemes boost incomes by 5-40%

These schemes affect ~34% (avg.) of women in the target states. Assuming efficient targeting (i.e., only the bottom 34% get it), the boost to HH expenditure could be 5-45%, with the bottom 10% in JH seeing the largest percentage boost (Fig 12). The first decile in TE, MH, KA would also see a >20% increase. As urban spending across deciles tends to be higher than rural, the incremental impact may be higher in rural areas. The categories seeing stronger incremental demand may be food, conveyance, durable goods and health.

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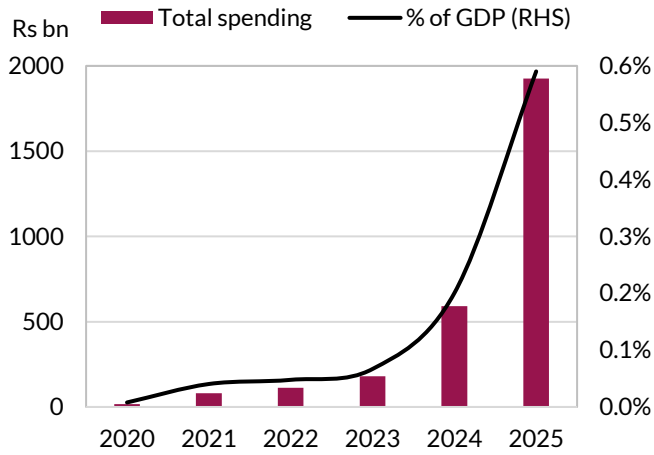
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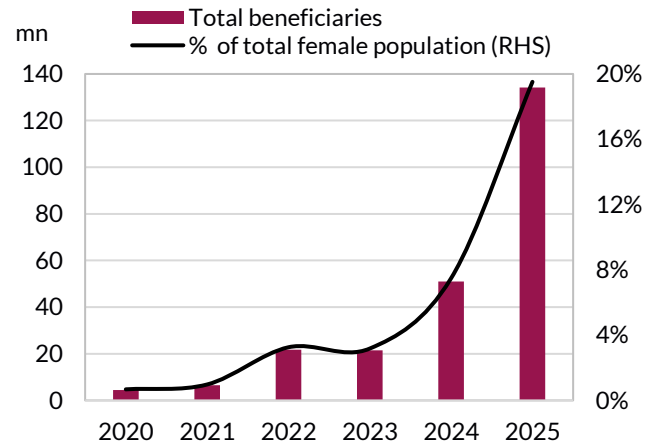
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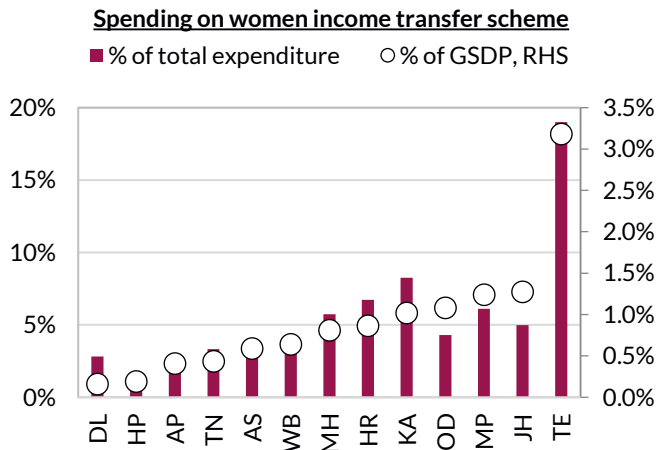
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Exhibit 2 - FY25 state income transfers 3x that of FY24


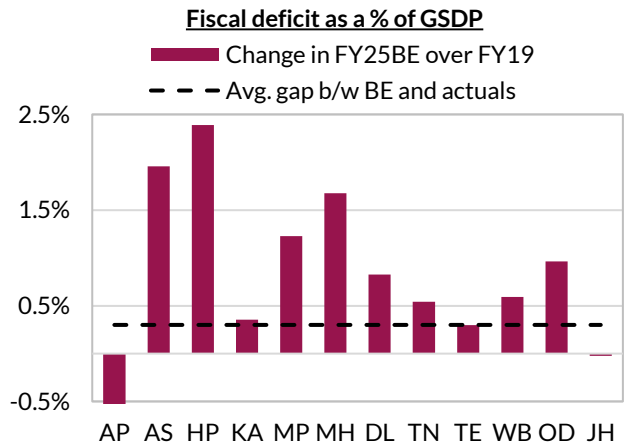
Source: State budget documents, media articles, Axis Bank Research

Exhibit 3 - Covering 134mn, or 20% of females


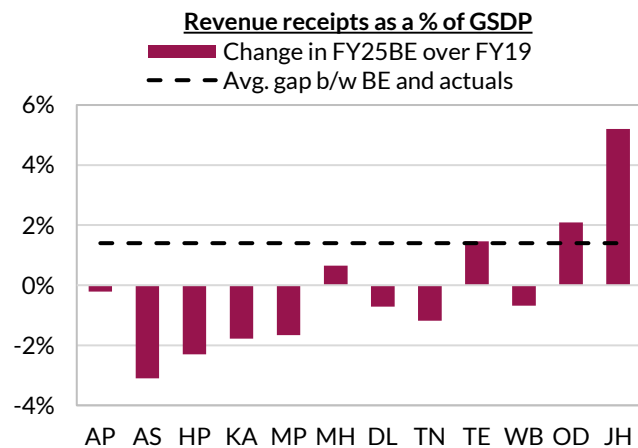
Source: State budget documents, media articles, Axis Bank Research

Exhibit 4 - 5 states spending >1% of GSDP on transfers


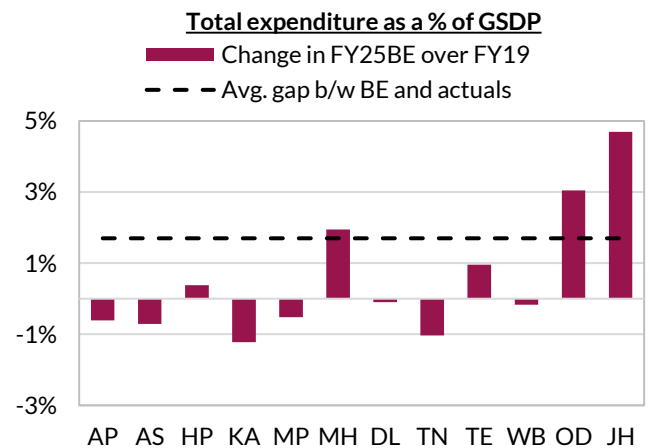
Source: State budget documents, Axis Bank Research

Exhibit 5 - Most states' deficit (BE) higher than FY19


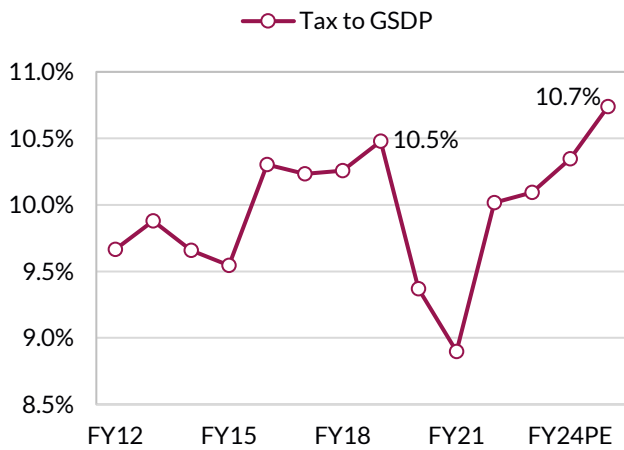
Source: State budget documents, Axis Bank Research

Exhibit 6 - Only 4/12 states seeing higher receipts...


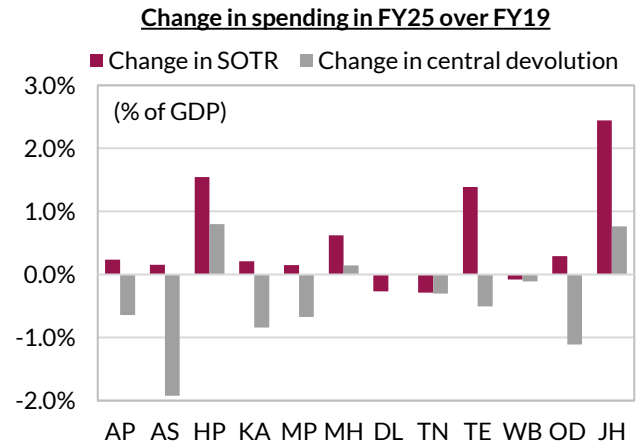
Source: CAG, Axis Bank Research

Exhibit 7 - ...and these states see higher spending


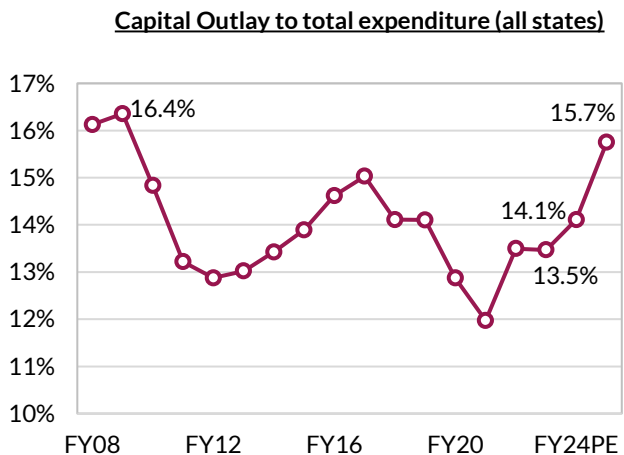
Source: State budgets, Axis Bank Research

Exhibit 8 - Rising tax-to-GSDP for states as a whole


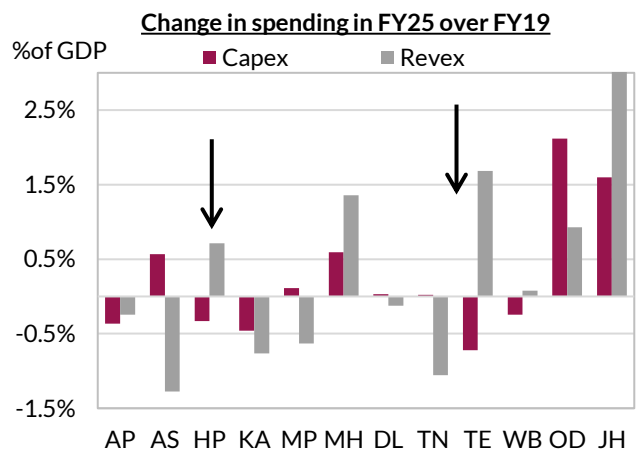
Source: State budgets, Axis Bank Research, PE are provisional est.

Exhibit 9 - Most states have seen own taxes rise


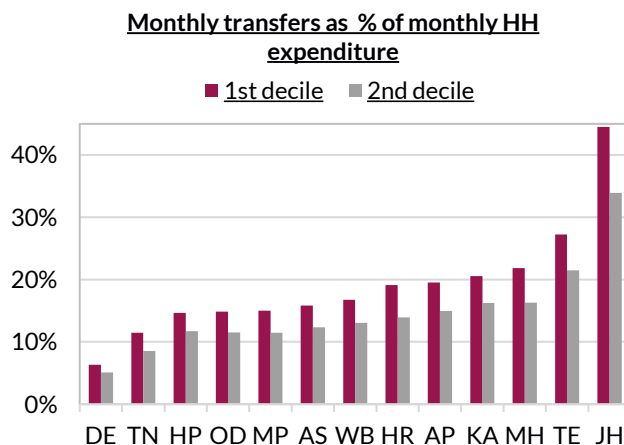
Source: State budgets, Axis Bank Research

Exhibit 10 - Capex % of total spending highest in 15Y


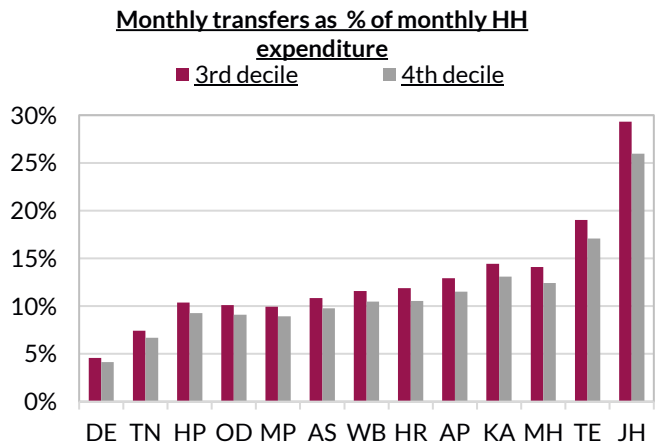
Source: State budgets, Axis Bank Research; PE are provisional est.

Exhibit 11 - Spending substituting capex in 5/12 states


Source: State budgets, Axis Bank Research

Exhibit 12 - 9-45% higher HH consumption in decile 1-2


Source: HCES 2022-23, Axis Bank Research; JH at Rs 2500

Exhibit 13 - 7-29% boost to deciles 3-4


Source: HCES 2022-23, Axis Bank Research

Exhibit 14 - Scheme-wise details

States	Scheme name	Roll out date	Target/ Beneficiaries	Monthly transfer (Rs)
Andhra Pradesh	Jagananna Ammavodi Scheme	January 2020	Initiated by the former ruling government, provides Rs 15,000 annually to poor and needy mothers who belong to BPL families. The present TDP government has enhanced the monthly amount to Rs 1,500 to all eligible women in the age group of 19-59 years.	1500
Assam	Orunodoi Scheme	Budget FY21	Marginalized families (women head) in Assam receive a monthly assistance of Rs 1250. Eligibility requires applicants to be permanent residents of Assam with a composite household income below Rs 2 lakh / pa.	1250
Jharkhand	Mukhyamantri Mainiya Samman Yojana (JMM)/ Gogo didi (BJP)	Aug 24 and Oct 24	JMM announced the scheme in Aug to transfer Rs 1000 to women of age 18-50; while BJP recently in its poll manifesto announces Gogo didi scheme that will transfer 2100 monthly. Following this JMM increased the allowance to Rs 2500 from Dec onwards.	2500/2100
Haryana	Laado Laxmi Yojana	BJP poll manifesto	BJP promised to give Rs 2100 to women aged 18-60 years of the state.	2100
Himachal Pradesh	Indira Gandhi Pyari Behna Sukh Samman Nidhi Yojana	February 2024	The Congress government promised Rs 1,500 per month to women aged between 18-60 years.	1500
Karnataka	Gruha Lakshmi	August 2023	The Siddaramaiah-led Congress government in Karnataka in its poll manifesto promised Rs 2,000 every month to eligible women. The women need to belong to Antyodaya, BPL and APL families, and should be identified as the head of the family in documents.	2000
Madhya Pradesh	Chief Minister Ladli Behna Yojana	January 2023	An amount of Rs.1000/- per month will be paid to each eligible woman. Women beneficiaries must be married, which also includes widows, divorced and women abandoned by husbands. The age of the women should be between 21 to 60 years. The family income of women must be below 2.5 lakhs per annum.	1000
Maharashtra	Mukhya Mantri Majhi Ladki Bahin Yojana	June 2024	Financial assistance of Rs 1,500 per month for women in age group of 21 to 60.	1500
NCT of Delhi	Mukhyamantri Mahila Samman Yojana	Budget FY25	The initiative promises a monthly honorarium of Rs 1,000 to every woman aged 18 and above, with exceptions for taxpayers, recipients of government pension schemes, and government employees.	1000
Odisha	Subhadra Scheme	September 2024	Annual transfer of Rs 10k to women between 21-60 in two equal instalments of Rs 5k each for a period of five years. First instalment in Aug, second on 8 th Mar.	
Tamil Nadu	Kalaignar Magalir Urimai Thittam	September 2023	Monthly allowance of Rs 1,000 to women aged 21 and above per household. Eligibility requires the family's annual income to be below Rs 2.5 lakh, ownership of less than 5 acres of irrigated land or 10 acres of non-irrigated land, and annual electricity consumption of less than 3,600 units.	1000
Telangana	Mahalakshmi scheme	December 2023; was activated after the poll	The Congress government ahead of the state polls promised financial assistance of Rs 2,500 to all women aged 18-60 with family income not exceeding Rs 2 lacs per annum. It also includes cylinder at subsidized price of 500Rs and free RTC bus travel for women.	2500
West Bengal	Lakshmi Bhandar Scheme	February 2021	Women of age between 25-60 years who belong to general and OBC category will get monthly Rs 1000, and SC/ST category women will get monthly Rs 1200. The woman must not be receiving any regular salary or pension. The applicant's household should also be enrolled under the 'Swasthya Sathi' scheme.	1000/1200

Source: Media articles, Axis Bank Research

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