

POLICY
BRIEF

Ensuring Access to Direct Benefit Transfers among the Urban Poor

Strengthening resilience towards economic shocks caused by the COVID-19 pandemic

ABSTRACT

This policy brief draws upon the key findings from YUVA's report '[Living with Multiple Vulnerabilities: Impact of COVID-19 on the Urban Poor in the Mumbai Metropolitan Region](#)'. It aims to understand access to direct cash transfers across 10 cities in the Mumbai Metropolitan region (MMR) and is based on data from:

10,144 households surveyed regarding access to bank accounts

14,750 households surveyed regarding bank accounts in the name of the woman of the household

4,085 construction workers surveyed across 16 construction sites in the MMR region

133 interviews with women, transwomen, men, adult youth and elderly people living in urban poor communities

BACKGROUND

When a nation-wide lockdown was announced on 23 March in India, the purchasing power and livelihoods of the urban poor in the Mumbai Metropolitan Region (MMR) took a severe hit. In response to the growing crisis, the Government of India announced the Atmanirbhar Bharat Abhiyan package. Direct cash transfers of INR 1,500 over three months were introduced for women holding Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY). Additionally, state governments were directed to use the funds from the Building and Other Construction Workers Welfare Boards (BOCW-WB) to financially assist registered construction workers.

Direct Cash Transfers (DCT) are increasingly being used to mitigate the adverse economic effects of humanitarian crises. Some of the reasons associated with this rise are – a) They allow people to make choices regarding their immediate needs, reducing certain types of poverty and disadvantages b) They support the weakening economy by increasing cash flow that stimulates the local market c) They reduce social and administrative barriers in accessing entitlements and relief. The study aimed to understand the different *forms of financial insecurities* experienced by the urban poor during the lockdown and understand the need and *access to direct benefit transfers* within the MMR.

THE CHALLENGE - KEY FINDINGS FROM THE REPORT

GROWING FINANCIAL INSECURITIES OF THE URBAN POOR

Data revealed that most of the urban poor had little to no savings prior to the pandemic. People's meagre savings dried up rapidly, leading to a subsequent rise in precarity and financial insecurity. **Among 21,504 households, the head of the household in 56.91 per cent of the households earned daily wages, 39.05 per cent received a monthly salary, and 4.60 per cent earned a weekly income. Unavailability of work during the lockdown meant no wages, resulting in extreme financial distress among the majority.** It became common for the urban poor to support their family's basic needs by mortgaging limited assets. Many people were compelled to move back to their villages. They expressed concerns about being unable to afford their children's education and had to make difficult choices about how to spend the limited amount of money that they were able to

access. Navin, an elderly construction worker from Malad in Mumbai's Western Suburbs asked, *'Am I expected to pay for my ration or pay my rent?'*

The crisis demonstrated the urban poor's need for social security and safety nets to mitigate the impact of such economic shocks. For those without any savings, relying on monetary support from employers, family and friends was their only option. However, several barriers to asking for money or borrowing became apparent when people shared their experiences. Broadly, these included: a) The inability to borrow due to pre-existing debts; b) Employers who were unwilling to provide monetary support, c) Family and friends who couldn't lend money because they were in similar situations

INSUFFICIENCY OF AMOUNT ANNOUNCED THROUGH RELIEF PACKAGES

In the context of job losses and rising prices, the INR 500 monthly-transfer and INR 2000 one-time transfer were considered completely insufficient. Nitin raised a crucial question. *'In this situation of inflation, how does the government expect that 500*

rupees (every month) will be of help?' Deepa, a college student from Bandra stated as a matter of fact, *'It's impossible that they genuinely believe that a household or individual's needs can be met within 500 rupees.'*

EXCLUSION OF VULNERABLE GROUPS FROM DIRECT BENEFIT TRANSFERS

The relief package for the urban poor included provisions for direct cash transfers to several vulnerable groups, including senior citizens, people living with disability and widows under the Pradhan

Mantri Garib Kalyan Anna Yojana (PMGKAY). However, transgender persons have not been categorised as being eligible for direct benefit transfers.

BARRIERS OF ACCESS TO DIRECT CASH TRANSFERS

I. LACK OF ACCESS TO BANK ACCOUNTS

To receive cash transfers from the government, it is essential for individuals to have an active bank account linked to their Aadhaar Card. The findings

from our study revealed that on average, 63.27 per cent of urban poor households had a family member with a bank account.

| Area | Total households with bank account in women's name | Total number of households | Percentage |
|--|--|----------------------------|---------------|
| Municipal Corporation of Greater Mumbai (Island City) | 645 | 1,579 | 40.85% |
| Municipal Corporation of Greater Mumbai (Western Suburbs) | 834 | 3,709 | 22.49% |
| Municipal Corporation of Greater Mumbai (Eastern Suburbs) | 294 | 1,364 | 21.55% |
| Vasai-Virar Municipal Corporation | 37 | 2,336 | 1.58% |
| Navi Mumbai Municipal Corporation and Panvel Municipal Corporation | 1,201 | 4,362 | 27.53% |
| Thane Municipal Corporation | 124 | 376 | 32.98% |
| Ulhasnagar Municipal Corporation | 250 | 539 | 46.38% |
| Ambarnath Municipal Corporation | 18 | 205 | 8.78% |
| Kalyan-Dombivali Municipal Corporation | 7 | 120 | 5.83% |
| Alibaug Municipal Council | 2 | 80 | 2.50% |
| Pen Municipal Council | 0 | 18 | 0% |
| Total | 3,412 | 14,750* | 23.13% |

Percentage of households with bank accounts in the name of the woman of the household

*Total number of households where this data was collected, N=14,750

II. WOMEN'S LACK OF ACCESS TO BANK ACCOUNTS

Only 23.13 per cent of the households surveyed for this study had a bank account in the name of a female family member. Among these, not every bank account was a Pradhan Mantri Jan Dhan Yojana (PMJDY) account. This directly impacted women's eligibility to receive the INR 1,500 announced by the government as a short-term relief measure during the ongoing crisis.

III. GAPS IN FINANCIAL LITERACY

Interviews with those who did not receive this amount pointed to two concerns— they were unaware that the cash transfer was only for women and didn't know the difference between a zero balance account (i.e., Basic Saving Bank Deposit Account [BSBDA]) and a Pradhan Mantri Jan Dhan Yojana (PMJDY) account (with many having the former and therefore ineligible for cash transfers). There was a common

misconception that a zero balance account is a Jan Dhan account and that everyone would receive this amount. Shayma, a home-based worker and mother of two from Bandra in Mumbai's Western Suburbs highlighted one of the practical challenges of accessing money from the bank. 'Since I am not educated, I don't really know how to withdraw or deposit money', she said.

IV. LACK OF DOCUMENTATION

Many raised concerns regarding the access to relief when the required documents to prove their eligibility is itself challenging. Bhagwati, a domestic worker from Sanpada in Navi Mumbai highlighted a simple reason why direct cash transfer benefits are not accessible to everyone. 'They keep asking for several documents. And even if one document is missing they just refuse our application. How will these schemes reach us?'

CASE OF DIRECT CASH TRANSFERS TO CONSTRUCTION WORKERS

As a short-term relief measure, the government of Maharashtra announced a one-time transfer of INR 2,000 for construction workers registered with the Building and Other Construction Workers Welfare Board (BOCW-WB). Data from 16 construction sites showed that 24.64 per cent of workers on sites were registered with the BOCW-WB. Low

registrations meant denial of relief and social security for construction workers. Being a registered worker did not ensure access to relief either. Even though 87.64 per cent of the registered workers reported having bank accounts, a mere 29.49 per cent of them reported receiving the INR 2,000 cash transfer

RECOMMENDATIONS

Direct Cash Transfers will play a crucial role in keeping local economies working and in ensuring people's access to bare necessities. These cash transfers must be provided over and above pensions, scholarships and maternity benefits cash transfer schemes. They must be provided at the household level on a monthly basis and should be an amount that supports all basic household expenses. The money collected through the PM Cares Fund can be used to implement the following recommendations:

| Challenges | Recommendations |
|--|---|
| Lack of access to bank accounts | There must be rigorous financial inclusion of the poor, especially marginalised persons by opening bank accounts to which cash transfers will be made. |
| Women's lack of access to bank accounts | Partnerships with local communities can ensure 100 per cent coverage of people with access to banking services. |
| Gaps in financial literacy | Such partnerships can also increase the scope for increased financial literacy among urban poor communities. |
| Insufficiency of amount announced through relief packages | A monthly cash transfer of INR 5,000 per household for the next 6 months could ensure the well-being of millions. The PM Cares Fund can be used for this purpose. This will ensure basic household expenses are met. Bank charges should not apply to these accounts where government cash transfers are made. |
| Exclusion of transgender persons from direct benefit transfers | Relief provisions specifically aimed at women through the Pradhan Mantri Jan Dhan Yojana (PMJDY) should be extended to transgender persons as well. |



Youth for Unity and Voluntary Action (YUVA)
 YUVA Centre, Sector 7, Plot 23, Kharghar,
 Navi Mumbai – 410210 (India)
www.yuvaindia.org | info@yuvaindia.org

 [officialyuva](https://twitter.com/officialyuva)
 [officialyuva](https://www.instagram.com/officialyuva)
 [yuvaindia84](https://www.facebook.com/yuvaindia84)
 [yuvaonline](https://www.youtube.com/yuvaonline)
 [/company/officialyuva](https://www.linkedin.com/company/officialyuva)