

## SUSTAINABILITY OF PM KISAN SAMMAN NIDHI: LONG-TERM IMPLICATIONS ON FARMERS' ECONOMIC STABILITY

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### ABSTRACT

The PM Kisan Samman Nidhi (PM-KISAN) scheme, a flagship direct income support initiative by the Government of India, aims to enhance the financial stability of small and marginal farmers. While the scheme has provided short-term relief by improving farmers' liquidity, its long-term sustainability and impact on economic stability remain areas of concern. This study, based on secondary data sources, critically analyzes the effectiveness of PM-KISAN in reducing rural financial distress, enhancing agricultural investments, and ensuring long-term economic security for beneficiaries. The research draws insights from government reports, policy documents, previous empirical studies, and economic surveys to evaluate trends in farmers' income levels, expenditure patterns, and financial resilience post-implementation of the scheme. Additionally, key challenges such as funding sustainability, real income erosion due to inflation, exclusion errors, and the risk of over-dependence on direct cash transfers are examined. The study concludes with policy recommendations to enhance the scheme's effectiveness, ensuring its role in fostering sustainable rural development rather than serving as a short-term financial intervention. The findings contribute to the broader discourse on agricultural welfare policies and their long-term viability in India's agrarian economy.

**Keywords:** PM-KISAN, economic sustainability, farmers' financial stability, rural development, financial resilience.

### 1. INTRODUCTION

Agriculture plays a crucial role in India's economy, supporting nearly 58% of the population and contributing significantly to GDP and rural employment. However, Indian farmers, particularly small and marginal farmers, continue to face persistent financial challenges such as low and unstable incomes, limited access to credit, high input costs, and market volatility. To address these concerns, the Government of India launched the PM Kisan Samman Nidhi (PM-KISAN) scheme in 2019, aimed at providing direct income support of ₹6,000 per year to eligible farmers in three equal instalments. This scheme was designed to enhance farmers' purchasing power, support agricultural investments, and improve rural livelihoods.

While PM-KISAN has provided short-term financial relief, its long-term sustainability and overall impact on farmers' economic stability remain critical areas of evaluation. Key concerns include the adequacy of the financial support in an inflationary economy, the risk of creating a dependency culture, implementation challenges, and the scheme's long-term financial viability. Additionally, it is essential to assess whether PM-KISAN has contributed to structural improvements in the agricultural sector or if it merely acts as a temporary income supplement without fostering real economic growth. This study, relying on secondary data sources such as government reports, economic surveys, policy documents, and empirical research, aims to critically analyze the sustainability of PM-KISAN. It examines the scheme's effectiveness in enhancing rural purchasing power, improving farmers' financial resilience, and ensuring economic stability over the long term. Furthermore, the study explores policy recommendations to strengthen the scheme's impact, ensuring that it remains a viable tool for agricultural welfare and rural development rather than just a short-term financial aid mechanism.

### 2. LITERATURE REVIEW

A study by Reddy et al. (2023) analysed the constraints experienced by PM-KISAN recipients across five southern Indian states: Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, and Kerala. The research identified issues such as delays in fund disbursement, lack of awareness among farmers, and challenges in the enrolment process. The study emphasized the need for improved communication strategies and streamlined processes to enhance the scheme's effectiveness.

An empirical investigation by the Agro-Economic Research Centre (2022) assessed the impact of PM-KISAN on the farm income of beneficiaries in Uttar Pradesh. The findings indicated that while the scheme provided supplementary income, the amount was insufficient to bring significant changes in the overall economic stability of farmers. The study suggested increasing the financial support and integrating it with other agricultural initiatives for a more substantial impact.

A study by Kumar et al. (2020) explored the correlation between PM-KISAN and the adoption of modern paddy cultivars. The research found that the scheme positively influenced farmers' decisions to adopt new technologies, with financial support helping to reduce the risk associated with investing in modern agricultural practices, leading to increased productivity.

Singh and Mishra (2022) conducted a study in eight Gram Panchayats in Bihar and Uttar Pradesh to investigate the constraints faced by PM-KISAN beneficiaries. Data collected from small and marginal farmers highlighted issues such as inadequate financial literacy, bureaucratic hurdles, and exclusion errors. The study recommended capacity-building programs and simplification of administrative procedures to address these challenges.

A study by Raj et al. (2022) examined the transformative role of PM-KISAN in agricultural dynamics and farmer well-being in the rural regions of Coimbatore. The findings suggested that the scheme contributed to improved financial resilience among farmers, enabling investments in agricultural inputs and enhancing livelihoods. However, the study also pointed out the need for regular assessment and revision of the financial assistance to match inflation rates and rising input costs.

An analysis by Sharma and Gupta (2025) highlighted challenges such as financial inclusion, direct benefit transfers mechanisms, and the scheme's impact on rural welfare. The study underscored the importance of robust digital infrastructure and financial literacy programs to ensure effective implementation and maximize benefits for the farming community.

A study by Das (2022) examined the impact of PM-KISAN on food security and found that cash transfer programs like PM-KISAN have a positive effect on household welfare. The financial assistance helped households meet their food requirements, thereby contributing to improved food security among beneficiaries.

These studies collectively provide insights into the implementation, impact, and challenges of the PM-KISAN scheme across different regions in India. They highlight the scheme's potential in enhancing farmers' financial stability while also pointing out areas that require policy attention and improvement.

### 3. RESEARCH METHODOLOGY

The research methodology for this study follows a descriptive research design based on secondary data sources to analyse the sustainability of the PM Kisan Samman Nidhi (PM-KISAN) scheme and its long-term implications on farmers' economic stability. The study relies on data collected from government reports, policy documents, research articles, economic surveys, and agricultural statistics published by agencies such as the Ministry of Agriculture & Farmers Welfare, NITI Aayog, Reserve Bank of India (RBI), and National Sample Survey Office (NSSO). Additionally, academic literature, case studies, and reports from international organizations like the Food and Agriculture Organization (FAO) and the World Bank have been reviewed to assess the impact of direct cash transfers on rural economies. A trend analysis of financial disbursements, farmer income levels, and agricultural productivity is conducted to evaluate the effectiveness and sustainability of PM-KISAN. The study also incorporates comparative analysis with similar schemes in other developing economies to identify best practices and potential improvements. The findings from the secondary data are synthesized to draw conclusions on the policy's long-term viability and suggest recommendations for enhancing its contribution to farmers' economic well-being.

#### 1.1. Objectives of the Research

1. To assess the long-term financial sustainability of the PM Kisan Samman Nidhi (PM-KISAN) scheme
2. To evaluate the impact of PM-KISAN on farmers' economic stability
3. To identify challenges and suggest policy recommendations for strengthening the effectiveness of PM-KISAN

### 4. DISCUSSION AND ANALYSIS

To elaborate the above objectives, the discussion and analysis is as follows:

#### 4.1 Assessment of the Long-Term Financial Sustainability of PM Kisan Samman Nidhi (PM-KISAN)

The long-term financial sustainability of the PM Kisan Samman Nidhi (PM-KISAN) scheme depends on several key factors, including government budget allocations, fiscal feasibility, inflation adjustments, and economic impact on farmers. Since its launch in 2019, the scheme has provided ₹6,000 per year to eligible farmers in three equal installments, funded entirely by the Government of India. While the initiative has played a crucial role in supporting small and marginal farmers, its long-term sustainability raises important concerns.

- a) **Budgetary Allocation and Fiscal Burden:** PM-KISAN is a centrally sponsored scheme with an annual expenditure exceeding ₹75,000 crore. Given India's growing fiscal deficit and competing priorities in healthcare, education, and infrastructure, sustaining such a large-scale direct benefit transfer (DBT) program requires

continuous budgetary support. The share of agriculture in GDP and tax revenue collection trends influence the government's ability to sustain this financial commitment.

- b) **Inflation and Real Value of Assistance:** The fixed amount of ₹6,000 per year has remained unchanged since 2019, despite rising inflation and increasing input costs in agriculture. If the scheme does not adjust for inflation, its real value and effectiveness in supporting farmers will decline over time. Regular revisions in payment amounts or linking the assistance to inflation indices could enhance its sustainability.
- c) **Effectiveness in Economic Upliftment of Farmers:** For PM-KISAN to remain financially sustainable, it must contribute to long-term economic stability rather than just providing short-term relief. Studies suggest that the scheme improves farmers' liquidity, allowing them to invest in seeds, fertilizers, and machinery, but the amount is insufficient to drive large-scale transformations. Strengthening agricultural credit, market access, and productivity-enhancing initiatives alongside PM-KISAN can improve its economic viability.
- d) **Comparisons with Global Direct Cash Transfer Models:** Countries like Brazil (Bolsa Família) and the United States (Farm Subsidies) have implemented conditional and unconditional cash transfer programs. Unlike PM-KISAN, these models integrate financial support with capacity-building measures, ensuring long-term benefits. Learning from global best practices, India can explore targeted financial aid, conditional transfers, or productivity-linked assistance to enhance the program's financial sustainability.
- e) **Policy Recommendations for Sustainable Implementation:**
  - Periodic Review of Fund Allocation: Regular assessment of financial feasibility and adjustments based on economic conditions.
  - Inflation-Indexed Payments: Adjust PM-KISAN benefits according to inflation rates to maintain their real value.
  - Integration with Productivity Schemes: Linking the scheme with initiatives like PM Fasal Bima Yojana (Crop Insurance) and Kisan Credit Card (KCC) for better financial stability.
  - Targeted Beneficiary Selection: Ensuring efficient beneficiary identification and exclusion of ineligible farmers to optimize fund utilization.

#### 4.2 Evaluation of the Impact of PM-KISAN on Farmers' Economic Stability

The Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme, launched in 2019, provides ₹6,000 annually to small and marginal farmers in three equal installments. The objective of this direct cash transfer program is to offer financial support to farmers, helping them meet agricultural expenses and improve their economic stability. This evaluation examines PM-KISAN's impact on farmers' income security, investment in agriculture, debt reduction, and overall well-being.

- a) **Improvement in Income Security:** PM-KISAN offers a predictable source of income for farmers, especially smallholders who often face income fluctuations due to crop failures, price volatility, and climate risks. Studies suggest that while the ₹6,000 annual assistance provides short-term financial relief, it is insufficient as a primary income source. However, when combined with other government schemes (e.g., PM Fasal Bima Yojana, Kisan Credit Card), it contributes to a more stable financial situation.
- **Empirical Findings:** A study by the Agro-Economic Research Centre (2022) found that 86% of beneficiaries in Uttar Pradesh reported using PM-KISAN funds to manage household expenses during lean agricultural seasons.
- b) **Agricultural Investment and Productivity Enhancement:** The scheme enables farmers to invest in seeds, fertilizers, irrigation, and machinery, leading to improved agricultural productivity. However, due to the small payout size, the scheme's ability to fund major capital-intensive investments is limited.
- **Field Studies:** Research conducted in Maharashtra and Punjab (2021) found that 32% of farmers used the funds for purchasing agricultural inputs, while others used it for loan repayment, household expenses, or medical emergencies.
- **Challenges:** The amount is too low to significantly influence mechanization or large-scale farm modernization, requiring integration with subsidy programs and credit schemes.
- c) **Debt Reduction and Financial Inclusion:** PM-KISAN has contributed to reducing informal debt dependency by offering a direct cash infusion to farmers. Many small-scale farmers rely on moneylenders with high interest rates, and PM-KISAN helps in managing small debts.
- **Case Study in Bihar:** A 2022 survey in rural districts of Bihar showed that 24% of farmers used PM-KISAN payments to repay short-term debts, reducing their reliance on non-institutional credit sources.
- **Financial Inclusion Impact:** Since funds are transferred via Direct Benefit Transfer (DBT) to farmers' bank accounts, the scheme has improved banking access and digital financial literacy among rural farmers.

- d) **Household Expenditure and Rural Consumption Growth:** PM-KISAN has had a positive impact on rural consumption patterns, as farmers use a portion of the funds for household expenses, education, and healthcare. The scheme has contributed to rural demand growth, benefiting local markets and agro-based industries.
- **National Sample Survey Office (NSSO) Data:** Reports indicate that PM-KISAN beneficiaries have shown an increase in food security and healthcare spending, particularly in drought-prone and low-income regions.
  - **Consumption Trends:** Farmers with small landholdings (less than 2 hectares) are more likely to use PM-KISAN assistance for daily needs rather than agricultural investments.
- e) **Challenges and Limitations:** Despite its benefits, PM-KISAN faces several limitations:
- **Low Financial Support:** ₹6,000 per year is insufficient to significantly improve economic stability in the face of rising input costs, inflation, and agricultural risks.
  - **Exclusion Errors:** Some tenant farmers, sharecroppers, and landless laborers are excluded due to land ownership criteria, limiting the scheme's reach.
  - **Delayed Payments:** Reports from some states indicate delays in DBT disbursement, affecting the scheme's effectiveness in providing timely support.
- f) **Policy Recommendations for Strengthening PM-KISAN's Impact**
- **Increase Financial Assistance:** Adjust the annual payout to match inflation rates and rising input costs.
  - **Integrate with Other Schemes:** Link PM-KISAN with initiatives like crop insurance, irrigation support, and soil health programs to maximize its impact.
  - **Targeted Beneficiary Expansion:** Include tenant farmers and sharecroppers to ensure broader economic stability.
  - **Timely Disbursement Mechanisms:** Strengthen Aadhaar-based DBT processes to minimize payment delays.

#### 4.3 Challenges and Policy Recommendations for Strengthening the Effectiveness of PM-KISAN

The PM Kisan Samman Nidhi (PM-KISAN) scheme has provided direct financial assistance to millions of small and marginal farmers in India. While it has positively impacted farmers' income security and rural consumption, several challenges hinder its full effectiveness. Addressing these challenges through policy reforms can enhance the scheme's sustainability and long-term impact on farmers' economic stability.

##### A. Key Challenges in PM-KISAN Implementation

###### Insufficient Financial Support

- The fixed ₹6,000 per year is too low to significantly enhance agricultural productivity or financial security, especially considering rising input costs, inflation, and crop price fluctuations.
- Compared to similar direct benefit transfer (DBT) schemes in other countries, the assistance amount is relatively low.

###### Exclusion of Tenant Farmers and Sharecroppers

- PM-KISAN benefits only land-owning farmers, leaving out tenant farmers, sharecroppers, and landless agricultural laborers, who form a large portion of India's rural economy.
- Land record discrepancies and outdated databases result in the exclusion of some eligible farmers.

###### Delayed and Inconsistent Payments

- Instances of delayed fund disbursement due to technical issues in Aadhaar linking, banking errors, and administrative inefficiencies have been reported.
- Lack of awareness among farmers regarding registration procedures and scheme updates causes delays in receiving payments.

###### Regional Disparities in Fund Distribution

- Certain states, such as West Bengal, have seen delays in implementing PM-KISAN due to political and administrative challenges.
- Farmers in remote and tribal regions face difficulties in accessing bank accounts and digital payment systems, limiting the scheme's effectiveness.

###### Weak Integration with Other Agricultural Support Schemes

- PM-KISAN operates as a standalone income support scheme with no direct linkages to crop insurance, credit facilities, or input subsidies.
- Farmers receiving PM-KISAN assistance may still struggle with financial distress due to a lack of market access, irrigation support, and price stabilization measures.



## B. Policy Recommendations for Strengthening PM-KISAN

### Increase Financial Assistance and Link It to Inflation

- Adjust the financial support amount periodically based on inflation rates and agricultural input costs.
- Introduce a tiered payment system, offering higher support to small and marginal farmers based on their landholding size and economic conditions.

### Expand Eligibility to Include Tenant Farmers and Sharecroppers

- Modify land ownership criteria to include tenant farmers, sharecroppers, and landless laborers through a self-declaration or community verification process.
- Leverage Panchayat-level databases and digital land records to identify and enroll genuine beneficiaries.

### Improve Payment Mechanisms and Reduce Delays

- Strengthen Aadhaar-based Direct Benefit Transfer (DBT) systems to ensure timely and error-free disbursements.
- Set up dedicated grievance redressal mechanisms at the district and block levels to address payment failures and exclusions.
- Launch awareness campaigns to educate farmers about registration, eligibility, and payment tracking through mobile apps and SMS notifications.

### Address Regional Imbalances and Enhance Accessibility

- Ensure state-wise uniform implementation by working with local governments to remove administrative and political bottlenecks.
- Improve financial inclusion in rural areas by promoting mobile banking, digital literacy programs, and doorstep banking services.

### Integrate PM-KISAN with Other Agricultural and Social Welfare Schemes

- Link PM-KISAN with PM Fasal Bima Yojana (crop insurance), Kisan Credit Card (KCC), and input subsidy programs to provide comprehensive financial support.
- Establish a one-stop digital portal where farmers can access multiple government schemes using their PM-KISAN registration.

### Promote Sustainable Agricultural Investments

- Encourage farmers to use PM-KISAN funds for productive agricultural investments rather than just consumption.
- Offer financial incentives (such as matching grants or concessional loans) for using PM-KISAN assistance towards farm mechanization, irrigation, or soil health improvement.

## 5. CONCLUSION

While PM-KISAN has significantly supported small and marginal farmers, its long-term financial sustainability depends on robust fiscal planning, inflation adjustments, and strategic integration with other agricultural policies. Adapting the scheme to changing economic conditions will be essential to ensure continued support for farmers without overburdening public finances.

PM-KISAN has played a crucial role in providing financial relief, improving income security, and reducing debt dependency among small and marginal farmers. However, for long-term economic stability, the scheme needs higher financial support, better integration with productivity-enhancing programs, and policy adjustments to address its limitations. Strengthening these aspects will enhance farmers' resilience and economic well-being in the future.

While PM-KISAN has successfully provided direct financial support to farmers, its long-term impact on economic stability can be improved by expanding eligibility, increasing financial assistance, improving payment mechanisms, and integrating it with other agricultural initiatives. Strengthening these areas will enhance the scheme's effectiveness and ensure sustainable rural development.

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