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Abstract

Drawing on field work done in rural South India, where consumer credit has dramatically increased over the last decade, the chapter analyses the processes through which contemporary forms of debt lead to pauperization and misery. The authors' findings suggest that in the villages studied here, households' over-indebtedness is shaped by and constitutive of broader socioeconomic and political changes. More specifically, households' over-indebtedness illustrates the contradictions of the urbanization and "modernization" of rural south-India. Of course over-indebted households struggle to meet ends and face material poverty. But some of them also have growing social aspirations which are hardly compatible with income uncertainty and job precariousness. Social aspirations translate not only into costly needs but also into the willingness to engage into market debt relationships which are also more costly financially than traditional relationships of dependency and patronage. In other words, those who are the bottom of the hierarchy are faced with a Faustian choice, between on the one hand the financial price of the market and on the other hand the social cost of dependency.

Keywords: Credit-worthiness**,** Debt, Over-indebtedness, Caste, Class, Gender, Economic anthropology

JEL classifications: O17, O53, Z13

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1. Introduction

High levels of indebtedness amongst Indian rural households have long been a matter of concern. Official British field reports regularly express surprise and concern about high levels of debt in villages (Breman 2007; Cederlöf 1997; Hardiman 1996). Many Christian missions have also sought to encourage the poor to save and to get out of chronic debt (Cederlöf 1997). While "financial inclusion" policies are now central to the political agendas of Indian public policy makers (Garikipati 2008), private stakeholders such as NGOs and banks (Srinivasan 2009), and international organisations (World Bank 2007), this concern remains extremely pressing. Tragic cases of Indian cotton producers being condemned to despair and sometimes suicide over unmanageable debts are well known (Mohanty 2005). More recently, microfinance client over-indebtedness has also been highlighted. In various areas of Andhra Pradesh and Karnataka, it has been reported that thousands of clients have become trapped in vicious cycles of cross-debt from multiple microfinance institutions, which has led to worrying problems of extreme financial vulnerability and sometimes suicide.

This paper deals with other forms of over-indebtedness, examining the daily indebtedness of poor rural households in Tamil Nadu. In the villages examined, debt does not necessarily lead to the dramatic situations observed amongst cotton farmers or microfinance clients, but it can be nevertheless a source of impoverishment, pauperization and dependency. Census data indicates that Tamil Nadu is one of the states where household debt is the highest (NSSO 2003). Over the second half of the last century, debt sources have evolved and probably diversified. "Traditional" forms of rural debt based around extreme dependency between landlords and labour are fading away (Cederlöf 1997; Guérin *et al*. 2009), as also observed in other parts of India (Breman 1974; Breman *et al.* 2009). Labourers now have a wide range of borrowing options. Empirical studies in the early 1980s highlighted the dynamism and diversification of the rural financial landscape (Bouman 1989; Harriss B. 1981). In rural Tamil Nadu for instance, professional lending, which had historically been the preserve of specific castes, has opened up to other communities. Many local elites also used their cash surpluses to invest as loans (Harriss B. 1981). More recent studies have shown that the diversification of Tamil Nadu's rural financial landscape is still going on (Ramachandran and Swaminathan 2005; Polzin 2009). Indian microfinance, having long been overshadowed by its Bangladeshi neighbor, has been growing exponentially since the 2000s. Tamil Nadu is moreover one of the states where microfinance has developed the most (Fouillet 2009). In

March 2010, it was estimated that Tamil Nadu state had 12 641 706 clients (Sa Dhan 2009), with a penetration rate ranging from 0 to 20% (Fouillet 2009).

On the demand side, even if inequalities remain remarkably intractable (Harriss-White & Janakarajan 2004), the poorest and lowest castes are expressing a growing desire for social mobility. In Tamil Nadu, the increased importance of non-agricultural income and the implementation of wide set of social policy measures have clearly contributed to this (Harriss-White and Colatei 2004; Djurfeld *et al*. 2008; Vijaybaskar *et al*. 2004). Such desire for social mobility creates an increasing culture of consumerism, including in rural areas (Kapadia 2002). This is incited and perpetuated through massive advertising campaigns (largely through television), and facilitated by urban commuting and public welfare policies (such as bringing electricity to the countryside and the distribution of free televisions). Consumerism brings about genuine social competition between households and communities (Kapadia 2002). These social mobility aspirations serve to loosen and reconfigure ancient bonds of dependence, or at least alter expectations, bringing about the desire for a better position within existing local hierarchies (Djurfeld *et al*. 2008; De Neve 2005; Heyer 2010; Gorringe 2010)[1].

It is in such a context of socioeconomic and political change that debt relationships should be analysed. Our hypothesis is that debt and over-indebtedness are both shaped by and constitutive of these changes. Consumerism creates norms which many households are willing to follow without having the financial means to do so (the “paradox of aspiration” raised by Thorstein Veblen and also observed by Olsen and Morgan (2010) in Andhra Pradesh). Households are borrowing on a daily basis at slack financial times to make ends meet. They also borrow considerable amounts to marry their children, renovate their houses or invest in private education. Our data shows that debt servicing takes up around half of their monthly income on average. These figures are all the more worrying given the irregularity and uncertainty of incomes. Our observations have led us to investigate over-indebtedness as an issue in terms of the following questions: how should we analyze such trends? What is debt and what is over-indebtedness? Where is the line between the two, and who defines them? History and economic anthropology tell us that debt encompasses multiple meanings and a diversity of relationships. It is therefore likely that the term “over-indebtedness” will have multiple and possibly contested meanings.

[1] See also Picherit (2009a) for Andhra Pradesh.

This chapter applies a case study of four villages in the southern Arcot region of Tamil Nadu, combining descriptive statistics and qualitative analysis to present three main arguments.

Firstly, if as in this chapter over-indebtedness is defined as a process of impoverishment through debt, then a large part of the rural poor can certainly be considered as over-indebted. Over-indebtedness is only transitory for some households, while for others it is chronic. What is however clear is that over-indebtedness as a concept has little meaning to the poor. Financial indicators are certainly useful (and will be used here) to quantify the cost of debt. To understand debt practices, motivations and rationales, however, it is necessary to examine how the poor perceive and experience debt. It also requires taking into account the diversity of debt meanings and debt relationships. Of those in extremely vulnerable financial situations, very few consider themselves as over-indebted. The contrast between exogenous categorisations and local subjectivities is striking. One could of course argue that the poor suffer from “false consciousness”, in the sense that they are not even able to assess their own exploitation. Our explanation is different: we argue that the poor have their own “frameworks of calculations” (Villarreal 2009; this volume) and debt hierarchies (Shipton 2007). Such phenomena transcend questions of material or self-centred motivations and reflect issues of status, honour, power, and individual and group identity. This is our second argument: individuals engage multiple criteria to establish debt hierarchies and to evaluate debt burdens. Though financial criteria certainly matter, the social meaning of debt is equally, or more valued. While some debts are dishonoring, others are not. This depends upon the social relation between the debtor and the creditor and their respective status. Caste, class, kin and gender relationships are instrumental here.

Our final argument is that households’ strategies and practices towards debts are more motivated by maintaining creditworthiness than by paying off debts. Maintaining creditworthiness is both a matter of eligibility for loans in the future[2] and of self-dignity.

2. Data and context

This paper draws on data collected between 2005 and 2009 in four villages of the southern Arcot region of Tamil Nadu, located at the border of two districts (Cuddalore and Villipuram). They cover a continuous and relatively small area, varying between dry, rainfed

[2] As also shown by Solène Morvant-Roux in rural southern Mexico (Morvant-Roux 2006).

tracts and the wet, irrigated areas, which are so typical not only of Tamil Nadu, but also of much of southern and central India. In dry villages, agricultural opportunities are limited to one or possibly two types of crops, mainly paddy and ground nut. For about the past two decades, mainly male marginal farmers and landless labourers have been migrating to supplement their farm incomes. Some commute to nearby small towns, mainly working as manual or semi-skilled labourers in the construction or transport sectors. Others depart for a couple of months to Kerala to work in coconut plantations or local industries. A few households have opted for international migration. In irrigated villages, agriculture still remains a central occupation, both for landowners and landless labourers. Irrigated villages grow two or three crops and many producers are specialized in cash crops (sugarcane, paddy, cotton, ragi, flowers, mango trees, banana trees) and their cultivable lands are larger. Migration, mainly in the form of commuting to Chennai and Pondicherry, does exist, but it is much less widespread than in dry villages.

As elsewhere in Tamil Nadu and India, caste remains a fundamental feature of social, economic, ritualistic and political life. Local classifications of social hierarchy correspond roughly to administrative categories: at the bottom of the hierarchy one finds “ex-intouchables” (here mainly Paraiyars and a few Kattunayakkans), classified as Scheduled Castes; next come the ‘lowest-middle’ castes (here mainly Goundars, Vanniars and few Barbers), classified as Most Backward Castes, followed by ‘middle castes’ (here mainly Mudaliars, Chettiars, Yadhavars, Agamudayars, Asaris and Padithars), classified as Backward Castes. Of those at the top of the hierarchy (here Reddiars, Naidus and few Jains classified as Forward Castes), many have deserted the village[3]. They still own houses and part of their land (these usually on lease to lower castes), but have settled in towns and now invest in urban-based activities.

Our data combines descriptive statistics with qualitative analysis. As a first stage, qualitative tools (semi-structured interviews with men and women and key informants, group discussions, observation) were used to capture the diversity of borrowing practices and the way people talk about debt. As a second stage, a quantitative questionnaire was implemented on 344 households, with a stratified sample based on caste and localisation (dry/irrigated). High castes were excluded because of their small number. The survey focused on household socio-economic characteristics and borrowing practices. This quantitative questionnaire

[3] They represent between 2 and 4% of the population in the villages studied here.

aimed at providing a representative picture of household debt in the villages studied (except for higher castes). As a third stage, we conducted a qualitative survey, which aimed at exploring in more detail the concept of over-indebtedness. The 20% most indebted households were selected (totalling 68 households). This qualitative survey was based on semi-structured interviews and case studies, and served various purposes. One was to situate debt into a dynamic framework and to reconstruct households' experiences over time. Our aim was to examine the evolution of financial vulnerability over time and to assess its prospects of evolution, asking whether the households were trapped in a vicious cycle of rising debt, or if they were coming out of debt. People were asked to list the major events of their life (life cycle events, any livelihood changes, any migrations, etc.). For each event or noticeable change, they were asked to explain its mode of finance. Another purpose for the survey was to analyse attitudes and strategies toward debts, taking into account the diversity of debt relationships, both from a financial perspective (cost, repayment modalities, duration, etc.) and from a subjective perspective. This last step also involved interviews with lenders who were asked about the loan terms, cost, duration, collateral requirements and sanctions for non-repayment, as well as how they evaluate the creditworthiness of customers and manage risks. Around 15 lenders with different profiles were interviewed.

The table below lists households' socioeconomic characteristics according to caste. We can see that the lowest castes (SC), although of average education levels, still specialize in casual labour, especially in agricultural labour. The lowest-middle caste (MBC, here mainly Vanniars) specialize in agricultural production, while middle castes (MC) monopolize higher quality non –agricultural labour positions whether as employees or through self-employment.

Table 1. Household profiles (HH=344)

	All (344)	*BC (105)*	*MBC (105)*	*SC (134)*
Household size (average number)	4,7	4,86	4,68	4,6
Level of literacy (husband and wife)	61,8%	71,8%	45,7%	66,7%
Concrete housing (% HH)	29,1%	37,1%	26,6%	24,6%
Landless HH (%)	52,6%	68,5%	31%	52,6%
Average land size (acres)	1,15	3,2	1,4	0,55

Table 2. Livelihood profiles (HH=344)

	All (344)	*BC (105)*	*MBC (105)*	*SC (134)*
Casual worker agriculture only	38,7%	41,9%	32,4%	41,0%
Casual Worker	7,8%	2,9%	7,6%	11,9%
Employee, self-employed, pension	14,8%	29,5%	7,6%	9,0%
Farmer (usually combined with non farm labour)	13,1%	14,3%	23,8%	3,7%
Farmer-Worker	23,3%	6,7%	27,6%	32,8%
Unknown	2,3%	4,8%	1,0%	1,5%
Total	100%	100%	100%	100%

3. Over-indebtedness: what do the figures tell us?

In common with various monographs on different parts of India[4], our survey highlights both the scale and frequency of debt. At the time of the survey, 91.27% of the households were indebted. For those who are indebted, the average outstanding debt per household was 30,500 INR (median 20,000), approximately one year's average household income. The amount of outstanding debt ranged from 0 to 250,000 INR. On average, monthly repayments were 750 INR (median 390), amounting to around half monthly incomes. Significant disparities in levels of indebtedness were also observed, which can be briefly summarized as follows[5]. Debt levels are higher amongst the middle castes, landowners and those with a strong source of livelihood (for instance, producers are more indebted than labourers). As for the purposes for taking on debt, table 3 shows how in terms of debt size, the most significant reasons include economic investment (mainly in agriculture) and ceremonies. In terms of the number of loans, household expenses, economic investment and ceremonies are the most common purposes. Here too significant disparities emerge as regards debt purpose: low

[4] See, for example, Bouman (1989), Chandavarkar (1994), Collins *et al.* (2009), Drèze *et al*. (1997), Gooptu (2001: 54), Hardiman (1996), Harriss B. (1981), Jones (1994), Mosse (2005), Pouchepadass (1980), Sriram and Parhi (2006).

[5] Disparities between households are analysed in more detail in a further publication (Guérin *et al*. 2011d).

castes, landless households and labourers more often borrow to cover daily survival costs and ceremonies, while middle castes, landowners and producers more often borrow for economic investment.

Table 2. Debt purposes (HH=344)

	N	*% loans*	*Average amount (INR)*	*% volume*
Economic Investment	142	21,27%	12797	25,92%
Ceremonies	150	16,45%	13366	20,93%
Housing	65	7,13%	16416	11,14%
Child education	91	9,98%	11157	10,60%
Health expenses	113	12,39%	8079	9,53%
Loan repayment	54	5,92%	12506	7,05%
Household expenses	184	20,18%	3485	6,69%
Cattle purchase	32	3,51%	13781	4,60%
Land purchase	20	2,19%	15525	3,24%
Durable consumer goods	26	2,85%	7165	1,94%
Other	35	3,84%	17459	6,20%
	912	100,00%	10515	100,00%

We will focus here on the results of second survey, which was conducted among the 20% most indebted households[6]. The first notable result was that the same households' stated debt figures were substantially higher than with the first survey. A second interview made it possible to build trust and confidence, and to get more reliable estimates[7]. The average outstanding debt was 96 791 INR (median 79 500), while average household income was 21 600 INR (median 15 870), and average monetary value of assets was 69 885 INR (median 51 425). On average, household debt was 4.5 times higher than household income, and 1.4 times the monetary value of assets.

Three indebtedness scenarios were discerned using qualitative analysis and then confirmed by quantitative data.

- "Transitional over-indebtedness" (13 households, 19% of sample): this category of household is highly indebted (36,868 INR) in comparison to their annual income (25,945 INR on average), and spends significant levels of that income on debt repayment, without however becoming overwhelmed by debt. Their debt repayment amounts on average to one third of household income (485 INR per month). Debt servicing traps them at the level of poverty and prevents any form of wealth accrual. However these households use various strategies not only to stabilize their debt levels,

[6] No other criteria were used for selection: we simply selected the 20% most indebted.

[7] Many people under-estimate their debt levels for various reasons, including shame, concern for confidentiality, fear of losing access (for fear that the survey results might be disclosed to NGOs or governmental units). For further discussion of the challenges of collecting reliable data on debt, see Morvant-Roux (2006), and Collins *et al.* (2009).

but also to enable a significant reduction in the near future. These include expense reduction (withdrawing children from expensive private schools, postponing marriages or cutting general expenditure), migration, kin support (for instance, children being expected to repay debts contracted for their own marriages or education). A further strategy is maintaining good relationships with lenders, facilitating debt rescheduling without additional cost.

- "Pauperization" (26 households, 38% of the sample): this category of household becomes pauperized by debt. In comparison to the previous category, outstanding debt is higher (73,027 INR on average) and yearly incomes lower (22,936 INR on average). Monthly debt repayment levels equal household income (1872 on average per month). These households have already partly sold their assets, and have no prospect of improving their income. As a consequence their debt levels are gradually increasing, both for securing debt repayment and daily survival. The amount due (le montant dû) is only theoretical, because in practice households are totally unable to meet payments. The debt is experienced mostly in terms of constant pressure and dependence on creditors. Escaping debt would be impossible for a near future: the households' main objectives are to maintain creditworthiness for as long as possible, which implies rotating debt and juggling between various lenders.
- The final stage is "extreme dependence" (29 households, 43% of the sample). Not only is this household category's outstanding debt extremely high (144,959 INR on average), but its income very low (11,117 INR on average). The debt burden is such that it is impossible to repay. Most of these households depend on their close circle for daily survival. The cases we met received support from diverse sources, including close kin, a landowner, a priest and an NGO social worker. In some cases children are left in kin's care. There are also rather frequent conflicts with kin, which has probably contributed to their financial situation. They often become socially isolated, especially as regards ceremonies, being unable to make gifts or counter-gifts. Their dependence has considerable social and moral costs, especially in terms of self-dignity.

In terms of assets, we found no significant disparity of land ownership between the three categories. This was however the case for gold, which is very frequently pledged, lost and repurchased depending on cash flow. 60% of the households in the first category own gold (36 grams on average), as opposed to 50% and 34% of the second and third categories (21 grams on average). Most of the third category's gold had been pledged at the time of survey.

Table 3. Over-indebtedness Typology (HH=68)

	"Transitional over-indebtedness"			« Pauperization »			« Dependence »		
	Mean	*Median*	*Disp.*	*Mean*	*Median*	*Disp*	*Mean*	*Median*	*Disp*
Outstanding debt (INR)	36868	15000	50414	73027	57050	54690	144959	125000	88524
Monthly income (INR)	2162	1225	1904	1911	1590	914	926	692	734
Monthly repayments (INR)	485	359	442	1872	1591	1459	4391	3155	3392
Ratio debt/income	0,8	1,0	0,4	3,0	2,6	1,3	18,0	13,0	20,3
Interest rate	2,4	2,9	1,4	2,7	2,6	1,0	3,0	3,0	1,5

If we examine the main causes of over-indebtedness (see table 4 below), the most frequent are ceremonies (42.65% of households), housing and health (25% and 23.53%). These are followed by failed economic investments (17.65%); most frequently obtained for agricultural purposes such as well digging or tractor purchase. Next come private education expenses (16.18%), the most common of which are for private engineering schools, and teacher or hospital staff training. In a few cases chronic food insecurity, high interest rates, death, and legal problems come into play. Half of the households' over-indebtedness results from two or more factors. In half of cases, over-indebtedness also stems from income loss due to death, poor harvests, or health or alcohol problems that prevent a family member from working. Our data indicate that debt purposes are more frequently ceremony expenditure among the "pauperisation" and "dependency" household categories, while failed economic investment is more frequent a cause for the "transitional" category. Although all castes are present in each category, we observed that MBC are over-represented, both in the second survey (focusing on the 20% most indebted) and in the "dependency" category. They represented 30% of the first sample, 47% of the second sample, and 60% of the "dependency" category). The small sample size does not allow for conclusions, however.

Table 4. Debt purposes (HH = 68)

	% households (All)	*% households « Transitional »*	*% households « Pauperization »*	*% households « Dependency »*
Ceremonies	42,65%	21,43%	44%	51,72%
Housing	25,00%	21,43%	28%	24,14%
Health	23,53%	7,14%	36%	20,69%
Economic Investment	17,65%	28,57%	20%	10,34%
Education	16,18%	21,43%	16%	13,79%
Food security	5,88%	14,29%	8%	
Gifts	4,41%	10,53%	4%	
Interest	8,82%		8%	13,79%
Death	2,94%			
Legal problems	2,94%			6,90%
Land	2,94%	5,26%	4,00%	

Total exceeds 100% because of multiple responses.

Of course statistical data should be considered cautiously. Sources of income are diverse and irregular, and annual incomes are therefore rough estimates. One should also approach the monetary value of assets with caution, especially among the lowest castes, and for housing and land. Houses located in the *ceri* (part of the village reserved for the lowest castes) have a very poor market value. As far as land is concerned, many poor do not have the property titles and are therefore unable to sell or mortgage their land. Nonetheless, asset ownership strengthens borrowers' creditworthiness and his/her eligibility for loans. Debt and interest rate figures are more reliable, as lenders and borrowers often enter lengthy negotiations which they are easily able to recall. Borrowers have more trouble quantifying the amount of interest actually paid and the amount of capital outstanding[8]. In terms of timing and amounts, repayments are made on a highly erratic basis, and loans and interest durations are often renegotiated. Lenders regularly make concessions such that borrowers do not pay the full interest due. But such flexibility is repaid through other means, as we shall see in the next section. Keeping all the above limitations to the data in mind, we can still consider these as rough estimates of broad trends, especially as regards disparity between categories. Rather than the amounts as such, it is the differences between the categories that are meaningful, highlighting diversity of outcome.

[8] In many cases, especially as regards pawnbrokers and well-known persons, monthly repayments include only the interest and the capital is paid at the end. Unpaid interest is added to the capital.

4. The social meaning of debt

Not only should financial indicators be applied with caution, but individual themselves have their own perceptions that differ radically from a pure financial analysis of debt. All the figures above are researchers' artificial constructions, used to summarise the outstanding figures of each debt source. Most households are unable to spontaneously recall their total amount of outstanding debt. The fact they can barely remember their total debt is not necessarily because they are illiterate or ashamed to reveal the extent of their debt (which certainly takes place, but does not explain their difficulty summing up their debts). It is rather because they find little meaning in the concept of an amount of outstanding debt.

Anyone familiar with economic theory might find such observations rather surprising. Most economics textbooks state that money is a unit of calculation and a standardised means of payment. Thanks to this standardization, economic theory (and much of sociological theory) assumes that money is a means of individualization and an obliterator of hierarchies and statutory privileges. Monetary transactions, including debt, are expected to forge contractual relationships between individuals as equals. But ethnological and historical analysis of monetary and debt practices reveals that the impersonality and anonymity accorded to money is illusory (Bloch & Parry 1989; Bouman & Hospes 1994; Guérin *et al*. 2011a, 2011b; Guyer 1995; Lont & Hopes 2004; Morvant-Roux 2009; Servet 1984, 1996, 2006; Villarreal 2004, 2009; Zelizer 1994, 2005). Money and the practices stemming from it are above all a social construct. Money is embedded in pre-existing relations of rights and obligations, which it can influence but never destroy. As argued by Magdalena Villarreal (2004) in the case of rural Mexico, the calculation of value implicates complex webs of meanings and actions. She states that local processes of valuation often have more to do with social relations and identities than with monetary amounts. In the same vein, in a Kenyan context Parker Shipton (2007) suggests that debt perceptions are shaped by and constitutive of social belonging. Far from being only economic transfers, monetary debts also entail obligations and entrustments: "what one borrows or lends helps define who one is (Shipton 2007: 14). In other words, if we want to understand why the poor go into debt, to whom and how they experience each debt, the social meaning of debt is just as important as its monetary dimension. The social meaning of debt refers to the set of rights and obligations that link debtors and creditors, and their consequences in terms of social belonging, status and dignity.

The diversity of debt terminologies is moreover very instructive. Two similar transactions from a financial perspective (by way of amount, cost and duration) may be qualified as very different from one another. Terminologies may also differ depending on the villages and communities in question, including within confined geographical areas (as shown by Harriss-White & Colatei 2004). In the villages we studied, the following terms are used. *Kadan* is probably closest to the English term "credit". Being in debt (*kadangaran* or *kadangar*) is often seen pejoratively, insofar it entails dependency. *Kanthu vatti* refers to the most dangerous forms of lending. It literally means "having one's blood sucked through interest" and is associated with very high interest rates and strong pressure for repayment. *Koduthu vangaradu* is the most commonly used expression and can be translated as "give and take back". The English term "loan" refers to governmental credit schemes, and is often viewed as non-refundable. *Kaimathu* (which can be translated as "from hand to hand") refers to small loan amounts where there is an implicit rule that repayments should be made quickly. When financial transactions take place as part of a wider social relationship, they are often qualified as "help" (*Udavi*). Each piece of terminology is not associated with a specific contract. People themselves, both creditors and debtors, choose which one to use according to circumstances and their own perception of the debt relationship.

In the Tamil language, the term "over-indebtedness" has no literal translation. Individuals use the term "drowned in debt", but very few consider themselves to be in this situation. It is instead the impossibility of taking on further debt that is considered a problem. Interviewees state that the worst situation is for those who no longer inspire trust and who have not kept their promises. When they are asked to talk about over-indebtedness, the borrowers rarely use the amount of debt as an indicator. It is more the *nature* of the debt and the nature of the *debt relationship* that determines whether debt is considered a burden or not.

We shall now look to classify the diversity of debt relationships. In the first instance, debts can be classified according to the profile of the lender. In the villages studied here, seven main categories of lenders can be distinguished. The most common forms are pawnbroking and "well-known people" (*terinjavanga*). At the time of the survey, respectively 60.51% and 50.32% of the households were using them, representing respectively 17.91% and 41.20% of the total debt volume. 41.28% of the households also held SHG loans (13.82% of the total volume). 30.81% of the households dealt with mobile moneylenders (*Tandal* – which means "immediate"), but for very small amounts (1557 INR on average, with these Tandal loans amounting to 2% of the total volume of debt). Banks, relatives and friends are sources of loans for 21.22% and 17.44% of the households respectively and amount to 13.94% and 9.50% of the total volume. Few households (6.69%) buy items on credit from shops[9].

Table 5. Borrowing sources (N=344)

	N	*%*	*Amount (INR)*			*% HH using*	*% volume*	*Duration (nb days)*		*Price (monthly interest)*[a]	
			Avg.	**med.**	**max.**			**mean**	**median**	**mean**	***disp***
Well-known people	232	25.44	17,013	10,000	200,000	45.93%	41.20%	690	601	3.73	1.23
Pawnbrokers	207	22.70	8,323	5,000	70,000	55.23%	17.91%	613	324	2.83	0.48
Shg	156	17.11	8,284	5,000	100,000	41.28%	13.49%	291	237	1.73	0.55
Mobile lenders	124	13.60	1,548	1,000	12,000	30.81%	2%	246	235	.	.
Family & friends	89	9.76	10,228	5,000	60,000	17.44%	9.50%	424	239	3.11	1.38
Banks	78	8.55	17,121	12,000	110,000	21.22%	13.94%	752	419	1.01	1.38
Shop credit	26	2.85	7,165	5,750	25,000	6.69%	1.94%	.	.	.	0.48
Total	**912**	**100%**	**10,515**	**9000**	**200,000**	**.**	**100%**	**520**	**241**	**2.7**	**1.28**

[a] Data for prices is missing for mobile lenders and shops, as in many cases borrowers don't know the exact price.

We shall now turn to the way the poor perceive debts and what their criteria are to assess the burden of debt.

Firstly, the social meaning of debt clearly matters. Debt is a marker of social hierarchy in kinship groups, the neighborhood and community alike. People try to avoid debts degrading to their status, or at least try to pay back these debts first.

Secondly, the importance given to the social meaning of debt does not preclude financial reasoning, in the economic sense of the term. People look for low interest rates. They also search for flexible services, where repayment modalities and duration can be negotiated and adapted to their cash flow constraints. They also value other services that the lender is likely to provide (the "interlinked" transactions often described by economists).

Debt practices (going into debt and paying off debt) are the result of subtle calculations and trade offs between financial and social criteria: in many cases, people deliberately prefer to pay high financial costs in order to maintain status. Unless high debt engenders certain forms of extreme dependence it is not taken a problem, but shameful debt is. As we were often told, the problem is not debt, but to whom one becomes indebted. The social meaning of debt varies according to caste and class, kin and gender relationships.

[9] In order to limit the duration of interviews, the survey was limited to amounts exceeding 500 INR and thus under-estimates the importance of relatives and friends.

Caste and class relationships

As observed in other villages in Tamil Nadu (Harriss-White & Colatei 2004; Ramachandran & Swaminathan 2005), debt is clearly a marker of social hierarchy between castes. This is acknowledged both by lenders and borrowers. Households' creditworthiness depends on their caste and conversely, debt practices shape social status. As stated above, the term "to be involved in debt" (*kadangaran* or *kadangar*) has pejorative moral connotations, implying surrender, dependence and even servility, which are low caste attributes. Middle and upper caste members frame high debt among the lower castes as part of their "bad habits", stating that the group drinks alcohol, eats meat, do not monitor their wives and go into debt ... This is not true, according to our figures: average outstanding debts rise along with caste hierarchy[10]. It is however the case that financial markets are segmented along caste lines.

Borrowing from mobile lenders is seen as the most degrading practice, reserved for low castes (and to women). Mobile lenders come to households' doorsteps, precluding any form of discretion. They do not request any collateral but use coercive enforcement methods. The lenders themselves state that low caste individuals and women are more prepared to tolerate abusive language from them.

The sense of debt as something immoral also depends upon the hierarchical positions of the lender and the borrower. On the borrower's side, the norm is to contract loans from someone from an equal or higher caste." They do not take water from us, do you think they would take money?" is something the low castes often said to us. On the creditor side, some upper castes refuse to lend to castes who are too low in the hierarchy in comparison to them, stating that it would be degrading for them to go and claim their due. To ask an upper caste whether he is indebted to a lower caste can be considered as an insult.

> "I cannot give money to them [low castes]. You see, I have my status, I cannot. How could I get my money back? I cannot go there, it is not compatible with my status" (Jivandhar, FC [Jain], Moneylender).
>
> "The value of debt is not a matter of amount; all depends upon to whom to you borrow. Borrowing from them [lowest castes] is unthinkable. I would prefer not to organize my daughter's marriage than to borrow from them. Getting money from outside your caste degrades yourself, your own family but also your own caste". (Anja Pulli, MBC [Vanniar], Agricultural coolie[11] and marginal farmer).

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[10] This is analysed in more detail in Guérin *et al.* forthcoming.

[11] Coolie means daily labourer.

As was discussed in the introduction, in Tamil Nadu traditional forms of patronage based on debt and extreme dependency are now fading away. On the one hand, the need for manual and permanent labour has considerably reduced with the development of capitalist forms of agriculture (Harriss-White 1996). Landowners are also increasingly likely to abandon agriculture to turn to urban activities. Landless laborers and marginal farmers also now have increased access to non-agricultural labour (Djurfeld *et al*. 2008; Harriss-White and Janakarajan 2004). A loosening of bonds of dependence has also been favoured by policy interventions based on affirmative action (Harriss-White and Janakarajan 2004; Heyer 2010) and in some areas by the growing political power of the low and middle caste (De Neve 2005; Harriss J. 1999; Heyer 2010). Although it is likely that dependence bonds and hierarchy have always been contested, the poor have now a broader range of choices and opportunities to do so. Dependence as an issue weighs heavily on debt arbitrations and calculations. Individuals go far beyond the question of financial cost, measuring implications in terms of dependence and status.

As indicated above, debt to “well-known people” represents a large portion of total debt, both in terms of the number of loans and of volume. The relationships between borrowers and their *terinjavanga* are meanwhile highly diverse.

Cost is a first way to compare different options: most *Terinjavanga* charge from 3 to 4% in interest monthly, which is considered a reasonable price, and around one third charges 5% or above.

Table 6. The cost of *terinjavanga* loans

Monthly interest rate	***%***
Below 3%	3.88%
3 to 4%	65.95%
5% and more	28.02%
Unknown	2.16%
Total	100.00%

It would be misleading to compare the various options only on the basis of price, however. The use of the term *terinjavanga* presupposes the idea of mutual acquaintanceship (‘I know him/her, he/she knows me’). There is then a broad spectrum of more or less contractual relations, embedded to various degrees in social and political relationships going far beyond a debt relationship.

There are firstly professional lenders belonging to merchant castes specialized in moneylending (here, these are *Mudaliar*, *Chettiar,* and *Marwari*). Their motives are purely commercial and they make no secret that theirs is a business. The terms of the transaction depend on the type of collateral: in the cases we saw, the cost is 4 - 5% monthly in the absence of collateral; from 2 - 3% with collateral (jewels, cultivatable land, tractors, bullock carts, etc.). A guarantor is needed at the beginning, after which repayment quality ensures the continuity of the relationship. Some such lenders specialize in pawnbroking (Chettiars and Marwaris). Over the last few decades in the area under study, some Vanniars have also come to specialize in pawnbroking (in the region Vanniars traditionally specialize in agriculture). They usually focus on smaller transactions and poorer (and low-caste) clients. Many of these lenders have sold land (particularly during the land reform period from 1969) and have used this capital for money lending. The amounts lent also vary according to the collateral, without which it is difficult to obtain more than 30,000 INR. With collateral, amounts of up to several hundred thousands rupees may be lent. Transactions are often undertaken differently depending on the borrower's caste. For those willing to lend to low castes, transactions can take place in the borrowers' village (by hiring a low-caste person as an intermediary and to collect repayments). "Low castes are untrustworthy and irresponsible", is a common view of lenders, "money burns their fingers". For this reason it is deemed safer to visit them on their doorsteps. In contrast, transactions with other castes usually take place in town, mainly as a matter of discretion. Strong networks within the village enable them to obtain information about potential borrowers (reputation, income flows, etc.) and to select accordingly. Though the relationship is contractual, borrowers refer to it as *Terinjavanga* because a minimum of mutual acquaintanceship is required.

There are then diverse forms of debt that are embedded into wider relationships. In such cases, debt is used either as labour bondage (amongst big landowners and mainly in irrigated areas) and/or for social and political purposes. While traditional bonded labour has almost disappeared, certain forms of patronage still exist and the long-term relationship between landowners and their labour or tenants is frequently linked to debt. The loan is a "privilege" granted to faithful workers. Its financial conditions are quite favourable, with low costs (0 - 3 per cent), flexible repayments and only rare full repayment of the principal. Borrowers regularly pay back interest and from time to time part of the capital, which allows them to reborrow. But money is just one aspect of the cost, with the debt inscribed into a series of rights and obligations requiring multiple forms of compensation. In contrast to the past, workers are not obligated to work exclusively for one owner and have freedom of movement. However they are still obliged to work first and foremost for the lender and to offer multiple services. For men, these sometimes include irrigation, or numerous everyday services such as running errands to the shops, and caring for children or elders. Women have to make themselves available for domestic work when there are ceremonies, visitors, or when the masters' wife is ill. Time costs can be considerable. For landowners who still cultivate the land, lending money or leasing out land serves the same purpose of bonding labour. Landowners clearly state that because of the scarcity of labour in agriculture nowadays, the only way to ensure the availability of labourers is to tie them with debt.

> Manikavasagam still cultivates 50 acres of land. He says that he might quit agriculture soon because of the scarcity of labour. "They are paid 80 Rs per day to sit in the shade [reference to the 100 days programme[12]]. How can we ask them to work?". He lends money to his workers and also allows them to cultivate a small plot. When we ask if he charges interest, he laughs "they don't even repay the principal, how could I charge interest?" But he adds that there is some compensation: "we ask them to work more or to donate part of their harvest" (Manikavasagam, Reddiar [FC], landowner and owner of a financial company in the nearby town).

Lending money also serves social and political purposes. Many landowners have shifted from agriculture to specialize in money lending (and possibly other activities). They lend to their former circle of workers (who can also act as guarantors for other borrowers from their own castes, as above). They can also lend to the workers, or former workers, of landowners of their caste. Interest rates usually vary between 1 - 3% and are negotiable. Some of these lenders clearly state that they don't have

[12] The "100 days programme" (***National*** Rural ***Employment Guarantee Scheme (NREGS) is one of the*** flagship programme of the Central Government of India. ***Officially,*** the scheme provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the minimum wage.

workers any more but they still “give” money to them and “help” them to maintain "self-respect". Some are highly involved in politics and this is also a way for them to ensure a certain allegiance.

Lending money is not restricted to dominant castes and landowners. In the four villages studied here, lenders were situated across all castes and classes (defined here through the ownership of land and assets). Lending money is obviously used as tool for differentiation within social groups, between those with a cash surplus to invest and without. Differentiations arise on financial and social ground. Here too, money is frequently only one component of the price.

> Mariyasusai avoids debts with the neighbours in the *ceri* as much as possible: she does not want any “judgement”. But she borrows money from Vanniars in the village. Apart from the price (3 or 4% monthly interest), she offers them services. She informs them about the latest governmental schemes (as she used to work for an NGO and her husband still does). She also buys items in bulk from the PDS shop. Expectations of respect and gratitude are also part of the deal. “I should fulfil their expectations and show them respect (*sollarapuchu*); whatever they ask for, I should accept” (Mariyasusai, SC [Paraiyar], housewife, married to an NGO worker).
>
> Gundusammy (goundar) leases land from a landowner (goundar-parayachi) and regularly borrows from him, as his father did. In return, he provides many free services, acting as a labour intermediary, taking the landowner’s children to school, bringing vegetables from the market, offering guava from his garden (the first basket should be for the landowner). He also washes the landowner’s elderly father (including personal hygiene). Gundusammy also mentions political allegiance: “For the last elections he [the landowner] asked me to support his political party [DMK] and to canvass my co-workers. I am part of the Congress but I cannot refuse: it will spoil my credit linkage and also my labour linkage, and he checks with the people whether I complied or not.” He also tells us: “here, hierarchy [*etra thazhvu*, which can be translated as ‘up and down’] is also because of wealth. There are four or five well-off families here, and the control they have is based on credit”. (Gundusammy, BC [Goundar], agricultural coolie and small farmer).
>
> Pushpa lends considerable amounts of money (at the time of the interview, the outstanding sum was around 450,000 INR), mainly to her own community (SC). She charges between 2 and 4%. She clearly states that her regular clients offer her many services. “I ask [and she slams her fingers] and they come” (Pushpa, SC [Paraiyar], moneylender, married to a retired teacher).

Attitudes towards these forms of interlinked transactions vary a great deal. Some households are still extremely dependant on one *Terinjavanga*, financially and socially.

> Perumal works as agricultural coolie for a Reddiar family. “I also borrow a lot of money from them […] Credit will never come to an end, unless we die. Upper castes are like a pillar for us. We are *adimai*

> [slaves] but our life depends upon upper castes. If we survive, it is not because of the government or anybody else […] we need the upper castes to be with us" (Perumal, SC [Paraiyar], agricultural coolie).

Dependency is far from blindly accepted and is sometimes motivated by specific future expense plans.

> In the case of Gundusammy discussed above, his daughter's marriage is clearly a motivation: "Why do you think? I'm doing all these things, providing services, doing this, doing that, because I have this marriage in mind" (Gundusammy, BC [Goundar], agricultural coolie and small farmer).

Such relationships have multiple costs, however, which include providing a large range of free services, but also respect and deference. These social bonds of dependence are publicly recognised at the time of public events such as ceremonies. Lenders are the first to be invited and are treated as guests of honour. Debtors are meanwhile often expected to provide assistance with domestic tasks.

> Gundusammy explains the hierarchy within his own community (goundars). "You can see it when ceremonies are held. SC will never been invited. Low goundars will be invited but won't be allowed to sit in a good place. The worst is when people are asked to clean the banana leaves before putting them on the table. Sometimes I have to, but it is better not attend than to be put down like this […]. It is because I'm borrowing from them. It is hereditary: my father was already indebted". (Gundusammy, BC [Goundar], agricultural coolie and small farmer).

Others deliberately try to get rid of such bonds of dependence, even if it means taking on very costly debts, financially speaking, as in Chinnadurai's case below.

> Chinnadurai's father was a *Paddyial* (bonded labourer) and Chinnadurai was also worked as a *Paddyial* when he was younger. Some twenty years back he decided to borrow to repay the landowner and get out from the *Paddyial* system. "You never starve, but you never see the money and you can never buy a house", he says about the *Paddyial* system. He borrows mainly from his own caste or from financial companies based in Chennai. At the time of the survey, his daughter and her husband were working in Chennai in order to repay his debts: they still had to pay off 100,000 INR, at 5% interest monthly. Paying off the entire debt might take some time, as about two thirds of their income is taken up with repayments (Chinnadurai, SC, retired).
>
> Govindan has had problems paying off a loan from a Naidu family for whom he was working. It ended in physical violence. Since then he refuses any form of dependence toward Naidus and borrows only from Vanniars and as much as possible outside the village: he uses his son's relationships in Chennai (Govindan, SC, agricultural coolie).

In other words, low castes and low classes (here, mainly casual labourers) face a tricky choice between a certain, relative form of protection that entails moral and social dependency on the one hand, and a relative sense of freedom at a high financial cost on the other. They struggle to meet end and have to meet survival expenses (health, food). They also spend increasing amounts on social and symbolic investments such as marriage, education and housing. They also make choices that tend to entail high financial costs.

Kin relationships

Some of the most sensitive debts are kin debt. While family support is crucial for ceremonies and rituals, the role of kinship in everyday protection is, in fact, limited. Loans from neighbours and relatives represent about 17.44% of the number of loans and 9.5% of loan volume. To the question "Do you have relatives who can help you in case of a problem?", 54% of the households in our first survey sample replied negatively. To the question "when you need money, whom do approach you first?", less than one third (28%) mentioned kin. Almost half (48%) mention *Terinjavanga* (well-known people).

Qualitative analysis clearly highlights that there are reservations and suspicions towards family support. Avoiding all requests is almost unthinkable. Indeed, permanent tensions play out based on kinship. Its role switches continuously between being a support and a burden, between solidarity and conflict. Conflicts are underpinned by secrecy of financial arrangements and misunderstandings about such opacity. These can concern whether loans have been left unpaid or badly repaid, misunderstandings about cash transfers (was it a gift or a loan? Is there an interest rate or not?), and loans used for "immoral" purposes, or diverted from the initial purpose, etc.

Honouring reciprocity in ceremonies has always been a source of permanent pressure. Many interviewees make clear that they prefer going into debt outside the family circle to meet their own needs. This is a matter of freedom, as kin support calls for constant justification (*niyayapadthanum*). Some say they borrow from their kin only for "justified" reasons, which are mainly ceremony, housing and health costs. The obligation of reciprocity (*tiruppu*) is also a burden. Not only should the debt be repaid, but the debtor should be able to lend in return when the creditor is in need. Borrowing is a potential source of conflict, shame and dependency upon kin (in the case of unbalanced exchanges), and sometimes exclusion. Borrowers are constantly seeking to limit these risks. The fear of dependency and shame because of debt relationships was constantly raised in the discussions. Some chose handcuffs as an expression to highlight their fear of dependency.

> "If the moneylender [vetikarran] doesn't want to see us again it is not a problem, if the family turns its back on us, it is a problem" (Kuppaman, MBC [Vanniar], housewife, married to a small farmer).

> "It's better to borrow from outside [*vellilla*] than relatives [*sontham*]. With relatives we have to face each other all the time: they can constantly highlight my weaknesses" (Adhimoolam, SC, agricultural coolie).

> "If you fail in the repayment [with relatives] you lose your status" (Peiaannan, BC [Mudaliar], housewife, married to a farmer).

Financial conflicts amongst kin perpetuate pre-existing competition amongst family members and lineages. In particular, tensions are often high between agnatic and uterine lineages. The maternal uncle's responsibility for his sisters (existing among most, if not all castes in the villages studied here) is often at odds with the needs and demands of his wife and children. The nature of financial arrangements and the conflicts they generate are also shaped by the status and rank of each party within the kin circle. The most sensitive debts are those that do not respect the rules of rights and obligations dictated by blood and alliances/bonds. For instance, borrowing money from the bride's kin is often a last resort, because it admits that the groom's family is unable to meet its responsibilities. Sometimes individuals may have no choice, but they will be prompt in repayments, as the case study below illustrates.

> Kathirvelu has an outstanding debt of 165 000 INR borrowed from twelve lenders, at rates ranging from 0 to 5% per month. Of this, he considers only 28 000 INR as problematic. 20 000 INR is from pledging his daughter-in-law's jewellery. She allowed him to pledge 10 000 INR, but without her knowledge he borrowed twice as much. The interest rate is rather low (1.5% monthly) but this is not the problem: "I have to keep face with the bride's kin" he says. Another priority is a debt of 8000 INR from his son's recruiter. Here too, he does not want to show the bride's kin that he is indebted. The family reputation is at stake: he still has two daughters to marry, "we will never get them married if we have a reputation as indebted family" (Kathirvelu, SC, agriculture coolie and tenant)

Gender relationships

Calculations and arbitrations between the financial and social costs of debt are also gendered. Data were collected at the household level and do not allow us to measure gender differences. From qualitative observation however gender specificities are very clear. Men and women have their own financial circuits and money providers (as observed also by Harriss-White and Colatei (2004) in other villages of Tamil Nadu).

Some of these circuits are female-based and entail similar forms of exchange to those already described, namely reciprocity between close circles, market-based relationships with professional female moneylenders or hierarchical relationships with the wives of landowners, and also amongst kin.

When women have to borrow from male providers, they have to contend with the specific demand of preserving their "morality". Even if social norms are more "women-friendly" in Tamil Nadu than in other parts of India, especially the North (Agarwal 1994; Harriss-White 1990), there is still strong control over female bodies and women's sexuality. Even in low castes, where male control is less strict (Kapadia 1996), financial transactions easily become suspect. A woman who borrows from a man from outside the family is immediately accused of being an "easy women" or a prostitute. At the same time, sexual harassment, whether verbal or physical, is extremely common among male lenders when they lend to women[13]. Thus women often face a trade-off between financial cost and the consequences for their own reputation as women. This trade-off is all the more complicated for single women, as is illustrated in the case study below.

> Vasand is a widow. "Dependency upon credit is my whole life", she says. Her husband died 8 years previously, leaving with around 16 000 INR of debt, part of which was discovered after his death. She borrows mainly from her kin. "I have my mother and three maternal uncles: the eldest is responsible for me as my husband is dead; this responsibility saved me; the three uncles also lend me money without interest; I can also borrow money from my father's side". On the other hand it is extremely difficult for her to borrow from outside her kin circle, mainly because she might be accused of having sex with her creditors. "A single woman cannot borrow from outside without going to bed […] If you are married and you borrow, the lender won't even touch your hand. If you are not married, he takes your hand and this means that he is asking for sex. Credit is a tool to control women". She gives us two examples. She approached her husband's last employer: "he asked me to come at home, and examined me from every angle. It was a hundred times worse than any interest rate. And all this for 3000 INR". She had the same

[13] See also Picherit (2009b). We thank David Picherit for drawing our attention to this point.

> problem with her husband's best friend. He had regularly lent them money but after her husband's death he began asking for sexual compensation (Visand, SC, widow).

To sum up our arguments, the financial indicators applied here demonstrate the role of debt as a factor in impoverishment. All 20% of the most indebted households interviewed for the second survey are over-indebted, whether transiently, chronically, or condemned to extreme dependence. In many cases the poor do not seek to pay off their debts (besides those which are the most dishonouring). Their main objective is rather to sustain or improve their creditworthiness.

5. Sustaining creditworthiness over paying off debts

Households' creditworthiness is above all a matter of trust (*nambikai*), the term used locally when people refer to their ability to access credit. The fabric of trust covers many aspects that far exceed good credit history and repayment behaviour, and relates to every aspect of the borrowers' reputation. Creditworthiness is rarely assessed on the individual level, and often incorporates the reputation and morality of the whole family or even lineage (Harriss-White and Colatei 2004). Lenders often state that they take two levels into account. One relates to family and lineage (*taradaram*), namely the family's history, its "ethical" background and "morality". The second level is individual (*daram*), relating very broadly to the "quality" of a person. It is therefore perfectly rational that the poor attach an equal importance to their reputation.

Material matters do count too, of course, but their evaluation is highly subjective. Tangible assets include land, housing, jewelry, livestock, and income sources. As far as land is concerned, quality more is as important than size, concerning matters of cultivatable land and access to irrigation, but also location. Land and housing in *ceries* (the area of the village to which the lowest castes are confined) have very poor market value. As far as income is concerned, not only the number of household earners comes into play, but also the frequency of their income and household's ability to raise lump sums. In this respect, producer and migrant households have a clear advantage.

"Behavior" also matters. As previously discussed, low castes are often seen as risky borrowers. Irrespective of caste, bad habits such as laziness, alcoholism and gambling are considered as indicators of poor repayment potential. As discussed above, respect and deference are also highly valued. Potential borrowers should equally show respect to their lenders and at times to its community.

> Giving money is a matter of respect. I respect them, they should respect me. How could I give them money if they talk badly about me? (Rajagopalan, Reddiar [FC], landowner and lender).
>
> If you don't want credit from a particular community, then you can talk about them to others; otherwise you should not criticize. It might spoil creditworthiness. We should talk respectfully about these people, this is the only way to get creditworthiness (Gundusammy, Goundar (MBC), agriculture coolie and marginal farmer).

Last but not least, in many cases a guarantor is required in order to borrow from a *Terinjavanga,* whatever his/her profile. The potential borrower's reputation within his/her own circle is therefore another fundamental criteria. Good faith is usually not enough, as lenders ensure that guarantors and borrowers have specific connections. Kinship, neighborhood, labour and also SHG membership are taken into account.

Juggling to sustain creditworthiness

Creditworthiness is not a given but demands constant maintenance, updating and strengthening one's reputation and relationships. Juggling is a fundamental component of this. Contracting debt in one place to repay it elsewhere is a constant practice. The poor often state that they "borrow and repay like they breathe" to convey the idea of this ongoing circulation of money. The English term 'rotation' is also commonly used. The rotation of loans arises either out of genuine constraint or informed and calculated arbitrations. Juggling demands specific skills. More than juggling money, it involves juggling temporalities and social relationships (deciding whom should be paid and in what priority). Calculations include questions of cost (expensive debts should be repaid first), but also social considerations, both of which are closely interrelated, as juggling practices aim to maintain eligibility for future loans and to sustain the family's reputation.

> Ramesh is currently indebted for 195 000 INR, mainly for agricultural purposes, from six different lenders. He has a very clear idea of who should be repaid first. The first priority is a loan of 50,000 INR borrowed free of cost from one local marriage broker. Paying back quickly is a matter of reputation: the marriage broker should not think that Ramesh's family is in debt and struggling to pay off debts. The second priority is a 10,000 INR loan contracted from a person who usually acts as a guarantor for them to access other sources of credit. It was cost free, but Ramesh had promised to reimburse in three months. Here, paying back quickly is clearly a matter of creditworthiness: "you should never cheat your guarantors", Ramesh states. The third priority is a 30,000 INR SHG loan, the duration of which is clearly defined, with timely repayment a condition of eligibility for a further loan. The remaining

> 110,000 INR were borrowed from three financial companies. These are expensive debts, but Ramesh cannot remember the exact price, stating that he will repay them once the others are settled (Ramesh, MBC [Vanniar], farmer).

When juggling is no longer possible: dependency and humiliation

When juggling is no longer possible the household sinks into dependence (the third category mentioned in a previous section). Most have faced a succession of financial knocks, such that their assets (both tangible and intangible) gradually crumble. Households sell off their livestock, jewellery, sometimes their land, and exceptionally their houses. Repayments start to take up an increasing proportion of their income. Their social network becomes exhausted. In other words, they gradually lose their creditworthiness, both financially and socially. Individuals state that it worst when people know that you are struggling with debt. They start to avoid you and don't send you invitations any more because they are afraid to be solicited. The final stage is a stage of dependency and humiliation. This process is more or less violent and swift depending on the household's initial position, both in terms of assets and networks.

> Since her husband died few years back, Yemala has been really struggling to make ends meet with a single source of income (as an agriculture coolie). She has already sold her house and all her jewellery. Until recently she could obtain cheap and flexible loans from her father's circle (his former colleagues at a woodwork company) but this is no longer possible. Her sisters and brothers offer assistance,through gifts, but only for food costs, a very clear condition of their support. She has even decided to avoid attending ceremonies as she is unable to bring gifts. Her only option today is to borrow money from mobile lenders at very high interest rates (Yemala, BC, single woman, agricultural coolie).

> Seeman has 170,400 IHR in outstanding debt, contracted for the marriages of her three daughters, and still unpaid as the household income has been extremely low over the last couple of years due to very poor harvests. So far, their daughter's three husbands have helped them, but this is extremely dishonouring, as sons are expected to help their parents but not their parents-in-law. They have mortgaged their land, but this is also extremely costly socially. "Losing one's land means losing one's status", she states. At the time of our last interview she had left the village and was living in a nearby small town to avoid judgments and criticisms from her community (Seeman, SC, married to a marginal farmer).

6. Conclusion

By its analysis of four villages in the South Arcot region of Tamil Nadu, the main purpose of this paper has been to examine the over-indebtedness of poor rural households. Far beyond the specificities of this particular case study, its analysis sheds light on theoretical debates regarding the nature of debt and over-indebtedness, and the role they play in broader socio-economic and political processes.

Echoing a vast body of recent literature on poverty, we have found that the poor, regardless of gender, are far from motivated simply by the need to eat. Their daily lives are based around various strategies aiming at maintaining, protecting and sometimes increasing their sense of dignity. Both indebtedness and over-indebtedness are central to this process.

Rural poor households of course borrow because they need cash to meet certain specific needs. They naturally look for cheap costs, repayment modalities adapted to their cash flows and for flexible conditions. However, debts are not just monetary flows for topping up irregular and low incomes, and for coping with unpredictable expenses. They are not just financial transactions defined in terms of amount loaned, repayment period or interest rates, but are first and foremost relationships between a debtor and a creditor. Debts are shaped by and constitutive of social relationships and social hierarchies, especially those related to caste, class, gender and kin. The social meaning of debt, which is defined here as the process by which debt sets debtors and creditors into local systems of hierarchies, is as important as its financial criteria. The social meaning of debt depends upon pre-existing relationships between debtors and creditors, and debt in turn strengthens, preserves and sometime challenges pre-existing positions within local hierarchies. Depending on how debt is experienced and perceived, and on the nature of the relationship between debtor and creditor, and the set of rights and obligations that link debtors and creditors, debt may be a mark of respect, a source of honour and distinction, or conversely a source of humiliation, shame and sometimes social exclusion. Because of its social meaning, debt is also highly socially regulated, in the sense defined by Barbara Harriss-White (2003). According to their social membership and position within local hierarchies, and whether in relation to community or kin, men and women do not have access to the same lenders, and do not experience debt in the same way.

As a consequence, over-indebtedness as a definition cannot be restricted to processes of material impoverishment. Material pauperization through debt certainly does take place, and our figures highlight that debt repayments take up significant portions of households' incomes. But what also matters are the consequences of debt for social status: debts are valuated and ranked according to losses and gains of self-respect and dignity. "Bad" debts are rarely the most expensive, financially speaking, but those that tarnish the reputation of the family and jeopardize its future, especially children's marriages. Bad debts serve to reveal that a household is unable to maintain its position in the social hierarchy. The poor do undertake financial reasoning, but financial criteria are not a priority and debt behaviours stem from subtle arbitrations between financial costs and social status.

This is not to argue deterministically, however. Although access to debt and its use are both strictly codified, poor borrowers, dominated and marginalized as they may be, also have their own agency. Debt relationships are interpreted and arranged in a multiplicity of ways. Neither the social meaning nor the social regulation of debt are fixed, but continuously bargained and negotiated. The social meaning of debt is also a tool that individuals and lenders, and also borrowers draw upon to negotiate their own positions. Debt is used to strengthen micro-hierarchies and to actively participate in increasing internal differentiations within castes and communities. How debt is interpreted depends not only on the borrower's identity but also upon who he/she is willing to be. Debt is not only a marker of identity, but is also constitutive of social aspirations. Some debtors deliberately show deference to their creditor in order to strengthen their creditworthiness. By contrast, others favour anonymous and market relationships undertaken outside their circle, both within the village and among their kin, regardless of the financial price, in order to assert their freedom and to limit bonds of dependence.

Last but not least, our study sheds light on the dialectic between micro and macro social processes. Debt and over-indebtedness among households and individuals within households are indicative of broader patterns of accumulation and distribution across a given society. In rural India, debt has long been a source of the impoverishment and exploitation of the labouring poor (Breman 2007; Hardiman 1996; Pouchepadass 1980). Our findings suggest that in the villages studied here, households' over-indebtedness highlight the contradictions of the urbanization and "modernization" of rural South India (Kapadia 2002; Olsen and Morgan 2010). Over-indebted households of course struggle to meet ends and face material poverty. But some of them also have growing social aspirations which are hardly compatible with income uncertainty and job precariousness. Social aspirations translate not only into expensive needs, but also into the willingness to engage in market debt relationships which are also more costly financially than traditional relationships of dependency and patronage. In other words, those who are at the bottom of the hierarchy are faced with a Faustian choice, between on the one hand the financial price of the market, and on the other hand the social cost of dependency.

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