

# From Policy to Practice: Exploring Beneficiary Farmers Utilization of PM-KISAN Funds

## Abstract:

This study investigates the utilization of the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme funds by beneficiary farmers in the Marathwada region of Maharashtra across two financial years, 2021-2022 and 2022-2023. Using a multistage sampling technique, data were collected from 300 farmers across six talukas in the Beed and Nanded districts. The analysis focused on the allocation of funds towards agricultural and non-agricultural purposes over three installments each year. Results revealed a shift in fund utilization patterns between the two financial years. In 2021-2022, there was a gradual decrease in agricultural spending from 58.33% in the first installment to just 15.00% in the third, coupled with a rise in non-agricultural spending from 41.67% to 78.33%. Conversely, in 2022-2023, agricultural spending saw a significant increase in the first two installments, peaking at 80.33% before declining to 28.67% in the third installment. Non-agricultural spending followed a similar pattern, with a marked increase towards the end of the financial year. The findings suggest that while the PM-KISAN scheme supports agricultural investments early in the financial year, the funds are increasingly diverted towards household needs as the year progresses. This pattern underscores the dual role of the scheme in sustaining both agricultural productivity and household economic stability. The results have significant implications for policy-makers, As the PM-KISAN scheme is designed to support farmers in distress and is not intended to cover the full cost of cultivation, it may not fully address all financial needs. However, our sample of beneficiary farmers has indicated that the disbursed amount should be increased to Rs. 10,000/- to better meet their farm requirements. Fund diversion and its use for unproductive or non-agricultural purposes lead to the failure of the scheme's designated aim, especially in the summer season. Instead of providing three installments a year, if the government provides two installments of Rs. 5,000 each during the kharif and rabi seasons, it would better serve the purpose of the PM-KISAN scheme. This change could potentially provide farmers with a substantial lump sum of money at crucial points in the year, making it more convenient for managing farm expenses.

**Key words:** PM-KISAN Scheme, Marathwada region, fund utilisation

## Introduction

Agriculture has been the backbone of the Indian economy, providing livelihood to a significant portion of the population and contributing substantially to the national GDP. Despite its importance, the agricultural sector has faced numerous challenges over the years, including erratic weather patterns, fluctuating market prices, limited access to modern technology, and financial instability. Cash transfers are a method to enhance livelihoods by improving vulnerable living conditions. These transfers, a form of social protection, involve non-contributory payments sent directly, regularly, and predictably to stabilize and increase incomes, thereby reducing poverty and vulnerability [14,15].

Direct Benefit Transfer (DBT) in the form of cash is increasingly being discussed as a solution. In a developing economy like India, DBT can play a significant role in curbing corruption and eliminating the interference of middlemen, which often hinders policy initiatives from reaching the intended beneficiaries. Under DBT, subsidies are directly transferred to the bank accounts of beneficiaries. The positive impact of conditional cash transfer programs has been observed

in countries like Brazil, where the "Bolsa Familia" program, one of the largest conditional cash transfer programs in the world, has helped reduce inequality (Scorzafave and Lima, 2010). Inspired by such successes, many countries have adopted cash transfer schemes to reduce inequalities, poverty, and corruption, and to improve livelihood standards. In India, there are currently 313 schemes under 53 ministries using the DBT mechanism (Handbook on DBT, Government of India). These include pension schemes, maternity benefits, scholarships, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), and subsidies on LPG cylinders (Handbook on DBT, Government of India) and Pradhan Mantri Kisan Samman Nidhi scheme.

### **About Pradhan Mantri Kisan Samman Nidhi scheme:**

With a view to provide financial support to all landholding farmers' families in the country, having cultivable land, the Central Government has implemented a Central Sector Scheme, namely, "Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)". The scheme aims to supplement the financial needs of all landholding farmers' families in procuring various inputs to ensure proper crop health and appropriate yields, commensurate with the anticipated farm income as well as for domestic needs. The scheme had become operational from December, 2018. Initially, farmers with less than 2 hectares of land were eligible subsequently beginning in June 2019, the scheme was extended to all farmers total of 140 million across India. Under the Scheme an amount of Rs.6000/- per year is released by the Central Government online directly into the bank accounts of the eligible farmers under Direct Benefit Transfer mode, subject to certain exclusions. The financial benefit of Rs.6000/- per year is to be released to the eligible farmers in three instalments of Rs.2000/- each every 4-month / trimester, i.e. April-July, August-November, and December-March. Till now, 17 installments have been released by the Government of India ([www.pmkisan.gov.in](http://www.pmkisan.gov.in)).

### **Materials and methods**

An ex post facto research design was employed for this study, utilizing a multistage sampling technique. Sampling was conducted at four stages: selection of districts, selection of talukas, selection of villages, and selection of respondents. Out of the eight districts in the Marathwada region of Maharashtra state, Beed and Nanded districts were purposively selected based on having the maximum number of beneficiaries of the PM-KISAN scheme.

In Beed district, which comprises eleven talukas, three talukas namely Beed, Georai, and Kaij were selected. Similarly, in Nanded district, three talukas Loha, Mukhed and Hadgaon were selected out of sixteen. Thus, a total of six talukas were chosen from the two districts for the study. From each selected taluka, five villages were purposively chosen based on the maximum number of PM-KISAN scheme beneficiary farmers, resulting in a total of 30 villages.

From each selected village, ten PM-KISAN scheme beneficiary farmers were purposively selected, leading to a total of 300 respondents for the study. Data was collected from these 300 respondents through personal interviews conducted during the year 2021 -2022 and 2022-2023.

### **Results and Discussion**

Table 1 indicates that the number of beneficiaries under the PM-KISAN Scheme and provides insights into the reach and scale of the program both in Maharashtra and across India for the financial years 2018-2024. The table below summarizes the annual beneficiary figures.

The number of beneficiaries under the PM-KISAN Scheme at the national level increased significantly from 3.16 million in 2018-19 to a peak of 10.85 million in 2021-22. This growth reflects the expanding reach and effectiveness of the scheme in providing financial assistance

to farmers across the country. A similar growth trend is observed in Maharashtra, where the number of beneficiaries grew from approximately 2.18 million in 2018-19 to a peak of 10.82 million in 2020-21. This indicates that the scheme was well-received in Maharashtra and had a considerable impact on the farming community.

After reaching its peak in 2021-22, the number of beneficiaries at the national level slightly decreased to 10.71 million in 2022-23. A similar trend is seen in Maharashtra, where the number of beneficiaries decreased to 10.45 million in the same year. This stabilization and slight decline could be attributed to potential adjustments in eligibility criteria. As of July 31, 2023, the number of beneficiaries reported for the financial year 2023-24 shows a notable decrease both nationally and in Maharashtra. Nationally, the beneficiary count dropped to 8.57 million, while in Maharashtra, it decreased to 8.56 million. This significant reduction might indicate changes in policy implementation, administrative challenges, or a more rigorous beneficiary verification process during this period.

The results in table 2 revealed the distribution of PM-KISAN funds utilization by beneficiary farmers across three installments of two financial years 2021 -2022 and 2022-2023. The study, conducted with a sample size of 300 farmers, shows a clear distinction between agricultural and non-agricultural purposes for fund utilization.

#### **Agricultural Purposes:**

**2021-2022:** The percentage of farmers using funds for agricultural purposes decreased over the year, starting at 58.33% in the first installment (April-July 2021), decreasing to 52.66% in the second installment, and dropping sharply to 15.00% by the third installment (December-March 2021-2022).

**2022-2023:** In contrast, the year 2022-2023 saw an overall increase in agricultural spending in the first two installments, with 68.33% in the first installment (April-July 2022) and a peak at 80.33% in the second installment (August-November 2022). However, this percentage declined significantly to 28.67% in the third installment (December-March 2022-2023).

#### **Non-Agricultural Purposes:**

**2021-2022:** There was a marked increase in the percentage of farmers using funds for non-agricultural purposes as the year progressed, from 41.67% in the first installment, rising to 54.00% in the second, and reaching 78.33% in the third installment.

**2022-2023:** The non-agricultural spending pattern in 2022-2023 was somewhat different, with lower usage in the first two installments (31.67% and 19.67%, respectively), but a significant increase to 71.33% in the third installment.

#### **Specific Allocations:**

##### **Seeds/Planting Material:**

**2021-2022:** The highest spending on seeds was seen in the second installment (35.33%) and none in the third installment.

**2022-2023:** Spending on seeds was highest in the second installment (56.00%), similar to the previous year, but there was no allocation in the third installment.

##### **Food Items:**

**2021-2022:** The proportion of funds used for food items increased steadily from 24.67% in the first installment to 54.00% in the third.

**2022-2023:** In 2022-2023, spending on food items was initially lower but followed a similar pattern, increasing from 19.33% in the first installment to 43.33% in the third installment.

#### **Farm Machinery Charges:**

**2021-2022:** Spending on farm machinery was relatively low throughout the year, peaking at 8.33% in the third installment.

**2022-2023:** In contrast, spending on farm machinery increased significantly in the third installment of 2022-2023, reaching 18.33%.

However, while the fund provides partial relief, the annual amount of Rs. 6,000 is insufficient to meet the comprehensive needs of farmers, especially given rising costs of cultivation and inflation.

The comparative analysis of the two financial years reveals key insights into the changing priorities and needs of beneficiary farmers under the PM-KISAN scheme:

#### **Agricultural Focus and Fluctuations:**

In 2021-2022, the initial focus on agricultural investments gradually diminished as the year progressed, likely due to the seasonal nature of farming activities and the shift towards meeting household needs during the off-season. Conversely, 2022-2023 saw a stronger emphasis on agricultural spending in the first two installments, suggesting that farmers may have been more optimistic about investing in agriculture during this period. However, the sharp decline in agricultural spending in the third installment in both years reflects a recurring pattern where agricultural spending is deprioritized towards the end of the financial year, possibly due to the completion of the cropping season or other economic pressures.

#### **Non-Agricultural Needs and Economic Pressures:**

In both financial years, there was a noticeable increase in non-agricultural spending as the year advanced, particularly on food, health, and other essential household needs. This trend was more pronounced in 2021-2022, where non-agricultural spending peaked earlier and more sharply compared to 2022-2023. The rise in non-agricultural spending, especially in the latter parts of both years, suggests that while PM-KISAN funds initially support agricultural activities, they are increasingly diverted towards household consumption as economic pressures mount. This shift indicates that the financial assistance provided by the scheme is crucial not just for agricultural investments but also for the overall economic stability of the farmers' households.

#### **Specific Allocations and Variability:**

The allocation of funds towards specific agricultural inputs like seeds, fertilizers, and farm machinery showed variability across the two years. For instance, while seed purchases were a priority in both years, the allocation to farm machinery increased significantly in the third installment of 2022-2023 compared to 2021-2022. Similarly, non-agricultural spending patterns, particularly on food items and health, showed fluctuations that reflect changing household needs and economic conditions. The higher spending on food in 2021-2022 may have been driven by inflationary pressures or a greater need for immediate household consumption. The findings of the present study are in conformity with the findings of Shangarlingam et al. (2020), Gaur (2022) and Monu (2022).

The rising trend in non-agricultural spending, particularly in the third installment of 2021-22 and 2022-23 financial years, underscores the financial pressures faced by farmers beyond their farming activities. The significant increase in expenditures on food items suggests that many farmers might be using the funds to sustain their households during off-peak farming seasons. The consistent, albeit low, allocation of funds for health-related expenses highlights an ongoing concern for health care access among the rural population. The increase in spending on cattle feed and medicines during the third installment reflects the importance of livestock in the livelihood of these farmers, especially as supplementary income sources or as a response to declining agricultural productivity. The utilization patterns of PM-KISAN funds reveal important insights into the financial behavior and needs of beneficiary farmers. The data suggests that while the primary goal of PM-KISAN is supporting agricultural activities which is largely met during critical farming periods, the funds also serve as a crucial safety net for non-agricultural needs.

The shift from agricultural to non-agricultural spending in the later installments could indicate a need for more comprehensive support mechanisms that address both agricultural and household needs of farmers. This could also suggest that the amount provided through PM-KISAN might not be sufficient to cover the comprehensive needs of the farmers, forcing them to prioritize between agricultural investments and essential non-agricultural expenses.

Moreover, the low and fluctuating investments in farm machinery and small implements suggest that while these are important, they may be secondary to immediate needs like seeds, fertilizers, and food. Future policy adjustments might consider staggered or increased payments during critical farming periods, or supplementary support programs to better balance the diverse needs of farmers throughout the year.

## **Conclusion**

It can be concluded from the findings that the seasonal and strategic adjustments in expenditure across different installments of two years. The first installment focuses on establishing the agricultural cycle with substantial investments in seeds, fertilizers, and labour. The second installment continues this trend but shifts focus slightly as initial needs are met. The third installment shifts significant resources to meet household non-agricultural needs during off-peak farming seasons, indicating an adaptive strategy that balances immediate agricultural requirements with household well-being. The results have significant implications for policy-makers, As the PM-KISAN scheme is designed to support farmers in distress and is not intended to cover the full cost of cultivation, it may not fully address all financial needs. However, our sample of beneficiary farmers has indicated that the disbursed amount should be increased to Rs. 10,000/- to better meet their farm requirements. This adjustment would enhance the scheme's effectiveness and provide more substantial relief to farmers facing financial challenges and other important aspect that requires attention is the spending pattern of the received amount. Fund diversion and its use for unproductive or non-agricultural purposes lead to the failure of the scheme's designated aim, especially in the summer season. Instead of providing three installments a year, if the government provides two installments of Rs. 5,000 each during the kharif and rabi seasons, it would better serve the purpose of the PM-KISAN scheme. This change could potentially provide farmers with a substantial lump sum of money at crucial points in the year, making it more convenient for managing farm expenses.

Disclaimer (Artificial intelligence)

Author(s) hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc.) and text-to-image generators have been used during the writing or editing of this manuscript.

## References:

1. Government of India. 2018. Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) Scheme Guidelines. Ministry of Agriculture and Farmers Welfare. Retrieved from <https://pmkisan.gov.in/>.
2. Kumar Deepak, and Sunil Phougat, 2021. Analysis of Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme : with special reference to Haryana state **12 (2): 1–8.**
3. Kumar R and Pandey A. 2022. The Impact of Pradhan Mantri Kisan Samman Nidhi Scheme on the Farm Income of Beneficiaries in Uttar Pradesh. *Agricultural Extension Journal* **22(4): 107-115.**
4. Ministry of Agriculture and Farmers Welfare. 2021. Annual Report 2020-21. Government of India.
5. Mukherjee A and Ray S. 2020. Evaluating the Impact of PM-KISAN Scheme on Indian Agriculture. *Indian Journal of Agricultural Economics* **75(3): 321-336.**
6. Naik V, Jainuddin S M, Jagrati B D, and Nataraj P. 2022. Performance of PM-Kisan Samman Nidhi Yojana in Karnataka **40 (9): 40–46.**
7. Rajeev M and Chaudhary M. 2022. Socio-Economic Status and Utilization of PM-KISAN Financial Assistance: An Empirical Analysis of Davanagere District Beneficiaries in Karnataka. *Economic and Political Weekly* **57(7): 46-52.**
8. Raju S S, and Chand R. 2019. The Role of PM-KISAN in Improving the Economic Conditions of Farmers in India. *Agricultural Economics Research Review* **32(2): 157-166.**
9. Ramasamy P, and Malaiarasan U, 2023. Agricultural credit in India: Determinants and effects. *Indian Economic Review* **58(1): 169-195.**
10. Saloni Singh A, and Kumar R, 2023. Expenditure pattern of PM-KISAN instalments in Western Uttar Pradesh. *EPRA International Journal of Agriculture and Rural Economic Research* **11(8): 1-6.**
11. Scorzafave, L. and Lima, E. (2010). Inequality in evolution in Brazil: the role of Cash Transfer Programs and other Income sources. *Research on Economic Inequality*. **18: 107-129.**
12. Sharma V P. 2021. Direct Benefit Transfers in Agriculture: A Study of PM-KISAN Scheme. *Journal of Rural Development* **40(2): 156-173.**
13. Singh A and Pal S. 2020. Impact of PM-KISAN Scheme on Farmers' Income in India: An Empirical Analysis. *Agricultural Economics Research Review* **33(1): 45-57.**
14. Suresh A, and Kumar P, 2019. An Evaluation of Direct Cash Transfers in Indian Agriculture: The Case of PM-KISAN Scheme. *Agricultural Development and Policy* **29(3): 113-126.**
15. Bhadwal S, Kumar V. Fund Utilization Pattern of PM-KISAN Beneficiaries. *Journal of Krishi Vigyan*. 2022;11(1):185-91.

**Table: 1. Year-wise details of beneficiaries under PM-KISAN Scheme**

<b>Financial year</b>	<b>Status of Maharashtra state</b>	<b>India</b>
2018-19	21,84,073	3,16,15,585
2019-20	92,38,725	9,11,12,974
2020-21	1,08,22,008	10,27,71,798
2021-22	1,05,36,980	10,85,69,918
2022-23	1,04,51,126	10,71,63,605
2023-24 (till 31 <sup>st</sup> July 2023)	85,60,082	8,56,62,473

Source: [www.pmkisan.gov.in](http://www.pmkisan.gov.in)

**Table:2 Distribution of beneficiary farmers according to their utilisation of PM-KISAN fund (N=300)**

<b>Purpose</b>	<b>2021 (Installment-1) April-July</b>	<b>2021 (Installment-2) August- November</b>	<b>2021-22 (Installment-3) December - March</b>	<b>2022 (Installment-1) April-July</b>	<b>2022 (Installment-2) August- November</b>	<b>2022-23 (Installment-3) December - March</b>
<b>A) Agricultural purpose</b>	<b>175 (58.33)</b>	<b>158 (52.66)</b>	<b>45 (15.00)</b>	<b>205 (68.33)</b>	<b>241 (80.33)</b>	<b>86 (28.67)</b>
a) Seed/Planting material	72 (24.00)	106 (35.33)	0 (0.00)	92 (30.67)	168 (56.00)	0 (0.00)
b) Manures	0 (0.00)	0 (0.00)	9 (3.00)	0 (0.00)	0 (0.00)	16 (5.33)
c) Fertilizers	54 (18.00)	36 (12.00)	0 (0.00)	60 (20.00)	55 (18.33)	0 (0.00)
d) Plant protection	15 (5.00)	13 (4.33)	0 (0.00)	25 (8.33)	10 (3.33)	0 (0.00)
e) Labour charges	22 (7.33)	0 (0.00)	8 (2.67)	35 (11.67)	0 (0.00)	15 (5.00)
f) Irrigation charges	4 (1.33)	0 (0.00)	0 (0.00)	7 (2.33)	0 (0.00)	0 (0.00)
g) Farm machinery charges (land preparation, intercultivation, harvesting, Marketing etc)	21 (7.00)	9 (3.00)	25 (8.33)	28 (9.33)	8 (2.67)	55 (18.33)
h) Small farm implements (Spade, sickles, pickaxes etc)	16 (5.33)	0 (0.00)	6 (2.00)	23 (7.67)	0 (0.00)	30 (10.00)
<b>B) Non- Agricultural Purpose</b>	<b>125 (41.67)</b>	<b>162 (54.00)</b>	<b>235 (78.33)</b>	<b>95 (31.67)</b>	<b>59 (19.67)</b>	<b>214 (71.33)</b>
a) Food items	74 (24.67)	112 (37.33)	162 (54.00)	58 (19.33)	42 (14.00)	130 (43.33)
b) Health check-up & medicines	8 (2.67)	35 (11.67)	36 (12.00)	5 (1.67)	5 (1.67)	31 (10.33)
c) Cattle feed and medicines	8	7	48	10	5	42

	(2.67)	(2.33)	(16.00)	(3.33)	(1.67)	(14.00)
d) Child education purposes	10 (3.33)	5 (1.67)	9 (3.00)	8 (2.67)	0 (0.00)	11 (3.67)
e) Repayment of debts	9 (3.00)	0 (0.00)	0 (0.00)	2 (0.67)	0 (0.00)	0 (0.00)
f) Purchase of non-agricultural assets	16 (5.33)	10 (3.33)	0 (0.00)	12 (4.00)	7 (2.33)	0 (0.00)
*Multiple responses are recorded Data in brackets indicates Percentage						