Mains Practice Question

Q. Examine the potential of PM Kisan Yojana along with its shortcomings. Also compare it with other direct cash transfer schemes being implemented by State governments. (250 words)

28 Feb, 2019 GS Paper 3 Economy

Approach

- Write a brief about the PM-Kisan scheme in the introduction part.
- Discuss its potential and shortcomings.
- Compare it with other direct cash transfer schemes of State governments.

Introduction

- PM-Kisan Yojana provides a flat Rs 6,000 per year to all small and marginal farmers owning up to 5 acres (2 hectare) of land — an estimated 12 crore — payable in three installments.
- Prime Minister launched the ambitious Rs 75,000 crore Yojana in Gorakhpur in Uttar Pradesh by digitally transferring the first installment of Rs 2,000 to the accounts of over 1 crore small and marginal farmers.

Body

Potential of PM Kisan Yojana:

- This yojana is direct cash transfers (DCT) scheme which is the best way to support farmers — as opposed to subsidised supply of fertiliser and electricity or physical purchase of produce at above market prices.
- Farmers are in distress in most parts of the country as they are not getting better returns because of low prices due to bumper production of foodgrain, oilseeds, sugarcane, cotton horticulture crops etc, crop loss due to climate vulnerabilities, inadequate infrastructural, input and financial support.
- Around 12 crore small and marginal farmer families are expected to benefit from this. It would not only provide assured supplemental income to the most vulnerable farmer families, but would also meet their emergent needs especially before the harvest season.
- It will make farmers credit worthy and ensure their inclusion in formal financial institutions.
- It would pave the way for the farmers to earn and live a respectable living.

Shortcomings:

- An installment of Rs 2,000 under PM-Kisan would enable a farmer to barely buy Bt cotton seeds for two acres, meet his fertiliser requirement of wheat for two-thirds of an acre or harvest cane from one-sixth of an acre. So, even if the money is transferred directly into the farmer’s Aadhar-seeded bank sans any leakage, its utility from a purely agricultural standpoint is quite limited.
- **Narrow time window:** Scheme was announced in the Interim Budget on February 1 and set a deadline of February 20 for submission of applications. Giving state governments such a narrow time window to implement it is faced with various challenges.
- **Burden on exchequer:** The Centre alone has, for 2019-20, budgeted a mammoth Rs 2,77,206 crore towards food, fertiliser and crop loan subsidies. This is over and above the Rs 75,000 crore

provision towards PM-Kisan.
- It would not help landless labourers and sharecroppers.

A comparison with other direct cash transfer schemes being implemented by State governments—

Rythu Bandhu scheme of the Telangana government:

- Telangana government grant of Rs. 4,000/- per acre per farmer each season for the purchase of inputs like Seeds, Fertilizers, Pesticides, Labour and other investments in the field operations of Farmer's choice for the crop season.

- **Advantages of Rythu Bandhu:**
    - Take care of initial investment of every farmer and
    - Not allowing Farmers to fall into the debt trap again

Krushak Assistance for Livelihood and Income augmentation (KALIA) in Odisha:

- All farmers will be provided Rs 10,000 per family as assistance for cultivation. Each family will get Rs 5,000 separately in the kharif and rabi seasons, for five cropping seasons between 2018-19 and 2021-22.
- It targets 10 lakh **landless households**, and specifically SC and ST families. They will be supported with a unit cost of Rs 12,500 for activities like goat rearing, mushroom cultivation, beekeeping, poultry farming and fishery.
- It also includes a life insurance cover of Rs 2 lakh and additional personal accident coverage of the same amount for 57 lakh households. Crop loans up to Rs 50,000 are interest-free.
- It primary targets small farmers, cultivators and landless agricultural labourers.

Way forward

- By abolishing the subsidy on fertiliser and farm credit and limiting that on food to maintaining a minimum buffer stock to enable market intervention if necessary, it would be possible to create a Central DCT fund.
- The money from this can be used not only for resource-poor landowning farmers, but even share-croppers, landless agricultural labourers and other vulnerable households in both rural and urban areas.
- Such support is welcome, especially because it is not market-distorting. And with Aadhaar-seeded bank accounts and digitisation of land records, it can be well-targeted too.