



BUDGET BRIEFS

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Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)

Gol, 2020-21

Pradhan Mantri Kisan

SAman Nidhi (PM-KISAN) is an income support scheme by the Government of India (Gol) in which small and marginal farmers get up to ₹6,000 per year to supplement their financial needs.

Using government data, this brief reports on trends in PM-KISAN along the following parameters:

- Trends in allocations and releases;
- Receipt of funds by beneficiaries; and
- Status of coverage.

Cost share and implementation:

PM-KISAN is a Central Sector Scheme (CS) with 100 per cent funding from Gol for all the states and Union Territories (UTs). The responsibility of identification of beneficiary farmers rests with the states and UTs.

HIGHLIGHTS

₹ 1,42,762 cr

Gol allocations for Ministry of Agriculture and Farmers Welfare (MoAFW) in FY 2020-21

₹ 75,000 cr

Gol allocations for PM-KISAN in FY 2020-21

SUMMARY & ANALYSIS

- In Financial Year (FY) 2020-21 Budget Estimates (BEs), Gol allocated ₹75,000 crore for PM-Kisan. This is a 38 per cent increase from the FY 2019-20 Revised Estimates (REs) but the same as the BEs for the previous year.
- Release of funds under the scheme has been low. In FY 2018-19, ₹6,000 crore (excluding administrative costs) was released to beneficiaries, accounting for 30 per cent of the funds allocated for the year. In FY 2019-20, while releases increased over 7 times to ₹42,932 crore, they accounted for only 57 per cent of the BEs for the year and 79 per cent of the REs.
- Registration of farmers is done on a continuous basis and release of funds is based on the time-period of registration. Thus, by November 2019, farmers registered in the first period (1 December to 31 March 2019) would be entitled to 3 instalments, those registered in the second period (1 April to July 2019) would be entitled to 2 instalments and those registered in the third period (1 August to 30 November), would be entitled to 1 instalments.
- Release of the first instalment has slowed down. While 89 per cent of farmers registered in the first period had received their first instalment, only 62 per cent of farmers registered in the third period (1 August to 30 November), had received their first instalment.

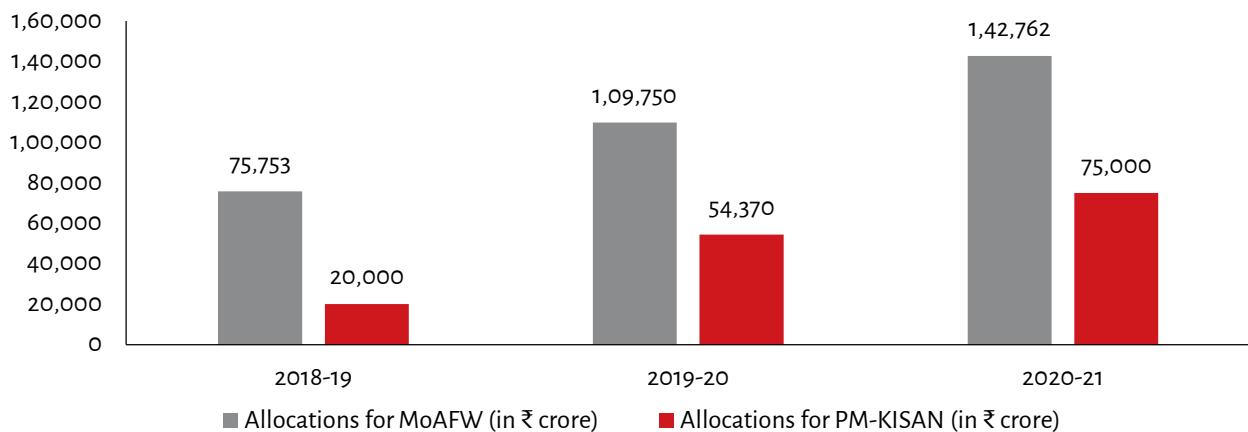
TRENDS IN OVERALL ALLOCATIONS AND RELEASES

- On 24 February 2019, Government of India (GoI) launched the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN), an income support scheme aimed at supplementing farmers' financial needs to secure proper crop health and appropriate yields. Under the scheme, a direct annual cash transfer of ₹6,000 is given to all eligible small and marginal landholding farmer families (SMFs). The scheme came into force with retrospective effect from 1 December 2018.
- The scheme is run by the Ministry of Agriculture and Farmer Welfare (MoAFW) as a Central Sector Scheme (CS) with 100 per cent funding through GoI. Except West Bengal, the scheme is being implemented in all other states and UTs.

Allocations

- Allocations for the MoAFW increased by 30 per cent from ₹1,09,750 crore in FY 2019-20 Revised Estimates (REs) to ₹1,42,762 crore in FY 2020-21 Budget Estimates (BEs).
- PM-KISAN is the largest scheme under MoAFW, accounting for 53 per cent of the Ministry's budget in FY 2020-21.
- In FY 2020-21, ₹75,000 crore was allocated to the scheme, a 38 per cent increase from the REs of the previous year but the same as the BEs.

38% INCREASE IN GOI ALLOCATIONS FOR PM-KISAN BETWEEN 2019-20 AND 2020-21



Source: Union Expenditure Budget, Vol. 2, Ministry of Agriculture and Farmer Welfare. Available online at: <https://www.indiabudget.gov.in/doc/eb/sbe61.pdf>. Last accessed on 1 February 2020.

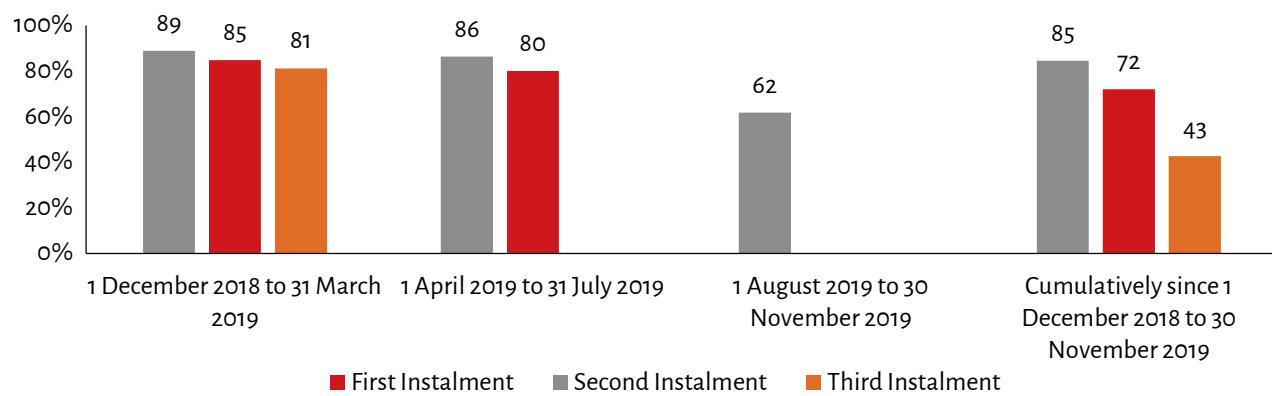
Figures are in Rupees crores and are Revised Estimates (REs), except for FY 2020-21 which are Budget Estimates (BEs).

Releases

- After a slow start, release of funds under the scheme has picked up pace. In FY 2018-19, ₹6,000 crore (excluding administrative costs), was released to beneficiaries, accounting for 30 per cent of the funds allocated for the year. In FY 2019-20, releases increased over 7 times and ₹42,932 crore was released to beneficiaries. However, as a proportion of total allocations, releases remained low at 58 per cent compared to the BEs and 79 per cent compared to the REs.

- Under the scheme, financial benefits are released into accounts of identified farmers on a continuous basis, post registration and verification. The total annual amount of ₹6,000 is released in three instalments of ₹2,000 each, every four months.
- Cumulatively, since the start of the scheme till 30 November 2019, 7.62 crore farmers or 85 per cent of registered farmers had received their first instalment, 6.49 crore farmers or 72 per cent of registered farmers had received their second instalment, and 3.85 crore or 43 per cent had received their third instalment.
- Given that registration is a continuous process, the number of instalments received is determined by the date of registration. All eligible beneficiaries are entitled to receive their benefits from the 4-month period in which their registration has taken place. Thus, farmers registered in FY 2018-19 (from 1 December to 31 March 2019), would be entitled to have received all three instalments by November 2019. On the other hand, those registered in the second period, i.e. between 1 April 2019 to 31 July 2019, would have received only two instalments, and those registered between 1 August 2019 to 30 November 2019, would be eligible to receive only one instalment till 30 November 2019. State-wise data by registration period was only available till 30 November 2019, at the time of preparing this brief.
- There are differences in the number of farmers registered under the scheme in a given time period and the total number of instalments released. For instance, of the 4.74 crore farmers registered in FY 2018-19, 89 per cent (4.22 crore) of farmers had received their first instalment, 85 per cent (4.02 crore) had received two instalments, and 81 per cent (3.85 crore) had received all three instalments by 30 November 2019.
- In FY 2019-20, of the 3.08 crore farmers registered till 31 July 2019, 86 per cent (2.66 crore farmers) had received their first instalment and 80 per cent (2.47 crore farmers) had received their second instalment.
- Release of funds has been slower for those registered between 1 August 2019 and 30 November 2019. Of the 1.19 crore farmers registered during this period, only 62 per cent (73.66 crore farmers) had received their first instalment by 30 November 2019.

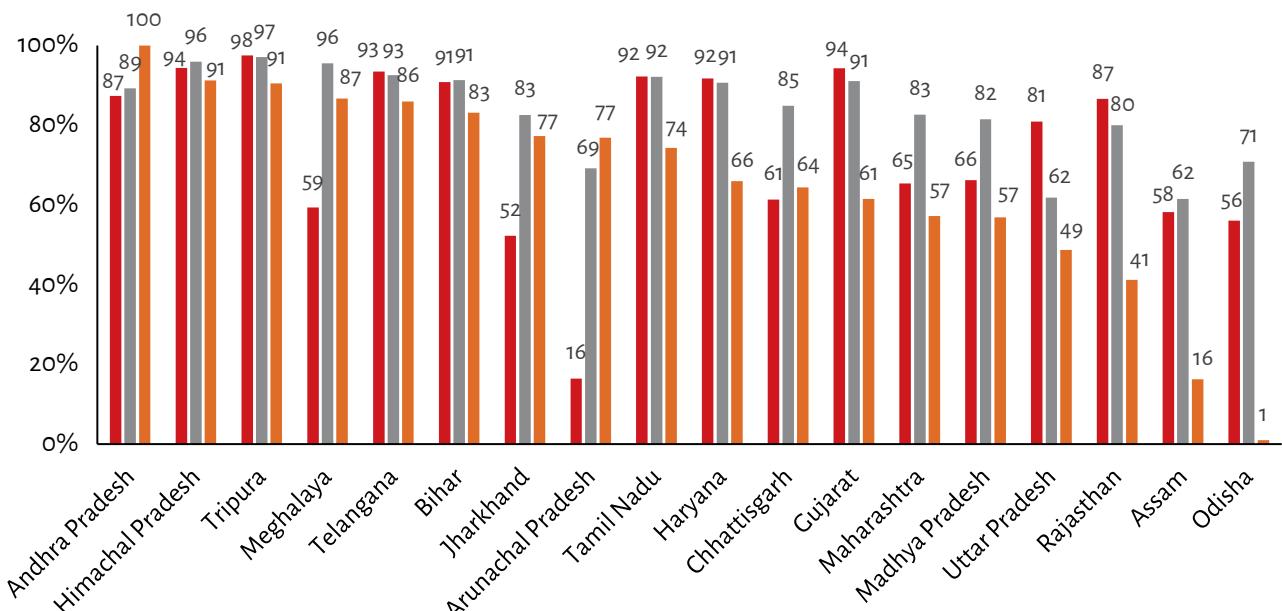
CUMULATIVELY TILL 30 NOVEMBER 2019, 85% OF BENEFICIARIES HAVE RECEIVED AT LEAST ONE INSTALMENT



Source: RTI response by DOA&C dated 4 December 2019. Last accessed on 31 December 2019.

- There are, however, state-wise differences. Of the farmers who had registered in FY 2018-19, over 90 per cent had received all three instalments till 30 November 2019, in states such as Tripura (98 per cent), Himachal Pradesh (94 per cent), Gujarat (94 per cent), Tamil Nadu (92 per cent), Haryana (92 per cent), and Bihar (91 per cent). In contrast, less than 60 per cent of the farmers registered during this period had received all three instalments in Meghalaya (59 per cent), Assam (58 per cent), Odisha (56 per cent), and Jharkhand (52 per cent). Arunachal Pradesh had the lowest proportion with only 16 per cent of registered farmers receiving all three instalments till November 2019.
- In FY 2019-20, farmers registered till July 2019, should have received at least two instalments till November 2019. Release of funds, however, has been slower. For instance, in Uttar Pradesh, while over 80 per cent of the farmers registered in FY 2018-19 had received all three instalments, only 62 per cent of the farmers registered till July in had received two instalments till November 2019. Proportion of farmers receiving two instalments was also low in Odisha (71 per cent), Arunachal Pradesh (69 per cent), and Assam (62 per cent).
- Release of the first instalment for farmers registered in the third period (August 2019 - November 2019) was even slower. Less than 60 per cent of farmers had received their first instalment in states such as Maharashtra, Madhya Pradesh, Uttar Pradesh, Rajasthan, Assam, and Odisha.
- The lower releases in FY 2019-20 could be due to inconsistencies in the requirement of beneficiary documents. At the inception of the scheme, Aadhaar number was optional for the release of the first instalment (December 2018 - March 2019) and made compulsory from the second instalment (April 2019 - July 2019) except for Assam, Meghalaya, and the erstwhile state of Jammu and Kashmir.
- However, in view of the delay in Aadhaar seeding as reported by states/UTs, this condition was relaxed further till 30 November 2019. The mandatory requirement of Aadhaar seeding of beneficiary data continues to be applicable for the release of the fourth instalment (December 2019 to March 2020).

SLOWDOWN IN THE RELEASE OF FUNDS TO BENEFICIARIES FOR MOST STATES



- Percentage of farmers registered in December 2018 - March 19 who had received all 3 instalments till November 2019
- Percentage of farmers registered in April 2019 - July 2019 who had received 2 instalments till November 2019
- Percentage of farmers registered in August 2019 - November 2019 who had received 1 instalment till November 2019

Source: RTI response by DOA&C dated 4 December 2019. Last accessed on 31 December 2019.

IDENTIFICATION AND ENROLMENT OF BENEFICIARIES

- Estimation of the number of eligible small and medium farmers' families (SMFs) is based on a projection from the 2015-16 Agricultural Census for FY 2018-19. However, it is the responsibility of states to prepare and update the database of eligible landholding farmer families. Special identification procedures have also been devised for Manipur and Nagaland in view of community-based land ownership in these states. Scheme benefits have also been extended to forest dweller tribals who have been given 'Pattas' under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006.
- Initially, the eligibility criterion was restricted to those with a total cultivable land of up to 2 hectares. In May 2019, following a Union Cabinet decision, the scheme was extended to all land-owning farmers, subject to an exclusion criterion. The exclusion criteria includes: institutional landholders; farmer families where one or more members are former or present holders of constitutional posts, or regular government employees, or members of legislatures; or persons who paid an income tax in the last assessment year; or professionals such as doctors, engineers, lawyers, chartered accountants, or other practicing professionals.
- Enrolment of beneficiaries is determined through a multi-level process which includes verification and validation by a number of concerned agencies in the state/UT. This process is replicated before the transfer of every instalment. In addition, the Common Service Centres (CSCs) have been authorised to register and undertake name corrections of beneficiaries.
- To further facilitate registration of farmers, an exclusive 'Farmers Corner' has been provided in the PM-KISAN web portal through which farmers can self-register.
- As on 29 November 2019, 20,89,799 farmers had registered themselves using the 'Farmers Corner' feature.
- There have been instances of a mismatch between beneficiary names and their corresponding bank account numbers. Till July 2019, 2,69,605 cases pertaining to mismatch of farmers' details had been reported across the country as per the government reported data. Payments had to be reversed for 1,19,743 farmers by the National Payments Council of India (NPCI) and the corresponding banks.
- A majority of these reversed payments were in Uttar Pradesh (72 per cent) and in Maharashtra (27 per cent).

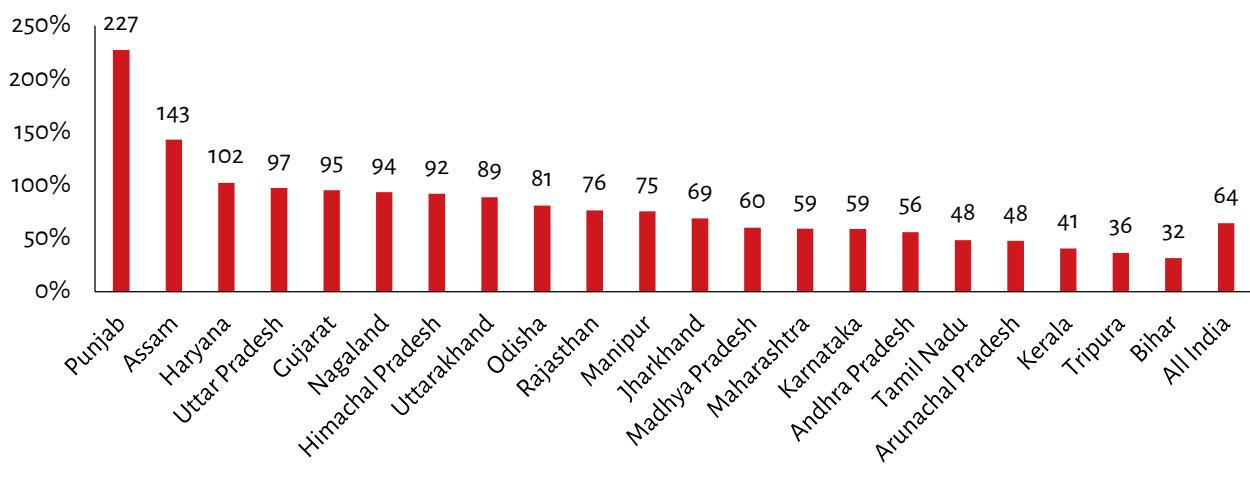
Sl.no	Name of state	Cases of reversal of transactions
1	Uttar Pradesh	86,314
2	Maharashtra	32,897
3	Himachal Pradesh	346
4	Uttarakhand	78
5	Haryana	55
6	Jammu and Kashmir	29
7	Jharkhand	22
8	Assam	2
	Total	1,19,743

Source: Cases of reversal of transactions from Lok Sabha Unstarred Question No.1631 answered on 2 July 2019. Available online at: <http://164.100.24.220/loksabhaquestions/annex/171/AU1631.pdf>. Last accessed on 31 December 2019.

COVERAGE

- As per the revised scheme guidelines and estimations of operational holdings from the Agricultural Census, the scheme is expected to cover around 14 crore farmers.
- Based on these projections, states with the highest share of eligible farmers are Uttar Pradesh (16 per cent), Bihar (11 per cent), and Maharashtra (10 per cent). On the other hand, Haryana, Himachal Pradesh, Uttarakhand, and Tripura have a share of less than 1 per cent each.
- As on 30 November 2019, a total of 9.01 crore farmers accounting for 64 per cent of the total estimated beneficiaries had been enrolled under the scheme. Of these, 4.7 crore were enrolled in the first phase, till March 2019, another 3.1 crore were enrolled in the second phase, till July 2019, and 1.2 crore in the third phase, till 30 November 2019.
- There are significant state variations in the proportion of estimated beneficiaries enrolled. Till 30 November 2019, nine states and UTs had a coverage of over 90 per cent. Coverage was over 100 per cent in Punjab (227 per cent) and Assam (143 per cent).
- In contrast, 11 states and UTs had less than 50 per cent of estimated farmers enrolled. States with low coverage included Kerala (41 per cent), Tripura (36 per cent), Bihar (32 per cent), and Sikkim (18 per cent).
- In terms of the break-up of beneficiaries by social groups, cumulatively out of 7.62 crore beneficiaries (across registration periods) who had received at least their first instalment till 30 November 2019, 78 per cent (5.96 crore) were from the General category, 12 per cent (92 lakh) were from the Scheduled Caste (SC) category, and 10 per cent (72.55 lakh) were from the Scheduled Tribes (STs) category.

AS ON 30 NOVEMBER 2019, 64% OF THE ESTIMATED BENEFICIARIES HAD BEEN ENROLLED UNDER PM-KISAN



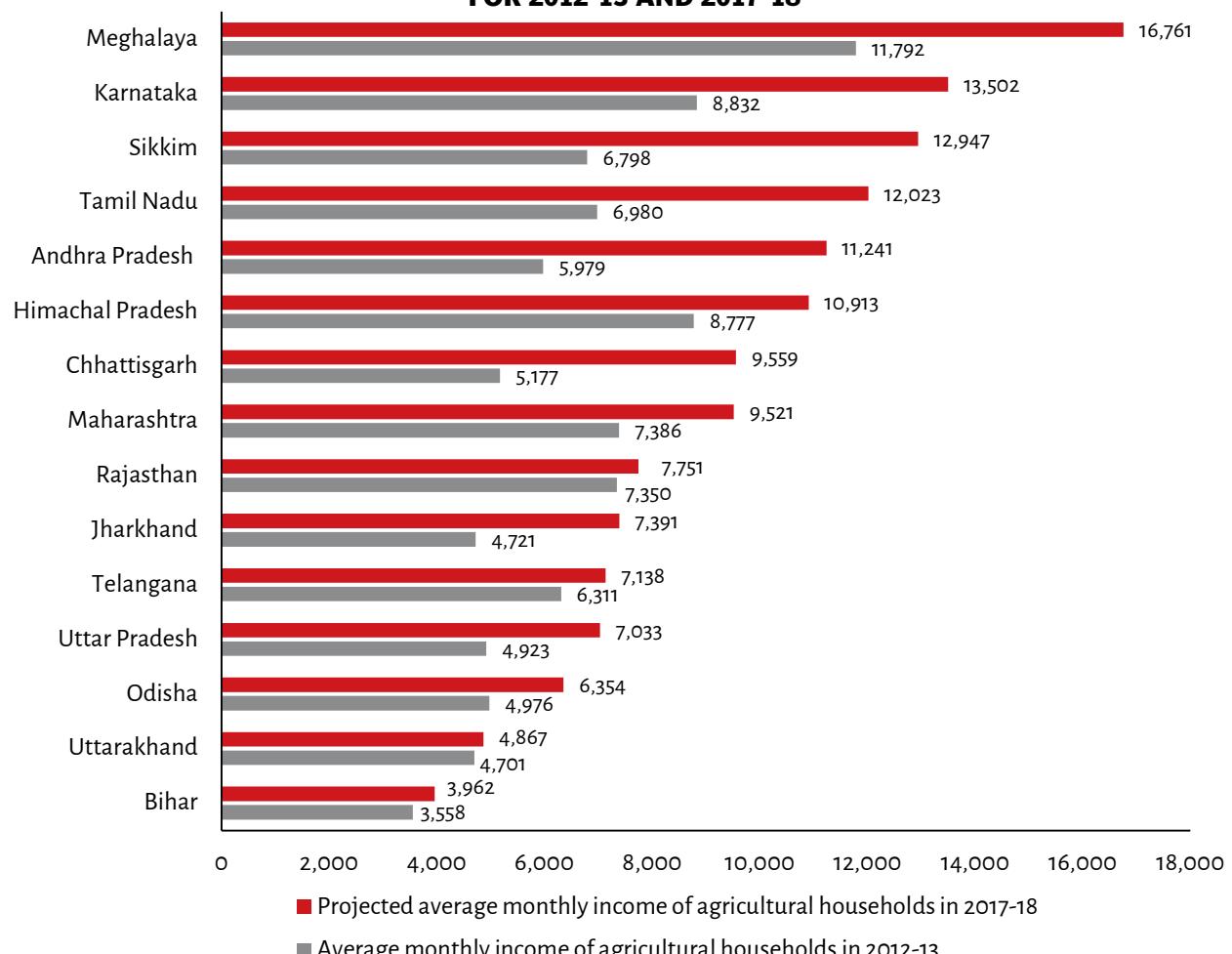
■ Percentage of estimated beneficiaries enrolled till 30 November 2019

Source: (1) For estimated beneficiaries Lok Sabha Unstarred Question No.487, answered on 25 June 2019. Available online at: <http://164.100.24.220/loksabhaquestions/annex/171/AU487.pdf>. Last accessed on 31 December 2019. (2) For data on enrolled beneficiaries RTI response by DOA&C dated 4 December 2019.

INCOME OF AGRICULTURAL HOUSEHOLDS

- PM-KISAN is designed as an income support scheme to bridge the poverty gap of SMFs. It is thus useful to look at the cash transfer of ₹6,000 per year in comparison with the current monthly income of agricultural households.
- The latest data on farmer incomes is available from the 70th round of the National Sample Survey Organisation (NSSO) published in 2016 with data that pertains to the period 2012-13.
- In order to estimate more recent changes, the agricultural household income has been projected for FY 2017-18 using the state-wise Compound Annual Growth Rate (CAGR) of gross value added by the agricultural sector between the period FY 2012-13 and FY 2017-18.
- Using these projections, average monthly agricultural household income in Meghalaya rose from ₹11,792 in FY 2012-13 to ₹16,761 in FY 2017-18. Similarly, in Karnataka it rose from ₹8,832 to ₹13,502, while in Bihar it rose from ₹3,558 to ₹3,962.
- As a proportion of the estimated average income of agricultural households in FY 2017-18, PM-KISAN accounted for 13 per cent for Bihar, 5 per cent for Maharashtra, and 3 per cent for Meghalaya.

COMPARISON OF AVERAGE MONTHLY AGRICULTURAL HOUSEHOLD INCOME FOR 2012-13 AND 2017-18



Source: (1) Per-capita monthly income of agricultural households taken from 70th round of NSS. Available online at: http://mospi.nic.in/sites/default/files/publication_reports/nss_rep_576.pdf. (2) State-wise GSDP numbers of the agricultural sector with base year 2011-12 taken from RBI Handbook of Statistics of Indian States. Available online at: <https://www.rbi.org.in/SCRIPTS/PublicationsView.aspx?id=18818>. Last accessed on 31 December 2019.