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Aspiration Paradox in Indian Micro-Finance: A Difficulty and an Opportunity for Debate

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Abstract

This paper examines the paradox that a borrower's status aspirations may contribute to a situation in which their borrowings exceed their capacity to repay. This paradox was first described by Thorstein Veblen, and has been fleshed out by Pierre Bourdieu. Thus in the theory of consumer culture there are strands which may be of use in planning and managing micro-finance and rural banking. Field visits in southern Andhra Pradesh suggest that one example might be the use of micro-finance to purchase a cow. In this paper I flesh out a theory of micro-finance users' strategic thinking. Both individual-level and social aspects of the situation are considered carefully. The epistemology and ethics of micro-finance are thus a matter of continual re-negotiation and deliberation. The policy situation is one in which micro-finance users and providers need to discuss the situation. The aspiration paradox could lead to default and suffering.

Keywords: India, banking, micro-finance, social status, aspirations, strategies

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Aspiration Paradox in Micro-Finance: A Difficulty and an Opportunity for Debate

I. Introduction

Economic behaviour shows patterns that are often summarised in a series of simple economic equations. Social behaviour is more differentiated, and the social aspects of human behaviour underpin the economic. Therefore one might suspect that economic behaviour is as differentiated and diverse as social behaviour itself. Writers on micro-finance need to carefully consider the class-, gender-, and locality-variation as well as institutionalised variation in norms about contracting for credit. If they allow for these variations, stylised facts and mathematical models from neoclassical economic theory may impress them much less than usual. Instead, forms of socio-economics which go back many decades (e.g. institutionalism of Veblen from 1910-1920; the study of class interaction and rural variegation of Lenin from 1898-1905; Gandhian self-development; and so on) may be found much more interesting.

In micro-finance, a mixture of social and economic motives is invoked for each act when using a micro-finance institution (MFI). The sociology of economic life offers coherent ways to study the causes of micro-finance behaviour, linking the social and economic, and this paper will explain one aspect of such a sociological approach. The main aim of the paper is to explore the aspiration paradox. A secondary aim is to give three examples of the paradox and to raise some critical points. By critically appraising this supposed “paradox” (Bourdieu’s term from looking at the French market for new-housing finance), linking Bourdieu’s theory with some elements from development studies and institutionalist economics, I move toward ways that micro-finance practitioners can work to avoid default.

However the ordering of this paper is not the usual one. I will start with the conclusions in the second section! That way you will find out quickly whether to read the paper. Then I will explain the empirical background to this study. I will also set out two areas of useful theory (i) institutionalist theories of social norms, and (ii) the Veblenian and Bourdieu-sian theory of aspirations and how they affect people’s strategies. I link these into a complex theory of strategies (spelt out more elsewhere). Next the paper looks at detailed evidence supporting the claim of an aspiration paradox. Specifically a case-study method is used in India to suggest that many of the poorest women in one area are buying cows even though it is very hard for them to manage to repay their loans. Finally I move into a critical and discussive mode for a final section that takes up potential criticisms of my proposed approach.

II. Findings from Retroduction of a Case-Study Project

In dry, rainfed upland South India, there are just 20 inches of rain per year in many areas. My comments here relate to a dry area in western Chittoor District in Rayalaseema, Andhra Pradesh. The villages we studied are on a rough road that runs from Chittoor town toward Bangalore (approximately). Increasingly all the cattle that can be found are milk cows instead of bullocks. In two villages in 2006, a random sample of 260 households had just 6 bullocks and 147 milch cows (evidence comes below). The cows are seen as milk producers, and the use of bullock carts and ploughs is rapidly being overshadowed by the rental of tractors. In this context the ownership of cattle is perceived to have shifted decisively toward women – even though the daily management of most draught animals was always in the hands of

women along with whoever else had time and energy to take the animals on long walks seeking for water, grazing, and cool tree shade. The shift in cattle ownership from men to women is implicitly resting within the context of household-level joint management. Yet more women than 20 years ago feel that they really own and are responsible for their cows.

Box 1: Researcher's Summary Notes on Village Life 2006

- In most houses men are still dominating. Women are still suppressed in several respects. It she who is working like a machine round the clock with minimum necessities and burning herself like a candle. Still man is not willing to give her equal rights. More over she is subjected to domestic violence.
- The starting of DWACRA groups really helped the women a lot. Women are actively taking part in them and now knowing money transactions very well. The groups are becoming a source for the family earning. Women are taking loans and purchasing cows, and they are selling milk and earning money for the family. In this entire process the women is the mind behind the scene.
- This enables the women to shift their attention towards politics. Some of them have become sarpanchs, and some are ward members and doing excellent service to the villages.

Source: J. Rangaswamy, notes from fieldwork in Chittoor Dt., 2006

The cow-owning gives great prestige to the women. The distribution of cows has been spread across a variety of social classes for more than 20 years. Some people from the classes of landless workers, workers with a little land, working farmers, and landlord households all own cows. There has been no great change in the class basis of cattle ownership. Furthermore the meanings of cow ownership have not changed fundamentally. These include the health benefits of occasional milk/yogurt intake; for Hindus, a glint of ritual purity and karma (well-being) from caring for a cow; and a capacity to sell milk thus creating a cash-earning livelihood 'strand' within mixed rural livelihood strategies. The cow is sacred and is a form of cultural capital for these women. Yet for the poorer cow owners, drinking milk or taking yogurt with rice is still rare. They also find it hard to pay for the cow.

The self-help groups do both savings and lending. A cow may cost Rs. 5,000 to 15,000, depending on its breed, age, health and size. Women in self-help groups have been getting micro-finance loans to buy milk cows in our study area. They use 'Velugu' Groups which can access both shared savings and bank credit. To be in a Velugu group in this area, they must save Rs. 50 per month per woman. Other groups (e.g. Jesus-Mary-Joseph) use this savings rate, too. At 50 per month, a group of 12 women will have Rs. 600 per month available to distribute to one member a month as a traditional chit fund ('cheeti'). A chit fund needs no external source of funding, but the JMJ and Velugu Self-Help groups are using centralised resources to lend to established members far beyond the Rs. 600 lump sum level.

Thus the woman borrows Rs. 10K or Rs. 15K. When giving milk regularly the cow-related gross income may be Rs. 25 per day or more. This seems like a lot to the women. Each month, they can perhaps raise Rs. 600 {i.e. Rs. 20/day * 30 days} and

pay back some of this toward their cow loan. Most women pay back Rs. 500 per month. This creates a situation where a woman's entire month is spent on managing to feed and water the cow and make the debt repayment. At this rate, she can repay the whole principal within 20 months, and then use the cow to get more earnings for some years thereafter. Both men and women look forward to clearing the cow loan in order to get to the profit stage. Many people loan out the calf of the cow and this creates another source of revenue for later on. They will either get interest or the repayment of this calf-loan with a fresh calf, if they wish, in some other later year.

The women are negotiating their credit with the peer group called 'self-help group' throughout the stages of the debt: first saving on a regular basis and thus establishing self as a group member; secondly borrowing a small amount and repaying it; then taking the cow loan; repaying this loan while attending regular meetings; and finally moving on to the next part of their life. Women report that these involvements are a source of great inspiration and happiness to them. They also experience pride and empowerment through managing the cow lifestyle – the visit to a veterinarian; caring for the cow dung and cow cleanliness; milking, perhaps alongside a daughter, sister, or mother; rituals with the cow(s); selling the milk; and walking the cow to grazing and watering sites. Men do contribute time to the cow effort but they rarely take the prime place as milker and milk-seller. There is a prospect here of women experiencing empowerment through control of cash income, which they can decide how to spend (Holvoet, 2005a, 2005b; see also Mahmud, 2003).

However, as more women buy cows there is difficulty finding enough common-land grass for them all. The women, men and children have to walk further and further through this dry, partly deforested land to water the cows. For each day spent with the cow(s), a day's wages may be lost. For some people, e.g. an old man, this is a small loss as there is rarely paid work to do. For others, e.g. a mother with older children, the earnings can be obtained by delegating the cow-watching to others for some days. Some cow-owning women work 9-10 days per month as *kuulies* or tenant farmers. As *kuulies* on cash daily wages they were earning Rs. 35 per day, giving them Rs. 350 additional income each month during our research in 2006. Such a woman would contribute substantially toward a household gross income. The income level from her alone would nearly reach the state poverty line of Rs. 6,000 per person per year using the two sources – work Rs. 350 and cow milk Rs. 600. However, these figures do not allow for the costs of raising cows. Sometimes one must buy fodder or feed. Some months one must pay for the veterinarian. The cow can drink gruel or starch water made from food leftovers, and these may be coming indirectly from purchased rice and vegetables. To keep a healthy cow producing a lot of milk, considerable good water and fodder, as well as gruel, is needed. Luckily we do not yet know of cases where women have to pay for the water for the cow. But water is rapidly becoming so scarce that many people buy their own drinking water. The water in the wells is becoming brackish and polluted because the wells are being put to depths of 600 feet (200 Metres) due to scarcity of water outside of the wet season. The capacity of the land to hold water when it rains has been reduced by deforestation everywhere in the region of western Rayalaseema and eastern Karnataka for hundreds of miles.

In the long term, the attractions of owning a cow may get outpaced by the costs of keeping the cow giving milk. Making the repayments will become difficult. For a wealthy farmer woman, bullocks can be used to pull a plough and a cart, and thus pay off at harvest time. Cows can be used for the family's yogurt needs. But for workers and worker-farmers, less revenue can be had, especially if it is a female cow of the local variety. The female cow cannot (most believe) be used to plough

because it is sacred. Thus the revenue from ploughing by bullocks was monopolised by the men whilst drudgery work with a cow is stereotyped as women's work. Superstitions about women contribute to a total effective ban on women using cattle in the fields. The woman is dependent on the milk economy to make money from having the cow.

So far, locally, there are no cases of debt default due to cow costs exceeding the woman's earnings. Indeed women are proud to be good repayers, and they may borrow from others to repay the self-help group loan. However we perceive an excess of aspirations because the happiness associated with having the cows is present even if the cow is not a strong economic project for a particular (relatively poor) household.

The aspiration paradox in western life is said to occur when a family invests in holidays, a fancy car, housing or consumer goods – often using a credit card – without realising that the debts piling up are going to cause them to go bankrupt. A whole service-industry has risen up where advisors manage heavy debtors through counselling, 'Money Advice', mortgage insurance against unemployment, and legal advice on the bankruptcy laws. In the UK, a person once made bankrupt can begin to accumulate assets once again after a delay of two years. Surprisingly many people go down this route. Both poor workers and self-employed business people use this route to avoid repaying their huge debts.

In the rest of this paper I will explain how the data were collected for this study, how the aspiration paradox can be theorised and explained, and some implications of the suspicion of a problem with aspirations. The situation can be seen very constructively as demanding that we discuss and plan for the possibility of aspiration-paradox problems. We might want to consider ensuring that families are protected from external shocks in the milk market; we might want to ensure that spouses support and protect their wives and do not attack them or incur further borrowing that the wife might not be aware of; and we might want the Self-Help Groups to discuss the milk market and other possible investments or livelihood strategies, discouraging all members from doing the same things, and encouraging women to compete with men in non-traditional activities that women might benefit from (e.g. crop trading and storage, processing foods, making toys or small manufactures, transport, social services and crop production through land rental). In some districts there is a lower preponderance of cow-loans and more of these gender-atypical loans, creating a healthier portfolio for the self-help groups. The best thing is for the self-help group members to be aware of the risks and costs and to generate ideas themselves in a safe brainstorming atmosphere of regular public debate.

III. A Review of the Data and the Literature

Some background information is given in this section. First the background to the data is given, including a review of women in the local labour market and in tenancy; and secondly a review of the theoretical underpinnings.

III-i) The Data Used in a Mixed-Methods Study

The research began with a literature review and the analysis of secondary data on tenants' declared range of work patterns (Olsen and Mehta, 2006*). The data show that tenants come from various social classes, and that women of the labouring class have a high labour force participation rate in Andhra Pradesh. Our fieldwork showed that many tenants have a variety of assets and aspire to higher social status than

ordinary 'kuulies' – wage workers. By looking mainly at those who are tenants and labourers who aspire to be tenants, the present case-study research project began to focus on petit-bourgeois people in the villages. These people's aspirations can begin to lead them away from a path of calm determination and realistic expenditure. Some people get wrapped up in acquisitive, indebted lifestyles which are not realistically based on the current earnings. Instead, easy credit may be making it possible for these people to incur debts beyond their capacity to repay.

The secondary data from the National Sample Survey data do not show cow-ownership or cow-related work, so we have to move to the level of qualitative interviews and village-level questionnaire data to bring the elements of labouring, cow, own-farmed land, and land rental together in individual household case stories.

Using realist assumptions the research moved into a qualitative mixed-methods stage, reported here. 39 interviews took place in Telugu and most were digitally recorded. A quota sample of respondents was drawn from existing village survey dated 1994-95 household income details were recorded. The longitudinal follow-up method gives us a detailed background from which to work in framing the questions.

The venue is one village of Ramasamudram Taluk and one village from Punganur Taluk of Chittoor District, southern Andhra Pradesh, India. This place gets only 860 mm of rainfall per year, usually spread over about 8 or 10 days in the monsoon seasons. The two villages surveyed in 1994-1996 have 550 households in total, of which 60 each (total 120) were selected for research in 1995 using both interviews and a questionnaire survey (ESRC data archive study number 3927; Olsen, 1996). From these 120 households, 5 households refused to participate, giving 115. From these 115, there were at that time 35 tenant households. Of these, about half also owned some land. Many tenants were poor, although not as poor as some landless non-tenant families.

The present choice of 39 households for in-depth study has placed some stress on getting the tenants of 1995 to reply to questionnaires and interviews. Being a tenant was not used as a quota sampling criterion across all social classes. The results of the sampling are described separately (Olsen and Neff, 2007). In practice both members of a couple were present for most interviews. A wide range of ages 18-50 were represented. Further interviews took place with other informants. A questionnaire was used to collect background data including ten Likert scales of attitudes to farming. We thus obtained a qualitative sub-sample of 39 couples from the main survey of 115 households.

As part of his doctoral research, Daniel Neff has augmented the old random sample of 115 households by adding more households, randomly sampled, during 2006. This creates a new, larger sample of 187 households which we use here to count the cow frequency by social class. Daniel Neff also organised and managed the interviews, which were carried out by Aktawallah and Tejokiran in Telugu and Urdu alongside Daniel and/or Wendy. After the interviews were translated into English they were typed, producing 700 pages of text in NVIVO software. Both individuals and households are being annotated as 'cases' in this data.

In section IV I will discuss three cases of cow-owning women briefly. All three, I suggest, are experiencing the aspiration paradox, but this is a matter of some speculation about the future. Indeed the women themselves would object to my assessment that they have debts exceeding their capacity to pay, since they think they can pay their debts off and still have money left over to spend. Respect and

appreciation is needed to see the logic of their way of thinking. For example the non-commercial aspects of owning a cow are very important to them.

III-ii) Theoretical Underpinnings

Background Theories of the Suffering Consumer

Veblen (1899; 1914) wrote about the social norms of the good life. He noticed that capitalist social systems discouraged prudence. Instead, the social status system within capitalist countries encouraged both consumerism and indebtedness in capitalist societies (see Hermann, 2007, for a review). Veblen's theory of the leisure class took 'conspicuous consumption' as a dangerous cause of waste (Veblen, 1914; Tilman, 2007). In many other details he brought into clear focus the ways in which daily, ordinary behaviour can be critiqued as irrational both in economic and wastefulness terms. Veblen's work suffered from some weaknesses, notably a strong sexism and a belief that the physical instincts could control how humans behave. These weaknesses do not invalidate the important contribution made by Veblen. Later theorists have clarified some overlaps with Marx's ideas, some errors in the interpretation of evolution, and some theoretically useful insights regarding the evolution of social institutions; see Hodgson (1988, 1997, 1998, 2000a, 2000b, 2004a), for a review of how this form of institutional analysis differs from "new institutional economics".

(The problem with Veblen's sexism has gradually become widely accepted, and it cannot be argued that this sexism was acceptable in the decades when he wrote. Even in the 1890s authors like Engels had had huge insights into the position of women and how women were being used as a means of ensuring male control of inheritance through the male line. While Veblen recognised that women were belittled in patriarchal society, and to some extent were being used as property for the rich class of male proprietors, he did too little to move toward correcting this, since he thought sex differences had been entrenched in the body through the evolutionary process. See Jefferson (2007) for an improved analysis using grounded theory in the Australian context. Veblen, writing in the USA in 1899, had been too strongly affected by Darwin's theory toward making assumptions about 'instincts', such as essentialised sex differences. See also Hodgson (2004b) for background.) In spite of these weaknesses, Veblen's writings have special value for their ethical and scientific contributions which were highly original at the time.

He argued that social institutions drag behind what is technically feasible. Thus for Veblen, any future is possible, but the continuation of elite power is the most likely future because social institutions are encouraged (by elites) to keep the power structure going (to elite advantage). For institutions to drag behind what is possible – a point similar to the Marxist point that the relations of production become a fetter on the economy and hold it back from its real possibilities during times of technical innovation - Veblen added that the resistance to change arises in part from the working and middle classes emulating the rich. In this way Veblen created a small area of study, now known mainly as the study of consumer culture, in which emulative behaviour, celebrity status, and how people acquire status are studied in great empirical detail.

In an Indian context that might lead to the hypothesis that the poorest rural workers might erroneously try to do farming just as the middle farmers do (as perhaps seen in cotton farming crisis further north in Anantapur, Andhra Pradesh). In the present case we see a situation where women are emulating male investors, buying cows to

produce milk as a cash generator. In doing so, however, they may not have considered adequately all the difficulties that can face a milk-cow entrepreneur. Yet because they enjoy the cow-related work and the flow of cash from the cow, which comes in the woman's hand not the man's hand, the women may stick to this strategy even when it is of doubtful long-term gain for them.

Bourdieu (1990, 1998) is an expert on local detail of the *habitus* of the person seeking social status and reassurance through their social behaviour. Bourdieu argued that people tend to exhibit habits that fit comfortably with their structural position (Bourdieu, 1986, 2005). Even the language they use is gauged to raise their social status whenever possible, e.g. avoiding slang and *prakruti* when in official situations (Bourdieu, 1991). He also argued that people exercise creativity in engaging with existing social practices in fields that overlap, such as religion (where for Hindus the cow is very pure and a ritual object) and the economy.

The concept of habitus also enables us to avoid the dichotomy between finalism¹ - which defines action as determined by the conscious reference to a deliberately set purpose and which, consequently, conceives all behaviour as the product of a purely instrumental, if not indeed cynical, calculation – and mechanism, which reduces action to a pure reaction to undifferentiated causes. (Bourdieu, 2005: 212).

In this extract, Bourdieu's critique of theories that assume mechanical responses is a bit like the critique of Veblen's recourse to instinctive behaviour. Bourdieu's critique of the assumption that people simply calculate what to do, based on final outcome comparisons, is a strong attack on the rational choice postulates behind neoclassical economics. His concept of *habitus* was meant to pick out a middle way that has neither calculational nor mechanistic determinism. This theory can be applied in our rural Indian context as long as some adjustments and modifications are made. But Bourdieu's concluding remarks about the suffering of the indebted small-owners are relevant for our Deccan Plateau where thousands of suicide deaths have taken place with debts of Rs. 25,000, Rs. 50,000 and more left for the surviving household members to deal with:

The Foundations of Petit-Bourgeois Suffering:

What we have addressed . . . is one of the major foundations on which the suffering of the petite bourgeoisie is built, or more exactly, on which are built all their little troubles and adversities, all the infringements of their freedom, the blows to their hopes and desires which load their existences down with worries, disappointments, frustrations, failures and also, almost inevitably, with melancholia and resentment. . . . The aspirations that underlie the dissatisfactions, disillusionments, and tribulations of the petite bourgeoisie . . . always seem to owe something to the complicity of the sufferers themselves, and to the mystified, extorted, alienated desires by which these modern incarnations . . . bring about their own unhappiness. (Bourdieu, 2005: 185)

¹ This word might have been better translated as consequentialism. O'Neill studies the subjectivism and consequentialism of neoclassical economics in *The Market*, 1998.

Bourdieu's specific target in his 2005 book was the first-time homeowner in France. These people take up a large mortgage debt to buy a house which is then built in time for them to move in. Bourdieu points to various forms of violence - mainly symbolic and operating through social, not physical, mechanisms – such as the advertising of a happy domestic family life which drags in both men and women to a debt which becomes a stone around their neck. Bourdieu says it is not the proletariat who are most susceptible to this suffering. It is those who are, or who aspire to be, of the middle levels of assets in a given locality. He calls these the *petit bourgeoisie*; the real bourgeois are immune to the tragedy of the suffering or failed debtor.

Meanwhile, Bourdieu says, the enculturation of the western consumer into believing that they 'must have' this privatised domesticity, this showy modernisation, and this largesse of expenditure even if through bank credit, makes them a player in their own tragic drama. The story is repeated over and over in Bourdieu's book. Like in his earlier *Distinction* (1986) and later book on *Social Suffering* (1999), the difficulties with modern life are shown to lie not just in our capitalist ownership structure or our technology, but within the very most subjective, personal and supposedly private aspirations of the thriving active human mind. Here we are susceptible to the invasions of a series of unsatisfying, demanding, time-consuming and sexist capitalist discourses.

Within this broad framework, the specific acts of borrowing have to be seen as having been subjectively chosen, sensible, and subjectively desirable at the time when the person or household takes their action. But Bourdieu's epistemological and ethical question that opens up the possibility of critique (see below). For Bourdieu, this critique is of the social structure and he sideswipes theories that do not have any structuralist element (e.g. Bourdieu, 2005: 198). Bourdieu thinks that the structural location (in the intersection of many structures including gender, family generation, class, regional culture and so on) does not so much 'determine' the actions one takes so much as shape them. They set parameters on what is conceivable.

Bourdieu writes:

It was Veblen again . . . who enunciated the effects of structure, or of position within a structure, on the definition of needs and hence on demand. In short, if there is a universal property [of economies], it is that agents are not universal, because their properties, and in particular their preferences and tastes, are the product of their positioning and movements within social space, and hence of collective and individual history. (Bourdieu, 2005: 211).

This does not imply that people are dupes or that their acts are predetermined. Bourdieu's statements in this area are worth studying carefully but they do need to be empirically checked before blindly applying them to an Indian context.

Specifically, Bourdieu offers a carefully worded, socially transposable theoretical approach. His concept of the *habitus*, i.e. a set of socially determined and locality-specific dispositions, existing both in and beyond the individual, is very important here.

Habitus is in no sense a mechanical principle of action...it is not a 'reflex'. It is *conditioned and limited spontaneity* [italics in original]. It is that autonomous principle which (212) means that action is not simply an immediate reaction to a brute reality, but an 'intelligent' response to an actively selected aspect of the real: linked to a history

fraught with a probable future, it is the inertia, the trace of their past trajectory, which agents set against the immediate forces of the [economic] field, that means that their strategies cannot be deduced directly from either their immediate position or the immediate situation. (Bourdieu, 2005: 211-212).

Bourdieu gives us a theoretical framework which allows us to see individual 'choice' in its social context. The apparent 'choice' arises in a context that has pre-given structural characteristics and given sets of social norms as well as social practices. Detailed evidence from the villages can be fit into this framework in an illuminating way. Before I give that evidence, let me turn briefly to the epistemology of the situations that Bourdieu (2005) would call aspiration paradox.

Epistemological issues

Consider four situations which I'd call aspiration paradox. Of these, the fourth is the one that Bourdieu is drawing our attention to.

1. The borrower assumes that s/he can repay a loan, even if it is large, whilst we as observers know that they cannot, or we predict that they won't be able to. Our prediction involves invoking causal mechanisms, i.e. 'tendencies and liabilities' as Lawson (2003) describes them. Knowledge about these will be contested, but in the next section I give details rigorously showing why I suspect this specific form of cow-related aspiration paradox has begun to occur in Western Chittoor District.
2. The borrower assumes that some larger unit, such as the SHG, the family, or their friends or employer, will help out if they do get into trouble with repayment of a loan. Under this assumption, the worker or farmer might end up with guilt, reciprocal obligations, or even becoming a bonded labourer later on [some already are bonded labourers in the specific sense of doing unpaid labour for landlords]. For this to be a 'paradox', the subjective sense of well-being that comes from taking the loan has to be thought – in my view, or our view as observers – to be outweighed by the costs or suffering that will occur during the later repayment / reciprocity period.
3. The likelihood of trouble with repayments is deemed high (by us as observers), due to high chances of exogenous shocks hitting the household, e.g. possibly a milk price decline or a sickness spreading among cows.
4. The social formation in which higher women's commercialisation causes them to have individualised purses, individual responsibility for loans, and less intrahousehold mutuality than before. The social norm of woman's individual repayments (i.e. a norm of avoiding default) actually begins to threaten marriage and to have affinities with a rising rate of divorce and separation.² In this context our value judgement that there is a 'paradox' and a problem is expressing a concern not about individual women, but about the general social milieu which creates contradictory norms for women, e.g.:

² The situation numbered 4 here is explicitly raising an ontological question different from numbers 1 to 3. Instead of an individualised, individuated crisis of commercial profits, we are pointing to the partially internalised tensions of living in a partially commercialised world. See Beck-Gernsheim and Beck, 2001, for an overview.

- Women must be honourable in the credit market and act reliable for their self-help group;
- Women must repay their loans through their individual work, leaving men to use their own funds from business or labour for their personal expenditures;
- Women must marry and commit themselves utterly to the wellbeing of family members, but men do not make the same commitment, having instead a more limited commitment to “breadwinning”.
- High-status women, such as the wives of rich landlords, have a lot of leisure time and do not get their hands dirty doing manual labour, but the women raising cows are intrinsically unable to rise to this status level in the way that formally educated women can.

Unfortunately in situation 4 the social scene during a wave of commercialisation creates new pressures that are hard for individual women to resolve. See Hutchinson, et al., 2002 for the politics of money in rapidly changing societies where new myths about money emerge all the time during political debate. It is very likely that this scenario is taking place. It is important for all concerned, especially the poor themselves, to be aware of the situation in all its grave details.

In options 1 and 3, the borrower is portrayed as somewhat ignorant of their own best interests. In what sense can a researcher’s knowledge be better than the knowledge that a worker or farmer has? (of their interests in 1.; of the risks they face in 3.) Ellis’s theory of diverse livelihoods (2000), in which he argues that the worker family is better off with multiple livelihood strands even if they currently seem to prefer a mono-livelihood, can be applied here. We would suggest that it is objectively better for the family to avoid the aspiration paradox even if the family do not suspect that they are entering this paradox. I say ‘we’ because my co-researcher J. Rangaswamy reached the same conclusion as me, independently. His research notes give details.

When we look at why a worker-farmer prefers to take the loan instead of avoiding it, there are several possible explanations. One, we might be wrong including making a different value judgement about the wisdom of the loans. For instance the worker-farmer may really prefer taking these risks and hoping for new income sources to repay their cow loans. In this case we have claims about the economy from two different standpoints, and a value conflict. Over time, we can discuss this conflict and events may cause a resolution to emerge, or it may continue. Two, the borrower’s risk horizon might be very short and their planning limited. (A research literature on pensions studies the impact that short-termism has on people’s strategic planning. See Laibson, 1997, 1998; O’Donoghue and Rabin, 2001; and Winnett and Lewis, 1995.) Over time, the two standpoints may eventually merge into a set of shared judgements ‘with hindsight’. But for the moment the ‘paradox’ is in the eyes of the researcher.

Thirdly, the person taking the loan might agree with the researchers but feel pressure either from peers in the SHG or from the husband or others to take the loan. We do not have explicit evidence of pressure so this is, at present, unlikely. Fourthly, the individual paradox might not be such a problem but the wider social paradox may hit upon really big issues about the relative independence vs. mutuality of women and men in the society. In order to take up the four possibilities we propose the further research on the social pressures, conflicts, norms and outcomes for women borrowers can be conducted. The relative powers of women, including not only individual capacities but also their roles within households and in the labour market, needs to be taken into account. However this research needs a firmly sociological basis in order to enable the possibilities numbered 2 and 4 here to be allowed for. The usual economic (/commercial) tests of the hypothesis of women’s greater

income would be too limited to allow for 2, 3 or 4. Some researchers are doing such research. In the next section we present our evidence so far. We hope to trace our friends in the village, who are labelled here with household 'serial numbers' and pseudonyms, further in the future.

IV. Evidence For the Claim of Aspiration Paradox

Using the case-study method we have both survey data and interview evidence for 39 couples dispersed across the two villages (more details are held at www.ruralvisits.org). In this section six cases are presented to illustrate briefly the wariness about cow-related economic risks; the substitution of cow-related work for paid cash earnings of labouring woman, as in Padmavathi's case; and alternatively for the better-off farming classes the importance of a large household size and the value of the cow revenue for women's empowerment. The four cases illustrated here, where the respondent's name is Padmavathi, Parvati, Yasmeen, and Papamma, are included in the case comparison table, Table 1, so that comparisons can be made (see also Appendix 1).

The evidence from interviews showed that some people are very wary of borrowing money to buy a cow, e.g. Siva of Miniki said:

Suppose we take loan and buy cow. If it gets illness and dies then we have to repay in 10 months. We take Rs.10 thousand loan and invest on cow, suddenly it was dies. This is only is source and nothing else. We buy cow hopefully to live but suddenly with in one, or two months cow will die because of illness and some others. Like this some people facing problems.

Source: Household 25, Interviewed 2007, a farmer (ryot) whose father-in-law owns 12 acres of land, of which 3 is rented out. Caste is Reddy, 'Other castes', social class is farmer, speaker is aged 27 and lives with wife, mother in law, and father-in-law who is age 50, no children yet. Owns a TV but neither bullocks nor cows.

One poor family in our survey, shown as the last row in Table 1 (household 36), argued that they do not want to manage cows precisely because of the risk involved in cow-owning. Yet they do own two cows, and it appears that they will go ahead with some cow work, which makes sense in terms of them having a large household. Figure 1 illustrates the factors which contribute to owning cattle. In Figure 1, having no children and a small household would be seen as an obstacle to owning cattle because the cow-care work would take up time of active farming work. However let us see how Venkatappa describes the situation:

For his services as a watchman [in some Reddies' fields], he gets 50 kg of rice every month. Further, during the Mango harvest time in summer, he gets some additional payment from the buyer of the Mangos. . . . Additionally to [all this] rice he is allowed to let his cows eat the grass between the Mango trees.

. . . . His wife is mainly doing all the work relating to the cows, like feeding, cutting the grass, milking, etc. The cows are their main daily income but they additionally have a small flower business.

They have some small space in front of their house where they grow flowers. Every evening all of them sit together and work on flower chains. Each morning, Papamma [his wife] is then walking through the villages from house to house to sell the flowers.

Their son in law is not interested in cultivation but has an own autorikshaw. They used to cultivate land three to four years ago which they got as an enumeration for the work as a watchmen. . . . He stopped that due to old age.

From this case, which is a Harijan household of workers who own no land at all, we see that the labour balancing act engages the people living there in a mixture of farming, kuulie work, and cow-related work. Having the cows is working at the moment through the complex balancing act that Papamma carries out each day to ensure that flower, food, childcare, cow-watching, milking and farming work all get done.

It is very interesting to see that Papamma feels she has to stop working as a paid wage labourer in order to see to all the other work. A lengthy extract (see Appendix 1) shows her and her husband declaring that they can't be in a Self-Help Group – too poor! – and that managing the cow work is wearing Papamma out. They also argue that repaying a cow loan is a big problem. They have been lucky, through his role as a 'watchman', to have access to cow grass on the Mango garden, and previously to have access to rented land from which they could generate funds to buy the cows. Compared with other landless workers, this family have a wider range of livelihood 'strands' than usual.

The case best illustrating the 'aspiration paradox' is Padmavathi, in household 8 (top row of Table 1). Padmavathi is poor and has had to give up earning money as a kuulie in order to manage her cows:

"When they used to rent-in land they did it for sharecropping, too. They would give back the seeds first and half of the rest of the yield. . .

The family owns one cow which Padmavathi bought with a loan (9,000 Rs with 2 Rs interest rate [i.e. 2% per month]) she got from her women's self-help group (DWACRA – group, Velugu) called Bharati. She is a member of this group for ten years now. She used to work as a kuulie before, but she stopped one year ago since she has the cow." Source: Field notes of Daniel Neff, Dec. 2006, Chinnapalli.

The interest on this loan is Rs. 180 per month. This compares badly to the earnings of a kuulie woman of Rs. 35 or Rs. 40 per day; it is 4.5 days' work for a woman. The respondents noted that this interest rate is still much less than what the 'Kapu Reddy' caste landlords would lend to them for; 5% per month is still typical here. Thus instead of paying Rs. 450 per month (0.05*Rs. 9000) she 'only has to pay' Rs. 180. In addition the commitment to the Self-Help Group is democratic and more voluntary, compared with being bonded by debt to a landlord; it does not involve providing fee labour time to help in his household. But this illusion of gain is offset by the fact that the family may reach a crisis if they can't successfully pay off the cow loan. Over coming years we will see what happens.

On the one hand this woman has moved from being a farmer to a landless worker over the period 1994-2006 (see Table 1), and having the cow brings her back into the

high status category of “not doing kuulie work”. We have to be aware of the status differences, even among the harijan people of the ‘Colony’ street, between doing casual agricultural labour (low in status) versus various kinds of enterprise (higher in status). Status is definitely a factor encouraging the women to take on the cow work. So there are big advantages to having the cow loan and the cow work. Continuing water difficulties, trouble finding any productive land to rent because of water shortage, and disagreements with landlords also contribute to the family being landless today. But on the other hand, cow-watching is very time-consuming work and the household’s budget is very tight right now during the repayment period.

Let us contrast Papamma’s and Padmavathi’s problems with the cases of Yasmeen and Parvati. These both have cows. Yasmeen did not get a micro-finance loan to buy cattle, but Parvati did. Yasmeen is in some ways socially excluded due to being a Muslim who married a Hindu man. Nevertheless she is currently a self-help group member. In the case of Yasmeen, household number 16, the cows are just one out of several farming assets that the household owns. Yasmeen divides her time in complex ways between different responsibilities, but she tends toward being the kind of farmer who will hire IN workers instead of hiring her own labour out. As she describes it, having a larger household also helps to make it possible to run the cow-milking activity:

Question: How are you attending the house work as well as field work?

Yasmeen’s Answer: Early in the morning one boy gets up and sweeps and cleans the house and cattle shed. Another boy brings water, I shall get up remove ash from the oven and start cooking. After cooking is over my children were ready by dressing, I arrange their carriers (food boxes [for them to go to schools]) and then I wash my teeth and milk the cows, prepare coffee and then go to the field. After noon we come and arrange water for the cows, and after taking lunch I shall take the cows and go for grazing my children are helping in this respect. This old woman is also helping to some extent. [She points at her sister-in-law.]

Yasmeen’s description implicitly illustrates that the man’s time is spent mainly on kuulie work and farming, while the women and children are doing the cow-related work. Meanwhile, at the crucial time of year when ploughing needs to be done (which is only a few days per year, perhaps 2-3 weeks at most), these cows can be used for ploughing.

In the case of Parvathi (household 12), the whole household is well above the poverty line and the social class of household is farmer. For Parvathi, being a member of the Jesus-Mary-Joseph self-help group is a way to get access to a line of credit that she really wants.

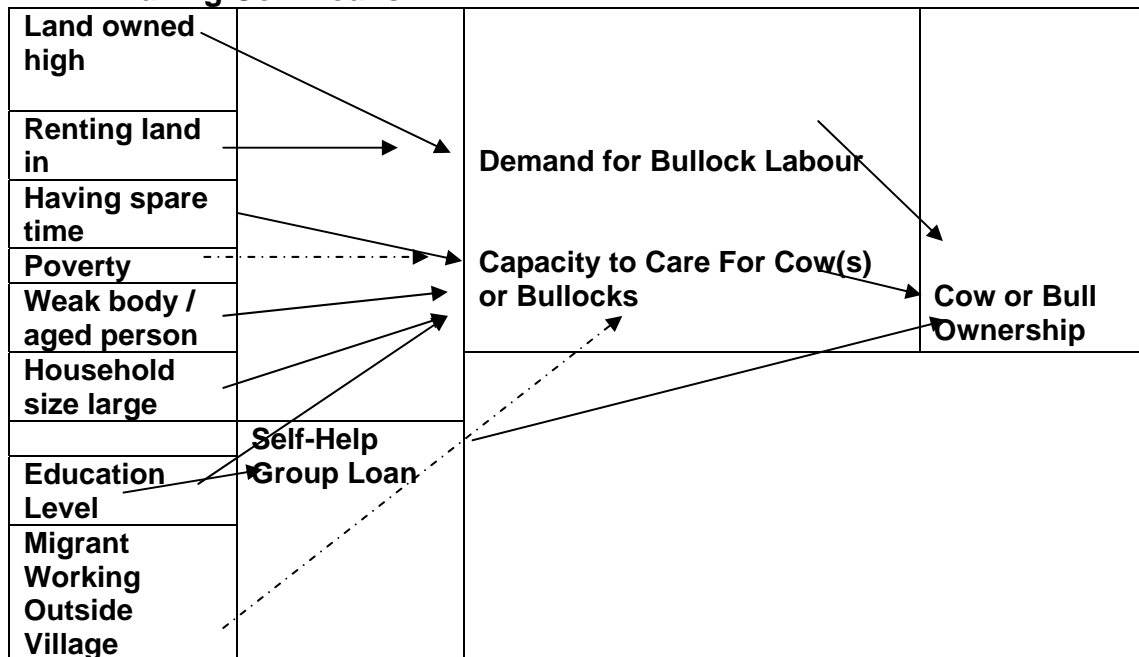
Our field notes read:

[Parvathi] is a member of a Christian organisation named ‘Jesus, Maria & Josef’ (JMJ) which is a women’s self-help group organisation. She, too, took a loan in her group for an interest rate of Rs 1 / 100 Rs. [i.e. 1% per month]. She is furthermore a member of a DWACRA group, which is a government sponsored self-help scheme. With JMJ they have to pay in time, since it is private. And with DWACRA they can take their time repaying, since it is government run.

They have two cows (one of which is pregnant), and 1 calf. They bought one cow at the price of 15,000 which gave birth to the other cow. In earlier times they had a bullock cart but sold it around 15 years back and sold the bullocks around 10 years ago. . . . They grow Mulberry for their silkworm cultivation.” Source: Daniel Neff field notes, village Chinnapalli, Dec. 2006.

Parvathi is one of several women farmers who have moved confidently into enterprise and now handle their cash flow somewhat independently of the male farmers.

Figure 1: Causal Mechanisms Contributing Toward Cow Ownership and Taking Cow Loans



Key: Black line indicates causal mechanisms that affect outcome. Dotted lines indicate obstructive factors to cow ownership.

In Table 1 this particular household (row 6, household 36) has been selected to illustrate how the very poorest people avoid using self-help groups at all. (They did not have any cows in 2006, so had assets of 0; but by 2007 they had got two baby calves when we revisited them.) They feel that they cannot make regular loan repayments so there is little point joining a micro-credit 'self-help' group.

Table 2 shows that this class owns lots of cattle

Table 1: Summary of Six Cases of Cow Loans

Hh Number	Class 1994	Class 2006	Occupations	Land Owned	Land Rented	Cattle - Total No.	Hh Assets	Hh Educ.	Hh size	Religion and Caste	Cow Loan from SHG	SHG Member
8	3	2	Construction worker and agricultural labourer	2	0	1	0.87	0.67	3		Yes	Yes
11	3	2	Marginal farmer	3	1.5	3	0.87	0.17	6	Harijan	No@	Yes
12	2	3	Cultivator, Ryot	6.5	0.75	2	1	0.17	2	Koruba	Yes^	Yes
16	2	1	Agricultural Labourer	0	0	2	0.33	0.87	4	Reddy	No	Yes
30	2	2	Marginal farmer	1	1	2	0.87	0.17	8	Mixed	Yes	Yes
36	1	1	Labourer; watchman; flower sellers	0	0	2	0	0.17	7	Harijan	No, but now own calves	No

*Notes (a) the education and assets of the households are summarised on a 0 to 1 scale a fuzzy sets. The procedure involves looking at the two extremes, numbered 0 and 1, and then placing lower levels of education in between in an ordinal ranking. Those households whose children are educated as far as possible, given their ages, are put toward the '1' (high) end of the scale. For the asset fuzzy set scale, those households owning any cattle were put above the 0.5 level purely for that reason. Having several productive assets would place them in the '1' end of the scale, and having only sheep or chickens would leave them near the '0' end. @ This family have several loans from sources other than the SHG, including friends, family, and bank. ^ Official records show Parvati's household as caste 'SC', but they are actually Reddy. This small error illustrates how the relatively rich creep into the schemes, but sometimes need to pretend to be poor to be accepted into the schemes.

Table 2: Distribution of Cattle Among Villagers in Peddapalli and Chinnapalli, 2006

Social Class of Household	Mean Number of Cattle	Standard Deviation of the Mean	Number of Cattle in Total in Class	Number of Households
Landlord	1.46	1.5	19	13
Ryot [Farmer Not Worker]	2.31	1.6	83	36
Worker With Land	2.02	1.6	97	48
Employee	.67	1.3	6	9

Labourer	.92	1.4	55	60
Self-employed	1	2.1	17	17
No work	0	0	0	4
Total	1.5	1.7	277	187

Source: questionnaire interviews by Daniel Neff with D. Qawala and P. Tejokiran, 2006, in two villages. The case study households are embedded in this sample. The above sample of 187 households is a random sample grounded in (and encompassing) the earlier sample of 115 households from 1994.

Table 3: Summary of the Six Case Study Families:

	Husband	Wife	Detail of 1994 Social Classes	Detail of 2006 Household Social Class	Position With Credit
8	Sridhar	Padmavathi	Farmer	Worker with Land	Aspirations may exceed ability to repay
11	Chitram	Swati	Farmer	Worker with Land	Have many loans but not SHG cow loan; no aspiration paradox; owning land makes cow-owning sensible; did not borrow to buy cows
12	Narayana	Parvati	Worker with Land	Farmer	Can easily repay, and have many loans (NON-POOR)
16	Jayanth	Yasmeen	Worker with Land	Worker	Cannot easily repay so wisely avoided the Self-Help Group Cow Loan; mixed livelihoods strategy
30	Muni	Saroja	Worker with Land	Worker with Land	No aspiration paradox; owning land makes cow-owning sensible; did not borrow to buy cows
36	Venkatappa	Papamma	Worker	Worker	Cannot easily repay so wisely avoided the Self-Help Group Cow Loan; mixed livelihoods strategy

Table 4: Social Mobility of The Six Case Study Couples 1994-2006

	Husband	Wife	Detail of 1994 Social Classes	Detail of 2006 Household Social Class	Mobility
8	Sridhar	Padmavathi	Farmer	Worker with Land	Downward
11	Chitram	Swati	Farmer	Worker with Land	Downward
12	Narayana	Parvati	Worker with Land	Farmer	Upward
16	Jayanth	Yasmeen	Worker with Land	Worker	Downward
30	Muni	Saroja	Worker with Land	Worker with Land	Nil
36	Venkatappa	Papamma	Worker	Worker	Nil

The examples in Table 1 illustrate the problems and opportunities with managing milk cows. In Row 6 we even saw that the cow management problems and cow costs were quite worrying for the poorest households who in turn did not feel they could use the Self-Help Group system because they would not normally want to get themselves indebted. Thus people have mixed feelings about their repayments. Some respondents were confident and could rattle off the Rupee balance of monthly earnings and repayments. Others were more concerned about medium-term intervening factors that might make repayment difficult.

V. Discussion and Conclusion

In this paper I have suggested that sometimes the very desirability of loans, in subjective terms, is a problem for micro-finance in this South Indian context. Socially desirable assets are obtained using the money without looking closely at either the common-land problems that might arise ("Tragedy of the Commons") or at the medium-term crises that might occur which could generate a household level crisis that the self-help group cannot solve. Cow sickness, fodder shortage, water shortage and difficulties with getting the cow to adequate free grazing - leading to a milk shortfall and hence a cash flow problem – are all possible difficulties.

In theorising this I have suggested that the debates held within households, without self-help groups, and at a larger level in micro-finance institutions can usefully address all these potential problems. Ultimately, though, the attractiveness of a consumer lifestyle or of a high-status object – which can be bought with fresh credit – sometimes can destabilise a household's ability to repay its debts responsibly for a time. The supportive nature of group interactions and democratic, ongoing, wise discussion of both economic and social aspects form a useful backdrop to the MFI finance that is found in the various SHGs at village level. For further explorations, please refer to Johnson (various), Goetz (2001 with Luckman, et al.; 1997), and other works by Kabeer, Mayoux, Holvoet, Mahmud and others who have explored the collective and corporate aspects of empowerment while questioning the purely calculating and commercial approach to micro-finance that can be found among some of its advocates.

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Appendix 1: Extract from a Joint Interview with Cow-Owning Non-Members of Self-Help Group (Landless Workers, Household 36, line 6 of Table 1)

Q: In this Peddapalli Village, since 10 years DWACRA group are running. Ladies are getting loans from these groups and buying cows and doing milk business. What I am asking is why didn't you join.

Venkatappa: We have.....

Papamma: We have no capacity, so we didn't join.

Q: I mean if we join how much have we to pay per month?

Papamma: I don't know how much they pay. How can we know.

Venkatappa: Monthly they pour milk to them. Govt. Dwacra groups take milk from members and adjust the debts.

Q: What I am asking is why don't you like that?

Venkatappa : We have no capacity to do.

Papamma : If we have capacity to do then we pour milk there. We have no capacity here and if we pour to them we don't know when they repay. But here big formers give amount when ever we need.

Venkatappa : In Dwacra groups, if we pure milk to them they adjust of their debts. What is the benefit to us.

Q: So you think like that?

Venkatappa : Yes! So.....

Papamma: In that groups some people go and bring the amount. They go when they liked and bring the amount. But we have so many problems.

Q: Now suppose if we bring 10 thousand rupees each person gets only 1000 rupees. So what we will do by using that 1000 rupees?

Papamma : So we didn't do.

Q: Generally you often go for kuulie works? Or you just feeding the cows?

Papamma : Going to cut grass for cows. After that I am doing house works and go to mango garden.

Q: In leisure time did you go for kuulie work?

Venkatappa : After that she has to go for grass.

Papamma : Cutting grass to cows and staying at home.

Venkatappa : Now we have four cows, so we have to getting grass for them. How can we go for kuulie work.

Papamma : I didn't go any where. If we have capacity then we go to do kulie works, otherwise we have to stop. Because other persons laugh at you.

Q: Yes you are correct, why should we go and feel guilty from them?

Papamma : So I stopped to go for kuulie work.

Q: Since when did you stopped going for kuulie work.

Papamma : Since 5 to 6 years.

Q: Before you were going for kullie work /

Venkatappa : Before she was going kulie works also.

Papamma : I was going continuously with out rest. Now also I want to go for kuulie work but no capacity. So I stopped going for kuulie work

Venkatappa : We can't go if we don't do.

Q: Yes! You are correct?

Papamma : So that we stopped.

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