



Fund Utilization Pattern of PM-KISAN Beneficiaries

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ABSTRACT

The Central Sector Scheme, *Pradhan Mantri Kisan Samman Nidhi* (PM-KISAN) has been a momentous step in the area of direct income support (DIS) in India. The present study was conducted in district Kangra to get an insight into utilization pattern of PM-KISAN funds by farmer beneficiaries. Using 3 stage random sampling technique, a sample of 80 farmers was drawn which were further categorized in small and marginal categories on the basis of total size of land holding. The scheme was reported to have 100.0 per cent coverage of the sample respondents. The farmers who received PM-KISAN benefits during the agricultural peak season reported spending it on agriculture, while those who received it during the off-season spent it on consumption. The fund utilization pattern of marginal farmers differed significantly from small farmers. Findings suggests that the government should preferably enhance, restructure and release the installment amounts keeping in view the seasonal needs of the farmers. Along with this provision of skill-building trainings to farmers is the potential area that need to be worked upon. This study would serve as a valid reference for future studies and policy making concerning such schemes.

Key Words: Direct Income Support (DIS), PM-KISAN, Fund utilization pattern, Marginal farmers, Small farmers.

INTRODUCTION

Agricultural development in India has always been viewed in terms of increasing output and improving food security instead of focusing on the welfare of farmers. In recent past, this sector has been facing regular distress and crisis, presenting severe threat to those engaged in agriculture for their livelihood. The major reasons reported so far for agrarian distress and farmer suicides are indebtedness, agricultural problems, family problems, illness, social problems, property disputes, lack of secondary income occupations, and inadequate credit facilities (Anonymous, 2015; Sadashiv, 2015; Yesurajan, 2018). The majority of farmers who committed suicide were small (45.2%) and marginal farmers (27.4%) (Anonymous, 2015).

Among all reasons, indebtedness has been reported as the major cause of farmer suicides (Anonymous, 2015; Yesurajan, 2018).

The governments have been granting various subsidies to farmers to increase farm production in view of their resource constraints. This approach, however, has introduced new challenges in agricultural policy making. Lack of transparency, leakages, regressive nature of subsidies, price distortions, disparities, and mismanagement in distribution have been the major issues with subsidies in India (Jain, 2006; Salunkhe and Deshmukh, 2014). Besides, the analysis of input subsidies in Indian agriculture has revealed that subsidies have outlived their aim and also induced negative impacts on agricultural sustainability

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Table 1. State wise List of Beneficiaries under the PM-KISAN Scheme as on 23-04-2022

States	Total Beneficiaries	Payment Transfer Rate (%)	Year									
			2018-2019	2019-2020			2020-2021			2021-2022		
			3	1	2	3	1	2	3	1	2	3
Andaman and Nicobar Islands	17451	58	79	107	100	93	93	92	95	90	88	
Andhra Pradesh	5969479	56	72	72	83	83	80	77	87	77	79	
Arunachal Pradesh	99656	2	7	47	94	94	92	93	95	94	92	
Assam	3263270	35	82	70	62	58	37	49	46	52	36	
Bihar	8511568	3	34	61	77	86	92	92	97	97	102	
Chandigarh	465	11	52	149	93	93	92	86	84	81	94	
Chhattisgarh	4017653	3	26	49	54	69	69	77	78	83	75	
Dadra & Nagar Haveli and Daman & Diu	15021	50	76	101	91	97	77	90	93	96	97	
Delhi	17201	0	0	137	75	80	84	84	90	88	88	
Goa	11893	20	36	81	64	76	82	76	88	78	70	
Gujarat	6589314	43	62	80	77	87	87	83	90	88	94	
Haryana	1982881	49	69	82	79	96	98	97	91	100	96	
Himachal	994490	46	82	90	91	92	93	91	94	96	96	
Jammu and Kashmir	1227446	37	63	76	92	85	101	95	76	75	119	
Jharkhand	3097662	18	23	45	23	71	81	74	59	58	59	
Karnataka	5785302	0	57	94	91	89	92	92	93	94	61	
Kerala	3730638	26	61	107	92	91	96	96	93	99	100	
Ladakh	18872	32	60	94	78	84	72	87	93	96	89	
Lakshadweep	2503	0	0	0	61	57	46	35	51	0	0	
Madhya Pradesh	9145825	0	27	66	77	99	90	90	96	93	95	
Maharashtra	11480379	19	44	85	85	95	99	95	84	101	94	
Manipur	619113	5	5	20	46	77	57	58	47	45	49	
Meghalaya	203841	5	19	35	51	85	88	90	91	99	93	
Mizoram	200157	14	29	36	32	66	68	75	55	54	52	
Nagaland	213605	15	41	81	91	97	95	94	82	105	97	
Odisha	4084433	24	73	70	63	53	57	68	129	103	91	
Pondicherry	11284	38	51	123	87	98	101	93	92	91	91	
Punjab	2375757	50	66	102	98	88	81	79	75	73	73	
Rajasthan	8013630	1	74	71	65	91	89	89	96	92	95	
Sikkim	22834	0	9	18	7	51	27	35	51	45	41	
Tamil Nadu	4862303	44	68	77	74	95	93	78	79	77	76	
Tripura	244532	62	74	82	76	88	87	91	90	89	93	

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Telangana	3935817	52	93	92	84	95	93	93	93	101	95
Uttar Pradesh	28254034	40	57	66	72	89	82	84	98	89	88
Uttarakhand	944761	44	57	89	83	90	92	92	92	98	98
West Bengal	5121110	0	0	0	0	0	0	0	56	96	105
Total	125086180	25.3	53	70	72	84	82	82	89	89	88

like soil degradation and water pollution (Gulati and Sharma, 1995; Jain, 2006). Sustainability of agriculture and farmers' welfare are the strongest arguments for shifting from price policy to a direct income support approach (Gulati et al, 2018).

Many developed and developing economies have progressively shifted from price-based support policy to income support policy. Direct benefit transfer (DBT) is an innovative tool for financial inclusion as it terminates intermediaries, ensures transparency and makes provision of benefits quickly (Gulati *et al*, 2018; Joy, 2018; Paramasivan and Arunkumar, 2018; Gosar and Mishra, 2019). It also ensures better targeting and is a better tool for providing deprived ones the basics of life by easing access to cash (Joy, 2018; Paramasivan and Arunkumar, 2018). Administrative costs are lower in case of direct benefit transfer than in subsidy

payments (Gosar and Mishra, 2019).

With this perspective, the Central Government has implemented, “*Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)*” that became operational on December 1, 2018. In this scheme, an amount of Rs.6000/- per year was provided to all farmer families in three equal installments of Rs.2000 /- every four months under the direct benefit transfer mode. Given that more than half of agricultural households in India do not have access to formal credit, the implementation of such cash transfer scheme is noteworthy to facilitate farm production at a low financial cost. However, the implications of such monetary transfers on the agricultural sector have not received research attention these deserved. In Himachal Pradesh, where small and marginal farmers account for 88.86 per cent of the farming population, PM-KISAN offers new opportunities.

Table 2. Status of PM-KISAN beneficiaries in Himachal Pradesh as on 23.04.2022

Sr. No.	District	Number of beneficiaries	Percentage
1.	Bilaspur	59079	5.94
2.	Chamba	68983	6.94
3.	Hamirpur	58933	5.93
4.	Kangra	259693	26.11
5.	Kinnaur	9871	0.99
6.	Kullu	63977	6.43
7.	Lahual & Spiti	3080	0.31
8.	Mandi	169669	17.06
9.	Shimla	92072	9.26
10.	Sirmaur	59340	5.97
11.	Solan	66864	6.72
12.	Una	82929	8.34
	Total	994490	100.00

Source: www.pmkisan.gov.in

Table 3. Utilization pattern of PM-KISAN fund transfers

Year	Period of Installment	Payment received	For crop production	Diversion	Utilization pattern (% of the total amount)					
					(% respondents)			Crop	Livestock	Education
2018-2019	Period 3	55.00	25.00	30.00	50.58	4.43	3.24	8.42	17.51	15.83
2019-2020	Period 1	93.75	82.50	11.25	79.17	2.11	2.76	6.63	6.05	3.28
	Period 2	97.50	90.00	7.50						
	Period 3	98.75	22.50	76.25						
2020-2021	Period 1	98.75	73.70	25.05	62.02	4.59	3.96	9.90	10.05	9.48
	Period 2	100.00	72.45	27.55						
	Period 3	100.00	14.60	85.40						
2021-2022	Period 1	100.00	71.42	28.58	60.00	4.43	3.24	15.83	17.51	8.42

Period 1: April-July; Period 2: August –November; Period 3: December- March

Note: Others include grocery, mobile recharge, bill payments, LPG, etc.

Hence, the investigation was conducted to examine the spread of PM-KISAN beneficiaries across states and study the consumption pattern of PM-KISAN funds by the beneficiaries in District Kangra (HP).

MATERIALS AND METHODS

Both primary and secondary data were collected to achieve the objectives of the study. The primary data were collected from the farmers on specifically designed survey schedules through personal survey method during the Covid period (April-June 2021). Secondary data were collected from various sources like government publications and websites (*www.pmkisan.com*) pertaining to the study. To achieve the objectives of the study, tabular analysis, other mathematical tools (ratios and percentages) and statistical tools (chi-square) were employed.

RESULTS AND DISCUSSION

The progress of the scheme in terms of coverage of total number of beneficiaries in different states of India (Table 1) shows that the total payment transfer rate of the scheme has grown from 25.3 per cent at the start of the scheme in 2018-19 to

88.00 per cent in 2021-22. The values exceeding 100.0 indicate the presence of ghost beneficiaries which were understandably quite high in many states during the Covid -19 pandemic beginning (in 2019-20). However, by 2021-22 (3rd installment) ghost beneficiaries were only in states of J&K, West Bengal and Bihar. In H.P., payment transfer rate for the latest installment stood at 96.0 per cent. As regards the district-wise distribution of PM-KISAN beneficiaries in HP (Table 2), out of 9, 94, 490 beneficiaries (0.79% of the country’s total) district Kangra accounted for the highest number (2, 59, 693) of beneficiaries in the state whose share is 26.11 per cent.

The data (Table 3) show the percentage of farmers who received benefits from the PM-KISAN scheme till June 2021. On sample farms, the overall coverage of beneficiaries under the scheme expanded from 55.0 per cent (1st installment) followed by 93.75 per cent (2nd installment) to 100.00 per cent in the last installment. The utilization pattern of funds on sample farms revealed that 25.0 per cent of those who received the first installment (Period 3) spent

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Table 4. Purpose wise fund utilization pattern in crop production on sample farms

Sr. No.	Purposes	Marginal	Small	Overall
1.	Seed+Fertilizers+Pesticides	5.77	3.57	5.00
2.	Seed+Fertilizers+Tractor hiring charges	38.46	14.28	30.00
3.	Fertilizers +Pesticides +Tractor hiring charges	26.91	-	17.50
4.	Seed + Pesticides+ Tractor hiring charges	3.85	-	2.50
5.	Seed+Tractor hiring charges	3.85	17.86	8.75
6.	Fertilizers and Tractor hiring charges	11.54	17.86	13.75
7.	Pesticides and Tractor hiring charges	9.62	3.57	7.50
8.	Only seed	-	17.86	6.25
9.	Only pesticides	-	3.57	1.25
10.	Only tractor hiring charges	-	21.43	7.50
		(100.00)	(100.00)	(100.00)

Note: Calculated value of Chi square is 16.89, tabulated value of Chi square at 3 d.f. at 1% level of probability is 11.34

it on agriculture, while 30.0 per cent diverted the funds to other uses. For the second, third, fifth, sixth and eighth installments (Period 1 and Period 2), the percentage of farmers who used the fund for agriculture was significantly higher (ranging from 71.42 per cent to 90.0 per cent) than the percentage of farmers who diverted the fund for other purposes. This was due to the fact that these installments accrued during the peak of the agricultural season whereas for the 4th and 7th installments, a major amount of funds (76.25% and 85.40 %) were diverted to other purposes as the period coincided with the agricultural offseason. Furthermore, the COVID crisis may be attributed to a noticeable increase in the number of farmers who diverted funds during the 5th, 6th and 8th installments, even during peak season.

Information was also elicited from the respondents as regards the use of these funds for various purposes (Table 3). For the year 2018-2019 (1 installment), 55.01 per cent of the total amount was spent on farm activities (crop and livestock) and rest 44.99 per cent was diverted to health care, education, social and other purposes. In the year 2019-2020, 81.28 per cent of the money was spent on farm activities, 6.63 per cent on health care, and

6.05 per cent on social expenses, 3.28 per cent on miscellaneous expenses and on education (2.76%). Agriculture was the most important component for fund utilization in the years 2020 and 2021, followed by social expenses and health care. The impact of cash transfers on the agriculture sector has been quite evident from the studies done abroad (Heerinka *et al*, 2006; Kropp and Katchova, 2011; Finger and Lehmann, 2012) wherein the income support policy shifted households to more profitable livestock production influenced the recipient's liquidity position and repayment capacity positively and affected their current production decisions. Cash transfers remove liquidity constraint in purchasing agricultural inputs which is also evident in the case of PM KISAN (Varshney *et al*, 2020 & Kumar *et al*, 2021).

A thorough insight into the fund utilization pattern for different crop production purposes in terms of combinations followed (Table 4) was also studied. It was noted in the survey that the farmers allocated the funds for varied combinations of purposes. Among the marginal farmers, majority (38.46%) of respondents spent the amount on the 2nd combination (seed + fertilizers + tractor hiring charges). In the case of small farmers, the majority

Table 5. Detailed fund utilization pattern in crop production on sample farms

Sr. No.	Particulars	Marginal	Small	Overall
1.	Seed	21.85	19.78	21.13
2.	Fertilizers	28.76	16.04	24.31
3.	Pesticides	5.85	9.09	6.98
4.	Tractor hiring charges	43.64	55.08	47.64
		(100.00)	(100.00)	(100.00)

(21.43%) used the fund for tractor hiring charges followed by purchase of seeds (17.86%) and purchase of fertilizers in combination with tractor hiring charges (17.86%). It was discovered that 42.86 per cent of the small farmers spent the fund for single purposes rather than combining them. To test whether there was any significant difference in the fund use pattern for crop production among different farms, χ^2 test was applied (Singh et al, 2018). The value of χ^2_{cal} came out to be 16.89 which was more than χ^2_{tab} value (11.34) at one per cent level of significance. As a result, it was established that marginal farmers' fund use patterns differed significantly from those of small farmers.

As regards the amount spent on different crop production purposes like purchase of seeds, fertilizers, pesticides and tractor hiring charges (Table 5) it was found that in the overall category 47.64 per cent of the fund was used for tractor hiring charges followed by purchase fertilizers (24.31%), seeds (21.13%) and pesticides (6.98%) out of the total funds received by the sample farmers till May 2021. The important role of PM-KISAN in stimulating the adoption of modern technologies through Krishi Vigyan Kendras (KVKs) has also been documented by Kumar and Babu (2018) and Varshney *et al* (2020) especially those who are relatively more dependent on agriculture and have poor access to credit.

CONCLUSION

It can be inferred from the findings that farmers receiving PM-KISAN benefits in the agricultural peak season preferably spend money on agriculture

and in the off-season, the amount is mostly used for consumption purposes. This clearly indicates that the timing of fund transfers has an impact on spending patterns. Resultantly, it is suggested that the government should preferably release and restructure installment amounts keeping in view the seasonal needs of the farmers. Along with this, the enhancement of entitlement is required as only Rs.17 per day paid to the farmers' families is hardly enough when seen against the daily per capita expenditure of Rs.32 for the rural poor and Rs.47 for the urban poor (Rangarajan Committee, 2014). Thus, this new direction in policy towards Direct Income Support is surely a potential game-changer and can have significant effects if it is timely and is provided with complementary inputs such as extension services and infrastructure building. So PM-KISAN can serve as a measure to increase farmers' welfare as well as to transform agricultural input subsidies into a size-independent cash transfer, making small and marginal farmers better off than before.

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