International Journal of Economic Practices and Theories (IJEPT)
ISSN: 2247-7225
Volume 2026, Issue 1

Effectiveness of Agricultural Loan Waiver Scheme in Punjab: A regional comparative study of the perception of beneficiary farmers

Harpreet Kaur[1], Navjeet Kaur[2]

[1]Research Scholar, Punjabi university Patiala[1]

[2]Assistant Professor in Commerce, Sri Guru Teg Bahadur Khalsa College Sri Anandpur Sahib[2]

Abstract

The actual success of public welfare schemes can be determined by the amount of benefits provided to their beneficiaries as well as the process of receiving those benefits and the scheme experience of the beneficiaries. The perception of beneficiary farmers on schemes related to farmer welfare presents an important reflection on the implementation, accessibility and effectiveness of the scheme. The objective of the present study was to evaluate the effectiveness of the agricultural loan waiver scheme in the state of Punjab based on the perception of the beneficiary farmers and compare them with their perception in Malwa, Majha and Doaba regions. 400 beneficiary farmers were selected for the study, including 200 farmers from Malwa region, 100 farmers from Mazha region and 100 farmers from Doaba region. Respondents were selected using a snowball-sampling method and primary data were collected with a 25-statement perception scale. Data were analyzed through KMO and Bartlett tests, Exploratory Factor Analysis and One-way ANOVA. The factor analysis determined five key dimensions—adequacy of loan waiver, efficacy of debt burden relief, timeliness, implementation and accessibility, and transparency and fairness. The regional comparison showed significant differences in most dimensions, but no significant regional differences were found in the efficacy of debt burden relief. The findings of the study indicate that effective agricultural loan waiver scheme requires a simple process, time bound action, clear information, transparent beneficiary selection and accessible grievance redressal system along with granting of loan waiver. Future planning should therefore strengthen beneficiary-focused services and sector-specific implementation mechanisms, so that scheme reach, farmer confidence and real debt relief can be more effective.

Keywords: Agricultural loan waiver, beneficiary retention, scheme effectiveness, debt burden relief, regional comparison.

1. Introduction

Indian agriculture sector plays an important role in the livelihood of the farmers and the development of the rural economy. Modern agriculture methods have steadily increased the cost of seeds, fertilizers, pesticides, irrigation and farm machinery. As a result, farmers take loans from various sources for agricultural purposes. Rural families in Punjab have a tendency to borrow from both institutional and non-institutional sources (Kaur & Dhillon, 2018). Indebtedness is a significant problem especially among small and marginal farmers (Kingra et al., 2018). Components such as land holdings, income, farm expenditure and source of credit influence the debt structure of farming families (Ravita et al., 2022). There is also a difference in the pattern of indebtedness among different agricultural sectors in Punjab (Kaur et al., 2025). Under such circumstances, the agricultural loan waiver scheme is an important policy tool to reduce the debt burden of farmers. The Government of Punjab launched the Loan Waiver Scheme in 2017 to reduce the crop loan burden of farmers (Government of Punjab, 2017).

Existing literature on agricultural loan waivers schemes in Punjab mainly gives special importance to farmers' indebtedness, nature of loans, socio-economic status of beneficiary families and post-loan waiver changes in income and debt burden (Kaur & Dhillon, 2018; Kingra et al., 2018; Singh & Tiwana, 2019). The impact of loan waiver on livelihood, economic status and financial behavior of farmers was also examined comprehensively (Saini et al., 2021; Kumar et al., 2024). The focusing on direct perceptions of farmers reveal the usefulness of loan waiver, experience of receiving benefits, behavior regarding loan repayment and responses of farmers

towards the scheme (Jain & Raju, 2011; Waraich, 2023). Nevertheless, a significant gap is clearly visible throughout the overview of the available literature. From the perspective of beneficiaries, the effectiveness of the loan waiver scheme as a multidimensional concept has not been adequately established. Aspects such as adequacy, impact of debt relief, timeliness of benefit receipt, simplicity of implementation and access, access to information, transparency and fairness of benefit distribution are often discussed separately or under comprehensive outcomes. The interconnected perceptual dimensions embedded in the actual experiences of beneficiaries are not yet clearly defined.

Therefore, the main objective of the present study is to understand the effectiveness of the Crop Loan Waiver Scheme of the State of Punjab from the perspective of the beneficiary farmers and comparatively evaluate it in the context of major areas of Malwa, Majha and Doaba. The direct experience of farmers is an important indicator of the actual effectiveness of the scheme, as the success of the scheme is not only related to the amount of debt relief, but also to aspects such as its usefulness, accessibility, timeliness and reliability of implementation from the beneficiaries' point of view. Through regional comparison, a comprehensive understanding of the potential differences in the effectiveness of the scheme across different agricultural areas of Punjab can be obtained. Such a study not only helps in understanding the present status of the scheme, but also helps in understanding the practical utility of loan waiver policy based on farmer experience. Knowing the profitability of the scheme and experiences related to implementation, especially from the perspective of farmers, can provide a useful basis for policy makers to ensure more effective, accessible, transparent and farmer-centric implementation of farm loan waiver policies in the future. The present study thus attempts to clearly highlight the effectiveness of the Agricultural Loan Waiver Scheme and its practical significance by thoroughly understanding the experience-based perspective of the farmers of Punjab.

2. Review of Literature

Role of agricultural loan-waiver schemes

The reduction in the debt burden on farmers due to loan waivers has brought about a change in their economic, social and psychological condition. Available empirical evidence generally shows that debt waiver is able to reduce immediate debt pressure of farmers and provide relief from past loan obligations, but its impact is not the same on all economic aspects of farmers. Loan waivers may improve the financial status of beneficiary families, but the magnitude of this benefit is affected by circumstances such as farmers' initial debt burden, source of credit and economic capacity of the farming family (Kanz, 2016). Reducing the debt burden may increase farmers' ability to meet consumption and daily economic needs, but this effect does not appear to be felt equally by all families. Especially, the economic situation of small marginal farmers is more sensitive, so the impact of loan relief is linked to the stability of their income and other financial sources (Mishra et al., 2017; Pande, 2019). The impact of the loan waiver is also significant in terms of farmers' future credit transactions. On the one hand, reducing the debt burden may improve farmers' ability to access institutional credit again, and on the other hand, the expectation of a re-loan waiver may lead to changes in loan repayment behaviour. The effect of debt forgiveness is not only related to the termination of the current debt, but also to the future debt relationship (Giné & Kanz, 2018; De & Tantri, 2014). It is also worth noting that debt waivers may improve the credit situation, but they do not by themselves ensure a sustainable increase in agricultural productivity, investment or long-term income. Other factors such as production costs, market prices, income stability and future credit availability also play an important role in farmers' investment decisions (Kanz, 2016; Mukherjee et al., 2018). Studies conducted at state levels have also shown variations in the outcomes of loan waivers, as scheme eligibility, benefit receipt patterns, lending agency and implementation arrangements vary from state to state (Phadnis & Goswamy, 2019). The fiscal aspect is also important in assessing the wider impact of loan waiver, as the cost of the scheme may affect the financial capacity of other developmental programs of the state (Mahambare et al., 2022). Nevertheless, in situations of farmer crisis, loan waiver can be an important tool to reduce the immediate financial burden of farmers, especially when farmers feel intense pressure for loan repayment (Gadre, 2017). The case of farmers in Punjab also shows reduction in debt burden and financial relief after loan waiver, but the process of availing benefits and the practical outcomes of the scheme are not the same for all beneficiaries (Kumar et al., 2024). The agricultural loan waiver can be a useful policy tool in terms of

immediate debt relief to farmers, but its broad impact is affected by many factors such as farmers' economic status, credit transactions, re-credit and local conditions

Farmers' Perceptions towards Agricultural Loan-Waiver Schemes

Farmers' perceptions are an important indicator of the actual experience of the scheme. The sense of immediate credit passport generally occupies a positive position in the experiences of loan-waived farmers. The loan waivers reduce the debt burden of the farmers; however, debt relief alone did not ensure their access to institutional credit again (Jain & Raju, 2011). Debt waiver increases the liquidity of the farming family and may reduce the pressure on consumption and agricultural investment in the short run, but this benefit is not equal for all beneficiaries (Kanz, 2016). The impact of credit passes may vary according to farmers' financial status, amount of prior loans and availability of institutional credit (Mukherjee et al., 2018). A few studies find that farmers experienced less financial pressure after loan waivers, but loan waivers do not per se ensure long-term income growth or permanent improvement of agriculture (Giné & Kanz, 2018). Experiences of for-profit farmers in Punjab also saw reduction in debt burden and farmer distress as major benefits, although the perception in relation to increased farm profits was weak in comparison (Kumar et al., 2024). Therefore, from the perspective of farmers, loan waivers can be an effective means of immediate residency, but its benefits are not measured solely by the amount of loans waived; It is also important how much real change the farmer experiences in his economic life (Narayanan & Mehrotra, 2019; Pande, 2019).

Simplicity of implementation, timeliness, information and the process of receiving benefits are of particular importance in farmers' planning experience. Announcement of the scheme may generate positive perceptions, but delays in receiving actual benefits, difficulty in verifying records, ambiguity of eligibility or bank-level proceedings may change the experience of farmers. In the Tamil Nadu loan waiver study, the initial delay in obtaining new loans by beneficiary farmers was due to the screening process of beneficiary accounts; Although this effect has not been sustainable in the long run (Raj & Edwin Prabu, 2018). The available direct study on Punjab's beneficiaries also highlights timeliness of the process and difficulties related to implementation; Many farmers have felt the loss of working days to gain benefits, some consider the process time-consuming or cost-effective (Kumar et al., 2024). Accessibility, inclusiveness, service quality and trust in institutions are important in farmers' perception of financial services; Complex process and poor implementation make positive experiences less likely (Hiranya & Joshi, 2025). The actual use of benefits received through loan waivers also affects farmer perceptions; The use of profits for production, education or meeting other needs shows its personal importance (Jain & Raju, 2011). Therefore, the effectiveness of the scheme is not only related to the debt relief, but also to the quality of the process of availability of benefits (De & Tantri, 2014; Narayanan & Mehrotra, 2019).

Farmers' perception of agricultural loan waiver schemes are also influenced by aspects such as fairness, transparency, inclusion of eligible beneficiaries and future loan transactions. If some of the similarly situated farmers benefit and others do not, then questions about the fairness of the scheme will be raised. Studies of loan waiver schemes show that eligibility criteria, the type of lending institution and the nature of the loan affect the distribution of benefits; As a result, the benefits of the scheme are not spread equally among all indebted farmers (Narayanan & Mehrotra, 2019). The loan waiver announcement may also affect the motivation for regular loan payments in the future. Previous experiences have found that a proportion of farmers find loan waiver useful, but other farmers find it creates uncertainty or waiting feeling about future loan payments (Jain & Raju, 2011). The political perspective of loan waiver schemes also asserts the need for a balance between immediate passporting of farmers' interests and long-term financial discipline (Jha et al., 2019). Prevailing moral-hazard assumptions about debt forgiveness are not always supported by strong empirical evidence; Therefore, farmer perception should be evaluated not only on the basis of general perceptions, but also on the experience of actual beneficiaries (Pathak & Chattopadhyay, 2021). Reduced debt burden is a positive aspect in the experiences of loan waived farmers in Punjab, but questions such as other credit sources, agricultural profitability and long-term credit dependency are still important (Waraich, 2023). Post-loan waiver, farmers' stress, income uncertainty and other crisis factors may affect their overall perception of planning, especially in the case of small and marginal farmers (Saini & Hussain, 2025). Therefore, the perception of farmers as a whole is neither

entirely positive nor entirely negative. Their experience is formed jointly by the volume of loan relief, time to receive benefits, simplicity of process, clarity of information, fairness of eligibility and likelihood of future financial security.

3. Research Methodology

3.1 Target population and sampling

The target group of this study includes those farmers in the state of Punjab who availed crop loan waiver under the Agricultural Loan Waiver Scheme. Eight districts in three regions of Punjab were selected for the study, including four districts from Malwa and two from Majha and Doaba regions. In total, 400 beneficiary farmers were included in the sample, out of which 200 farmers were selected from Malwa, 100 from Majha and 100 from Doaba. Snowball sampling method was used for the study. In each selected district, farmers who have benefited from the farm loan waiver scheme were first identified through bank officials and local contacts. Initial beneficiaries were then informed about the contacts of other eligible beneficiaries. Through those contacts, successively other beneficiaries were included in the study. The sample was expanded through the chain of contacts of the beneficiaries, until the prescribed sample size was achieved. This method is particularly useful when a complete and up-to-date list of target groups is not readily available to researchers (Goodman, 1961; Noy, 2008).

3.2 Measurement tools

A structured questionnaire was used to collect the primary data. The first part of the questionnaire deals with the socio-demographic and agricultural information of the respondents, such as age, education level, family size, social class, type of farmer, land holding size and farming experience. The second part included 25 statements to measure the effectiveness of the farm loan waiver scheme from the beneficiaries' point of view. Each statement was measured with a five-point Likert scale varying from strongly disagree to strongly agree. The questions in the questionnaire were laid out in simple language, clearly and in a neutral manner to minimize possible bias in the responses of the respondents. Respondents were clearly informed of the confidentiality of their responses and the academic purpose of the study and participation was voluntary. The 25 statements were presented in a random order, so as to minimize the influence of the predefined topic set of questions and order-induced bias (Goodman, 1961; Hair et al., 2019).

Table 1. Sampling profile

Variables	**Frequency**	**%**
Age		
Less than 30	59	14.75%
30-39	130	32.50%
40-49	107	26.75%
50-59	70	17.50%
60 and above	34	8.50%
Household Size		
1-2	35	8.75%
3-4	126	31.50%
5-6	168	42.00%
7 and above	71	17.75%
Educational Qualification		

No formal education	23	5.75%
10th or below	83	20.75%
Secondary school	134	33.50%
Undergraduate	111	27.75%
Post graduate	49	12.25%
Social Class/Caste		
General	307	76.75%
SC	53	13.25%
OBC	40	10.00%
Type of Farmer		
Small	238	59.50%
Marginal	162	40.50%
Land size own		
Less than 1 acre	87	21.75%
1-2.5 acres	75	18.75%
2.5-5 acres	106	26.50%
More than 5 acres	132	33.00%
Total	**400**	**100.00%**

Table 1 displays the distribution of socio-demographic characteristics of the 400 farmers included in the study. According to age group, 32.50% were farmers in the age group of 30–39 years, followed by 26.75% in the age group of 40–49 years. As per household size, 42.00% of families with 5–6 members were farmers, while 31.50% of families with 3–4 members were farmers. In terms of educational qualifications, 33.50% of the farmers were educated at the secondary level, followed by 27.75% at the graduate level. 76.75% of the farmers belonged to the general category, while 13.25% of the farmers belonged to the SC category. In terms of farmer type, 59.50% of the farmers were smallholders, while 40.50% of the farmers were marginal farmers. According to the size of land owned, 33.00% of farmers owned more than 5 acres, followed by 26.50% of farmers with 2.5–5 acres land.

4. Results

An exploratory factor analysis was conducted on the 25 statements to achieve the objectives of the study and find out the key factors underlying the perception of the beneficiaries. Initial analysis included all 25 statements.

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.913
Bartlett's Test of Sphericity	Approx. Chi-Square	5150.948
	df	276
	Sig.	.000

The KMO measures of sample adequacy and Bartlett's test of sphericity, were used to determine the suitability of the EFA. KMO values are generally expected to be greater than 0.50 (Kaiser, 1974). In this study, the KMO-

value was found to be 0.913, which is higher than the expected level of 0.90. On the other hand, the $\chi 2$-value obtained for Bartlett's test of sphericity is 5150.948, df = 276 and p = 0.000. If the p-value is less than 0.05 in the Bartlett test, the correlation matrix is not an identity matrix and a statistically meaningful correlation exists between the variables, so the data are suitable for performing factor analysis (Bartlett, 1951; Hair et al., 2019). The results of both the KMO and Bartlett tests indicate that the data from the 25 statements in the study are adequately suited for EFA.

Table 2 presents the results of the exploratory factor analysis. Principal component analysis and the varimax rotation method with Kaiser normalization were used to extract factors from the 24 statements. Initial analysis included 25 statements, but one statement was removed because it received a low Factor Loading value. The remaining 24 statements were then subjected to a repeat factor analysis, which yielded five major factors. These eigenvalues are 4.544, 3.470, 3.349, 2.487 and 2.112, respectively. The Eigenvalue of each factor exists greater than 1.00, so these factors were retained in the analysis. These five factors explain 18.931%, 14.460%, 13.953%, 10.361% and 8.800% of the variance, respectively. The cumulative variance explanation of these factors is 66.505%, which shows that a considerable part of the 24 statements is clearly explained by these five factors.

Table 2: Rotated Component Metrix

Variables	Component					Commu-nalities
	1	2	3	4	5	
Bank/cooperative officials provided adequate assistance during the waiver process.	.790					.668
I faced few difficulties while obtaining the loan waiver benefit.	.789					.662
The process of obtaining the waiver was convenient for me.	.772					.634
The procedure for availing the loan waiver benefit was easy to understand.	.757					.617
Eligible farmers could access the loan waiver without major procedural difficulties.	.747					.623
Information about the procedure for obtaining the waiver was easily available.	.734					.589
The documentation required for obtaining the waiver was reasonable.	.728					.585
The beneficiary selection process was free from unfair discrimination.		.794				.678
The eligibility criteria for the loan waiver were clearly communicated to me.		.778				.701
The process of identifying beneficiaries was transparent.		.755				.696
The amount of loan waived was clearly communicated to me.		.745				.651
Eligible farmers were treated fairly under the scheme.		.668				.563

The loan waiver achieved its intended purpose of providing debt relief to me.			.830			.733
The scheme made my remaining agricultural debt more manageable.			.815			.731
The waiver reduced the pressure of repaying my crop loan.			.791			.689
The waiver provided significant relief from my agricultural debt burden.			.768			.663
The loan waiver reduced my outstanding crop-loan liability.			.627			.614
The waiver was provided at an appropriate time considering my repayment obligations.				.725		.709
I received information about the status of my loan waiver in a timely manner.				.705		.670
I received the loan waiver within a reasonable period.				.702		.674
The processing of my loan waiver was completed without undue delay.				.676		.629
The amount waived was sufficient to provide meaningful relief from my loan burden.					.813	.765
The amount of crop loan waived was adequate in relation to my eligible outstanding loan.					.797	.721
The waiver covered a substantial portion of the crop loan eligible for relief.					.675	.697
Eigen Value	4.544	3.470	3.349	2.487	2.112	
Percentage of variance explained	18.931	14.460	13.953	10.361	8.800	
Cumulative Percentage of variance explained	18.931	33.391	47.344	57.705	66.505	
Extraction Method: Principal Component Analysis.						
Rotation Method: Varimax with Kaiser Normalization.						

According to the results of the rotated component matrix, the 24 statements are neatly divided into five factors based on their thematic similarities. The first factor is named as ‘implementation & accessibility’, the second as ‘transparency & fairness’, the third as ‘effectiveness of debt relief’, the fourth as ‘timeliness of waiver’, and the fifth as ‘adequacy of loan waiver’. All 24 statements have factor loading values above 0.60 and communalities values range from 0.563 to 0.765. These results indicate that the included statements adequately reflect the relevant factors. The five factor structure is statistically adequate and semantically clear, and these factors clarify the key aspects of beneficiaries' perceptions of the farm loan waiver scheme as a whole.

Five key factors regarding farmers' perceptions of the agricultural loan waiver scheme were identified through EFA, and these were compared to understand the differences in the perspectives of farmers from the malwa, majha, and doaba regions. One way ANOVA test was used to compare the farmers' perceptions.

Table 4. Comparison of farmers' perception factors with the malwa, majha and doaba region of Punjab

Factors	Region			f-value	Sig.
	Majha	Malwa	Doaba		
Adequacy of Loan Waiver	4.060	3.793	3.957	7.218	0.001
Effectiveness of Debt Relief	3.400	3.289	3.308	0.928	0.396
Timeliness of Waiver	4.075	3.564	4.010	26.025	0.000
Implementation & Accessibility	3.640	3.226	3.517	15.684	0.000
Transparency & Fairness	3.770	3.424	3.370	10.378	0.000

Regarding the factor of 'adequacy of loan waiver, the mean score for the majha, doaba, and malwa regions are 4.060, 3.957, and 3.793, respectively. The f-value for this factor is 7.218, and the p-value is 0.001, which is less than 0.05. Therefore, there is a statistically significant difference in the perceptions of farmers across the three regions. On average, farmers in the majha region consider the loan waiver amount more adequate compared to those in the other two regions. Regarding the factor of 'effectiveness of debt relief', the mean values for the majha, doaba, and malwa regions are 3.400, 3.308, and 3.289, respectively. The f-value is 0.928, and the p-value is 0.396, which is greater than 0.05. Thus, there is no statistically significant difference in farmers' perceptions regarding this factor based on the region. This indicates that farmers across all three regions perceive the impact of the loan waiver relief in a largely similar manner.

In the factor 'timeliness of waiver', the mean value of majha region is 4.075, doaba region 4.010 and malwa region 3.564. The f-value of this factor is 26.025 and Sig. The value is 0.000. Therefore, there exists a very meaningful difference in the perception of farmers across the regions. On average, farmers in the mazha and doaba regions find the timing of waivers more favorable than farmers in the Malwa region. In the factor of implementation & accessibility, the mean value of majha region is 3.640, doaba region 3.517 and malwa region 3.226. The f-value is 15.684 and the p-value is 0.396, which is greater than 0.05. So, there is a significant difference in perception by region on this factor as well. The perception of farmers in majha region is highest and lower as compared to malwa region. This suggests that regional differences exist in accessibility to the process and implementation of benefit access.

In the factor of 'transparency & fairness', the mean value of majha region is 3.770, malwa region 3.424 and doaba region 3.370. The f-value is 10.378 and the p-value was found to be 0.000, so there exists a significant difference in the perception of farmers in the three regions. According to the mean values, farmers in the majha region perceive the transparency and fairness of the scheme more positively, while the mean values in the doaba region are the lowest.

The results shown in the table indicate that significant regional variations were found in four out of the five factors. Only the factor related to the effectiveness of debt relief does not show any significant difference across the three regions. Compared to the average values, farmers from the majha region expressed the most positive views across all five factors. Farmers from the doaba region held quite positive opinions regarding adequacy, effectiveness, and timeliness, though their views were less favorable concerning transparency & fairness. Farmers from the malwa region expressed notably lower satisfaction, particularly regarding the timeliness of waiver and implementation & accessibility.

5. Discussion

The findings reveal that farmers' perceptions regarding the agricultural loan waiver scheme are not uniform but are shaped by several interrelated aspects. Exploratory factor analysis identified five key dimensions namely adequacy of loan waiver, effectiveness of debt relief, timeliness of waiver, implementation & accessibility, and transparency & fairness. This indicates that farmers do not judge the scheme's success solely by the waiver amount received; rather, they consider how useful that amount is in Reducing their debt burden, the extent of actual relief provided, the timeliness of the benefit, the simplicity of the process, and the clarity and fairness of the treatment accorded to eligible beneficiaries. Thus, the structure derived from the EFA offers a comprehensive representation of the farmers' actual experience with the scheme. Notably, the emergence of "effectiveness of debt relief" as a distinct factor suggests that farmers view the loan waiver not merely as a financial gain but as a tangible shift in their debt burden and repayment pressure. Meanwhile, dimensions such as adequacy, timeliness, and implementation indicate that the benefits of a scheme are perceived as more effective when the relief is substantial, timely, and easily accessible. A previous study conducted in Punjab also characterized the benefit-acquisition process as time-consuming and costly, suggesting that the experience of implementation—alongside the policy outcome—influences beneficiaries' perceptions.

Furthermore, the results of the regional comparison make it clear that experiences with this scheme can vary depending on the location. The regional differences observed across most factors indicate that, despite the scheme being uniform, farmers do not share identical experiences regarding its implementation, timeliness, adequacy, and transparency. A more favorable perception in the Majha region suggests that beneficiaries there may have accessed the scheme's processes, information, and institutional support with relative ease. In the Doaba region, the relatively positive perception regarding adequacy and timeliness indicates that the relief received and its timing held particular significance for the farmers. Conversely, the less favorable perception in the Malwa region, especially concerning implementation and timeliness, suggests that factors such as the scale of the agricultural sector, the number of beneficiaries, banking accessibility, or procedural hurdles may have influenced the experience of the scheme. As these factors were not directly measured in this study, they should be viewed merely as potential explanations. Notably, the absence of regional disparities in the effectiveness of debt relief indicates that once farmers received the waiver benefit, the sense of relief derived from it remained relatively consistent across different regions.

6. Suggestion and implication

The agricultural loan waiver scheme is an important policy measure to reduce the debt burden of farmers and strengthen financial security in the agricultural sector. The future framework of the scheme should ensure simple process, clear information, timely service and transparent arrangements for the beneficiaries along with granting of loan waiver. For this, an integrated beneficiary system can be developed at the state level, in which the farmer can know his eligibility, waiver amount, application status and benefit receipt status etc. in one place. Banks and cooperative societies should set up separate helplines for loan waiver, which would give direct help to farmers with applications, documents and eligibility problems. Duplication of required documents should be minimized and identification of eligible farmers based on available bank records should be automated as much as possible.

The list of eligible beneficiaries, eligibility criteria and sanctioned waiver amounts should be made publicly available to strengthen scheme transparency. Notification of waiver amount and application status should be sent to each beneficiary via SMS or other convenient means. If the farmer disagrees about eligibility, waiver amount or beneficiary selection, a simple, free and fixed time limit grievance redressal mechanism should be available. The implementation of the scheme at the regional level should also be monitored separately. Additional support systems, mobile help centers and village-level information campaigns can be conducted, especially in areas where banking services, information access or procedural assistance are not adequate. This will make farmers less dependent on middlemen and there will be fewer unnecessary hurdles in accessing scheme benefits.

From a policy perspective, future evaluations of loan waiver schemes should not be based solely on the waiver amount disbursed or the number of beneficiaries. Beneficiary experience should also be a regular part of plan evaluation. After each planning cycle, feedback from farmers should be collected and evaluated separately on

issues of waiver process, timeliness, accessibility, transparency and relief received. Feedback received at the state level should be analyzed by sector and changes to the process should be made as needed. Local circumstances should also be taken into consideration along with similar policies and rules especially in areas like Malwa, Majha and Doaba. Such a beneficiary-centric, transparent and sector-friendly implementation approach can strengthen the administrative efficiency of future farm loan waiver schemes, farmer confidence and the real utility of the scheme.

Conclusion

The farm loan waiver scheme is a significant policy measure to reduce the debt burden on farmers and strengthen their economic condition. The main objective of the present study was to find out the effectiveness of the agricultural loan waiver scheme from the perspective of the farmer-beneficiaries of the State of Punjab. Based on the study, it is evident that the perception of beneficiaries towards the scheme is formed not only by the amount of loans waived, but by the combined effect of aspects such as scheme adequacy, debt burden relief efficacy, timeliness, ease of implementation, transparency and fairness. The factor analysis neatly determined these key aspects of the planning experience. The results of the regional comparison also indicate that the experience of implementing the plan is not the same in all regions, particularly regional differences in processes, information, timeliness and transparency. however, regional differences in the effectiveness of debt burden relief are not clearly evident. Therefore, in formulating the agricultural loan waiver scheme in future, mere granting of loan waivers should not be considered sufficient; Simple procedures, timely service, clear information, transparent beneficiary selection and accessible grievance redressal system should also be ensured. These measures can further strengthen the efficiency of the scheme and farmers' confidence.

References

[1] De, S., & Tantri, P. L. (2014). Borrowing culture and debt relief: Evidence from a policy experiment. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.2242390

[2] Gadre, K. N. (2017). Agricultural loan waiver—A study of causes and consequences. Research Journal of Humanities and Social Sciences, 8(3), 345–350. https://doi.org/10.5958/2321-5828.2017.00051.1

[3] Giné, X., & Kanz, M. (2018). The economic effects of a borrower bailout: Evidence from an emerging market. The Review of Financial Studies, 31(5), 1752–1783. https://doi.org/10.1093/rfs/hhx073

[4] Goodman, L. A. (1961). Snowball sampling. The Annals of Mathematical Statistics, 32(1), 148–170. https://doi.org/10.1214/aoms/1177705148

[5] Government of Punjab. (2017). Farm Debt Waiver Scheme, Punjab: Budget at a Glance 2017–18. Government of Punjab. https://punjab.gov.in/wp-content/uploads/2019/04/Budget-at-a-Glance-17-18.pdf?utm_source=chatgpt.com

[6] Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). Multivariate Data Analysis (8th ed.). Cengage.

[7] Hiranya, J., & Joshi, H. G. (2025). Bridging the psychological and policy gaps: Enhancing farmer access to agricultural credit in India. Acta Psychologica, 255, 104890. https://doi.org/10.1016/j.actpsy.2025.104890

[8] Jain, R., & Raju, S. S. (2011). Credit overdue and farmers' perceptions on agricultural debt waiver and debt relief scheme. Journal of Agricultural Development & Policy, 21(2), 73–86.

[9] Jha, S., Mohapatra, A. K., & Lodha, S. S. (2019). Political economy of farm loan waivers in India. FIIB Business Review, 8(2), 88–93. https://doi.org/10.1177/2319714519844128

[10] Kanz, M. (2016). What does debt relief do for development? Evidence from India's bailout for rural households. American Economic Journal: Applied Economics, 8(4), 66–99. https://doi.org/10.1257/app.20130399

[11] Kaur, M., Ravita, & Singh, S. (2025). Incidence and determinants of indebtedness among farmer households in the cotton belt of rural Punjab. Journal of Agricultural Development and Policy., 35(1), 128–135. https://doi.org/10.63066/23220457.35.1.016

[12] Kaur, R., & Dhillon, S. S. (2018). Structure of credit and indebtedness among rural farm households in Punjab. Indian Journal of Economics and Development, 14(1A), 324–329. https://doi.org/10.5958/2322-0430.2018.00117.8.

[13] Kingra, H. S., Singh, S., & Kaur, M. (2018). Indebtedness among marginal and small farmers of Punjab. Journal of Agricultural Development and Policy, 28(1), 92–100.

[14] Kumar, S., Singh, J. M., Grover, D. K., & Kaur, T. (2024). Economic impact of farm debt waiver scheme on farmers livelihood in Punjab. Journal of Agricultural Development and Policy, 34(1), 104–110. https://doi.org/10.63066/23220457.34.1.013

[15] Mahambare, V., Dhanaraj, S., & Mittal, P. (2022). The political budget cycles in the presence of a fiscal rule: The case of farm debt waivers in India. Journal of Policy Modeling, 44(3), 701–721. https://doi.org/10.1016/j.jpolmod.2022.05.002

[16] Mishra, M., Venkatesh, K., Tantri, P. L., & Thota, N. (2017). Does a debt relief lead to increased precautionary savings?: Evidence from a policy experiment (ISB Working Paper No. 2729653). Indian School of Business. https://doi.org/10.2139/ssrn.2729653

[17] Mukherjee, S., Subramanian, K., & Tantri, P. L. (2018). Borrower distress and debt relief: Evidence from a natural experiment. Journal of Law and Economics, 61(4), 607–635.

[18] Narayanan, S., & Mehrotra, N. (2019). Loan waivers and bank credit: Reflections on the evidence and the way forward. Vikalpa: The Journal for Decision Makers, 44(4), 198–210. https://doi.org/10.1177/0256090919896873

[19] Noy, C. (2008). Sampling knowledge: The hermeneutics of snowball sampling in qualitative research. International Journal of Social Research Methodology, 11(4), 327–344. https://doi.org/10.1080/13645570701401305

[20] Pande, D. (2019). Impact of the agriculture debt waiver debt relief scheme on the consumption expenditure of smallholder farmers. Agricultural Economics Research Review, 32(Conference Number), 103–112. https://doi.org/10.5958/0974-0279.2019.00020.X

[21] Pathak, A., & Chattopadhyay, A. K. (2021). Debates on agricultural loan waiver schemes in India: Myths and realities. Contemporary South Asia, 29(4), 560–570. https://doi.org/10.1080/09584935.2021.1995326

[22] Phadnis, A., & Goswamy, A. (2019). The politics of farm loan waivers: A comparative study. Economic & Political Weekly, 54(23), 50–56.

[23] Raj, D. S., & Edwin Prabu, A. (2018). Agricultural loan waiver: A case study of Tamil Nadu's scheme. Reserve Bank of India Occasional Papers, 39(1–2).

[24] Ravita, R., Kaur, M., & Singh, G. (2022). Category-wise Magnitude and Determinants of Indebtedness among Farm Households in Rural Punjab. Journal of Agricultural Development and Policy., 32(2), 165–173. https://doi.org/10.63066/23220457.32.2.003

[25] Saini, S., & Hussain, S. (2025). Beyond loan waivers: Empirical evidence from Punjab, Maharashtra, and Uttar Pradesh on farmer distress and coping mechanisms. Agricultural Economics Research Review, 38(1), 47–60. https://doi.org/10.1177/09713441251389414

[26] Saini, S., Hussain, S., & Khatri, P. (2021). Farm Loan Waivers in India: Assessing Impact and Looking Ahead. NABARD Research Study No. 22. Mumbai: National Bank for Agriculture and Rural Development (NABARD). ISBN: 978-93-5578-502-2.

[27] Singh, T., & Tiwana, B. S. (2019). Socio-economic profile of loan waiver beneficiary households in Punjab. Indian Journal of Economics and Development, 15(2), 206–215. https://doi.org/10.5958/2322-0430.2019.00025.8.

[28] Waraich, A. (2023). Agricultural debt relief in Punjab: Moving beyond loan waivers towards law. Journal of Sikh & Punjab Studies, 30(2), 327–344