

# PM-KISANA

July 17, 2020

It is a Central Sector Scheme with 100% funding from Govt. of India.

Under the scheme, income support of Rs. 6000/- per year in three equal instalments are provided to all the farmers (around 14.5 crore). Multitasking Group -D employees are also eligible

Following are certain benefits of the scheme:

Cash transfers are more efficient—with little or no leakage—and there would be no need to procure the produce except for the amount required for PDS rations.

Cash transfers will also be inflationary since the cash would lead to spends on consumer staples, for instance, but this is likely to be far less inflationary.

More important, it will not distort the market since the base prices of the food crops will not be touched.

Cash transfer scheme will come under “Green Box” subsidies under WTO. MSPs are under “Amber Box” which has created a major issue at WTO negotiations.

Telangana (Rythu Bandhu) and Odisha (Kalia), have already implemented the cash transfer schemes.

PM-KISAN is probably better strategy to alleviate farm distress, till such time the government is able to carry out reforms and limit the role of middlemen.