# Loan Waivers - An Unreliable Solution

## What is the issue?

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- Across India there is a political turmoil due to various demands of the farmers.
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- For which government is proposing loan waiver as solution, but it is not a reliable one.
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## What is the account of farmer distress across the nation?

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- **Maharashtra -** Recently about 50,000 farmers made a long mark and protested outside the state assembly making various demands, of which predominant farmers were Adivasis. Click Here to Know more
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- **Tamilnadu -** The farmers in this state are severely hit by the drought and much worried about water sharing disputes with neighbouring states.
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- More recently farmers from southern part of the state were up in arms after getting compensation cheques for meagre amounts instead of what was committed earlier for yield loss in paddy.
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- **Karnataka –** In the state there is acute distress among both toor dal growers and dal millers.
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- The growers, responding to last year’s surge in retail dal prices, and the government’s response of steeply hiking the minimum support price, had produced a bumper crop.
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- Now, they want the government to buy at the promised price, while refusing to sell to millers at the prevailing market price, which is nearly 50% lower.
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- **Odisha -**The Odisha Assembly was disrupted recently after protests alleging the distress sale of tomatoes in the State.
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## What moves of the government concerns agri sector?

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- In the Union Budget for 2018-19, only 12% of it is for investments, the rest was eaten up by subsidies, crop insurance schemes and the like.
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- Most of the direct beneficiaries of farm subsidies are in the organised sector fertiliser companies, tractor manufacturers and so on, the actual farmer gets to see little of the money.
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- Due to unsustainable offers the fiscal position of the nation takes a hit and most of the money due to corruption and inefficiencies, does not reach the intended beneficiaries.
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- Political parties across the spectrum have prevented the flawed agricultural market yard system from being revamped, because it is the basis for exercising political power and influence in rural areas.
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- MSPs remain on paper, arbitrary and irrational price end up hurting both consumers and producers.
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## What are the shortfalls with loan waivers?

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- Loan waiver are easier promise, and marketed as a farmer-friendly gesture by a magnanimous government.
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- It is used as quickly as possible tool to remove disturbing reminder of farm distress from the glare of the media and future, non-farmer voters.
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- Loan waivers provide at best temporary relief but actually work against the creation of a reliable farm credit system in the long run.
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- Large sums of money which are required for crop and seed research, soil

improvement or pest protection are is eaten up by loan waivers.
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- Even with properly planned loan waivers in few states the benefits has not reached the farmers who actually deserves it.
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## What measures needs to be taken?

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- Respective governmentsmust address the root causes of the farmers' problems and prevent acute distress from building up.
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- For which with the help of specialized agencies policy makers must focus only and only on farmers and farmers' distress.
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- Every distressed farmer's actually need is a robust and reliable credit infrastructure which allows them to access credit when they require it.
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- Better infrastructure to prevent yield loss, better market access for their output, better access to information on crop prices, reliable weather-proofing and yield loss insurance will favour farmers.
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**Source: The Hindu**

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