

Farmers' debt rose 53% in 6 years, Centre tells RS.

Farmers' debts increased 53% over the past six years, the Union Finance Ministry told the Rajya Sabha on Tuesday.

In 2020-21, outstanding agricultural loans for scheduled commercial banks amounted to more than ₹18.4 lakh crore, in comparison to ₹12 lakh crore in 2015-16, with the number of farmers' accounts holding such debts also growing from 6.9 crore to more than 10 crore.

The data, sourced from the RBI, was presented to the Rajya Sabha in a written response to a query from Indian Union Muslim League MP Abdul Wahab, who asked for details of farmers' debts and loan waivers.

In response, Minister of State Bhagwat Karad said the Centre had not implemented any loan waivers over the past six years, nor was any such proposal under consideration.

Instead, he listed various initiatives taken to reduce the debt burden, including interest subvention schemes, collateral free agricultural loans for small farmers and income support and farm insurance schemes, noting that efforts had been made to bring farmers into the fold of institutional credit rather than leaving them at the mercy of informal loans.

The growth of farmers' debt burden is highest in Maharashtra, a whopping 116% increase in the outstanding amounts due over the six-year period.

In absolute terms as well, Maharashtra farmers owe the highest amount of ₹5.5 lakh crore by way of agricultural loans. Incidentally, the State also consistently has the largest number of farmer suicides, as recorded by the National Crime Records Bureau.

Other States which saw significant increase in farmers' debt burden include Odisha (76%), Tamil Nadu (68%), Andhra Pradesh (65%) and Gujarat (64%). Only a few States bucked the trend, with Karnataka posting a 37% drop and Punjab a modest 4.5% drop.



“The data clearly exposes the sad plight of farmers who are being crushed by the weight of sky-rocketing increase of debts,” Mr. Wahab said. “[The Prime Minister] has miserably failed to deliver his promise of doubling the farmers’ income by 2022 and instead ended up doubling their debt by 2022,” he added.

Expected Question (Prelims Exams)

Q. Consider the following statements regarding Farm loan waiver.

1. Farm loan waivers tend to increase the NPAs of the banks.
2. It increases the fiscal deficit and interest burden of the government.

which of the above statements is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) None

Expected Question (Mains Exams)

Q. What is farm loan waiver? Discuss the various issues related with Farmers debts and its solutions. (250 Words)

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Note: - The question of the main examination given for practice is designed keeping in mind the upcoming UPSC main examination. Therefore, to get an answer to this question, you can take the help of this source as well as other sources related to this topic.