

Inflation may quicken by 20 bps on loan waivers

Farm loan waivers amounting to Rs. 88,000 crore likely to be released in 2017-18 by seven States, including U.P. and Maharashtra, may push inflation on a permanent basis by 0.2 percentage points, according to an RBI paper.

Farm loan waivers have been announced intermittently by both the central and state governments to provide relief to farmers facing distress due to natural calamities and crop failure. Loan waivers could add to the fiscal burden over the medium term, according to a Mint Street Memo from the RBI.

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