

**Title: Friends in high places: social connections and distress borrowing during Covid-19**

**Speaker: Anand Shrivastava, Azim Premji University**

**Area: Economics**

**Date: 02.03.2023, Venue: K21 @ 4PM**

**Abstract:**

How does social insurance work in the presence of a pervasive economic shock like the Covid-19 lockdowns? Using a field survey in two large Indian states: Karnataka and Rajasthan we show that individuals having social connections with people in important occupations like doctors, teachers, lawyers, government officials, or politicians, report borrowing higher amounts from their friends and relatives to finance household consumption during the pandemic. We construct proxy variables to test both the information and enforcement channels that enable state-contingent transfers in social networks, and find that the enforcement channel, proxied by within-caste social connections drives the result. For Rajasthan we are able to use caste-based reservations in village elections as an exogenous source of variation in within-caste social connections and we find the same result.

**Speaker Profile:**



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