

# A SCHEME FOR FARMERS THAT HAS NOT REACHED MOST FARMERS

Relevant for: Indian Economy | Topic: Agriculture Issues and related constraints

The PM-KISAN scheme was operationalised on February 24.

The Pradhan Mantri Kisan Samman Nidhi (PM-Kisan), a cash transfer programme that draws on major initiatives by two State governments, has a long way to go in terms of both its implementation and scope of coverage. Even as the cropping season is under way, the scheme's support has not reached farmers in most of the country's regions.

Launched by the Centre at the end of its previous tenure and made effective retrospectively from December 1, 2018, the measure is a necessary state response to assuage agrarian unrest. The scheme's original objective, to "supplement financial needs" of the country's Small and Marginal Farmers (SMFs) and to "augment" farm incomes, has now been broadened to include all categories of agricultural landowners. This expansion would benefit an additional 10% of rural landed households.

PM-Kisan offers 6,000 a year per household in three instalments. Broadly speaking, this amounts to only about a tenth of the production cost per hectare or consumption expenditure for a poor household. Hence, though what the programme offers is meagre, it promises some relief to poor farmers by partially supplementing their input costs or consumption needs.

The cash transfer is not linked to the size of the farmer's land, unlike Telangana's Rythu Bandhu scheme, under which farmers receive 8,000 per annum for every acre owned. While landless tenants have been left out in both the schemes, the link with land size makes the support provided by the Telangana scheme more substantial. PM-Kisan also falls short of Odisha's Krushak Assistance for Livelihood and Income Augmentation (KALIA) scheme, which includes even poor rural households that do not own land.

Though the first quarterly instalment, for the December 2018-March 2019 period, was to be provided in the last financial year, the benefits of PM-Kisan have not reached farmers in most parts of the country. With kharif cultivation activity under way already, the scheme's potential to deliver is contingent on its immediate implementation.

There are 125 million farming households owning small and marginal holdings of land in the country, who constitute the scheme's original intended beneficiaries. However, at present, the list of beneficiaries includes only 32% (40.27 million) of these households.

Further, a majority of the intended beneficiary households are yet to receive even their first instalment of 2,000. Only 27% (33.99 million) received the first instalment, and only 24% (29.76 million) received the second. In budgetary terms, only 17% of the estimated 75,000 crore expenditure has been spent. Moreover, implementation in certain States has been prioritised. U.P., for instance, accounts for one-third of total beneficiary households — 33% (11.16 million) in the first instalment and 36% (10.84 million) in the second. About half of the State's SMF households have been covered. Only two other States — Gujarat and Andhra Pradesh — have

gained a prominent share. A total of 17 States have received a negligible share of the first instalment, accounting for less than 9%.

For the scheme to be effective, PM-Kisan needs to be uniformly implemented across regions. However, one needs to be mindful that it is not a fix for larger structural issues. Cash transfers will cease to be effective if the state withdraws from its other long-term budgetary commitments in agricultural markets and areas of infrastructure such as irrigation. Subsidies for inputs, extension services, and procurement assurances provide a semblance of stability to agricultural production. Food security through the National Food Security Act is also closely linked to government interventions in grain markets. If the budgetary allocations shift decisively in favour of cash transfers, they will be a cause for great concern. Further, the scheme recognises only landowners as farmers. Tenants, who constitute 13.7% of farm households and incur the additional input cost of land rent, don't stand to gain anything if no part of the cultivated land is owned. Hence, there is a strong case to include landless tenants and other poor families.

Moreover, though the scheme is conceptualised to supplement agricultural inputs, it ceases to be so without the necessary link with scale of production (farm size) built into it. It becomes, in effect, an income supplement to landowning households. If income support is indeed the objective, the most deserving need to be given precedence.

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