

Agriculture loan NPAs rise by 15%

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Ahmedabad: With the prolonged monsoon and erratic rainfall, several farmers suffered crop losses. Consequently, bad loans in the agriculture sector rose in FY 2022. According to the latest report by State Level Bankers' Committee (SLBC) tabled at the 173rd SLBC meeting in Ahmedabad on Tuesday, non-performing assets in agriculture loans stood at Rs 6,572 crore in financial year 2021-22. Bad loans in agriculture grew from Rs 5,696 crore in 2020-21, up 15% in the current fiscal year.

NPAs in crop loans stood at Rs 2,808 crore, and in agriculture loans at Rs 3,764 crore in the current fiscal.

Cotton farmers incurred major losses according to estimates from bankers due to erratic rainfall and reduced cotton production this year.

Sagar Rabari of Khedut Ekta Manch said, "Last year, the monsoon was erratic. While Cyclone Tauktae and rain after it caused sowing to start on time, the second half of June and all of July were dry. Consequently, crop quality and yield was affected. Moreover, the extended rains led to crop failure in parts of Gujarat. With crop quality affected, earnings of farmers reduced."

"On the other hand, input costs went up. With higher prices of pesticide, fertilizer and seeds, costs went up and farmers' incomes went down. The bad loan burden thus increased," said Rabari.

Among the crops other than cotton which witnessed destruction or bad quality due to erratic rainfall were groundnut and wheat.

Advances for agriculture loans rose up from Rs 94,839 crore to Rs 1.03 lakh crore in the said period.