



## BUDGET BRIEFS

Vol 14/Issue 9

# Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) Gol, 2022-23 (Pre-Budget)

### Pradhan Mantri Kisan

### Samman Nidhi (PM-KISAN)

is Government of India's (Gol's) income support scheme, under which all landholding farmers receive 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:

- Gol allocations and releases;
- Coverage including registrations, payments made, and failed payments;
- Ineligible beneficiaries and funds transferred to them;
- 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 the 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

- PM-KISAN is the largest scheme of the MoAFW, accounting for 49 per cent of the Ministry's allocations. At the start of Financial Year (FY) 2021-22, allocations for the scheme stood at ₹65,000 crore Budget Estimates (BEs). This was a 13 per cent less than the previous year's BEs, but the same as the Revised Estimates (REs).
- Fund release has been high. In FY 2021-22, till 8 December 2021, Gol had released ₹45,250 crore under the scheme, accounting for 70 per cent of the BEs for the year. Including the latest releases on 1 January 2022, as part of the tenth instalment, the figure is estimated to be around ₹65,250 crore, which is higher than the BEs for FY 2021-22 by ₹250 crore.
- As on 3 January 2022, 12.3 crore farmers were registered on the PM-KISAN portal, as compared to 11.45 crore in December 2020. This indicates that 85 lakh new registrations took place in 2021.
- There were 44.9 lakh ineligible farmers who received PM-KISAN benefits as on 30 November 2021. Out of these, 27 per cent were income tax payers.
- The responsibility of recovery of the amount transferred to ineligible beneficiaries rests with the respective state governments. Cumulatively, till 30 November 2021, while ₹261 crore has already been recovered, ₹3,346 crore remains to be recovered from the ineligible beneficiaries.

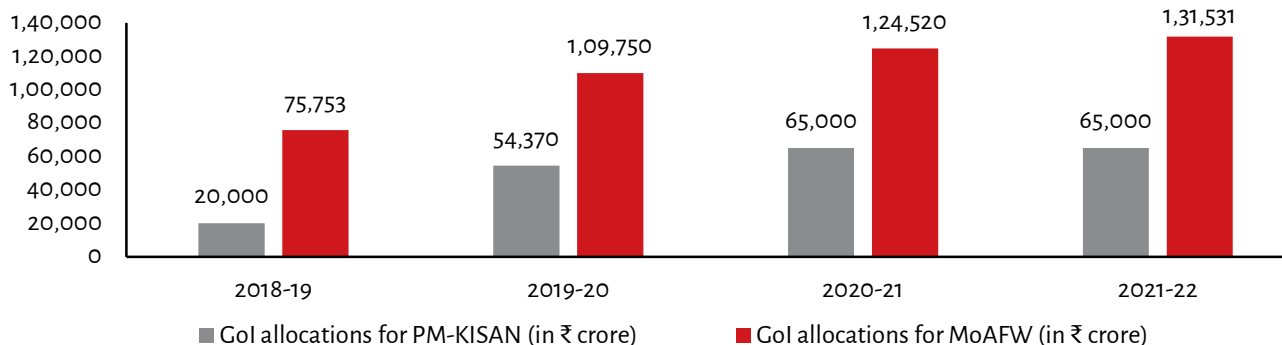
- The Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) is Government of India's (GoI's) income support scheme aimed at supplementing farmers' incomes to enable them to take care of expenses related to agriculture and allied activities as well as domestic needs. It provides an annual cash transfer of ₹6,000 to all landholding farmers. The funds are credited through Direct Benefits Transfer (DBT) mode into the bank accounts of the eligible farmers.
- The scheme was launched on 24 February 2019 but 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 GoI. The scheme is currently being implemented in all states and Union Territories (UTs).
- Initially, the scheme benefits were provided to Small and Marginal Farmer (SMF) families, who owned cultivable land up to 2 hectares. The coverage was expanded on 1 June 2019 to cover all landholding farmer families irrespective of the size of their landholdings, subject to some exclusion criteria. Under the scheme, a landholding farmer family comprises a husband, wife, and minor children, who own cultivable land as per the land records of the concerned state or UT.
- Certain categories of the landholding farmer families are not eligible for benefits under the scheme. These include all institutional landholders and farmer families that belong to one or more of the following categories:
  - Former and present holders of constitutional posts.
  - Former and present government officials, parliamentarians, mayors of municipal corporations, or chairpersons of district panchayats.
  - All serving or retired government employees, and employees from public sector enterprises (PSEs).
  - All retired pensioners whose monthly pension is ₹10,000 or more.
  - Income tax payers in the last assessment year.
  - Professionals such as doctors, engineers, lawyers, chartered accountants, and architects.
- PM-KISAN has been a crucial component of the Pradhan Mantri Garib Kalyan Package to help farmers tide over COVID-19 related adversities, including the lockdown periods during FY 2020-21.

## TRENDS IN GOI ALLOCATIONS AND RELEASES

### GoI Allocations

- GoI allocations for the MoAFW in FY 2021-22 Budget Estimates (BEs) stood at ₹1,31,531 crore. This was 6 per cent higher than the Revised Estimates (REs) for FY 2020-21, but 8 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, the allocations for PM-KISAN have increased over threefold. In FY 2018-19, ₹20,000 crore was allocated to the scheme as per REs. This increased to ₹54,370 crore in FY 2019-20, the first full year of the scheme, followed by ₹65,000 crore in FY 2020-21.
- In FY 2021-22 BEs, GoI allocations for the scheme were the same as the REs for FY 2020-21 at ₹65,000 crore.

## PM-KISAN BUDGET ALLOCATIONS FOR 2021-22 REMAINED THE SAME AS 2020-21 RES



**Source:** Union Expenditure Budget, MoAFW, Department of Agriculture, Cooperation and Farmers' Welfare, Department of Agricultural Research and Education, FY 2019-20 to FY 2021-22. Available online at: [www.indiabudget.gov.in](http://www.indiabudget.gov.in). Last accessed on 10 January 2022.

**Note:** Figures are in crores of Rupees and are Revised Estimates (REs), except for FY 2021-22 which are Budget Estimates (BEs).

### Gol Releases

- Release of funds under PM-KISAN happens in three equal instalments of ₹2,000 in a financial year. The first instalment is released between April to July, the second between August and October, and the third and final between December and March. In addition, states and UTs are entitled to receive administrative expenses for identifying eligible farmers, field verification, filling of prescribed formats, their certification, updating verified farmers' information on the portal, etc.
- Ten instalments have been released since the launch of the scheme. Cumulatively, ₹1,61,543 crore had been transferred to farmers by Gol till 8 December 2021. On 1 January 2022, Gol released the final instalment for FY 2021-22 for the period of December to March. The exact amount transferred, however, was not available at the time of preparation of this brief. As per the Press Information Bureau, the amount is around ₹20,000 crore.
- Not all the allocated funds for PM-KISAN have been released in the past. In FY 2019-20, Gol released ₹49,196 crore to eligible farmers, amounting to 90 per cent of the Gol allocations as per REs. In FY 2020-21, due to the COVID-19 pandemic, Gol frontloaded the scheme's instalments for the year, resulting in a faster pace of release. By 25 December 2020, Gol had released all three instalments for FY 2020-21, amounting to ₹61,091 crore. This accounted for 94 per cent of the REs for the year.
- In FY 2021-22, till 8 December 2021, Gol had released ₹45,250 crore under the scheme, accounting for 70 per cent of the BEs for the year. If the latest releases - through the tenth instalment - are added to this, then the figure is estimated to be around ₹65,250 crore, which is higher than the BEs for FY 2021-22 by ₹250 crore.

## COVERAGE OF FARMER FAMILIES AND PAYMENT OF BENEFITS

### Registration of Farmers

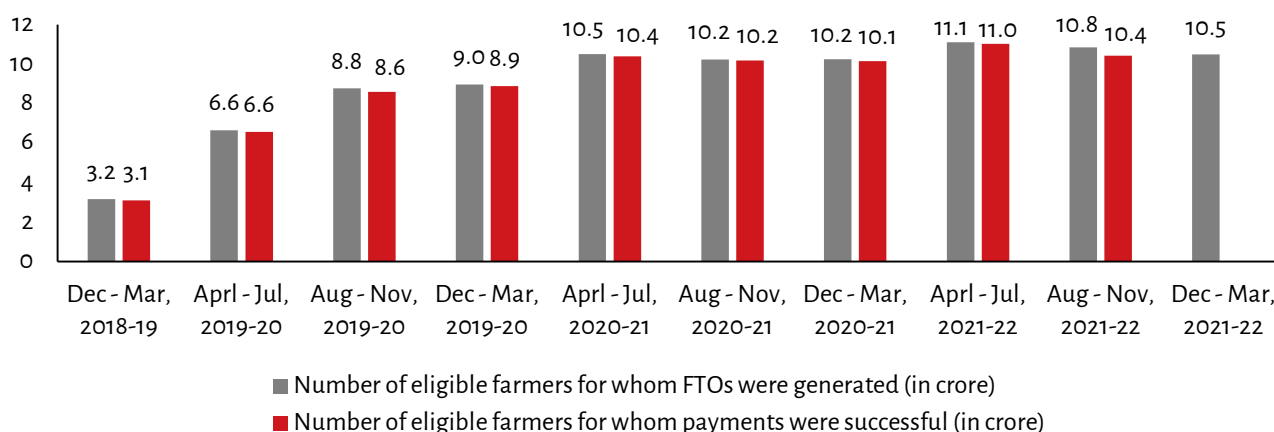
- To avail benefits under the scheme, farmers need to register by submitting the required documents such as their bank account details, Aadhaar number, and records of land ownership. For registration, a farmer can approach the local *patwari*, revenue officer, or the nodal officer (PM-KISAN), nominated by the State government. Once the farmers' documents are verified by the State government, their details need to be uploaded on the PK-KISAN web portal ([www.pmkisan.gov.in](http://www.pmkisan.gov.in)).
- Additionally, eligible farmers can also enrol themselves by availing the 'Farmers Corner' self-registration facility of the PM-KISAN portal or through the PM-KISAN mobile app, launched in February 2020. Moreover, the Common Service Centres (CSCs) across the country have been authorised to assist farmers for registration under the scheme.

- As on 3 January 2022, 12.3 crore farmers were registered to receive scheme benefits as per information available on the PM-KISAN portal. In comparison, the number of registered farmers on the PM-KISAN portal in December 2020 was relatively lower at 11.45 crore, indicating an increase of 85 lakh registrations.

### Payment of Benefits

- Various steps are undertaken to authenticate payment of benefits to the registered farmers on the PM-KISAN portal. The farmers' attributes are verified to exclude errors or changes in the status of eligibility at the time of release of instalments. The data received on the PM-KISAN portal goes through various levels of verification and validation, including the Aadhaar database, Public Finance Management System (PFMS), and income tax database. Moreover, MoAFW carries out annual verification of five per cent of registered farmers on a random basis.
- After verification, Fund Transfer Orders (FTOs) are generated by Gol to initiate the release of payments. Post FTO generation, the payments are transferred into Aadhaar-seeded bank accounts of identified farmers. However, the transfer of payments might not be instantly successful for all the farmers for whom FTOs are generated, and are dependent on electronic verification during the DBT process.
- Failure of payments might happen due to multiple reasons, including inconsistencies in farmers' bank details, Aadhaar-seeding of bank accounts, etc. Thus, there are differences between the number of FTOs generated and the number of farmers who receive payments on a particular date on the PM-KISAN portal. However, this is a dynamic process and some of these payments may eventually get processed after the inconsistencies are resolved.
- Since the launch of the scheme, farmers for whom FTOs have generated increased significantly from 3.2 crore in FY 2018-19 to 10.8 crore for the period from August to November in FY 2021-22. Payments, however, were made successfully to 10.4 crore farmers in this period, or 96 per cent of those for whom FTOs were generated till 3 January 2022. The last instalment of FY 2021-22 for the period of December to March was released on 1 January 2022, and FTOs were generated for 10.5 crore farmers till 3 January 2022.

### BETWEEN AUGUST TO NOVEMBER OF 2021-22, FTOs WERE GENERATED FOR 10.8 CRORE ELIGIBLE FARMERS, BUT PAYMENTS WERE SUCCESSFUL FOR ONLY 10.4 CRORE TILL JANUARY 2022



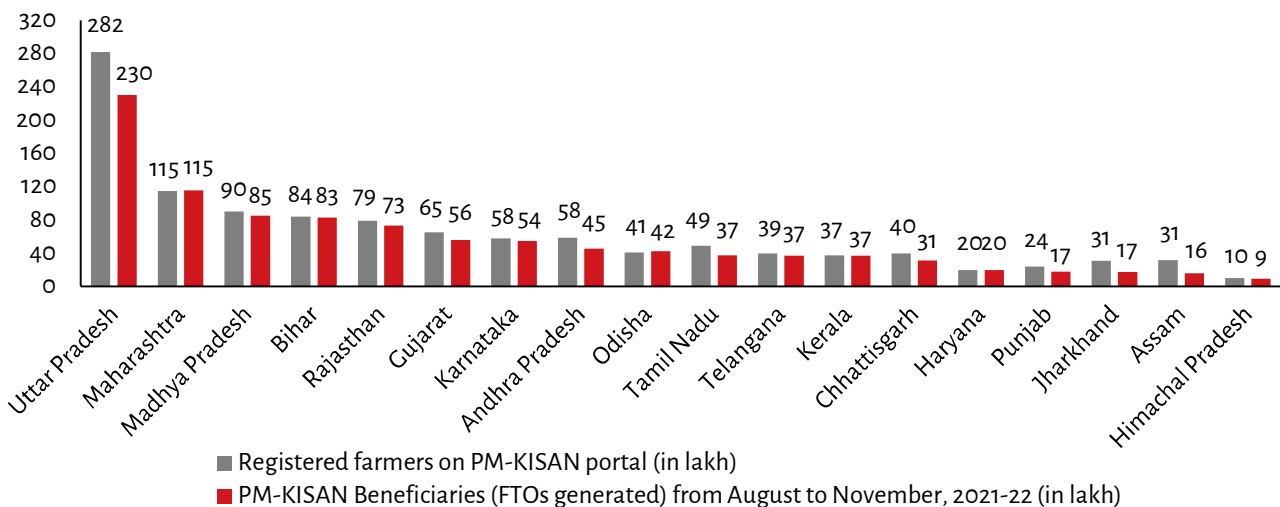
**Source:** PM-KISAN web portal. Available online at: <https://pmkisan.gov.in>. Last accessed on 3 January 2022.

**Note:** Payment success figures were not available on PM-KISAN portal for period December to March 2021-22, as on 3 January 2022.

- There is considerable state-wide variation between the farmers registered on the PM-KISAN portal and those for whom FTOs were generated. Among 18 large states, the largest gap was observed in Uttar Pradesh, where registered farmers exceeded those for whom FTOs were generated by 52 lakh during August to November period of FY 2021-22.

- This gap was considerably lower in all the other large states. For instance, registered farmers were higher than farmers for whom FTOs were generated in Assam by 15 lakh, and Jharkhand by 14 lakh. In contrast, in states like Haryana, Kerala, Bihar and Maharashtra, FTOs were generated for almost all the registered farmers.
- In 14 out of the 18 large states, benefits under the scheme were successfully transferred to 98 per cent to 100 per cent farmers for whom FTOs were generated during August to November 2020. Assam and Jharkhand were the two states with the lowest proportions of successful payments at 86 and 84 per cent, respectively. Similarly, of the FTOs generated during this period, 94 per cent in Odisha and 96 per cent in Tamil Nadu received the benefits.

**UTTAR PRADESH HAD THE LARGEST GAP OF 52 LAKH BETWEEN FARMERS REGISTERED AND THOSE FOR WHOM FTOs WERE GENERATED, FOR AUGUST TO NOVEMBER PERIOD, AS ON 31 DECEMBER 2021**



Source: PM-KISAN web portal. Available online at: <https://pmkisan.gov.in>. Last accessed on 3 January 2022.

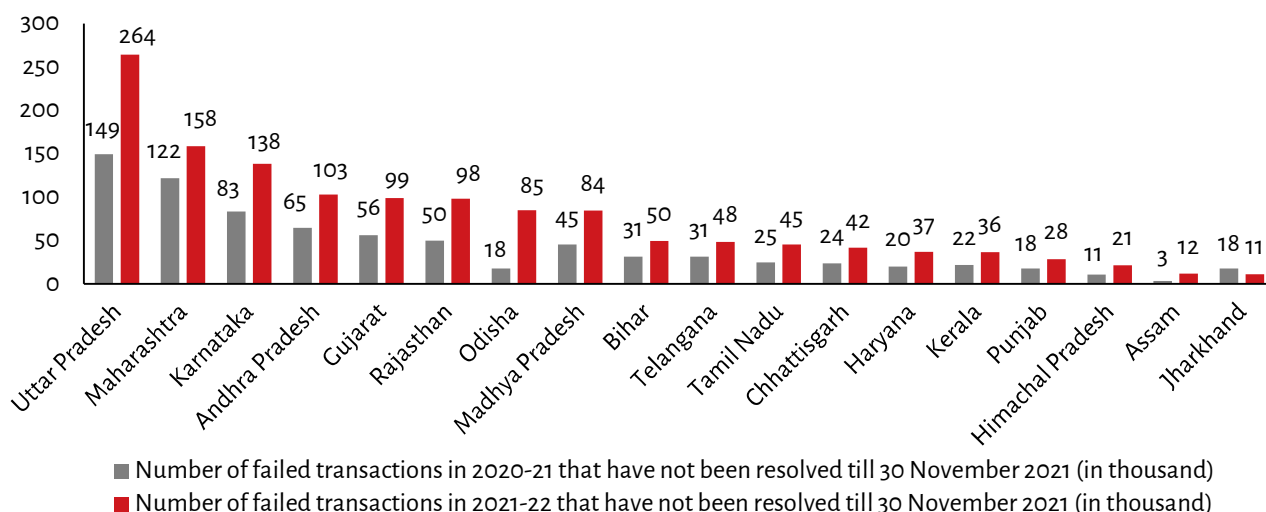
- The 10 instalments released so far by GoI refer to the 10 four-monthly periods since the start of the scheme. However, if one looks at funds received from a farmer’s perspective, then the instalment number would be starting from the quarter when the family started receiving the benefits. Thus, the first instalment for a farmer who registered in December 2021, can be the tenth instalment for another who registered between December 2018 and March 2019 and still fulfils the eligibility criteria.
- According to a response by MoAFW to an RTI query, as on 30 November 2021, nationally, 11.55 crore farmers had received benefits (one or more instalments) under the scheme. The number of unique beneficiaries has increased from 9 crore in FY 2019-20, to 10.2 crore in FY 2020-21, and 10.5 crore in FY 2021-22 till 30 November 2021.

**Failed Transactions**

- Multiple reasons have been identified by GoI for failure of financial transactions under the scheme. These include closure or transfer of bank accounts, invalid Indian Financial System Codes (IFSC), bank accounts being inactive or dormant, amount exceeding the limit set on the farmers’ account by bank per transaction, expiry of the account holder, accounts being blocked or frozen, inactive Aadhaar-seeding, and network failure.
- To address the issue of transaction failures, to process the payment of benefits to such registered farmers, a Standard Operating Procedure (SOP) has been developed by MoAFW and has been issued to the states and UTs for necessary action. In case corrective measures are to be taken by the states, these transaction failure records are opened to the respective state for correction under the 'Correction Module' tab of the PM-KISAN portal. The transaction failure records are then reprocessed for payment of the respective instalment under the scheme.

- Of the total number of transactions carried out under the scheme, the failed transactions constituted around 1 per cent only. The cumulative number of transactions which have failed since 1 February 2019 till 30 November 2021 was 69 lakh, out of which 32 lakh transactions were successfully reprocessed. Of the 36 lakh failed transactions in FY 2019-20, 9 lakh were yet to be reprocessed as on 30 November 2021. Similarly, of the 13 lakh failed transactions in FY 2020-21 and 15 lakh in FY 2021-22, 8 lakh (62 per cent) and 14 lakh (93 per cent), respectively, were yet to be resolved till 30 November 2021.
- There is wide variation across states the number of failed transactions and pace of reprocessing them to farmers' accounts. Each year since FY 2019-20, Uttar Pradesh has had the largest number of failed transactions as well as those that are yet to be resolved. For instance, as on 30 November 2021, Uttar Pradesh had 1.5 lakh cases of failed transactions from FY 2020-21 and 2.6 lakh cases from FY 2021-22 that were yet to be resolved.
- In contrast, Jharkhand had the lowest number of unresolved failed transactions in FY 2021-22 till November 2021. However, it had a greater number of failed transactions from FY 2020-21 that were yet to be resolved than those from FY 2021-22. Jharkhand was closely followed by Assam with 12 thousand unresolved transactions in FY 2021-22.

### DURING 2021-22, TILL 30 NOVEMBER 2021, UTTAR PRADESH HAD THE LARGEST NUMBER OF FAILED TRANSACTIONS THAT WERE YET TO BE RESOLVED, FOLLOWED BY MAHARASHTRA



Source: Rajya Sabha Unstarred Question 670 answered on 3 December 2021. Available online at: <https://pqars.nic.in/annex/255/AU670.pdf>

## INELIGIBLE BENEFICIARIES AND FUNDS TO BE RECOVERED

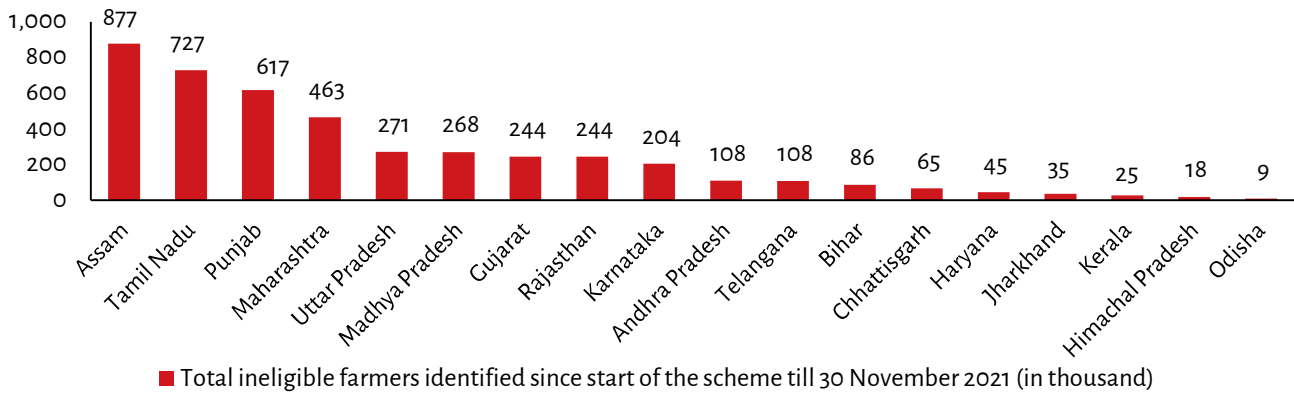
### Ineligible Beneficiaries

- Since the start of the scheme till now, a considerable number of farmers have received benefits who do not fulfil the eligibility criteria and are thus termed as ineligible beneficiaries. This is despite the fact that multiple rounds of verification are involved both during the registration as well as during the fund transfer process. In response to a question in the Lok Sabha, the MoAFW confirmed that GoI has transferred the benefits under PM-KISAN scheme to more than 42 lakh farmers who were not eligible to receive these benefits since the scheme's beginning till July 2021. The majority of the ineligible beneficiaries had either wrong bank accounts or false Aadhaar numbers, followed by income tax payers, those who were not alive, and others who fell under the exclusion criteria.
- As per the latest figures shared by MoAFW in response to an RTI query, the number of ineligible farmers was estimated to be 44.9 lakh as on 30 November 2021. While 27 per cent of these beneficiaries were income tax payers, the remaining 73 per cent were found to be ineligible based on other exclusion criteria.



- Certain states have a significantly large number of ineligible beneficiaries compared to the rest, irrespective of the size of the state. Among 18 large states, Assam had the highest number of ineligible beneficiaries at 8.8 lakh, followed by Tamil Nadu (7.3 lakh) and Punjab (6.2 lakh) as on 30 November 2021. In contrast, the lowest number of ineligible beneficiaries was identified in Odisha, at 9,000.

### ASSAM, TAMIL NADU, AND PUNJAB ACCOUNTED FOR 49% OF TOTAL INELIGIBLE BENEFICIARIES UNDER PM-KISAN TILL NOVEMBER 2021

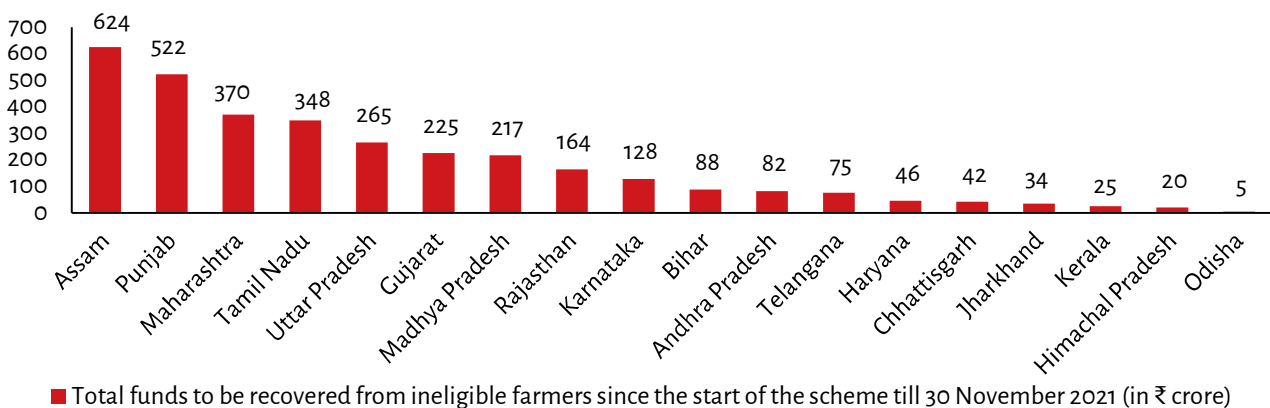


Source: RTI response by MoAFW dated 30 November 2021.

### Recovery of Funds from Ineligible Beneficiaries

- The responsibility of recovery of the amount transferred to the ineligible beneficiaries rests with the respective state governments. As per MoAFW, the states and UTs have started the process to recover this amount from the ineligible beneficiaries as per the SOP. Additional measures have also been taken to ensure that only those farmers who fulfil the eligibility criteria receive benefits of the scheme.
- Cumulatively, till 30 November 2021, while ₹261 crore has already been recovered, around ₹3,346 crore still remained to be recovered from the ineligible beneficiaries.
- Among all the states, the largest share (19 per cent) remaining to be recovered was in Assam, amounting to ₹624 crore. This was followed by 16 per cent in Punjab and 11 per cent in Maharashtra. Till November 2021, neither Assam nor Punjab had recovered any funds from ineligible beneficiaries. In contrast, Maharashtra had recovered ₹11 crore.
- Even though Tamil Nadu had the second largest number of ineligible beneficiaries, it ranked fourth in terms of the amount of funds to be recovered. This is primarily because Tamil Nadu had already recovered ₹180 crore, which accounts for 52 per cent of the total PM-KISAN funds to be recovered from ineligible beneficiaries till November 2021.

### AS ON 30 NOVEMBER 2021, GOI HAD TO RECOVER ₹3,346 CRORE PAID TO INELIGIBLE FARMERS, OF WHICH 19% HAD TO BE RECOVERED FROM ASSAM

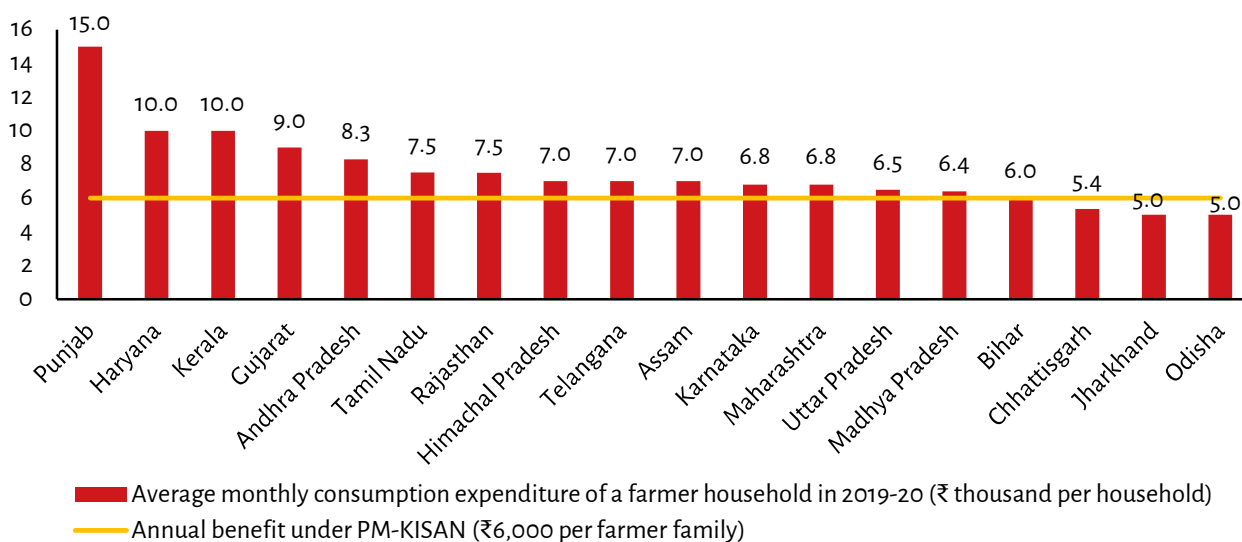


Source: RTI response by MoAFW dated 30 November 2021.

## AVERAGE MONTHLY CONSUMPTION EXPENDITURE OF FARMER HOUSEHOLDS

- To understand the contribution of benefits received under the PM-KISAN scheme on the consumption expenditures of farmer households, we looked at monthly average consumption expenditure of an average farmer household (self-employed in agriculture) in rural India. State wise figures were estimated from the latest Periodic Labour Force Survey (PLFS) conducted by the National Statistical Office (NSO) under the Ministry of Statistics and Programme Implementation (MoSPI).
- Nationally, the average (median) monthly consumption expenditure of a farmer household in rural India was ₹6,800 from July 2019 to June 2020. Thus, PM-KISAN benefit for a year was less than the average consumption expenditure of a farmer family in a month.
- There was considerable variation in average consumption expenditures of the farmer families across states. Among 18 large states, monthly consumption expenditure varied between ₹5,000 to ₹8,000 in 14 states. In contrast, Punjab recorded the highest average expenditure at ₹15,000, followed by Haryana and Kerala at ₹10,000 each, and Gujarat at ₹9,000.
- However, in 14 out of the 18 states, the annual payment under PM-KISAN for a farmer family did not even account for a month's average consumption expenditure. On the other hand, the annual scheme benefit was slightly higher than monthly consumption expenditure of an average farmer household in Chhattisgarh, Jharkhand, and Odisha.

### ANNUAL BENEFIT UNDER PM-KISAN WAS LOWER THAN AVERAGE MONTHLY CONSUMPTION EXPENDITURE OF A FARMER HOUSEHOLD IN 15 LARGE STATES EXCEPT CHHATTISGARH, JHARKHAND, AND ODISHA IN 2019-20



**Source:** Authors' estimates based on Periodic Labour Force Survey (PLFS), July 2019 to June 2020, National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI).