Pros and Cons of PM-KISAN

What is the issue?

The Interim Budget placed a strong focus on the rural and farm sectors by introducing PM-KISAN.

What is PM-KISAN?

- Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) is a new income support scheme announced by the Union government.
- Under the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN), every family owning not more than two hectares of cultivable land is entitled to receive Rs 6,000 per year via direct benefit transfer.
- It is likely to cover 12 crore small and marginal farmers and has annual budgetary allocation of Rs 75,000 crore.
- Each smallholder is entitled to receive the amount in a bank account in three tranches of Rs 2,000 each.

What are the administrative mechanisms involved?

- **Aadhaar Requirements -** The beneficiaries need to have Aadhaar identification to get the money from the second instalment, which would be paid by July 2019.
- However, this would not be compulsory for the first instalment expected to be disbursed by March 31.
- An alternate list of identification documents has also been provided, as options.
- **Fund distribution -** States would be given a maximum of 0.25% of funds transferred to beneficiaries in the first instalment to pay for their administrative expenses in the implementation of the scheme.
- That amount would drop to 0.125% for all further instalments.
- **Land requirements -** PM-KISAN spelt out that furnishing a proper land record and bank account details is necessary to become a beneficiary.
- Land revenue and block agriculture offices are likely to be responsible for reconciliation and digitization of land records.
- States have been told to prepare a database of beneficiaries small and

marginal landholder farmer families in all villages including whether they belong to SC/ST, bank account, mobile and Aadhaar details.

What are cons with the scheme?

- While PM-KISAN aims to cover small and marginal farmers (85% of farmer population), landless agricultural laborers and tenant farmers are left in the lurch.
- The scheme leaves unanswered questions like,

1. If beneficiary farmers wish to lease their lands to tenant farmers or keep their lands fallow for some time, are they eligible to receive cash benefits?
2. Who will be accountable to check the opportunistic behavior of farmers?

- Except a few states, others are still lagging in maintaining database for land records.
- There are concerns at operational level land record reconciliation, digitization of land records, costs incurred in consolidation of land records.
- The situation is slightly more complicated in the northeastern States, as land ownership rights in the region are community-based, making it difficult to identify beneficiaries.
- The mammoth drive of implementing PM-KISAN can increase opportunity costs of critical (human) resources, operational risks and, eventually, shoot up operating expenses and strain the fiscal health of concerned states.

What measures needs to be taken?

- Agriculture is a state subject; the Centre shouldn’t interfere, other than creating an enabling environment through responsive bureaucracy legal compliance, easing of doing business, market infrastructure, and trade facilitation.
- Underwriting processes related to crop loss assessment and claim payout need to be authentic and fastened by insurance agencies at the auspices of state governments.
- From a rational viewpoint, farmers need to utilize agricultural inputs (land, water, crop protection chemicals) efficiently, and also allocate capital and farm resources to the market-led production schedule.
- The Centre should allow public and private institutions and market agencies to render services to the farm sector at a fair price.
- Government must realize that its goal should reduce poverty, ensure

sustainable food security, and inclusive growth and wellbeing of farmers.

Source: Financial Express, the Hindu

