

AN ANALYSIS OF THE BHAGYALAKSHMI CONDITIONAL CASH TRANSFER SCHEME IN KARNATAKA A Policy Brief



Introduction

Amongst India’s states, Karnataka is the eighth most populous state and sixth largest in terms of area. Karnataka stands fourth in terms of Gross State Domestic Product (GSDP) and had the third highest growth rate between 2012-18¹. Bengaluru, its capital, is also widely regarded as the “Silicon Valley of India.” Despite being a progressive state, Karnataka has high levels of gender disparity, and it has the lowest sex ratio at birth among the four South Indian states of Andhra Pradesh, Kerala, Tamil Nadu, and Karnataka². In order to tackle the issue of gender disparity in the state, Karnataka introduced a conditional cash transfer scheme (CCT) known as Bhagyalakshmi (BL), in 2006-07. The scheme is available to the first two girls born to a couple from Below Poverty Line (BPL) households subject to a number of conditionalities.³

Conditional cash transfer schemes have been introduced in India since the 1990s, mostly with an aim to reduce gender gaps and adverse child sex ratios. While a few studies

have revealed that CCTs such as Apni Beti Apna Dhan (one of India’s oldest CCTs) have contributed positively to girl child survival rates⁴, others have argued that CCTs haven’t been influential in changing deep-rooted biases of the community⁵. But it appears that despite middling to almost no conclusive results, India continues to invest heavily in CCTs to combat the problem of gender equality. This policy brief is based on an evaluation of the BL scheme, conducted in two phases. The first phase was a desk-based review of the scheme from the perspectives of its rationale and objectives using the data available through the scheme monitoring records as well as the major secondary data sources (such as Economic Survey of the Government of Karnataka), while the second phase was a field-based study to understand the preliminary impact of the scheme across all stakeholders and to examine the responsiveness of the scheme-processes by documenting the experiences of the enrolees.



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The Issues

The main issues that the schemes intended to address are (i) low sex ratio at birth, (ii) prevalence of child marriage for girls, especially in North Karnataka, and (iii) lack of girls’ access to secondary education. Although the state has made some progress, it is not uniform across the following three major issues:

Discrimination at birth:

The sex ratio at birth is low and has been declining in Karnataka. These “missing” women or girls are believed to be caused primarily by sex-selection and abortion in certain parts of Karnataka.

Child Marriage:

Karnataka is one of the eight states with a high prevalence of child marriage, higher than the national average, although this has seen a significant decline between 2005-06 and 2015-16. The prevalence of child marriage in Karnataka is slightly lower than Andhra Pradesh but much higher than Kerala and Tamil Nadu⁶. However, of particular concern are a few districts in North Karnataka such as Gulbarga where more than half of women are reported to be getting married before the age of 18.

Poor access to education:

Despite progress, there is still a significant problem of gender inequality in Karnataka with respect to a girl child’s access to education. In urban areas, the ratio of literate females to literate males (between 15–24 years) has seen a drop of 0.05% from 2004–05 to 2011–12⁷.

Table 1: Gender Disparity: Three Key Indicators

	2005-06 Karnataka / (All India)	2015-16 Karnataka / (All India)
Sex ratio at birth for children born in the last five years*	922 / (914)	910 / (919)
Women aged 20-24 years married before the age of 18 years (%)	41.8 / (47.4)	21.4 / (26.8)
Population (female) aged 6 years and above who ever attended school (%)	62.2 / (58.3)	70.7 / (68.8)
*females per 1,000 males		
Source: National Family Health Survey (NFHS), 3rd and 4th Rounds		

Research Methodology:

Desk based Study

Literature review of cash transfers (with special emphasis on conditional cash transfers)



Interview with officials at WCD -scheme in-charge, MIS data in-charge and Deputy Director of WCD



Collating translating and reviewing documents related to BL scheme since inception



Accessing monitoring data of BL beneficiaries from MIS and preliminary analysis



Reviewing status of fulfillment of conditionalities from MIS data and secondary sources



¹ Ministry of Statistics and Programme Implementation (<http://mospi.nic.in/data>)
² Census of India, 2011.
³ The girl child receives a maturity amount of one lakh rupees upon turning 18, subject to completion of education from classes 1 to 8, not engaged in child labour, and not married before 18 years of age. It also includes provisions for insurance benefits in case of a parental death. The design has undergone several modifications over the years. Earlier, it also had health insurance for the enrolled child.
⁴ Sinha, N & Yoong, J. (2009). Long-term financial incentives and investment in daughters: evidence from conditional cash transfers in North India, Policy (Research Working Paper 4860). The World Bank
⁵ Mazumdar, C.T. (2012). Can incentives increase preference for daughters? Evidence from a cash transfer scheme in Haryana, India. The Georgetown Public Policy Review, 18 (1), 64-80.
⁶ District Level Household Survey (DLHS) 2007-2008.
⁷ Millennium Development Goals and Karnataka. Bangalore: UNICEF. Retrieved from <http://cbps.in/wp-content/uploads/MDG-Karnataka-Final.pdf>



Field based Study

Mixed-methods framework	Tools / techniques	Numbers
Quantitative (25 in each district)	Household Survey (15 in each anganwadi catchment area/375 in each district)	1500
	Anganwadi facilities survey	100
	Anganwadi worker & Helper time mapping survey	100
Qualitative (5 in each district)	Anganwadi workers' detailed interview	20
	Adolescent girls' Focus Group Discussions (FGDs)	20
	Women's group FGD	20
	Men's (fathers) group FGD	20
	Mathru Poorna scheme recipients FGD	20
	Panchayat/ Community members FGD	20
	Semi-Structured Interviews (Child Development Project Officer [CDPO]/ Bhagyalakshmi case workers/ Education department officials)	20

The four districts of the field work sites were Belgaum (Saundatti Taluk), Raichur (Raichur Taluk), Tumkur (Madhugiri Taluk) and Mysuru (Nanjangud Taluk) . A random generator was used to finalise 25 anganwadis per taluk. Every fifth anganwadi from the list of 25 anganwadis in each taluk (20 anganwadis across the 4 districts) was selected for the qualitative component of the study.



The Findings

1 Issues with the Scheme Eligibility Criteria

The targeting of beneficiaries is fraught with high levels of inclusion and exclusion errors. As per the Economic Survey of Karnataka, the BPL headcount ratio estimate was 23.6% in 2010-11 which reduced to 20.9% in 2011-12. In comparison, 52% of households possessed BPL cards in 2013-14, which further increased to 75.72% in 2016-17, thus indicating huge inclusion errors. 89% of the households surveyed by CBPS possessed BPL cards⁹. The social category-wise break-up of enrolment shows that the representation of educationally backward groups such as Scheduled Caste (SC) and Scheduled Tribes (ST) is less than their proportional population representation, therefore probably reflecting possibility of exclusion errors (Table 2). With the mandatory criterion for enrolment being possession of a BPL/Priority Ration Card, there exists huge inclusion errors in the scheme (Table 3)¹⁰.

Table 2: Enrolment of girls in the Bhagyalakshmi (BL) scheme

	Total enrollees	(%)
SC	4,60,392	20.58
ST	1,75,354	7.84
Minority	3,38,874	15.15
Others	12,62,201	56.43
Total	22,36,821	100.00
Source: BL Scheme database (2017)		

Table 3: Distribution of households (HH) Surveyed

Type of Card	Number of HH	(%)
Antyodaya	85	5.68
BPL card	1,335	89.18
APL card	45	3.01
No ration card	32	2.14
Total	1,497	100.00
Source: Primary CBPS Household Survey 2019		

Adverse child sex ratio and child marriage prevalent across all economic strata but the scheme in its present form does not address that. The incidence of child marriage and low child sex ratios are not limited to the lowest income quintiles of the population alone. The child sex ratio is adversely linked across economic strata and in fact, the lowest for the higher economic quintiles, the richest (Table 4). This means that “cash” may not be the solution, or at least the sole solution to address this issue. The household survey also indicated that there is not much difference between the attitudes and perceptions towards the girl child between Above Poverty Line (APL) and BPL families. Issues such as freedom to make decisions, accessibility, and mobility are huge constraints for a girl child irrespective of the economic strata (Table 5).

Table 4: Sex-ratio and child marriage

Wealth Quintile	Child sex-ratio	Child marriage among girls
Poorest	964	47.15 %
Second	971	34.70 %
Middle	1005	21.65 %
Fourth	938	13.12 %
Richest	898	3.03 %
Total	961	22.61 %
Source: District Level Household Survey (DLHS) 3, 2007-2008		

Table 5: Percentage of households where the girl child can go to school without any dependence on schemes such as BL

Above Poverty Line (APL)	Below Poverty Line (BPL) (Enrolled in the scheme)	BPL (Not enrolled in the scheme)
%	%	%
43.59	69.91	48.77
Source: Primary CBPS Household Survey 2019		

Although the scheme allows for up to two girl children to be enrolled per family, the enrolment of the second girl child (12.25%) is much lower than the first girl child (87.73%). A majority of parents continue to have preference for a male child, and hence desist from registering the second girl child as it required to produce a family planning certificate¹¹. Women reporting birth order of 3 and above in Karnataka has also reduced from 28.8% (India average was 41.1%) in 2006 to 17% (India average was 28.5%) in 2016 (National Family Health Survey [NFHS] Data). Only around 9% of the households surveyed had more than three girl children. Despite the conditionality, a large majority of BPL girls are eligible for the scheme.



2 Scheme Processes

Current enrolment process is both time-taking and cumbersome. As per the household survey, about 23% have suggested that the documentation required for enrolment be reduced and about 15% of them have suggested that the anganwadi be made a single point for all the paperwork (Table 6). The Focus Group Discussions (FGDs) have also reinforced this point. Data also indicated that the process of enrolment too entails a financial burden for BPL families. Fifty-seven per cent of the sampled households had incurred on an average Rs 873 towards transactional costs for one enrolment (mainly towards transportation, middleman fees and photocopies).

⁹ Districts were finalised in consultation with the Ministry of Woman and Child Development, India and UNICEF. One of the key criteria for the selection of taluks within a district was adverse sex ratios.
¹⁰ Please note that 33% of the sample was intentional to get Bhagyalakshmi beneficiaries, so there is a BPL bias towards one third of that figure.
¹¹ All tables refer to Karnataka

Table 6: Suggestions for change in Bhagyalakshmi (BL) process

Suggestions by respondents for improving the process	No. of responses	(%)
All documents/ facilities/paperwork at anganwadi	25	14.79
Reduce documentation or provide more time for documentation	39	23.08
Provide it to Above Poverty Line (APL) families as well in addition to the Below Poverty Line (BPL) families	20	11.83
Need more guidance/awareness regarding enrolment	8	4.73
Need more money for education	32	18.93
Need more money	28	16.57
Need ration	1	0.59
More reminders	1	0.59
Online application	1	0.59
Need job opportunities	10	5.92
Need to give money today	3	1.78
Need help for marriage	1	0.59
Source: Primary CBPS Household Survey 2019		

Delay in receiving bonds: There is also a significant delay experienced in the distribution of Life Insurance Corporation (LIC) bonds to the beneficiaries despite submission of all the documents from the Women and Child Development (WCD) to LIC.

3 Scheme Conditionalities

Scheme related conditionalities are not being regularly monitored and updated. Data pertaining to fulfilment of scheme conditionalities such as immunisation and primary school enrolment were missing in the Management Information System (MIS)



database. Thus, any lapses in fulfilling the scheme related conditionalities are not being regularly monitored and updated. This becomes important for follow ups, for example if a girl is dropping out, the regular monitoring of data needs to inform the government that urgently so that some action be taken. The intent of the scheme is to enable continued schooling of girls, and not to deny them the bond money at the time of maturity for non-fulfilment of the conditionality. More than half the respondents (56.18%) of the household survey had only completed elementary education, thus highlighting an urgent need to create a structure where girls are incentivised to study beyond elementary school and these incentives should be in a form that is not just monetary but also helps future growth prospect for the girls. In addition, there is a need for holistic reforms towards effective implementation and monitoring to ensure benefits actually reach the targeted beneficiaries.



¹¹ The data is based on the scheme management information system (MIS). Till 2017, 19,64,991 first girl-children were enrolled compared to 2,74,341 second girl child. This requirement has been discontinued since February 2018.



Table 7: Highest education level of the respondent

Educational Status of respondents	(%)
No formal schooling	18.44
Went to anganwadi	0.20
Went to primary but did not complete	8.55
Completed primary (classes 1 to 5)	3.81
Completed upper primary (classes 6 to 8)	25.18
Completed secondary (class 10)	26.39
Completed higher secondary/ Pre-University/diploma	12.49
Completed graduation or post-graduation	4.94
Source: Primary CBPS Household Survey 2019	

Financial constraint is not the only reason for dropping out of school. FGDs with adolescent girls revealed that financial constraints are not the only or most significant reason for non-completion of education; instead, there are other issues that are at play including perceived safety, mobility, accessibility, and restrictions imposed by family along with social barriers of class, caste and religion. About 70% of

the respondents in the FGDs shared that the level of care work to be performed, dangers of sexual harassment and the fear of parents that their daughter will “fall in love” are all reasons for reduced mobility.

4 Scheme Benefits

High educational aspirations for girls and the need for creating scholarship funds: From the FGDs, it is very clear that regardless of a lack of behavioural shift, parents have the aspirations for their daughters to opt for higher education. Fifty-two per cent of the respondents expressed that they would like to use the bond amount for girl child’s education and about 44% for marriage-related expenses. This indicates that supporting higher education of their daughters is as important to parents as their marriage, if not more. Feedback from FGDs overwhelmingly emphasise the need for creating scholarship funds for girls and that a continued reinforcement and encouragement of girls’ education through scholarship funds might help to motivate parents. As per the household survey, 18.93% of the respondents have suggested that they be provided with more money for education (Table 6).

Low real value of the Bond amount: Beneficiaries strongly felt that the bond amount needs to be increased keeping inflation and rising costs in mind and the fact that the final maturity amount has not been revised since the last ten years. However, no other state currently running a similar scheme has a financial incentive higher than this. Schemes such as the Ladli Laxmi Yojana implemented across seven states (Madhya Pradesh, Uttar Pradesh, Bihar, Delhi, Chhattisgarh, Jharkhand, and Goa) and Majhi Kanya Bhagyashree (Maharashtra) also provide the same financial incentives, while other schemes such as Kanyashree Prakalpa Scheme (West Bengal) provide even lesser.

Delay in processing benefits: Only 8% of the households surveyed have been able to access the social protection benefits¹² and it took an average of 3 months and 10 days to receive these benefits. The recipients had to also spend Rs 575 on an average to access these social protection schemes.

5 Scheme Budget

The expenditure on the scheme, as a percentage of the total Department of Women and Child Development (DWCD) budget reached a high of 30.69 % in 2012-13. After 2012-13, it has been almost halved to around 12-15 %. This could also be a result of reduced enrolment over the last three to four years. Between 2006-07 to 2013-14, a total of Rs 4,089.42 lakhs was disbursed against insurance claims¹³. However, non-nomination of the second parent for insurance coverage led to denial of insurance on the death of one of the parents. Our fieldwork indicated that a number of accidental death claims were settled as natural deaths due to the lack of documents.



Conclusions

In recent times, cash transfers are increasingly being adopted as part of government schemes to serve as a magic bullet for achieving social policy-related goals across the developing world and creating desirable behavioural outcomes. The problem with cash transfers is that there is a lack of a comprehensive design that can simultaneously address issues of both supply and demand. Also, there is no need to believe that cash transfer is a panacea for all problems existing towards delivery of a scheme including the issue related to social stigma of girl child education. A comprehensive review of the CCTS in many countries reveals that a cash transfer scheme is able to generate demand only if it is backed up with adequate investments in social infrastructure and services to meet this demand and also reforms at grass root level towards effective planning, delivery, and monitoring of the schemes. Also, deep-rooted gender-related beliefs are sticky issues for policy solutions that can lead to changes. Conditional cash transfer schemes (CCTs) have been used in India since the 1990s. They have been adopted with different design and targeting options to incentivise institutional deliveries and for availing health and education facilities. Most of them were

introduced with an aim to reduce gender gaps and adverse child sex ratios. The review of evaluations suggests their efficacy to be much higher for one-time behavioural change (e.g., institutional delivery versus home delivery) as compared to addressing shifts in deep-rooted, gender related attitudes and behaviour of the community and negative perceptions about a girl child.

Cash transfers also do not incentivise empowering behaviour. They are not able to make improvements in either the self-confidence or aspirations of a girl child, which are crucial for empowerment of girls. Also, in the current social structure, girls, like their mothers, are not the decision makers and may not necessarily end up benefitting from the transfers. In addition, as reported earlier, there has been inaccurate targeting of beneficiaries resulting in high inclusion and exclusion errors. There are also high costs associated with monitoring the fulfilment of multiple conditionalities. Further, there is an absence of vertical as well as horizontal integration between various departments and agencies concerned with the implementation of the scheme.



Recommendations

To implement empowerment-based strategies that can change the status of a girl child by changing social and gender norms in a more sustainable manner. However, cash continues to be an important instrument of change, especially in situations where resources are scarce and control over it is unequal within and outside the household. In consultation with the DWCD officials and United Nations Children’s Fund (UNICEF) colleagues, and through discussions and deliberations, we developed three possible models for reformulating the scheme:

To re-design the Bhagyalakshmi (BL) Scheme based on any of the following three models:

¹² This includes health insurance for the girl child (currently discontinued), compensation for parents’ death (accidental or natural), and physical disability due to an accident (partial or complete).

¹³ Insurance payouts related to parents’ death (accidental or natural), and physical disability due to an accident (partial or complete).



Model 1:
BL Re-design +
Empowerment
Strategies

This model suggests rebranding BL and has three major components:

- i. introduction of women’s and girls’ empowerment programme in a major way (using Mahila Samakhya and mentorship models),
- ii. reforming BL scheme in terms of coverage or eligibility, conditionalities, and processes, and
- iii. use of bond/insurance as an instrument continues.



Model 2:
Only Empowerment
Strategies
(Discontinue BL)

This model argues for doing away with cash and focussing only on:

- i. empowerment,
- ii. strengthening of public services (education, training, etc.), and
- iii. use of bursaries for need-based support.



Model 3:
Empowerment
Strategies + Multi-tier
cash transfer scheme

This model argues for removal of bond as an instrument, and has three main components:

- i. direct transfer of cash linked to progress in secondary or higher education,
- ii. staggered payment (direct transfer) of the final amount, and
- iii. empowerment-based strategies in schools.



Model 1:
BL Re-design + Empowerment Strategies



Universalisation of the scheme by making it available to all girls within a BPL household (Option 1). The increase in programme costs would not be substantive and would, on the contrary, reduce monitoring costs to a large extent. It ensures that there is no intra-household discrimination and equal opportunity for all girl children. Based on projections, the estimated scheme expenditure for 2019-20 would have been approximately Rs 612 crores¹⁴.

Universalisation of the scheme by making it available to all girls irrespective of their birth order or economic class (Option 2). This would eliminate both inclusion and exclusion errors and significantly reduce the implementation costs as verification is not required. Given that only 17.3% of the households do not possess either BPL or Antyodaya Anna Yojana (AAY) cards, a complete universalisation would have led to only an additional estimated scheme expenditure of Rs 128 crores (from sub-Option 1) for 2019-20.

Every girl child be given a BL identity card (with a BL unique number) along with her Birth Certificate by the Registrar of Births and Deaths itself. Considering that our earlier recommendation of universalising the scheme gets implemented, a separate process for enrolment will not be required. Also, as per NFHS-4 Survey (2016), births of almost all children (95%) under five years of age were registered with the civil authorities and 86.7% of female children in Karnataka possess a birth certificate.

To integrate the BL unique number with the unique identification number provided by the School Tracking System (STS). Continuous tracking will help in not only examining the link between girls' empowerment strategies and their schooling participation, but also in verifying the education-related conditionality before disbursing the final bond amount.

To change the conditionality pertaining to education. Given that considerable progress has been made towards universalisation of secondary education and increase in the number of secondary schools, the girl child should be given the final bond amount at the age of 18 only if she has at least completed class 10. By doing this, the age of child marriage and child labour would also automatically be delayed.

To Integrate other schemes related to education with BL so that access, affordability, and quality of education can be augmented through other means as well. This should include other schemes that provide scholarships (such as Vidyasiri) , merit-based incentives, study materials, and hostel facilities.

To continue with the life insurance bond as the key financial instrument so that along with growth in the invested amount, it also simultaneously covers the risk of parental death and accidents.

To implement empowerment strategies by leveraging process-based programmes such as Mahila Samakhya (MS). These strategies should focus on (i) providing safe spaces for young girls to come together and take collective action, (ii) honing critical thinking skills to de-bunk notions of what is "natural" and what is "social", and (iii) connecting with the community to engage with the social norms and narratives surrounding young girls.

To rebrand and change the name of the scheme so that it foregrounds empowerment. Names such as Bhagyalakshmi and Dhanalakshmi commodify women. We would suggest one of the following names to be adopted: Kanya Shakthi, Kanya Siri, Balika Nidhi, Balika Siri, Avala Siri (Avala means 'for her'), Avala Nidhi or Avala Hejjegagi (for her footsteps).



Model 2:
Only Empowerment Strategies (Discontinue BL)



To discontinue the scheme in its current form since conditional cash transfer is not an effective vehicle for sustainable social change

To implement empowerment strategies by leveraging process-based programmes such as Mahila Samakhya (MS) and as described in Model 1.

To redirect the funds marked for cash transfer towards strengthening the supply-side factors. This would entail increasing the number of primary, secondary, and higher secondary government-run schools, increasing the number of teachers, quality of teacher training, and improving the overall school infrastructure.

To also invest in strengthening ancillary facilities such as girls' hostels, cheaper and better transport facilities for easier access to schools, and providing bursaries.

To expand the MS programme across the state. Even with updated wage norms, the cost is not going to go beyond Rs 20-25 crores per annum. It would be prudent to redirect the existing BL budget (Rs 200 to 500 crores per annum) to strengthen public education at secondary and tertiary levels, and to enhance hostel facilities to bring in the empowerment-based mentoring of girls.

Model 3:
Empowerment Strategies + Multi-tier cash transfer scheme



To implement empowerment-based strategies in schools as described in earlier models.

To introduce staggered cash incentives at various stages of secondary and higher secondary schooling. It could be a three-tier scheme with the first direct cash transfer when the girl enrolls in class 9 (transition from primary to secondary), the second direct transfer when she enrolls in class 11 (transition from secondary to higher secondary) and a final direct cash transfer upon attainment of 18 years (quantum of cash transfers to be decided). The final transfer should be conditional upon her remaining both unmarried and completion of either class 8 (sub-Option 1) or class 10 (sub-option 2).



¹⁴ Please note that these estimates are merely the expenditures towards bond amounts and do not include any other administrative/monitoring expenses.

¹⁵ It would require an additional expenditure of Rs 183 crores in order to include all the Bhagyalakshmi (BL) girls as beneficiaries.



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The brief has been prepared by Sridhar R. Prasad and Jyotsna Jha. It is based on a research project carried out by the Centre for Budget and Policy Studies (CBPS), Bangalore with support of UNICEF, New Delhi. The research team included Jyotsna Jha, Sridhar R. Prasad, Anusha Iyer, Niveditha Menon, Thyagarajan R., Srinivas Alamuru, Puja Minni, Vasudha Ramakrishnan, Pramod Kumar K.S, Shreekanth Mahendiran and Madhusudhan B.V. Rao.

Acknowledgements are due to Mr Soumen Bagchi, Ms Reeni Kurien, Ms Antara Lahiri and Ms Sumita Dawra from UNICEF for their support and comments.

*Process Review of the Bhagyalakshmi (BL) Scheme in Karnataka: <http://cbps.in/wp-content/uploads/CBPS-Bhagyalakshmi-Final-Report.pdf>