

Pension coverage to farmers

June 24, 2019

Syllabus: Welfare schemes for vulnerable sections of the population by the Centre

Recently, The Union Cabinet, chaired by the Prime Minister Narendra Modi has approved a new Central Sector Scheme, a historic decision that will empower farmers across India. This is a path breaking scheme that will provide pension cover to our industrious farmers who toil day and night to keep our nation fed. It is also for the first time since independence that such a pension coverage has been envisioned for farmers.

Estimated cost, coverage and period

It is estimated that **5 crore small and marginal farmers** will benefit in the first three years itself. The Central Government would spend Rs. 10774.50 crore **for a period of 3 years** towards its contribution (matching share) for providing social security cover as envisaged under the scheme.

The salient features of this scheme are:

- It is a **voluntary and contributory pension scheme for all Small and Marginal Farmers (SMF) across the country.**
- **Entry age of 18 to 40 years** with a provision of minimum **fixed pension of Rs.3,000/-** on attaining the **age of 60 years.**
- For example, a beneficiary **farmer is required to contribute Rs 100/ – per month at median entry age of 29 years.**
- The **Central Government shall also contribute to the Pension Fund an equal amount as contributed by the eligible farmer.**
- After the subscriber's death, while receiving pension, the **spouse of the SMF beneficiary shall be entitled to receive 50% of the pension** received by the beneficiary

as family pension, provided he/she is not already an SMF beneficiary of the Scheme. If, the death of the subscriber happens during the period of contribution, the spouse shall have the option of continuing the Scheme by paying regular contribution.

- **Synergy between schemes, prosperity for farmers:** An interesting feature of the Scheme is that the farmers can opt to allow his/her monthly contribution to the Scheme to be made from the benefits drawn from the Pradhan Mantri KisanSAMman Nidhi (PM-KISAN) Scheme directly. Alternatively, a farmer can pay his monthly contribution by registering through Common Service Centres (CSCs) under MeitY.

Significance

- It is also for the first time since independence that such a pension coverage has been envisioned for farmers.
- It plays an important role in empowering agriculture sector.