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SHRI RAM COLLEGE OF COMMERCE

VOLUME 2 ISSUE 1 2017-18

STRIDES

A STUDENTS' JOURNAL OF SHRI RAM COLLEGE OF COMMERCE

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Principal's Message

The mission statement of the College, signifying the existence and its road map to the achievement of its vision, reads as:

"To achieve and sustain excellence in teaching and research, enrich local, national and international communities through our research, improve skills of alumni, and to publish academic and educational resources"

To achieve and promote excellence in publications and applied research, the College has taken the initiative to launch a new journal exclusively to publish students' research papers and articles. It will be an add-on to the enriched catalogue of College publications and academic literature.

The journal has provided an opportunity to the students of our college to focus on research. Since the students were not opened to the research methodologies at the undergraduate level, they were mentored by experienced senior faculties of our College. Simultaneously, their articles were also reviewed by the referees and tested for plagiarism before publication. After reporting all the suggestions recommended by the referees, the articles were revised and then finally published. The College had successfully released the foundation issue of the journal **"Strides – A Students' Journal of Shri Ram College of Commerce, Volume 1, Issue 1, 2016-17"** on the occasion of 91st Annual Day of College held on 13th April 2017. The Journal was released by Shri Prakash Javadekar, Honb'le Minister of Human Resource Development, Government of India.

The college has already applied for seeking International Standard Serial Number (ISSN) for the Journal. The application for ISSN is still under process.

I would like to congratulate the students whose papers are published in this issue of the journal and simultaneously encourage all the students to contribute their research papers and articles for the successive issues of the Journal.

Best wishes for their future endeavors.

Prof. Simrit Kaur
Principal

Editor's Message

Shri Ram College of Commerce is well known for its academic excellence and dedicated approach towards dissemination of knowledge in the academic world. The College appreciates the role of research in education and is committed to developing an inclination towards research in both faculty and students. In this pursuit, the College has taken the initiative to launch a new Journal named 'Strides – A Students' Journal of Shri Ram College of Commerce' to encourage students to pursue research under the guidance of the faculty of Shri Ram College of Commerce.

It is a bi-annual journal launched exclusively to publish academic research papers and articles by the students on contemporary topics and issues in the area of commerce, economics, management, governance, policies etc.

In order to maintain high standards of publication, the Committee on Publication Ethics (COPE) has been constituted. The COPE shall be the apex authority to take all decisions related to publication of research papers and articles in Strides. The decision of the COPE shall be final and binding.

To maintain high academic standards, academic ethics and academic integrity, a rigorous process of double blind review of research papers is followed along with screening for plagiarism of each manuscript received by the college for publication. The research work published in Strides is original and not published or presented at any other public forum.

The foundation issue of the Journal i.e. **"Strides – A Students' Journal of Shri Ram College of Commerce, Volume 1, Issue 1, 2016-17"** was successfully released on 91st Annual Day of the College held on 13th April 2017 by Shri Prakash Javadekar, Honb'le Minister of Human Resource Development, Government of India.

The successive Issues of 'Strides – A Students' Journal of Shri Ram College of Commerce' shall be bi-annually released.

Dr. Santosh Kumari
Editor

STRIDES

A STUDENTS' JOURNAL OF SHRI RAM COLLEGE OF COMMERCE

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RESEARCH PAPERS AND ARTICLES

Agricultural Loan Relinquishment: An Economic Distress?

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This research paper critically analyses the recent upheaval in the agriculture sector and its catastrophic impact on our Indian economy which has been mainly fuelled by the loan waiving schemes initiated by the State Governments of the likes of Uttar Pradesh, Maharashtra, Punjab and Karnataka. The backdrop of these schemes dates to the period when riots broke out in the states of Madhya Pradesh and Maharashtra. The dataset presented in the main research paper provides a base for understanding the bizarre situation by developing a relationship between different variables since the inception of such schemes in the economy. Although these schemes seem to benefit the farmers, it creates a logjam in the economy and ultimately ends up distressing their lives. In the end, we also try to provide some plausible solutions for correcting the present situation.

INTRODUCTION

A 'Waiver' is a voluntary action of a person or a party that removes that person's or party's right or particular ability in an agreement. It essentially removes a real or potential liability for the other party in an agreement.

Loan Waiver has been dubbed as one of the essential tools to foster the political objectives and therefore, previous governments had also provided a similar package to befool the farmers. The first loan waiver was announced in 1989-90 by the then Prime Minister V.P. Singh worth Rs. 10,000 crores. Then, crores of rupees were vent out in the form of Agriculture Debt Waiver and Debt Relief Scheme (ADWDRS) just before the 2009 general elections in the country. The trend didn't seem to stop and in 2014 again, loans of Telangana farmers were waived off by the State Government followed by the recent bunch of waivers in 4 states in 2017. This flurry recently began in the month of June when the riots broke out in the Mandsaur district of Madhya Pradesh due to plummeting prices of their agricultural produce. Infuriated by the nonchalant attitude of the governments at both the state and the central level, the agriculturalists started dumping their produce on the roads demanding a loan waiver package from the government along with a rise in the MSP so that the farmers can also earn some profits. Various farmers' organizations mushroomed and collectively began demanding 'Loan Waiver' scheme. Clashes happened between the police and the farmers and 6 people had to forego their lives amidst the police firing that took place to control the mob. But why did the prices of their produce fall in the first place?

This sudden price slide was a consequence of an amalgamation of various factors which included a bountiful crop production in the season because of abundant rainfall in the country and also the import of pulses from countries like Tanzania, Mozambique, Malawa and Myanmar. This caused a glut on the market and the prices crashed. Farmers were not able to sell the foodgrains even at the MSP because of excessive supply over their demand. Demonetization further aggravated the plight of the farmers by leaving them cash-starved by sucking almost 86% of the liquidity from the economy. India carried over the last year stock of foodgrains as exports took a hit because of an appreciating rupee in the international market making exports relatively expensive. Also, global oil price slump and restriction on overseas shipments made the matters worse for the farmers.

BACKDROP OF THE PRESENT SITUATION

Agriculture has always been an area of concern for the Indian economy primarily because of the problems it has faced perennially and a myriad of schemes that have been launched to counter these problems. But still, the cost of implementation of these schemes exceed far away from the benefits that we've reaped till now. Investment in the agriculture sector continues to be abysmally low even though the budgetary allocation in the 2017-18 Budget has increased by 24%.

According to 2011 Census, 54.6% of the Indian population is engaged in agriculture and its allied activities which only contribute a meagre 17% to the total Gross Annual Value (GAV) of the country. The declining contribution of the agriculture sector in the Indian GAV explains the distress situation in the farming sector. Figure-1 shows the deteriorating condition of agriculture in respect of their contribution towards the country's GAV.

TABLE-1: Share of Agriculture & Allied Sectors in Total GVA (in Rs. crores)

ITEMS/YEARS	2012-13	2013-14	2014-15	2015-16
GVA of Agriculture and Allied Sectors	1680797	1902452	1995251	2093081
% of total GAV	18.2	18.3	17.4	**17**

Source: CSO, Ministry of Statistics and Programme Implementation, Govt. of India.

India received a normal rainfall in 2016 which was just 3% less than the 100-year average after being reeled over by the droughts for the past 2 years. In fact, the geographical region of Central India received rainfall in excess of 6% over the 100-year average but this didn't bring any change in the fortunes of the farmers especially hailing from Madhya Pradesh and Maharashtra. The trouble started when the farmers ended up with a bumper crop production; all thanks to the brimming monsoon during the year. This coincided with the excess supply of the agricultural produce in the market which caused a glut in the market. The Minimum Support Price set by the government was quite low and it didn't provide any relief to the farmers. So, in June, farmers of Madhya Pradesh went on a 10-day hunger strike demanding a better price for their produce which later turned violent leading to the death of 6 farmers in an open police firing. Similar riots came out in the state of Maharashtra where the farmers started dumping their produce on the road. In Uttar Pradesh, the Chief Minister announced the loan waiver scheme of Rs. 36359 crores in a bid to fulfill his election manifesto. This stirred similar demands in the states of Maharashtra, Punjab, Madhya Pradesh, Karnataka, Rajasthan and many more.

TABLE-2: Waivers Demanded in Various States

State	Waiverbeing demanded (in Rs. crores)	Small & Marginal Farmers In The State (in millions)
Uttar Pradesh	36,359	9.4
Maharashtra	30,000	3.4
Punjab	36,600	1.7
Madhya Pradesh	56,047	6.3
Gujarat	40,650	3.2
Haryana	56,000	1
Tamil Nadu	7,760	1.9
Karnataka	52,500	5.9

Source: A 'Business Standard' article titled "India faces Rs 3 lakh cr farm loan waivers-16 times 2017 rural roads budget" published and updated on June 17, 2017.

In response to the demands made by the farmers in Madhya Pradesh, the Chief Minister has created a Price Stabilization Fund worth Rs. 1000 crores. After Uttar Pradesh, the states of Maharashtra and Punjab have joined the bandwagon by announcing the loan waiver schemes. The Central Government has refused to intervene and help the States in any monetary form for successful implementation of these schemes.

HISTORY AND EFFECTIVENESS OF LOAN WAIVER

The history dates back to the period of 1989-90 where farmers' loans worth Rs. 10000 crore were waived off. A report by Indian Council for Research on International Economic Relations (ICRIER) titled 'Credit Policy for Agriculture in India – An Evaluation' unfolded the catastrophic impacts of this scheme which stated that the farmers defaulted with impunity which led to a very slow and sluggish recovery of money for the financial institutions. Rural credit tumbled down and normalcy was restored in about 9 years.

The biggest ever loan waiver in India took place in May 2008 worth Rs. 52000 crores. But the implementation came with many loopholes. According to a report by Comptroller and Auditor General (CAG), 13.46% of the beneficiaries under the scheme were not included by the lending institutions. In addition to this, loans for non-agricultural purposes were also waived off. Moreover, 8.5% beneficiaries weren't to be allowed loan waiver but their amount was also done away with. The government had no record of loan application receipts and also debt waiver certificates weren't issued in 34.28% of eligible beneficiaries. In a nutshell, there was much haphazard in the implementation part of this scheme at such a large scale.

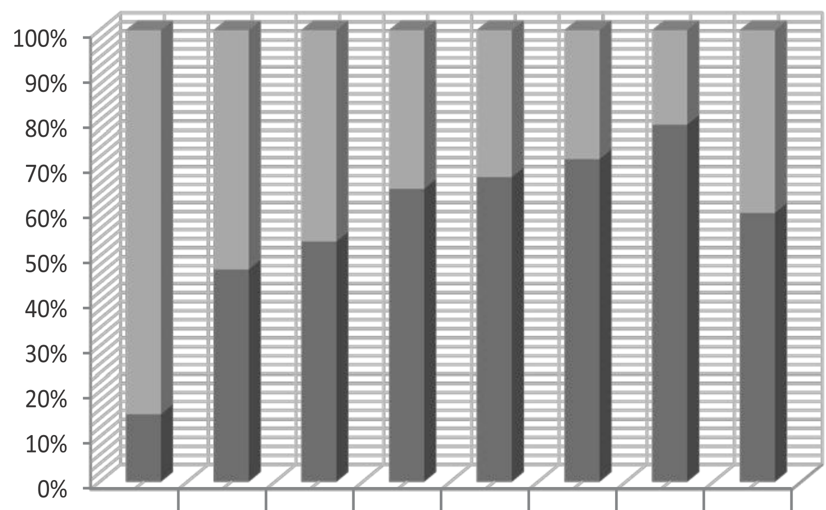
The next waiver came in the state of Andhra Pradesh and Telangana in 2014 which was especially aimed to benefit those who suffered in a cyclone named 'Phailin'. However, the farmers' suicide rate unexpectedly rose by 222% and 50% in Andhra Pradesh and Telangana respectively from 2014 to 2015 according to National Crime Bureau Records (NCBR). But the most recent bunch of waivers came in 2017 in 4 states. Shawn A. Cole of the Harvard Business School in a 2008 paper titled "Fixing Market Failures Or Fixing Elections? Agricultural Credit In India" showed that agricultural credit extended by government-owned banks as well as defaults goes up in an election year. This highlights that political intervention distorts the credit market and it leads to a self-fulfilling cycle where defaults would cause loan waivers and consequently waivers will lead to more defaults.

LOAN WAIVER BENEFITS: ILLUSIONARY OR NOT?

Generally, the benefits associated with loan waiver schemes are illusionary. We often tend to overestimate the benefits of such schemes but in a realistic situation, various problems emerge out which don't address the deeper malaise gripping our agriculture. So, some of the benefits and their counter-measures are cited below:

- Farmers' revival in case of indebtedness- People often think that the farmers who had suffered due to various exogenous factors such as weather conditions and market risks should be compensated primarily on humanitarian grounds in the form of partial or full loan waivers by the government. But farmers who have relied on informal sources of credit such as moneylenders, relatives and friends etc. don't fall under the purview of Loan Waiver Schemes. The poorest farmers have to borrow from the informal sources of credit because of a low credibility. So, a farmer borrowing from a bank and not being able to pay back part or the whole loan amount is at a greater footing than with the same farmer borrowing from a moneylender and being able to pay the whole amount. Loan in connection with a financial institution would be waived off irrespective of the repaying ability of the farmer.

FIGURE-1: Institutional and Non-Institutional Sources of Borrowing the Loans



	< 0.01	0.01≤0.4	0.41≤1	1≤2	2≤4	4≤10	> 10	All
Non-Institutional	85	53	46.8	35.1	32.5	28.5	21	40.2
Institutional	15	47	53.2	64.9	67.5	71.5	79	59.2

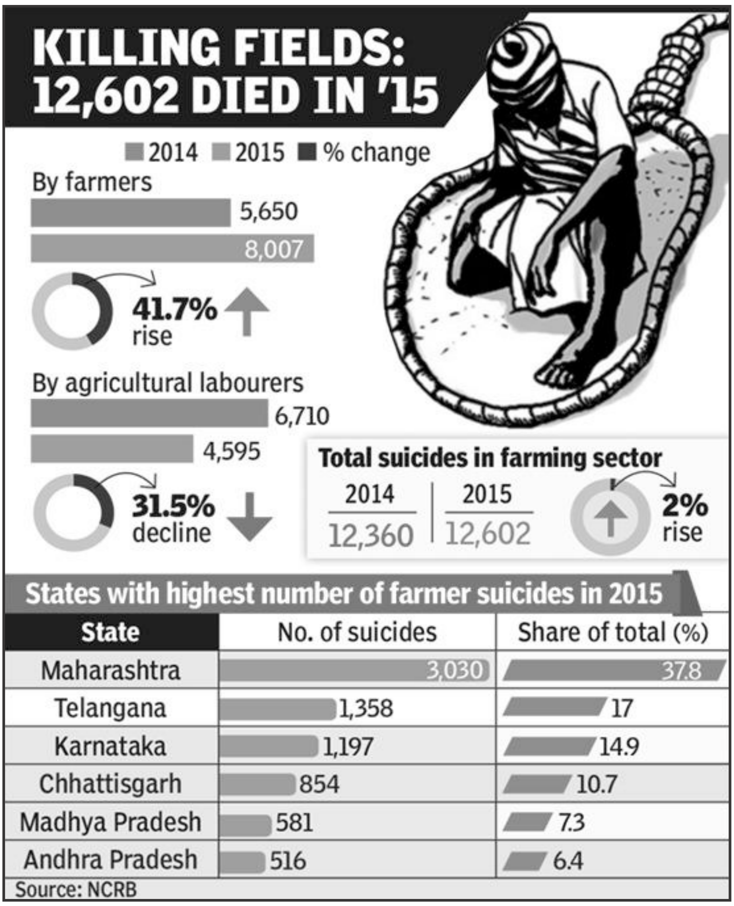
This graph shows the source of loan taken on the basis of the size of their land holdings for Jan 2013-Dec 2013. Land area is given in hectares and the values are given as a percentage.

Source: Key Indicators of Situation of Agricultural Households' in India, NSSO

Most of the small and marginal farmers are compelled to borrow from moneylenders for agricultural activities because of lack of credit-worthiness and collateral in case of a default. Hence, these farmers who borrow from moneylenders and other non-institution sources of credit are left out under this scheme who seem to be the true and the most deserving beneficiaries.

- Lower Suicidal Tendency amongst the Farmers- People tend to observe that once farmers' loans would be waived off, the suicidal tendency inherent in them primarily because of financial indebtedness would be uprooted. Any financial burden upon them would cease to exist and they would live freely. But this may not be always true. Farmers' suicide rate may rise in a particular area even if loan waiver has been implemented in that area.

FIGURE-2: Number of Suicides of People Associated with the Farming Sector in 2014 & 2015



Source: A 'Times of India' article titled "Farmer Suicides up 42% between 2014 & 2015" published and updated on Jan 6, 2017.

TABLE-3: A Comparative Study of Farmers & Agricultural Laborers Suicides for 2014 & 2015

State	Farmers (2014)	Agricultural Laborers (2014)	Total (2014)	Farmers (2015)	Agricultural Laborers (2014)	Total (2015)	% Change in 2015 over 2014
Andhra Pradesh	160	472	632	516	400	916	44.9
Madhya Pradesh	826	372	1198	581	709	1290	7.7
Maharashtra	2568	1436	4004	3030	1261	4291	7.2
Punjab	24	40	64	100	24	124	93.8
Telangana	898	449	1347	1358	42	1400	3.9
Uttar Pradesh	63	129	192	145	179	324	68.8

Source: 'Accidental Deaths and Suicides in India 2015', an annual report by National Crime Records Bureau.

This table testifies the fact that loan waiver schemes had been ineffaceable to control the suicides among the farming sector. In fact, the suicide rate in Andhra Pradesh and Telangana surged dramatically despite receiving a loan waiver package from the state government in 2014. So, this rules out the common assumption or the illusion in our minds that loan waiver phases out the chance of suicides from one's mind. Another data table would help in strengthening this proposition.

TABLE-4: Suicides in the Farming Sector Divided on the Basis of Land-Holdings in 2015

State	Marginal Farmers[ii]	Small Farmers[iii]	Medium Farmers[iv]	Large Farmers[v]	Total
Andhra Pradesh	202	163	149	2	516
Madhya Pradesh	154	289	134	4	581
Maharashtra	834	1285	899	12	3030
Punjab	18	70	111	1	00
Telangana	301	605	373	79	1358
Uttar Pradesh	49	56	30	10	145

Source: 'Accidental Deaths and Suicides in India 2015', an annual report by National Crime Records Bureau.

We can clearly see from the table that most numbers of suicides in the farming sector belonged to the category of Marginal and Small Farmers. From Figure-1, we were able to analyze the fact that marginal and small farmers have to depend upon non-institutional sources of credit for fulfilling their requirements. Since the non-institutional funding is not covered under the Loan Waiver Scheme, marginal and small farmers are severely affected because they have to take multiple loans from various moneylenders to pay back their previous loans because they lack other collateral resources such as land-holdings. These Marginal and Small farmers comprise about 32.5% of the total farming population on an average. They get trapped in some sort of a vicious cycle. Disheartened by their way of living under constant threat and fear with no respite in the near sight, they end up taking up their lives. The irony here comes into the fact that the scheme which has been designed to assist the poor farmers actually help the large farmers who are quite rich; and doesn't even take into consideration the interests of poor farmers since they are excluded under the scheme due to their reliance on non-institutional sources of credit.

Also, providing loan waivers on the basis of the size of the land holdings proves out to be of little economic significance. According to Sharad Joshi, "If agriculture is a losing proposition, the smallholder should logically be a small loser than the large holder." Because a small land with good irrigation and other facilities may be much better than a large land with no such basic amenities. Thus, we can safely propose that loan waiver schemes don't help substantially in reducing the suicide rate amongst the farmers and agricultural labourers.

- Boosting Farmers' Produce- Farmers will have an option to restructure their agriculture process again due to their loan relinquishment. It may provide a boost to the farmers to produce more by taking a loan in the next season. But its ends are only limited to a short period of time. Loan Waiver cannot be used as a tool to restructure and reshape the agricultural operations of our country considering the long-term perspective. Since agriculture is dependent upon various exogenous factors, taking another loan after getting the waiver again is a risky thing. The same problem of indebtedness might arise in the next season also because the need for credit never ends.

LOAN WAIVER COSTS

The loan waiver schemes are a temporary measure to provide relief to some of the farmers and have many costs associated with it which can chronically affect the banking sector of the country and the economy. Let's look at some of the major costs of loan waiver schemes:

- Moral Hazard- According to Bengt Holmström, " It has long been recognized that a problem of moral hazard may arise when individuals engage in risk sharing under conditions such that their privately taken actions affect the probability distribution of the outcome." In simple terms in the context of the Loan Waiver Schemes, Moral Hazard is a situation in which the farmers who are capable enough to repay their loan amount to banks or other financial institutions don't opt to pay in an anticipation to get a loan waiver package from the government in the near future. Moral Hazard disrupts the honest credit culture in the economy. Although the government reimburses the concerned amount to the banks, the trust factor between the borrower and the banks is jeopardized. Any delay between the government's reimbursement of the loan and borrower's refusal to pay their loan gives a heavy blow to a bank's liquidity. Since cooperative banks use their entire deposit as a base for lending purposes, it especially hurts them as they mostly depend upon their recovery of loans for their operating activities. According to Urjit Patel, the present RBI Governor, loan waiver schemes crowds out private borrowers as the high cost of government borrowing tend to impose an increasing cost for others.

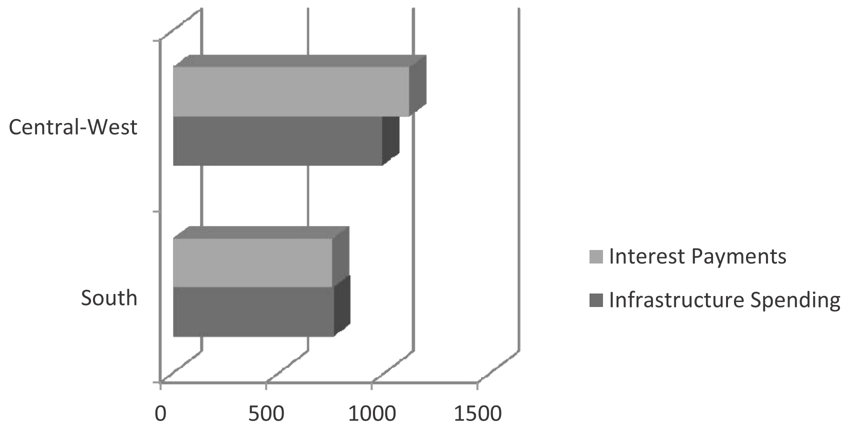
- Farmers also find it difficult to procure further loans from the banks in the future. Xavier Giné and Martin Kanz of the World Bank have shown in their study titled "The Economic Effects Of A Borrower Bailout: Evidence From An Emerging Market" that bank lending moved away from districts with greater exposure to the loan waiver. Banks are reluctant to give loans, especially to marginal and small farmers fearing that they may have to again experience the ills of loan waivers in the future. This can give a deflationary shock to the economy as it can inhibit further capital expenditure or investment in agricultural infrastructure.

- Unjustified Towards Farmers- Loan waivers are not on equal footing for each and every farmer. Farmers who invest out of their savings or borrow from informal sources are excluded from the scheme despite the fact that they are equally vulnerable to weather and market risks. It only provides a partial relief to them as only a part of the loan is spent on agricultural purposes on an average. So, it's not a complete waiver in its practical sense. Moreover, agricultural laborers are not covered under this scheme. In many cases, multiple loans in the name of different members of a single family may also give rise to multiple loans waiving for the same family. Hence, taking into account these factors, loan waivers can't be acknowledged as providing justice to every farmer on an equal basis in an unbiased manner.

- Opportunity Costs- Loan Waivers lead to State Budgetary Misallocation resulting in high opportunity costs. Investment in growth-oriented long-term schemes in agriculture remains stagnant as the need for agricultural credit burgeons exponentially. It was found that agricultural credit grew at 547% during 2004-05 till 2014-15 while the investment in rural roads infrastructure grew only by 10.5%. This reflects the misplaced priorities in States' budgets.

Only 47.6% farms in our country are irrigated and rest of them remain vulnerable to weather fluctuations while the decadal growth in the net-irrigated area till 2010 was reported at 0.3%. Loan Waivers seem to be flagrant wrong considering the fact that the money which would be spent on the implementation of these schemes could have been used on these fronts for better development prospects. The role of Credit seems to be over-emphasized. We need to understand that credit alone can't alone help us to get rid of the structural agrarian problems. There must be a step forward to invest in technology and agrarian infrastructure for raising agriculture income and making it a viable option.

FIGURE-3: Increase in States' Interest Payments due to Loan Waiver Schemes



	South	Central-West
Interest Payments	755.14	1120.17
Infrastructure Spending	761.05	993.38

This graph shows us the infrastructure spending (including irrigation and road development only) in 2016-17 versus the interest payments (including the additional interest payment burdens due to loan waiver). The amount is in Rs. Billions.

Source: CMIE States of India and Mint.

Funding the loan waivers amount to foregoing many of the country's developmental expenditure which has a large multiplier effect on our economy. So, it can be concluded that the opportunity costs of implementing these schemes are very high.

PLAUSIBLE SOLUTIONS

If not loan waivers, then what? Well, the need of the hour is to plan for the long-term and restructure the agriculture sector for benefitting the farmers. Several measures can be adopted to minimize farmers' melancholy and make agriculture a profitable venture which are as follows:

- Minimum Support Price for all Crops- The State Governments should try to fix a minimum support price for all the agricultural produce which would at least give the farmers an assured price in case of losses as well. Currently, the MSP is primarily limited to foodgrains and doesn't cover other crops. So, it would be in the best interests of the farmers to have an MSP for all the agricultural produce. Also, according to M.S. Swaminathan, a renowned agricultural scientist, MSP should be set at 150% of total production costs incurred by the farmers so as to mitigate their losses. Although a rise in the MSP level may lead to a rise in the inflation rate, the government must sought a balance between the desired rate of inflation and the interests of the farming community.

- Developing Allied Sources of Agriculture- Farmers should be encouraged to try hands-on allied sources of agriculture such as anima; husbandry, poultry farming, fisheries, apiculture, dairy farming etc. as it can supplement farmers' main agricultural income. In times of distress, these supplementary incomes can even provide subsistence to farmers' families. So, the government must make positive investments in developing the required infrastructure for undertaking the allied activities. Warehousing and Irrigation facilities should be more developed in order to increase production.

- Change in Loan Disbursement- Farm loan period should be extended further up to 4-5 years taking into consideration the fact that rainfall in the country is highly erratic on an average every year. So, even if farmers lose out in a year, they can compensate in the next year by earning more income. Also, provisions regarding the restructuring of loans and one-time settlement of farm loans should be considered.

- Short-Term Measure- For providing instant relief to the sufferers, the government should be a bit more specific in providing loan waivers rather than announcing and implementing a general loan waiver. The loan waived should belong to a particular group of people in a defined area growing a particular crop. This can reduce the overall damage that a general loan waiver can instigate in a more responsible manner. In case of excess production, we can also look at the demand side of the problem by making it a bit inflationary by raising public expenditure on developmental projects.

- Promoting Formal Sources of Credit- According to National Sample Survey-Situation Assessment Survey of 2012-13 Schedule 33, farmers borrowing from formal sources of credit earn 17% more than those who borrow from the informal sources of credit. The Net Return of farmers borrowing from formal sources is Rs. 43740 per hectare of land area and that of farmers borrowing from informal sources is estimated at Rs. 33734 per hectare. Also, more borrowings from formal sources of credit facilitate more monthly consumption expenditure. Hence, the need arises to promote the formal lending in the agricultural sector which would require proper planning and execution on the part of rural agricultural banks and NABARD.

CONCLUSION

Taking into account the costs and the benefits that we looked upon in this paper, we can conclude that Loan Waivers are a 'Curse in Disguise' rather than a blessing. It neither brings a positive outlook to our economy nor helps the actual and the neediest beneficiaries of all times. It jeopardizes any scope of growth and development not only in the agricultural sector but also clogs the way of development for infrastructural projects and initiatives. Mostly guided by ignominious political intentions, loan waivers are just implemented to woo the farmers and seize their large vote bank in order to retain or regain power and authority. The implementation of this scheme in Uttar Pradesh where farmers are getting waivers of as low as Re.1 is a mockery of the efforts put in by the farmers to feed the country.

The most pressing issues in the agrarian sector include the lack of adequate investment in various agrarian infrastructure such as irrigation, warehousing, poultry farms etc. The government must step in and implement these pending policies in order to resurrect the agriculture sector. The dwindling incomes of the farmers is a testimony to the fact that something is going wrong in the sector. If we choose to turn a blind eye towards agriculture, it would lead to a more intense agitation coupled with hate and disgust towards the government which would not be in the best interests of anyone. Being optimistic, one can still hope that government will initiate some long-term restructuring plans for reviving agriculture casting aside their political and personal objectives.

ENDNOTES

i Normal Monsoon Season is when the total amount of rainfall in the country between June and September is within 10% ± of the average rain over a long period of time.

ii Marginal Farmers here means having a land-holding less than 1 hectare.

iii Small Farmers here means having a land-holding greater than or equal to 1 hectare but less than 2 hectares.

[iv] Medium Farmers here means having a land-holding greater than or equal to 2 hectares but less than 10 hectares.

[v] Large Farmers here means having a land-holding greater than or equal to 10 hectares.

[vi] Founder, Shetkari Sanghatana and former Member of Parliament, Rajya Sabha.

[vii] In this table, South represents Andhra Pradesh, Telangana, Karnataka, Kerala and Tamil Nadu whereas Central-West includes Madhya Pradesh, Uttar Pradesh, Chattisgarh, Gujarat, Uttrakhand and Maharashtra. Additional interest burden due to loan waiver is Rs. 88.53 Billion and Rs. 71.37 Billion in South and Central-West which has been calculated on the assumption that the state waives off only 25% of the loan amount.

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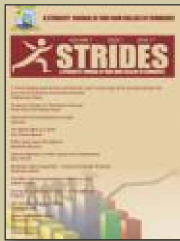

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