



Pradhan Mantri Kisan Samman Nidhi (PM-KISAN): An Analytical Overview of Income Support to Indian Farmer

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The Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) is one of the major central sector initiatives of the Government of India aimed at providing direct income support to eligible landholding farmer families. The scheme was launched in December 2018 and subsequently implemented with the objective of supplementing the financial requirements of farmers for purchasing agricultural inputs and meeting household needs. Under PM-KISAN, eligible farmer families receive financial assistance through Direct Benefit Transfer (DBT), thereby reducing dependence on intermediaries and improving the transparency of public expenditure. From an agricultural economics perspective, the scheme represents a shift towards direct income support as an instrument of agricultural policy rather than relying exclusively on input subsidies, price support and credit interventions. This article examines the objectives, institutional framework, economic rationale, implementation mechanism, potential benefits, limitations and broader implications of PM-KISAN for Indian agriculture. Particular attention is given to its role in enhancing liquidity, supporting farm investment, reducing income uncertainty and promoting financial inclusion. The article also discusses issues relating to land records, beneficiary identification, exclusion errors, regional disparities and the adequacy of transfer amounts. It concludes that PM-KISAN can serve as an important component of India's agricultural welfare architecture, but its effectiveness depends upon accurate beneficiary databases, timely payments, adequate income support and convergence with productivity-enhancing agricultural policies.

Keywords: PM-KISAN, agricultural income support, farmers, Direct Benefit Transfer, agricultural policy, rural economy, India.

Introduction

Agriculture continues to occupy a strategically important position in the Indian economy because of its contribution to food security, rural employment, livelihoods and the overall rural economy. However, Indian farmers face considerable challenges, including fluctuations in agricultural prices, rising input costs, climatic uncertainty, fragmented landholdings, inadequate access to institutional credit and variations in farm income. These challenges have increased the importance of policy interventions aimed at stabilising and supporting agricultural household incomes. In this context, the **Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)** was introduced by the Government of India in December 2018. The scheme provides direct financial assistance to eligible farmer families through the Direct Benefit Transfer mechanism. Rather than providing support indirectly through subsidised inputs or market interventions, PM-KISAN transfers income support directly to beneficiaries.

The economic rationale of direct income support is particularly significant in a sector characterised by production and price risks. A predictable transfer can improve the liquidity position of farm households and enable farmers to meet part of their expenditure on seeds, fertilisers, pesticides, labour and other agricultural requirements. It may also provide limited support for household consumption during periods of financial stress.

PM-KISAN therefore needs to be viewed not merely as a welfare programme but as an important component of India's evolving agricultural policy framework.

Objectives of PM-KISAN

The principal objective of PM-KISAN is to supplement the financial needs of eligible farmer families. The major objectives of the scheme can be summarised as follows:

1. To provide direct income support to eligible farmer families.
2. To improve farmers' liquidity for purchasing agricultural inputs.
3. To reduce short-term financial constraints faced by small and marginal farmers.
4. To facilitate timely expenditure on agricultural operations.
5. To strengthen financial inclusion through Direct Benefit Transfer.
6. To provide a degree of income stability in the face of agricultural production and market risks.
7. To improve the effectiveness and transparency of government expenditure through digital payment systems.

The scheme is particularly relevant from the perspective of small and marginal farmers because even relatively modest transfers can contribute to meeting immediate cash requirements during critical stages of the agricultural production cycle.

Major Features of the Scheme

PM-KISAN is a Central Sector Scheme administered by the Government of India. Eligible farmer families receive financial assistance in instalments through DBT into their bank accounts. The definition of a farmer family is based on the scheme's operational guidelines, and beneficiary identification is undertaken using relevant government records. An important feature of PM-KISAN is the use of a **technology-enabled beneficiary identification and payment system**. Aadhaar-based authentication, bank account details and digitised land records have played an important role in strengthening the delivery mechanism. The integration of digital systems is intended to reduce duplication, minimise intermediaries and ensure that benefits reach the intended beneficiaries. Another important feature is the relatively predictable nature of the transfer. Unlike agricultural price support, which depends upon market conditions and procurement operations, direct income support provides a predetermined financial transfer to eligible households.

Economic Significance of PM-KISAN

From an agricultural economics perspective, PM-KISAN can influence farmer welfare through several channels.

Improvement in Farm Liquidity

Farm households frequently experience a mismatch between the timing of expenditure and the timing of agricultural income. Inputs have to be purchased before crop revenue is realised. Direct income support can partly reduce this liquidity constraint and enable farmers to purchase essential inputs on time.

Support for Agricultural Investment

The transfer may be used for seeds, fertilisers, plant protection chemicals, irrigation-related expenditure, labour and other farm operations. Although the amount may be insufficient to finance a complete production cycle, it can contribute to marginal increases in farm investment.

Reduction in Dependence on Informal Credit

Liquidity shortages frequently encourage farmers to borrow from informal sources, particularly when institutional credit is unavailable or delayed. Timely government transfers may reduce

the immediate requirement for high-cost informal borrowing, although PM-KISAN alone cannot eliminate rural indebtedness.

Consumption Smoothing

Agricultural households do not always receive income at regular intervals. Income support can help households maintain consumption during periods when agricultural earnings are low. This consumption-smoothing function is economically important for vulnerable rural households.

Financial Inclusion

The DBT architecture promotes the use of formal banking channels. The transfer of funds directly into bank accounts strengthens the connection between farmers and the formal financial system and may facilitate access to other government programmes and financial services.

Implementation Mechanism

The implementation of PM-KISAN involves coordination among central and state governments and relevant administrative agencies. States and Union Territories play an important role in identifying and verifying eligible beneficiaries using available land and administrative records.

The broad implementation process involves:

Identification of beneficiaries → Verification of eligibility → Digital registration → Authentication/validation → DBT processing → Direct transfer to beneficiary bank account.

The digital architecture has improved transparency compared with systems in which benefits were distributed through multiple intermediaries. However, the quality of implementation remains dependent upon the accuracy and completeness of land records and beneficiary databases. The use of digital technology has also created opportunities for monitoring payments, identifying duplicate beneficiaries and improving administrative efficiency.

Benefits to Farmers and the Government

PM-KISAN provides several potential benefits to farmers. The most direct benefit is the provision of supplementary income that can be used according to the household's immediate priorities. Unlike input-specific subsidies, direct income support gives farmers greater flexibility in allocating the transfer. For the government, DBT can improve **targeting, transparency and accountability**. Digital transfers can reduce administrative leakages associated with intermediary-based delivery systems. The programme also creates a large-scale digital database of agricultural beneficiaries, which can potentially support better targeting of complementary agricultural interventions. From a macroeconomic perspective, income transfers to rural households may also support rural demand. Additional purchasing power can increase expenditure on agricultural inputs as well as locally produced goods and services, thereby generating multiplier effects within the rural economy.

Major Challenges and Limitations

Despite its significance, PM-KISAN faces several challenges.

Land Record-Based Exclusion: Because beneficiary identification is closely linked to land ownership records, cultivators who operate land without formal ownership records may face difficulties in accessing the scheme. Tenant farmers, sharecroppers and agricultural labourers may therefore not benefit in the same manner as eligible landholding farmers.

Fragmented Landholdings: India's agricultural structure is characterised by small and fragmented holdings. The income support provided under PM-KISAN may have different economic significance across farm-size categories and regions. A uniform transfer may have a larger marginal impact on poorer households than on relatively large farmers.

Adequacy of the Transfer: The economic effectiveness of an income-support programme depends not only on coverage but also on the real purchasing power of the transfer. Rising input prices, inflation and increasing production costs can reduce the real value of a fixed transfer over time.

Regional Differences: Agricultural costs, cropping patterns, irrigation availability and market conditions differ substantially across Indian states. Consequently, the same nominal transfer can have different real economic effects across regions.

Exclusion of Certain Farmer Categories: The scheme's eligibility rules and land-record requirements can result in exclusion of some cultivators. Improving coverage therefore requires continuous updating and integration of land, tenancy and beneficiary databases.

Policy Implications

For PM-KISAN to contribute more effectively to sustainable agricultural development, direct income support should be complemented by productivity-enhancing policies. Income support by itself cannot address structural problems such as low agricultural productivity, inadequate irrigation, post-harvest losses, weak market infrastructure and price volatility.

A comprehensive agricultural policy should therefore integrate PM-KISAN with:

- institutional agricultural credit;
- crop insurance;
- irrigation development;
- improved seed and technology access;
- agricultural extension services;
- farmer-producer organisations;
- digital agricultural markets;
- storage and post-harvest infrastructure; and
- agricultural research and development.

There is also a strong case for improving the quality and interoperability of agricultural databases. Regular updating of land records and transparent grievance-redressal mechanisms can reduce exclusion and improve the effectiveness of the programme.

Conclusion

PM-KISAN represents an important transformation in India's approach to agricultural income support. By transferring financial assistance directly to eligible farmer families, the programme addresses an important constraint faced by agricultural households—short-term liquidity and income uncertainty. Its DBT architecture has the potential to improve transparency, reduce intermediary dependence and strengthen financial inclusion. However, the scheme should not be considered a substitute for broader agricultural reforms. The relatively modest size of direct transfers means that their impact on farm income, productivity and poverty can be limited unless accompanied by complementary interventions. Particular attention is required to improve beneficiary identification, update land records, address exclusion of cultivators without formal land ownership and maintain the real value of income support.