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Abstract

Political leadership of the state has been a source of instant relief to the farmers reeling under the burden of farm loan waivers by peasants are widely covered in the media. The government's apparent indifference of the farmers' plight certainly brings in concerns related to political economy revolving around judicious distribution of wealth and national income of the country. State governments of India are generally reluctant to waive off the farm loans as a matter of routine due to concomitant burden on exchequer that might adversely affect their fiscal balances. However, political parties tend to use farm loan waiver as tactics to come to power in spite of the fact that such populist measures are not good for the economy, nor do they offer a long-term solution to the age-old problem of higher degree of incidence of indebtedness among the farming communities. This article explores the antecedents and consequences of farm loan waivers and the way forward. Besides, it also reconnoitres whether the state takes such decisions as farm loan waiver purely on the basis of economics or any hidden political agenda.



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