

Farm Loan Waiver - Promises vs. Performances

Both the BJP and Congress announced loan waivers for farmers as the elections approached in Punjab, Uttar Pradesh and Rajasthan. After forming the governments, they grandiosely initiated schemes of loan waiver. How these schemes fared at the ground level? Data collected from various news reports revealed that is lot to be left undone.

Take the case of Punjab. Before the state assembly elections in Feb 2017, Congress party promised to waive the farm loan and provide free electricity. After forming the government, a farm loan waiver for small and marginal farmers was announced to the tune Rs. 2 lakh which was supposed to benefit 1.02 million farmers and to cost Rs. 95 billion to the exchequer.

By the end of May 2018, the state government has waived loans worth Rs.9.9 billion to 2,02,000 farmers - a little over 10 per cent of the target. The scheme will remain as a pipe dream. The total capital expenditure outlay for the state of Punjab in 2018-19 is Rs.63.8 billion, while the government allocated Rs. 42 billion for loan waiver. Budget document shows that the state's outstanding debt has stood at staggering Rs.2.11 trillion or 40 per cent of SGDP. This situation leaves very little money in the budget to finance the loan waiver scheme.

In the case of UP, Yogi Adityanath's government had announced in June 2017 a loan waiver that supposed to benefit 8.6 million farmers costing around Rs.360 billion. The state government allocated Rs.240 billion in 2017-18 and Rs.31.6 billion in 2018-19. The government claims that it has processed claims of 3.6 million farmers with a cost of Rs.220 billion. This year another 1.1 million claims that cost Rs.40 billion may be processed. This is mere processing of half of the supposed beneficiaries. How much of it actually paid to beneficiaries is not known.

What a professor at Lucknow University throws some light: "the state government is not able to process as it does not have the list of actual beneficiaries and lack of resources to fund the farm loan waiver". (Business Standard, 23-5-2018).

Rajasthan is the slowest among the three in processing farm loan waivers. The BJP government has to face elections in November 2018. It allocated Rs.20 billion to loan waiver in the budget 2018-19. It promised to waive the loans up to Rs.50,000 for around 2.8 million farmers. It has yet to prepare the list of beneficiaries. This waiver is only for the loan taken from the cooperative societies. The total farm credit disbursed in 2016-17 in Rajasthan was Rs 763 billion. Out of which a fifth was from cooperative bodies and regional rural banks.

Close to two thirds of farm loans were advanced by the commercial banks which accounts are not eligible for loan waiver.

In Madhya Pradesh, the government faced a powerful farmers' agitation last year. It had led to killing six farmers in police firing. The state government announced a number of sops. The biggest among them is the payment of bonus over the centre-fixed minimum support price, not only for the coming 2018-17 season, but also retrospectively for 2017-18 season. This will cost Rs. 16 billion benefiting 1 million wheat farmers at the rate of Rs.200 per quintal. In Chhattisgarh too, the government announced a bonus of Rs.300 per quintal for the paddy.

Everyone talks about rural distress and agrarian crisis. But no one goes deep into the root cause this crisis, which was the result neoliberal policies being pursued by the successive governments. This crisis is getting expressed in the form of debt trap. Instead of changing these policies, which made the cultivation unsustainable for the peasants, the ruling class parties are doling out sops in the name ameliorating the crisis. These sops, as the past experience proved, has not abated the crisis, but continued it.

The ruling classes in the service of imperialism is determined to dispossess the peasants of their land by using economic levers and are doling out sops to dampen the wrath of peasantry. This is aimed at turning the Indian agriculture into an appendage to the imperialist monopoly capital.

This wanton pauperisation of the peasantry by the ruling classes should be fought relentlessly not only for the sake of peasants but to save the agriculture and the country as a whole from the imperialist domination and expropriation.
