# Chapter 11
# The Ascent of Market-Based Reproductive Debt

The 1980s and 1990s marked the neoliberal counter-revolution in the global political economy, burying the hopes of post-colonial states for a new international economic order and ushering in the much-quoted 'end of history' (see Chapter 3). These profound transformations were also witnessed in India. This chapter outlines the key characteristics and dynamics of the neoliberal regime of re/productive finance while maintaining alertness to the legacies of the earlier regimes. In this sense, I follow Aseem Shrivastava's characterisation of the present as an "era of nested eras" (Shrivastava 2016, 78). All key creditor institutions of the past, the moneylenders, credit cooperatives, commercial banks, and emerging SHGs converge into a new regime and articulate with commercial microfinance, which has strategically banked on reproductive debts.

I will start this chapter by exploring how the neoliberal reforms impacted the growth-model and labour relations, exacerbating the chronic subsistence crisis of India's subaltern working-class households. The second section investigates the expansion of (commercial) microfinance as a hybrid structure pushed by both state and market interests, manifesting a unique form of a debtfare state. This forms the background to understand the rapid rise of corporate MFIs since the mid-2000s who, contrary to the previous discourses on income-generating loans, endorsed themselves as services to manage the chronic subsistence crisis. Finally, I will discuss the contradictions of India's contemporary re/productive finance regime by investigating the expansion of reproductive debts through privatised and financialised health care.

## Neoliberal Reforms and the Contemporary Crisis of Social Reproduction

India's political economy underwent significant neoliberal restructuring during the 1990s, including greater freedom for (international) capital in both productive and financial sectors, extensive liberalisation through reduced state control over economic resources and prices, privatisation, incentives for investors, including subsidies and tax cuts, and curbing public expenditure to service debts (Chandrasekhar and Ghosh 2002; Patnaik and Chandrasekhar 1995). Financial liberalisation was vital to the project of neoliberal restructuring. After all, India's banking sector was almost entirely dominated by public banks since nationalisation in the late 1960s. The policy changes comprised a wide range, including reduced controls on interest rates, allowing private banks (both foreign and domestic) to enter the sector, expanding the sources and instruments through which financial institutions can access funds, and easing conditions for the participation of both firms and investors in the stock market (Chandrasekhar 2007, 195ff.; Chandrasekhar and Ghosh 2002, 97ff.). Some radical proposals, like the privatisation of RRBs or the removal of priority sector lending (PSL), were not implemented, but the definition of PSL became increasingly diluted. For instance, with an eye on India's increasing entanglement with the global corporate food regime, corporate food and soft drinks production was accepted as PSL (Chavan 2017).

In essence, the liberalisation policies marked the beginning of a highly uneven growth model. While most of the population depended on agriculture, the sector's share of GDP substantially declined (Ghosh 2015; Kannan and Raveendra 2009). Moreover, quotes on bank branches were removed, adversely impacting access to credit in rural areas. Directed credit and investment for particular sectors and populations were replaced by praising the efficiency of competitive markets, and banking increasingly turned "away from facilitating commodity production and investment to lubricating trade and promoting personal consumption" (Chandrasekhar 2007, 198). The bank branch network in rural areas declined during the 1990s, while metropolitan and urban areas, where most of the profitable customers lived, experienced a massive increase (Sriram 2018, 11). As a result, liberalisation drove financial exclusion in terms of supply and demand of credit amongst the rural masses. In the two decades after liberalisation, the relevance of public banks in rural areas declined, rural credit dried up, particularly for the lower rural classes, while moneylenders experienced a spectacular return (Chavan 2005; Shah, Rao, and Shankar 2007). Importantly, these new moneylenders were not confined to landlords, traders, and wealthy farmers, but with escalating income and wealth equality across the country, members of the petty bourgeoisie, like government servants or lawyers, also entered the lucrative business of informal moneylending (Basole and Basu 2011a, 53). Small, marginal, and effectively landless farmers were more prone to become trapped in usurious debt relations, intensifying their vulnerability to exploitation as cheap labourers in agriculture and beyond, fostering new forms of debt-bondage and labour attachment (Guérin 2013; Harris-White and Gooptu 2001; Pattenden 2010).

While manufacturing stagnated as a share of value-added GDP, economic growth primarily benefitted the corporate-dominated services sector, with finance, insurance, real estate (FIRE), information and communication technologies as key winners of this uneven growth model (Ghosh 2015). India's growth pattern and sectorial transformation is thus based on the persistence of "jobless growth" (Kannan and Raveendra 2009; Shrivastava and Kothari 2012). In the 25 years following liberalisation, the number of formal employment has been resiliently stagnant, rising imperceptibly from 26.7 million in 1991 to just below 30 million in 2016 (Shrivastava 2016). The uneven growth in the neoliberal era has been accompanied by the expansion of the informal sector and the casualisation of formal sector work, which provides a livelihood for the overwhelming share of the country's population. Nearly 80 per cent of Indian households do not own a regular wage or salary, and the vast majority of rural and urban workers have no formal written contract, no paid leave, and no access to any social security benefits (George and Sinha 2017; Mishra and Bhattacharya 2017). Of course, these general characteristics should not imply there is no "division of labourers" (Ambedkar 2014).

India's working class is fragmented and segmented by caste, ethnicity, gender and region. They experience multiple forms of exclusion, exploitation and expropriation, cumulating to what Lerche and Shah (2018) call "conjugated oppression". For instance, in 2011–2012, a staggering 81 per cent of Adivasis and 64 per cent of Dalits – who together account for roughly 300 million of India's population – are working in agriculture, hunting and forestry or construction, that is, the sectors associated most with below subsistence wages, hardly any security, and little bargaining power of labour (George and Sinha 2017). Moreover, the trends of casualisation are also witnessed in public employment with a particular gender bias. For instance, more than 1.5 million women are working as Anganwadis and nearly one million as Accredited Social Health Activists (ASHA) who together form the backbone of primary childcare and health services in rural areas. The former are paid wages but do not have permanent employment with social security benefits comparable to other government staff. And despite being essential for the immunisation of children, treating basic illness, or improving village sanitation, ASHAs are considered voluntary activists who do not receive a regular wage or honorarium at all but a meagre compensation below the legal minimum wage (Ghosh 2015; Sathi 2023; Sreerekha 2017).

Despite the multiple fragmentations and segmentations, the essential livelihood characteristic of the majority of Indians represents quite precisely what Marcel van der Linden describes as the "subaltern working-class" (van der Linden 2014): Various household members must engage with multiple types of work in different sectors, at different times, with shifting degrees of freedom and dependency to secure their livelihood. From a different perspective, we can maintain that the highly uneven capital accumulation in the neoliberal era requires the majority of Indians to diversify their livelihoods. However, this diversification is clearly distress-driven, and it is hardly associated with substantially improved living standards. Over a decade after the liberalisation of the Indian economy started, three-quarters of all rural households had marginal landholdings of less than 2.5 acres. For these, incomes from cultivation had to be complemented by animal husbandry, non-farm business activities and, most importantly, wage labour, which contributed nearly half of the total income for marginal farmers and almost two-thirds for effectively landless households (Basole and Basu 2011a; see also Naidu and Ossome 2016). But even this pooling of various income sources into the household economy was grossly insufficient to meet necessary expenditures.

*Table 3: Monthly Income and Consumption Among Rural Classes, 2003 in Rs.*

| | Wages | Income from Cultivation | Income from Animals | Non-Farm Business Income | Total Income | Subsistence Surplus (Income – Expenditure) |
|---|---|---|---|---|---|---|
| Effective Landless (>1 acre) | 999 | 223 | 86 | 260 | 1,568 | -798 |
| Marginal (1.01 – 2.5 acres) | 720 | 784 | 112 | 193 | 1,809 | -863 |
| Small (2.51 – 5 acres) | 635 | 1,578 | 102 | 178 | 2,493 | -655 |
| Middle (5.01 – 10 acres) | 637 | 2,685 | 57 | 210 | 3,589 | -96 |
| Large (> 10 acres) | 496 | 5,195 | 26 | 531 | 6,248 | 1367 |

Source: Basu and Basole (2011a).

Table 3 shows the pervasive crisis of social reproduction amongst rural classes. Except for large landowners and the upper parts of the middle peasantry, who can accumulate surpluses, all rural households experienced higher consumption expenditures than their total incomes. Nearly 90 per cent of the rural population belongs to the lower three categories, which all experienced a subsistence gap between monthly consumption expenditures and total incomes, amounting to between Rs. 655 and Rs. 863 in nominal terms. This subsistence gap was as high as half of their monthly income for the marginal and effectively landless households, constituting roughly two-thirds of the rural population. Another decade later, in 2012–2013, the picture had not substantially changed, despite record levels of economic growth in the 2000s and numerous national welfare schemes introduced during this period (see below). Two-thirds of rural households were still caught between de-peasantisation and semi-proletarianisation, depending on mainly precarious wage labour and cultivation/animal husbandry, augmenting the household economy with incomes from non-farm business, while on average experiencing a subsistence gap of 20 per cent of their total incomes (Naidu and Ossome 2016, 55).

It is hardly surprising, in this context, that the prevalence of hunger and malnutrition remains a grim reality for a significant part of the Indian population. While food grain availability per capita slowly increased in the three decades after independence, liberalisation policies revoked this achievement. While food exports were soaring at the turn of the millennium, food availability per capita had declined to the levels of the early 1950s. An estimated three-quarters of the rural population had insufficient incomes to meet the minimum food intake of 2,400 calories per day (Patnaik 2007, 115ff.). Even according to more conservative estimates, the share of undernourished in the population has only marginally declined between 2000 and 2021. Indicators like the prevalence of wasting (low weight-for-hight) among children under five years have not improved at all during this time – even though the Indian government has launched numerous welfare schemes in the 2000s (von Grebmer et al. 2021). Meanwhile, following liberalisation, wealth inequality has increased dramatically between rural and urban areas and between the top 10 per cent and the majority population, especially driven by unequal ownership of land and buildings, and particularly benefiting urban elites (owners, managers, professionals) and rural rentier classes (moneylenders and absentee landlords) at the expense of unskilled urban workers, marginal farmers and agricultural labourers (Anand and Thampi 2016; Vakulabharanam 2010).

These trends have led to speculation of a vast "surplus population" that capital has no need to employ (Sanyal 2007). The problem of labour surplus is indeed a pressing issue, one, as we have seen, that has already marked the early post-colonial era. Sanyal's separation between most of the Indian population living in the "need economy" rather than the "accumulation economy" (Sanyal 2007, 70ff.) reflects the entrenched crisis of social reproduction amongst the subaltern classes. Yet, the latter is also a systemic dynamic on which the uneven growth model works. A significant share of India's working class, estimated at between 100 and 140 million, became "footloose" in recent decades, shifting between regions and states and resorting to seasonal, circular or steady migration in search of a livelihood (Basole and Basu 2011b; Breman 2010; Corbridge and Shah 2013; Lerche and Shah 2018). While labour migration is certainly distress-driven, it also provides an important condition for cheap labour in urban areas. As will be shown in more detail in the following chapter, many of these migrant workers build the city's infrastructure, maintain middle- and upper-class households through domestic work, or produce garments for export, which, in turn, realise much sought-after foreign exchange. Rather than surplus, they are an undeniable foundation upon which India's booming economy rests.

In sum, the neoliberal regime is marked by a highly uneven growth model which has no means to tackle the chronic crisis of social reproduction amongst India's masses. For most Indians, the chronic crisis of social reproduction is rooted in the convergence of the intersecting trends described above (Rao 2021; Rao and Vakulabharanam 2019). First, the agrarian crisis manifests in low agricultural growth rates, unviable cultivation for the masses of small and marginal farmers, and increased vulnerability to external shocks. Second, the agrarian crisis is paralleled by jobless growth and the informalisation of work in the manufacturing and services sectors, forestalling the opportunity for sustained employment and access to social security. Third, corporate-driven and state-backed grabbing of land and resources intensified the (indirect) displacement of vulnerable populations. Still, insufficient public social provisioning and welfare schemes were stalled in the name of austerity during the first decade and a half after liberalisation. Against this backdrop, the rise of microfinance as a form of debtfare became increasingly institutionalised.

## Between State and Market Capture: The Foundations of India's Debtfare State

The uneven neoliberal growth model increased the demand for money (credit) amongst the rural masses due to an entrenched crisis of social reproduction, in which most households had chronically higher expenditures than their combined incomes (see Table 3). In this context, the group-based savings and credit model that was pioneered in different regions in the 1980s was incorporated by both state and market actors, creating a unique form of what Susanne Soederberg (2015) has described as neoliberal "debtfare state" (see Chapter 6). This emerging debtfare state also paved the way for the rise of commercialised and financialised microfinance in the 2000s, a topic we will discuss in the following section.

The first pillar of India's emerging debtfare state was the recognition and scaling of SHGs, linking them with the existing banking system. Based on earlier experiments with local credit management groups, NABARD set up the Self-Help Group Bank Linkage Programme (SHG-BLP) in 1992. The basic idea was to integrate the SHGs with commercial banks, reducing the latter's transaction costs for borrowing microloans in rural areas, by outsourcing a substantial part of the work in building trustworthy debt relations to the women's groups and the NGOs that promoted them (Rankin 2013; Wichterich 2017).[1] The group's regular interactions, savings, and disciplining were offered as creative forms of collateral to access a bulk loan from NABARD, which could be used freely according to their needs. This shift was part of a broader trend in the 1980s and 1990s, where development agencies and DFIs enthusiastically financed and promoted diverse forms of group lending, linking these

1 Theoretically, there were three possibilities of linkage: Banks could directly promote SHGs, NGOs acted as facilitator linking SHGs and banks, or NGOs acted as intermediaries lending money to the groups. In practice, only the latter two were used.

to the broader banking system (see Chapter 2).[2] Although the SHGs were no legal entity and did not have conventional collateral, the RBI supported this expansion by granting loans to respective groups as priority sector lending (Fernandez 2018; Nair 2015; Sriram 2018). Therefore, SHG members could either resort to intra-group lending based on their savings or avail of bank loans through the group once they had been successfully linked.

Initially, the expansion of SHGs was primarily driven by NGOs. However, by the end of the 1990s, the government had turned the SHG architecture into the backbone of its revamped rural development programme. The Swarnajayanti Gram Swarozgar Yojana (SGSY) merged and replaced numerous previous rural development schemes, including the IRDP, to provide subsidised loans to women's groups subject to ceiling per group or per capita.[3] Moreover, the programme integrated the creation and organisation of SHGs with district and local government bodies, cooperating with NGOs (many of whom were funded by foreign aid). This was strategically significant because it allowed central and federal states as well as local and international development agencies to use this decentral infrastructure to launch further development interventions (Nair 2015). It took more than a decade to link one million SHGs to commercial banks and credit cooperatives. However, in the new millennium, the outreach of the programme was exceptional, turning the SHG-BLP into the world's largest microfinance scheme. Two decades after its start, it reached almost 5 million SHGs, representing an estimated 70 million households across India (Tankha 2012).

However, the growth of groups was regionally very uneven and mostly concentrated in Southern states. Subsidised credit was not linked to capacity building on the ground, and about half of the groups never accessed a bank loan once (Sinha and Navin 2021). Therefore, the SGSY was reformed in 2011 under the National Rural Livelihood Mission (NRLM), which provided all SHGs who had documented regular group meetings, savings, intra-group borrowing and timely repayment with an incremental corpus of Rs. 10,000 – 15,000 to meet member's credit needs and catalyse further lending.[4] In 2022, there were about 7.67 million operative SHG accounts, arguably reaching around 142 million families across India. Together, these groups hold Rs. 470 billion (US$ 6 billion) in savings with commercial banks, RRBs and credit cooperatives, and access loans annually with a cumulative value of Rs. 1.511 billion

2 For instance, the German GTZ had pioneered a similar bank linkage programme in Indonesia at the end of the 1980s and the World Bank promoted such ideas in the World Development Report 1989 (Nair 2015).

3 The subsidy amounted to half of the project costs and was ceiled at Rs. 125,000 for entire SHGs or Rs. 10,000 per capita (Nair 2015, 9).

4 When it was launched in 2011, the NRLM had a budget for US$ 5 billion, of which US$ 1 billion came from a World Bank credit (World Bank 2011).

(US$ 19 billion) (Sriram et al. 2022).[5] The substantial gap between loans disbursed and savings indicates that the financial needs of SHG members are much higher than their accumulated savings (Sinha and Navin 2021, 38).

One of the main reasons why SHGs took off rapidly was that these loans were not attached to any purpose, there were no standardised repayment schedules, and groups could decide on the interest rates that members had to pay (Nair 2005; Sriram 2018). Although the SGSY translates into Golden Jubilee Village Self-Employment Scheme and the NRLM continues to emphasise self-employment as primary poverty alleviation strategy, it is well documented that most SHG loans, particularly amongst the lower classes are predominantly used for reproductive purposes, that is, to pay for food, home improvement (incl. sanitation, electricity, water supply), medicine, education, social functions, and for the repayment of other debts, while the share for business activities is comparatively small (Garikipati 2013; Guérin et al. 2015; Kabeer and Noponen 2005; Pattenden 2010; Rajasekhar, Manjula, and Suchitra 2017). In the context of the pervasive subsistence gap that most rural households face, both intra-group and publicly subsidised loans provide critical means to manage precarious livelihoods. Recognising the need for reproductive debts, the NRLM even has a Vulnerability Reduction Fund (VRF), which provides resources to SHG Federations at the village level to address food insecurity, unexpected health expenses or other emergencies. Since the central bank regulations did not consciously specify the purpose for lending, and most loans were taken to safeguard the household's social reproduction, reproductive debt essentially became qualified for the 40 per cent PSL quota that commercial banks had to fulfil.

Yet, even if used for income-generating activities, these loans by themselves hardly provided a successful strategy for substantially increasing household incomes for the masses. Average loan sizes for SHGs were usually between Rs. 2,000 and Rs. 4,000, hardly sufficient to invest in an enterprise (Mahajan 2005; Singh 2008). Moreover, intra-group lending was limited by meagre savings. In an interview with an NGO that used to organise Dalits into SHGs, a civil society activist reflects on one of the core contradictions of this intervention:

> "Many of the SHGs never took off because you can't be earning Rs. 2 and saving ten paisa, and you're going to create capital out of that – it never works. Every time they did some income-generating activities, they failed because of lack of capital, or someone would fall ill and then they would take more loans and go deeper into debt. After about ten to fifteen years, we realised that it was not working. Self-help groups, as a concept itself, was disempowering people. Because in their own mind,

5 A detailed assessment of the SGSY/NRLM, including its specificities and regional variation in implementation lies beyond the scope of this analysis. Instead, this section focuses on the general aspect that the promotion of SHGs has created a state-backed decentralised infrastructure for the rural masses to access reproductive debts.

> we were telling them if you save, you can come up. Which was not happening. While we were constantly reinforcing this idea that it is because of your lack of savings, and lack of being thrifty that you are going down." (CSA_4, Pos. 8)

Eventually, the NGO discontinued promoting SHGs and instead advocated for rights-based government welfare schemes and supporting the working poor in accessing respective programmes. The statement is indicative because it points to the fundamental dilemma of microfinance rhetoric and practice. Despite being advertised as having the potential for income generation lifting poor households out of poverty, the actual practice is one in which SHGs primarily add another creditor source to manage reproductive debts without addressing any of the root causes that trap subaltern working-class households in a subordinate position. This finding is also true for the second key pillar of India's emerging debtfare state, which rose in the shadows of the first.

While some NGOs stopped the promotion of SHGs and instead focussed on rights-based campaigns centred around economic and social participation, others used the SHG-BLP to become professional financial intermediaries, often with support from international DFI and donor agencies. These so-called NGO-MFIs were specialised institutions that still built on women's groups but used them exclusively as joint-liability groups (JLGs), which, following the Grameen model, would ensure regular and timely repayment. Thus, the emerging MFIs in the late 1990s, though mostly registered as non-profit organisations or new forms of cooperatives, were external debt agencies which decided the loan size and repayment schedules, following a credit-driven rather than savings-led approach (Fernandez 2018; Nair 2015; Sriram 2018). Importantly, they rode on the legitimacy and outreach of the SHG model (Roy 2018; Shah, Rao, and Shankar 2007). Although growing fast, their operations were regionally confined and mostly concentrated in Southern states, particularly Andhra Pradesh.[6]

In Chapter 2, we discussed how publicly subsidised group lending became increasingly under attack from proponents of a financial system's approach, maintaining that group-based lending must be profitable, with market interest rates and strict repayment schedule, and how the Grameen model provided an avenue to do so. Only then could microcredits become successfully integrated into the rhythms of the banking system and financial markets. This was no different in India. At the turn of the millennium, many MFIs had turned into noticeable financial institutions with significant loan books, despite having no equity and still being registered as non-profit organisations. Therefore, many started to create separate entities that would

6 Examples include Basix, Swayam Krushi Sangham (later SKS Microfinance), Spandana (later Spandana Spoorthy Financial Services Limited), Share (later Share Microfin Limited), and Asmitha Microfin Limited.

focus exclusively on poverty finance (Sririam and Upadhyayula 2004). Meanwhile, a broad coalition of government institutions, international DFIs and private commercial banks in India urged the NGO-MFIs to transform into profit-driven financial institutions, continuing their lending at market rates.[7] Hence, most are registered as Non-Bank Financial Corporation (NBFC), which would not allow them to deal with deposits but continue lending.

In essence, the twin pillars of the emerging debtfare state depoliticised the SHGs, instrumentalising women's groups primarily as an extended arm of rural development and welfare and as a source of profitable lending in the name of empowerment and poverty eradication (Pattenden 2010). An NGO worker describes the narrowing of most SHGs through the rise of increasingly commercial MFIs as follows:

> "I'm familiar with the labour rights and human rights sector since the 1980s, and the one trend that I have seen between the 80s and 90s, was a shift from self-help groups to microfinance groups. The SHGs as a model itself changed. Before, NGOs established these groups in an area because they were fighting a particular issue, it may be a land issue, caste issue, or an ethnic issue. Then you start getting organised and you have people, Sanghas, in each village and you dealt with many issues. And because the cash flow with women was very minimal, and along with gender-based violence, they also started saving, and add one more layer of security. SHGs dealt with a lot of different local issues, and they were a safe space for women to come together, discuss issues, and deal with everything. Saving money was added as a layer much later in the process. Whereas, the microfinance model depends on a very quick expansion. You need to add a lot of people quickly, to add value. Then the process is not a priority. It's the credit and debt. If you look at any of the microfinance units, they will have 20 books, tracking the money, but they have not a single book looking at gender violence, health of women, or other things." (CSA_2, Pos. 22)

The increasing shift of women's groups from ambiguous political entities to debt management circles should, however, not be conflated with the exclusive dominance of the JLG model. I suggested understanding the state-promoted rise of SHGs and the capital-induced growth of the JLG model as twin pillars of India's emerging debtfare state. Doing so acknowledges three critical points. Firstly, in the wake of the neoliberal transformation, the scaling of a state-subsidised group model provided the crucial conditions upon which the market-led model could flourish (CSA_11, Pos. 49). In many cases, SHGs are also JLGs or women move

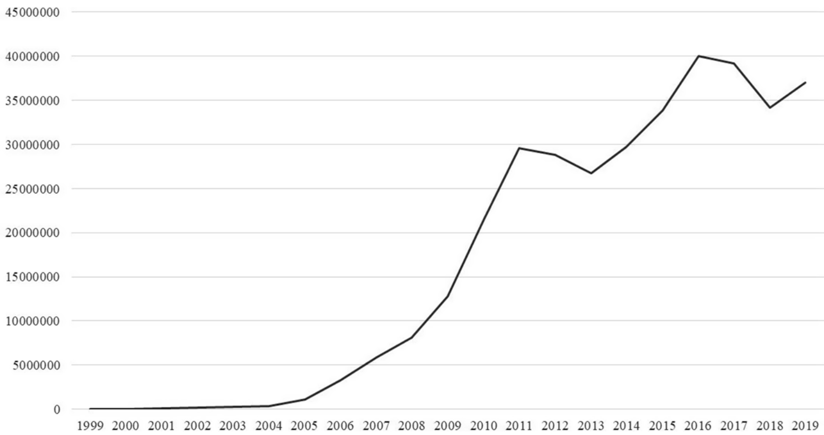
7 The Small Industries Development Bank of India (SIDBI) was a prominent advocate for this and received support from international DFIs like UK's DIFD and the German KfW, and ICICI Bank (Nair 2015; Roy 2018).

from one to the other. Secondly, though different in terms of group governance, loan size, and repayment schedules, both types of loans are pooled into the same household economy, and it is common to use SHG loans to repay MFIs (Guérin et al. 2015; Sinha and Navin 2021). The subsidised and less coercive borrowing through SHGs, with overall higher delinquency rates and losses on parts of the public banks involved, also subsidises the for-profit model indirectly. Finally, both pillars are a crucial means to safeguard the reproduction of India's subaltern working class. To explore this latter point in more detail, the following section will outline how the rise of microfinance is rooted in the financialisation of the pervasive subsistence gap amongst the Indian masses.

## Financialising the Subsistence Gap

Based on the neoliberal reforms and state-backed expansion of a nationwide SHG infrastructure, MFIs have experienced exponential growth since the mid-2000s. Between 2006 and 2016, the average active borrower grew more than eightfold from below 5 million to nearly 40 million (see Figure 10). The commercialisation and financialisation of the group-lending model were crucial for this success (Kar 2018; Mader 2015; Sriram 2010; Taylor 2012; Wichterich 2017). The NGO-MFIs turned to for-profit companies to expand their business, which could more easily attract funding from the banking system and financial markets. However, high growth rates and profitability are a prerequisite to attract equity capital and favourable conditions for loans from banks and other financial institutions. Hence, this transformation meant adopting business management techniques to focus exclusively on financial performance, introducing digital technology to bring transaction costs down, and scaling and diversifying lending portfolios to become an attractive asset class (Mader 2015; Nair 2015; Roy 2018). As discussed in Part I, microfinance portfolios in India and other parts of the world increasingly became an autonomously valued asset through securitisation because repayment rates had proven to be high and stable, portfolios of small-size loans were diversified, and there was a low correlation with other asset classes (see also MFI_5, Pos. 55–57). Of roughly US$ 15.4 billion loaned to microfinance customers in India in 2017, less than one per cent came from non-profit NGOs (Sririam 2017). These trends speak to the productivity of fictitious capital (M-M') under finance-dominated accumulation (see Chapter 5).

*Figure 10: Average Active MFI Borrowers in India, 1999 – 2019, in Million*




Source: MIX Market.

The first time the exponential growth was hampered was after a home-made crisis in Andhra Pradesh.[8] The aggressive growth of for-profit MFIs was regionally concentrated, completely unregulated by the RBI and feverishly supported by DFIs and institutional investors, ultimately leading to a Ponzi scheme with multiple institutions borrowing from the same household, often at ridiculously high interest rates (Mader 2015; Taylor 2012; Wichterich 2012). While the dynamics of the crisis and its causes, including the reckless expansion, usurious interest rates, coercive recovery methods, and lack of regulation, are well described in these studies, there is one aspect which has received far less attention. That is the systemic role of reproductive debts in the growth dynamic of commercialised and financialised microfinance, both before and after the Andhra crisis.

As will be argued below, a new generation of NBFC-MFIs strategically banked on the pervasive crisis of social reproduction, and, contrary to widespread interpretations, the sector's regulation after the Andhra crisis has contributed to normalising and institutionalising this trend. To substantiate this argument, a closer look at

8 The second crisis followed, Demonetisation the ad-hoc decision of Prime Minister Narendra Modi to demonetise all Rs. 500 and Rs. 1000 banknotes in early November 2016, allegedly to counter corruption, reduce illicit financial flows and promote cashless transactions. It affected the informal economy adversely, and can rather be seen as another strategy to push for financialisation (Chandrasekhar and Ghosh 2017). The third is not visible in the chart. More recently the COVID-19 pandemic (2020 – 2022) and related lockdown measures affected the informal economy and, particularly, migrant workers adversely, also impacting the MFI sector. These two episodes cannot be discussed here at length, but both will be touched upon briefly in the following chapter.

the debt relations around the crisis is necessary. A 2010 study commissioned and published by IFMR Capital provides intriguing insights on this issue. IFMR Capital (now Northern Arc Capital) was set up in 2008 as a specialised institution mediating between NBFC-MFIs and global institutional investors as well as DFIs through, for example, facilitating securitisation deals. The company will likely be the country's largest structured finance company specialised in microfinance and a critical backbone of market-based poverty finance.

The study is not only indicative because of the company's privileged position. It was also taken up by the RBI and the so-called Malegam Committee responsible for drafting regulations for MFIs after the crisis. Until the Andhra crisis, the RBI trusted in the self-regulation of the sector and did not provide any specific regulations.[9] The committee recommended creating a separate category for MFIs (the NBFC-MFIs), which would come under the supervision of the RBI. These for-profit companies would be defined by offering small short-term loans (1–2 years) without collateral to poor households. To address usurious practices, the committee further suggested to cap interest rates and fees, though leaving a margin of between 10 and 12 per cent depending on the size of the MFI. Hence, MFIs could borrow credit at 12 per cent from commercial banks and on-lend this at 24 per cent to their customers. Moreover, three-quarters of the company's portfolio was to be given as income-generating loans. This latter point was justified on drawing on the aforementioned study, which provided ample evidence that income-generating loans hardly played a significant role in MFI/SHG lending in Andhra Pradesh.

Table 4 is based on the data from the IFMR Capital study. It provides an overview of loan utilisation across various creditor institutions. Three observations are particularly relevant to the present investigation. First, the data illustrates the pervasiveness of reproductive debts, that is, loans used for consumption (food, water, cloths, consumer durables), health, education, home improvement (incl. sanitation, electricity), and social functions, which form the backbone of demand for credit, especially amongst MFIs, SHGs, and the broad category of informal sources. This also links up with findings from the SHG-BLP discussed above and other studies (Guérin et al. 2015; Young 2010a). Of course, there are notable differences within this general observation, pointing towards a certain division of labour amongst creditor institutions from the perspective of borrowers. For instance, in case of health emergencies, it might be easier to acquire loans from informal sources or intra-group lending of SHGs than from MFIs or banks. Moreover, acquiring loans to repay other debts is an important dimension of microfinance, especially for SHGs and MFIs. An estimated 84 per cent of rural households had two or more loans outstanding (Johnson and

9 Anticipating the necessity for a more structured and transparent framework to secure the viability of poverty finance, some MFIs started to organise before the crisis, for example, the Association for Karnataka Microfinance Institutions (AKMi).

Meka 2010). This finding may point to over-indebtedness, as was clearly the case in Andhra Pradesh (Mader 2015; Taylor 2012; Wichterich 2012). However, it may also indicate the necessity for juggling different types and sources of reproductive debts (Guérin 2014), a phenomenon we will engage with in more detail in the following chapter.

*Table 4: Prevalence of Reproductive Debts Across Creditor Institutions, 2010 in %*

| | **Banks** | **MFI** | **SHG** | **Informal*** |
|---|---|---|---|---|
| (Potentially) Income Generating | 66 | 32 | 31 | 26 |
| Consumption | 27 | 32 | 50 | 25 |
| Repayment of old debt | 15 | 25 | 20 | 7 |
| Health | 11 | 11 | 19 | 25 |
| Home improvement | 10 | 22 | 13 | 14 |
| Social functions (marriages, deaths, festivals) | 5 | 9 | 7 | 19 |
| Education | 4 | 4 | 6 | 5 |
| Other | 2 | 2 | 3 | 2 |

Source: Johnson and Mekha (2010). Based on 1920 households in 64 villages across 8 districts of Andhra Pradesh. Note: Shares might add up to more than 100% as loans may be used for multiple purposes. *Includes moneylenders, landlords, employers, and friends.[10]

Second, Table 4 debunks the myth of income-generating loans as the primary purpose of SHG/MFI lending. It may be argued that this is different for credit from banks (incl. RRBs and cooperatives), since income generation is the primary use of such loans. Yet, this category requires further qualification. Almost all of these loans are used to buy agricultural inputs, with only a minor share borrowed to purchase stock, livestock, or to start a new business. In fact, the share of loans used for new businesses is between one and three per cent, with purchases for agricultural inputs dominating the category across all creditor institutions. Considering the previous explorations of highly uneven landownership and the increased commercialisation of agriculture, we can understand borrowing for agricultural input as an ambiguous strategy, which may backfire, especially for small and marginal farmers.

10 The table is not representative for the entire country, because it focuses only on Andhra Pradesh. But given the fact that this was the most vibrant state, heading the way for rapid growth of MFIs, it can speak to a broader trend. This is especially the case, because many of the key findings emphasised below are also found in other regional studies.

Buying agricultural inputs, like HYV seeds, fertilisers, and pesticides, may increase productivity at the expense of adverse ecological consequences, but only under certain conditions. The bulk of small and marginal farmers stand to lose out from such investments, especially if they cannot safeguard stable irrigation, lack capacities to market their produce, and remain dependent on middlemen. It is no coincidence that the epidemic of farmer suicides in neoliberal India is rooted in over-indebtedness with various creditors due to agricultural inputs.[11] According to official numbers, between 1995 and 2012, nearly 300,000 farmers, overwhelmingly low-caste small and marginal landholders, committed suicide, with most of these cases occurring in the semi-arid zone in the southern and central parts of India (Basu, Das, and Misra 2016; Dandekar 2016; Nagaraj et al. 2014; Vasavi 2009). Against this backdrop, it seems reasonable to categorise loans for agricultural inputs amongst small and marginal farmers as potentially income-generating at best. For clarity, credit for agri-inputs is not reproductive debt in a strict sense. Yet, as the table clearly shows, they cannot be separated from the remaining household economy and the pervasive subsistence crisis.

Third, of course, access to creditors is not distributed evenly. The share of reproductive debts and the share of borrowing from generally more exploitative creditors is clearly segmented by class. Basole and Basu (2011a) argue that effectively landless households across India used nearly 60 per cent of outstanding loans exclusively for consumption purposes, whereas this figure was as low as 20 per cent for middle and large farmers (see also Guérin et al. 2015; Pattenden 2010). Therefore, it may not be a surprise that the incidence of indebtedness in rural households was highest for the broad category of informal sources (82%), followed by SHGs (54%), commercial, regional rural and cooperative banks (38%) and MFIs (11%) (Johnson and Meka 2010). This finding also indicates that despite massive growth, there was still substantial potential in 2010 to further expand the frontiers of commercialised and financialised microfinance. This is even more the case at the country-level, since the data refers to the state with the highest density of MFIs.

The pervasiveness of reproductive debts is no particularity of the Andhra crisis. Rather, banking on reproductive debt has been the main driver of the microfinance growth miracle. This can be illustrated by looking at the practices of the third generation of MFIs that started out in the mid-2000s as profit-driven NBFC-MFIs and underlined the sector's exponential growth. In Chapter 5, we explored how finance capital tends to speed up the process of capital accumulation, increasing the tendency for market concentration and monopolisation. This is evident in the case of Indian microfinance. Though only founded in the mid-2000s, Janalakshmi and

11 Of course, these suicides cannot be reduced to a single factor, but chronic indebtedness is mentioned in most studies as vital explanation for this systemic phenomenon (Basu, Das, and Misra 2016; Dandekar 2016; Nagaraj et al. 2014; Vasavi 2009).

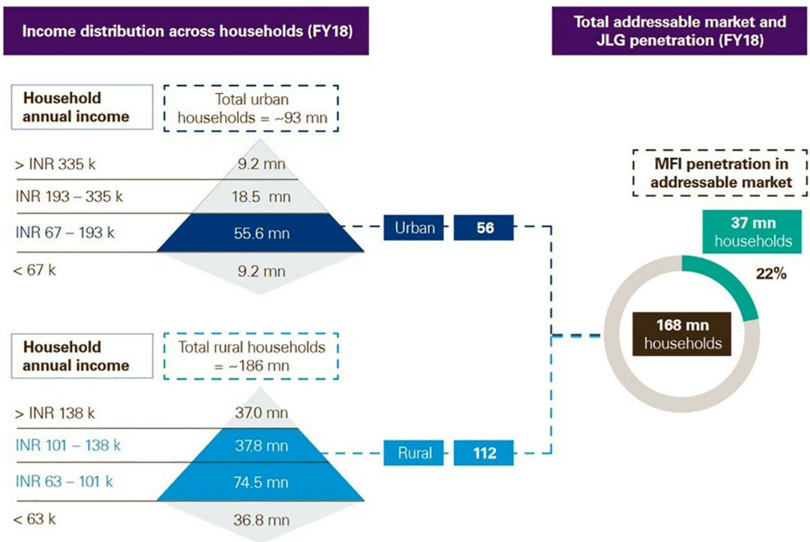
Ujjivan served 5.5 million customers out of 40 million in 2016 (Sa-Dhan 2016). Both founders, Ramesh Ramanathan and Samit Ghosh, had previously worked for years in leading positions of investment banking at Citigroup, amongst others. Their contacts, reputation, and experiences from this career as investment bankers helped to scale for-profit microfinance, inter alia in acquiring initial equity from international investors (Roy 2018).

Both adopted the credit-driven model of joint-liability groups with two notable changes. First, they primarily focused on the urban working poor as a rapidly growing target segment, starting from the slums of Bengaluru. This strategy seemed to recognise that with the devastating consequences of the uneven neoliberal growth model on the rural masses, the number of migrant workers in search of a livelihood in the Indian metropolis rose drastically. One of the strategies to successfully engage with the working poor in urban areas was the creation of a separate non-profit NGO (Parinaam and Jana Urban Foundation) that would work in the slums of the city, surveying the living conditions, preparing customers through financial literacy workshops, and building trust amongst respective communities through other interventions (Roy 2018, 103ff.). Second, both recognised that scaling financialised microfinance would only be possible by surpassing the focus on income-generating activities. Instead they enthusiastically embraced reproductive debts as profitable business case. In an interview, Samit Ghosh confirmed that it "[…] is somewhat of a myth, that microfinance is only for income-generating loans", explaining the success of his company as follows: "Typically, microlenders want their funds to be used for income-generating activities and will only lend to self-employed women. Ujjivan, though, lent to salaried urban workers too, even extending credit for children's school fees or medical expenses, provided the borrower had the capacity to make repayments" (Kazim 2018). Within less than a decade, Ujjivan had three million customers across India and went public with an IPO that was oversubscribed 41 times (Sririam 2017, 126).

While the second-generation MFIs (Basix, SKS, Spandana) had moved from non-profit to for-profit MFIs, the third generation (Ujjivan, Janalakshmi, Equitas) started out as for-profit NBFC-MFIs with close ties to transnational finance capital, creating non-profit NGOs to facilitate profitable lending in urban slums. From the beginning, reproductive debts were crucial to their business model, and this continues to be the case. As an industry insider remarks: The "next big thing is healthcare and housing, both are very necessary, huge demand and Parinaam has already worked as a tester in this field" (CSA_10, Pos. 46). Ujjivan's focus on reproductive debts is not unique. Most corporate MFIs offer loans for home improvement, sanitation, health, and education. From the systemic perspective of regimes of re/productive finance, this is not a "mission drift" (Kulkarni 2017), as some have suggested. Instead, it emphasises corporate MFI's strategic engagement with the pervasive subsistence crisis that India's subaltern working class faces.

The previous sections have shown how India's neoliberal transformation was associated with a highly uneven growth model, providing no sustainable livelihoods for the subaltern working class, which, despite pooling different livelihood strategies into the household economy, could not accrue sufficient income to make ends meet. It is these insecure working-poor households that have turned into the key market segment for commercial microfinance. Of the 1.2 billion people living in India in 2010, roughly 820 million can be considered as part of the poor and vulnerable population, while 380 million have middle and high incomes (George and Sinha 2017; Kannan 2017, 271). A KPMG study on the potential growth market of microfinance argues that commercial financial institutions could reach around 169 million households in India (Figure 11). Assuming an average household size of four, this figure almost exactly matches the 820 million who, due to lack of landownership, precarious employment opportunities, and insufficient access to social security, can be considered in a poor or economically vulnerable position with one exception. The most impoverished (rural) households, that is, the bottom quarter of India's poor and vulnerable population, are considered to be no reasonable business case.

*Figure 11: The Potential for Commercial Microfinance in India, 2018*




Source: KPMG (2018).

About two-thirds of this potential is in rural areas, whereas one-third is estimated to come from urban areas. This is remarkable since the distribution of poor and vulnerable households is more unevenly concentrated in rural areas. However, the assessment may reflect the increasing trends of distress-driven rural-urban migration, whether circular, seasonal or steady. The business models of third-generation MFIs, like Ujjivan and Janalakshmi, who consciously started from the slums of a metropolis, may underline this reasoning. The mass of rural-urban migrants who work as precarious (daily) wage labourers would live in a household with a total monthly income between Rs. 5.500 – Rs. 16.000, which exactly matches the envisaged market segment for commercial microfinance (see Part IV). Focussing on this group is a sensible business case for financial capital for at least two reasons: First, wages in urban areas are generally higher, potentially allowing for more secure returns. At the same time, the demand for money is also considerably higher in urban areas. The contemporary uneven and jobless growth model exacerbates this demand at the lower ranks through increased privatisation and financialisation of social infrastructure, like housing, health care and education. Taking into account these actual (rising) household expenditures, Bhattacharya (2015) argues that the poverty ratio in India would be as high as 76 per cent for urban and 90 per cent for rural areas. Second, with the cumulating agrarian crisis, rural-urban migration is likely to grow in the future: "All of these metropolises are also migration magnates. It's not like I serve a million people, and I have reached my agenda. Because by the time I have that number, 100,000 new people will have arrived. So that's an ongoing agenda." (CSA_11, Pos. 60). Of course, borrowing is not limited to precarious migrant workers and demographic pressures also feed into this dynamic, but establishing this link is important for the investigation following in Part IV.

In concluding this section, let us briefly return to the thesis that regulating the MFI sector has contributed to normalising and institutionalising reproductive debts. While the cap on interest rates and borrowing might initially seem like a setback, many companies endorsed the regulations because they helped set transparent standards, avoiding instability and high volatility while allowing substantial manoeuvre for profits.[12] The declaration of lending 75 per cent for income-generating loans has been shown to be nothing but lip service to maintain the discourse of entrepreneurial microfinance. The RBI has no means, capacities, and ambitions to check up on the loan utilisation of this vast sector. As the case of Ujjivan and Janalakshmi has shown, the rapid growth of commercialised and financialised microfinance since the 2000s has been achieved by strategically moving beyond

12 Under the new regulations, NBFC-MFIs could, for example, borrow money at 12 per cent p.a. from commercial banks, and lend this money to working-class households at 24 per cent p.a. For commercial banks this is also a good deal, since borrowing to MFIs falls under the 40 per cent PSL quota they must fulfil.

the focus of income-generating loans in rural areas to embracing the relevance of reproductive debts for India's vast subaltern working-class. The practice of for-profit reproductive debt has not only become normalised by the regulations. Since the mid-2010s, the largest NBFC-MFIs have become incorporated into the banking system through merger and acquisition by granting them a proper banking license or turning into a new type of Small Finance Banks (SFBs), as is the case with Ujjivan and Janalakshmi.

Finally, the coercive repayment methods, rooted in disciplining women's groups through peer pressure and shame, have never been seriously challenged by the regulations and continue to form the basis for the for-profit business model. As an industry insider put it: "From a crude form of coercion [moneylenders], we have come to a more sophisticated form of coercion [MFIs]. That is the basic paradigm shift. Otherwise, there's nothing." (CSA_11, Pos. 66). Although there is much talk of "keeping the human touch" (KPMG 2018), the coercive nature of practices is rooted in the rhythms of fictitious capital accumulation which care little for people's subsistence crisis:

> "If it [microfinance] was supposed to make women less insecure, it only looked at the banking part of it. And delineating everything else as something that added inefficiency to the system. Because if you start relating to people's crises, you can't enforce repayment. You can't write off loans. You can't even support them for a long enough time so that it becomes sustainable. So, the type of transactions changed quite a bit. In many places, it's just a post-work kind of support system, where people come and drop off the money at a point, you don't even meet as a group." (CSA_2, Pos. 24)

Significantly, the more sophisticated forms of coercion do not necessarily replace the crude forms. As was shown above, multiple borrowing is frequent and meeting the strict repayment schedules of MFIs – which have zero tolerance for default – often requires borrowing from moneylenders or other sources. In other words, multiple debts and degrees of exploitation and dependency build on the fragmentation and segmentation of India's subaltern working class and converge in the household economy. This is particularly visible in the case of health care.

## Healthy Profits: The Contradictions of India's Debtfare State

In the early 2000s, the enthusiasm for neoliberal reforms amongst India's political and economic elites and the urban middle classes was embittered by deteriorating living standards and widespread discontent amongst the rural masses. At the end of the 2000s, the Naxalite insurgencies stretched over 180 out of 640 districts across ten states of India, accounting for about 40 per cent of India's landmass (Das 2010). With increasing support of the impoverished masses, the Maoists' strategy of worker-peasant alliances to overthrow the power of landed classes, post-colonial state bureaucracy, and corporate capital through armed revolutionary struggle was increasingly framed as the 'single biggest national security threat' (Sundar 2011). Accordingly, the Government of India responded with harsh repression and militarisation of respective regions (Chandra 2014; Parashar 2019). Meanwhile, diverse social movements and civil society organisations have launched campaigns against the widespread exclusion of rural and urban poor from India's growth model (Roy 2023). The INC, which had been at the helm of neoliberal policies in the early 1990s and had to give in to the Hindu-Nationalist BJP in the 1999 elections, launched an effective electoral campaign in 2004, picking up widespread unrest promising to merge economic growth and social justice.

Together with smaller left parties, The United Progressive Alliance (UPA) introduced several significant welfare schemes between 2004 and 2014. Thus, in contrast to the experiences in core capitalist countries, neoliberalisation in India has been accompanied by the expansion rather than retrenchment of welfare services since the mid-2000s. The government scaled up existing schemes and turned them into a right for the impoverished masses, including the extension of primary education and mid-day meals in schools, the strengthening of PDS as apex food security infrastructure, the expansion of primary health care in rural areas and health insurance for informal workers, and employment guarantee securing 100 days paid public work for unemployed rural workers.[13] This resurgence in popular social welfare policies has led some observers to attest India's democracy is a "quiet revolution" based on the successful "politics of the poor" (Roy 2023).

Undoubtedly, the increase in welfare policies has made a difference in the lives of millions of Indians. However, what is far less clear is how these schemes have ameliorated the entrenched subsistence crisis amongst India's subaltern working class. Critiques have pointed out that the resurgence in welfare policies was almost exclusively focused on prioritising social protection while ignoring the dismal condition of social provisioning of basic services (Kannan and Breman 2013; Kapur and Nangia 2015). Moreover, despite the substantial allocation of budgetary sources, the implementation of these schemes is still prone to elite capture because none of them has addressed the underlying problems of massive wealth inequalities, including skewed land ownership (Corbridge and Srivastava 2013). Finally, these schemes

13 These schemes were grounded in the National Rural Health Mission (2005), Mahatma Gandhi National Rural Employment Guarantee Act (2005), Unorganized Workers Social Security Act (2008), Right to Education Act (2009), and National Food Security Act (2013). This list is not comprehensive but comprises only the flagship schemes which are amongst the largest in the world in terms of outreach.

seemed to follow a strategy of "welfare without work or wages" (RoyChowdhury 2018).[14] This section does not aspire to give a comprehensive overview, let alone an assessment of India's emerging welfare state and its effects on the working poor.[15] Instead, it traces some of the core contradictions of the contemporary regime of re/productive finance by demonstrating how welfare schemes intersect with reproductive loans, without providing any means to escape chronic indebtedness. This is particularly visible in the health care sector which serves as illustrative case for India's contemporary debtfare state.

In Chapter 2, we discussed the intimate connection between sovereign debts, neoliberal SAPs, and the push for market-based finance both at the state and household level. Since the late 1980s, the World Bank has pushed for the privatisation of health care in the global South as part of the SAPs. The World Development Report 1993 *Investing in Health* urged governments to bet on households' responsibility, foster the role of private sector service providers, and reduce public health expenditure as part of fiscal adjustment (Nuruzzaman 2007). Following the neoliberal reforms, India's already low government expenditure in health care almost halved between the mid-1980s and mid-1990s, from 1.5 to 0.7 per cent of GDP (Duggal and Jadhav 2018). In the years following liberalisation, between 1992 and 1993, the budget allocation to health care was slashed by 20 per cent (Nambiar et al. 2014, 32). The consequences of outsourcing risks and responsibilities to households in the form of user charges are catastrophic, especially for low-income households. As the World Health Organization (WHO) recognises, lower government spending in health care is associated with higher out-of-pocket spending (OOPS), that is, expenditure for diagnosis or medicine patients have to pay directly upon treatment (World Health Organization 2022, 6).[16]

By the mid-2000s, more than three-quarters of total health expenditure in India came from OOPS (Berman, Ahuja, and Bhandari 2010). This leads to a contradictory dynamic of inclusion and exclusion. On the one hand, user charges for diagnostics and medicine lead to the exclusion of those households that are unable to pay. In urban areas, about 20 per cent of untreated illness episodes remain unattended because of financial constraints (Shahrawat and Rao 2012, 218). On the other hand, borrowing money turns into a vital coping mechanism to access healthcare for households without sufficient incomes and savings. In rural areas, almost 14 per cent of all

14 This claim can even be uphold in the case of MGNREGA, because daily wage rates paid for public work in Karnataka and many other states are below those of daily wage labourers in agriculture, resulting in employment below minimum subsistence (RoyChowdhury 2018, 57).

15 For such assessments, see e.g. Kannan and Breman (2013), Dreze and Khera (2017).

16 In almost all countries where government expenditure on healthcare accounts for more than 6 per cent of GDP, the OOPS are below 20 per cent of total health spending. In contrast, in countries with public investment of less than 2 per cent of GDP, the OOPs are considerably higher, in some cases up to 80 per cent.

households met OOPS *exclusively* through borrowing, and in urban areas, the number was estimated at just below 10 per cent (Flores et al. 2008, 1401). It can hardly be a surprise that this dynamic is experienced unevenly across classes. For the lowest income quartile, borrowing was the most prevalent financial coping mechanism in both rural and urban areas, while savings were only second, and sale of assets third. Consequently, studies estimated that up to 40 million people in India are pushed into poverty due to health payments annually (Shahrawat and Rao 2012, 214). The affirmative literature on financial inclusion acknowledges financial vulnerability as a chronic feature of significant shares of the population in the global South. However, it primarily takes this vulnerability as given without scrutinising how the privatisation and financialisation of D/development have significantly deepened this vulnerability (see Chapter 1).

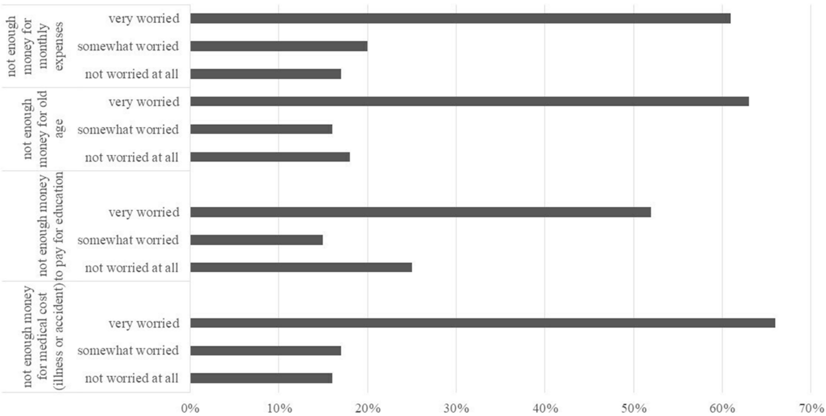
The World Bank has been much more than just an initial trigger for the privatisation of health care. The Bank's IFC has been crucial for investing and facilitating public-private partnerships across the global South. More than a quarter of the IFC's global health budget is invested in India. Between 1997 and 2022, the IFC pumped US$ 523 million into private hospitals and clinics, supporting some of India's biggest corporate hospital chains (Taneja and Sarkar 2023). Ironically, these are primarily high-end urban hospitals out of reach for most Indians.[17] Since the 2010s, there is a significant increase in (private) equity investment in India's booming privatised healthcare system, testifying to the potency of market-based finance. Major DFIs, like the IFC, UK's Commonwealth Development Corporation (CDC) or the German KfW/DEG, and large institutional investors increasingly bought shares or acquired private healthcare providers (Chakravarthi et al. 2017, 52). In 2023, the hospital industry, which accounts for the largest share of the total healthcare market, was valued at US$ 132 billion and is expected to grow significantly in the coming years (Taneja and Sarkar 2023). The financialisation of public provisioning, such as health care, creates the conditions for a market in which financial services like credit and insurance seem reasonable interventions to support low-income households.

The privatisation of India's healthcare system was paralleled by the realisation amongst commercial MFIs that loans beyond income-generating schemes were necessary to deepen market penetration and to bank on the reproductive needs of working-class households. Consequently, many MFIs started offering health and emergency loans or water and sanitation loans (see above). Borrowing for OOPS was already frequent. However, most of this lending happened in the informal sphere, particularly borrowing from friends and family, but also from moneylenders or employ-

17 Often these projects are also state backed, with governments granting land for the development of health facilities for free or minimal costs, demanding the private service providers to attend to the local poor. However, reports show that such agreements are regularly violated (Taneja and Sarkar 2023).

ers (Berman, Ahuja, and Bhandari 2010; Flores et al. 2008). The World Bank's Global Findex database shows the vast potential of reproductive debt in India, grounded in financial vulnerability that has been exacerbated through neoliberal policies. Currently, more than half of all adults in India are very worried about not having enough money for monthly expenses, education, medical costs, and old age (see Figure 12). Health care stands out since almost two-thirds of all adults stated they were very worried about not being able to cover costs, that is, OOPS, in case of illness or accidents.

*Figure 12: Financial Vulnerability in India, 2021*




Source: Global Findex Database.

Of course, the cumulating health crisis has not remained unnoticed by policymakers. Amongst other initiatives, various state governments have initiated publicly financed health insurance schemes for the poor since the mid-2000s.[18] Following the Unorganised Workers Social Security Act, the UPA government introduced a national health insurance programme in 2008. The Rashtriya Swasthya Bima Yojana (RSBY) covers hospitalisation costs for BPL families in the unorganised

18 In this context, it is important to highlight the uneven public provisioning of health care amongst states. The average public per capita expenditure in India is only about Rs 1,500 per year (2017–2018). However, some smaller states spend between Rs 4,000 – Rs. 7,000 per capita, including Arunachal, Sikkim, Goa, and Mizoram, contributing to robust health indicators and strong primary health-care services. In Mizoram, for example, there is practically universal public health care, without user charges and private sector firms. (Duggal and Jadhav 2018). However, three quarters India's population lives in only ten out of 26 states, and all these have public per capita expenditure below the national average, many even below 1,000 per capita (Duggal 2017).

sector up to Rs. 30,000 annually.[19] The central government would pay three-quarters of an annual premium of Rs. 750 per household, while state governments matched this sum with the remaining 25 per cent. Although the programme is envisioned to reach all families below the poverty line (BPL) by 2012, the official number more than a decade after the programme started is that about half were reached. However, other estimates that the actual outreach is significantly lower because private service providers have created bogus beneficiaries to earn the premium subsidy from governments, and about half of the enrolled households do not belong to the BPL category (Ghosh 2018). Moreover, the general government health expenditure has only nominally increased but remained between 1 and 1.5 per cent of GDP between 2000 and 2020. Increased resources, however, are not necessarily used as social means. Especially the centre's funds are often geared towards the promotion of public-private partnerships and special programmes for public employees and formal sector workers (Gupta and Chowdhury 2014; Sundararaman, Mukhopadhyay, and Muraleedharan 2016). Meanwhile, India's public health workers, predominantly women, are sustaining primary health care in rural areas for payment below the legal minimum wage (Sathi 2023; Sreerekha 2017).

Perhaps most importantly, many studies have argued that a publicly financed health insurance scheme in a healthcare delivery system which is dominated by private profit-oriented providers is inherently contradictory and has "failed to address the issue of access and financial risk protection" (Ghosh 2018; Gupta and Chowdhury 2014; Shahrawat and Rao 2012). This is because the national health insurance scheme has not substantially reversed the high OOPS. RSBY/PMJAY covers costs for inpatient care, which can be very high and catastrophic for working-class households. However, the bulk of OOPS, about 82 per cent, stems from outpatient treatment and medicines which are not covered by public insurance (Shahrawat and Rao 2012, 216). For the increasing mass of urban poor, outpatient care for respiratory infections, skin problems, diarrhoea infections and nutrition-related health problems are a constant financial burden. Since public facilities often have limited hours open and workers need to take a day off to wait for treatment, many precarious wage workers prefer treatments in private hospitals (Nambiar et al. 2014; Sharma et al. 2020).

19 The NDA government has introduced the Pradhan Mantri Jan Aarogya Yojana (PMJAY) in 2018. Under the scheme, around 500 million Indians are eligible for cashless inpatient care in secondary and tertiary hospitalisation up to Rs. 500,000 per family annually. While the scheme certainly addresses the pressing issue of catastrophic health expenditure in cases of inpatient care, a few years after the introduction there are no signs of substantial financial risk protection for beneficiaries and a systemic review of studies points to similar issues to previous publicly financed health insurance schemes (Reshmi et al. 2021).

This case illustrates how the neoliberal drive for privatised and financialised health care creates the conditions in which demand for reproductive debts increases.[20] Hardly surprising, most working-class households, experiencing fluctuating incomes, absence of social security and overall, much higher exposure to various health risks related to adverse working and living conditions, face the fatal choice between non-treatment and indebtedness. Both demands for and access to such reproductive debt is gendered and racialised, with women, particularly from Dalit, Adivasi and other marginalised communities, being the worst affected. Together, these observations point to the systemic nature of structural violence associated with reproductive debts and India's contemporary debtfare state. The following part will engage with the livelihoods of migrant workers in Bengaluru to shed more light on the concrete dynamics involved. Before doing so, however, the following chapter will summarise the main insights of the review of the three regimes of re/productive finance in modern India.

20 Similar dynamics can be observed for other areas of social provisioning, including housing and education.