

TO ENTAIL AN ANNUAL ADDITIONAL COST OF AROUND ₹22,000 CRORE 'PM-KISAN handout may rise to ₹8,000'

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THE CENTRE may enhance the income support to farmers under PM-KISAN scheme to ₹8,000 from ₹6,000/year, in the upcoming Budget as it seeks to provide a modicum of consumption booster, despite the budgetary focus on macroeconomic stability.

The enhancement in the PM-KISAN amount could be for a year, and would be reviewed thereafter, sources told FE.

"The increase in PM-Kisan amount may support consumption and rural demand," an official said. Even though there were suggestions for doubling the amount, the government's focus on curbing revenue expenditure and inflationary pressures could limit the increment, the official added.

An increase of Rs 2,000 per farmer would entail an annual additional cost of around Rs 22,000 crore to the government.

Under Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) launched in February 2019, Rs 6000 is annually transferred to each farmer's direct benefit transfer (DBT)-linked bank account in three equal instalments, irrespective of their land holdings. The number of beneficiaries has crossed 110 million from 31 million at the beginning of the scheme.

In over 3 years, financial assistance of more than Rs 2 trillion has been provided to needy farmers under the PM-KISAN scheme, which came in handy for farmers to deal with financial distress during the lockdown due to the Covid pandemic in 2020. The government has allocated Rs 68,000 crore for PM Kisan in the current fiscal.

According to an impact assessment by the International Food Policy Research Institute, PM-KISAN greatly addressed the liquidity constraints of farmers for buying agricultural inputs, daily consumption, education, health and other incidental ex-

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E PM-KISAN Scheme

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such as farm labourers, construction workers and non-farm labourers. Other subsidies could be subsumed with UBI later stage, he had added.

The Economic Survey for 2016-17 by then chief economic adviser Arvind Subramanian and later by a report commissioned by the Economic Advisory Council to Prime Minister (EAC-PM) had also backed UBI.

After the pandemic-hit FY21 that saw the revenue expenditure to GDP ratio rise, the improvement in the quality of expenditure was visible thereafter with capex to GDP ratio steadily rising to 2.9 per cent of GDP in FY23 from 1.7 per cent per cent in FY20. Revenue expenditure, which rose sharply from 11.7 per cent of GDP in FY20 to 15.6 per cent in FY21, moderated to 13.5 per cent in FY22 and is seen around 12.8 per cent in FY23 (against the budget target of 12.4 per cent) due to higher expenditure on food and fertiliser subsidies. FE

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Last month, Niti Aayog member Ramesh Chand told FE that the government should convert the PM-KISAN programme at an appropriate time to a Universal Basic Income (UBI) scheme that includes other weaker sections