

An Assessment of the PM-Kisan and the NYAY

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Summary

The Indian National Congress launched its minimum income support scheme, the Nyuntam Aay Yojana (NYAY), on 25 March 2019. This came almost two months after the launch of the Pradhan Mantri Kisan Samman Nidhi Yojana (PM-Kisan) by the Bharatiya Janata Party during the interim budget on 1 February 2019. Both the schemes involve direct cash transfers with different criteria to farmers and the similar nature of both of these schemes has brought them into direct comparison with each other.

Pradhan Mantri Kisan Samman Nidhi Yojana

The Pradhan Mantri Kisan Samman Nidhi Yojana (PM-Kisan), a central government scheme implemented by the Bharatiya Janata Party (BJP) on 1 December 2018, disburses ₹6,000 (S\$118) every year in three instalments of ₹2,000 (S\$39) each. The scheme is available for small and marginal farmer families with a combined landholding of up to two hectares, where a family is defined as a husband, wife, and minor children. The amount will be transferred directly to the bank accounts of beneficiaries, estimated to be 120 million small and marginal farmers.

Issues have been raised over the feasibility of identifying beneficiaries and the overall implementation of the scheme. However, these criticisms have not hindered the fruition of the scheme. On the identification of beneficiaries, while some states, such as West Bengal and Sikkim, have not submitted their farmer data, out of the 120 million intended beneficiaries, the data of 47.6 million farmers was received before the enforcement of the model code of conduct. Of this, 40 million farmers are estimated to receive their instalments before the end of the election period. The remaining 7.6 million farmers were disqualified from the scheme due to data discrepancies. Already, 29.7 million farmers have received their first instalment, with over a third of them being from Uttar Pradesh.

Another criticism of the PM-Kisan scheme is that it leaves out the landless labourers and does not provide them with financial aid. However, the scheme never sought to do so. Instead, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme was intended to give one able-bodied person in every rural household (most of whom were landless) a legal guarantee for at least 100 days of employment every year, at minimum wage. The impact of climate change and drought has increased the demand for work and the work generated under the scheme was estimated at 255 crore (2.55 billion) person days of work for the period of 2018-19, up from 233 crore (2.33 billion) person days of work in 2017-18. The central government also appealed to the Election Commission to increase wages paid under the scheme and this was granted for the 2019-20 fiscal year. With an increase ranging from 2 percent to 8.76 per cent, many states benefited from higher wages, with Mizoram having the largest increase from ₹194 (S\$3.81) to ₹211

(S\$4.15). This reflects that the schemes target various sections of the population, with the PM-Kisan targeting small and marginal landowning farmers and the MGNREGA targeting the landless.

Nyuntam Aay Yojana

The Nyuntam Aay Yojana (NYAY) scheme by the Indian National Congress (INC) aims to target the poorest 20 per cent of all families by guaranteeing them a cash transfer of ₹72,000 (S\$1,415) a year (₹6,000 [S\$118] per month). This poorest 20 per cent of households amount to about five crore (50 million) families being beneficiaries of the scheme. The criteria for this scheme is that the family should earn less than ₹12,000 (S\$236) per month, and the idea is to transfer the required income to the account of a woman of the family, if possible. This joint scheme between the central and the state governments is estimated to cost ₹3.6 lakh crore (S\$707 billion) and the long-term goal of the scheme is to eliminate abject poverty by 2030.

The recent launch of the scheme has meant that certain elements of the scheme still lack clarity. These ambiguous statements could prove problematic in the implementation of the scheme. For instance, the targeted beneficiaries are stated to be the poorest 20 per cent of all families. However, whether the poorest 20 per cent will be derived state-wise or country-wise is yet to be clarified. Furthermore, if it is country-wise, there is a high chance that the poor in Kerala will not receive much support vis-à-vis the poor in Mizoram, for instance. This would have implications for the intended reach of the scheme.

Also, unlike the PM-Kisan scheme which specifies that the combined landholding of a family, comprising the husband, the wife and minor children, will be taken into account, the NYAY merely states that the family should earn less than ₹12,000 (S\$236) per month. Whether this refers to merely the head of the family or the cumulative income of the entire family, is not specified. The definition of a family is also not mentioned. This could result in confusion of who is eligible for the scheme.

Conclusion

While critiques have brought up the financing of the schemes as major issues, the PM-Kisan scheme has proved to cost 0.4 per cent of the gross domestic product (GDP) while the NYAY is expected to cost around two per cent of GDP. Whether this means that the INC is spending more on the rural population or that the BJP is more efficient in spending its budgeted amount, is yet to be seen. However, aside from this, the INC has other nuances within its proposed scheme that it needs to clarify to the population. This would help the population weigh out which scheme they prefer prior to voting during the upcoming elections.

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