



BUDGET BRIEFS

Vol 13/Issue 8

Pradhan Mantri Kisan SAMman Nidhi (PM-KISAN) Gol, 2021-22

Pradhan Mantri Kisan

SAMman Nidhi (PM-KISAN) is Government of India's (Gol's) income support scheme, under which all landholding farmers get up to ₹6,000 per year to supplement their financial needs.

Against the backdrop of the COVID-19 pandemic, this brief uses government data to analyse:

- Allocations and releases;
- Coverage including registrations, payments made, and funds going to ineligible farmers; and
- Comparison between monthly consumption expenditure of a farmer household and PM-KISAN benefits.

Cost share and implementation:

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

HIGHLIGHTS

₹ 1,31,531 cr

Gol allocations for Ministry of Agriculture and Farmers' Welfare (MoAFW) in FY 2021-22

₹ 65,000 cr

Gol allocations for PM-KISAN in FY 2021-22

SUMMARY & ANALYSIS

- Gol allocations for PM-KISAN have increased threefold since its launch in Financial Year (FY) 2018-19. In FY 2021-22 Budget Estimates (BEs), Gol allocated ₹65,000 crore to the scheme, a 13 per cent decrease from the previous year's BEs, but same as the Revised Estimates (REs).
- Payments under the scheme are given in three instalments through a financial year. To mitigate the adverse effects of the COVID-19 pandemic, Gol frontloaded instalments for FY 2020-21. Consequently, releases have been high. By 25 December 2020, Gol had released all three instalments, amounting to around ₹58,613 crore. This was 19 per cent more than total releases made in FY 2019-20.
- Till 31 December 2020, MoAFW had released seven instalments under the scheme. As on 31 December 2020, 10.69 crore farmers (93 per cent of registered farmers) had received at least one instalment, and 3.76 crore farmers (33 per cent of registered farmers) had received all seven instalments.
- Even after multiple steps undertaken to verify the eligibility of registered farmers, ineligible farmers are an area of concern. Since the inception of the scheme till 31 July 2020, a total of 20.48 lakh ineligible farmers had received payments.

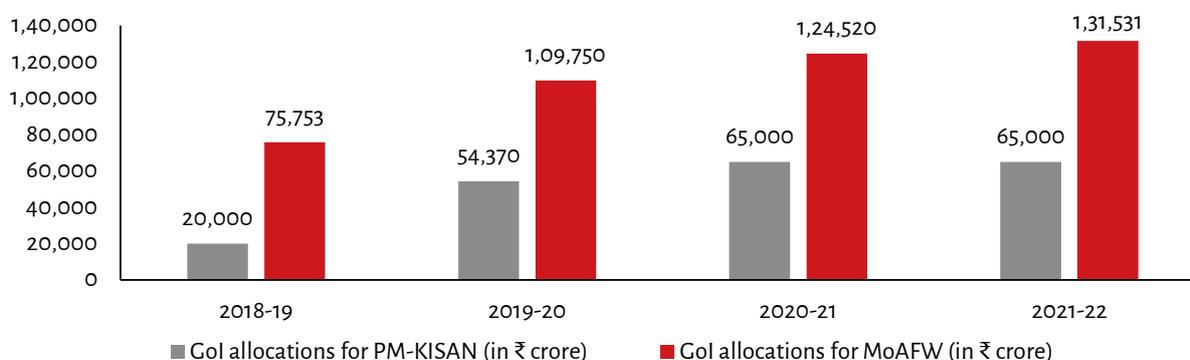
- The Pradhan Mantri Kisan SAMman Nidhi (PM-KISAN) is Government of India's (Gol's) income support scheme aimed at supplementing farmers' incomes to enable them to meet their agricultural and household needs. The scheme provides annual cash transfer of ₹6,000 to all landholding farmer families, in three equal instalments of ₹2,000. The funds are credited through Direct Benefits Transfer (DBT) mode, into the bank accounts of eligible farmers.
- The scheme was launched on 24 February 2019 and came into retrospective effect from 1 December 2018. It is a Central Sector (CS) scheme implemented by the Ministry of Agriculture and Farmers' Welfare (MoAFW), with 100 per cent funding from Gol. As on 1 February 2021, the scheme is being implemented in all states and Union Territories (UTs), except West Bengal.
- To mitigate the adverse effects of the COVID-19 pandemic, Gol announced frontloading of the first instalment for FY 2020-21 as part of the Pradhan Mantri Garib Kalyan Package announced on 26 March 2020. This brief looks at the scheme's allocations, releases, and coverage, both prior to the pandemic and during FY 2020-21.

TRENDS IN OVERALL ALLOCATIONS AND RELEASES

Gol Allocations

- Gol allocations for the MoAFW in FY 2021-22 Budget Estimates (BEs) stood at ₹1,31,531 crore. This is six per cent higher than the Revised Estimates (REs) for FY 2020-21, but eight per cent lower than the BEs.
- PM-KISAN is the largest scheme under the MoAFW, accounting for 49 per cent of the Ministry's allocations in FY 2021-22 BEs. Since its launch, allocations have increased over threefold. In FY 2018-19 REs, ₹20,000 crore was allocated to the scheme. This increased to ₹75,000 crore in FY 2019-20 BEs, the first full year of implementation. Revised allocations in FY 2019-20, however, were 28 per cent lower at ₹54,370 crore.
- As per the ninth Standing Committee Report of the MoAFW, this decrease was due to two reasons: a) a substantial gap between estimated eligible farmers and farmers registered; and b) the withholding of cash transfers in the months of February and March 2019, due to national elections and the enforcement of the model code of conduct.
- Similarly, REs for FY 2020-21 were also less than the BEs by ₹10,000 crore. In FY 2021-22 BEs, Gol allocated ₹65,000 crore for PM-KISAN. This is the same as FY 2020-21 REs, but 13 per cent lower than the BEs.

PM-KISAN ALLOCATIONS FOR 2021-22 REMAIN THE SAME AS THE RES OF 2020-21



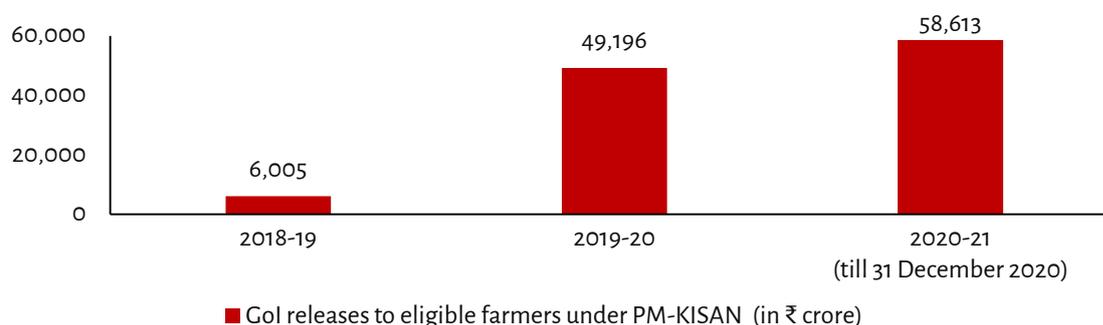
Source: Union Expenditure Budget, MoAFW, FY 2019-20 to FY 2021-22. Available online at: www.indiabudget.gov.in. Last accessed on 1 February 2021.

Note: Figures are Revised Estimates (REs), except for FY 2021-22, which are Budget Estimates (BEs).

GoI Releases

- Within a financial year, the first instalment is to be released to farmers between April and July, the second instalment is to be released between August and October, and the third and final instalment is to be released between December and March. In addition, states and UTs are entitled to receive administrative expenses for activities such as identifying eligible farmers, field verification, filling of prescribed formats, their certification, updating verified farmers' information on the portal, etc.
- Cumulatively, more than ₹1,10,000 crore had been transferred to farmers' bank accounts since the launch of the scheme till 31 December 2020.
- In FY 2019-20, the first full year of the scheme, GoI released ₹49,196 crore amounting to 60 per cent of the BEs and 90 per cent of the REs.
- On 26 March 2020, to ensure sustenance to small and marginal farmers, particularly during the nation-wide COVID-19 lockdown, GoI announced frontloading the scheme's instalments for FY 2020-21. Thus, along with a faster pace of release, the quantum of funds released in FY 2020-21 was also higher. The first instalment amounting to ₹17,793 crore was released by 20 April 2020. By 25 December 2020, GoI had released all three instalments, amounting to ₹58,600 crore – 19 per cent more than the previous year.
- Releases of PM-KISAN benefits to farmers as a share of total revised allocations for the scheme has been around 90 per cent in both FY 2019-20 and FY 2020-21.

FUNDS RELEASED BY GOI TO FARMERS TILL 31 DECEMBER 2020-21 WERE 19% HIGHER THAN RELEASES IN FULL FINANCIAL YEAR 2019-20



Source: 1) For FY 2018-19 and FY 2019-20: Lok Sabha Unstarred Question No. 401 answered on 15 September 2020. Available online at: <http://164.100.24.220/loksabhaquestions/annex/174/AU401.pdf>. Last accessed on 10 January 2021. (2) For FY 2020-21: Provisional estimates, calculated based on beneficiaries to whom payment was successfully transferred till November 2020 from PM-KISAN portal, and additional transfer of ₹18,000 crore, as per Press Information Bureau (PIB) note released on 25 December 2020. Available online at: <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1683571>. Last accessed on 10 January 2021.

COVERAGE

Eligible Farmers and their Identification

- The scheme initially provided cash transfers to all Small and Marginal Farmers' (SMF) families – owning cultivable land up to two hectares. The coverage was expanded on 1 June 2019, to cover all farmer families irrespective of the size of their landholdings, subject to an exclusion criteria.
- The exclusion criteria included: persons who paid income tax in the previous assessment year; all serving and retired officers and employees of the government, public sector enterprises and autonomous institutions under the government, including local bodies (except class IV and group D employees); farmer families where one or more members are former or present holders of constitutional posts, or members of legislatures, or mayors and chairpersons of Municipal Corporations and district panchayats, respectively; professionals such as doctors, engineers, lawyers, chartered accountants or other practicing professionals.

- Estimations of eligible farmers by MoAFW were made using the latest Agricultural Census conducted in 2015-16. Projecting these numbers for the year 2018-19, the total number of landholding farmers was determined to be 15.11 crore. Specifically, for PM-KISAN, the total number of eligible farmer families (after applying the exclusion clause) was estimated to be 14.50 crore, including those in West Bengal. This is two crore more than the initial estimate of 12.5 crore eligible families, when the scheme was expected to cover only SMF families.
- States and UTs are responsible for identifying eligible landholder farmer families based on the existing land-ownership system. However, special identification procedures are devised for Manipur and Nagaland due to a large number of community-based land ownerships, and for Jharkhand, due to lack of updated land records. The farmers' details are then verified and uploaded on the PM-KISAN web portal. Farmers can also register themselves through a self-registration system on the portal called Farmers' Corner, and can receive scheme benefits upon verification.

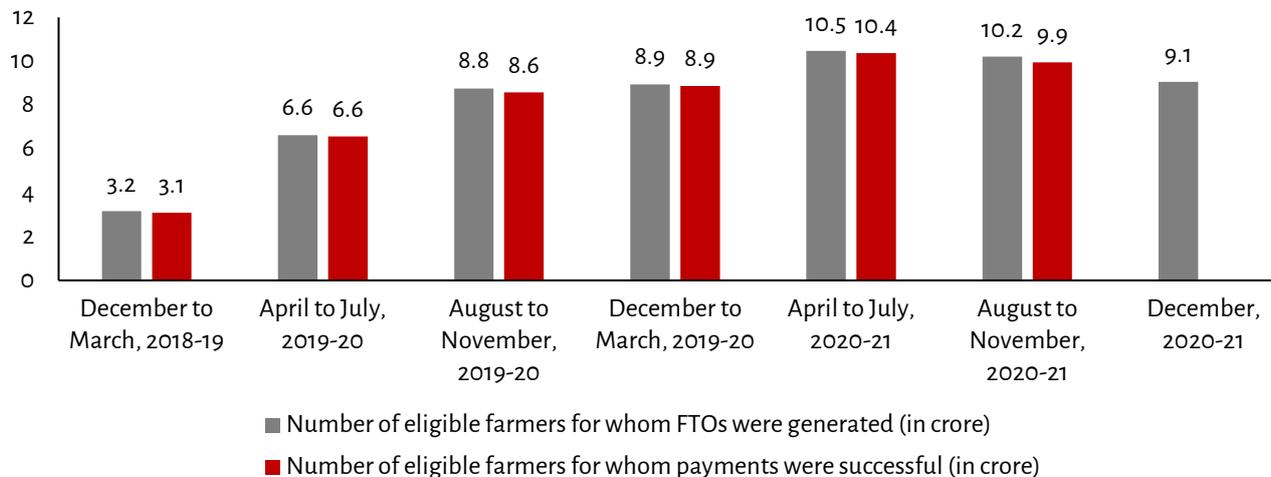
Eligible versus Registered Farmers

- There are gaps between the number of estimated eligible farmers and actual registrations under the scheme. As on 2 December 2020, 11.51 crore farmers (79 per cent of the projection) had registered to receive scheme benefits as per information received from a Right to Information (RTI) query to MoAFW. The number was even lower on the PM-KISAN portal at 11.45 crore. This could be due to ongoing verification processes and the dynamic nature of the portal.
- There are several reasons for lower registrations than the originally estimated number of eligible farmers, including issues with initial estimations. For instance, the Agriculture Census 2015-16 had counted the number of land parcels, and not the farmers operating them. But in practice, one farmer may operate on more than one piece of land, or one land-piece may be operated by two farmer families, both of them sharing the title.
- There have also been challenges in the registration process. As per the MoAFW, these include non-availability of proper land records, non-transfer of land to heirs in case of deceased landholders, slow Aadhaar authentication of data, and incorrect bank details.

PAYMENT OF BENEFITS

- Post registration, further steps are undertaken to authenticate the payment of benefits. First, farmers' attributes entered on the PM-KISAN portal are verified to exclude errors or changes in the status of eligibility at the time of instalment release. In addition, as per the operational guidelines, MoAFW carries out annual verification of five per cent of registered farmers on a random basis.
- While Aadhaar-seeding with bank accounts was not necessary during the first year of implementation, it has been made mandatory for releasing payments since 1 December 2019. Exceptions are made for Assam, Jammu and Kashmir, Ladakh, and Meghalaya, till 31 March 2021, due to the limited coverage of Aadhaar in these states.
- After verification, Fund Transfer Orders (FTOs) are generated by GoI to initiate the release of payments. Finally, payments are transferred into Aadhaar-seeded bank accounts of identified farmers. The transfer of payments might be instantly successful either to all or to a certain proportion of registered farmers for whom FTOs are generated, depending on electronic verification during the DBT process, including Aadhaar seeding. Since verification is an ongoing process, the number of farmers for whom FTOs have been generated is used as a substitute for farmers verified to receive payments. Since the launch of the scheme, farmers for whom FTOs have been generated increased significantly from 3.2 crore in FY 2018-19 to 9.1 crore till December of FY 2020-21.
- There are, however, differences between the number of FTOs generated and the number of farmers who have received payments on a particular date on the PM-KISAN portal. In FY 2020-21, for the period covering April to July 2020, FTOs were generated for 10.48 crore farmers. Payments, however, were made successfully to 10.36 crore farmers or 99 per cent of those for whom FTOs were generated. Similarly, while 10.21 crore FTOs were generated from August to November 2020, payment was successful for 9.94 crore farmers during that period.

FARMERS WHO RECEIVED PM-KISAN INSTALMENTS INCREASED FROM 3.1 CRORE IN 2018-19 TO 9.9 CRORE TILL NOVEMBER 2020-21

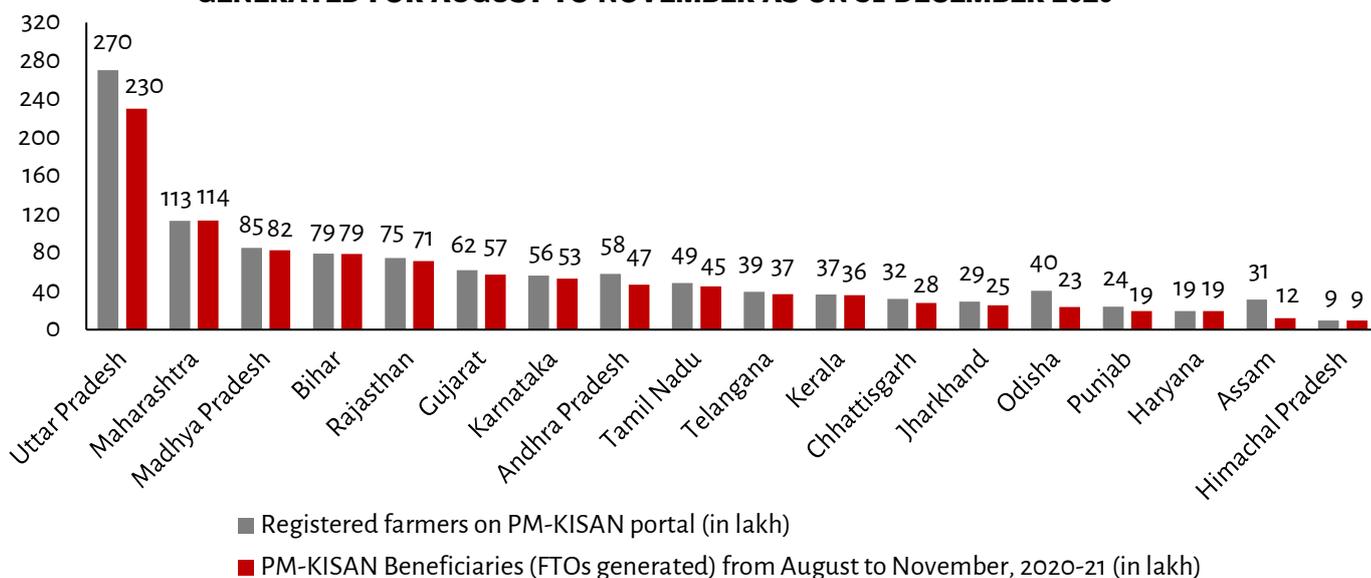


Source: PM-KISAN web portal. Available online at: <https://pmkisan.gov.in>. Last accessed on 31 December 2020.

Note: Payment success figures were not available on PM-KISAN portal for the month of December as on 31 December 2020.

- A state-wise comparison of farmers registered and those for whom FTOs were generated, shows a gap of around 40 lakh in Uttar Pradesh. Similarly, registered farmers were higher than farmers for whom FTOs were generated in Assam by 19 lakh, and in Odisha by 17 lakh. On the other hand, in states like Bihar, Haryana, Himachal Pradesh, and Kerala, FTOs were generated for almost all the registered farmers. In Bihar, as per MoAFW's estimates, there should be around 1.5 crore eligible farmers. The low registrations are due to lack of land records, especially since a large proportion of Bihar's farmers own land via hereditary claims.
- In 15 out of the 18 large states, payments were successfully transferred from 98 per cent to over 100 per cent farmers for whom FTOs were generated during August to November 2020. While no funds were transferred to Assam during this period, 96 per cent of farmers in Odisha and 92 per cent in Jharkhand received benefits.

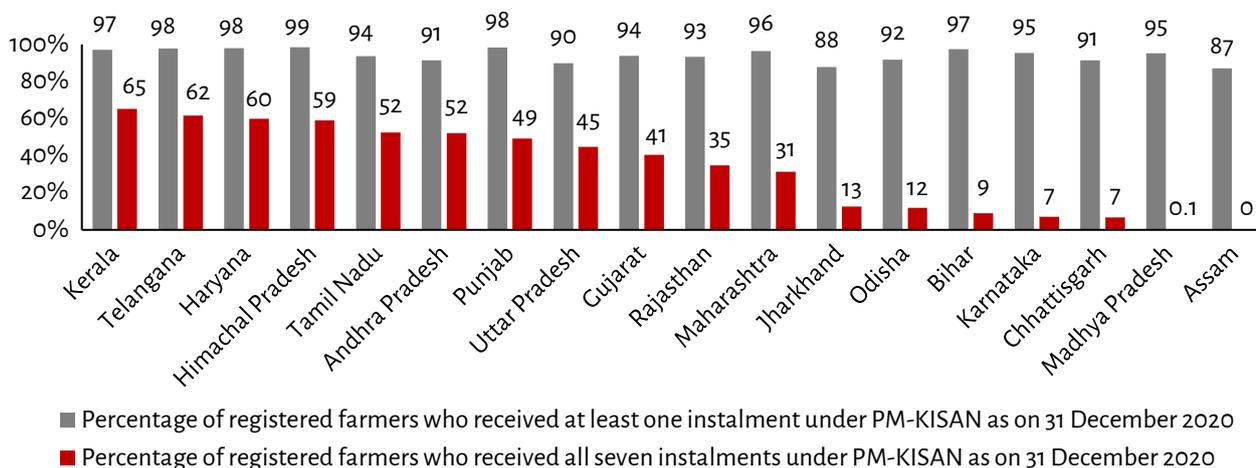
DIFFERENCE OF 26 LAKH BETWEEN FARMERS REGISTERED AND FOR WHOM FTOs WERE GENERATED FOR AUGUST TO NOVEMBER AS ON 31 DECEMBER 2020



Source: PM-KISAN web portal. Available online at: <https://pmkisan.gov.in>. Last accessed on 31 December 2020.

- Since its launch till 31 December 2020, MoAFW has released a total of seven instalments under the scheme. Payment of benefits to farmers start from the particular four-monthly period in which s/he is registered under the scheme. Thus, the first instalment for a farmer who registered in December 2020, can be the seventh instalment for another who registered between December 2018 and March 2019.
- The PM-KISAN portal does not maintain information on the number of instalments paid per fiscal year or even by period. Thus, a comparison has been undertaken between the instalment number with total registered farmers.
- As on 31 December 2020, 10.69 crore farmers or 93 per cent of registered farmers had received at least one instalment, and 3.76 crore farmers (33 per cent of registered farmers) had received all seven instalments.
- While there was less variation across states in receipt of at least one instalment, those receiving all seven varied considerably. Among 18 large states, the share of registered farmers who received all seven instalments was highest in Kerala (65 per cent), followed by Telangana (62 per cent), and Haryana (60 per cent). On the contrary, less than one per cent in Madhya Pradesh, and none in Assam had received all three instalments.

AMONG 18 LARGE STATES, THE SHARE OF REGISTERED FARMERS WHO RECEIVED ALL 7 INSTALMENTS TILL 31 DECEMBER 2020 WAS HIGHEST IN KERALA AT 65%



Source: PM-KISAN web portal. Available online at: <https://pmkisan.gov.in>. Last accessed on 31 December 2020.

Registered Farmers with Aadhaar-Seeding

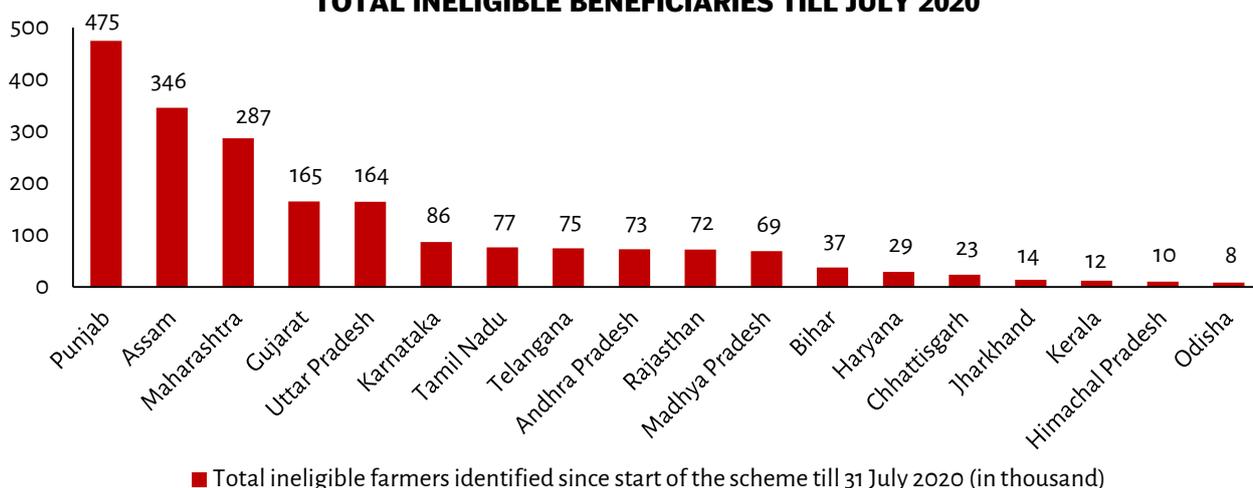
- One reason for the difference between FTOs generated and payments made has been the lack of Aadhaar-seeding. Among 17 large states, excluding Assam, Aadhaar authentication till 2 December 2020 was successful for more than 90 per cent registered farmers in 14 states. The share of registered farmers with Aadhaar authentication was highest in Karnataka at 99 per cent, followed by Maharashtra, Tamil Nadu, and Punjab at 98 per cent each. In contrast, Chhattisgarh had the lowest proportion (82 per cent), followed by Uttar Pradesh and Odisha at 88 per cent each.

Ineligible Farmers

- Despite multiple steps involved in the verification and payment process, ineligible farmers have been a major concern. Cumulatively, since the start of the scheme till 31 July 2020, a total of 20.48 lakh ineligible farmers had received PM-KISAN benefits. While 56 per cent of these farmers were income tax payers, the remaining 44 per cent were found to be ineligible on other exclusion criteria.
- Of the total ineligible farmers identified till end of July 2020, Punjab accounted for the highest share (23 per cent), followed by Assam (17 per cent), and Maharashtra (14 per cent). In fact, the three states constituted more than half (54 per cent) of all ineligible farmers identified.

- During FY 2020-21 itself, out of the 12,42,926 farmers verified till 5 July 2020, 50,654 (5 per cent) were found to be ineligible. However, this proportion was considerably higher for Assam (16 per cent) and Odisha (9 per cent).
- Lok Sabha Unstarred Question No. 1479, answered on 20 September 2020, confirmed reports of wrongful selection of farmers in Tamil Nadu, and corrective action for the same being undertaken by the State government. Assam is the first state to conduct an exhaustive verification drive of all registered farmers in FY 2020-21.

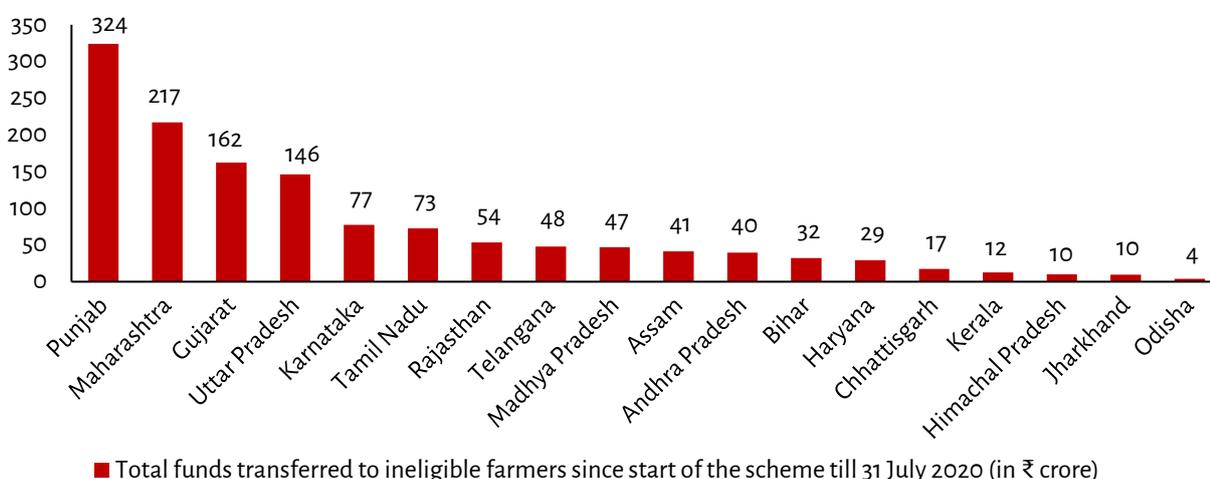
3 STATES – PUNJAB, ASSAM, AND MAHARASHTRA – ACCOUNTED FOR 54% OF TOTAL INELIGIBLE BENEFICIARIES TILL JULY 2020



Source: RTI response by MoAFW dated 30 September 2020.

- Payment to ineligible farmers has also been high. Cumulatively, ₹1,364 crore had been paid to ineligible farmers since the start of the scheme till 31 July 2020. Out of this amount, 72 per cent (₹985 crore) was paid to income tax payee farmers, and the remaining 28 per cent was paid to farmers who did not fulfil other eligibility criteria.
- Among the 18 large states, Punjab had transferred the largest amount to ineligible farmers (₹323.9 crore or 24 per cent of total), followed by Maharashtra (₹216.9 crore), and Gujarat (₹162.3 crore). Even though, Assam had the second highest number of ineligible farmers, it transferred a relatively smaller amount (₹41.5 crore). These differences arose because of the differences in the timing of registration of farmers across different states.

OF ₹1,364 CRORE PAID TO INELIGIBLE FARMERS TILL END OF JULY 2020, 24% WERE IN PUNJAB



Source: RTI response by MoAFW dated 30 September 2020.

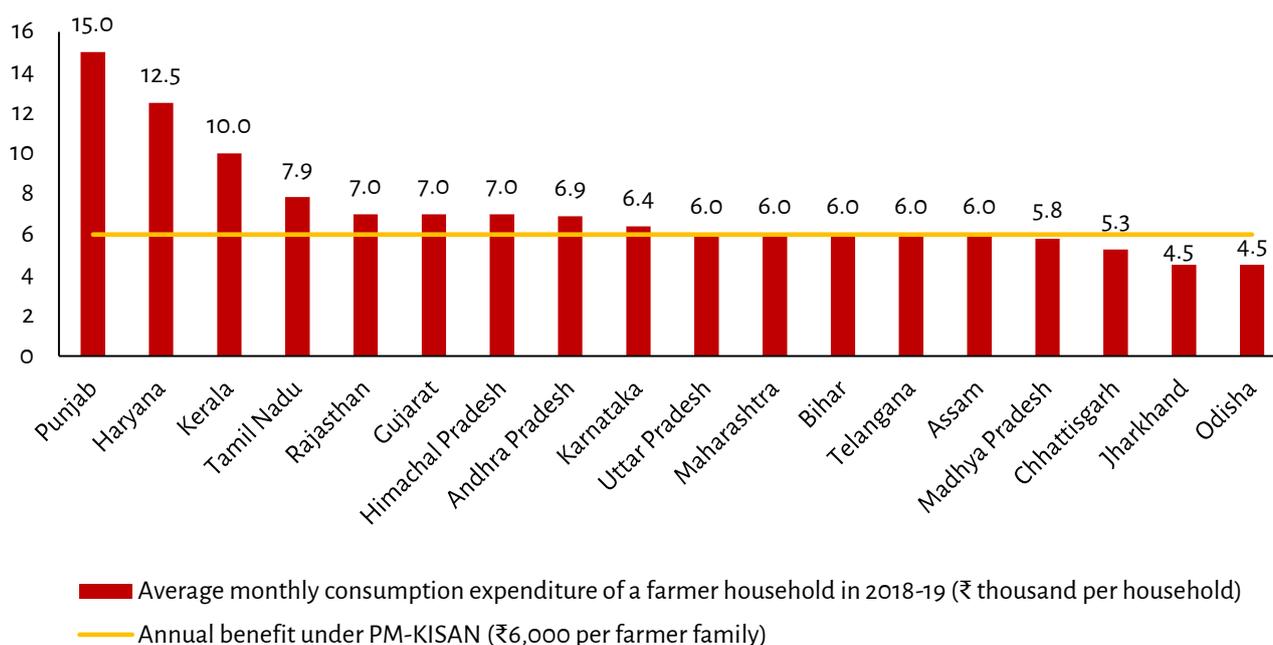
LEVERAGING PM-KISAN TO INCREASE COVERAGE OF KISAN CREDIT CARD (KCC)

- The Kisan Credit Card (KCC) scheme was launched in 1998 to assist farmers in accessing credit support from the formal banking system to meet their agricultural, marketing, and consumption requirements.
- In February 2019, GoI initiated a process to cover all eligible farmers across the country with the KCC facility. Given the ready availability of farmers' bank and other details under PM-KISAN, a 15-day special drive began on 8 February 2020 to cover PM-KISAN beneficiaries in the KCC scheme.
- A comparison of KCCs issued till October 2020 with the registered farmers under PM-KISAN, shows that coverage remains low. The total number of active KCCs in the country were 6.86 crore (as on 1 October 2020). This accounts for 60 per cent of the total farmers registered as on 2 December 2020.

AVERAGE MONTHLY EXPENDITURE OF FARMER HOUSEHOLDS

- As per the Periodic Labour Force Survey (PLFS) conducted by the National Statistical Office (NSO) under the Ministry of Statistics and Programme Implementation (MoSPI), average (median) monthly consumption expenditure of a farmer household in rural India was ₹6,000 for 2018-19. Thus, PK-KISAN benefit for a year was equivalent to consumption expenditure of an average farmer family in a month.
- Among 18 large states, monthly consumption expenditure for farmers varied between ₹6,000 to ₹8,000 in 11 states. It, however, was lower than the annual PM-KISAN benefit in Chhattisgarh, Jharkhand, Madhya Pradesh, and Odisha.
- On the contrary, average monthly expenditure of farmer households in Kerala, Haryana, and Punjab was considerably higher than the annual benefit under PM-KISAN.

PM-KISAN BENEFIT ACCOUNTS FOR LESS THAN A MONTH'S CONSUMPTION EXPENDITURE OF AN AVERAGE FARMER HOUSEHOLD IN MADHYA PRDESH, CHHATTISGARH, JHARKHAND, AND ODISHA



Source: Authors estimates based on Periodic Labour Force Survey (PLFS), July 2018 to June 2019, National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI).