



# Cash transfers save lives

## The mental health benefits of cash transfers: a case for Tamil Nadu

Studies conducted world-over in the past two decades have found a close association between poverty and mental health. Globally and in India, serious mental illness is more prevalent in persons belonging to the lowest social economic strata (1). A case-control study conducted in Delhi from November 2011 to June 2012 found that the intensity of multidimensional poverty increases for persons with severe mental illnesses (PSMI) compared to the rest of the population (2).

Similarly, research in low- and middle-income countries (LMICs) have shown a strong association between poverty and suicide (3). In India, More than 1.39 lakh people died by suicide in the year 2019 (i). According to data from the National Crimes Record Bureau (NCRB), 8% of these suicides observed in the country were due to poverty, unemployment and indebtedness. Moreover, a disaggregation by professional status highlights that over 23% of suicide occurred among daily wage earners and 11% among unemployed individuals (4).

Tamil Nadu is the most urbanized state in India, however like in other parts of the country, inequalities remain widespread (5) which in turn has an impact on mental health and suicide rates, which are highlighted in Figure 1.

FIGURE 1: MENTAL HEALTH & SUICIDE IN TAMIL NADU



**Highest estimated prevalence of depressive disorders** at 836 crude DALY rate per 100000 population among states in the high socio-demographic index (SDI) category (ii).



**Ranks among those states with significant prevalence of anxiety disorder and schizophrenia** (325 & 183 crude DALY rate per 100000 population respectively) (5).



**Suicide rate of 17.8 deaths per 1,00,000 population** compared to a national average of 10.4, accounting for 9.7% of all suicides in India – the second highest after Maharashtra (4).

## Covid-19 and its impact on the economy and mental health →

India witnessed one of the sharpest drops in GDP (gross domestic product) rate due to the COVID-19 pandemic and subsequent lockdowns. A study done by Pew Research estimated that the number of poor people — with an income of less than \$2 (Rs 150) or less in a day — increased from 6 crores to 13.4 crores (6). The situation has been worsened after the ferocious second wave, thus precipitating the prevalence of mental health related conditions and distress (7).

The National Mental Health Policy recognizes that mental wellbeing is influenced by various cross-cutting issues that including poverty and homelessness and recommends financial support

(i) NRCB only documents deaths by suicide and not attempted suicides hence data recorded is an underestimate of those at risk for suicide.  
(ii) SDI is determined by a state's performance on per-capita income, education and fertility rate indicators.



for caregivers of persons living with mental illness. These provisions are yet to be implemented. Owing to the current socio-economic and mental distress caused by the pandemic, there is an urgent need for universal intervention that provides timely support to a broader sub-set of the population.

## Role of Cash Transfers in Improving Mental Health →

Cash transfers have long been suggested as an effective financial instrument for fighting poverty. Large-scale longitudinal studies of cash transfers in LMICs have shown that it has a substantial impact on reducing suicide rates and improving mental health and well-being of recipients and their families. To study this in detail, we conducted a preliminary review of 13 studies of experimental trials from India, Malawi, Brazil, Indonesia, Kenya, Liberia, Mexico, Zambia. The varying characteristics are highlighted in Figure 2.

**FIGURE 2: CHARACTERISTICS OF CASH TRANSFER PROGRAMMES REVIEWED**

**Target Population:** Households/ districts in bottom income quartiles; specific groups like pregnant women, school-going children, and for one study men involved in criminal activity were chosen.

**Amount and frequency:** Target amount differed across studies and was usually a proportion of income. Disbursements were either one-time (lumpsum) or at periodic intervals (monthly, bi-monthly, quarterly etc.).

**Type of Transfer:** Mix of conditional and unconditional transfers. Conditionalities included complying with certain activities such as education of children and healthcare check-ups,

## Impact on Suicides →

Findings from the studies conducted in Indonesia, Brazil and Kenya revealed a drop in suicide rates among groups who received cash transfers, as depicted in Figure 3 (8,9).

**FIGURE 3: REDUCTION IN SUICIDE RATES AMONG CASH TRANSFER RECIPIENTS**



This decline was prominent amongst women beneficiaries of Brazil's *Bolsa Família* Programme where a drop in incidences in hospitalization for attempted suicides was observed. In Kenya, the decrease in rates was attributed to the monetary cushion created by cash transfers that absorbed losses from agricultural uncertainties.

## Effects on Mental Health and Wellbeing →

There was perceptible impact on other mental health indicators as well. Cash transfer programmes in Brazil and Indonesia had the largest effect on reducing stress and permanently increasing wellbeing (8). Other studies observed a reduction in worry about household expenditures, higher self-esteem and a reduction in levels of the stress hormone cortisol (9). For targeted programmes, there was a substantial impact on vulnerable groups, as indicated in Figure 4.

**FIGURE 4: IMPACT OF CASH TRANSFERS ON SPECIFIC GROUPS**



*Programme Oportunidades* witnessed a reduction of depressive symptoms by 10% among mothers in rural Mexico (10). In India, Janani Suraksha Yojana found an 8.5% reduction in maternal depression (11).



A study of cash reinforced therapy in Liberia noted a decline in crime and violence and anti-social behaviour among men (12).



In the *Social Cash Transfer Programme* in Malawi there was a drop in depressive symptoms among youth, particularly girls (13).



## Cost-Benefits of Cash Transfers →

Various studies have shown that economic cost benefits of the cash transfers are favourable. In one study, cash transfers raised household income by 10%, food consumption by 17% and positively impacted livestock, school attendance and reduced child labour for girls. They observed positive income spill over impact on non-beneficiaries too. This is without considering any monetary value for intangible benefits like reduction in suicides and improvement in mental health parameters.

## Recommendations →

In the table below, we have made a few recommendations that can be adopted by the Tamil Nadu government.

## How we can help →

The India Mental Health Observatory (IMHO) will be willing to work with the government to conduct a detailed review on the positive association between cash transfers and mental health as well as provide mental health inputs for the proposed pilot.

ISSUE	RECOMMENDATIONS
<p><b>Lack of evidence in India</b></p> <p>Only a handful of such studies have been conducted in India on the positive impact of cash transfers on mental health and wellbeing.</p>	<p>Introduce a pilot study in Tamil Nadu on cash transfers and measure its subsequent impact on improving mental health outcomes and in reducing suicide rates.</p> <p>With its accessibility to subject matter experts, the Tamil Nadu government is well positioned to decide on the type, quantum, mode and target population within the state for an initial pilot study.</p>
<p><b>Inequalities across districts</b></p> <p>While Tamil Nadu has made significant progress in last few decades across socio-economic and development indicators, there are large disparities with certain districts experiencing poverty which could be linked with distress in these communities.</p>	<p>Select districts for cash transfers based on their performance on the multidimensional poverty index. Possible districts could include Ariyalur, Virudhunagar, Ramanathapuram, Perambalur and Dharmapuri (14).</p>

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